



THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

NOV 03 2008

The Honorable Robert C. Byrd
Chairman, Committee on Appropriations
United States Senate
Washington, DC 20510-6025

Dear Mr. Chairman:

This letter is in response to Department of Defense Appropriations Senate Conference Report 110-155, which requests the Assistant Secretary of Defense (Health Affairs) to notify the congressional defense committees, in writing, of the details associated with the intended obligation of Fiscal Year (FY) 2007 carryover funds. This notification is sought not fewer than 15 days prior to executing the carryover funds.

Public Law 110-5, making further continuing appropriations for FY 2007, and for other purposes, Section 20203(1), states the following:

For expenses, not otherwise provided for, for medical and health care programs of the Department of Defense, as authorized by law, \$21,217,000,000, of which \$20,494,000,000 shall be for Operation and Maintenance, of which not to exceed 2 percent shall remain available until September 30, 2008 ...

As of August 31, \$211.801 million in unobligated FY 2007 Defense Health Program (DHP) Operation and Maintenance (O&M) appropriation funds have been designated for carryover from FY 2007 into FY 2008. The FY 2007 2-percent carryover limit is \$409.88 million.

As previously reported to Congress in an initial spend plan dated November 29, 2007, the carryover funding will be obligated against large TRICARE private sector care contracts to mitigate the accounting complications associated with identifying 2-year (FY 2007-2008) O&M as separate from single-year O&M (FY 2008); thus freeing up an identical amount of single-year FY 2008 DHP, O&M funds. This swap of two-year O&M funding for single-year funds greatly facilitates our ability to effectively manage and report on the use of this funding.

The DHP O&M carryover authority has provided the flexibility to manage many issues that emerge during the year of budget execution. In recent years, this has included support to our warriors in transition, pandemic influenza preparedness, and Global War on Terrorism costs not known at the time of the supplemental appropriation request. The attached spreadsheet provides the spend plan details for this year.

Thank you for your continued support of the Military Health System.

Sincerely,

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S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Thad Cochran
Ranking Member

**Defense Health Program–Operation & Maintenance (O&M) Appropriation
Fiscal Year (FY) 2008 Spend Plan***

* FY 2007-2008 O&M carryover funding used on Private Sector Care contract, freeing up FY 2008 Defense Health Program

Service	Issue	Total (\$Million)
Army	Prospective Payment System (PPS) adjustment for improvements in the quality of health care delivered	6.792
	PPS adjustment for increased military treatment facility workload over an established baseline	40.509
	Deployment Related Casualty Care-Additional requirement to support an increase in staffing at Army amputee centers, hospitals providing casualty care, and Brooke Army Medical Center Burn unit	56.121
	Medical Backfill to support an increased requirement of 80 personnel	9.634
	Post Deployment Health Reassessment (PDHRA) supports a requirement of \$6.6 million for care to Reserve Component soldiers for evaluation and treatment of conditions originally identified during screening, as well as associated information management support costs of \$2.43 million	9.038
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	PDHRA supports an increased staffing requirement at Port Hueneme, adding five clinical and two Full-Time Equivalent support staff and increased contract costs at four Navy Deployment Health Clinics.	2.436
Air Force	PPS adjustment for improvements in the quality of health care delivered	9.532
	Deployment Related Casualty Care-Supports additional workload being provided to Army soldiers by Air Force medical personnel at Elmendorf Air Force Base, Alaska	2.000
	Medical Backfill to support an increased requirement of 771 contracted personnel	69.452
	Total	211.801

O&M funds



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HEALTH AFFAIRS

NOV 03 2008

The Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Mr. Chairman:

This letter is in response to Department of Defense Appropriations Senate Conference Report 110-155, which requests the Assistant Secretary of Defense (Health Affairs) to notify the congressional defense committees, in writing, of the details associated with the intended obligation of Fiscal Year (FY) 2007 carryover funds. This notification is sought not fewer than 15 days prior to executing the carryover funds.

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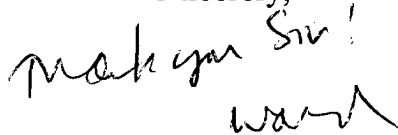
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Thank you for your continued support of the Military Health System.

Sincerely,

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S. Ward Casscells, MD

Enclosure:

As stated

cc:

The Honorable John McCain
Ranking Member

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Fiscal Year (FY) 2008 Spend Plan***

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HEALTH AFFAIRS

NOV 03 2008

The Honorable David R. Obey
Chairman, Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515-6015

Dear Mr. Chairman:

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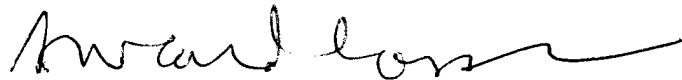
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S. Ward Casscells, MD

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As stated

cc:
The Honorable Jerry Lewis
Ranking Member

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HEALTH AFFAIRS

NOV 03 2008

The Honorable Ike Skelton
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515-6035

Dear Mr. Chairman:

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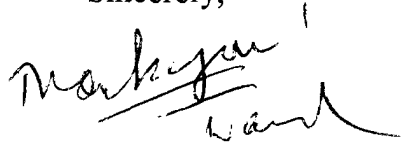
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S. Ward Casscells, MD

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As stated

cc:
The Honorable C.W. Bill Young
Ranking Member

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Fiscal Year (FY) 2008 Spend Plan***

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NOV 03 2008

The Honorable Ben Nelson
Chairman, Subcommittee on Personnel
Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Mr. Chairman:

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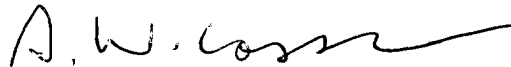
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S. Ward Casscells, MD

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As stated

cc:
The Honorable Lindsey O. Graham
Ranking Member

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HEALTH AFFAIRS

NOV 03 2008

The Honorable Susan Davis
Chairwoman, Subcommittee on Military Personnel
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515-6035

Dear Madam Chairwoman:

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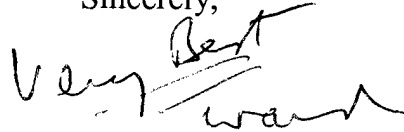
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S. Ward Casscells, MD

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cc:

The Honorable Duncan Hunter
Ranking Member

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HEALTH AFFAIRS

NOV 03 2008

The Honorable Daniel K. Inouye
Chairman, Subcommittee on Defense
Committee on Appropriations
United States Senate
Washington, DC 20510-6028

Dear Mr. Chairman:

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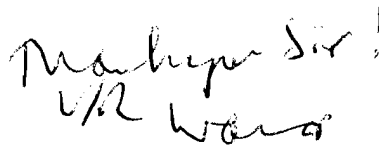
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The Honorable John M. McHugh
Ranking Member

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The Honorable John P. Murtha
Chairman, Subcommittee on Defense
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515-6018

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As of August 31, \$211.801 million in unobligated FY 2007 Defense Health Program (DHP) Operation and Maintenance (O&M) appropriation funds have been designated for carryover from FY 2007 into FY 2008. The FY 2007 2-percent carryover limit is \$409.88 million.

As previously reported to Congress in an initial spend plan dated November 29, 2007, the carryover funding will be obligated against large TRICARE private sector care contracts to mitigate the accounting complications associated with identifying 2-year (FY 2007–2008) O&M as separate from single-year O&M (FY 2008); thus freeing up an identical amount of single-year FY 2008 DHP, O&M funds. This swap of two-year O&M funding for single-year funds greatly facilitates our ability to effectively manage and report on the use of this funding.

The DHP O&M carryover authority has provided the flexibility to manage many issues that emerge during the year of budget execution. In recent years, this has included support to our warriors in transition, pandemic influenza preparedness, and Global War on Terrorism costs not known at the time of the supplemental appropriation request. The attached spreadsheet provides the spend plan details for this year.

Thank you for your continued support of the Military Health System.

Sincerely,

A handwritten signature in black ink that reads "Gratefully!" followed by a horizontal line and the name "ward" written below it.

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Ted Stevens
Ranking Member

**Defense Health Program–Operation & Maintenance (O&M) Appropriation
Fiscal Year (FY) 2008 Spend Plan***

* FY 2007-2008 O&M carryover funding used on Private Sector Care contract, freeing up FY 2008 Defense Health Program

Service	Issue	Total (\$Million)
Army	Prospective Payment System (PPS) adjustment for improvements in the quality of health care delivered	6.792
	PPS adjustment for increased military treatment facility workload over an established baseline	40.509
	Deployment Related Casualty Care-Additional requirement to support an increase in staffing at Army amputee centers, hospitals providing casualty care, and Brooke Army Medical Center Burn unit	56.121
	Medical Backfill to support an increased requirement of 80 personnel	9.634
	Post Deployment Health Reassessment (PDHRA) supports a requirement of \$6.6 million for care to Reserve Component soldiers for evaluation and treatment of conditions originally identified during screening, as well as associated information management support costs of \$2.43 million	9.038
Navy	PPS adjustment for improvements in the quality of health care delivered	6.287
	PDHRA supports an increased staffing requirement at Port Hueneme, adding five clinical and two Full-Time Equivalent support staff and increased contract costs at four Navy Deployment Health Clinics.	2.436
Air Force	PPS adjustment for improvements in the quality of health care delivered	9.532
	Deployment Related Casualty Care-Supports additional workload being provided to Army soldiers by Air Force medical personnel at Elmendorf Air Force Base, Alaska	2.000
	Medical Backfill to support an increased requirement of 771 contracted personnel	69.452
	Total	211.801

O&M funds

Carryover.—For Fiscal Year 2008, the Committee is recommending 1 percent carryover authority for the Defense Health Program. The Committee directs the Assistant Secretary of Defense (Health Affairs) submit a detailed spend plan for the Fiscal Year 2007 designated carryover funds to the congressional defense committees by November 1, 2007. In addition, the Department shall, not fewer than 15 days prior to executing the carryover funds, notify the congressional defense committees in writing of the details of any such obligation.