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## Military Health System Reform: Military Treatment Facilities

The Department of Defense (DOD) administers a statutory health entitlement (under Chapter 55 of Title 10, U.S. Code) through the Military Health System (MHS). The MHS offers health care benefits and services to approximately 9.6 million beneficiaries composed of servicemembers, military retirees, and family members. Health care services are available through DOD-operated hospitals and clinics (i.e., *military treatment facilities* (MTFs)), or through civilian health care providers participating in DOD's health care program, TRICARE.

On February 19, 2020, DOD submitted a report to Congress outlining its plan to restructure selected MTFs, herein referred to as the *703 Report*. DOD indicates that detailed planning and implementation will begin within 90 days of the report's submission, with restructure activities occurring over the next several years.

### Background

Statute (10 U.S.C. §1073d) requires DOD to maintain MTFs for the purposes of supporting the “medical readiness of the armed forces and the readiness of medical personnel.” There are three distinct categories of MTFs: ambulatory care clinics, hospitals, and medical centers. In FY2020, DOD administers 721 MTFs within the United States and at overseas military installations. DOD entities that administer MTFs include the Defense Health Agency (DHA), Army Medical Command, Navy Bureau of Medicine and Surgery, and the Air Force Medical Service. By the end of FY2021, the administration and management of all MTFs are to transfer to the DHA.

### Why is DOD planning to restructure MTFs?

Congress directed numerous MHS reforms in the National Defense Authorization Act for Fiscal Year (FY) 2017 (NDAA; P.L. 114-328) and subsequent NDAA's, including:

- transfer of MTF administration and management from the Service Surgeons General to the DHA Director (§702);
- reorganization of DHA's internal structure (§702);
- redesignation of Service Surgeons General as principal health advisors for their respective military service and as service chief medical advisors to DHA (§702); and
- restructuring or realignment of MTFs to best support military medical readiness and the readiness of medical personnel (§703).

The 703 Report fulfills the requirement, established in section 703(d) of the FY2017 NDAA, that the Secretary of Defense submit “an implementation plan to restructure or realign the military medical treatment facilities...” In addition, the FY2017 NDAA requires the Government Accountability Office to provide a review of the 703 Report

to the House and Senate Committees on Armed Services no later than 60 days after the report's submission. Congressional approval of DOD's plan to restructure its MTFs is not required.

### How did DOD develop this plan?

After the enactment of the FY2017 NDAA, DOD established a workgroup consisting of representatives from the Office of the Assistant Secretary of Defense for Health Affairs, DHA, Joint Staff, and the military departments. The workgroup screened 343 U.S.-based MTFs to identify where a “transition of capabilities might be possible.” The screening applied the following criteria:

1. *Readiness* (is there enough clinical volume to support critical physician specialties and graduate medical education requirements?);
2. *Network adequacy* (can the TRICARE network absorb additional patients?); and
3. *Cost-effectiveness* (is it cheaper to provide care in the MTF than through the TRICARE network?).

If an MTF met at least one of the criteria, DOD discontinued screening of the MTF and did not proceed with the next phase. The initial screening identified 73 MTFs for further evaluation. Four other MTFs were added at the request of the military departments.

For each of the 77 MTFs subject to additional evaluation, DOD compiled a *Use Case*, (i.e., a compendium of health care data collected from the MTF, TRICARE contractor, military installation, and other stakeholders) for each facility. Each Use Case also included a recommendation on the MTF's future-state. The military departments reviewed and provided comments to the workgroup on the Use Cases. A *senior transition leadership team*, composed of senior defense officials, reviewed and validated each Use Case recommendation. The Secretary of Defense accepted the leadership team's recommendations, which include 50 MTFs identified for restructure, 21 MTFs for no change, and six MTFs deferred for further review.

### What is DOD's plan to restructure MTFs?

The 50 MTFs identified for restructure are to transition to one of the eight future-state categories (see **Table 1**). DOD's next steps include developing estimates of implementation costs and “detailed implementation planning” beginning no later than May 2020. Implementation plans are to include tasks that address care coordination and case management, access to care, TRICARE network adequacy, changes in MTF staffing, and a communication strategy to inform stakeholders.

**Table I. MTF Restructure Decisions**

Future-State Category	Future-State Description	# of MTFs
Upgrade Trauma Center	MTF to enhance capabilities for a higher-level trauma designation.	1
Hospital-to-Clinic (no urgent care)	MTF to eliminate inpatient services and provide outpatient care only with ambulatory surgical services.	1
Hospital-to-Clinic (with urgent care)	MTF to eliminate inpatient services and provide outpatient care only with ambulatory surgical services and 24-hour urgent care services.	1
No-Surgery Clinic	MTF to eliminate ambulatory surgical services and provide outpatient care only.	3
Active Duty Care Clinic	MTF to support active duty servicemembers only with primary care and limited specialty care services. Active duty family members may be seen on a space-available basis.	37
Occupational Health Clinic	MTF to support occupational health, industrial hygiene, and preventative medicine requirements for military installation employees only. Primary care services may be offered to active duty servicemembers and family members on a space-available basis.	1
Recapitalization	DOD to develop recapitalization plan for restructuring MTF assets with a potential military medical construction project.	1
Closure	MTF to eliminate all health care services and close.	5

**Source:** CRS analysis of DOD, *Restructuring and Realignment of Military Medical Treatment Facilities*, February 19, 2020.

**Note:** Future-state categories based on DOD’s description of MTF restructure decisions. Certain active duty care clinics are to continue to offering pharmacy services for eligible beneficiaries. For the full list of DOD’s MTF restructure decisions, see pp. 7-11 of the report.

DOD estimates that MTF restructuring activities will begin in FY2021 and occur over a 2-5 year period. The Department also intends to evaluate additional MTFs for future restructuring opportunities.

**When did DOD last restructure its MTFs?**

As military requirements and health care demand shifts over time, DOD uses a dynamic process to periodically review and modify its military medical capabilities—including its MTFs. Since 2001 for example, DOD has conducted at least two assessments with recommendations for MTF restructuring: the 2005 Base Realignment and Closure Commission Report and the 2015 MHS Modernization Study Team Report. DOD has since implemented many of those recommendations and continues to assess MTFs to optimize resources and support clinical readiness requirements.

**Considerations for Congress**

DOD provides periodic, informal briefings on MHS reform to the congressional armed services committees. The following lines of inquiry may assist Congress in overseeing DOD’s planning, resourcing, and implementation of the 703 Report recommendations.

**Implementation Activities**

- What is DOD’s implementation timeline for MTF restructure activities?
- How will DOD coordinate MTF restructure activities with ongoing MHS reform efforts?

**Impacts of MTF Restructuring**

- As MTFs restructure, what is DOD’s plan to reassign or reshape the medical workforce?
- How will restructure activities impact beneficiary satisfaction and access to care?

**Military Readiness**

- How will MTF restructuring improve clinical readiness requirements for military medical providers and maintain a medically ready force?

**Cost Implications**

- What implementation costs are associated with restructuring MTFs?
- Does DOD anticipate cost-savings when restructuring activities are complete?

<b>Relevant Statutes and Policies</b>
10 U.S.C. §§1073c, 1073d, 1077a DOD Directive 6010.04, <i>Healthcare for Uniformed Services Members and Beneficiaries</i> , updated June 1, 2018 DOD Instruction 6000.19, <i>Military Medical Treatment Facility Support of Medical Readiness Skills of Health Care Providers</i> , February 7, 2020
<b>CRS Products</b>
CRS In Focus IF10530, <i>Defense Primer: Military Health System</i> , by Bryce H. P. Mendez CRS In Focus IF11273, <i>Military Health System Reform</i> , by Bryce H. P. Mendez
<b>Other Resources</b>
DOD, <i>Restructuring and Realignment of Military Medical Treatment Facilities</i> , February 19, 2020 DOD, <i>Military Medical Treatment Facilities</i> , June 23, 2018 DOD, <i>Military Health System Modernization Study Team Report</i> , May 29, 2015

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