

GAO Highlights

Highlights of [GAO-14-630](#), a report to congressional committees

Why GAO Did This Study

To help address DOD's escalating health care costs, in 2013 DOD established the DHA to, among other things, combine common medical services such as medical education and training. DOD trains its servicemembers for a wide variety of medical positions, such as physicians, nurses, therapists, and pharmacists. DHA's Education and Training Directorate is to oversee many aspects of DOD's medical education and training and is now expected to begin operations in August 2014. GAO was mandated to review DOD's efforts to consolidate medical education and training.

GAO examined the extent to which DOD has (1) conducted analysis to reform medical education and training to achieve cost savings and (2) determined whether the consolidation of training at METC has resulted in cost savings and designed processes to assess its effectiveness. GAO compared DHA implementation plans and METC budget information from fiscal years 2010 through 2012 with best practices and interviewed officials from the DHA, METC, and military services' Surgeons General offices.

What GAO Recommends

GAO recommends that DOD conduct a fully developed business case analysis for the Education and Training Directorate and develop baseline cost information as part of its metrics to assess cost savings for future consolidation efforts. In comments to a draft of this report, DOD concurred with each of GAO's recommendations.

View [GAO-14-630](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

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DEFENSE HEALTH CARE REFORM

Actions Needed to Help Realize Potential Cost Savings from Medical Education and Training

What GAO Found

In its 2013 plans for the implementation of the Defense Health Agency (DHA), the Department of Defense (DOD) outlined the responsibilities of a new Education and Training Directorate, but has not demonstrated how its proposed reforms will result in cost savings. The National Defense Authorization Act for Fiscal Year 2013 required DOD to develop business case analyses for its shared service proposals as part of its submissions on its plans for the implementation of DHA, including, among other things, the purpose of the shared service and the anticipated cost savings. Although DOD has stated that the Directorate is a shared service that combines common services and that it will result in cost savings, DOD has not fully developed the required business case analysis for the medical education and training reforms. This is because DOD has not yet completed the first step of the process, which includes identifying the specific problems that the reform is intended to address and thereby achieve cost savings. Unlike the medical education and training reforms, other DOD shared service projects present a clear linkage between (1) a stated problem, (2) proposed process changes, and (3) an estimate of benefits, costs, and risks. For the Directorate, DOD has identified the new processes it will employ, but has not identified the concerns the proposed new processes are intended to address and how they will achieve cost savings. In addition, some officials are unconvinced that the potential cost savings will be achieved, and stated that the creation of the Directorate serves more as a functional realignment than a cost savings endeavor. Without a fully developed business case analysis, it is unclear how DOD will measure any accomplishments and hold the Directorate accountable for achieving cost savings.

DOD is unable to determine whether the consolidation of training at the Medical Education and Training Campus (METC) resulted in cost savings; however, DOD is taking action to improve some of the processes for evaluating the effectiveness of training at METC. DOD co-located medical training for enlisted medical servicemembers at METC as part of the 2005 Base Realignment and Closure Commission (BRAC) process to achieve cost savings, and subsequently, the services decided to consolidate their training. However, some officials stated they were unsure whether all funds were transferred to METC. Furthermore, due to a shortage of military service funds, the Office of the Assistant Secretary of Defense for Health Affairs provided funding for METC in addition to the services' transfers. DOD is unable to determine whether the consolidation of training at METC resulted in cost savings because it did not develop baseline cost information as part of its metrics to assess METC's success. Baseline cost information is a key characteristic of performance metrics critical to ensuring that processes achieve the desired results. Without baseline cost information prior to future course consolidation of training at METC and within the Education and Training Directorate, DOD will be unable to assess potential cost savings. DOD has designed processes to evaluate the quality of training at METC—including processes related to certification rates, accreditation, and surveys. Further, DOD has taken action to improve some processes. For example, to improve the level of feedback received from METC surveys, METC officials have begun a pilot process to conduct their own post-graduation surveys.