

**UNCLASSIFIED**

**Exhibit R-2, RDT&E Budget Item Justification:** PB 2015 Defense Health Program **Date:** March 2014

<b>Appropriation/Budget Activity</b> 0130: <i>Defense Health Program I BA 2: RDT&amp;E</i>	<b>R-1 Program Element (Number/Name)</b> PE 0605026HP I <i>Information Technology Development - DoD Healthcare Management System Modernization (DHMSM)</i>
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COST (\$ in Millions)	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO #	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	Cost To Complete	Total Cost
Total Program Element	0.000	-	-	91.394	-	91.394	499.209	373.397	-	-	Continuing	Continuing
483A: <i>Information Technology Development - DoD Healthcare Management System Modernization (DHMSM) at DHA</i>	0.000	-	-	91.394	-	91.394	499.209	373.397	-	-	Continuing	Continuing

**MDAP/MAIS Code:**  
**Other MDAP/MAIS Code(s):** 465

# The FY 2015 OCO Request will be submitted at a later date.

**A. Mission Description and Budget Item Justification**

Commensurate with the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD(AT&L)) Acquisition Decision Memoranda (ADM), dated July 21, 2013 and January 2, 2014, the former joint DoD and Department of Veterans Affairs (VA) Integrated Electronic Health Record (iEHR) program has been restructured to pursue two separate but related healthcare information technology efforts, the DoD Healthcare Management System Modernization (DHMSM) program and a newly defined iEHR program focused on providing seamless integrated sharing of electronic health data between the DoD and VA (renamed Defense Medical Information Exchange (DMIX)).

DHMSM will acquire and support deployment, implementation, and sustainment of an electronic health record (EHR) system that replaces the DoD legacy Military Health System (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 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 will be executed in two planning Segments. DHMSM Segment 1 will focus on replacement of inpatient and outpatient systems, and will encompass deployment of the enterprise EHR to fixed facilities (garrison and non-garrison), as well as Military Treatment Facilities (MTFs) and clinics. DHMSM Segment 2 will focus on replacement of the in-theater EHR, and will encompass deployment of the enterprise EHR to en route, ship-board, and expeditionary components.

The DHMSM program receives oversight and direction from Program Executive Office (PEO) Defense Healthcare Management System (DHMS) and reports to USD (AT&L). Stakeholders include the Assistant Secretary of Defense (Health Affairs), Defense Health Agency (DHA), USD (AT&L), and PEO DHMS. The customers for this project include the beneficiaries, health care providers, and managers of the Army, Navy and Air Force MTFs and clinics.

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<b>B. Program Change Summary (\$ in Millions)</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015 Base</b>	<b>FY 2015 OCO</b>	<b>FY 2015 Total</b>
Previous President's Budget	-	-	-	-	-
Current President's Budget	-	-	91.394	-	91.394
Total Adjustments	-	-	91.394	-	91.394
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Departmental Fiscal Guidance - Project 483A	-	-	91.394	-	91.394

**Change Summary Explanation**

FY 2013: N/A

FY 2014: N/A

FY 2015: Departmental Fiscal Guidance Additions to DHP RDT&E, PE 0605026-Information Technology Development - DoD Healthcare Management System Modernization DHMSM) (+\$91.394 million).

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**Exhibit R-2A, RDT&E Project Justification:** PB 2015 Defense Health Program **Date:** March 2014

<b>Appropriation/Budget Activity</b> 0130 / 2	<b>R-1 Program Element (Number/Name)</b> PE 0605026HP / <i>Information Technology Development - DoD Healthcare Management System Modernization (DHMSM)</i>	<b>Project (Number/Name)</b> 483A / <i>Information Technology Development - DoD Healthcare Management System Modernization (DHMSM) at DHA</i>
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COST (\$ in Millions)	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO #	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	Cost To Complete	Total Cost
483A: <i>Information Technology Development - DoD Healthcare Management System Modernization (DHMSM) at DHA</i>	-	-	-	91.394	-	91.394	499.209	373.397	-	-	Continuing	Continuing

**MDAP/MAIS Code:** 465

# The FY 2015 OCO Request will be submitted at a later date.

**A. Mission Description and Budget Item Justification**

DHMSM will acquire and support deployment, implementation, and sustainment of an electronic health record (EHR) system that replaces the DoD legacy Military Health System (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 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 will be executed out of Program Element 0605023 in FY 2014 only.

**B. Accomplishments/Planned Programs (\$ in Millions)**

	FY 2013	FY 2014	FY 2015
<b>Title:</b> DoD Healthcare Mgmt System Modernization (DHMSM) Program	-	-	91.394
<b>Description:</b> DHMSM will be executed in two planning Segments. DHMSM Segment 1 will focus on replacement of inpatient and outpatient systems, and will encompass deployment of the enterprise EHR to fixed facilities (garrison and non-garrison), as well as Military Treatment Facilities (MTFs) and clinics. DHMSM Segment 2 will focus on replacement of the in-theater EHR, and will encompass deployment of the enterprise EHR to en route, ship-board, and expeditionary components.			
<b>FY 2013 Accomplishments:</b> No funding programmed.			
<b>FY 2014 Plans:</b> No funding programmed in this program element in this fiscal year.			
<b>FY 2015 Plans:</b> • Finalize Acquisition Documentation (Acquisition Strategy, Business Case, Engineering Master Plan, Cost and Benefit Analysis, Test Strategy, and Deployment and Supportability Plan)			

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<b>Exhibit R-2A, RDT&amp;E Project Justification:</b> PB 2015 Defense Health Program		<b>Date:</b> March 2014
<b>Appropriation/Budget Activity</b> 0130 / 2	<b>R-1 Program Element (Number/Name)</b> PE 0605026HP / <i>Information Technology Development - DoD Healthcare Management System Modernization (DHMSM)</i>	<b>Project (Number/Name)</b> 483A / <i>Information Technology Development - DoD Healthcare Management System Modernization (DHMSM) at DHA</i>

<b>B. Accomplishments/Planned Programs (\$ in Millions)</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<ul style="list-style-type: none"> <li>Obtain Authority to Proceed (Contract Award)</li> <li>Award Contract activities.</li> <li>Configuration and Integration of solution in test environment</li> <li>Conduct Independent Verification and Validation (IV&amp;V)</li> </ul> <p>This section will be revised in subsequent budget submissions as the initiative matures.</p>			
<b>Accomplishments/Planned Programs Subtotals</b>	-	-	91.394

**C. Other Program Funding Summary (\$ in Millions)**

<b>Line Item</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015 Base</b>	<b>FY 2015 OCO</b>	<b>FY 2015 Total</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Cost To Complete</b>	<b>Total Cost</b>
• BA-1, PE 0807787: <i>DoD Healthcare Management Systems</i>	-	-	57.566	-	57.566	75.777	93.516	-	-	Continuing	Continuing
• BA-3, PE 0807787: <i>Information Technology Development and Sustainment - DoD Healthcare Management System Modernization</i>	-	-	-	-	-	-	302.802	-	-	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. The results of these measurements are presented to management on a regular basis in various as part of the Integrated Product and Process Development (IPPD) process, In Process Reviews (IPRs), or other reviews to determine program effectiveness and provide new direction as needed to ensure the efficient use of resources are also used.