

Defense Business Board

SUMMARY OF MEETING

September 6, 2006

The Defense Business Board (DBB) held its quarterly meeting on September 6th, 2006 in Room 2C554 (Conference Room #7) of the Pentagon.

In accordance with the provisions of Public Law 92-463, the public session was conducted from 09:30 AM to 11:00 AM. In addition, DBB members conducted an administrative session.

DBB Members present:

William (Gus) Pagonis, Chairman
Neil Albert
Denis Bovin
Henry Dreifus
Robert Hale
James Haveman
James Kimsey
William Phillips
Arnold Punaro
Atul Vashistha
Dov Zakheim

DBB Staff in attendance:

Kelly Van Niman, Executive Director
Lynne Schneider, Deputy Director
Ryan Bates, Staff Assistant

Others present for all or portions of the meetings on 09/06/06:

Gordon England, Deputy Secretary of Defense*
BGen John Wissler, Senior Military Assistant to the Deputy Secretary of Defense*
David Chu, Under Secretary of Defense (Personnel & Readiness)*
David Walker, Comptroller General of the United States
Donald Winter, Secretary of the Navy*
Francis Harvey, Secretary of the Army*
Jeff Steinhoff, Managing Director, Financial Management and Assurance, GAO
Kenneth Krieg, Under Secretary of Defense (Acquisition, Technology, and Logistics)*
LTG Chris Christianson, Director for Logistics (JCS, J-4)*
LTG James Roudebush, Surgeon General of the Air Force
MG Elder Granger, Deputy Director of the TRICARE Management Activity
Michael Wynne, Secretary of the Air Force*
RADM Kenneth Moritsugu, Surgeon General (Acting) of the U.S. Public Health Service

Robert Earl, Special Assistant to the Deputy Secretary of Defense*
Tina Jonas, Under Secretary of Defense (Comptroller)*
VADM Donald Arthur, Surgeon General of the Navy
VADM Donna Crisp, Director for Manpower and Personnel (JCS, J-1)
William Winkenwerder, Assistant Secretary of Defense for Health Affairs*
Other attendees include representatives from the Air Force, Army, Marine Corps, Navy,
and OSD- Health Affairs

Tom Philpott, Writer, Military Update (Federal Times)

*Only attended the session with the Deputy Secretary of Defense.

EXECUTIVE REPORT

Mr. Gus Pagonis (DBB Chairman) opened the administrative session of the Board at 8:00AM. The administrative session covered the agenda, 2007 meeting dates, Staff goals, Staff conversion to the National Security Personnel System, DBB conversion to the Defense Travel System, future DBB topics and procedures, and DBB membership.

PUBLIC SESSION

The Public Session of the Board began at 9:30 AM. Henry Dreifus presented the findings and recommendations of the Healthcare Governance Task Group, which were deliberated on and brought to consensus by the full Board.

The DBB Task Group's overarching recommendations were:

1. Use the Existing Governance Framework:
 - Support the MHS strategic plan including the linking of shared services to core processes and continuous monitoring of performance outcomes
 - Establish feedback loops for the civilian healthcare benefit management activities analogous to the Universal Joint Lessons Learned used by the military
 - Continue to use current enterprise planning models and methodologies to maximize the enterprise outcome (Appendix A)
 - Business Transformation Agency and TRICARE Management Activity should establish a Memorandum of Agreement to ensure Armed forces Health Longitudinal Technology Application (AHLTA) and other related medical finance and logistics systems comply with the DoD Enterprise Architecture process and interoperability standards
2. Adopt Best Industry Practices for Defense Medicine:
 - Combine like shared services across the medical community
 - To include: Common medical equipment, education and training, research and development, testing and evaluation, logistics,

- information management, information technology, establishing common requirements, etc.
 - Enhance the commitment and relationship with Veterans Affairs including shared clinic services and facilities, best evidence based medicine and shared knowledge and technology in the delivery of service
 - Align investment, manpower and resources to ensure implementation, accountability, and transparency
 - To include: Converging education and training functions at Ft. Sam Houston (not just physical location) and National Capitol Region medical care in Bethesda to operate as a fully
3. Establish a Unified Medical Command Now:
- Move shared services, operational medicine (Level III care and above), and associated funding into this command
 - Begin with phased implementation of combining the management and execution of all direct care services (Level III and above), personnel, common requirements setting, logistics, education, training, information technology, contracting, facilities, research, development, testing and evaluation
 - Maintain organic (Level I & II) Service-specific medical capabilities for mission continuity within Service control
 - Re-align the current activities of the TRICARE Management Activity to function alongside the Unified Command and streamline its management functions to concentrate on policy and oversight of health plan management
 - Outsource the management activity once the agency has been re-aligned
 - Health Affairs must maintain policy control, budget accountability and oversight for all Medical Health Services activities
 - Immediately approve and empower a Transition Team with 30-60-90 day milestones for a January 2007 implementation (1 year ahead of schedule)
 - Augment the transition team with objective 3rd party experienced advisors from private sector industry leaders. These advisors would observe and provide insight in the implementation of the best practices (We advise against using Defense consultants or Federally Funded Research and Development Center advisors)

The critical points debated among the Board and the public focused on the third DBB recommendation to establish a unified medical command. Input and feedback was debated by the Surgeon General of the Navy, Surgeon General of the Air Force, Deputy Director of the TRICARE Management Activity, Comptroller General of the United States, OSD- Health Affairs, and the Board. The debate was focused primarily on the following issues:

- The proposed recommendations may require changes to DoD Title 10 legislation;

- Service-specific mission needs may require DoD healthcare to remain embedded in each Service rather than a joint endeavor.

With respect to potential Title 10 issues, a Board member asserted that it can be argued that DoD's current healthcare configuration is in violation of Title 10 language which requires all shared and common services to be combined. In the Board member's opinion, adoption of the proposed recommendations would fulfill the intent of Title 10 not necessitate a change to it.

The Board recommended moving shared services, operational medicine (Level III care and above), and associated funding into a unified medical command. The argument arose that Service-specific mission needs may require DoD healthcare to remain embedded in each Service rather than operate under a unified system. In response to that it was argued that healthcare delivery is very similar across the Services. A joint command would save costs by eliminating redundant processes and consolidating personnel resulting in a more efficient and effective healthcare system. Service-specific needs would still be addressed and executed but as an exception rather than the rule. Some participants at the public session stated that the current healthcare system works in a manner that resembles a joint manner—esp. in Level III facilities—but there is not much more unification that can be achieved under the current governance model. Therefore, a unified medical command would provide the “fundamental leap” that would allow for a more interoperable and joint medical capability.

Following debate and deliberation, the Board unanimously approved the proposed recommendations.

BOARD SESSION

Following the Public Session, the DBB held a data gathering session during which the DBB received briefings from:

- Linton Wells (Deputy Assistant Secretary of Defense for Network Integration and Information (NII)) relating to issues in the NII/CIO's office;
- Thomas Modly (Deputy Under Secretary of Defense for Financial Management) regarding the latest efforts of the Business Transformation Agency (BTA); and
- Michael Donley (Director of Administration and Management for DOD) on the implantation of the Quadrennial Defense Review.

The purpose of each briefing was to inform the Board of continuing progress in the area of business transformation as well as present areas for the Board to consider studying.

DBB BRIEFING TO THE DEPUTY SECRETARY OF DEFENSE

Beginning at 12:00 Noon, the DBB presented their recommendations to Deputy Secretary Gordon England. After presentation of the Task Group recommendations and further discussion, it was requested that the Board define quantifiable objectives and define the cost savings of the proposed recommendations. The Deputy Secretary asked to be briefed again once the follow-up was completed.

ADJOURNMENT

The meeting was adjourned by Gus Pagonis at 1:45 PM.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

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William "Gus" Pagonis
Chairman
Defense Business Board