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**BEFORE THE**

**HOUSE ARMED SERVICES COMMITTEE**

**AND**

**HOUSE VETERANS' AFFAIRS COMMITTEE**

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Chairman McKeon, Chairman Miller, Ranking Member Smith, Ranking Member Michaud, and distinguished members of the Committees, thank you for extending the invitation to discuss the recent actions that the Department of Defense (DoD) has taken to assist the Department of Veterans Affairs (VA) to eliminate the disability benefits claims backlog and our collaboration on the integrated Electronic Health Record (iEHR) program. Although DoD is currently operating under significant resource constraints as a result of sequestration, including civilian furloughs, DoD will continue to work in conjunction with VA to provide exceptional care and services for America's service members and veterans. Thank you for your attention to this issue and for your continued support of our active and reserve component military members, and their families who serve with distinction every day and who deserve the best medical care and treatment as both service members and as veterans.

## **BACKGROUND - VETERANS' DISABILITY BENEFIT CLAIM BACKLOG**

Veterans' benefits are a vital extension of a holistic benefits package to sustain an all-volunteer force. DoD and VA are committed to working together to provide continuous, accessible, and quality health care for America's active duty military and veterans. When a service member completes his or her service obligation and separates from the military, DoD is responsible for ensuring that they are seamlessly, efficiently, and quickly transitioned to the care of Veterans Affairs – with all of their records.

DoD currently provides VA with electronic access to approximately 98 percent of the required personnel and administrative data for claims adjudication, including electronic "read-only" health records, and we meet together on a regular basis to close the gap on the remainder. We provide VA access to scanned images of all personnel records (including available DD Form 214) through a DoD data system web portal, and we are taking action to provide Veterans Benefits Administration employees with enhanced access to our electronic medical record data. DoD has electronically provided VA with the health data of more than 5.9 million Service members who have separated since 1989. The ability to access and view this data has existed between all DoD and VA medical facilities on 4.7 million shared patients since 2007. Building upon past successes in real-time data exchange, the Departments have sought to go beyond point-to-point interfaces between their systems and to establish full data interoperability.

Achieving interoperability will mean the Departments will use a common taxonomy that provides access to human and machine-interpretable data by doctors and patients anywhere, anytime. Health care record transfer from DoD is not a major factor in VA's current backlog.

Over the last few months, both Secretary Hagel and Acting Under Secretary Wright have met with and listened carefully to the concerns and input from DoD's health care providers, leaders from the VA, and Veterans Service Organizations and Military Support Organizations. Their input has been vital to ensuring that our service members and veterans receive quality care, and their input has been very helpful in defining a path forward.

On May 22, 2013, the Secretary of Defense and the Secretary of Veterans Affairs met with Senator Mikulski and the Senate Appropriations Committee on Defense in a roundtable discussion regarding the disability benefits backlog and we provided an overview of our actions to support VA.

Most recently, on July 2, 2013, the Secretary of Defense, Under Secretary Kendall and Acting Under Secretary Wright met with Secretary Shinseki, Dr. Robert Petzel, the Director of the Veterans Health Administration and Ms. Maureen Coyle, the VA Deputy Chief Information Officer, to ensure that the efforts of both of our Departments are aligned and that appropriate progress is being made to address the backlog issue. Our meeting agenda specifically focused on our mutual efforts to help VA reduce the veteran disability benefit claim backlog, veteran homelessness, and our electronic health record systems.

#### **DOD EFFORTS TO ASSIST VA WITH THE BACKLOG**

The most important thing DoD does to help VA process claims is to provide VA with the information that it needs. DoD provides information to VA in both electronic and paper form. With the exception of some records from visits to private health care providers since 2004, medical records have been transferred as electronic records. DoD provides Service Treatment Records (STRs), personnel and administrative data within 45 days from when a Service member separates from the military.

The Department of Defense is working closely with VA to provide any information VA needs to enable them to complete the processing of disability claims. In collaboration with VA, we are also refining our processes by which we provide information to ensure future disability benefit claims can be processed by in a shorter time.

For example:

- DoD has agreed to provide VA with certifications that STRs are complete with all known information at the time they are sent to VA. VA claims processors, following established VBA claims processing protocols, will not have to delay processing to request additional medical records when the service members' claim is not substantiated in the record VA has received from DoD. This will reduce one source of additional claims from adding to the current backlog and reduce future processing time. Certification began in earnest in April 2013, and, with input from the Director of the Veterans Benefits Administration, we continue to refine this process.
- DoD provided a team of subject matter experts to the Veterans Benefits Administration in January 2013 to review the disability claims backlog to analyze cases where DoD has information that can assist VA in processing claims. The team has been assisting VA with the most difficult cases. The team has recently shifted to assist with the oldest claims, those that have been in process for over one year.
- Enhancing direct access to DoD electronic medical record data is extremely useful to VA in preparing claims for decisions. Enhanced access can increase VA production rates for any claims which are awaiting STR information – not just claims in the backlog, but at any stage in the process. We are fielding the Janus Joint Legacy Viewer, which will allow both DoD and VA to be able to access and read the other Department's electronic health records. The Joint Legacy Viewer is in operation now and will be fully deployed by December 2013. On July 1, 2013, a DoD Liaison cell comprised of senior military personnel with medical, administrative and personnel expertise was placed at VA to assist in the reduction and elimination of the backlog. This cell was requested by the Secretary of Veterans Affairs and agreed to by the Secretary of Defense to operate for six months.

- DoD has provided VA with approximately 5,000 accounts giving direct access to the Defense Personnel Record Information System, which allows disability claims adjudicators access to Official Military Personnel Files. Additionally, VA also has been provided with access to 300 accounts giving direct access to the Defense Finance Accounting Service to validate pay and retirement information. This same pay and retirement information is also provided daily to the VA Data Information Repository system.
- DoD also provided 15 Service members to the VA Seattle, WA, Disability Rating Activity Site, in support of an Integrated Disability Evaluation System (IDES) backlog in May 2013. These service members provide administrative assistance, which frees up disability benefits claims processors to speed up the overall IDES process.
- DoD and VA convene an Information Sharing Summit (usually 80+ participants from all Services, Coast Guard, DoD and VA) every 6 to 8 weeks to further the electronic exchange of personnel, medical and administrative information between the two Departments. This summit has met 5 times since January 1, 2013, to monitor process improvement events and major system developments to ensure alignment of all efforts in support of reducing the disability claims backlog and evolving this interchange to a truly paperless environment.

The Department of Defense has also initiated the following actions to streamline processes for exchanging information, but these actions will assist with reducing the processing time for future claims, not claims in the current backlog:

- In January 2013, DoD initiated the establishment of a Separation Health Assessment (SHA) for all service members who do not request a disability claim upon their separation from the military. This assessment will provide VA with the ability to better assess the basis for a service connection on future disability benefits claims. VA will continue to conduct the assessment for those service members who do make a disability benefits claim at the time of separation. DoD will make the required policy changes associated with this action by the end of fiscal year (FY) 2013. We have begun to

implement the SHA at some locations and we plan to complete implementation by the end of FY 2014.

- In January 2013, DoD committed to accelerate the deployment of the Health Artifact and Image Management Solution (HAIMS) in support of a move to a digital environment. Deployment is planned to be complete by December 2013. HAIMS will consolidate military and private sector treatment and medical images and artifacts and make them available for use by VA medical clinicians and VA disability claims processors, who will be provided with direct access. Once deployed, this will allow for electronic processing of information; lower storage, mailing requirements, and manual processing and facilities costs; and accelerate future claims processing.
- DoD and VA will conduct a pilot, beginning in September 2013, whereby a version of the STR will be sent to VA in an electronic document format at the time a service member attends mandatory Transition Assistance Program in addition to the certified copy which is sent within 45 days from when the Service member separates from the military. This will give VA an archived version of the STR, which VA believes may reduce the time required to process a future disability claim by as much as 50 days.

## **SERVICE MEMBER TRANSITION ASSISTANCE PROGRAM**

In compliance with the Veterans Opportunity to Work (VOW) to Hire Heroes Act of 2011 (Public Law 112-526), and in accordance with the recommendations of the Veterans Employment Initiative Task Force, the Department of Defense, Military Departments and our interagency partners are successfully implementing the redesigned Transition Assistance Program (TAP). The redesigned TAP, including a new curriculum called Transition GPS (Goals, Plans, Success), is aligned with the VOW Act, as codified in in Chapter 58, title 10 United States Code, which requires all eligible Service members discharged or released from active duty after serving their first 180 continuous days or more (including National Guard and Reserves) to participate in Pre-separation Counseling, Department of Veterans Affairs (VA) Benefits Briefings and the Department of Labor (DOL) Employment Workshop. While some Service members may be exempted from attending the DOL Employment Workshop, as allowed

by Congress, every Service member will attend Pre-separation Counseling and the revised VA Benefits Briefings.

Additional components of the redesigned TAP include specialized tracks developed for Service members to tailor their transition program to correspond with their expressed interest in achieving their future employment goals through Higher Education, Career Technical Training, or Entrepreneurship. These specialized tracks are being piloted this summer and will be implemented across the Department of Defense by 1 October 2013. The cornerstone of the redesigned TAP is the concept of Career Readiness Standards. These standards correspond to deliverables that all Service members are to meet prior to separation. The value of the Career Readiness Standards is ensuring we equip our service members with the tools they need to become valued, productive and employed members of our labor workforce cannot be overstated. We are, and have been, fully engaged in implementing the redesigned program.

#### **BACKGROUND - INTEGRATED ELECTRONIC HEALTHCARE RECORDS (iEHR)**

In March 2009, President Obama directed the Department of Defense and the Department of Veterans Affairs to “work together to define and build a seamless system of integration with a simple goal: 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.” This directive built on the Congressional requirement established in the National Defense Authorization Act for Fiscal Year 2008 for the two Departments to “jointly develop and implement electronic health record systems or capabilities that allow for full interoperability of personal health care information between the Department of Defense and the Department of Veterans Affairs.” Our Service members, Veterans, retirees, and eligible family members deserve nothing less than the best possible care and service our two Departments can provide. Successfully achieving the goals articulated by Congress and the President is fundamental to delivering on our promise to them and we are fully committed to doing so.

In March 2011, DoD and VA agreed on a joint approach to develop a single longitudinal health record to be used by both Departments: the “integrated electronic health record” or “iEHR.” This approach was intended to meld the Departments’ ongoing efforts to improve their health information technology: firstly, by achieving interoperability of health data, as sought by the President and the Congress; secondly, by modernizing their respective healthcare management systems, which were each in need of replacement or upgrade (i.e., replacing the DoD’s Armed Forces Health Longitudinal Technology Application (AHLTA) and replacing or upgrading the VA’s Veterans Health Information Systems and Technology Architecture (VistA)). Acting on this decision, the Departments re-chartered the DoD-VA Interagency Program Office (IPO) – established by Congress in the FY2008 NDAA to oversee joint data interoperability efforts – to accomplish this expanded mission.

Together, the two Departments have made important steps toward achieving health data interoperability between DoD and VA and procuring the foundations of an underlying joint IT infrastructure. Specifically, we have:

- Made the DoD Health Data Dictionary (HDD), the common data model used by all DoD medical treatment facilities, openly available to the nation and initiated VA data mapping to ensure integrated, common data for all patient information across DoD and VA;
- Established the Development Test Center to provide a testing configuration that emulates the operational healthcare environment and infrastructure;
- Selected a joint DoD-VA Single Sign On / Context Management (SSO / CM) solution. “Single Sign-On” enables a user to access multiple applications after logging in only once. “Context Management” allows clinicians to choose a patient once during an encounter and ensure all required applications are able to present information on the patient being treated. This capability was successfully deployed to the Development Test Center and is now being deployed at San Antonio;
- Implemented a joint Graphical User Interface (GUI) pilot at North Chicago, Tripler, and San Antonio that displays information from both DoD and VA systems;
- Completed business process mapping for initial clinical capabilities;

- Developed integrated Program Level Requirements (iPLR), which detail the functional requirements for the program, e.g., laboratory, pharmacy, etc.;
- Developed and published the iEHR architecture and Technical Specifications Package that provide high-level technical and business requirements to enable a standardized and interoperable solution.; and
- Begun work on a number of data interoperability “accelerators.”

## **A SHIFT IN STRATEGY FOR iEHR**

In December of last year, Secretaries Panetta and Shinseki directed a joint review of the iEHR program to simplify and accelerate the achievement of data interoperability while reducing the cost and technical risk of what had proven to be a complex and expensive joint IT development program. This February, they agreed to specific actions for each Department; these agreements have since been reinforced by Secretary Hagel. While some may have interpreted this shift in strategy as backing away from our commitment to achieve an integrated electronic health record, that is not the case.

For the remainder of this calendar year, the two Departments are focused on achieving full interoperability of health data through a series of near-term “Accelerator” efforts. These efforts will result in each Service member and Veteran having a single, seamless, shared, integrated healthcare record. All patients, and the clinicians serving them, will be able to access all of their health data, whether the patient is currently a military member or Veteran and treated at a DoD or VA hospital. This interoperability will be achieved without replacing the healthcare management software system for either Department.

In 2012, DoD made its Health Data Dictionary data model openly available for use by VA and other interested parties including non-government healthcare providers. VA will map their data to this standard, thereby contributing to the establishment of an authoritative health data source for both Departments by January 2014. This will fully realize the health element of the President’s vision for a Virtual Lifetime Electronic Record, incorporating all clinical care for

Service members and Veterans into a common, computable and interoperable health record, accessible wherever care is provided.

For the DoD, achieving data interoperability is also the path forward to exchanging health information with private healthcare providers. Today, 65 percent of all Service members', dependents' and beneficiaries' healthcare is provided outside the military health network through private providers. Capturing this health information can only be accomplished through interoperability standards championed by the Department of Health and Human Services and being adopted by commercial health care providers. The use of open national standards to express the content and format of the information, not a single healthcare management software system, is the cornerstone of seamless exchange of health information.

Secretaries Panetta and Shinseki also announced that the two Departments were revising their strategy for modernizing their legacy healthcare management software systems to use existing EHR technologies rather than bearing the cost and risk of designing, building and implementing an entirely new system. The two Departments agreed instead to use a "core" set of applications from existing EHR technology. Based on this core concept, VA determined that its best course of action would be to evolve its legacy system, VistA, to serve their modernization purposes. This decision left DoD with the need to determine whether modernization based on VA's existing VistA system, DoD's legacy AHLTA system, or one of the several commercially available modern healthcare management systems was the best course of action for DoD.

### **DoD'S DECISION MAKING ON iEHR**

In testimony before the House Appropriations Committee and the Senate Armed Services Committee on April 16-17, 2013, Secretary Hagel committed to provide Congress his decision on the Department's modernization strategy within thirty days. Under Secretary Kendall and Acting Under Secretary Wright commissioned a team of senior stakeholders and technical experts to review and assess the options and to recommend a course of action for modernization. After confirming that further evolving AHLTA, DoD's legacy healthcare IT system, was not a viable alternative, the group focused on two alternative courses of actions: (1) pursue an

evolution of VistA as the DoD “core” capability or (2) compete a modernization solution from a broader field of options. This team reviewed existing artifacts, studies and analyses and received briefings from the IPO and from VA/VHA leadership.

The team concluded and recommended that the DoD and VA continue their ongoing near-term efforts to develop data federation, presentation and interoperability, particular through the completion of ongoing “accelerator” efforts. The team recommended that DoD select a core healthcare management system on a “best value” basis.

The DoD assessment characterized the alternatives based on estimates of life cycle cost, schedule, performance, risk and capacity for further modernization and growth. The assessment leveraged data from a formal Request for Information conducted by the OSD Cost Assessment and Program Evaluation (CAPE) organization. This market research identified a broad field of existing EHR capability providers, with exiting commercial products that spanned a range of maturity, capability, cost and implementation risk. The responses to the RFI included commercial offerings as well as vendors offering an evolved VISTA solution, as well as a VA proposal for an evolved VistA offering.

The assessment concluded that a competition provided the best opportunity for the Department to identify the best value solution – one that offered advanced clinical capabilities, low adoption risk, the potential to evolve further as new innovation enters the EHR marketplace and the potential for significant cost savings.

The Department recognizes that adopting and evolving VA’s current VistA software was a reasonable and sound business decision for VA. The Department of Veterans Affairs already employs a substantial workforce and infrastructure supporting the VistA system; VA caregivers are already trained on the system and its processes reflect the VA’s organization and business practices. Adopting VistA would require the Department to duplicate these “sunk cost” investments by the VA. While evolving and enhancing VistA was a logical business decision for VA, DoD faces a very different situation.

The DoD study confirmed that the Department requires a healthcare software management solution that can operate in its unique medical environment, interfacing with VA and private sector providers using open national standards and providing operational medicine capabilities in a variety of environments, often with limited or no connectivity. The Department will also require the capability to easily add specialized modules to address DoD needs, such as battlefield casualty care, in a timely manner. Given the options available to DoD, the best course of action for DoD is to conduct a “best value” competition acquisition of a core healthcare management software system.

### **THE DoD WAY AHEAD ON iEHR**

The study team reported its findings and recommendations to Secretary Hagel in May. This was formalized on May 21, 2013, with a memo to the Department outlining the way ahead for integrated Electronic Health Records, and reinforcing DoD’s commitment to providing high-quality healthcare for current Service members, their dependents and our nation’s Veterans. The Department informed the Congress of the Secretary’s decision on May 22, 2013. In his memo, the Secretary directed the USD(AT&L) to assume direct responsibility for DoD healthcare records related acquisition programs and to conduct a full and open competition for the core set of capabilities for DoD Healthcare Management System Modernization. USD(AT&L) was tasked to lead DoD coordination with VA on the technical and acquisition aspects of healthcare records and healthcare management systems.

USD(AT&L)’s first step was to restructure the Department’s health care IT efforts. The former iEHR program is being refocused on two separate but related healthcare information technology efforts: the DoD Healthcare Management System Modernization (DHMSM) program, and the joint DoD/VA iEHR program. Both efforts will be conducted as highly tailored Major Automated Information System (MAIS) programs. USD(AT&L) will serve as the DoD Milestone Decision Authority (MDA) for both programs.

The revised iEHR program will remain focused on the near term goal of delivering the tools and supporting data infrastructure to ensure integrated health data can move seamlessly between VA,

DoD, and commercial healthcare providers with initial fielding targeted for early CY 2014. The IPO is taking the following steps to deliver seamless, shared integrated health information on an accelerated basis:

- Developing and deploying a data management service to give DoD and VA clinicians access to integrated patient health record information by the beginning of CY 2014.
- Accessing data through a single integrated view to nine high priority sites by the beginning of CY 2014.
- Making standardized, integrated clinical record data broadly available to clinicians across the DoD and VA later in CY 2014.
- Enhancing “Blue Button” functionality, which will give patients the ability to download and share their own electronic medical record information, enabling them take greater control of their own healthcare.

The DoD Healthcare Management System Modernization program will focus on competitively acquiring a core set of capabilities to replace the DoD legacy Military Health System (MHS) clinical software systems, including the Armed Forces Health Longitudinal Technology Application (AHLTA), Essentris, Composite Health Care System (CHCS), and Theater Medical Data Store (TMDS) systems. The objective is to field a modernized replacement for legacy systems by 2017.

The USD(AT&L) has designated a Program Executive Officer (PEO) to oversee both iEHR, which will continue to be executed by the Integrated Program Office (IPO), and DHMSM. A Program Manager (PM) has also been designated for the DHMSM program. The PEO will ensure that DHMSM works in close collaboration with iEHR to ensure compatibility and interoperability with the standardized healthcare data framework, infrastructure, and exchange standards being made available via the iEHR program.

The PM for DHMSM is initiating internal planning activities for release of a Request for Proposals (RFP) that supports an objective to achieve full fielding of core DHMSM capabilities. It is crucial to note that a seamlessly integrated and interoperable electronic health records with full data exchange and read/write capability can be achieved without DoD and VA operating a

single healthcare management software system. Just as someone can send and receive the same e-mails from a range of different e-mail software clients, health record information can be made available to patients and physicians without every hospital in the nation moving to a single healthcare management software system. In fact, private sector experience shows using the same software does not guarantee information can be shared. By competitively selecting a core to replace its Legacy Systems, DoD will have an opportunity to evaluate a range of modern commercial alternatives in order to determine a best value approach.

#### **FY14 LEGISLATIVE IMPACTS FOR iEHR**

Current legislation passed by the House of Representatives addressing iEHR include Sections 713 and 726 of the National Defense Authorization Act (NDAA). The Department interprets Section 713 as requiring a report describing the Secretary's basis for selecting the preferred alternative. With this interpretation, the Department has no objection to Section 713 since it allows the flexibility to implement the Secretary's direction as outlined in his May 21, 2013, memo. Section 726, however, imposes extensive governance, design, schedule and reporting requirements and funding withholds that will impede the Department's ability to compete a full range of commercial solutions and significantly increase schedule risk and cost. In particular, the requirement to execute a joint iEHR development program per the Joint Strategic Plan is counter to the Department's competitive approach. Setting a deadline for deploying an integrated electronic health record could preclude a best-value solution. Overly restrictive criteria for meeting open architecture standards could also disqualify some effective, commercially developed solutions. The Department has similar concerns with the Military Construction, Veterans Affairs, and Related Agencies Appropriations Act which constrains VA funding for electronic health records. The proposed language, as written, constrains the VA funding to agreements established prior to the Secretaries new direction. The Department seeks to work with the Congress to streamline the multiple reporting mechanisms, conditions and oversight and advisory functions directed in Sections 713, 726, and the MILCON/VA Appropriations Act.

## CONCLUSION

Chairman McKeon, Ranking Member Smith, Chairman Miller, Ranking Member Michaud, and members of these distinguished Committees, again, thank you for the opportunity to testify today. The Secretary of Defense has taken very seriously the needs and responsibilities of the Department of Defense to provide first-class healthcare to our Service members and their dependents, and to enable the seamless sharing of integrated healthcare records between the Departments of Defense and Veterans Affairs. The Department is committed to ensure that our Service members receive the best service we can provide while in uniform. As importantly, we also have the responsibility to ensure that this same quality of health care and service is carried through to the end of a Service members' career when their status changes to civilian status as a Veteran.

The Secretary remains committed to fully cooperating with the Department of Veterans Affairs to continue ongoing efforts to create a seamless electronic health record integrating VA and DoD data in the near-term. In addition, the Secretary believes a competitive acquisition to acquire a healthcare software modernization solution will achieve the best value for the Department's Service members by evaluating all potential solutions and considering the costs and risks of the options that will be offered to the Department.

The Secretary and the Department greatly appreciate the Congress' continued interest and efforts to help us deliver the healthcare 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.

We look forward to your questions.