By Michael D. Rich, President and CEO of RAND

Each day at RAND, talented teams are chipping away at society’s toughest problems. Sometimes this work results in clear breakthroughs that lead to specific, real-world changes. More often, our careful research and analysis, original data collection, continuous development of sophisticated methods, and varied communication and dissemination vehicles build year over year to produce a fundamental shift in the way problems are approached, debated, and resolved.

The Year in Review message is RAND’s annual tradition of highlighting important moments from the past year when RAND research and analysis helped change policy and practice to improve the well-being of individuals and communities, enhance the security of society, and strengthen the public and private institutions that serve us. The hallmark of the projects we recognize in the Year in Review is that—over time—they embody all three tiers of RAND mission success:

**Tier 1** The research and analysis address issues at or near the top of the policy agenda, or help to shape that agenda.

**Tier 2** The results reach key decisionmakers and the broader public, improving the quality of policy decisions and debate.

**Tier 3** The findings and recommendations directly contribute to improvements in policy and decisionmaking.

Demonstrating a clear impact of research and analysis on policy and practice, especially on the big, enduring issues at the top of the policy agenda, is a tall order, but it is one that we must strive to reach. If not RAND, then who?
Implementation of the Affordable Care Act and Broader Reform of Health Care Delivery

A stream of RAND’s health research has had a broad and deep effect on the arduous and complex process of implementing the Affordable Care Act (ACA), and on public and policymaker understanding of the law and its effects.

One of the most visible impacts from the past year was RAND’s contribution to the Coverage to Care initiative, the federal government’s effort to help the newly insured understand their coverage and obtain care. Translating evidence-based insights into easy-to-understand, practical advice, RAND researchers developed the initiative’s principal resource, A Roadmap to Better Care and a Healthier You. The guide was widely disseminated to consumers and served as the signature navigation tool for millions of Americans as they sought to understand key coverage terms, access primary care, and utilize preventative services.

RAND research is also helping to reform the health care system’s incentive structure so that doctors and other medical providers are paid for the quality and value of the care they deliver, not simply the number of services they perform. In 2014, the Centers for Medicare and Medicaid Services (CMS) added two new RAND-developed performance measures to the Star Rating system that it uses to calculate bonus payments to high-performing health plans, and that consumers use to understand quality, accessibility, and patient experience when shopping for coverage. These and other recommended changes build on years of RAND research and a close working relationship with CMS to develop a rating system that is effective at incentivizing the right behaviors to produce better outcomes for patients.

Elsewhere in health reform, new approaches are playing out to transform primary care and cut costs and minimize waste, and RAND researchers are producing some of the earliest and most-credible evidence about whether these programs really work and ways they could improve. In 2014, we saw RAND findings influence the evolving design for patient-centered medical homes—a highly watched innovation whereby a primary care physician coordinates all aspects of a patient’s treatment with a team of in-house specialists. So too with “bundled payments,” where RAND analysis of the complexities of combining payments for a single episode of care informed the Medicare Payments Advisory Committee’s advice to Congress regarding private-sector implementation.

RAND was also able to react swiftly and nimbly to provide reliable data on health reform matters even as the terms of the debate were less than clear or pivoted suddenly. The RAND Health Reform Opinion Study, made possible by RAND Initiated Research (RIR), created the first longitudinal panel of survey respondents from which to gauge public reaction to the ACA and various features over time. It was this RIR project that allowed RAND, in the wake of the unsteady first months of the ACA’s rollout, to produce among the first estimates of the number of newly insured Americans, a highly sought-after figure. Researchers also found innovative
ways to assess implementation effects, such as by mining data on prescription drug claims. And they were able to analyze the impact of the sudden policy change enabling Americans to keep their existing health plans, even if those plans did not meet the new law’s requirements.

**Deterring Conflict in the Pacific**

Some of RAND’s biggest impacts occur outside the public view. Over the past year, long streams of RAND research and methodological innovations have been harnessed to help inform Department of Defense (DoD) strategy and key decisions related to the “pivot to the Pacific,” the White House’s direction to rebalance U.S. global force projection with greater focus on the Asia-Pacific region.

For example, several RAND projects have helped Pentagon officials respond to some of the more troubling aspects of China’s counterintervention strategy, known in the West as anti-access/area denial (A2/AD). China’s development of longer-range, more-accurate ballistic and cruise missiles, among other anti-access capabilities, has created growing uncertainty as to whether the United States can prevail in long-term conflicts in support of regional allies and partners.

At the military operational level, RAND research on the resiliency of military bases against these missile threats is helping to inform choices and strengthen deterrence in the Pacific today. A multiyear stream of research on combat operations in denied environments has helped the U.S. Air Force, U.S. Pacific Command, and the Office of the Secretary of Defense jointly decide to make new near-term investments in measures to enhance airbase resilience. The concepts and investments are important steps toward maintaining U.S. ability to conduct sustained, high-tempo combat operations in A2/AD environments.

Similarly, RAND researchers provided the U.S. Army with analysis useful for developing a long-term road map for evolving its support operations in the Pacific. Also in 2014, the chairman of the House Armed Services Seapower and Projection Forces Subcommittee encouraged the Army chief of staff to consider fielding land-based anti-ship forces because of RAND analysis, and the Secretary of Defense called for the Army to consider doing so as well.

RAND efforts are also facilitating strategic deliberations across DoD at the highest levels about these challenges. A RAND-hosted war game in 2014 involved many senior military and civilian officials and aimed far into the future. It helped form and test insights on broad counter-A2/AD strategies and capabilities, with the goal of informing determinations of which new concepts and technologies to pursue. The game promoted quantitative decisionmaking at unusually high levels—a feature made possible by years of RAND investment in sophisticated modeling capabilities—and enabled a constructive and meaningful debate among influential decisionmakers.
Collectively, these analyses have been broadly influential in shaping the U.S. military’s approach to the Pacific pivot, including the most recent Quadrennial Defense Review, as well as changes to investments and contingency plans. We expect that more impact on technology and programs is likely to come in the future as a result of our efforts in 2014.

**Achieving Savings in Military Compensation While Preserving the Force and Being Fair to Service Members**

RAND has long been at the forefront of analysis on compensation, recruitment, retention, retirement, and health care for the Pentagon, the world’s largest employer. As budget pressures in recent years have forced tense debates over cuts to pay and other benefits, RAND researchers have developed reform options to balance the military’s recruitment and retention needs, while also being fair to service members.

Most recently, in fiscal year 2014, DoD raised military pay less than the increase in the employment cost index (ECI), its standard target for determining pay growth. Congress approved the lower increase, consistent with RAND findings that easing pay growth could be sustained for several years without jeopardizing the quality of the all-volunteer force. As a result, DoD will save an estimated $5 to $17 billion over ten years. Reliably modeling the effects of changes to military pay draws on a long stream of RAND research and methodological innovation. In the late 1990s, for example, RAND research found that military compensation had fallen substantially below civilian benchmarks, making it difficult to maintain an effective volunteer force. This research became the foundation of legislation that restructured the pay table and increased pay annually through 2006. When large increases continued, additional RAND analysis showed that targeted bonuses could much more cost-effectively achieve force management goals than further large pay increases. This led to billions in savings by helping to convince Congress to return pay increases to standard ECI levels starting in 2011.

On the issue of military retirement reform, RAND research formed the basis of a white paper that DoD submitted to the congressional Military Compensation and Retirement Reform Commission, as well as the basis of recommendations that the chairman of the Joint Chiefs of Staff made to the commission. RAND’s findings were the result of intense collaboration with a group convened by the Office of the Secretary of Defense, which included biweekly meetings over 18 months to review and analyze a range of proposed reforms. To support this effort, RAND researchers made major technical innovations to the Dynamic Retention Model, invented at RAND in the 1980s, to permit rapid analyses of the effects of new plans. These analyses included the first-ever examination of grandfathering in current plan members versus allowing them to opt in to a new system, as well as projections of DoD’s cash flow over time. The methodological innovations were made possible by the RAND-funded Gritton Award, which honors Gene Gritton, former vice president and director of the RAND National Security
Research Division. The purpose of the award is to stimulate innovative thinking to help the defense and national security community address particularly entrenched problems, while also getting ahead of new ones.

**Revamping DoD Supply Chain Policy and Reducing Costs**

Logistics has been another area of intense cost-cutting as defense budgets have come down. Here, too, RAND analysis has helped the U.S. federal government save billions of dollars while often also improving performance. This impact continued in 2014.

RAND helped DoD draft the 2014 policy on managing materiel—arms, ammunition, and other supplies and equipment. This new supply chain policy reflects key insights from nearly 15 years of RAND operations research and logistics planning, which, beginning in the mid-1990s, drove substantial logistics process improvements to increase the effectiveness and efficiency of support to forces in Iraq and Afghanistan. The new policy also contains a key change in focus on total cost and system optimization.

RAND researchers then worked closely with the Defense Logistics Agency (DLA) and its military service customers to bring DLA’s distribution network fully in line with the new policy. This led to changes in the roles of DLA’s major depots, how it determines what materiel to stock and where, and how it delivers materiel. This includes programming innovative methods into DLA’s resource planning system. These changes are saving an estimated $150 million per year and have also improved the responsiveness and reliability of support.

**Valuing Caregiving**

While caring for wounded military veterans is a key part of the social contract that a nation has with its service members, little was known about who in the United States was administering the critical day-to-day nonmedical care to those who needed it, with what supports, and at what costs.

Findings from a landmark RAND study released in 2014 are already changing the landscape for recognizing and supporting the important role played by military caregivers—the spouses, parents, and friends who provide informal care for wounded, ill, and injured military personnel and veterans. After conducting the largest and most comprehensive survey of the struggles faced by military caregivers, RAND researchers produced the first-ever estimate of the size of the U.S. military caregiving population—5.5 million people—and identified numerous gaps in the array of programs, policies, and initiatives to support them.

The study’s findings and recommendations have been incorporated into legislation currently working its way through Congress, and led to the launch of a new bicameral, bipartisan congressional caucus; a multisector U.S. coalition to address caregiver needs; a new peer-
based structured social support network; and a national campaign urging employers to implement caregiver-friendly policies. These impacts are the result of early, continuous, and proactive outreach efforts by researchers and external affairs staff, following a dissemination road map developed in tandem with the research plan. This coordinated approach ensured that RAND’s findings captured the attention of Congress, the White House, business groups, and the media.

A separate RAND inquiry into the implications of a growing dementia population showed that the caregiving crisis is not exclusive to veterans. A 2013 RAND study quantified the rising costs of dementia in the United States—new cases among seniors are expected to double by 2040—and estimated that the majority of costs are attributable to long-term care, including primarily informal caregiving, and not medical care. With support from RAND’s Investment in People and Ideas program, RAND researchers conducted a comprehensive review of dementia and long-term care plans and policies and identified a critical gap between the high demand for, and costs of, long-term care and the relatively sparse funding and supports to deliver long-term care to the growing number of seniors with dementia. In a first-of-its-kind blueprint for action, researchers identified 25 high-impact policy options to narrow that gap by reducing the financial burden borne by families, bolstering the formal caregiving workforce, promoting person-centered care, and increasing support to informal caregivers.

In 2014, RAND developed the first standardized survey designed to measure patients’ and families’ experiences with hospice care and to compare hospice quality. Starting in 2015, CMS is requiring eligible hospices across the United States to either administer the survey or receive a 2 percentage point reduction in their annual payment update from CMS. The survey gathers new information relevant to the expanding role of hospice and end-of-life care within the broader health care system. The survey builds on developments from RAND’s three decades of assessing patients’ health care experiences, particularly work on the development and implementation of the CAHPS® (Consumer Assessment of Healthcare Providers and Systems) family of surveys.

Improving Institutional Capacity and Well-Being in the Kurdistan Region of Iraq

RAND has a long history of analyzing the factors influencing economic growth and development for purposes of enhancing human welfare. Nearly four years ago, we marked the successful completion of the first phase of our work for the Kurdistan Regional Government (KRG) of Iraq, which laid the groundwork for a comprehensive statistics system, created strategies for private-sector development and government reform, and provided recommendations to improve the quality, access, effectiveness, and efficiency of the primary care and primary education systems. Together, these projects assessed policy priorities and established information needs and planning processes.
Since then, KRG leaders have adopted and implemented numerous RAND recommendations. RAND’s contributions include:

- the first-ever gross regional product calculation and supporting surveys;
- a biannual labor force survey, to be conducted locally as a result of training and capacity-building by RAND;
- tools to modernize the capital investment budget;
- a baseline survey of employers in the Kurdish region to understand labor force requirements and potential hiring difficulties;
- a management information system to track location, staffing, equipment, and services at all primary care health facilities in the Kurdish region; and
- a school monitoring system to improve student achievement.

Additional recommendations for implementing a sustainable health financing system and improving the quality of health care and education—including changes in infection control, patient identification, communications between care provider and patient, and training for teachers and efficient school-construction methods—are being implemented as well. RAND has also provided the government with analytic support for its Regional Development Vision 2020, which the KRG cabinet has adopted as its blueprint for reform, and RAND is helping transform the vision into a strategic plan for critical sectors.

RAND is now building on this body of work to support developing economies in Mongolia and Indonesia, and potentially Kazakhstan and Ukraine.

Looking Ahead

Each of these illustrations features rigorous research and analysis, careful quality assurance, and timely, thoughtful outreach aimed at getting our insights to the right decisionmakers at the right time. The RAND community should be proud of its accomplishments and inspired to build on them during 2015. Several ongoing efforts appear particularly ripe for impact in the coming year:

- Throughout the past several months, RAND researchers have delivered dozens of classified and unclassified briefings to help Congress and top defense and administration officials better understand and respond to the rise of the Islamic State in Iraq and the Levant (ISIL). As the United States and other countries grapple with the ISIL threat, RAND’s unparalleled expertise in regional dynamics and disrupting terrorist financing and logistics networks will continue to be in high demand, providing key inputs to strategy and operations.
- In early December, RAND released initial findings from our survey for DoD on rates of sexual assault and sexual harassment in the military. Briefed to the highest levels of government—including President Barack Obama, Secretary of Defense Chuck Hagel, the Joint Chiefs
of Staff, and the staffs of the House and Senate Armed Services Committees—the finding that an estimated 20,000 active duty military personnel experienced a sexual assault in the past year will undoubtedly spur a range of responses to reduce, and ideally eliminate, the scourge of assault and harassment among service members. Secretary Hagel has already announced new initiatives to address professional and social retaliation against those who report a sexual assault, a response to RAND’s finding that 62 percent of active duty women who experienced a sexual assault also experienced such retaliation. I expect we will see even more impacts when the full results of our analysis are published this spring.

- In a year marked by a series of tragic police killings of unarmed individuals, police-community relations and the use of lethal force by law enforcement are at the top of public consciousness. RAND has built a global reputation for our research and analysis on policing, bringing to a localized public safety function the sophisticated methodology and rigor that RAND has developed in service to other clients. As shown by our previous research on racial profiling in Cincinnati, police-community relations in Israel, and the New York Police Department’s firearm policies and practices, policing practices, recruiting, training, public engagement, and oversight can be rigorously studied and improved—even in an environment highly charged with emotion and fear. We harnessed this expertise to provide media commentary to the unfolding news events of 2014. As policymakers turn from talk to action in the year ahead, I know that RAND experts will have sound ideas, options, and recommendations to offer.

Of course, these are but several examples from among many significant achievements in 2014. The talented and dedicated RAND staff in the United States, Europe, and now Australia work tirelessly in all they do to further RAND’s mission. By maintaining a steady focus on impact, each of them helps ensure that the hard work, carefully wrought insights, and unimpeachable objectivity we bring to our jobs every day will translate to a positive difference in the lives of individuals, communities, and nations, both near and far.
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