

Advance Questions for William Winkenwerder, Jr.
Nominee for the Position of Assistant Secretary of Defense for Health Affairs

Defense Reforms

Almost 15 years have passed since the enactment of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Special Operations reforms.

Do you support full implementation of these defense reforms?

Yes.

What is your view of the extent to which these defense reforms have been implemented?

Significant progress has been made, and I believe the Department has embraced the spirit of the Act.

What do you consider to be the most important aspects of these defense reforms?

Reaffirmation and clarification of civilian control, and strengthening the role of the Commanders in Chief of the Unified Commands.

The goals of the Congress in enacting these defense reforms, as reflected in section 3 of the Goldwater-Nichols Department of Defense Reorganization Act, can be summarized as strengthening civilian control; improving military advice; placing clear responsibility on the combatant commanders for the accomplishment of their missions; ensuring the authority of the combatant commanders is commensurate with their responsibility; increasing attention to the formulation of strategy and to contingency planning; providing for more efficient use of defense resources; and enhancing the effectiveness of military operations and improving the management and administration of the Department of Defense.

Do you agree with these goals?

Yes.

Recently, there have been articles which indicate an interest within the Department of Defense in modifying Goldwater-Nichols in light of the changing environment and possible revisions to the national strategy.

Do you anticipate that legislative proposals to amend Goldwater-Nichols may be appropriate? If so, what areas do you believe it might be appropriate to address in

these proposals?

I am not familiar with any proposed amendments to Goldwater-Nichols. I have not formed an opinion on the potential appropriateness of any changes to the Goldwater-Nichols Act.

Duties

What is your understanding of the duties and functions of the Assistant Secretary of Defense for Health Affairs?

If confirmed, I would serve as the principal staff assistant to the Under Secretary of Defense for Personnel & Readiness (USD(P&R)) and to the Secretary of Defense for the full range of health policies and programs. My primary duty would be to execute the Department's medical mission—to provide, and maintain readiness to provide, medical services to members of the Armed Forces, ensuring their fitness for duty and deployment. I would also be responsible for the provision of health care to the family members of the Armed Forces, retirees and their eligible family members, and others eligible for DoD health benefits.

What background and experience do you possess that you believe qualifies you to perform these duties?

If confirmed, I would bring a number of skills to this important position. I am a board-certified physician with several years of experience in clinical practice. My clinical experience has been complemented with fourteen years of health care management experience that includes both private sector and public service. These positions include experience in health care delivery, health plan management, and with the health insurance industry. I will call on my experiences in each of these settings if I am confirmed as Assistant Secretary of Defense for Health Affairs.

Do you believe that there are actions you need to take to enhance your ability to perform the duties of the Assistant Secretary of Defense for Health Affairs?

The Secretary of Defense and the Under Secretary for Personnel and Readiness have outlined their expectations for this position, and expressed their confidence in my ability to perform this job within the authorities already provided. If confirmed, the most important actions that I would undertake, early in my tenure, would be to draw on the existing pool of talented military and civilian health care professionals in the Department of Defense and the external military support organizations and beneficiary groups for ideas and to clearly communicate to these organizations and individuals the expectations that the Secretary and Under Secretary have for them. I would also seek to strengthen relationships with government and non-government agencies outside of the Department of Defense, to include the Department of Health and Human Services, the Centers for Medicare and Medicaid Services, the Centers for Disease Control, the Food and Drug Administration, the Agency for Health Care Policy and Research, the Department of Veterans Affairs, and the health care industry.

Assuming you are confirmed, what duties and functions do you expect that the Secretary of Defense would prescribe for you?

Clearly, the primary mission of ensuring the health and fitness of our active duty forces remains preeminent. If I am confirmed, I anticipate that the coming months will be very focused on force health protection activities, our medical readiness responsibilities, and medical support to potential deployments. The Secretary of Defense expects a world-class health system for the men and women who serve or have served our country that is defined by superior performance, accountability and financial integrity.

In carrying out your duties, how will you work with the following:

- A. The Under Secretary for Personnel and Readiness.**
- B. The TRICARE Management Agency.**
- C. The Surgeons General of each of the Services.**
- D. The TRICARE Lead Agents.**
- E. The TRICARE Support Contractors.**
- F. The Designated Providers' Chief Executive Officers (i.e., Uniformed Services Treatment Facility CEOs).**
- G. Beneficiary Groups.**

An overarching theme that will define my relationships with each of these important individuals or groups is close collaboration. Continued success in defense health care will be largely defined by our ability to work together as a team – the civilian leadership in DoD, the Military Departments, both line and medical, TRICARE regional offices, private sector contractors, and the beneficiary or constituent associations which represent the people the Department of Defense serves. I do believe that success is also achieved through the establishment of performance expectations, supported by clear lines of authority and accountability for these expectations.

The lines of authority and accountability between the Under Secretary of Defense for Personnel and Readiness, the Assistant Secretary of Defense for Health Affairs, and the TRICARE Management Activity are clear and direct. If confirmed, I look forward to working with Dr Chu and with the health care professionals within Health Affairs and TMA. The TMA is a subordinate field activity under the Assistant Secretary of Defense for Health Affairs, and responsibility for its performance rests with this office. The buck stops here.

I would also look forward to working closely and collaboratively with the Service Surgeons General. I would include them in our strategic planning process, and I am looking forward to soliciting their ideas on sustaining and improving our military medical readiness posture. The Surgeons General and their line leadership direct the activities of our military medical treatment facilities, where more than half of all our medical care is delivered. Our close working relationship will be vital to communicating and implementing a coordinated strategy for medical readiness activities as well as health care delivery to our other beneficiaries.

Coming from the private sector, I am also confident in the ability of private health care contractors to complement the military health care delivery system with high quality services. The relationship between government and private contractors should be based on a true partnership. Honest, open and frequent communications is the key to a healthy working relationship with all of our contractors, TRICARE or Designated Providers. Together with a clear definition of performance expectations and measures, I believe that these contractual relationships can and should grow into long-term relationships mutually benefiting both the government and contractor.

Finally, if confirmed, I am dedicated to continuing the close working relationship that has developed with the beneficiary associations over the past year. I plan to communicate frequently with these organizations, and to solicit their ideas on how we can improve our performance. If I am confirmed, I plan to meet with the leaders of The Military Coalition and National Military Veterans Alliance early in my tenure and at regular, frequent intervals throughout my tenure.

Major Challenges and Problems

In your view, what are the major challenges that will confront the Assistant Secretary of Defense for Health Affairs?

I believe that medical readiness and force health protection requirements represent the primary challenges for the Assistant Secretary of Defense. Parallel challenges include the need to improve the predictability of health care costs; manage the TRICARE benefit and the long-term costs of the program; ensure high quality care; and institute continuous improvement of business practices through improved contracting and performance outcomes measurement.

Assuming you are confirmed, what plans do you have for addressing these challenges?

If confirmed, I would quickly establish 6-12 month work plans for making achievable and measurable progress on each of the high priority issues. I believe that the establishment of clearly defined goals combined with the empowerment of individuals to achieve those goals is essential to making rapid improvements in the health care system.

What do you consider to be the most serious problems in the performance of the functions of the Assistant Secretary of Defense for Health Affairs?

In the past several weeks, I have been fortunate to observe activities within Health Affairs and to have spent some time with the Acting Assistant Secretary of Defense for Health Affairs, Dr. Jarrett Clinton. Despite staff shortages that occurred during the transition period, he and his staff superbly implemented the new TRICARE benefits, and provided expert advice to the Under Secretary and Secretary of Defense on a range of force health protection and medical readiness matters—both before and after September 11th. In that regard, I want to commend Dr Clinton and his staff for their performance over the past year. If confirmed, I hope to build upon these successes, increase outreach to other government agencies and institute smart business practices to manage the TRICARE benefits that are now in place.

If confirmed, what management actions and time lines would you establish to address these problems?

The pace of activity in the medical readiness arena is clearly accelerated since September 11, 2001. Actions and timelines in many areas will likely be defined by days and weeks, not months and years. If confirmed, I will determine or review each required action and set the deadline for implementation. In the TRICARE arena, I would immediately undertake actions to establish time lines to monitor performance, establish performance improvement goals where appropriate and strengthen management controls. The contracting cycle for activities this large require fairly significant lead times for issuance of requests for proposals (RFPs), reviews of bidder submissions, secondary reviews, award of contracts, and transitions from outgoing to incoming contractors.

Priorities

If confirmed, what broad priorities will you establish in terms of issues which must be addressed by the Assistant Secretary of Defense for Health Affairs?

If confirmed, the challenges I identified above would become the priorities for action. First, ensuring our active duty forces are healthy and prepared to deploy at any time. Second, ensuring our military medical forces are prepared to provide quality services to our forces anywhere in the world. Third, introducing business practices that will ensure we deliver a world-class health care system that serves the beneficiary by improving their health while controlling costs for both the beneficiary and the taxpayer.

TRICARE

TRICARE has been a managed care program in the making in the Department of Defense for over a decade. The Department is currently developing options for the next generation of contracts for care provided by civilian providers.

If confirmed, what will be your commitment to the TRICARE program?

I wholeheartedly support TRICARE. In the past few years, TRICARE has improved significantly – particularly in the areas of claims processing and customer satisfaction. If confirmed, I will seek further improvements in the program, and I will seek to increase accountability, strengthen our business practices and our partnership relationships with the private sector.

Do you have any views on how a new generation of contracts could be structured?

It is my understanding that the TRICARE Management Activity is actively engaged in shaping the next generation of TRICARE contracts. Most of this activity is procurement sensitive, and I have not yet participated in detailed discussions. If confirmed, I plan to quickly engage in the specific details and our objectives. In general, however, I believe that contracts should be developed in a manner that invites the greatest level of competition, and that emphasizes outcomes rather than prescribing the processes for achieving those outcomes.

Based on your experience in the private sector, what contracting mechanisms or modifications should be considered?

In the private sector, we emphasize quality, service and cost-effectiveness measures in our contracts, and incentives to achieve high levels of performance.

If confirmed, what will be your short-term and long-term goals for TRICARE?

If confirmed, my short-term goals would be to implement and monitor the new benefits introduced in FY 2002. In the longer term, I plan to pursue the Secretary's imperative for a world-class health system that continues to improve beneficiary satisfaction, protect our military families from excessive out-of-pocket costs and procure new TRICARE contracts in a manner that best supports military medical readiness and serves the interests of our beneficiaries and the taxpayers.

If confirmed, how will you capture the essence of the partnering arrangement between the Government and the TRICARE Support Contractors that is necessary for the successful delivery of health care within the TRICARE Program?

If confirmed, I would further the partnering relationships with contractors. The relationship between government and private contractors should be based on a true partnership. Honest, open and frequent

communications, and a shared understanding of mutual accountability are the key elements to a healthy working relationship with all of our contractors.

As Members and staff of the Committee visit installations and military units around the world, it has become apparent that TRICARE is not understood by many service members and their families. Many senior leaders do not understand TRICARE well enough to assist their subordinates. Some concerns about the effectiveness of the TRICARE program are the result of misunderstandings about the program.

If confirmed, what will you do to help beneficiaries understand their TRICARE benefits?

If confirmed, I will rely on both TMA and TRICARE contractors to ensure beneficiaries reach ever-higher levels of understanding of their TRICARE benefits. I would seek to use every available means of communication—the internet, direct mail, call centers, face-to-face briefings, media, and coordination with beneficiary association organizations to ensure the widest possible outreach efforts. My experience in the private sector has taught me that beneficiaries use all of these sources for their information, and that repetitive communications are required to fully reach the entire population.

In your opinion, what is the role of the operational chain of command in ensuring that service members thoroughly understand the options within TRICARE available to their families?

I support the role that the chain of command assumes for their subordinates' welfare, to include education on the range of benefits available to their soldiers, sailors, airmen and marines. Fortunately, senior personnel are also TRICARE beneficiaries. In my opinion, the most important piece of information is to know where to direct people in order to get informed answers.

If confirmed, how will you ensure the operational chain of command fulfills that role?

If confirmed, I plan to meet early and often with senior leaders—both officer and enlisted—and get their views on how best to educate our active duty personnel. I am certain that this will be a two-way street—providing Health Affairs and TMA with good ideas, and providing the line leadership with information to take back to their people.

There continues to be concern expressed by TRICARE beneficiaries about the adequacy and availability of health care providers in some areas of the country. While managed care support contracts have access standards and timeliness requirements to ensure beneficiaries have access to appropriate providers within a reasonable period of time, this does not always happen.

What ideas do you have about improving the number and adequacy of providers

under the TRICARE program?

I believe that having access to quality health care providers is an essential element of a world-class health care system. In addressing this problem, if confirmed, I would want to first understand what the problem is. Is it: (1) a general lack of health care providers (primary care or specialists) in a certain geographic area, or (2) an adequate number of health care providers, but a reluctance to participate in TRICARE? I anticipate that the answer might vary depending on the geographic location. Similarly, the solution would have to vary and be appropriate for the local circumstances. I want to ensure that the quality of the health care is not compromised to increase provider participation. Based on information I have reviewed, I do believe that the Department of Defense has been provided with appropriate flexibility in determining reimbursement rates and encouraging TRICARE participation.

Commitment to Military Retirees

In your opinion, what, if any, is the commitment on behalf of the Department of Defense and the military departments to provide health care through the Military Health Care System to those who have retired from the uniformed services?

In my brief review of the implementation of TRICARE for Life, I have been impressed that the Administration has demonstrated a clear commitment to funding and implementing this benefit. The Department is wholly committed to providing excellent health care to all our beneficiaries, including military retirees. Military facility health care is finite. The entitlement to payment for civilian health care services under TRICARE, now available to retirees over 65 as well as under 65, provides assurance of comprehensive coverage for our retirees even when military providers are not available.

Resourcing

Adequate financing of the Defense Health Program has long been an issue. In a hearing earlier this year, Secretary Rumsfeld acknowledged that the funding planned for FY 2002 for the Defense Health Program reflected the Department's best estimate, but he could not be more precise.

What ideas do you have for more accurately projecting the cost of, and appropriately resourcing, the Defense Health Program?

If confirmed, I would focus on analyzing the process by which we develop our budget requirements and seek to understand our total requirements. The costs of the major components of the health care dollar are growing at different rates. We must understand these dynamics, be able to predict them, and take actions to manage them. This process should be helpful in improving both budget predictability and improving our resource allocation in future years. My civilian sector experience has focused on productivity, coordinated care programs, and using metrics for performance improvement. I think this

focus will be very valuable in support of TRICARE.

I am pleased that the President and Secretary of Defense have set the Department on a course to much greater stability by funding the Defense Health Program in FY 2002 at a level in which we do not anticipate any need for a supplemental appropriation for health.

If confirmed, I will closely monitor execution during the fiscal year not only of the Defense Health Program requirements but also monitor the overall healthcare trends in the civilian sector and make use of healthcare actuary experts to more accurately project cost requirements in the future.

Military Health Professional Recruiting and Retention

The Department of Defense relies on a combination of bonuses and incentives to recruit and retain health care professionals to provide care to military members and their families. The last legislative revision to applicable bonus amounts occurred approximately ten years ago. Given the inherent reduction in buying power of those programs over time, Congress, in last year's Authorization Act, directed the Department of Defense to conduct a review and report on the adequacy of special pays and bonuses for medical corps officers and other health care professionals.

What are your views on the adequacy of existing bonus and pay incentive programs?

I am still becoming familiar with the complex issues surrounding military bonus and specialty pay. If confirmed, I look forward to reviewing the draft reports being prepared for you that will review the existing programs and offer suggestions for improvement. I am committed to an overarching strategy to recruit and retain the best-qualified health care professionals for a career in the military. It is important to properly manage recruiting, pay, and retention programs to ensure appropriate balance for Department missions and beneficiary needs.

If confirmed, will you undertake a close examination and development of recommendations regarding pay incentives?

Yes, I will.

Health Care for Veterans

On May 28, 2001, the President issued an executive order establishing a Presidential Task Force to Improve Health Care Delivery for Our Nation's Veterans. The 15-member Task Force is comprised of health care experts, officials familiar with Department of Veterans Affairs and Department of Defense health care systems, and representatives from veteran

and military service organizations. The mission of the commission is to identify ways to improve benefits and services to those eligible for services through both agencies and to create greater collaboration in the delivery of health care between the two agencies.

How do you envision the Department of Defense playing a role in this process and what opportunities do you foresee to work jointly with the Veterans Administration?

If confirmed, I look forward to working in a supportive manner with the Presidential Task Force and with the Department of Veterans Affairs to further identify and expand joint opportunities. The Department of Veterans Affairs has an important mission in serving our nation's veterans. I would work aggressively with the Department of Veterans Affairs to ensure opportunities for sharing resources and better business processes are not missed when both Departments and the taxpayer stand to benefit from improved coordination of federal resources.

Congressional Oversight

In order to exercise its legislative and oversight responsibilities, it is important that this Committee and other appropriate committees of the Congress are able to receive testimony, briefings, and other communications of information.

Do you agree, if confirmed for this high position, to appear before this Committee and other appropriate committees of the Congress?

Yes.

Do you agree, if confirmed, to appear before this Committee, or designated members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities as the Assistant Secretary of Defense for Health Affairs?

Yes.

Do you agree to ensure that testimony, briefings and other communications of information are provided to this Committee and its staff and other appropriate Committees?

Yes.