



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

MAR 18 2016

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, 2016, (Public Law 114-113), enclosed is the fiscal year 2016 first quarter budget activities execution data 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,

Brad Carson

Senior Advisor to the Under Secretary of
Defense for Personnel and Readiness,
Performing the Duties of the Principal
Deputy Under Secretary of Defense for
Personnel and Readiness

Enclosure:

As stated

cc:

The Honorable Jack Reed
Ranking Member



OFFICE OF THE UNDER SECRETARY OF DEFENSE
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MAR 18 2016

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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Enclosure:

As stated

cc:

The Honorable Adam Smith
Ranking Member



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MAR 18 2016

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

Dear Mr. Chairman:

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Sincerely,

A handwritten signature in black ink, appearing to read "Brad Carson", with a long horizontal flourish extending to the right.

Brad Carson
Senior Advisor to the Under Secretary of
Defense for Personnel and Readiness,
Performing the Duties of the Principal
Deputy Under Secretary of Defense for
Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Richard J. Durbin
Vice Chairman



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

MAR 18 2016

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

Dear Mr. Chairman:

As requested by the Joint Explanatory Statement, accompanying the Department of Defense Appropriations Act, 2016, (Public Law 114-113), enclosed is the fiscal year 2016 first quarter budget activities execution data report for the Defense Health Program. A similar letter is being provided to the other congressional defense committees.

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Brad Carson
Senior Advisor to the Under Secretary of
Defense for Personnel and Readiness,
Performing the Duties of the Principal
Deputy Under Secretary of Defense for
Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Peter J. Visclosky
Ranking Member



**Defense Health Program
Quarterly Budget Execution
First Quarter, FY 2016**

Issue: As requested by the Joint Explanatory Statement, accompanying the Department of Defense Appropriations Act, 2016, provides the first quarter fiscal year 2016 budget execution data for all Defense Health Program Activities.

Report Request: The language states:

The Committee further directs the Assistant Secretary of Defense (Health Affairs) to provide quarterly reports to the congressional defense committees on budget execution data for all of the Defense Health Program budget activities.

Summary: The first quarter budget executed while under Continuing Resolution until the Consolidated Appropriations Act, 2016, (P.L. 114-113) was enacted on 18 December, 2015. Additional information for the appropriations is attached.

Note: The Department of Defense's FY2016 President's Budget submission for the Defense Health Program Operation and Maintenance Private Sector Care Budget Activity Group, \$14,892.683 million, was a realistic cost projection for the delivery of health care services and provision of pharmaceuticals to beneficiaries. The \$505.281 million congressional reduction to the Private Sector Care Budget Activity Group resulted in an enacted budget of \$14,387.402 million, which may not be sufficient to fund the annual requirement. The cost of providing health care services in the private sector is closely monitored to ensure that a timely prior approval reprogramming request will be submitted to Congress if additional funding is required.

Appropriation*	Budget (\$M)	Obligations (\$M)
Operation and Maintenance	29,760.747	7,962.172
Research, Development, Test and Evaluation	2,121.452	8.846
Procurement	365.390	15.576

* Attachment includes additional information for each appropriation

**FY 2016 Budget Execution Data
Defense Health Program
Data as of December 31, 2015
(\$000s)**

FY 2016 Operation and Maintenance

Budget Activity Group	Title	Base Budget Request	Enacted Appropriation ^{1/3}	Adjustments Required by Statute	Above Threshold Reprogrammings ²	Internal Adjustments	Annual Funded Program (AFP) Dec 31, 2015	Cumulative Obligations Dec 31, 2015
1	In House Care	9,082,298	8,864,562	-60,140			8,804,422	2,437,599
2	Private Sector Care	14,892,683	14,387,402				14,387,402	4,322,442
3	Consolidated Health Support ²	2,415,658	2,153,327		-26,280		2,127,047	370,035
4	Information Management	1,677,827	1,649,614				1,649,614	391,728
5	Management Activities	327,967	325,908				325,908	51,958
6	Education and Training	750,614	727,864				727,864	131,097
7	Base Operations & Communications ³	1,742,893	1,733,490	5,000			1,738,490	257,313
	Total O&M	30,889,940	29,842,167	-55,140	-26,280	-	29,760,747	7,962,172

NOTE: Amounts do not include Overseas Contingency Operations (OCO) obligations or Medicare Eligible Retiree Health Care Fund (MERHCF) obligations.

^{1/} Enacted includes congressional adjustments totaling \$-1,107,913: specific BAG adjustments total \$-1,047,773 and General Provision adjustments total \$-60,140 for Favorable Exchange Rate (BAG 1 \$-60,140).

^{2/} Mandatory transfers to Department of Veterans Affairs for Federal Health Care Center (FHCC) (BAG 3 \$-26,280) for requirements during the Continuing Resolution period.

^{3/} Includes Fisher House \$+5,000.

FY 2016/2017 Research, Development, Test and Evaluation¹

	980,101	2,121,933	-481			2,121,452	8,846
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^{1/} Enacted includes congressional adjustments totaling \$+1,141,351: congressional research adjustments (\$+1,141,832) and General Provision adjustments for Federally Funded Research and Development Centers (\$-481).

FY 2016/2018 Procurement¹

	373,287	365,390				365,390	15,576
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^{1/} Enacted includes congressional adjustments totaling \$-7,897 for Integrated Electronic Health Record (iEHR) Department identified excess to requirement.