

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**EUROPEAN THEATER C-9A AIRCRAFT
FLYING HOUR PROGRAM**

Report No. 97-192

July 18, 1997

Department of Defense

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Acronyms

AE	Aeromedical Evacuation
FHP	Flying Hour Program
USAFE	United States Air Forces Europe



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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July 18, 1997

**MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (HEALTH
AFFAIRS)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)**

**SUBJECT: Audit Report on the European Theater C-9A Aircraft Flying Hour
Program (Report No. 97-192)**

We are providing this audit report for review and comment. We performed the audit as a follow-on to Inspector General Report No. 97-143, "Followup Audit of the Aeromedical Evacuation System," May 19, 1997. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all recommendations and potential monetary benefits be resolved promptly. Comments from the Assistant Secretary of Defense (Health Affairs) and the Air Force were not fully responsive to Recommendations 1. and 2.a. Therefore, we request that the Assistant Secretary of Defense (Health Affairs) and the Air Force provide additional comments on Recommendations 1. and 2.a. in response to the final report by September 2, 1997.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Michael A. Joseph, Audit Program Director, or Mr. Michael F. Yourey, Audit Project Manager, at (757) 766-2703. See Appendix E for the report distribution. The audit team members are listed inside the back cover.

David K. Steensma

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Office of the Inspector General, DoD

Report No. 97-192
(Project No. 6LF-0048.01)

July 18, 1997

European Theater C-9A Aircraft Flying Hour Program

Executive Summary

Introduction. This audit was performed as a follow-on project to Inspector General, DoD, Report No. 97-143, "Followup Audit of the Aeromedical Evacuation System," May 19, 1997.

The U.S. Air Forces Europe, the air component of the U.S. European Command, manages the aeromedical evacuation system in Europe. The 86th Airlift Wing of the U.S. Air Forces Europe, located at Ramstein Air Base, Germany, provides aeromedical transportation for patients in the European theater using DoD C-9A "Nightingale" aeromedical evacuation aircraft. In FY 1996, DoD spent about \$23.7 million (\$12.3 million of Defense Health Program appropriations, and \$11.4 million of Air Force Military Personnel appropriations) training for the aeromedical evacuation mission and transporting 5,096 patients (1,584 inpatients and 3,512 outpatients) in the European theater.

Audit Objectives. Our overall audit objective was to validate the flying hour program for C-9A aeromedical evacuation aircraft based outside the continental United States. However, we limited our review to the European theater because the Air Force Audit Agency conducted an audit on the management of C-9A aircraft aeromedical evacuation operations and training in the Pacific theater. See Appendix B for a discussion of the Air Force Audit Agency report. We did not review the management control program as it applied to the overall audit objective because it was discussed in Inspector General, DoD, Report No. 95-225, "Aeromedical Evacuation System," June 9, 1995.

Audit Results. The U.S. Air Forces Europe flying hour program of 5,560 hours exceeded training and peacetime movement requirements by 1,460 hours. Over the 6 years of the Future Years Defense Program (1998 through 2003), DoD can use \$18 million of Defense Health Program appropriations for other valid health care requirements and \$2.1 million of Air Force Military Personnel appropriations can be put to better use by reducing the flying hour program to 4,100 hours. See Appendix D for a discussion of the potential benefits.

Summary of Recommendations. We recommend that the Assistant Secretary of Defense (Health Affairs) reduce the reimbursement to the Air Force for the European theater C-9A flying hour program. We also recommend that the Commander, U.S. Air Forces Europe, reduce the flying hour program and staffing levels for the C-9A aeromedical evacuation mission.

Management Comments. The Assistant Secretary of Defense (Health Affairs) partially concurred with the finding and recommendation on reducing the C-9A reimbursement to the Air Force for FY 1998 through 2003. The Assistant Secretary agreed to reduce the reimbursement to the Air Force based on a 4,903-flying hour program, a 657-flying hour reduction. The Assistant Secretary stated that reducing the flying hour program any further would impact troop readiness and the quality of life for active duty military and their families overseas. The Air Force, nonconcurred with

reducing the flying hour program to 4,100 hours but agreed to a 657-flying hour reduction. The Air Force stated that a 4,903-flying hour program is necessary to maintain an acceptable level of medical care and to meet aircrew training requirements. The Air Force concurred with reducing the C-9A staffing levels for the aircrews as recommended to support the four C-9A aircraft based in Europe. Further, the Air Force nonconcurred with the potential monetary benefits because the Defense Health Program reimburses the Air Force for the authorized positions. See Part I for a summary of management comments and Part III for the complete text of management comments.

Audit Response. We consider comments from the Assistant Secretary of Defense (Health Affairs) to be partially responsive to the recommendation to reduce reimbursement to the Air Force. We continue to believe that the C-9A flying hour program outside the continental United States can operate effectively and efficiently within 4,100 flying hours with no impact on readiness and the quality of life in Europe. We based the 4,100 flying hours on an Air Force model and on more efficient scheduling of routine patient movements.

Although the Air Force nonconcurred, we consider comments from the Air Force to be partially responsive to the recommendation to reduce the flying hour program. We do not agree that reducing the C-9A flying hour program outside the continental United States to the recommended 4,100 flying hours would provide unacceptable health care and insufficient aircrew training. The Composite Absorption Analysis Model, which the Air Force uses to determine the number of flying hours required, shows that a 4,100-flying hour program is needed to train aircrews and to give aircrews the experience required of a C-9A aeromedical evacuation aircrew authorized in Europe. Further, we believe that by changing the routine mission schedule, the Air Force can satisfy health care needs within the recommended 4,100-flying hour program. For example, we performed an additional review of the routine missions and determined that about 1,000 hours could be reduced by eliminating 4 of 13 routine missions and adding three stops to existing missions. We continue to believe that the Air Force can identify other efficiencies to achieve the 1,460-flying hour reduction shown in this report. We do not agree that reducing the flying hour program to 4,100 hours would affect readiness and reduce access to quality health care. In FY 1996, 96 percent of the patients transported were transported for routine medical treatment. Patients with medical emergencies can be transported regardless of scheduled missions. Further, patients can fly as space available passengers on other military aircraft or on commercial aircraft. The passenger terminal schedule at Ramstein Air Force Base showed that 8 of the 14 locations that are serviced by C-9A aeromedical evacuation aircraft are also regularly serviced by other military aircraft.

The Air Force comments that there will be no potential monetary benefits from the reduced staffing levels indicate confusion about the definition and the type of funds put to better use for audit results reporting purposes. The potential monetary benefits that the Air Force mentioned are related to our recommendation to reduce aircrews by four officer billets and, therefore, are relevant in the context of Air Force Military Personnel funds being put to better use.

We request that the Office of the Assistant Secretary provide data on the reimbursable adjustments and the Air Force provide details on the basis for the calculation of 4,903 flying hour program, in response to the final report by September 2, 1997.

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Part I - Audit Results

Audit Background

Aeromedical Evacuation Mission. The mission of the aeromedical evacuation (AE) system is established in DoD Regulation 4515.13-R, "Air Transportation Eligibility," November 1994. The primary mission of AE system in the European theater is to transport U.S. military casualties from the combat zone to fixed or field hospitals as required. During peacetime, the AE system provides aircrews and medical crews with required training, and transports active duty and dependents to medical treatment facilities.

Aeromedical Evacuation Europe. The U.S. Air Forces Europe (USAFE), at Ramstein Air Base, Germany, is a major command of the U.S. Air Force. USAFE, the air component of the U.S. European Command and the United States component of the North Atlantic Treaty Organization, manages the AE system in the European theater. Additionally, USAFE provides AE for wartime contingencies and operations other than war, such as diplomatic taskings, disaster, and humanitarian, and responds to patient movement requests. The 86th Airlift Wing of USAFE, located at Ramstein Air Base, provides aeromedical transportation of patients in the European theater. The 86th Airlift Wing has four C-9A "Nightingale" AE aircraft to support the AE system. Within the 86th Airlift Wing, the 75th Airlift Squadron and the 86th AE Squadron coordinate to provide the AE mission in the European theater. Active duty aircrews are provided by the 75th Airlift Squadron, while active duty medical crews are provided by the 86th AE Squadron.

In FY 1996, USAFE spent about \$23.7 million for its 5,560 flying hour program (FHP) and transported 5,096 patients on C-9A aircraft in the European theater. Approximately 31 percent or 1,584 of the patients transported were inpatients; the remaining 69 percent or 3,512 were outpatients. Patient transfers by type of beneficiary and patient category are shown in Table 1.

Table 1. C-9A FY 1996 USAFE Patient Transfers

<u>Beneficiary</u>	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>	<u>Percent</u>
Active Duty				
Army	944	453	1,397	27
Navy	206	543	749	15
Marine	19	29	48	1
Air Force	222	820	1042	20
Coast Guard	2	1	3	0
Subtotal	1,393	1,846	3,239	
Non-Active Duty				
Dependent of active duty	112	1346	1458	29
Retired	27	202	229	4
Dependent of retired	5	66	71	1
Others	47	52	99	2
Subtotal	191	1,666	1,857	
Total	1,584	3,512	5,096	

The AE mission also transported 277 patient attendants (124 medical attendants and 153 nonmedical attendants).

The Command Surgeon at Headquarters, USAFE, centrally manages the FHP and is responsible for medical care provided in 83 countries from Albania to Zimbabwe, to include diplomatic taskings and military operations other than war. The four C-9A aircraft are flown primarily within the European theater; they do not make trips to the continental United States to transport patients.

Audit Objectives

The overall audit objective was to validate the FHP for C-9A AE aircraft based outside the continental United States. However, we limited our review to the European theater because the Air Force Audit Agency conducted an audit on the management of C-9A AE operations and training in the Pacific theater. See Appendix B for a discussion of the Air Force Audit Agency report. We also did not review the management control program as it applied to the overall audit objective because controls related to the AE system were covered in Inspector General, DoD, Report No. 95-225, "Aeromedical Evacuation System," June 9, 1995.

European Theater Flying Hour Program

The FY 1996 FHP for C-9A AE aircraft exceeded training and peacetime requirements. In addition, aircrew staffing exceeded levels needed to maximize C-9A flying time. The conditions occurred because USAFE based the FHP on historical performance and staffing, rather than on the hours needed to satisfy training and peacetime AE requirements. By reducing the FHP to 4,100 flying hours annually and by eliminating two aircrews, DoD could put \$18 million of Defense Health Program and \$2.1 million of Air Force Military Personnel appropriations to better use over the FYs 1998 through 2003 Future Years Defense Program.

Mission Requirements

In addition to training aircrews, USAFE provides AE transportation primarily to active duty members and their dependents stationed in Europe and the Middle East. In FY 1996, USAFE flew 13 routine missions to 14 locations on a weekly basis. Routine missions provide patients with transportation to military treatment facilities on a scheduled airline route within Europe and the Middle East. Of the 13 routine missions, 12 are one way (6 round-trip) missions. For example, mission 10T3 provides transportation from Ramstein, Germany, to Cigli, Turkey, to Incirlik, Turkey, on Saturday and returns to Ramstein on Sunday as mission 10T4, providing return service to patients in Incirlik, Cigli, and Aviano, Italy. Missions 10T5 and 10T6 also service Incirlik, Cigli, and Aviano on Wednesdays and Thursdays. One mission is a round-trip to and from England. Military personnel who do not need medical care are also allowed to fly on C-9A aircraft as space available passengers. See Appendix C for the FY 1996 European C-9A schedule of routine missions by destination and mission number.

FHP Requirements

The FY 1996 FHP of 5,560 hours, developed by USAFE, exceeded training and mission requirements by 1,460 hours. Further, USAFE was authorized 12.5 AE aircrews, but had two more AE aircrews than authorized or needed to maximize the C-9A flying time capability during a contingency. USAFE overstated the flying hours required because it based the FHP on historical hours flown, not on the hours needed to satisfy training and mission requirements.

USAFE Historical FHP Requirements. The USAFE based its FY 1996 FHP of 5,560 hours on what was programmed in previous years. USAFE identified a C-9A FHP requirement of 5,560 hours annually since FY 1993, when the AE function was relocated from Rhein Main, Germany, to Ramstein. Table 2 identifies the hours programmed and flown in FY 1996.

Table 2. FY 1996 C-9A AE Hours Programmed and Flown

<u>Category</u>	<u>Programmed</u>	<u>Flown</u>
AE mission	4,576	4,398
Alert flights	432	191
Training	984	910
Total	5,560	5,310

AE mission hours were flown by aircrews in support of the 13 routine missions. Alert flights were unscheduled flights used to transport patients with medical emergencies who could not be accommodated by a routine mission. Training hours consisted of flights whereby patients were not allowed on board the aircraft because aircrews were performing emergency simulation procedures.

Training Requirements. The USAFE needed a FHP of 4,100 hours to train the 12.5 C-9A AE authorized aircrews and 4 assigned staff pilots. Table 3 identifies the 4,100 flying hours required for C-9A AE training.

Table 3. C-9A Flying Hours Needed for Training

<u>Category</u>	<u>Flying Hours</u>
Aircrew	3,675
Staff pilot	361
Other	64
Total	4,100

*Includes hours for maintenance testing.

We calculated aircrew training requirements using the Air Force Composite Absorption Analysis Model for operational support airlift aircrews. The model includes variables such as pilot to co-pilot ratio and average tour of duty. The Air Mobility Command uses the model to determine the flying hours needed to provide pilots with experience necessary for assignment to air command and larger aircraft during their Air Force careers. We determined that 3,675 hours of training were sufficient for the 12.5 AE aircrews authorized for the 4 C-9A aircraft. We based our calculation of the 361 hours for staff pilot training on the Air Mobility Command training requirements for AE C-9A staff pilots. Staff pilots are normally assigned to administrative positions and maintain their pilot status and proficiency by flying a limited number of C-9A aircraft hours per month.

European Theater Flying Hour Program

Mission Requirements. The USAFE can transport patients within the 4,100 FHP by scheduling its routine missions more efficiently. C-9A routine missions did not ensure that the needs of patients were satisfied efficiently. For FY 1996, records were available for 572 flights through August 1996. We judgmentally selected 99 routine flights for the period October 1995 through August 1996 and determined that the 99 flights had an average occupancy rate of 26 percent. Table 4 shows the C-9A aircraft utilization rates for the 99 flights on the 13 routine missions.

Table 4. Average Aircraft Utilization by Mission for 99 Sampled Flights
(October 1995 through August 1996)

<u>Mission Number</u>	<u>Flights Reviewed</u>	<u>Seats Occupied</u>	<u>Seats Available</u>	<u>Percent Occupied</u>
1057	5	369	920	40
1061	10	785	2,000	39
1062	5	176	800	22
1063	5	96	640	15
1064	9	667	1,640	40
1065	9	122	1,080	11
1066	9	356	1,360	26
10S3	5	44	400	11
10S4	5	218	560	38
10T3	9	161	880	18
10T4	9	250	1,000	25
10T5	10	241	1,160	20
10T6	<u>9</u>	<u>53</u>	<u>760</u>	6
Total	99	3,538	13,200	

To determine the occupancy rate for each mission, we compared, for all legs of the mission, the cumulative number of patients and attendants moved, to the cumulative number of seats on board the aircraft. The C-9A is a commercial DC-9 aircraft configured as a flying hospital ward, capable of carrying 40 patients in litters (a stretcher to carry sick or wounded patients) or seats. Table 4 showed that no mission had an overall occupancy rate of greater than 40 percent, and 6 of the 13 missions had overall occupancy rates of 20 percent or less. Additionally, our analysis of the total weekly work load between specific legs (stops) of the destinations for the 99 flights showed that by combining some stops, fewer flights per week could have satisfied the routine patient requirement. Further, 96 percent of the patients transported for medical treatment in FY 1996 were routine patients; therefore, we believe that USAFE, with minimal impact on patient care, can adjust its routine mission schedule to satisfy patient transportation needs within the 4,100 hours required for training.

For example, the FHP can be reduced by 546 hours by eliminating two flights and restructuring missions. On Monday through Saturday, 6 missions: 1061, 1062, 1063, 1064, 1065, and 1066 provide transportation from Ramstein to Rota, Spain, and return with "as needed" stops enroute. Mission 1065 includes as needed stops to Lajes, Azores, from Rota. Eliminating missions 1065 and

1066 (on Friday and Saturday) would reduce the FHP program by 837 flying hours without exceeding the C-9A aircraft patient capacity. Routine missions 1061, 1062, 1063, and 1064 could service patients normally transported on missions 1065 and 1066. Lajes could be serviced as needed by one of the remaining missions. Of the 99 flights reviewed, 9 serviced patients at Lajes, and the average use for the mission was 11 percent. Of the 122 seats occupied for the 9 flights, only 38 seats were occupied by either patients or attendants embarking at Lajes. The flight time from Rota to the Lajes and return to Rota was approximately 5.6 hours. By flying only as needed flights to Lajes (assuming once a week), the 837-hour reduction to the FHP would be reduced to approximately 546 hours (52 weeks multiplied by 5.6 hours equals 291 hours). Additional efficiencies are possible on other missions by eliminating flights or restructuring missions.

Aircrew Staffing Levels. The staffing level of 14.5 aircrews exceeded the authorized levels and the number of aircrews needed to maximize the C-9A flying time capability during a contingency. The 75th Airlift Squadron was authorized only 12.5 aircrews according to the September 1996 unit manning document. With 4 C-9A AE aircraft, only 12.5 aircrews were needed to maximize the aircraft flying time capability. Air Force planning criteria showed that only 3 aircrews were needed per plane, or 12 aircrews for 4 planes. Eliminating two excess aircrews (four pilots) would reduce the total hours needed for training by about 590 hours, and would contribute to the FHP being reduced from 5,560 hours to 4,100 hours.

Effect of Reduced FHP and Staffing

Reducing the FHP to 4,100 hours and eliminating two aircrews would allow DoD to use \$3.35 million annually to support other health and personnel requirements. The Office of the Assistant Secretary of Defense (Health Affairs) could reduce its Defense Health Program appropriations reimbursement to the Air Force by \$3 million annually. The estimated Defense Health Program cost reduction consisted of amounts for contractor logistics support, fuel, and other support costs. Eliminating two aircrews would allow four officer billets, costing about \$0.35 million in Air Force Military Personnel appropriations, to be put to better use annually. The military personnel cost reductions consisted of average pay and benefit costs for active duty officers. Appendix D provides details on the potential monetary benefits.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Assistant Secretary of Defense (Health Affairs) reduce the C-9A flying hour reimbursement to the Air Force by \$3 million annually and use the funds for other valid health care needs.

Assistant Secretary of Defense (Health Affairs) Comments. The Assistant Secretary partially concurred with the recommendation to reduce the C-9A flying hour reimbursement to the Air Force outside the continental United States. The Assistant Secretary stated that after review of comments from the U.S. European Command and the U.S. Air Forces, Europe, the reimbursement will be adjusted based on a revised FHP of 4,903 hours, a reduction of 657 flying hours. The Assistant Secretary also stated that U.S. standards of care were not available locally overseas and further reducing the FHP outside the continental United States would negatively impact troop readiness and the quality of life for active duty military and their families overseas.

Air Force Comments. Although not required to comment, the Air Force nonconcurred with the recommendation. The Air Force stated that potential monetary benefits should be adjusted based on a FHP of 4,903 hours (657 hour reduction), not the 4,100 FHP (1,460 hour reduction) shown in Recommendation 2.a.

Audit Response. We consider the Assistant Secretary's comments to be partially responsive to the recommendation. We continue to believe that the Assistant Secretary should reduce reimbursement to the Air Force by \$3 million, based on a FHP of 4,100 hours, a 1,460-hour reduction from the existing program. The audit response to comments on Recommendation 2. provides additional support for our position. We request that the Office of the Assistant Secretary reconsider its position on the recommendation and provide additional comments in response to the final report.

2. We recommend that the Commander, U.S. Air Forces Europe:

a. Establish a flying hour program of 4,100 hours for the C-9A aeromedical evacuation aircraft.

b. Reduce the C-9A aeromedical evacuation staffing levels for European C-9A aircraft to 12.5 aircrews to support the 4 aircraft based in Europe.

Air Force Comments. The Air Force nonconcurred with the recommendation to establish a FHP of 4,100 hours and stated that the FHP should be set at 4,903 hours. The Air Force stated that 4,903 flying hours are needed to maintain an acceptable level of service and to meet the requirements of aircrew training. The FHP included hours for flying routes (71.4 percent), training (18.4 percent), and logistical sorties (10.2 percent). The Air Force stated that a FHP of 4,100 hours would affect readiness, by reducing service to once a week at most locations and creating unacceptable delays in providing care and in

returning patients to their duty stations. Additionally, the Air Force stated that reduced flying hours would impact the quality of life because personnel in remote locations depend on the AE system to deliver them relatively quickly to U.S. quality health care.

Although the Air Force agreed with the recommendation to reduce aircrew levels, it stated that there are no potential monetary benefits to the Air Force Medical Service or the Defense Health Program because the Defense Health Program reimburses the Air Force only for authorized aircrew positions.

Audit Response. We consider the Air Force comments to be partially responsive to Recommendation 2.a. because it agreed to reduce the FHP to 4,903 flying hours outside the continental United States, a 657-flying hour reduction. However, training and patient transportation requirements can be accomplished within the recommended 4,100 FHP with a minimal impact on readiness and health care.

The FHP of 4,100 hours for the C-9A aeromedical aircraft was derived using the Air Force Composite Absorption Analysis Model for operational support airlift aircrews. The model satisfies all training requirements because it includes 2,636 (64 percent) flying hours for readiness training required by Air Force regulation and 1,464 flying hours (36 percent) for experiencing aircrews. The Air Force based its 4,903 FHP requirement on a contractor generated model. We were not provided details on how the Air Force calculated the 4,903 FHP. We request that the Air Force provide us details on the FHP requirement.

We believe, through restructuring routine missions, that the Air Force can provide AE service within the 4,100 hours required for training and experiencing aircrews. For instance, we performed a review of the routine missions and identified about 1,000 hours of the 1,460 flying hours that could be saved by eliminating four regularly scheduled routes and adding three stops to existing routes. Those changes would not significantly impact the level of AE service provided. Table 1 shows the proposed changes in the C-9A aircraft routine mission that can save more than 1,000 hours annually.

European Theater Flying Hour Program

Table 1. Proposed Routine Mission Changes

Deleted Routine Missions			
<u>Mission Number</u>	<u>Route</u>	<u>Flying Hours</u>	<u>Percent Occupied</u>
1061	Ramstein to Rota	338	39
1066	Rota to Ramstein	405	26
10T5	Ramstein to Incirlik	250	20
10T6	Incirlik to Ramstein	<u>218</u>	6
	Flying hours deleted	1,211	
Stops Added to Existing Routine Missions			
<u>Mission Number</u>	<u>Added Stop</u>	<u>Flying Hours</u>	<u>Percent Occupied</u>
10T3	Aviano	0	28
10T3	Olbia	78	52
1057	Naples	<u>120</u>	36
	Flying hours added	198	
	Net flying hour reduction	1,013	

Aviano, Naples, and Olbia were added to existing flights to minimize the impact of those route changes. The two additions to mission 10T3 increased routine mission flight time by 1.5 hours. Adding Naples increases flight time by 2.3 hours for mission 1057. Although, the proposed routine mission changes would impact 7 of the 14 locations serviced by the C-9A AE aircraft by decreasing the weekly frequency to those locations, other military flights could augment the restructured schedule. Weekly service to Aviano, Italy, would be reduced from four to three times per week, and weekly service to Sigonella, Italy, from five to three times per week. AE service to Rota, Spain, and Souda, Crete, would be decreased from three to two times per week. Only Cigli and Incirlik, Turkey, would be reduced from two originating and two destination flights per week to one originating and one destination flight per week as a scheduled service. We believe that USAFE can identify other efficiencies to achieve the 1,460-flying hour reduction recommended in the report. We submitted the proposed flights to USAFE for analysis to ensure that we considered all impacts of the changes. We are awaiting Air Force comments on the proposed reductions.

We do not agree with the Air Force comments that reducing the FHP to the recommended 4,100 hours would affect readiness by reducing access to quality health care. Patients requiring emergency care will be moved immediately regardless of the routine scheduled missions. For the 38 flights reviewed, to and from Turkey (missions 10T3, 10T4, 10T5, and 10T6), no medical emergencies were on board and all 291 patients were ambulatory. Upon

completion of medical care, the patient can return to the duty station on the next routine aeromedical flight, as a space available passenger on Government aircraft, or on commercial transportation at Government expense.

We recognize that for active duty patients, lost duty time and per diem (when applicable) resulting from members travel away from their duty station will be incurred. However, funds put to better use will more than offset those costs. Additionally, review of the passenger terminal schedule as of September 1996, for military flights, showed that 8 of 14 locations serviced by C-9A AE aircraft are also serviced by other military aircraft. Table 2 shows the location and frequency of the military flights.

Table 2. Locations Serviced by Other Military Aircraft

<u>Location</u>	<u>Round Trips Per Week</u>
Aviano, Italy	2
Dhahran, Saudi Arabia	2
Incirlik, Turkey	2
Lajes, Azores	1
Mildenhall, England	3
Naples, Italy	1
Rota, Spain	2
Sigonella, Sicily	2

Flying fewer hours and fewer flights will promote more efficient use of the C-9A aircraft. For example, we reported that no flight had an overall occupancy rate of greater than 40 percent; and 6 of the 13 missions had overall occupancy rates of 20 percent or less. Further, 96 percent of the patients transported for medical treatment in FY 1996 were routine patients.

We consider the Air Force comments to be responsive to the recommendation to reduce C-9A staffing levels to 12.5 aircrews. As shown in Appendix D, we did not claim that reducing the billets to 12.5 aircrews would benefit the Defense Health Program or the Air Force Medical Service. The Air Force response to potential monetary benefits associated with the recommendation seems to indicate a misunderstanding about the definition of funds put to better use for audit results reporting purposes. Reducing staffing levels to the 12.5 aircrews will allow the Air Force to put \$2.1 million of military personnel funds to better use in FYs 1998 through 2003.

We request that the Air Force reconsider its position and provide additional comments in response to the final report.

Part II - Additional Information

Appendix A. Audit Process

Scope

The audit verified the flying hours needed to train sufficient aircrews to maximize the flying time capability of the four C-9A aircraft assigned to USAFE for AE. We evaluated the FY 1996 and FY 1997 FHPs for C-9A aircraft that were managed by USAFE and funded by the Defense Health Program appropriation (\$12.3 million) and Air Force Military Personnel appropriations (\$11.4 million). We reviewed contingency plans supporting the need for four C-9A AE aircraft based in Europe. We also verified the aircrew staffing levels needed to maximize the flying time of the C-9A AE aircraft. In addition, we reviewed AE files, including patient manifests, for 99 routine flights on C-9A aircraft that the 75th Air Squadron performed from October 1995 through August 1996. C-9A aircraft are not used to transport patients from the European theater to the continental United States for medical treatment. We also reviewed manpower documents authorizing the C-9A aircrews.

Limitation of Scope. The scope of the audit was limited in that we did not review the management control program. The management control program was discussed in Inspector General, DoD, Report No. 95-225.

Use of Computer-Processed Data. We did not use computer-processed data or statistical sampling procedures for this audit.

Audit Period and Standards. This program audit was made from August through December 1996. The audit was made in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD. Further details are available upon request.

Methodology

We reviewed the FY 1996 and FY 1997 FHP that included aircrew staffing requirements for four C-9A AE aircraft based in the European theater. We determined the number of flying hours and the aircrew staffing levels that were needed to meet training and peacetime transportation requirements. We based our review of the FHPs on the training required by Air Force regulation and on the Air Force Composite Absorption Analysis Model. We determined staffing levels based on the maximum aircrew duty day, maximum flying hours per pilot, and the maximum number of hours the four C-9A AE aircraft could fly. The cost of European theater AE operations included military and civilian personnel pay, contractor support, fuel, and other support costs. Details of our calculations for cost reductions of contractor logistics support are provided in Appendix D.

Appendix B. Summary of Prior Audits and Other Reviews

There were no prior audits of the FHP for the AE mission in the European theater over the last 5 years. However, two audits were made of the AE system within the continental United States (CONUS) and one of the AE system within the Pacific theater.

Inspector General, DoD

Inspector General, DoD, Report No. 97-143, "Followup Audit of the Aeromedical Evacuation System," May 19, 1997. The report stated that the Air Force FHP of about 13,900 hours for FY 1996 exceeded training requirements to maximize the aircraft flying time capability of the 11 CONUS C-9A aircraft. The report also stated that over 6 years, \$68.3 million of Defense Health Program appropriations and Air Force Military Personnel appropriations could be put to better use by reducing the FHP to 9,650 hours. The report recommended that the Assistant Secretary of Defense (Health Affairs) reduce reimbursement to the Air Force for the C-9A FHP. It also recommended that the Air Mobility Command reduce the FHP and staffing levels for the C-9A AE mission. The Assistant Secretary reduced the reimbursement to the Air Force by \$16 million more than recommended in the report. The Air Force agreed to establish the FHP as recommended.

Inspector General, DoD, Report No. 95-225, "Aeromedical Evacuation System," June 9, 1995. The report stated that CONUS C-9A aircraft were flown in excess of requirements. The FHP was based on historical peacetime performance, not on training, that was necessary to meet mission requirements. Over 6 years, \$130.2 million of Defense Health Program appropriations and Air Force Military Personnel appropriations could be put to better use through a reduction of the FHP from 17,211 hours to 8,550 hours, and a reduction in aircrews from 42.5 to 32.5. The report recommended that aircrews, flying hours, and funding be reduced for the C-9A AE system and that evaluations of the cost-effectiveness of patient referrals be performed. The report also recommended that the Assistant Secretary of Defense (Health Affairs) establish policy to identify mission essential patients and develop priority categories for those patients. On November 16, 1995, the Under Secretary of Defense (Comptroller) Program Budget Decision No. 041, reduced the FY 1997 Defense Health Program by \$2.2 million to reflect a decrease of 3,511 flying hours (17,211 minus 13,700). Budget reductions for outwear amounts were also made totaling \$9.8 million for FY 1998 through FY 2001. The remainder of \$130.2 million of potential monetary benefits (\$118.2 million) was deferred pending results of the followup audit of the AE system. Of the \$118.2 million, \$68.3 million was reported in Inspector General, DoD, Report No. 97-143 above, as potential monetary benefits.

Appendix B. Summary of Prior Audits and Other Reviews

Air Force Audit Agency, Report No. 93496017, "Management of C-9A Aircraft Aeromedical Evacuation Operations and Training, 374th Airlift Wing, Yokota Air Base, Japan (Revised)," March 15, 1996. The report stated that management of C-9A aircraft AE operations and training was generally effective although the AE mission could be accomplished more efficiently. Reduction and consolidation of routine missions would allow the Air Force to more effectively use about \$2.2 million annually by increasing training opportunities for its readiness mission. Additionally, the report stated that a reduction of four pilots would provide about \$700,000 savings annually in personnel and flying hour costs, and that patients and medical personnel were not always efficiently transported on some urgent or priority missions. Management generally nonconcurred with the issues raised in the findings. The Air Force Audit Agency and management are working to resolve the nonconcurrences.

Appendix C. FY 1996 European C-9A Schedule by Destination and Mission Number

<u>Schedule by Destination</u>		
<u>Destination</u>	<u>Mission Number(s)</u>	<u>Weekday Flown</u>
Lajes, Azores	1065	Friday
Souda, Crete	10S3 1063 1066	Sunday Wednesday Saturday
Cairo, Egypt	10S4	Monday
Mildenhall, England	1062 1057	Tuesday Friday
Ramstein, Germany	10T4 and 10S3 ¹ 1061 ¹ and 10S4 1062 1063 ¹ and 10T5 ¹ 1064 and 10T6 1057 ¹ and 1065 ¹ 10T3 ¹ and 1066	Sunday Monday Tuesday ² Wednesday Thursday Friday Saturday
Aviano, Italy	10T4 1061 10T5 1064	Sunday Monday Wednesday Thursday
Naples, Italy	1061 1063 1064 1066	Monday Wednesday Thursday Saturday
Pisa, Italy	1057	Friday
Villafranca, Italy	1062 1057	Tuesday Friday
Olbia, Sardinia	1061 1064	Monday Thursday

See footnotes on page 18

Appendix C. FY 1996 European C-9A Schedule by Destination and Mission Number

<u>Destination</u>	<u>Mission Number(s)</u>	<u>Weekday Flown</u>
Sigonella, Sicily	1061 and 10S4	Monday
	1063	Wednesday
	1064	Thursday
	1066	Saturday
Dhahran, Saudi Arabia	10S3	Sunday
	10S4 ¹	Monday
Rota, Spain	1061	Monday
	1062 ¹	Tuesday
	1063	Wednesday
	1064 ¹	Thursday
	1065	Friday ²
	1066 ¹	Saturday
Incirlik, Turkey	10T4 ¹	Sunday
	10T5	Wednesday
	10T6 ¹	Thursday
	10T3	Saturday
Cigli, Turkey	10T4	Sunday
	10T5	Wednesday
	10T6	Thursday
	10T3	Saturday

¹ Originating flights.

² Location serviced twice on the same aircraft mission.

Appendix C. FY 1996 European C-9A Schedule by Destination and Mission Number

Schedule by Mission Number

<u>Mission Number(s)</u>	<u>Weekday Flown</u>	<u>Destination With Stops</u>
10T4	Sunday	Incirlik, Turkey Cigli, Turkey Aviano, Italy Ramstein, Germany
10S3	Sunday	Ramstein, Germany Souda, Crete Dhahran, Saudi Arabia
1061	Monday	Ramstein, Germany Aviano, Italy Sigonella, Sicily Naples, Italy Olbia, Sardinia Rota, Spain
10S4	Monday	Dhahran, Saudi Arabia Cairo Egypt Sigonella, Sicily Ramstein, Germany
1062	Tuesday	Rota, Spain Villafranca, Italy Ramstein, Germany Mildenhall, England Ramstein, Germany
1063	Wednesday	Ramstein, Germany Souda, Crete Naples, Italy Sigonella, Sicily Rota, Spain
10T5	Wednesday	Ramstein, Germany Aviano, Italy Cigli, Turkey Incirlik, Turkey

Appendix C. FY 1996 European C-9A Schedule by Destination and Mission Number

<u>Mission Number(s)</u>	<u>Weekday Flown</u>	<u>Destination With Stops</u>
1064	Thursday	Rota, Spain Olbia, Sardinia Sigonella, Sicily Naples, Italy Aviano, Italy Ramstein, Germany
10T6	Thursday	Incirlik, Turkey Cigli, Turkey Ramstein, Germany
1057	Friday	Ramstein, Germany Pisa, Italy Villafranca, Italy Mildenhall, England Ramstein, Germany
1065	Friday	Ramstein, Germany Rota, Spain Lajes, Azores Rota, Spain
10T3	Saturday	Ramstein, Germany Cigli, Turkey Incirlik, Turkey
1066	Saturday	Rota, Spain Naples, Italy Sigonella, Sicily Souda, Crete Ramstein, Germany

Appendix D. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
1.	Economy and Efficiency. Reduce reimbursement from the Defense Health Program for C-9A aircraft to fund an FHP consistent with training requirements.	Funds put to better use of \$3 million of FY 1998 Defense Health Program appropriations (97X0130), (\$18 million for FYs 1998 through 2003)
2.a.	Economy and Efficiency. Reduce outside the continental United States C-9A aircraft FHP to eliminate 1,460 hours not needed for training and mission requirements for four primary assigned aircraft.	Benefits included in 1.
2.b.	Economy and Efficiency. Reduce aircrews by four officer billets.	Funds put to better use of \$0.35 million of 1998 Air Force Military Personnel appropriations (57X3500), (\$2.1 million for FYs 1998 through 2003).

Appendix D. Summary of Potential Benefits Resulting From Audit

Potential Benefits Associated With Decreases in the FHP. The estimated Defense Health Program cost reductions consisted of amounts for contractor logistics support, fuel, travel, and other support. Cost reductions for contractor logistics support consisted of aircraft and jet engine overhauls and contractor supplied parts. We prorated Defense Health Program costs to arrive at reductions for the four C-9A aircraft based in the European theater. Military personnel cost reductions consisted of average pay and benefit costs for active duty officers. The total estimated cost reduction consists of \$18 million of costs for contractor logistics support, fuel, travel, and miscellaneous support costs; and \$2.1 million of military personnel costs.

Contractor Logistics Support Cost Reductions. We determined the costs for aircraft and jet engine overhauls and contractor supplied parts by multiplying 22 percent (4 of the 18 C-9A aircraft are located in the European theater) times the contractor logistics support maintenance support budget of \$28.5 million for FY 1997, \$32.7 million for FY 1998, and \$33.9 million for FY 1999 and beyond. Through discussions with personnel in the C-9A program office at the Oklahoma City Air Logistics Center, we identified and excluded contract cost elements that were dependent on time-phased requirements and not affected by reductions in the FHP. We included in our calculations cost elements, such as repair parts and labor, that were affected by flying hours. We proportionally reduced budgeted amounts for the cost elements to the reduced FHP. The above methodology is the same methodology used in the Inspector General, DoD, Report No. 97-143. We coordinated our methodology with personnel in the C-9A program office at the Oklahoma City Air Logistics Center. We estimated contractor logistics support cost reductions to be about \$9 million over the FYs 1998 through 2003 Future Years Defense Program.

Fuel and Other Reductions. We estimated fuel and other support cost reductions to be \$9 million over the FYs 1998 through 2003 Future Years Defense Program. We calculated fuel savings of \$6.9 million (FY 1998 through FY 2003) using the C-9A fuel consumption rate of 982 gallons per flying hour times \$.80 per gallon times the number of flying hours reduced from the FHP. We estimated travel and miscellaneous support expenses to be \$2.1 million.

Military Personnel Cost Reductions. We estimated military personnel cost reductions to be \$2.1 million over the FYs 1998 through 2003 Future Years Defense Program using data obtained from the Air Force. We based the reductions on aircrew staffing levels needed for the reduced FHP. Military personnel cost reductions included average pay and benefit costs for active duty officers.

Appendix E. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Health Affairs)
Assistant Secretary of Defense (Public Affairs)
Director, Defense Logistics Studies Information Exchange

Joint Staff

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Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy
Superintendent, Naval Post Graduate School

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Commander, United States Air Forces Europe
Auditor General, Department of the Air Force

Unified Command

Commander in Chief, U.S. European Command

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Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on Government Management Information and Technology,
Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight
House Committee on National Security

Part III - Management Comments

Assistant Secretary of Defense (Health Affairs) Comments



THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301-1200

JUN 3 1997

MEMORANDUM FOR THE INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Audit Report on the European Theater C-9A Aircraft Flying Hour Program
(Project No. 6LF-0048.01)

Thank you for the opportunity to respond to the DoD Audit Report Number 6LF-0048.01 concerning the European Theater C-9A Aeromedical Evacuation flying hour program and staffing levels. In regards to reduction in reimbursement to the Air Force for the C-9A flying hour program, the following comments are provided.

This office carefully reviewed the comments from the U. S. European Command and the U.S. Air Force Europe concerning their ability to efficiently reduce the European Theater C-9A flying hour program (FHP). We concur with their recommendations to reduce the C-9A FHP by 657 hours (i.e., the current 5,560 FHP would become 4,903) vice the DoDIG's recommendation of 1,460 hours (i.e., the current 5,560 FHP would become 4,100). The \$3 million reduction in reimbursements to the Air Force recommended in the audit report should be adjusted accordingly. We concur with the audit report that savings should be used for other valid health care needs; however, the amount of savings must be adjusted to reflect the revised FHP.

U.S. standards of care are not available within the local economy and the readiness of our troops would be negatively impacted should the level of access be decreased by reducing the FHP by more than the 657 hours suggested. We continually strive to use aeromedical evacuation assets in the most efficient manner possible and achieve savings when appropriate. However, at the same time, we must ensure that we sustain our wartime aeromedical evacuation capabilities and maintain an acceptable standard of care and quality of life for our active duty members and their families assigned to overseas locations.

Edward D. Martin

Edward D. Martin, M.D.
Acting Assistant Secretary of Defense

Department of the Air Force Comments



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON, DC

MAY 30 1997

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL DEPARTMENT OF
DEFENSE

FROM: HQ USAF/SGM
110 Luke Avenue, Room 400
Bolling AFB, DC 20332-7050

SUBJECT: Audit Report on the European Theater C-9A Aircraft Flying Hour Program (Project
No. 6LF-0048.01)(Draft Report)(Your Memo, 6 Mar 97)

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force
(Financial Management and Comptroller) provide Air Force comments on the subject report.

Recommendation 1: Reduce the C-9A flying hour reimbursement to the Air Force by
\$3M annually and use the funds for other valid health care needs. Nonconcur.

The \$3M decrease is based on a reduction in flying hours of 1,460. Please see the
response to Recommendation 2a. We are recommending a flying hour reduction of 657 hours,
and feel the cost savings should be adjusted accordingly.

Recommendation 2a: Establish a flying hour program (FHP) of 4,100 hours for the C-9A
aeromedical evacuation aircraft. Nonconcur.

a. We feel the USAFE flying hour program (FHP) should be set at 4,903 hours.
USAFE/SG contracted with BDM International to conduct a thorough study of their AE system
to determine the number of flying hours it would take to maintain an acceptable level of service
and meet crew training requirements. Their recommendation was for an FHP of 4,903 hours.
The requirement was built as follows:

Recommended routes	3503
Logistical sorties factor	350
Taszar stop	150
Training	900
Total	4903

b. Another consideration is that cutting flying hours to 4,100 would require
reducing service from twice-a-week to once-a-week at most locations. That would result in time
away from duty station of at least one week for most patients, which is not acceptable. U.S.

Department of the Air Force Comments

standards of care are not available to our forward deployed troops in locations supported by the AE system. Decreased access to care and prolonged waiting times will adversely affect our forward deployed readiness posture; a compromise that is unacceptable to the warfighting CINCs.

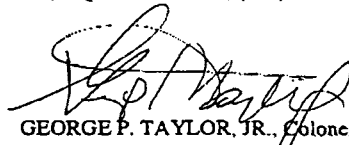
c. There is also a quality of life impact. Members in the more isolated areas of Europe depend on the AE system to deliver them relatively quickly to U.S. quality health care. Reducing service to those areas to once a week, or less, would seriously erode that ability, and the reassurance the AE system provides individuals assigned to those units.

Recommendation 2b: Reduce the C-9A AE staffing levels for European C-9A aircraft to 12.5 aircrews to support the four aircraft based in Europe. Concur with comments.

It should be noted that in doing this there are no dollar savings to the Air Force Medical Service or the Defense Health Program (DHP). The DHP reimburses the Air Force for the number of authorized positions. This action only brings the staffing in line with the number of authorizations, which is still 12.5 aircrews. Estimated date to complete this action is NLT Sep 98.

We disagree that the aeromedical evacuation system at USAFE can meet all of its requirements with a flying hour program of 4,100 hours. About 657 hours can be cut from the current program and still allow USAFE to meet all necessary pilot training and patient movement requirements. USAFE is currently developing a revised and more efficient routing structure to make this happen. We cannot support more than a 657 hour reduction in the USAFE AE flying hours program at this time.

For questions, please contact Major Mike Schell, HQ USAF/SGMC, (202) 767-5082, (DSN 297).



GEORGE P. TAYLOR, JR., Colonel, MC
Director, Medical Programs and Resources
Office of the Surgeon General

cc:
OASD(HA)/HB&P
HQ USAFE/SGPX/CV
SAF/FMPF

Audit Team Members

This report was prepared by the Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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