



PERSONNEL AND
READINESS

UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

DEC 22 2015

The Honorable John McCain
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

As requested by the Joint Explanatory Statement, accompanying the Department of Defense Appropriations Act, 2015, Division C of Public Law 113-235, enclosed are the fiscal year 2015, fourth quarter, budget activities execution data report and the summary report for the Defense Health Program. A similar letter is being provided to the other congressional defense committees.

Thank you for your interest in the health and well-being of our Service members, veterans, and their families.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Carson". The signature is stylized and cursive.

Brad Carson
Acting

Enclosures:
As stated

cc:
The Honorable Jack Reed
Ranking Member



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DEC 22 2015

The Honorable William M. "Mac" Thornberry
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Brad Carson
Acting

Enclosures:
As stated

cc:
The Honorable Adam Smith
Ranking Member



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The Honorable Thad Cochran
Chairman
Subcommittee on Defense
Committee on Appropriations
United States Senate
Washington, DC 20510

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Brad Carson
Acting

Enclosures:
As stated

cc:
The Honorable Richard J. Durbin
Vice Chairman



UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

DEC 22 2015

The Honorable Rodney P. Frelinghuysen
Chairman
Subcommittee on Defense
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Thank you for your interest in the health and well-being of our Service members, veterans, and their families.

Sincerely,

Brad Carson
Acting

Enclosures:
As stated

cc:
The Honorable Peter J. Visclosky
Ranking Member



Defense Health Program Quarterly Budget Execution Fourth Quarter, Fiscal Year 2015

Issue: As requested by the Joint Explanatory Statement, page 101, Senate Report 113-211, page 249, and House Report 113-473, page 283, each accompanying separate versions of the Department of Defense Appropriations Act, 2015, this report provides the fourth quarter fiscal year 2015 budget execution data for all Defense Health Program Activities.

Summary: The cumulative fourth quarter Operation and Maintenance budget execution rate is 99.74 percent.

During the fiscal year three prior approval (PA) reprogramming actions totaling \$1,369.914 million were approved to fund the increased private sector care costs, FY15-15 PA (April) \$243.914 million, FY15-21 PA (June) \$240.549 million, and FY15-23 PA (OMNIBUS) \$885.451 million.

The Department of Defense's implementation of an automated screening and prior authorization process for retail compounded pharmaceutical prescriptions during the month of May continued to provide beneficiaries with safe, effective compound pharmaceuticals and reduced the amount of funding required from the OMNIBUS reprogramming (\$885.451 million) to \$504.504 million. The total reprogrammed funding required for increased private sector care requirements was \$988.967 million. The balance of funds available in the OMNIBUS as a result of the reduced private sector care requirement was retained by the Department of Defense.

Appropriation*	Budget (\$M)	Obligations (\$M)
Operation and Maintenance	30,425.644	30,346.431
Research, Development, Test and Evaluation	1,698.615	449.380
Procurement	238.613	72.616

*The attached chart includes detailed information for each appropriation.

The preparation of this report cost the Department of Defense approximately 300 dollars in FY 2016.

**FY 2015 Budget Execution Data
Defense Health Program
Data as of September 30, 2015
(\$000s)**

FY 2015 Operation and Maintenance

Budget Activity Group	Title	Base Budget Request	Enacted Appropriation ^{1/3}	Adjustments Required by Statute	Above Threshold Reprogrammings ²	Internal Adjustments ⁴	Annual Funded Program (AFP) Sep 30, 2015	Cumulative Obligations Sep 30, 2015 ⁵
1	In House Care	8,799,086	8,680,970	-22,472	-230,242	126,561	8,554,817	8,556,458
2	Private Sector Care ⁵	15,412,599	14,503,759		934,463	54,504	15,492,726	15,487,049
3	Consolidated Health Support ²	2,462,096	2,360,696	-130	-258,558	-108,795	1,993,213	1,989,790
4	Information Management ²	1,557,347	1,537,696		26,933	-38,935	1,525,694	1,475,130
5	Management Activities ⁴	366,223	364,192		-39,300	-573	324,319	321,391
6	Education and Training ^{2/4}	750,866	750,866		-9,700	-71,999	669,167	657,501
7	Base Operations & Communications ^{3/4}	1,683,694	1,832,471	4,000	-10,000	39,237	1,865,708	1,859,112
	Total O&M	31,031,911	30,030,650	-18,602	413,596	-	30,425,644	30,346,431

^{1/} Enacted includes congressional adjustments totaling \$-1,023,863: specific BAG adjustments total \$-1,001,261 and General Provision adjustments total \$-22,602 for Favorable Exchange Rate (BAG 1 \$-22,472) and Federally Funded Research and Development Centers (BAG 3 \$-130).

^{2/} Mandatory transfers to Department of Veterans Affairs for Federal Health Care Center (FHCC) (BAG 3 \$-117,125) and for Joint Incentive Fund (BAG3 \$-15,000) for annual requirements per Congressional language.

Internal reprogrammings: FY 15-12 IR/Audit Readiness (BAG5 \$-6,000) and FY 15-21 IR/Health Artifact and Image Management Solution (HAIMS) (BAG4 \$-2,000).

Congressional prior approval reprogrammings:

FY 15-09 PA/Defense Medical Information Exchange (DMIX) Program (BAG4 \$+21,847);

FY 15-13 PA/Defense Healthcare Management System Modernization (DHMSM) Program (BAG4 \$+9,186);

FY 15-15 PA/Private Sector Care Compound Pharmacy (BAG2 \$+243,914) from (BAG1 \$-169,000; BAG3 \$-74,914);

FY 15-21 PA/Private Sector Care Compound Pharmacy (BAG2 \$+167,861) from (BAG1 \$-61,242; BAG3 -\$51,519; BAG4 \$-2,100; BAG5 \$-33,300; BAG6 \$-9,700; BAG7 \$-10,000);

FY 15-21 PA/Private Sector Care Compound Pharmacy (BAG2 \$+72,688) see below for sources from Research, Development, Test & Evaluation and Procurement;

FY 15-23 PA/Private Sector Care Compound Pharmacy (BAG2 \$+450,000) includes from Department of Defense (\$-450,000).

^{3/} Includes Fisher House \$+4,000.

^{4/} Includes adjustments to BAG1 \$+126,561, BAG2 \$+54,504, and BAG7 \$+39,237 from BAG3 \$-108,795; BAG4 \$-38,935; BAG5 \$-573 and BAG6 \$-71,999.

^{5/} Excludes FY 14/15 Carryover \$+307,050. Total Private Sector Care Obligations with use of FY14/15 Carryover equals \$+15,794,099.

NOTE: Cumulative obligations are reflective of the base program - excludes Overseas Contingency Operations (OCO) and Medicare Eligible Retiree Health Care Fund (MERHCF) obligations included in AR 1002 Reports.

FY 2015/2016 Research, Development, Test and Evaluation^{1/2}

	654,594	1,730,709	-173	-31,921		1,698,615	449,380
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^{1/} Enacted includes congressional adjustments totaling \$+1,075,942: congressional increases (\$+1,076,115) and General Provision adjustments for FFRDC (\$-173), Small Business Innovation Research (SBIR) \$-50,186, and Small Business Technology Transfer (STTR) \$-6,922.

^{2/} Internal reprogrammings as follows: FY 15-21 IR/Health Artifact and Image Management Solution (HAIMS) \$+2,000; FY 15-09 PA/Defense Medical Information Exchange (DMIX) \$-21,847; FY 15-13 PA/Defense Healthcare Management System Modernization (DHMSM) \$-9,186.

Congressional prior approval reprogramming: FY 15-21 PA/Integrated Electronic Health Record (IEHR) \$-2,888, source for O&M Private Sector Care.

FY 2015/2017 Procurement²

	308,413	308,413		-69,800		238,613	72,616
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^{2/} Congressional prior approval reprogramming: FY 15-21 PA/Replacement and Modernization of Medical Equipment \$-69,800, source for O&M Private Sector Care.