STATEMENT BY

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Chairman Cochran and Ranking Member Durbin, thank you for the opportunity to address the Subcommittee on Defense of the Senate Appropriations Committee. I am honored to represent the Department of Defense (DoD) as the Secretary's program executive responsible for the Department's efforts to modernize our electronic health records (EHRs) and to make them interoperable with those of the Department of Veterans Affairs (VA) and private sector providers. I also have the privilege of representing the DoD/VA Interagency Program Office (IPO) as the current Acting Director.

Our Service members, Veterans, retirees, and their families deserve nothing less than the best possible care and service the DoD and VA can provide. Our mission is to fundamentally and positively impact the health outcomes of active duty military, Veterans, and eligible beneficiaries. To this end, DoD is committed to two equally important objectives: improving data interoperability with both VA and our private sector care partners, and awarding a contract to modernize our electronic health record by the end of FY2015.

Over the past 18 months, we have made significant progress in achieving these objectives. Today DoD and VA share a significant amount of health data – more than any other two major health systems. DoD and VA clinicians are currently able to use their existing software applications to view records of more than 5.9 million shared patients who have received care from both Departments. This data is available today in real time and the number of records viewable by both Departments continues to increase. VA and DoD health care providers and VA claims adjudicators successfully access data through our current systems nearly a quarter of a million times per week.

On a parallel path, DoD's modernization effort is well underway. An independent analysis of our own requirements and the robust health IT marketplace concluded that the acquisition of an off-the-shelf product would allow DoD to leverage the latest commercial technologies, improve usability and interoperability with the private sector as well as with VA, and ultimately provide savings to the American taxpayer. We are currently in source selection and the Department remains on track to award the contract later this year. Although we won't know the final figure until the contract is awarded, we estimate the new competitive contract will save at least $5

billion when compared with the previous joint iEHR acquisition plan. Most importantly, interoperability with VA and the private sector remains paramount and will be achieved as mandated by Congress.

Our goal is a system for the future which is open and flexible and can easily adapt to changing requirements. The system must support our military's operational readiness by addressing the increasing demands across the spectrum of military operations, including forces deployed and afloat. It must also contribute to the overall ability of DoD to perform its health mission and enable all mission elements of the Military Health System including casualty care, humanitarian assistance, disaster response; a fit, healthy, and protected force; healthy and resilient individuals, families, and communities; and education, research, and performance improvement.

DoD and VA remain in mutual agreement that interoperability with each other and our private care partners is a top priority. We agree that this broader interoperability can best be achieved with our current strategy to pursue separate, interoperable systems. This strategy makes sense for both Departments and provides the most effective approach moving forward to care for our Service members, Veterans and their families. We have had direct senior-level oversight from both Departments as well as rigorous oversight from both Congress and the Executive Branch. In the past eighteen months during my tenure, DoD and VA have done more to improve our interoperability and modernize our systems than in the previous five years of effort.

BACKGROUND

As you are aware, in 2009, the Departments were called upon by the President to, "work together to define and build a seamless system of integration so that when a member of the Armed Forces separates from the military, he or she will no longer have to walk paperwork from a DoD duty station to a local VA health center. Their electronic records will transition along with them and remain with them forever."

To that end, the Departments are constantly collaborating as we pursue complementary paths to achieve interoperability for the EHRs of Service members, Veterans, retirees, and beneficiaries. Specifically, DoD's goals are:

1. Provide seamless, integrated sharing of standardized health data among DoD, VA, and private sector providers; and
2. Modernize the Electronic Health Record (EHR) software and systems supporting DoD and VA clinicians.

GOAL 1: PROVIDE SEAMLESS INTEGRATED SHARING OF STANDARDIZED HEALTH DATA AMONG DOD, VA, AND PRIVATE SECTOR PROVIDERS

Over the last 30 years, information technology has revolutionized industry after industry, dramatically improving the customer experience and driving down costs. Today, in almost every sector besides health, electronic information exchange is a common way to do business. A cashier scans a bar code to add up our grocery bill. We check our bank balance and take out cash with a debit card that works in any ATM machine across the globe.

Achieving this type of seamless data integration is dependent on achieving a common set of data standards across all health care venues, not on sharing the same software system. Since 2008, DoD and VA have been exchanging a significant amount of electronic information. Unfortunately, the information was in multiple disparate tools and most of the information had not been standardized so that it could be used for automated reminders or in electronic clinical decision support. As an example, DoD and VA had different names for "blood glucose" in their software systems, making it difficult for clinicians to integrate and track blood sugar levels of diabetics across the two systems. For data sharing and interoperability to be meaningful and useful to clinicians, health care data must be mapped to standard codes and displayed in a user-friendly way. This is equally important for sharing data with our private sector partners who use a variety of different health IT systems.

DoD and VA, with the assistance of the IPO, have completed the initial mapping of all structured data and clinical domains to national standards, thereby establishing the foundation of the two Departments' seamless data integration. Because we mapped much of our data to national standards, we will also be able to increasingly share this information with our private care partners who use many different health IT systems. In the example I just mentioned, today, and

moving forward, both VA and DoD clinicians will see a common, standardized name for a patient's blood glucose results that can also be matched up with data from the private sector. We now have this standardized data for almost a million medical terms, and we are working to further improve and maintain these data maps moving forward.

Building upon the achievement of a common set of data standards between the two Departments, DoD has continued to develop and deploy follow-on interoperability initiatives, including development and expansion of the Joint Legacy Viewer (JLV), an integrated display of DoD, VA, and private sector data for clinicians. The Department has expanded the capacity, functionality, and number of users of JLV. Originally developed as a pilot program with 275 users at 9 sites, there are currently more than 3,700 JLV users at more than 270 sites across DoD and VA with access to 5.9 million patient records. This includes the successful deployment of JLV to 325 users at 56 of the 57 Veterans Benefit Administration Regional offices and other key sites. Over the next year, the Department plans to fully incorporate private sector care data into the JLV and data sharing infrastructure and continue its rolling deployments. By the end of April, the Departments plan to begin the next phase expansion of JLV to more than 10,000 users to meet the Health Executive Committee's (HEC's) approved requirements. As JLV capacity and use increase, the Department will begin to phase out existing legacy viewers, with full consolidation planned in 2016.

In April, the Department plans to conduct an Operational Assessment (OA) to independently evaluate our interoperability efforts. The OA will be a scenario-based test conducted by the Operational Test Agencies in an operational environmental with typical users at an Army, Air Force, Navy, and a VA clinic. The OA will determine the effectiveness (business process support and accuracy), suitability (usability and reliability), and survivability (cybersecurity) of the system.

For DoD, achieving data interoperability with VA is also the path forward to exchanging health information with private healthcare providers. Today, more than 60% of all Service member, dependent, and beneficiary health care is provided outside a military treatment facility through TRICARE network providers. DoD exchanges its electronic patient health data with the public

and private sector by means of the DoD Virtual Lifetime Electronic Record-Health Exchange (VLER-H/E) that is connected to the national e-Health Exchange. DoD is focused on deploying private sector interoperability to our military treatment facilities around the country that have an associated private sector Health Information Exchange (HIE) that is connected to the eHealth Exchange. Currently, DoD is one of 81 participants in the eHealth Exchange. DoD plans to connect to an additional 15 HIE partners by the end of the year, based on functional and business factors.

The Departments have made substantial progress toward interoperability, and by June 2015 DoD will have met the FY2014 National Defense Authorization Act (NDAA) requirement that our EHR system be interoperable with VA with an integrated display of data that complies with IPO-identified national standards. In addition, DoD's upcoming acquisition of a modernized EHR system will reflect our steadfast commitment to continued interoperability. The Request for Proposals (RFP) contains requirements for interoperability and criteria that were coordinated with VA and the HHS Office of the National Coordinator for Health IT (ONC). Looking forward, we will continue to improve data sharing efforts with VA and the private sector in order to create an environment in which clinicians and patients from both Departments are able to share current and future healthcare information for continuity of care and improved treatment.

GOAL 2: MODERNIZE THE ELECTRONIC HEALTH RECORD (EHR) SOFTWARE AND SYSTEMS SUPPORTING DOD AND VA CLINICIANS.

From 2010 to 2013, DoD and VA executed a joint program called the integrated Electronic Health Record (iEHR) in an attempt to create a single next-generation EHR system, led by the DoD/VA Interagency Program Office (IPO). In February 2013, VA independently determined that their best course of action was to evolve their current legacy system, the Veterans Health Information Systems and Technology Architecture (VistA), rather than pursue a new joint system. The underlying factors that made evolving VistA a logical and sound decision for VA – a workforce trained to use the system, in-house development and support capacity, and an already-installed EHR baseline in all of their hospitals – do not apply to DoD.

In response to VA's decision, DoD performed an extensive analysis that determined many viable off-the-shelf EHR products could potentially meet our requirements in a cost-effective manner that would allow us to benefit from industry's robust competitive EHR software marketplace. The Government used to be the leader in medical information technology, but industry advances in recent years have far eclipsed our capabilities. This competitive strategy will leverage commercial industry adoption which has increased from approximately 40% of private-sector clinicians using some type of EHR in 2007 to 78% at the end of 2013[1]. It will also save us more than $5 billion compared to the prior joint iEHR strategy.

As part of this new strategy, the Undersecretary of Defense for Acquisition, Technology & Logistics (AT&L) assumed responsibility for health care records interoperability and related modernization programs. DoD established the Defense Healthcare Management Systems Modernization (DHMSM) Program Office and dedicated a Program Manager to lead a competitive acquisition process that is evaluating off-the-shelf solutions which will offer reduced costs, schedule, and technical risk, and will provide access to increased current and future capability by leveraging advances in the commercial marketplace.

Currently, we are employing a comprehensive open standards approach for our EHR and interoperability programs, which is accelerating the achievement of the President's open standards agenda. EHR software is not a defense-unique product, and developing clinical software is not a core competency for DoD. The EHR marketplace in the U.S. is expected to reach $9.3 billion this year; VA and DoD combined make up less than 5 percent of the total U.S. market for healthcare management software. We want to engage and leverage this vibrant marketplace to help us identify the solution approach that provides best value and meets our operational requirements.

Over the last year, I have engaged extensively with industry and government agencies to learn from prior business acquisition programs. As part of our market research efforts, we met with health care organizations including Intermountain Healthcare, Northwestern Memorial Hospital,

[1] ONC, Physician Adoption of Electronic Health Records (http://www.healthit.gov/newsroom/physician-adoption-ehrs)

the Children's Hospital of Wisconsin, Kaiser Permanente, Hospital Corporation of America, Inova, and Presence Health to open dialogue regarding acquisition, development, and sustainment of their EHR systems. These conversations with health care and other health IT industry leaders provided valuable insight and lessons learned that informed our acquisition strategy.

One of the main lessons we learned from industry was the importance of early engagement with the functional community. As a result, the Program Office formalized the DoD clinical community's relationship to the acquisition by establishing the role of Military Health System (MHS) Functional Champion within the program. The Functional Champion is charged with leading the functional requirements process, representing the clinical community's interests throughout the acquisition, and leading workflow standardization. The MHS and each Service has a designated Functional Champion.

Since October 2013, the DHMSM program has conducted four Industry Days and released seven Requests for Information and three draft RFPs; garnering more than 2,000 questions and comments. The final RFP was released on August 25, 2014 and proposals were submitted on October 31, 2014. Source selection is currently underway and competition has been robust. A competitive range determination was made on February 23, 2015 and DoD is on track to award a contract by the end of FY2015. After contract award, the modernized EHR system will be independently tested to ensure it meets operational and interoperability requirements for effectiveness, suitability and interoperability with VA and private sector health care providers.

Our early engagement with industry also reinforced the value of establishing a realistic deployment timeline. Our aggressive timeline is consistent with similar EHR modernization efforts in the commercial industry. The program has tailored its acquisition strategy to streamline documentation and gain schedule efficiencies. We are committed to collaborating with industry and pursuing this modernization in a transparent and fair way that maximizes competition. In alignment with the deadline set out in the FY2014 NDAA, Initial Operational Capability is planned for the end of 2016 at eight sites, representing all three Services, in the Puget Sound area of Washington State. Full Operational Capability, currently estimated for

FY2022, will include deployment to medical and dental services of fixed facilities worldwide, including 55 hospitals, 352 clinics, and 282 dental clinics. Deployment will occur by region (three in the continental U.S. and two overseas) through a total of 24 waves. Each wave will include an average of three hospitals and 15 physical locations, and last approximately one year. The full deployment schedule is being evaluated as part of source selection and will be baselined at contract award; the objective is to maximize the speed of deployment without increasing risk or compromising performance or suitability.

To support the release of the final RFP release milestone, the DHMSM Program Office developed a formal life cycle cost estimate (LCCE) and schedule estimate for the EHR modernization program. The current DHMSM (LCCE) is roughly $10.5 billion. This estimate covers 18 years from FY2014 through FY2032 and includes all deployment and sustainment costs over the life of the program. A review of the current DHMSM LCCE against the August 2012 IPO LCCE for the joint iEHR program indicates the current approach will save the DoD more than $5 billion. As part of DoD's ongoing acquisition program rigor, these cost and schedule estimates are being refined and will be further updated prior to contract award. Additionally, an Independent Cost Estimate will be developed to support contract award. We expect that estimate to reflect additional cost savings as a result of the competitive acquisition process.

A new operational medicine joint Program Office has been established under PEO DHMS to lead the EHR deployment to operational medicine environments worldwide, including theater hospitals, battalion aid stations, hospital ships, forward resuscitative sites, naval surface ships, aero medical platforms, and submarines. This Program Office will deliver the DHMSM EHR system plus additional theater medical capabilities to support operational, peacetime, and humanitarian care to provide better care for all military healthcare beneficiaries, and is developing a fielding strategy to synchronize EHR deployment between garrison and operational forces. Our objective is to field to these environments concurrently with fixed facility deployment, but the schedule will be subject to the availability of operational units for modernization. We are in the process of finalizing the acquisition strategy for operational medicine deployment.

DoD/VA INTERAGENCY PROGRAM OFFICE UPDATE

The DoD/VA Interagency Program Office (IPO) is responsible for establishing, monitoring, and approving the clinical and technical standards profile and processes to create seamless, integration of health data. In this role, the IPO has collaborated closely with the Office of the National Coordinator for Health IT (ONC) to ensure the national standards identified meet the interoperability needs of the Departments. The IPO has also worked with DoD and VA to oversee the mapping of the Departments' health data to these standards.

National standards make it possible to increase the level of data exchange and computability. These standards serve as a common language for DoD, VA, and private sector data which will comport and format the information shared. IPO's partnership with ONC to pursue greater use of national standards provides the vital link which makes DoD and VA data interoperable with that of the private sector, and which provides the Departments' EHR systems the flexibility to respond to the evolving healthcare marketplace.

Over the past year the DoD, VA and the IPO have been integrated into ONC's planning for national health IT advancements. The Departments and the IPO have been key contributors in the development of ONC's recently-released Interoperability Roadmap. Looking forward, DoD, VA and the IPO plan to: support development of a coordinated governance and a framework for nationwide health IT interoperability; collaborate with the standards community and industry to improve technical standards and implementation guidance for sharing and using a common clinical data set; and participate in ONC efforts to incentivize the health care community to share data using common technical standards, including a common clinical data set.

During the past year, the IPO has completed three important technical guidance documents for interoperability. The Information Interoperability Technical Package (I2TP) is an implementation document that outlines IPO-required and -recognized national health data interoperability standards. The Health Data Interoperability Management Plan (HDIMP) documents the IPO and Departments' strategy and role in supporting the Departments'

management and governance efforts. The Joint Interoperability Plan documents the IPO and Departments' technical vision for interoperability and their plans for achieving seamless data integration. Together, these documents provide a foundation for the Departments' efforts toward seamless interoperability.

CONCLUSION

Chairman Cochran, Vice Chairman Durbin, and members of this Committee, thank you for the opportunity to testify today. The Department of Defense has taken very seriously its responsibility to provide first-class health care to our Service members and their beneficiaries, and to enable the seamless sharing of integrated health records with the Department of Veterans Affairs and our private sector care partners.

The Department greatly appreciates the Congress' continued interest and efforts to help us deliver the health care that our nation's Veterans, Service members, and their dependents deserve. Whether it is on the battlefield, at home with their families, or after they have faithfully concluded their military service, the Department of Defense and our colleagues at the Department of Veterans Affairs will continue to work closely together, in partnership with Congress, to deliver benefits and services to those who sacrifice so willingly for our nation. Again, thank you for this opportunity, and I look forward to your questions.