

**Minutes of JPAT Working Group meeting, 30 October 2003.
Topic: Medical Issues**

1. Attendance

a. The following members attended the meeting:

John Desiderio	OSD BRAC
Jack Leather	Navy BRAC
Jack Francisco	DLA / JCSG S&S
Omer Alper	Navy BRAC
David Clark	TMA / FLCM (R&K)
Frank Sosa	AF BRAC
John Dovich	R&K
Art Levesque	R&K
Alex Yellin	OSD BRAC
Bob Opsut	OASD (HA)
COL Peter DeSalva	JCSG Tech
Armando Drake	DLA BRAC
Greg Atkinson	OASD (HA)
Richard Snow	SAF / IEBS
Rick Morrison	Navy BRAC (MED)
Paul Freund	AF BRAC

b. The following were at the meeting as observers:

Marcia L. Kilby	OIG DoD
Dharam Jain	OIG DoD
Rich Gladhill	AAA
Andrea Beck	AAA
Mimi Yoo	AFAA

c. The following groups did not send a representative:

JCSG E&T
 JCSG Intel
 JCSG Industrial
 JCSG HSA
 GAO

2. Opening Remarks. MAJ Smith stated that the topic of next week's JPAT working group meeting will be Sustainment, Restoration, and Modernization (S/RM) in COBRA. He also stated that a special session addressing overhead costs, and

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reports will be held on 5 NOV at 0900 in the TABS conference room in Rosslyn. The meeting then began discussing medical issues.

3. Medical Costs in COBRA

a. Medical Cost Algorithm in COBRA. This topic started with a general discussion of how the TriCare system works and the impacts on the system that would be caused by a BRAC action. After listening to medical experts in attendance and getting answers to questions, the JPAT agreed to the following development of algorithms to determine changes in medical costs due to BRAC actions:

1) Step One, Define Variables to be used in the algorithm:

CIG - gaining installation inpatient purchase care rate (\$/admission)
COG - gaining installation outpatient purchase care rate (\$/visit)
CPG - gaining installation prescription cost factor (\$/prescription)
CIL - losing installation inpatient purchase care rate (\$/admission)
COL - losing installation outpatient purchase care rate (\$/visit)
CPL - losing installation prescription cost factor (\$/prescription)
NAI - number of active duty inpatient admissions (MTF)
NAO - number of active duty outpatient visits (MTF)
NAP - number of active duty prescriptions
NRI - number of retiree inpatient admissions
NAIP - number of active duty inpatient admissions (downtown)
NAOP - number of active duty outpatient visits (downtown)
NRO - number of retiree outpatient visits
NRP - number of retiree prescriptions
NR65I - number of retiree 65 & over inpatient admissions
NR65O - number of retiree 65 & over outpatient visits
NR65P - number of retiree 65 & over prescriptions

2) Step 2, define the COBRA algorithm that will calculate cost changes at a closing installation:

$$\text{Losing Cost} = N_{RI}C_I + N_{RO}C_O + N_{RP}C_P + 0.2[N_{R65I}C_I + N_{R65O}C_O] + N_{R65P}C_P$$

This algorithm reflects the following cost metrics:

- a) The algorithm reflects the costs incurred by forcing retirees who used the military treatment facility (MTF) to seek care elsewhere through TriCare.
- b) There is no prescription drug benefit in Medicare, so DoD will have to cover the entire prescription drug cost.

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- c) The savings from closing down a hospital are realized by the elimination of staff, the reduced BOS, and reduced facility sustainment. The savings from expendables (bandages, needles, ect.) are difficult to establish but can be included in the algorithm if they can be determined. (MAJ Smith will try and determine whether expendables are a significant savings or not.)
- d) The user will enter any costs or savings from hospital contracts.
- e) This algorithm will enable a scenario to address three options for a hospital in COBRA:
 - i. Keep the hospital open. This is the default and there are no extra costs.
 - ii. Close inpatient services. This would activate the inpatient variables in the algorithm. No cost changes due to outpatient care or pharmacy.
 - iii. Close the hospital. This uses the entire algorithm and there will be changes for all cost elements.

4) Step 3, define the COBRA algorithm that will calculate cost changes at a gaining installation:

$$\text{Gaining Costs} = \left(\frac{\text{Military Moved}}{\text{Total Military Pop (losing)}} \right) * [(N_{AI}C_{IG} + N_{AO}C_{OG}) + (N_{AIP} + N_{AOP})(C_{IG} - C_{IL})]$$

This algorithm assumes that the gaining installation's MTF is at full capacity. So when military members are realigned, their dependents' medical care visits displace retirees at MTFs. The retirees can still use the pharmacy so that cost does not change and, therefore, is not included. The other part of the equation deals with the active duty medical care visits. This part of the algorithm finds the difference between purchase care at the losing and gaining installation.

b. Other Considerations. The JPAT agreed that the variables defined above will become installation specific static data. The pharmacy costs will be the average difference between the market price for a drug and the price the government pays. Office of the Assistant Secretary of Defense (Health Affairs) recommended that data from the year 2000 be used. Data after the year 2000 reflects the influx of reservists after the events 9/11/01.

3. Old Due Outs R&K Engineering is tasked to determine a value for the site preparation standard factor that can be certified. **Still Working**

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4. New Due Outs. MAJ Smith will do further investigation into the cost of medical expendables.

5. Policy Issues identified.

- a. Do military eliminations constitute salary savings?
- b. Units using BRAC to "get well" in quantity and quality.
- c. Can cost avoidance savings be calculated from future sustainment no longer required because of facility shutdown?

6. Schedule

AUG 7	Construction	Completed
AUG 14	Civilian/Military Pay	Completed
AUG 21	Privatization/Leases	Completed
AUG 28	Transportation Relocation	Completed
SEP 4	Industrial Base	Completed
SEP 11	SRM	Completed
SEP 18	Information Technology	Completed
SEP 25	Special Instructions Catch-Up	Completed
OCT 2	RC Issues (+) tenants	Completed
OCT 9	BOS	Completed
OCT 16	NPV/ ROI / FMV / Leases	Completed
OCT 23	Environment	Completed
OCT 30	Medical and TriCare	Completed
NOV 6	S/RM revisited	Read Ahead due 3 NOV
NOV 13	Standard Factors / Reports	

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