

GAO Highlights

Highlights of [GAO-25-107432](#), a report to congressional committees

Why GAO Did This Study

DOD realigned its medical facilities from the military departments to DHA in response to legislative reforms initiated in 2016. These reforms were intended to create a more efficient oversight structure for these facilities that would lower costs while improving care for military service members and eligible beneficiaries.

Section 714 of the National Defense Authorization Act for Fiscal Year 2024 includes a provision prohibiting DOD from advancing beyond phase one of DHA's plan to establish its network structure until GAO assesses and reports on DHA's transition efforts. Among other objectives, this report 1) describes how plans to manage medical facilities have changed, and 2) assesses the extent to which DHA has determined resources it needs to manage its facilities.

GAO reviewed policies, guidance, and other documentation related to DHA's organizational efforts. GAO interviewed DOD and DHA officials, including those from the network structure's nine management offices. GAO also spoke with officials from a nongeneralizable sample of six medical facilities about current and prior organizational structures.

What GAO Recommends

GAO is making seven recommendations, including that DOD provide information to Congress on how the network structure meets the intent of a statute; issue guidance and develop an implementation plan to validate personnel requirements; and study business functions and develop an implementation plan to consolidate them. DOD concurred with GAO's recommendations.

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DEFENSE HEALTH CARE

Actions Needed to Address Long-Standing Management Challenges with Medical Facilities

What GAO Found

To assume responsibility for the management of medical facilities from the military departments, the Department of Defense's (DOD) Defense Health Agency (DHA) began to implement an organizational structure called the market structure in January 2020. Subsequently, DHA replaced the market structure with the network structure in October 2023 to address challenges identified in the market structure. The similarities and differences in these structures are mainly in whether the structures are organized by military department affiliation, the number of management offices, and the rank of management office leaders.

DHA's Market and Network Structures to Manage Medical Facilities

Organizational structure	Primarily organized by military department affiliation	Number of management offices	Number and rank of management office leaders
Market	No	22	7 General or Flag Officers 15 Captains or Colonels
Network	Yes	9	9 General or Flag Officers

Source: GAO analysis of Department of Defense and Defense Health Agency (DHA) information. | GAO-25-107432

While DHA has started implementing a network structure, it has not fully determined all the resources it needs. Specifically,

- DHA determined it needed nine offices to manage its resources under the network structure. However, DHA has not explained to Congress how this structure meets the intent of a statute. For example, DHA is limited to establishing no more than two regions within the continental United States and no more than two regions outside the continental United States to manage its medical facilities. Until DHA provides such information, Congress risks not having reasonable assurance that DHA is implementing an effective organizational structure that, among other things, fully integrates the military departments' medical capabilities and enhances joint medical operations.
- DHA has not fully determined and validated how many personnel resources are required to manage and support its medical facilities. DHA has not completed these efforts because it has not issued guidance that details the processes needed to determine and validate personnel requirements, including by analyzing workload. Additionally, DHA has not developed a plan to implement such guidance, once issued, for these efforts. Without issuing detailed guidance and developing an implementation plan, DHA lacks the information it needs to establish personnel requirements to accomplish its objectives and track its progress.
- DHA has not determined how it will consolidate business functions (e.g., clinical quality management and information technology) to save on costs because it has not studied them. DHA has also not developed an implementation plan for consolidating these functions. By studying its functions and developing an implementation plan to track progress in consolidating them, DHA will be better positioned to ensure these functions are structured to manage its medical facilities as efficiently and effectively as possible.