

2011 Military Health System Conference

Value and Innovation in Acquisition and Contracting

The Quadruple Aim: Working Together, Achieving Success

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TRICARE Management Activity

Report Documentation Page

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Topics



- History and Background
- Organization
- Mission
- Contracting Authority
- Regulations/Practices Followed
- Component Acquisition Executive (CAE)
- Roles and Responsibilities

Topics, Cont.



- Workload Statistics
- Performance Based Acquisition
- Acquisition Process
- Acquisition Career Management
- DoD Panel on Contracting Integrity
- AM&S Performance Goals and Objectives
- Current Acquisition Issues
- Summary

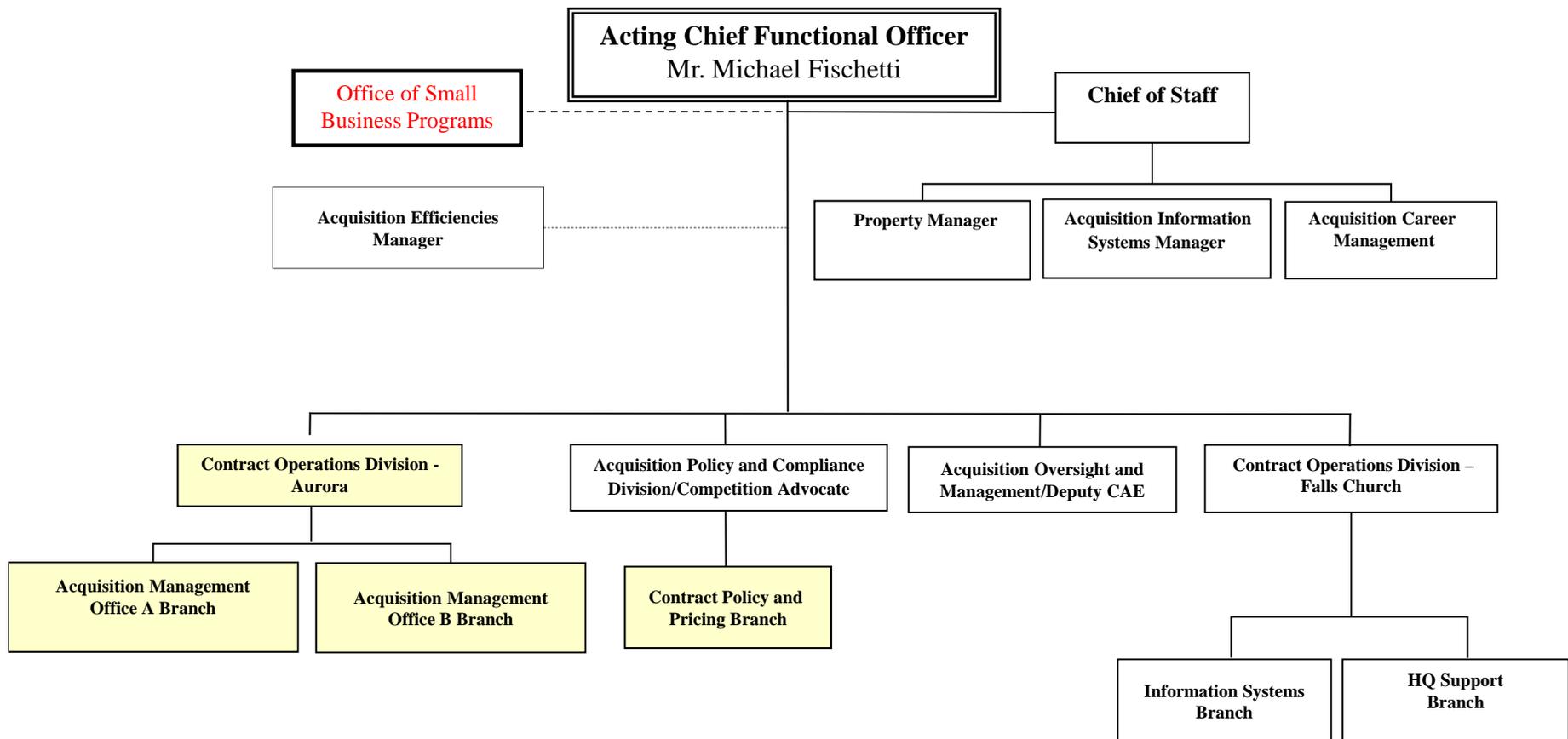
History and Background



- DoD Directive 5136.12: The TRICARE Charter
 - Issued May 31, 2001
 - SECDEF established the TRICARE Management Activity's mission, roles, responsibilities, authorities
 - A DoD Field Activity of the Undersecretary of Defense for Personnel & Readiness
 - The Directorate of AM&S has the primary responsibility for contracting activity in support of TMA mission



AM&S Organization



Staff in Aurora, CO

AM&S Mission



- Component Acquisition Executive
- Head of the Contracting Activity
- Policy and Pricing
- Contracting
 - Health Care Services (Aurora)
 - Information Technology and other Non-Health Care Services (Falls Church)

AM&S Mission, Cont.



- Competition Advocate
- Small and Disadvantaged Business
- Contract Management Systems
 - Contract writing systems
 - DOCUMENTUM
 - Federal Procurement Data System-Next Generation (FPDS-NG)
 - Management Tracking Report (MTR)
- Acquisition Career Management
 - Defense Acquisition Workforce Improvement Act (DAWIA)

AM&S Mission, Cont.



- Contracting
 - Health Care Services
 - Managed Care
 - Pharmacy (Retail, Mail Order)
 - Dental
 - Overseas
 - TDEFIC
 - Designated Providers
 - Health Care Services Support Contracts
 - TCARS, TPHAPS
 - Non-Health Care Services
 - Information Technology
 - Contractor Advisory Services
 - Contractor Support Services

Contracting Authority



- DoD Directive 5136.12, TRICARE Charter
- Defense Procurement and Acquisition Policy (DPAP)
 - Acts as Agency Head for Contracting
- TMA-Head of Contracting Activity (HCA)
 - Issues Contracting Officer warrants
- Contracting Officer
 - The only authorized person to act on behalf of the Government

Contracting Authority, Cont.



- Unauthorized Commitments
 - Ratification
 - Can result in adverse personnel action
- Organizational Conflicts of Interest
- Ethics

Regulations/Practices Followed

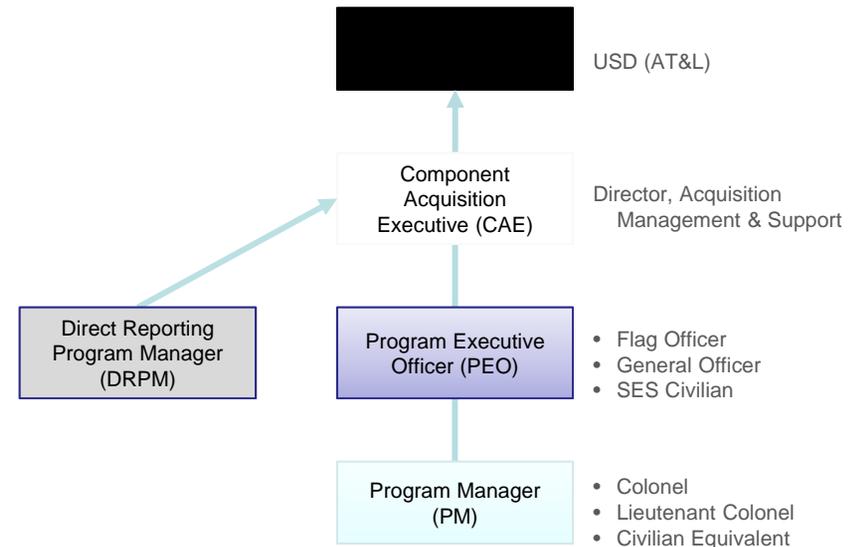


- Federal Acquisition Regulations (FAR)
- DoD FAR Supplement (DFARS)
- DoD Directives, Instructions, Manuals
- TRICARE Acquisition Practices (TAP)
- TRICARE Policy Memos
- TRICARE Policy Letters

CAE



- Senior official in TMA responsible for acquisition matters
 - Scope is across Military Health System (MHS) where DHP funds are used
 - Information technology and Acquisition of Services (e.g., TRICARE, IT, other, etc.)
- Reports to the Director, TMA for line management
- Reports to Under Secretary of Defense (USD), (Acquisition, Technology and Logistics) (AT&L) for acquisition management matters
- No statutory or regulatory job experience or certification requirements
 - Mr. Fischetti has Level III certification in Contracting and Program Management



CAE, Cont



- Defense Acquisition Executive (DAE)
 - USD (AT&L)
 - Responsible for supervising the Defense Acquisition System
- Component Acquisition Executive (CAE)
 - Senior official in the DoD Component responsible for acquisition matters
 - Reports to the Component Head administratively and to USD (AT&L) for acquisition management matters

CAE, Cont



- Program Executive Officer (PEO)
 - Typically a general/flag officer or SES
 - Responsible for a group of like programs—dedicated to executive management
 - May not have any other command responsibilities unless waived
 - Statutory requirements for experience, training and Defense Acquisition Workforce Improvement Act (DAWIA) certification

CAE, Cont



- Program Manager (PM)
 - Individual with responsibility and authority to accomplish program objectives
 - Accountable for cost, schedule, and performance
 - Statutory requirements for experience, training and DAWIA certification

CAE, Cont



- Direct Reporting Program Manager (DRPM)
 - Meet PM requirements
 - Determined by CAE
 - Typically a general/flag officer or SES equivalent
 - Manage priority programs of such a nature that direct access to the CAE is deemed appropriate

Roles and Responsibilities



- Contracting Officer
 - Oversight of acquisition process
 - Business advisor to senior leadership (PM, SSA)
 - Issues contracts and modifications
 - Issues determinations and findings
 - Testifies before Government Accountability Office (GAO)
 - Liaison between Government and contractor

Roles and Responsibilities, Cont.



- Contracting Officer, Cont.
 - Contract administration
 - Approves contractor payment
 - Oversight of contractor business systems
 - Change orders
 - Negotiation/Settlement of requests for equitable adjustment
 - Claims
 - Contractor performance management
 - Contract closeout

Roles and Responsibilities, Cont.



- Contracting Officer, Cont.
 - Delegates, in writing, oversight of technical requirements to the Contracting Officer's Representative (COR)
 - Provides direction and assistance to contractor

Roles and Responsibilities, Cont.



- Contracting Officer Representative (COR)
 - Reviews contract deliverables and provides recommendations
 - Identifies contract deficiencies and monitors corrective action plans
 - Provides support to CO on behalf of TRO Director or Program/Project Manager
 - Accepts provided services on behalf of the CO and authorizes contractor payment

Roles and Responsibilities, Cont.



- COR, Cont.
 - Conducts on-site reviews
 - Performance Assessment Tracking (PAT) and Contractor Performance Assessment Reporting System (CPARS) input
 - Performs technical evaluations as requested
 - Assists in transition activities

Roles and Responsibilities, Cont.



- Source Selection Authority (SSA)
 - Insures integrity of the source selection process
 - Selects the source selection team
 - Approves the source selection plan
 - Makes source selection determination representing the “best value” to the Government
 - Testifies before the GAO
- Office of General Counsel
 - Provides legal counsel to the Program Manager, Contracting Officer and SSA
 - Defends award decision in the event of protest

Workload Statistics



- Health Care Services Contracts
 - 1535 contractual actions (FY10)
 - \$10.9 billion (FY10)
 - Major contractors
 - Healthnet, Inc.
 - Humana, Inc.
 - AEA International Holding
 - Triwest Healthcare Alliance
 - Express Scripts, Inc.
 - Wisconsin Physician Services
 - Meridian Resource
 - Delta Dental

Workload Statistics



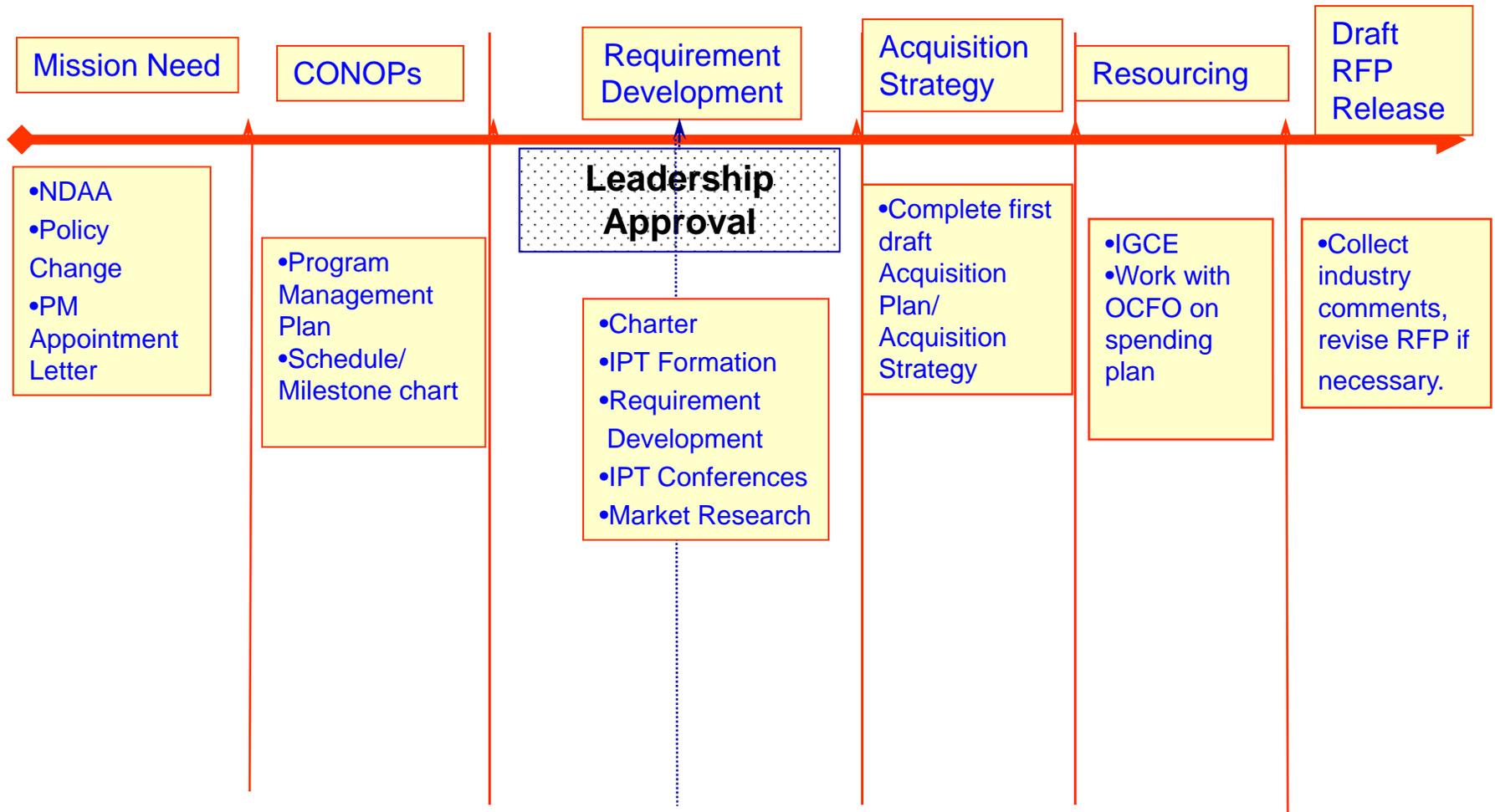
- IT and Non-Health Care Services Contracts
 - 1,655 contractual actions (FY10)
 - \$2.3 billion (FY10)
 - Major contractors
 - SAIC
 - Deloitte, LLP
 - Planned Systems International
 - Axiom Resource Management
 - Irving Burton Associates
 - Veritas Capital
 - Northrop Grumman

Performance-Based Acquisition

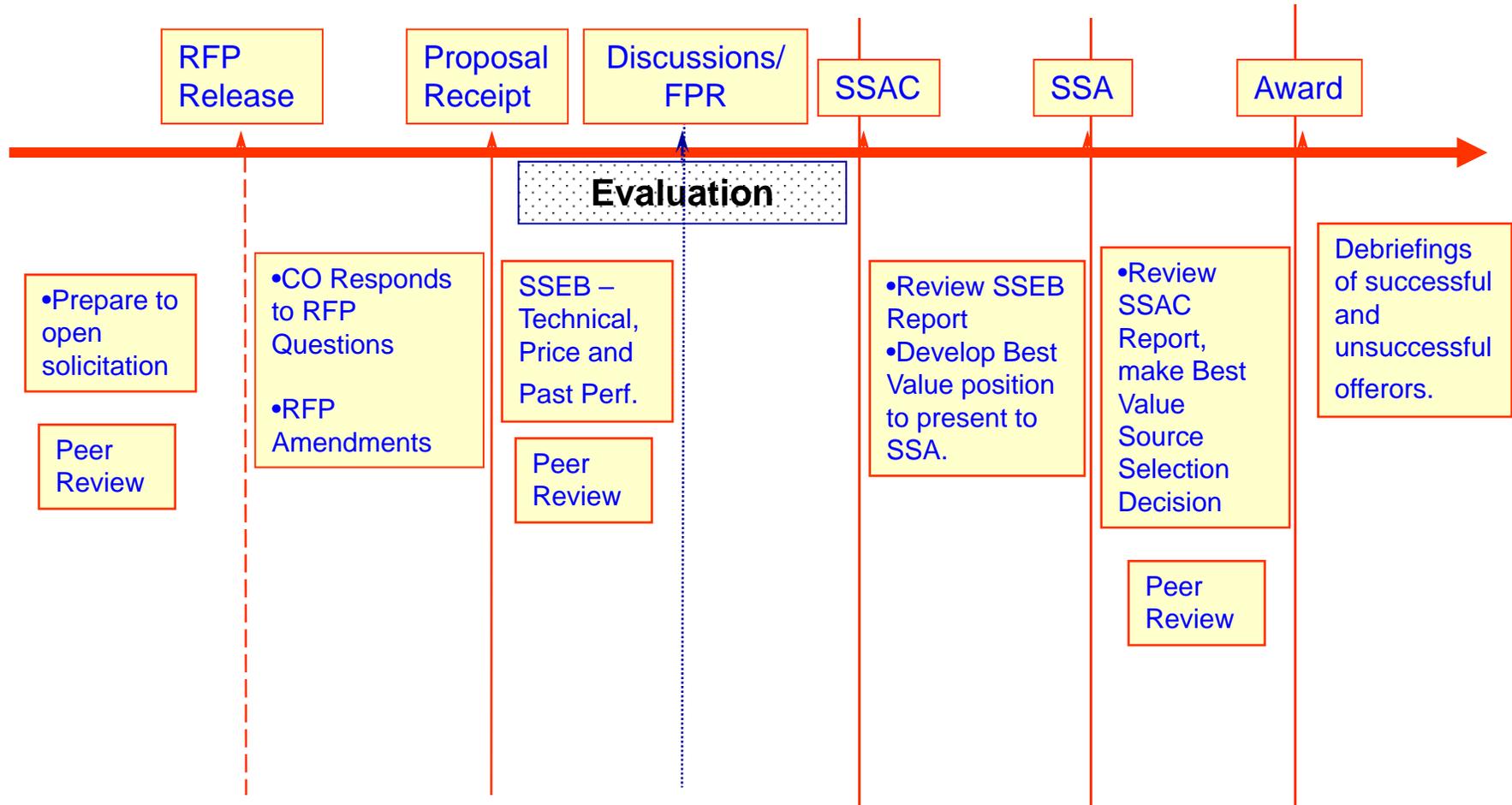


- Performance work statement
 - Measurable outcomes vs. proscriptive methods
- Measurable performance standards
 - Defines acceptable performance
 - Determines if requirement has been met
- Remedies
 - Standards if performance not met
 - Incentives if performance is exceeded
- Performance assessment plan
 - How contractor will be measured
 - Quality assurance surveillance plan (QASP)
 - Quality assurance plan

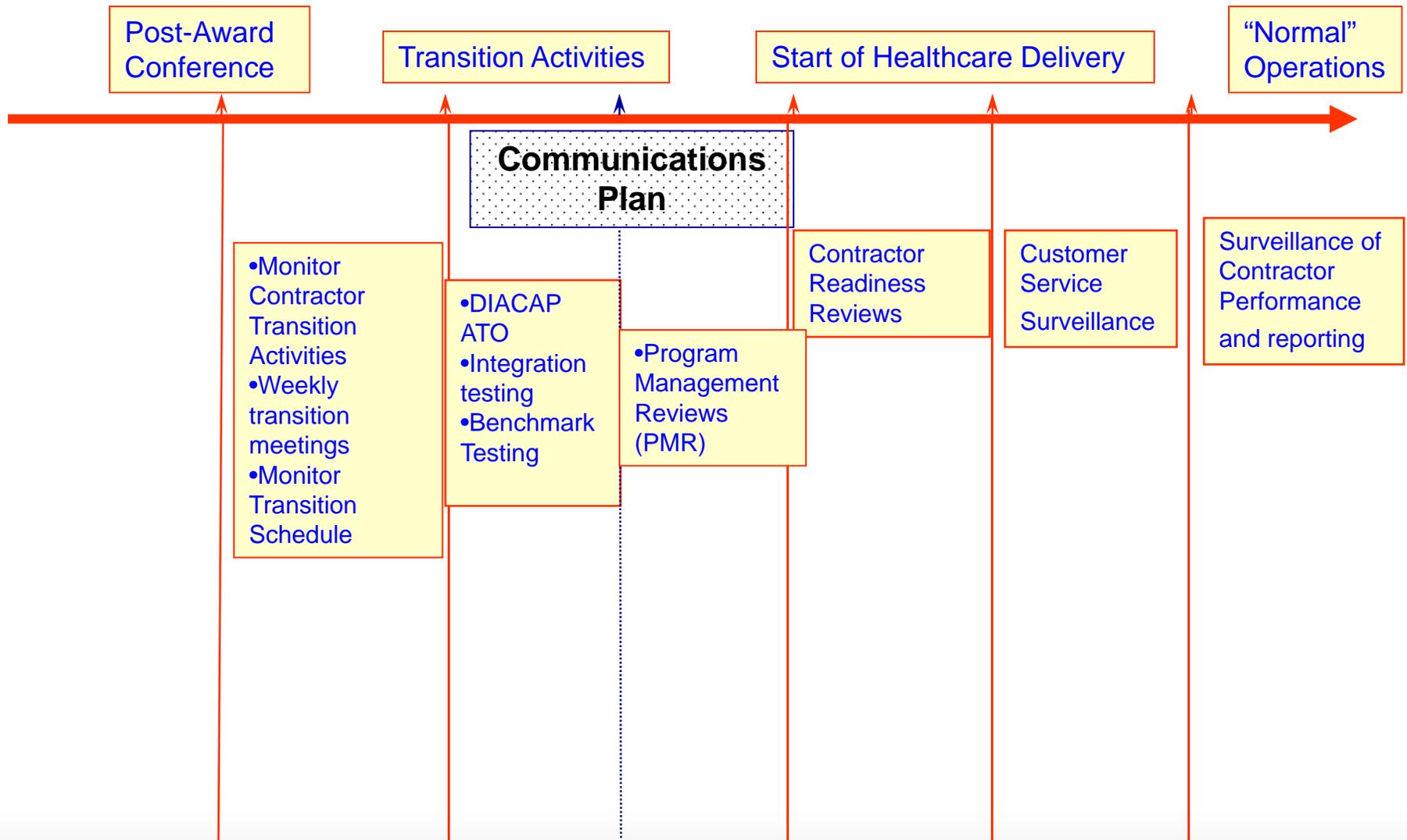
Acquisition Process



Acquisition Process, Cont.



Acquisition Process, Cont.



Acquisition Career Management



- Defense Acquisition Workforce Improvement Act (DAWIA)
 - Acquisition career fields
 - Auditing
 - Business
 - Contracting
 - Program Management
 - Information Technology
 - SPRDE*
 - Facilities Engineering
 - Property Management
 - Life Cycle Logistics
 - Production, Quality & Manufacturing.
 - Purchasing
 - Test & Evaluation
 - Training
 - On-site
 - Distance learning
 - Local university/college equivalencies
 - Fulfillment
 - Certification
 - Level I, II, or III in chosen acquisition career field
 - Education
 - Training
 - Experience

DoD Panel on Contracting Integrity



- Contracting integrity
- Sustained senior leadership
- Capable contracting workforce
- Adequate pricing
- Appropriate contracting approaches and techniques
- Sufficient contract surveillance

Panel on Contracting Integrity, Cont.



- Contracting integrity in a combat/contingency environment
- Procurement fraud indicators
- Contractor employee conflicts of interest
- Recommendations for change
- Evaluation on contractor business systems
- Peer reviews



AM&S Perf Goals and Objectives

- High-performing acquisition organization
- Meet MHS Mission Requirements
- “Tone at the Top”—highest standards
 - Professionalism
 - Integrity
 - Ethics
 - Sound policies, procedures and principles
 - Conflict of interest checks and balances
 - Educated/Trained workforce IAW DAWIA
 - Responsibility and accountability
 - Transparency, where appropriate
 - Measures/metrics for contract performance
 - Benchmarking--process improvements and best practices

AM&S Goals and Objectives, Cont.



- Adhere to Best Practices; ie. DoD 5000.2, Enclosure 9, Acquisition of Services
- Acquisition-centric project management (Milestone Decision Authority, PEO, PM, SSA)
- Clearly defined PM structure and approval authorities
- Project management core documents
 - Strategic planning
 - Acquisition planning

AM&S Goals and Objectives, Cont.



- Milestone production and progress reporting
 - Requirements validation
 - Accountability for quality, cost, schedule
 - Formal project management reviews (PMRs)
- Ensure a fair and reasonable price for the taxpayer and a healthy profit for industry we contract with

Current Acquisition Issues



- Acquisition of services
- Decreasing contract spending smartly
- Improved efficiency and productivity in spending
- Improving acquisition transparency
- Increasing opportunities through competition
- Strategic Sourcing
- Improving the acquisition workforce
- Ethics, integrity and accountability
- Improving DoD acquisition requirements development
- Increasing small and disadvantaged business participation
- Ability One
- Green procurement
- Ethical and Professional business practices

Summary



- Improving the business deal for the MHS through proper incentives and business practices
- Increasing opportunities for MHS present and prospective contractors
- Continuously improving the quality and effectiveness of the acquisition process
- Do “more without more”
- Use sound program management and contracting tools and techniques
 - Cost, schedule, performance
 - Accountability and transparency at every level
- Continuously improve workforce capabilities
- Set the highest personal and professional standards

