

# GAO Highlights

Highlights of [GAO-15-759](#), a report to congressional committees

## Why GAO Did This Study

In 2013, DOD created the DHA to provide administrative support for the services' respective medical programs and combine common "shared" services to achieve cost savings. House Report 113-446 included a provision that GAO review DOD's progress in implementing the DHA. This report addresses the extent to which DOD has made progress in (1) assessing the personnel requirements of the DHA and its effect on MHS personnel levels; (2) developing an approach to achieving cost savings through shared services; and (3) fully developing performance measures to assess its shared services.

GAO reviewed DOD's personnel requirements assessment process, business case analyses, and performance measures for the DHA's shared services. GAO compared this information with key management practices and DOD guidance. Additionally, GAO interviewed officials from the DHA and the military services.

## What GAO Recommends

In addition to GAO's prior recommendations, GAO is making a number of recommendations related to the DHA's personnel requirements and approach to achieving cost savings. DOD concurred with all but one recommendation to develop a plan for reassessing its personnel requirements, partially concurring and citing existing guidance. GAO continues to believe that current guidance in this area is insufficient, and that DOD would benefit from a plan for reassessing its personnel needs as the DHA's missions and needs evolve.

View [GAO-15-759](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or [farrellb@gao.gov](mailto:farrellb@gao.gov).

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## DEFENSE HEALTH CARE REFORM

### Actions Needed to Help Ensure Defense Health Agency Maintains Implementation Progress

## What GAO Found

Nearly 2 years after the creation of the Defense Health Agency (DHA), the Department of Defense (DOD) has made progress toward completing its implementation process, but has not addressed issues related to GAO's past recommendations regarding personnel requirements, an approach to cost savings, and performance measures.

- *Personnel* - The DHA has initiated the process of assessing personnel requirements, but this process has been delayed, does not have a detailed timeline for completion with milestones and interim steps, and is not comprehensive. It does not address key issues—such as the effect of possible personnel growth in the DHA and workforce composition issues. DOD cannot determine the DHA's effect on the Military Health System's (MHS) administrative and headquarters staff levels because (1) the DHA has not completed the personnel requirements assessment process and (2) it has not, as GAO recommended in November 2013, developed a baseline estimate of personnel in the MHS before the DHA was created. DOD stated that the requirements assessment process will not be completed until September 2016. Further, although DOD does not plan to develop a baseline estimate and is not tracking personnel-related savings, DOD can take steps that would contribute to the development of comprehensive personnel information, such as including information concerning the number and cost of administrative and headquarters personnel within the MHS in annual budget documents.
- *Approach to help achieve cost savings* - The DHA has developed a business case analysis approach to help it achieve cost savings for 8 of its 10 DHA shared services. This approach largely addresses GAO's November 2013 recommendations that DOD provide more information on its cost savings estimates and monitor implementation costs. However, the DHA has not developed comprehensive business case analyses for 2 shared services—Public Health, and Medical Education and Training. Specifically, the DHA has proposed the transfer of their functions from the military services, but has not identified common functions to consolidate in order to achieve cost savings, which is the primary purpose of establishing shared services.
- *Performance measures* – The DHA has made progress in developing measures to assess the progress of its 10 shared services toward achieving their respective goals; however, these measures do not demonstrate some key elements that GAO has found can contribute to success in assessing performance, such as clarity, measurable targets, and baseline data. Specifically, all 10 DHA shared services have measures that demonstrate at least some of these attributes; however, collectively, they do not demonstrate all of the attributes, as GAO recommended in November 2013. These key attributes can help ensure that DOD officials have the information necessary to measure progress toward achieving the stated goals of the shared services. While DOD has made progress in the development of these performance measures, GAO's November 2013 recommendation that DOD develop performance measures that fully exhibit those key attributes is valid and should be completely implemented.