

GAO Highlights

Highlights of [GAO-13-322](#), a report to congressional committees

Why GAO Did This Study

DOD operates a large and complex health care system that employs more than 150,000 military, civilian, and contract personnel working in military treatment facilities. Each military department operates its own facilities, and contracts separately for health care professionals to supplement care provided within these facilities. In fiscal year 2011, these contracts totaled \$1.14 billion.

In the National Defense Authorization Act for Fiscal Year 2012, Congress mandated that GAO review the military departments' acquisition of health care professional services. This report examines (1) the contracting practices used by the departments and their cost effectiveness; (2) the extent to which the departments consolidate health care staffing requirements; (3) the percentage and associated costs of contract health care professionals working at on-base facilities versus off-base; (4) the training requirements for and experience of medical services contracting personnel; and (5) the extent to which the departments' policies address legislated quality standards for contract civilian health care professionals and for staffing companies that provide these professionals. To conduct this review, GAO reviewed military health care policies, analyzed DOD's fiscal year 2011 procurement and staffing data, and interviewed DOD military health system officials.

What GAO Recommends

GAO recommends that the Secretary of Defense develop a DOD-wide strategic approach to contracting for health care professionals. DOD concurred with the recommendation.

View [GAO-13-322](#). For more information, contact William T. Woods at (202) 512-4841 or WoodsW@gao.gov.

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DEFENSE HEALTH CARE

Department of Defense Needs a Strategic Approach to Contracting for Health Care Professionals

What GAO Found

The military departments—the Army, Navy, and Air Force—generally use competition and fixed-price contracts when contracting for medical professionals. These practices can provide lower prices or reduced risk for the government. The military departments use a number of contract arrangements, including contracts awarded to multiple health care staffing companies, for health care professionals. Military department analyses indicate that multiple-award contracts result in lower prices compared to other contract arrangements.

The Department of Defense (DOD) does not have a consolidated agency-wide acquisition strategy for medical services. In the absence of such a strategy, contracting for health care professionals is largely fragmented. For example, the military departments had not consolidated their staffing requirements by developing joint contracts beyond a limited number of instances amounting to about 8 percent of the fiscal year 2011 spending on health care professionals. The departments have made efforts to use multiple-award contracts to consolidate intraservice staffing requirements, but GAO identified several instances where multiple task orders were placed for the same type of provider in the same area or facility. A more consolidated strategic sourcing strategy could allow DOD to acquire medical services in a more cost-effective way.

Nearly all of the military departments' 11,253 contract health care professionals—96 percent—worked in 114 on-base military treatment facilities in fiscal year 2011, while the remaining 4 percent worked in 8 off-base clinics. The costs associated with the contracted health care services provided at on-base facilities are not comparable to such costs at off-base facilities for a variety of reasons. For example, some Military Health System cost accounting data have been characterized as unreliable. In addition, according to DOD officials, labor categories, labor costs, and full time equivalent calculations all vary by military department and in some cases by facility, contract, or geographic location, making a cost comparison problematic.

DOD medical services contracting personnel are subject to DOD-wide training requirements. Consistent with DOD-wide training for all its contracting officers, DOD does not require health care contracting officers to have specialized training or experience. The required training provides a foundation for career field knowledge and is not targeted to specific types of acquisitions, including contracts for health care professionals. Health care experience among contracting personnel varied by location. Air Force contracting officers are not typically dedicated to medical services contracting, unlike their counterparts in the Army and Navy. The military departments provide contracting officers' representatives, who provide contract oversight, with specialized training in contracting for health care.

GAO found that each of the departments has policies or procedures in place that generally address most of the legislated quality standards enacted in 2007 for contract health care professionals and the staffing companies that provide them. However, DOD did not require the military departments to use consistent quality standards in response to this legislation because DOD officials believed that the departments were already applying these standards as part of their contracting processes.