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Exhibit R-2, RDT&E Budget Item Justification: PB 2016 Defense Health Program **Date:** February 2015

Appropriation/Budget Activity 0130: <i>Defense Health Program I BA 2: RDT&E</i>	R-1 Program Element (Number/Name) PE 0605023HP I <i>Integrated Electronic Health Record (iEHR)</i>
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COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
Total Program Element	0.000	19.912	68.267	9.216	-	9.216	8.125	-	-	-	Continuing	Continuing
444A: <i>Integrated Electronic Health Record Inc 1/ Defense Medical Information Exchange (DMIX)</i>	0.000	12.634	45.915	9.216	-	9.216	8.125	-	-	-	Continuing	Continuing
444B: <i>Information Technology Development - DoD Healthcare Management System Modernization (DHMSM)</i>	0.000	4.720	-	-	-	-	-	-	-	-	Continuing	Continuing
449A: <i>Virtual Lifetime Electronic Record (VLER) HEALTH</i>	0.000	2.558	22.352	-	-	-	-	-	-	-	Continuing	Continuing

Program MDAP/MAIS Code:
Project MDAP/MAIS Code(s): 465

A. Mission Description and Budget Item Justification

In March 2008, the MHS embarked upon Electronic Health Record (EHR) modernization planning, establishing the initial Electronic Health Records Way Ahead (EHRWA).

In March 2011, the Program was expanded to include the VA in a joint initiative to implement a new, integrated electronic health record for both Departments, called the Integrated Electronic Health Record (iEHR) program.

Secretary Hagel's Memorandum titled "Integrated Electronic Health Records," dated May 2013, provided additional direction to the program:

- DoD shall continue near-term coordinated efforts with VA to develop data federation, presentation, and interoperability. This near-term goal shall be pursued as a first priority separately from the longer-term goal of health record information technology (IT) modernization.
- DoD shall pursue a full and open competition for a core set of capabilities for EHR modernization.

To fulfill Secretary Hagel's directive, parallel programs have been defined, splitting the original iEHR program into two distinct areas. In the Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L)) Acquisition Decision Memoranda (ADM), dated June 21, 2013 and January 2, 2014, the former joint DoD and VA Integrated Electronic Health Record (iEHR) program was restructured to pursue two separate but related healthcare information technology efforts, the DoD Healthcare Management System Modernization (DHMSM) program and a newly defined iEHR focused on providing seamless integrated sharing of electronic health

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data between the DoD and VA to be called Defense Medical Information Exchange (DMIX). The remaining iEHR Increment 1 (iEHR Inc 1) was significantly de-scoped to only the Medical Single Sign-on/Context management (MSSO/CM) implemented at James A. Lovell Federal Health Care Center (JAL FHCC).

iEHR RDT&E is reported under the program element (PE) 0605013 through FY 2013 inclusive, but iEHR, VLER Health and DHMSM will be reported under new program element 0605023 for FY 2014.

In FY 2015, PE 0605023 will report only iEHR and VLER Health since DHMSM will have its own PE starting in FY 2015.

In FY 2016 and out, only iEHR Increment 1 will be reported in PE 0605023. DHMSM will continue to be only initiative reported in PE 0605026. However, new PE 06050039 is established for DMIX for FY 2016 and out. DMIX will incorporate the previous VLER Health and JEHRI initiatives.

B. Program Change Summary (\$ in Millions)	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total
Previous President's Budget	64.100	68.267	34.560	-	34.560
Current President's Budget	19.912	68.267	9.216	-	9.216
Total Adjustments	-44.188	-	-25.344	-	-25.344
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-43.614	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-0.574	-			
• Integrated Electronic Health Record Inc 1/ Defense Medical Information Exchange (DMIX)	-	-	-25.344	-	-25.344

Change Summary Explanation

FY 2014: Realignment from Defense Health Program, Research, Development, Test and Evaluation (DHP RDT&E), PE 0605023-Integrated Electronic Health Record (iEHR) (-\$0.574 million) to DHP RDT&E PE 0605502-Small Business Innovation Research (SBIR) Program (+\$0.574 million).

FY 2014: Congressional Rescissions to DHP RDT&E, PE 0605013-Information Technology Development (-\$43.614 million)

FY 2016: Realignment from Defense Health Program, Research, Development, Test and Evaluation (DHP RDT&E), PE 0605023-Integrated Electronic Health Record Inc 1 / Defense Medical Information Exchange (DMIX) (-\$25.344 million).

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Exhibit R-2A, RDT&E Project Justification: PB 2016 Defense Health Program										Date: February 2015		
Appropriation/Budget Activity 0130 / 2					R-1 Program Element (Number/Name) PE 0605023HP / Integrated Electronic Health Record (iEHR)				Project (Number/Name) 444A / Integrated Electronic Health Record Inc 1/ Defense Medical Information Exchange (DMIX)			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
444A: Integrated Electronic Health Record Inc 1/ Defense Medical Information Exchange (DMIX)	-	12.634	45.915	9.216	-	9.216	8.125	-	-	-	Continuing	Continuing
Project MDAP/MAIS Code: 465												
A. Mission Description and Budget Item Justification												
In March 2008, the MHS embarked upon Electronic Health Record (EHR) modernization planning, establishing the initial Electronic Health Records Way Ahead (EHRWA).												
In March 2011, the Program was expanded to include the VA in a joint initiative to implement a new, integrated electronic health record for both Departments, called the Integrated Electronic Health Record (iEHR) program.												
Secretary Hagel's Memorandum titled "Integrated Electronic Health Records," dated May 2013, provided additional direction to the program:												
• DoD shall continue near-term coordinated efforts with VA to develop data federation, presentation, and interoperability. This near-term goal shall be pursued as a first priority separately from the longer-term goal of health record information technology (IT) modernization.												
• DoD shall pursue a full and open competition for a core set of capabilities for EHR modernization.												
To fulfill Secretary Hagel's directive, parallel programs have been defined, splitting the original iEHR program into two distinct areas. In the Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L)) Acquisition Decision Memoranda (ADM), dated June 21, 2013 and January 2, 2014, the former joint DoD and VA Integrated Electronic Health Record (iEHR) program was restructured to pursue two separate but related healthcare information technology efforts, the DoD Healthcare Management System Modernization (DHMSM) program and a newly defined iEHR focused on providing seamless integrated sharing of electronic health data between the DoD and VA to be called Defense Medical Information Exchange (DMIX). The remaining iEHR Increment 1 (iEHR Inc 1) was significantly de-scoped to only the Medical Single Sign-on/Context management (MSSO/CM) implemented at James A. Lovell Federal Health Care Center (JAL FHCC).												
B. Accomplishments/Planned Programs (\$ in Millions)									FY 2014	FY 2015	FY 2016	
Title: Integrated Electronic Health Record Inc 1/ Defense Medical Information Exchange (DMIX) (Tri-Service)									12.634	45.915	9.216	
Description: The iEHR Increment 1 initiative achieved Full Deployment Decision November 2014 and is targeted to reach Full Deployment milestone by May 2016. Sustainment efforts for iEHR Increment 1 include the DoD sustainment of the James A												

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Appropriation/Budget Activity 0130 / 2	R-1 Program Element (Number/Name) PE 0605023HP / <i>Integrated Electronic Health Record (iEHR)</i>	Project (Number/Name) 444A / <i>Integrated Electronic Health Record Inc 1/ Defense Medical Information Exchange (DMIX)</i>

B. Accomplishments/Planned Programs (\$ in Millions)	FY 2014	FY 2015	FY 2016
Lovell Federal Health Care Center (JAL FHCC) health care information technology that includes medical single sign-on/context management (MSSO/CM). Program funding is also included to maintain DoD operations at the Interagency Program Office (IPO). - The DoD/VA Interagency Program Office (IPO) was re-chartered on December 5, 2013. The mission focus is addressing and coordinating the establishment of a clinical and technical standards profile and processes for data interoperability to create seamless integration of health data for DoD and VA. The IPO will leverage national and international standards and open architecture design principles to preserve flexibility, and foster data interoperability with each other and appropriate commercial entities. The IPO will enhance existing DoD and VA efforts with The Office of the National Coordinator (ONC) for Health Information Technology within the Health and Human Services (HHS) and other national and international standards organizations and coordinate and monitor the common components required for health data sharing and interoperability. The primary deliverables include technical data interoperability architecture requirements, interface control documentation, terminology standards identification and data exchange guidance. <i>FY 2014 Accomplishments:</i> - Achieved a Milestone C July, 2014 - Achieved a Fielding Deployment Decision on November, 2014 <i>FY 2015 Plans:</i> Funding for testing as needed. <i>FY 2016 Plans:</i> Funding for testing as needed.			
Accomplishments/Planned Programs Subtotals	12.634	45.915	9.216

C. Other Program Funding Summary (\$ in Millions)											
<u>Line Item</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u> <u>Base</u>	<u>FY 2016</u> <u>OCO</u>	<u>FY 2016</u> <u>Total</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>Cost To</u> <u>Complete</u>	<u>Total Cost</u>
• BA-1, PE 0807784HP: <i>Information Technology Development -</i>	81.342	40.699	19.500	-	19.500	22.212	34.247	40.533	41.349	Continuing	Continuing
• BA-3, 0807784HP: <i>Replacement/Modernization</i>	-	8.243	7.897	-	7.897	1.043	0.075	0.076	0.079	Continuing	Continuing
Remarks											

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Appropriation/Budget Activity 0130 / 2	R-1 Program Element (Number/Name) PE 0605023HP / <i>Integrated Electronic Health Record (iEHR)</i>	Project (Number/Name) 444A / <i>Integrated Electronic Health Record Inc 1/ Defense Medical Information Exchange (DMIX)</i>

D. Acquisition Strategy

Evaluate and use the most appropriate business, technical, contract and support strategies and acquisition approach to minimize costs, reduce program risks, and remain within schedule while meeting program objectives. Strategy is revised as required as a result of periodic program reviews or major decisions.

iEHR/DMIX is a collaborative effort between the DoD and VA to share Health Care Resources to improve access to, and quality and cost effectiveness of, health care as mandated by law. This investment is deeply embedded in the MHS Enterprise Roadmap as both Departments have need for modernization/ replacement of existing legacy systems. This investment will use a combination of an open architecture approach, and the purchase (in some instances) of GOTS and COTS products.

E. Performance Metrics

Program cost, schedule and performance are measured periodically using a systematic approach as required for Major Automated Information Systems (MAIS) per DoD Directives and Instructions.

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Appropriation/Budget Activity 0130 / 2					R-1 Program Element (Number/Name) PE 0605023HP / Integrated Electronic Health Record (iEHR)				Project (Number/Name) 444B / Information Technology Development - DoD Healthcare Management System Modernization (DHMSM)			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
444B: Information Technology Development - DoD Healthcare Management System Modernization (DHMSM)	-	4.720	-	-	-	-	-	-	-	-	Continuing	Continuing
A. Mission Description and Budget Item Justification												
DHMSM will acquire and support deployment, and implementation of an electronic health record (EHR) system that replaces the DoD legacy MHS inpatient and outpatient EHR systems. Overarching goal of the program is to enable healthcare teams to deliver high-quality, safe care and preventive services to patients through the use of easily accessible standards-based computerized patient records resulting in: improved accuracy of diagnoses and medication; improved impact on health outcomes; increased patient participation in the healthcare process; improved patient-centered care coordination; and increased practice efficiencies in all settings, including operational environments.												
DHMSM replaces DoD legacy healthcare systems with a commercial solution in use in other medical systems that is open, rendered as a modular architecture, using standards-based/non-proprietary interfaces. DHMSM will support the Department's goals of net centrality by providing a framework for full human and technical connectivity and interoperability that allows DoD users and mission partners to share the information they need, when they need it, in a form they can understand and act on with confidence, and protects information from those who should not have it. Once fielded, the EHR will support the following healthcare activities for DoD's 44,000 practitioners and 9.5 million beneficiaries.												
1. Clinical workflow and provider clinical decision support;												
2. Capture, maintain, use, protect, preserve and share health data and information;												
3. Retrieval and presentation of health data and information that is meaningful for EHR users regardless of where the patient's records are physically maintained; and												
4. Analysis and management of health information from multiple perspectives to include population health, military medical readiness, clinical quality, disease management, and medical research.												
B. Accomplishments/Planned Programs (\$ in Millions)									FY 2014	FY 2015	FY 2016	
Title: DoD Healthcare Management System Modernization (DHMSM)									4.720	-	-	
Description: DHMSM will be executed to deliver uniform information management options across both garrison and theater environments. DHMSM will focus on replacement of inpatient and outpatient systems, and will encompass deployment of the enterprise EHR to fixed facilities as well as expeditionary components.												
FY 2014 Accomplishments: Program Planning Activities including: • Finalized requirements.												

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B. Accomplishments/Planned Programs (\$ in Millions)							FY 2014	FY 2015	FY 2016		
• Conducted multiple Industry days. • Prepared supporting Acquisition Documentation to include Acquisition Strategy, Business Case, Engineering Master Plan, Cost Benefit Analysis, Test Strategy, and Deployment and Supportability Plan. • Developed and vetted multiple drafts of the Request for Proposal (RFP) Packages to insure completeness of the package to capture the finalized requirements. • Developed and staffed Acquisition artifacts to support Authority to Process (ATP) for RFP release. • Received ATP for RFP release and released final RFP for full and open competition.											
FY 2015 Plans: Funding not programmed in this program element.											
FY 2016 Plans: Funding not programmed in this program element.											
Accomplishments/Planned Programs Subtotals							4.720	-	-		
C. Other Program Funding Summary (\$ in Millions)											
Line Item	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
• BA-1, PE 0807784HP: <i>Information Technology Development - Integrated Electronic Health Record</i>	24.882	-	-	-	-	-	-	-	-	Continuing	Continuing
Remarks											
D. Acquisition Strategy											
Evaluate and use the most appropriate business, technical, contract and support strategies and acquisition approach to minimize costs, reduce program risks, and remain within schedule while meeting program objectives. Strategy is revised as required as a result of periodic program reviews or major decisions.											
E. Performance Metrics											
Program cost, schedule and performance are measured periodically using a systematic approach per DoD directives and instructions.											

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Appropriation/Budget Activity 0130 / 2					R-1 Program Element (Number/Name) PE 0605023HP / Integrated Electronic Health Record (iEHR)				Project (Number/Name) 449A / Virtual Lifetime Electronic Record (VLER) HEALTH			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
449A: Virtual Lifetime Electronic Record (VLER) HEALTH	-	2.558	22.352	-	-	-	-	-	-	-	Continuing	Continuing
A. Mission Description and Budget Item Justification												
The primary goal of the VLER Health initiative is to enable the secure sharing of health information (i.e., demographic and clinical data) between DoD and external Federal and private sector partners which meets Meaningful Use (MU) requirements to improve healthcare quality, safety, and efficiency. By electronically sharing health information using national standards, that information can support tracking key clinical conditions, communicating that information to better coordinate care, and engaging patients in their own care. The VLER Health initiative provides clinicians with the most up-to-date information, potentially reducing redundant diagnostic tests, medical errors, paperwork and handling, and overall healthcare costs. These benefits, in turn, align with the MHS quadruple aim by ensuring that the military force is medically ready to deploy; the military beneficiary population remains healthy through focused prevention; patient care is convenient, equitable, safe, and of the highest quality; and the total cost of healthcare is reduced through the reduction of waste and focus on quality												
B. Accomplishments/Planned Programs (\$ in Millions)									FY 2014	FY 2015	FY 2016	
Title: Virtual Lifetime Electronic Record (VLER) HEALTH									2.558	22.352	-	
Description: Pursue the primary goal of the VLER Health initiative is to enable the secure sharing of health information (i.e., demographic and clinical data) between DoD and external Federal and private sector partners which meets Meaningful Use (MU) requirements to improve healthcare quality, safety, and efficiency.												
FY 2014 Accomplishments:												
• Completed development and test of VLER Health 2.1.0.0 in support of expanding the VLER Health Exchange												
FY 2015 Plans:												
• Included in DMIX Data Exchange Initial Release												
• Included in DMIX Data Exchange for DHMSM Integration testing												
• Begin collapse of the BHIE DoD Adaptor and VLER DoD Adaptor to a single DoD Adaptor												
• Begin upgrade of VLER DoD functionality limited to eHealth Exchange Gateway, GUI, C32/C62 generation												
FY 2016 Plans:												
No funding programmed for this initiative in this program element.												
Accomplishments/Planned Programs Subtotals									2.558	22.352	-	

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C. Other Program Funding Summary (\$ in Millions)											
Line Item	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
• BA-1, PE 0807784: <i>Integrated Electronic Health Record (iEHR)</i>	3.900	6.299	-	-	-	-	-	-	-	Continuing	Continuing
• BA-3, PE 0807784: <i>Replacement/ Modernization, Integrated Electronic Health Record</i>	-	0.938	-	-	-	-	-	-	-	Continuing	Continuing
Remarks											
D. Acquisition Strategy											
Evaluate and use the most appropriate business, technical, contract and support strategies and acquisition approach to minimize costs, reduce program risks, and remain within schedule while meeting program objectives. Strategy is revised as required as a result of periodic program reviews or major decisions.											
E. Performance Metrics											
Each program establishes performance measurements which are usually included in the MHS IT Annual Performance Plan. Program cost, schedule and performance are measured periodically using a systematic approach.											