

ACCELERATING TRANSFORMATION IN THE MILITARY HEALTH SYSTEM

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Maintaining a high state of medical readiness is indispensable to national security – and to the Military Health System’s (MHS) mission to provide vital combat support and peacetime services to 9.6 million warfighters, veterans and their families.

When Congress enacted the National Defense Authorization Act (NDAA) for Fiscal Year 2017, it mandated a new set of system reforms that will empower the MHS to better support its Quadruple Aim of improved readiness, better health, better care, and lower cost. Beginning October 1, 2018, the Director of the Defense Health Agency (DHA) and a professional staff will assume full responsibility for all medical treatment facility (MTF) operations, including budget, information technology, administration and management, policy and procedure, facilities, construction, and other matters.

This is an exciting and challenging time for the DHA. Managing the approximately 438 MTFs as a more integrated and efficient health care network can add significant value to the MHS and DoD – a network that continues to support the unique cultures and operational needs of each service branch. Today, DHA’s many stakeholders continue to debate the organizing principles, organizational construct, and comprehensive implementation strategy that will inform this transformation. DHA doesn’t need to delay in beginning its journey on 3 of the many factors that will be essential to its readiness and operational mission: human capital, finance, and performance measurement.

BUILDING A MEDICALLY READY AND READY MEDICAL FORCE

DHA is establishing a new management and operating structure that will improve and sustain the operational readiness of the military’s medical

force. Managing MTFs as an integrated system will help give beneficiaries improved access to care and ultimately better healthcare experiences and outcomes. By applying rigorous business principles across the organization, DHA can create greater transparency, greater resilience and yield significant cost savings the system of MTFs. These principles include defining clear lines of authority and responsibility, establishing performance evaluation mechanisms and incentives, improving technological capabilities, integrating information systems, and standardizing people and processes.

Congress has given DHA a hard deadline for achieving its primary mission of readiness. To comply, DHA needs a common operating picture of both provider and individual readiness that defines what capabilities are needed, how many people are needed to support these capabilities (or what percentages of their time), and what recurring training/clinical practice it must provide to maintain critical skills.

While integrating MTFs into DHA’s portfolio is an enormous and complex undertaking, this transformation can also unlock new potential in executing military health missions. Because meeting the requirements for military medical personnel readiness is tightly linked to providing healthcare within the MTFs, DHA oversight will help enhance and sustain operational medical force readiness and the medical readiness of the Armed Forces. Additionally, well-managed integration can increase reliability, quality, and overall mission effectiveness by ensuring mechanisms to continually improve, drive out unnecessary variation, and migrate all operational and clinical processes to best practices. DHA’s new enterprise construct can model best practices that enhance the performance of all healthcare systems.

OUR PERSPECTIVE: FOCUSED ACTIONS CAN ACCELERATE TRANSFORMATION

To implement the required transformation the DHA must accomplish organizational change management efforts that deliver the following qualities:

Specificity. Defense reporting systems and processes must provide and support greater fidelity in articulating medical requirements and medical capability readiness issues.

Standardization. Services need to identify and prioritize standardized core tasks and measures that support delivery of critical capabilities within a given response time.

Situational Awareness. Department of Defense (DoD) needs visibility across the MHS to understand the critical capabilities required to support operational and strategic management decisions and ensure resilience in the MHS.

Operational Agility. The MHS must be able to report on its readiness to make timely changes to organizational configurations, organizational relationships, and concepts for health service operations. It must also deliver flexible and networked critical medical capabilities and functions across Service boundaries in support of Globally Integrated Operations (GIO).

Regardless of the operating structure it adopts, DHA can focus on three areas to accelerate its transformation: human capital, finance, and performance management.

Human Capital

The MHS is responsible for maintaining a cadre of healthcare providers who are trained and ready to provide quality medical care during contingency

operations. To advance an integrated model, DHA will need to manage carefully the growth and maintenance of human capital to ensure medical readiness across the enterprise. Because the training and experience required for readiness are related in many ways, DHA must find ways to Integrate these activities using medical practicality and military relevance as guidelines.

Beyond supporting combat readiness, DHA also makes policy and operational decisions to support the TRICARE Health Plan. This includes managing training platforms and staffing to ensure all facilities are adequately staffed with medical personnel possessing the right capabilities and experience. Under an enterprise activity structure, DHA also supports and staffs pharmacy operations, health information technology, medical logistics, health facilities, public health, medical research and development, medical education and training, contracting, and budget and resource management.

Currently, DoD collects massive amounts of information on its personnel and operates a highly structured chain of command responsible for monitoring various aspects of service members' lives from enlistment through retirement. This data includes indicators of service-member health that affect readiness as well as information to inform strategic, policy, and budgetary decisions towards improving the overall well-being and effectiveness of the Force. But according to a recent source, few units across the MHS collect quantitative data to justify their readiness assessments. Though the MHS' analysis of provider knowledge, skills and abilities is changing this paradigm, in many cases there is no formal process to ensure the right individuals (by specialty) are available for requirements and authorizations, or to measure individual and medical team readiness. Consequently, both personnel decisions and large-scale policy

changes are routinely made without the benefit of timely data and analysis.

To get the best people focused on Joint roles and goals, DHA requires a demand signal based on predictive analytics to anticipate future requirements and train officers and enlisted support to fill these positions. A Joint Manning Document (JMD) would establish this capability and practice through a Joint Staff mandate that requires the Services to take a joint view of training, staffing, and promotion. Making the MHS subject to the requirements of Goldwater-Nichols would ensure all officers have a joint assignment at DHA, the Joint Staff, or the Combatant Commands (COCOMs) before they can be considered for Flag Officer promotion. This approach would also help ensure diverse Service cultures remain engaged, motivated, and prepared as control of certain authorities and functions transfers from the Services to the DHA. It would also contribute to a culture that both recognizes the honorable traditions of the Services and joint decision making. Likewise, the development of a Joint Command Selection Board for the MTFs would compel the Services to fill leadership positions with the very best in their command billets.

Finance

As readiness demands continue to increase, DHA will likely allocate more funding to support readiness-based activities even as it continues to drive cost efficiency and system reform. By streamlining clinical finances and understanding the true cost of services, DHA can conduct accurate, value-based purchasing and use accurate business case analyses to determine where to allocate funds in support of other mission priorities, and when to expand, contract, eliminate, or outsource services. Better financial management will enable DHA to invest more resources in military medical systems while also supporting readiness, cost efficiency, and system reform. The centralization of budgetary authority for MTF healthcare operations will lead to improved financial transparency, increased fidelity for workload accounting, increased purchasing power, improved accounting for revenue cycle

management, and greater standardization in programming, planning, budgeting, and execution. Each of these improvements will increase efficiency as variances in the system will become easier to identify and the DHA can direct corrective measures across the Direct Care System.

Currently, all Services and the DHA use different financial management platforms and have varying costs of clinical work. What's more, there is little transparency around how Services arrive at these costs – and why there are differences. As part of its effort to optimize operations, the DHA is moving to a common financial system (i.e., General Fund Enterprise Business System (GFEBS)), to improve transparency into resource allocation and accountability to the DoD, the Services, Congress, and the public. A single platform will simplify reporting and ensure effective oversight of the complete clinical financial picture.

A single platform also lends itself to a zero-based budgeting approach, in which DHA and individual MTFs fully understand how each budget is built and can consolidate and rationalize resources to minimize redundancy and eliminate waste. DHA should consider conducting a zero-based budgeting drill within the next two to three years to create baseline standards for budgets, integrated purchased care and direct care market performance, adherence to the P4I metrics (readiness, health, care, and cost), and other measures.

Performance Management

DHA's enhanced management responsibilities require a new strategy that defines consistent performance metrics aligned with mission objectives and considers how to extend them across the organization. Because DHA can't manage what it cannot measure, DHA's new framework must account for the entire portfolio of responsibilities under NDAA Section 702, including financial, clinical, HR, IT, legal, and readiness. These metrics must incentivize behaviors and performance consistent and aligned with DHA's execution strategy. This strategy should also include a methodology for managing what is being measured.

A thoughtful approach to performance management will lead to better performance metrics, establishment of the essential medical capabilities required to ensure readiness, and the ability to look across the entire enterprise to assess reliability and readiness metrics.

These metrics will allow DHA to report on everything from current workload and case mix to training personnel for the readiness mission. This way, DHA can monitor how personnel align with current and future wartime requirements, how and where medical specialists are deployed across the organization, how efficiently MTFs are managing the workloads of specialists, and how much funding it allocates to readiness versus beneficiary care.

As the MHS transforms its organizational structure to comply with NDAA requirements, the DHA will require a detailed market analysis to assist, develop, and grade regional and MTF performance. Command and control from the DHA directly to the MTFs is a non-starter; a regional or subordinate command structure is essential because of the large number of MTFs and their geographic separation. All the Services already have effective models for this, so DHA can select the best approach to performance management for its needs.

LEVERAGING EXISTING ENTERPRISE INITIATIVES

DHA can streamline the process of building an enterprise action structure by leveraging existing initiatives underway such as the Electronic Health Record (EHR) and High Reliability Organization (HRO).

Electronic Health Records

Implementation of the EHR promises to advance the goals of the Quadruple Aim. Investments in the EHR will also help DHA better understand the hazards military personnel face as they move between bases and facilities, and what procedures are in greatest demand at each MTF. However, as DHA is managing this evolution and implementing leading-edge health information technology, it can take advantage of this effort to build an enterprise

culture. EHR implementation can be used as the catalyst for unifying a diverse health system by driving the EHR into all policies, procedures, and work flows, as well as standardizing processes for measuring clinical quality across the MTFs. The EHR implementation should not just be thought of as short-term system integration, but also as a driver for instilling the strategic long-term, MHS end-state vision of a resilient, high-performing health system.

High Reliability Organization

As DHA develops into a high-reliability organization, it can leverage these efforts to drive enterprise behavior. While each treatment facility is unique, MTFs need a shared approach to instilling leadership understanding and commitment to high reliability principles and practices, educating all staff on behaviors to prevent error, and empowering staff to drive continuous process improvement in all areas of MTF performance. A common set of metrics is also required to measure progress.

SUGGESTED APPROACH: USING ANALYTICAL MODELS TO DEFINE READINESS

DHA must design and coordinate many efforts on parallel paths to improve technological capabilities, integrate and streamline information systems, manage the new MHS structure, and standardize and improve its processes. Critically, DHA must also ensure that the diverse MTF workforce remains motivated through the change and is prepared with the proper norms, values, skills, and capabilities to achieve the desired end state from the portfolio of transformation initiatives.

To comply with the 2017 NDAA, we recommend leveraging best practices – including analytical models and decision support tools – to drive readiness while optimizing existing MHS resources. We recommend developing a model based on well-defined readiness goals: identify, collect, and prepare health and readiness data; develop readiness assumptions based on specific variables and relationships; develop, analyze, and evaluate a

predictive modeling approach and dashboard; and socialize the model and its findings.

As DHA moves from strategy to execution, it can support successful transformation by:

- Building a common understanding of the expected outcomes and benefits of transformational change across the MHS;
- Engaging key stakeholders in identifying and resolving issues and securing buy-in and adoption;
- Developing change leadership and execution capabilities needed to drive and sustain change;
- Working with transformation initiatives to understand their impacts on stakeholders and developing integrated change management strategies to address them;
- Gaining leadership credibility and trust with frequent and effective engagements tailored to staff at all levels;
- Building the MHS's capability for change by enabling culture change, resulting in a more adaptive workforce at all levels within the organization;
- Providing ongoing feedback loops to measure progress toward ownership by DHA stakeholders and a repeatable process for driving change.

This approach can accelerate DHA's success in creating a comprehensive performance picture, asserting and proving its ability to fulfill its readiness mission, and using analytic capabilities to meet all mandated requirements at a fast pace.

A SOLID GROUNDWORK FOR TRANSFORMATION

DHA provides value to the DoD and its Services by ensuring a medically ready force and a ready medical force, and by achieving savings and efficiencies in a responsible, business-focused manner. To fulfill this mission, it is building a new, enterprise-focused management structure. It also recognizes that success of this large-scale transformation rests on moving many stakeholders from a state of uncertainty to ownership of new processes and behaviors.

Congress is scrutinizing DHA's progress and awaits a report that defines readiness functions, defines DHA's new organizational and governance structures, and explains how DHA will eliminate duplicative activities and maximize efficiencies within DHA. As it engages stakeholders in these important discussions, DHA can lay the groundwork for transformation by using advanced analytics to develop a strategic approach to medical readiness, and by beginning addressing the critical areas of human capital, finance and performance management. As it moves from strategy to execution, DHA can leverage its considerable progress in developing a new EHR and high reliability framework, and use proven change management methodologies and practices to engineer this complex organizational change.

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