



PERSONNEL AND  
READINESS

UNDER SECRETARY OF DEFENSE  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

ACTION MEMO

FOR: DEPUTY SECRETARY OF DEFENSE [REDACTED]

FROM: Matthew P. Donovan, Under Secretary of Defense for Personnel and Readiness

SUBJECT: Transition of Military Medical Treatment Facilities from Military Departments to the Defense Health Agency during the COVID-19 Response

- BLUF: You requested options with regard to pausing or halting the ongoing military medical treatment facility (MTF) transition to the Defense Health Agency (DHA) due to the COVID-19 situation. The Office of the Under Secretary of Defense for Personnel and Readiness recommends Option 1 detailed below.
- The COVID-19 response is putting unprecedented burden on the Military Departments' (MILDEPs) medical organizations and the DHA. This burden is likely to continue for the near-term.
- The transition of MTFs to the DHA commenced in October 2018, when 31 U.S. hospitals and affiliated clinics were redesignated under DHA administration and management. In October 2019, DHA assumed management responsibility for all United States-based MTFs. Earlier this year, DHA established the first 4 of 21 Market Offices in the National Capital Region; Central North Carolina; Coastal Mississippi; and Jacksonville, Florida. MTFs are following health care delivery policies and procedures established by DHA.
- Under the Department's transition plan, the MILDEP medical departments are providing Direct Support to DHA for day-to-day management of MTFs. This approach ensures uninterrupted readiness operations and patient care during the transition period. This Direct Support relationship is to be drawn down as DHA enhances its current headquarters capacity and establishes its market management offices. Direct Support is scheduled to end on September 30, 2020. To date, approximately 375 MILDEP civilian personnel have permanently transferred to DHA to support functions tied to its new responsibility to manage the MTFs.
- The Department's MTF transition plan is conditions-based. While the transition of MTFs to DHA is continuing, the COVID-19 response requirements are impacting DHA's ability to meet all required conditions. The need for the DHA and MILDEPs to refocus efforts away from the transition to support the COVID-19 response led to questions regarding the future of MTF Transition. The following outlines three options to consider:
  - Option 1: Conduct a 90-Day Pause in MTF Transition Activities with an assessment after 45-days to determine whether the transition could be restarted earlier, or require a further delay – This option would allow MILDEP medical organizations and DHA to focus all efforts on the Department's COVID-19 response. The 90 day delay would also require MILDEP medical organizations to extend their Direct Support to DHA for a commensurate period past September 30, 2020. Under this option, for example, the




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planned transition of the next five Market Offices (Tidewater, Virginia; San Antonio, Texas; Colorado Springs, Colorado; Puget Sound, Washington; and Hawaii) will be delayed.

- Option 2: Continue MTF Transition Activities Per Existing Transition Schedule – This option would require the MILDEPs and DHA to devote headquarters and MTF leadership, operations, and planning personnel to continue validating and certifying market readiness conditions. This would limit MILDEP and DHA leaders and staff participation in DoD-wide COVID-19 response activities and likely negatively impact Military Health System-specific COVID-19 efforts, such as the bed expansion project. While the goal of Option 2 would be to keep the transition on schedule, there are already indications current requirements for the COVID-19 response will hinder the ongoing transition. As such, while this option would intend to maintain the current schedule to meet the congressional deadline, and relieve the Direct Support requirements of the MILDEPs to DHA, it is not likely viable.
- Option 3: Cease MTF Transition – This option would discontinue all transition activities; stand down planning teams; and terminate the Department’s existing transition implementation plan. Upon a yet to be determined “completion” date for the COVID-19 response, the Department would need to re-establish a transition plan (and depending on content and timeline of a new plan, likely require legislative relief), triggering readjudication of key decisions concerning the roles and functions of the MILDEP medical departments and the DHA. This option would negatively impact the Department’s ability to meet statutory deadlines and congressional intent, and require continued Direct Support of the DHA by the MILDEPs.
- I recommend Option 1 to execute a 90-day pause in MTF transition activities, with an assessment at the 45-day point. The COVID-19 pandemic demonstrates the need for a coordinated medical enterprise that can support rapid integrated response to mission demands, standardization of data, and expeditious execution of essential functions. Consolidated management of the MTFs is central to meeting this end state, and the Department should continue implementation of the transition plan following the COVID-19 response. Additionally, I recommend proceeding without delay with planning decisions on the Department’s Military Health System Flag Officer/General Officer sourcing for designation of Service Market leadership.

RECOMMENDATION: Approve Option 1 by signing below.

Approve:  **2 2020** Disapprove: \_\_\_\_\_ Other: \_\_\_\_\_

COORDINATION: TAB A

Attachments:  
As stated

Prepared by: Thomas McCaffery, (703) 697-2111

