



PERSONNEL AND  
READINESS

UNDER SECRETARY OF DEFENSE  
4000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-4000

SEP 16 2014

The Honorable Carl Levin  
Chairman  
Committee on Armed Services  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

This annual report is in response to the Senate Report 112-173, page 132-133, accompanying S. 3254, the National Defense Authorization Act for Fiscal Year 2013, which requests the Secretary of Defense, in consultation with the Director of the Office of Personnel Management, to report on the use of Healthcare Provider Appointing Authorities delegated under title 38, U.S.C., chapter 74, to appoint and pay for critically needed healthcare occupations. The initial report was submitted September 16, 2013. The enclosed document describes the successes achieved utilizing the delegated authorities to enhance the Department of Defense's human resource programs for recruitment of healthcare provider positions.

Thank you for your interest in the health and well-being of our Service members, veterans, and their families. A similar letter is being sent to the Chairpersons of the other congressional defense committees, the Senate Committee on Homeland Security and Governmental Affairs, and the House Committee on Oversight and Government Reform.

Sincerely,

  
Jessica L. Wright

Enclosure:  
As stated

cc:  
The Honorable James M. Inhofe  
Ranking Member



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WASHINGTON, DC 20301-4000

SEP 16 2014

The Honorable Howard P. "Buck" McKeon  
Chairman  
Committee on Armed Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

This annual report is in response to the Senate Report 112-173, page 132-133, accompanying S. 3254, the National Defense Authorization Act for Fiscal Year 2013, which requests the Secretary of Defense, in consultation with the Director of the Office of Personnel Management, to report on the use of Healthcare Provider Appointing Authorities delegated under title 38, U.S.C., chapter 74, to appoint and pay for critically needed healthcare occupations. The initial report was submitted September 16, 2013. The enclosed document describes the successes achieved utilizing the delegated authorities to enhance the Department of Defense's human resource programs for recruitment of healthcare provider positions.

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Sincerely,

  
Jessica L. Wright

Enclosure:  
As stated

cc:  
The Honorable Adam Smith  
Ranking Member



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SEP 16 2014

The Honorable Thomas R. Carper  
Chairman  
Committee on Homeland Security and  
Governmental Affairs  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

This annual report is in response to the Senate Report 112-173, page 132-133, accompanying S. 3254, the National Defense Authorization Act for Fiscal Year 2013, which requests the Secretary of Defense, in consultation with the Director of the Office of Personnel Management, to report on the use of Healthcare Provider Appointing Authorities delegated under title 38, U.S.C., chapter 74, to appoint and pay for critically needed healthcare occupations. The initial report was submitted September 16, 2013. The enclosed document describes the successes achieved utilizing the delegated authorities to enhance the Department of Defense's human resource programs for recruitment of healthcare provider positions.

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Sincerely,



Jessica L. Wright

Enclosure:  
As stated

cc:  
The Honorable Tom Coburn  
Ranking Member



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WASHINGTON, DC 20301-4000

SEP 16 2014

The Honorable Darrell E. Issa  
Chairman  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely,

  
Jessica L. Wright

Enclosure:  
As stated

cc:  
The Honorable Elijah E. Cummings  
Ranking Member



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WASHINGTON, DC 20301-4000

SEP 16 2014

The Honorable Barbara A. Mikulski  
Chairwoman  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Madam Chairwoman:

This annual report is in response to the Senate Report 112-173, page 132-133, accompanying S. 3254, the National Defense Authorization Act for Fiscal Year 2013, which requests the Secretary of Defense, in consultation with the Director of the Office of Personnel Management, to report on the use of Healthcare Provider Appointing Authorities delegated under title 38, U.S.C., chapter 74, to appoint and pay for critically needed healthcare occupations. The initial report was submitted September 16, 2013. The enclosed document describes the successes achieved utilizing the delegated authorities to enhance the Department of Defense's human resource programs for recruitment of healthcare provider positions.

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Sincerely,

  
Jessica L. Wright

Enclosure:  
As stated

cc:  
The Honorable Richard C. Shelby  
Vice Chairman



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WASHINGTON, DC 20301-4000

SEP 16 2014

The Honorable Harold Rogers  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

This annual report is in response to the Senate Report 112-173, page 132-133, accompanying S. 3254, the National Defense Authorization Act for Fiscal Year 2013, which requests the Secretary of Defense, in consultation with the Director of the Office of Personnel Management, to report on the use of Healthcare Provider Appointing Authorities delegated under title 38, U.S.C., chapter 74, to appoint and pay for critically needed healthcare occupations. The initial report was submitted September 16, 2013. The enclosed document describes the successes achieved utilizing the delegated authorities to enhance the Department of Defense's human resource programs for recruitment of healthcare provider positions.

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Sincerely,

  
Jessica L. Wright

Enclosure:  
As stated

cc:  
The Honorable Nita M. Lowey  
Ranking Member

# HEALTH CARE PROVIDER APPOINTMENT AND COMPENSATION AUTHORITIES



## SENATE REPORT 112-173 NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2013

The estimated cost of this report or study for the Department of Defense is approximately \$2,800.0 for 2014 Fiscal Year. This includes \$0.0 in expenses and \$ 2,800.0 in DoD labor.

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## 2014 UPDATED REPORT TO CONGRESS

### **SUBJECT: DEPARTMENT OF DEFENSE HEALTH CARE PROVIDER APPOINTMENT AND COMPENSATION AUTHORITIES**

The authorities delegated in title 38, chapter 74 by section 1599c of title 10, U.S Code, continue to remain viable and are utilized extensively throughout the Department of Defense (DoD). They have contributed to our successful recruitment and retention efforts for critical healthcare positions. This report provides an update to the information submitted in the initial report submitted September 2013. A copy of that report is included at TAB A.

Since the initial report, turnover rates for the Physicians and Pharmacists have been reduced. For the Physicians, the turnover rate at the end of FY13 was 13% compared to 14.6% in FY 08. For the Pharmacists, the rate is 12.8% at the end of FY 13 compared to 14.5% in FY 08. The Military Health System has seen an increase in staffing for mental healthcare providers, up to 9,425 in the 1<sup>st</sup> quarter for FY14 from 6,590 in FY09, represents a 43% increase. Also during 1<sup>st</sup> quarter FY14, a 94.1% fill rate was realized (9,425 assigned against a target of 10,012). This indicates that the Department is able to fill these critical positions at a high level commensurate with increases in staffing allocations.

### **UPDATE ON USE OF INITIATIVES UNDERTAKEN USING SPECIFIC AUTHORITIES**

- The Physicians and Dentists Pay Plan (PDPP) has been fully implemented. A reduction in the turnover rates for Physicians has been realized. The turnover rate of Dentists to their relatively small population, when compared with the Physician population, is minimal. The PDPP is an important tool that allows the Department to hire and retain top quality health care professionals.
- The DoD Nurse Tier System is still under development. Upon implementation it will align with the VA personnel system for nurses and will enable the Department to compensate Registered Nurses and Advanced Practice Registered Nurses based on their education, experience, and training. Implementation of this initiative should increase recruitment and retention of the highest quality professionals.
- The DoD agency specific qualification standards for 30 critical healthcare occupations have been finalized and have been under review by the Defense Civilian Personnel Advisory Service since September 2013.
- The Expedited Hiring Authority was extended until 2020 and is in use throughout the Department for a multitude of critical need healthcare occupations.
- Title 5 authorities and OPM Direct Hire Authorities also continue to prove successful in helping the Department achieve a competitive balance for purposes of recruitment and retention of our critical civilian health care personnel.



## **AUTHORITIES NEEDED**

The Department continues to benefit from the authorities available to us. The current delegated authorities are sufficient and are directly attributable to the sustained successes achieved. No additional authorities are needed at this time. Environmental scans to analyze current and future requirements, attrition and retirement trends, and workload and manpower projections for healthcare occupations will continue in order to gauge gaps and assess future needs.

## SUMMARY

The authorities have been delegated to appropriate levels within the Department and allow the Department of Defense (DoD) to successfully recruit and compensate incumbents of critical healthcare positions. They authorize the DoD to use the same title 38 chapter 74 personnel authorities used by the Department of Veterans Affairs (VA). Effective utilization of the hiring and compensation authorities found in title 38 chapter 74 has proven successful in hiring, retaining, and compensating for critical health care occupations.

Authorities that allow for expedited hiring, special salary rates, flexible work schedules, compensation systems that encompass targeted occupations and the development of updated qualification standards enable the Department to compete for available resources with the private sector while aligning compensation with the VA. DoD fill rates are at higher levels and turnover rates at lower levels than experienced in previous years, largely due to the current economy and the use of these authorities. In most cases, the continued need for these critical occupations, as a result of mission need, has surpassed authorized manpower strength. We experienced an increase in mental health care provider staffing strength and simultaneously saw an improved higher fill rate. In Fiscal Year (FY) 2009, we had a fill rate of 92.6 percent (6,017 assigned against a 6,492 target goal) and, thus far, during the first quarter of FY 2013, we have realized a fill rate of 98.6 percent (9,570 assigned against a goal of 9,703). Turnover rates have also decreased by as many as eight percentage points from 2007 through 2012. For example, Physicians decreased from 16.6 to 8.4 percent, Psychologists from 12.6 to 7.7 percent, Licensed Clinical Social Workers from 13.9 to 8.6 percent, and Nurses from 14.3 to 8.9 percent.

## CURRENT AUTHORITIES

Some of the initiatives undertaken or implemented using a combination of authorities in 1599c and the Office of Personnel Management (OPM) Delegation Agreement to DoD are:

- In 2011, the Physicians and Dentists Pay Plan (PDPP) was implemented throughout the Department. The PDPP provides the DoD with a competitive and effective compensation system. The PDPP has proven invaluable in allowing the Department to hire and retain these top quality health care professionals. The PDPP permitted the DoD to align with other Federal agencies and to become more competitive with the private sector.
- Current development of a DoD Nurse Tier System that aligns with the VA personnel system for nurses. It focuses on classification, compensation, career pathways, and morale issues. The proposed compensation system will enable the Department to compensate Registered Nurses and Advanced Practice Registered Nurses based on their education, experience, and training, allowing for the recruitment and retention of the highest quality professionals.
- Premium pay options and a process for approving special salary rates.

- Development of agency specific qualification standards for 30 critical healthcare occupations modeled upon VA standards.
- Implementation of an Expedited Hiring Authority (EHA) covering various critical need healthcare occupations.

Title 5 authorities such as recruitment and retention incentives and OPM Direct Hire Authorities also continue to prove successful in helping the Department achieve a competitive balance for purposes of recruitment and retention of our critical civilian health care personnel.

The enclosed matrix responds to the Committee's request for a side-by-side comparison of authorities available and exercised by the VA and within the DoD, including the Military Services, for each critical need health care occupation. Explanatory notes are provided where needed.

#### AUTHORITIES NEEDED

No additional authorities are requested at this time. Environmental scans are continuously conducted in order to identify the events, trends, and/or expectations that may impact demand and supply for the DoD healthcare community. The many successes achieved under the current authorities, combined with future initiatives, are sufficient to meet the Department's current and anticipated human capital needs.