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Exhibit R-2, RDT&E Budget Item Justification: PB 2016 Defense Health Program										Date: February 2015		
Appropriation/Budget Activity 0130: Defense Health Program I BA 2: RDT&E					R-1 Program Element (Number/Name) PE 0605026HP I 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
Total Program Element	0.000	-	91.394	438.376	-	438.376	260.501	-	-	-	Continuing	Continuing
483A: Information Technology Development - DoD Healthcare Management System Modernization (DHMSM) at DHA	0.000	-	91.394	438.376	-	438.376	260.501	-	-	-	Continuing	Continuing
Program MDAP/MAIS Code: Project MDAP/MAIS Code(s): 496												
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. 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.												

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Appropriation/Budget Activity		R-1 Program Element (Number/Name)			
0130: Defense Health Program / BA 2: RDT&E		PE 0605026HP / Information Technology Development - DoD Healthcare Management System Modernization (DHMSM)			
B. Program Change Summary (\$ in Millions)	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total
Previous President's Budget	-	91.394	499.209	-	499.209
Current President's Budget	-	91.394	438.376	-	438.376
Total Adjustments	-	-	-60.833	-	-60.833
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Information Technology Development	-	-	-60.833	-	-60.833
- DoD Healthcare Management System Modernization (DHMSM) at DHA					
Change Summary Explanation					
FY 2014: No Change.					
FY 2015: No Change					
FY 2016: Departmental Fiscal Guidance adjustment to DHP RDT&E, PE 0605026-Information Technology Development - DoD Healthcare Management System Modernization DHMSM) (-\$60.833 million).					

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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
483A: Information Technology Development - DoD Healthcare Management System Modernization (DHMSM) at DHA	-	-	91.394	438.376	-	438.376	260.501	-	-	-	Continuing	Continuing
Project MDAP/MAIS Code: 496												
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.												
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B. Accomplishments/Planned Programs (\$ in Millions)		FY 2014	FY 2015	FY 2016
Title: DoD Healthcare Mgmt System Modernization (DHMSM) Program		-	91.394	438.376
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: No funding programmed in this program element in this fiscal year.				
FY 2015 Plans: • Update Acquisition Documentation (Acquisition Strategy, Business Case, Engineering Master Plan, Cost and Benefit Analysis, Test Strategy, and Deployment and Supportability Plan) to support Authority to Proceed for contract award. • Inauguration of Government Approved Laboratories for Fixed Facility and Operational testing of the DHMSM EHR. • Conduct Source Selection Process. • Achieve Authority to Proceed (ATP) for contract awards. • Contract Award activities. • Configuration and Integration of solution in test environment. • Independent Verification and Validation (IV&V). • Initiate inclusive of contracts integration testing, development, testing, and operation testing.				
FY 2016 Plans: • Initial Design Review/Final Requirements Review. • Formal (or Final) Design Review/Test Readiness Review. • System Verification Review/Operational Test Readiness Review. • Configuration & Integration Test. • Developmental Test & Evaluation. • Training for Subject Matter Experts. • Limited Fielding Training. • Installed at Initial Operational Capability Sites. • Continue Configuration and Integration of solution in testing environment. • Continue Independent Verification and Validation (IV&V).				
Accomplishments/Planned Programs Subtotals		-	91.394	438.376

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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 0807787: <i>DoD Healthcare Management Systems</i>	-	57.554	89.188	-	89.188	134.427	225.825	301.427	380.402	Continuing	Continuing
• BA-3, PE 0807787: <i>Information Technology Development and Sustainment - DoD Healthcare Management System Modernization</i>	-	-	-	-	-	181.458	663.956	684.084	699.014	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.