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Remarks at the 2019 AMSUS Annual Meeting  
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(Summary: In his address, the Honorable Thomas McCaffery outlined his vision for the Military Health System to meet the challenges of sweeping transformation initiatives and ensure a continued focus on improving the medical readiness of combat forces and the readiness of medical forces to support them.)

(Remarks as delivered)

Good morning, everyone. Last year, I had my Senate confirmation hearing during the AMSUS conference, and this afternoon I'll be going to the Hill, so it's just that time of year. General Buchanan, thank you for sharing your time and your insights with us – you represent the best of our military and the men and women of our operational forces we in military medicine are here to support. A special thanks to the Military Health System senior leaders who are here today, and to General Cho, thanks to you and your AMSUS staff for once again providing a venue in which we can discuss the most pressing issues in military medicine. This morning, I hope to add to that discussion.

Let me begin with a familiar sight.

A hospital ship, anchored off shore in a foreign land, bringing hope and strengthening political and security ties between distant nations.

Such visits have been a cornerstone of American diplomacy and of global health engagement by the Military Health System for decades.

Except – for the well informed in the audience, you have probably already noticed – this is not an American hospital ship. It is neither the USNS COMFORT nor the MERCY, but the Daishan Dao, or Peace Ark, of the People's Republic of China Navy. Since launching in 2017, the ship has conducted diplomatic and humanitarian relief missions in the Pacific, Africa, the Middle East and the Caribbean, part of a soft-power offensive by the People's Republic of China.

I begin with this image because it speaks to something much larger. Our Military Health System is the envy of the world. Any great power competitor would trade its health care and battlefield medicine capabilities for the system we have – you have - built – a system that has achieved the highest battlefield survival rates in history, provided world-class health care for millions of its beneficiaries, remained at the forefront of cutting-edge research and development, and built the strongest and widest-ranging arsenal of military medical combat support capabilities on the

planet. But just as America's combat supremacy is not guaranteed, nor is the supremacy of the MHS. The current security environment presents new challenges to our Nation and to our military. And that new security landscape, coupled with the ever-changing health care landscape, in turn presents new challenges to military medicine. We must adapt and evolve if we are to successfully meet these challenges. If we do not, we risk ceding vital advantages to our adversaries, advantages that enable us to protect and care for our warfighters in combat and the patients we serve here at home. These are advantages built on generations of hard lessons and hard work.

I know it's not exactly breaking news to tell you all in the audience that the MHS is in the midst of truly historic transformation – that, as you know, we are taking steps to adapt and evolve in order to meet the operational requirements of our future mission. Everyone in this room, everyone with a role or stake in the MHS, is already engaged in significant change in our enterprise, and so I want to say thank you. Thank you, because I know you have felt the changes already under way in our system, you have helped inform those changes, and most importantly, you have taken action to make them real. I know how dedicated each and every one of you is to our medical enterprise, and I'm grateful for your passion and your commitment to our system's mission.

And we're going to need to rely on that dedication and commitment, because change is going to continue. Just like the military as a whole will need to be dynamic to adapt to the ever-changing security environment, the MHS will need to continue to evolve and adapt in order to meet the changing requirements of the combatant commands and the Military Departments.

If change isn't going away – and it is not going away – one thing is clear: We, the senior leadership of the MHS, must continue to work together to shape our system to meet the challenges of the new environment. We are the ones who are best positioned to shape that future, and we have a long-standing history of evolving and adapting in order to do just. And if we don't shape our future, others will step in and do it for us.

This has been one of the most striking characteristics of the military I've come to know: this institution knows how to adapt to change. The constant churn of Change of Station, new jobs, new teams, new environments – this is an institution that in its day-to-day work is built on a foundation of agility and adaptation.

On the battlefield in Iraq and Afghanistan, years of fine-tuning Tactical Combat Casualty Care, for instance, has reflected real-time feedback to target and tailor actions on the battlefield, based on the environment, threats, and available resources. The use of pressure, wound-packing techniques, and an increased reliance on tourniquets contributed to a 67 percent decrease in fatalities caused by extremity bleeding during recent U.S. conflicts in the Middle East, as compared with previous U.S. involvement in Vietnam. At the same time, lessons learned in treating combat casualties and from work by our medical examiner's system promoted changes in how the entire Department procures ground combat vehicles, resulting in greater protection from blast pressure. Our ability to change and adapt has real implications for the warfighters protecting our nation, and the advancement of our national security interests.

This period of MHS reform is a time to embrace change as an opportunity to build on success, to make the improvements to our military medical enterprise we all recognize can and should be made. It is a time to change how we organize, manage, and resource the MHS in order to best meet its mission. It is not about changing that mission. That mission remains the same: very simply, that we assure our military has a uniformed medical force ready to provide care in any deployed environment, be it in combat or in providing humanitarian assistance; we meet operational needs at any time anywhere; we ensure our service members are medically ready to carry out their duties around the globe; and, importantly, we provide quality health care to service members, their families, and our retirees.

So, what will the MHS of the future look like? I believe the MHS of the future needs to continue to be mindful that it is a MILITARY health system – not a civilian health care system. While we need to learn from and apply relevant best practices from civilian health care to ensure we operate our system most effectively and efficiently, we need to recognize that our system has a set of unique requirements that the civilian sector does not have and that we have unique operations and costs that come with those uniquely military requirements,

The MHS of the future must continue to be relentlessly focused on our core mission: readiness, the medical readiness of combat forces and the readiness of medical forces to support them.

The MHS of the future must operate as a unified and integrated system – it is an interdependent system in which each component supports the others, a system that relies on each component's unique contributions to our collection mission to succeed. We know that training our medical force and ensuring our operational force is medically ready is inextricably linked with our system's delivery of health care.

Finally, the future MHS must be patient-centered – our staff make decisions, establish systems, and operate programs with the patients we serve the primary focus of our efforts. We should strive to make the MHS the first choice of our beneficiaries by providing the easy access and continued high quality care they desire and deserve.

And how will we organize, manage, and staff the MHS of the future to best posture military medicine to meet evolving operational requirements? First: we will to continue consolidate management of all military treatment facilities under one organization and in so doing to finally integrate the management of direct care and purchased care through the establishment of a market approach. Second: we will optimize the direct care system to ensure that MTF operations are more closely aligned on their core mission of serving as training platforms for our uniformed medical force and as health facilities that ensure the active duty have access to care. And third, we will integrate the work of all components of the MHS, i.e. the Service Medical Organization, the DHA, and USU to better support the system's ability to deliver on its core responsibility of recruiting, educating, training, and sustaining the military medical force needed to meet the operational requirements identified by the combatant commands and the Military Departments.

As you know, just over a year ago we launched the most significant change to the system in over three decades, initiating the transfer of authority, direction and control of military medical and dental facilities to the Defense Health Agency (DHA). This was done to comply with the

direction provided by Congress in the 2017 National Defense Authorization Act to consolidate the separate health systems of the Army, Navy and Air Force under a single agency that also oversees our civilian TRICARE program. While Congress had directed that action, this direction just accelerated a path the Department had already begun in 2013, when we established the DHA as a means to strengthen jointness and drive greater standardization in order to more effectively carry out the mission of the MHS. I'd like to underscore that – these reforms were started by the Department about making the system more effective, but the core focus is how we are more effective at meeting our mission. The concept of consolidated management is neither new nor unstudied. Since World War II, there have been 18 separate studies and assessments on the Military Health System's organizational and management construct. All but three of these studies recommended some type of consolidation. Why? Because a single, unified system of direct care facilities, supplemented by our managed care networks under consolidated management, will enable the MHS to more effectively carry out its mission in support of operational requirements.

This reform will allow the military medical enterprise to:

- Improve readiness by allowing the Military Departments to place additional focus on their medical man, train, and equip responsibilities rather than management of separate healthcare facility networks
- Improve readiness by expanding the clinical opportunities for Military Department medical teams across a unified military medical enterprise
- Further strengthen our ability to ensure high quality, accessible care for our active duty service members, retirees and their families
- And ultimately, lower the cost of operating the system, will free up resources for investment as well other resources to sustain our benefits we promise to AD and retirees in other priorities in support of the National Defense Strategy

DoD has long recognized that the readiness of our total force and our medical teams are inextricably linked with the operation of our direct care system. Ongoing, active clinical practices across all specialties continuously sharpen our teams' clinical skills. The MTFs, where our medical professionals work, serve as readiness platforms. In this respect, DHA serves as a supporting agency to the Military Departments who, in turn, are supporting the requirements of our combatant commands. DHA's management of the MTF platform in support of Military Department requirements is fundamental to the MHS mission to ensure ready medical forces can deploy in response to command authorities worldwide, and to ensure appropriate backfill of government, contract or network providers are available to maintain continuity of care to our beneficiaries provided by those MTFs when our military staff deploys.

The transition of MTFs to the DHA is a multi-year process that will conclude by the end of 2022. On October 25, Deputy Secretary Norquist directed DHA to undertake administration and management of all U.S. MTFs. In the early stages of the transition, the Service medical organizations, working under DHA's management direction, will provide direct support to MTFs while the DHA focuses its continued efforts build its capacity to oversee the direct care system. Working with the Services, the DHA has established a rigorous, conditions-based process for transitioning to a geographic health care market-based management approach for our direct care system.

In the long run, our patients will see significant benefits from this reform: better standardization of quality, safety, access and business practices among our MTFs; more effective spread of best practices across our facilities; better integration and coordination of our direct and purchased-care systems.

We will manage the future MHS in such a way as to optimize the direct care system to ensure that MTF operations are more closely aligned to their core mission to serve as platforms to train our uniformed medical force and to provide access to care for our active duty. We have been developing the foundations for direct care system optimization since the initial realignment steps were taken in 2005. But most recently, the efforts to address the Congressional mandate in section 703 of the FY2017 NDAA has provided and validated a comprehensive framework for assessment of MTFs, their importance to local mission and beneficiary populations as well as the capabilities and capacities of our partners in the surrounding purchased care networks.

In assessing an MTF's alignment to this mission, we are looking at how the facility supports inpatient and/or outpatient services to maintain medical force readiness; whether it is required to provide health care services because it supports force generation and sustainment directly or through referrals to our force generation platforms; or if care is not available in local civilian health care facilities; or whether operating the facility is more cost effective for the Department compared to purchasing the care in that particular local community.

In optimizing the operation of the Direct Care system to most effectively support the MHS readiness mission we need to identify those areas where we could expand capacity at MTFs that offer potential for sustaining the skills and knowledge of our medical force. But we also must examine those areas where facilities do not offer now and likely will not be able to offer in the future -- a platform for maximizing capabilities to support medical readiness. In those situations we need to be open to right-sizing MTF services and capabilities so as to ensure that we are using finite resources most efficiently while not compromising our ability to meet mission. The results of our first application of this framework to assess our direct care system will be submitted to Congress very soon and then we will begin the hard work of detailed implementation of the results.

On this issue of rightsizing our medical system, does this mean that I believe that the size of our medical facility infrastructure footprint of the Direct Care system will be different in the future MHS? Absolutely, but I also am certain we will continue to need significant medical infrastructure in order to meet our readiness mission. There may even be a need to expand capabilities in some select facilities where it makes sense to support our mission. Concurrently, we need to continue to expand partnerships and alternatives to assure future readiness as we know that we have inadequate capacity to maintain the KSAs, the Knowledge, Skills and Abilities that our medical personnel must have in order to be ready to deploy. Throughout this transformation, our principles remain constant: a ready medical force, a medically ready force and quality healthcare for all our patients and beneficiaries. As we complete the integration of our system we will be presented with new opportunities to meet these principles that will require new thinking and the ability to for us collectively to transcend the past.

Which leads me to the third and final area on which the MHS will be focused in the future: the integration of each MHS component's efforts to better position the system, as one unified medical enterprise, to carry out its core responsibility of recruiting, educating, training, and sustaining the military medical force needed to meet the future operational requirements identified by our Department's leadership.

And carrying out this core responsibility, as you all know, has not gotten easier for our system. In fact, it has gotten more challenging, and I expect that that likely will continue to be challenging into the future. With the fluctuation of the demands of war, we see dips in military trauma care entering our system from combat. We also see how advances in medical practice result in the need for less invasive procedures, and thus less patient care comparable to care required for combat casualty care. As such, we recognize that our Direct Care system on its own – and configured as it is today -- will not be sufficient to meet our mission. This presents a unique challenge requiring management innovation, renewed efforts to appropriately channel readiness-related patient care back to our Direct Care system, robust partnerships with both the civilian sector and the VA system, tools such as our KSA initiative to better measure provider readiness, and investments in cutting-edge training tools like simulation technology to sustain the currency and competency of our military medical force. To ensure that our medical force is always ready will require that we invest in an increasing number of partnerships with federal and civilian healthcare systems. We have many years of experience in a limited fashion in this area but we need to expand both the scope (to include more team members) and number of partnerships. I strongly believe we have incredible potential to greatly expand – and do so in a more systematic way – our partnership with the VA. The VA health system is undergoing its own transformation, and that, combined with the current VA senior leadership's deep understanding of our system, provide tremendous opportunities for collaboration that will support both Departments' reform efforts.

And it is important to underscore that when we talk about the MHS mission to field a military force that is trained and ready to provide care down range, we are talking about the entire force, the entire team: trauma surgeons, general surgeons, nurses, emergency and primary care capabilities, IDCs, PMTs, and embedded medics.....Our mission is to provide the TEAM that is needed to support the warfighter before deployment, during deployment, and when needed at point of injury, during casualty evacuation to resuscitative surgical teams, further enroute care to definitive care. It is not about one member of that team, but that training all of that team.

It is with these considerations in mind, that today I share with you that I have asked the senior leadership of the Military Health System – the three Surgeons General of the Military Departments, the Director of the DHA, the President of USU, and the Joint Staff Surgeon -- to help develop and codify a formal strategic framework to further guide our efforts to better integrate and optimize the efforts currently being carried out by all MHS components to meet medical force requirements and to outline a roadmap to meet those requirements in the future.

We owe to all of you and your colleagues throughout the MHS a framework we will use to analyze the demand for current and future operational medical force requirements; identify gaps and risks; and build a corresponding roadmap outlining how the MHS reform efforts can be further leveraged to optimize our mission. I am confident the framework will emphasize the new

reality...the clear need for tight, supporting synchronization between the components and expanding partnerships with external entities where advantageous and complementary. This is my priority for the coming fiscal year for the military health system.

Finally, to change gears, I would like to say a few words about some of the key enabling initiative currently underway that will help us to achieve the transformation that I have been describing. Two key enablers for this transformation are the award of the next round of TRICARE Contracts and the continued rollout of the GENESIS Electronic Health Record. I highlight these two projects as key since they can be said to represent the characteristics of integration and modernization that leadership in Congress and the Department of Defense are demanding from us. Implementation of these projects has not and will not be without challenges, particularly since they are intended to transform key areas of our business and clinical operations, but I am also confident that we can and will leverage the innovations in these efforts to secure a new and more effective MHS.

As the MTFs and our military personnel focus more intensely on operational readiness, TRICARE must have the capacity to meet our obligation to our beneficiaries – to provide more than mere access to care, but a benefit that is worthy of what these families give or have given to our nation. That way, we can ensure both that we are better prepared to care for combat casualties and the rigors of deployment, that the families who look to us are well cared-for, and that today's service members can be confident that they have in place the care that they need. While the current TRICARE contracts have been in place for less than two years, work has already begun on designing the next-generation contracts. Our intent with these contracts is to build on the improvements of the current contract and to strengthen the ability to support our focus on readiness in the direct-care system and our overall reforms of the MHS. We also intend to seek to expand the use of value-based purchasing, paying not for more care but for better outcomes, and to incentivize better information exchange between the DoD and the private sector.

And those are just two examples of a larger point – as we take the initiative to shape change in our system, every course adjustment must point us in the direction of better service to our warfighters and to our patients. Reform that does not navigate by that North Star is a missed opportunity. If a change risks damaging our ability to support the warfighter or improve outcomes for patients, we must be prepared to raise those issues with our senior leaders – but we must come with evidence, and we must demonstrate that we have sought solutions ourselves before we seek help elsewhere.

I want to close with a reminder...that all of this transformation will build upon the impressive accomplishment the MHS has already achieved. As I noted previously, the record of the MHS includes the strongest and widest-ranging arsenal of military medical combat support capabilities on the planet, a clear history of outstanding, high quality provision of care whether on the battlefield or back in garrison, and continuous medical innovation. A few specific examples include: Achievement of the highest survival rate in the history of battlefield medicine with innovative improvements in hemorrhage control and treatment; Active participation in National Surgical Quality Improvement Program with above average results across many of our MTFs and the system; a history of elimination of many of the racial disparities in health outcomes with

the patients entrusted to our care compared to the overall U.S. healthcare system; and the development of many of the preventive immunizations available today on the market...and I could go on and on, but you know this history better than me of this record of accomplishment and innovation. Because of this history of successful change, I believe the reforms we are presently implementing with the support of Congress will help us to continue to expand this unparalleled record and is how we are shaping the system entrusted to us to meet the growing challenges of our current environment: by keeping in the top of our mind, our unique mission sets and requirements as a military health system, intensifying our focus on readiness, unifying our system towards that goal, and ensuring that all we do improves our ability to serve those in our care. And it is important for us to do these things, rather than wait for them to be done to us, so that our experience, your experience, your expertise can guide the change we need to make.

With these principles, a clear focus on readiness and outcomes, guiding our approach, success will surely follow. And as we tackle our organizational reform priorities to consolidate management, reinvigorate focus on readiness, and optimize the size and composition of the military medical force, our success ahead depends on our ability to understand and embrace the change ahead and the opportunity that comes with that change, and most importantly working together to forge our future military health system. The future of the MHS remains in our hands. And I believe working together, we will shape that system successfully to ensure that it meets tomorrow's needs.

Thank you.

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