



THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-1200

JUL 3

HEALTH AFFAIRS

Honorable Bob Stump
Chairman, Committee on Armed Services
House of Representatives
Washington, DC 20515-6035

Dear Mr. Chairman:

The House of Representatives Committee on Appropriations Report (107-102) requests the Secretary of Defense to submit a report to the congressional defense committees, prior to conference on the fiscal year 2001 Supplemental Appropriations bill. The report should provide estimates of the outstanding liability for global settlement, and other change order requirements, related to TRICARE contracts not previously identified or estimated that exceed the funding provided in the supplemental appropriations bill reported by the Committee.

Aside from the global settlement, there were approximately 73 change orders and issues remaining to be resolved that were specifically excluded from the global settlement. Of these, 24 were negotiated prior to global settlement and have now been completed. Thirty-one (31) changes and issues were specifically excluded from global settlement because the government and contractor settlement proposals were so widely divergent. Lastly, 18 prior changes involved a government "stop work" order given to the contractors and were excluded from global settlement. Additionally, there were 44 change orders issued after July 1, 2000, which were excluded from global settlement. The above changes and issues are estimated to total approximately \$85 million covering fiscal years 1996 through 2001. This figure does not include the change orders required by the National Defense Authorization Act for Fiscal Year 2001.

The supplemental appropriation requested by the Department for fiscal year 2001, in conjunction with funds reserved from current and prior year DHP appropriations, is sufficient to fund all known liabilities for the global settlement, remaining outstanding change orders, and known contract modifications.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Jarrett Clinton", is positioned above the typed name.

J. Jarrett Clinton, MD, MPH
Acting Assistant Secretary

cc:
Honorable Ike Skelton
Ranking Democrat