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(U) COMMENTS ON

MANPOWER ISSUE BOOK

(U) DEFENSE FAMILY HOUSING

(U) OSD ISSUE/
POSITION:

(U) Should additional funds be provided to the family housing program to meet service requirements and protect the Government's investment in family housing facilities? Five alternatives are considered.

1. (U) Army POM.
2. (U) Alternative 1 plus reduces the presently stated backlog of maintenance to a manageable level and eliminates the presently defined backlog of improvements.
3. (U) Alternative 2 plus provides additional new construction for the West Coast Corps location, three small CONUS locations and acquisition of additional housing in Europe via new construction and/or leasing.
4. (U) Alternative 3 plus provides new construction for two new Army divisions and major Army divisional posts.
5. (U) Alternative 4 plus the remaining requirements for additional ECIP and overseas leasing.

(U) ARMY
POSITION:

- (U) The Army strongly supports Alternative 4.
- (U) Alternative 4 adds funds needed to maintain and improve the Army's current inventory and provides additional essential facilities for Army families worldwide thus providing a better balanced and logical family housing program.
- (U) Additional TOA must be provided.

(U) DISCUSSION:

1. (U) Alternative 2 considers only the current family housing inventory by providing funds to reduce the backlogs of maintenance and improvements. Alternative 2 provides no resources for new acquisition where families are forced into involuntary separations or live in inadequate economy assets. This alternative does not recognize most Army POM force structure initiatives.

~~CLASSIFIED BY: MULTIPLE SOURCES~~

~~REVIEW ON: 26 JUNE 1994~~

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16-M-0957

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2. (U) Alternative 3 does provide for some additional new acquisition; however, it fails to provide for essential new housing at Army's large division-sized CONUS installations and does not provide for new POM force structure initiatives.

3. (S) Alternative 4 provides a balanced program by funding the backlogs of maintenance and improvements and acquisition of new assets (construction or leasing) for Army families worldwide. The alternative also provides for housing of families both in foreign arenas and at large CONUS installations as well as for acquisition of assets for the Army's new force structure initiatives to include two new Army divisions.

4. (U) Alternative 5 provides for all in the previous alternative while adding several programs that will require exceptions to current OSD policy and/or legislative revisions to the foreign leasing program — actions not initiated/approved at this time.

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Office of the Secretary of Defense
Chief, RDD, ESD, WHS
Date: 10 Feb 2016 Authority: EO 13526
Declassify: X Deny in Full: _____
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**COMMENTS ON
MANPOWER ISSUE BOOK
MEDICAL PROGRAMS**

OSD ISSUE/POSITION:

This issue proposes to expand the CHAMPUS program benefits for dependents of active duty service members (dental care, eye examination and elimination of deductibles and co-insurance for outpatient care). OSD also seeks additional funds in anticipation of a legislative change in CHAMPUS reimbursement methodology. OMB has already disapproved an OSD proposal regarding additional dental benefits pending completion of the Defense Manpower Task Force Study. This issue also addresses OMB's proposal to eliminate the Armed Forces Health Professions Scholarship Program (AFHPSP) and the Uniformed Services University of Health Sciences (USUHS) as sources of military physicians. OMB also proposes a \$3 fee for each outpatient clinic visit by other than active duty members as a means of reducing "nuisance visits". OSD opposes the OMB positions.

ARMY POSITION:

The Army supports Alternative 3.

DISCUSSION:

1. **CHAMPUS.** The Army supports an expanded CHAMPUS program that provides dental care for dependents of active duty members and the proposed legislative change in calculating reimbursements to providers. Provision of dental care will place the Services in a more competitive position with civilian employers. Adjusting current reimbursement procedures should reduce physician unwillingness to participate in the CHAMPUS program. When physicians are unwilling to participate in CHAMPUS, our soldiers are required to pay for services received and then have to seek reimbursement. This cost burden along with the 20-25 percent co-payment is significant and often inhibits beneficiaries from seeking needed medical care. While the Army supports in principle the elimination of cost sharing and co-insurance, it has concerns that any alternative that changes CHAMPUS from a supplemental to a replacement program is in violation of congressional intent. The elimination of patient cost sharing would put CHAMPUS in competition with the Military Direct Care System and might jeopardize the full utilization of our health care facilities. Expansion of CHAMPUS to include such benefits should be delayed until OCHAMPUS has tested their implications at selected CONUS installations.

2. **AFHPSP and USUHS.** Subject issue is based on the Graduate Medical Education National Advisory Committee (GMENAC) study, which has been judged deficient and unreliable as an empirical forecasting model by persons and associations of national repute. In fact, one member of the study indicated that physician projections could be off \pm 20 percent. In any event, as evidenced by the long-term and continuing absence of health care professionals in depressed and rural areas, during a period of substantial increases in the numbers of such trained personnel, to assume availability (supply) insures volunteers for military

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Reviewed Chief, RDD, WMS
IAW EO 13526, Section 2.8
Date: FEB 10 2016

services is dangerous at best. Despite greatly expanded and costly recruiting programs, we have been able to recruit less than one-third of our annual required input the last three years while substantially ignoring preferred skill mixes. In addition, of those recruited, well over one-third volunteered for entry directly into internship or residency programs. Inherent in the OMB issue is direct recruitment of approximately 700 fully trained physicians annually as early as FY86. This is an impossible task.

3. Fee for Outpatient Visit. Subject issue is based on a study of welfare recipients in a ghetto area which cannot in any sense be extrapolated to Army beneficiaries. Section 1078(b), Title 10, USC, requires proof that nuisance visits are occurring before a fee can be imposed. The OSD/OMB Military Health Care Study, 1975, found that the Services actually had less ambulatory utilization than the Kaiser-Permanente Medical Care Program in the private sector. Further, a Rand Corporation study conducted for H&W revealed that decreasing visits by requiring co-payment increased demand for inpatient care with a corresponding 3 to 8 percent increase in overall program cost. Finally, an independent Army analysis of costs associated with the collection of outpatient visit fees clearly demonstrates that fee collection costs shown in the issue are grossly understated. Army analysis confirms that fees collected would be more than offset by the expenses of collection.

Page determined to be Unclassified
Reviewed Chief, RDA, WMS
IAW EO 12958, Section 2.2
Date: FEB 10 2016