

**Not for Publication until released by
the House Armed Services Committee**

Statement of

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Before the

Subcommittee on Military Personnel

and

Subcommittee on Readiness

of the

House Armed Services Committee

Subject:

**Medical Infrastructure: Are Health Affairs/TRICARE Management Activity
Priorities Aligned with Service Requirements?**

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Chairman Ortiz, Chairwoman Davis, Representatives Forbes and Wilson, distinguished members of the committee – thank you for the opportunity to testify before you today on this very important issue of prioritization of military construction of medical facilities.

Your unwavering support of our service members -- especially those who have been wounded -- is deeply appreciated.

Nearly two years have passed since the facilities where wounded service members were housed; where they received medical care, and where they went for non-medical support came under public scrutiny by the media, and Congress, the warriors themselves and their families. Since then, Navy Medicine has become even more vigilant and we continue to make significant strides in enhancing both living quarters and medical treatment facilities for our Sailors and Marines.

The Military Health System (MHS) Capital Investment Decision Model (CIDM) and MILCON prioritization system was implemented in May 2008 and was used in the programming and budgeting for MILCON projects slated for construction beginning with FY2010. This new system serves all the Services by carefully evaluating proposed Medical MILCON projects through a rigorous capital investment prioritization method across the entire enterprise.

One important outcome from that experience two years ago, is that the TRICARE Management Activity (TMA), in conjunction with the Services, reviewed how capital planning decisions were made, resulting in significant changes in prioritizing MILCON capital investments in medical facilities. These changes have yielded positive outcomes for Navy Medicine.

Prior to implementation of the CIDM, each Service independently determined capital improvements. The Services received an allocation from the MHS Medical MILCON program managed by TMA. The allocation was based on the percentage of the total physical plant inventory (real property) owned and managed by each Service medical branch. Under this method, Navy Medicine was allocated approximately \$72 million in MILCON program resources each year, or roughly 30 percent of the total available MHS MILCON.

While each Surgeon General prioritized his allocation, the total dollars available per project per year did not meet the steadily rising construction costs for a large project - - such as a hospital replacement. As a result, the Services negotiated amongst themselves, with TMA oversight, to acquire sufficient budget authority to complete large projects where total project costs exceeded a Service's annual budget. This method was never fully capable of assessing the overall needs of the MHS from a provider-enterprise perspective. In addition, it did not meet MILCON resource needs tied to the larger and more costly projects of which all the Services had urgent need. The new methodology has resolved this dilemma by harnessing the global, enterprise-wide perspective to effectively prioritize scarce resources.

Another positive aspect of the CIDM prioritization process is the inclusive representation of those who care for our warfighters as members of the MHS Capital Investment Review Board (CIRB). These clinicians, health system managers, resource managers, and healthcare facility experts, from the Services and TMA, are voting members of CIRB. They represent their Service or TMA and each plays a pivotal role in creating an enterprise-wide assessment of projects needed. Each proposed project is

assessed and the end result is a prioritized project list that meets the defined criteria and enterprise-wide goals. Using the CIDM process, the CIRB develops the enterprise-wide investment perspective for review and concurrence of the MHS leadership. This represents a major improvement over the previous MILCON allocation system.

As the Navy Surgeon General, I, as well as my Army and Air Force colleagues, can engage the CIDM process to clearly articulate my views and priorities to all the members of the CIRB for consideration and deliberation. The new system enables the Services and MHS leadership to share an understanding of required physical plant recapitalization needs, while also delivering the compelling message needed to fully communicate the urgent needs to leadership of the Department of Defense (DoD) and beyond.

The CIDM and CIRB delivered the integrated MHS priority list of projects for the programming period from 2010 through 2015. This master priority list was submitted to the MHS leadership via the Senior Military Medical Advisory Committee (SMMAC), which has agreed to the MILCON listing and submitted it for final review and approval by the DoD. The Services' Surgeons General and the TRICARE Management Activity came to a joint agreement on the top priority construction project across the MHS. This project is the Naval Hospital Guam replacement of a strategic but antique hospital built in 1954 that has survived 55 years in the tropics.

This is an example of how the new prioritization system allows us to maximize our limited project planning dollars by focusing on projects that are considered by all to be a major priority and the best and most efficient use of limited resources. Once a project is programmed in the out-years of the programming and budgeting cycle, the next

step is to develop and finalize the facility studies needed to fully document the project for purposes of final MHS evaluation. This provides Navy Medicine the right mix of project studies at the right time to meet the specific timelines and criteria-driven approach required by the CIDM.

Navy Medicine will budget for selected facility studies needed to support the CIDM documentation standards. This avoids unnecessary expense and ensures that our information relies upon the latest data sources to support projects already approved for programming on the Military Health System MILCON priority list.

Distinguished Members of the Readiness and Military Personnel Subcommittees, thank you again for the opportunity to testify before you today on the positive results Navy Medicine has experienced from the new Medical MILCON prioritization process. I believe the Military Health System CIDM and associated CIRB, as implemented to date, offers the Military Health System enterprise the best overall means to properly prioritize Medical MILCON projects. In addition, this new process ensures projects of the highest relative merit are consistently programmed, budgeted, and executed first. It is particularly encouraging to me that the new process provides the Military Health System with clear-cut means to fully address large project recapitalization requirements in a coherent fashion, while still ensuring the focus of the entire MILCON evaluation process remains where it should always be, namely the healthcare needs of our Sailors and Marines and their family members.