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Exhibit R-2, RDT&E Budget Item Justification: FY 2018 Defense Health Agency										Date: May 2017		
Appropriation/Budget Activity 0130: Defense Health Program I BA 2: RDT&E					R-1 Program Element (Number/Name) PE 0605026DHA I Information Technology Development - DoD Healthcare Management System Modernization (DHMSM)							
COST (\$ in Millions)	Prior Years	FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	FY 2019	FY 2020	FY 2021	FY 2022	Cost To Complete	Total Cost
Total Program Element	88.744	362.788	298.623	42.549	-	42.549	10.326	10.071	10.743	10.478	Continuing	Continuing
483A: Information Technology Development - DoD Healthcare Management System Modernization (DHMSM) at DHA	88.744	362.788	298.623	42.549	-	42.549	10.326	10.071	10.743	10.478	Continuing	Continuing
Program MDAP/MAIS Code: Project MDAP/MAIS Code(s): 496												
A. Mission Description and Budget Item Justification												
DHMSM will replace the DoD legacy healthcare management systems with a commercial off-the-shelf capability that is open, modular, and standards-based with non-proprietary interfaces. DHMSM will support the Department’s goals of net- centricty 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 practitioners and beneficiaries: - Clinical workflow and provider clinical decision support; - Capture, maintain, use, protect, preserve and share health data and information; - 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 - Analysis and management of health information from multiple perspectives to include population health, military medical readiness, clinical quality, disease management, and medical research.												
B. Program Change Summary (\$ in Millions)				FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total				
Previous President's Budget				438.376	298.623	42.549	-	42.549				
Current President's Budget				362.788	298.623	42.549	-	42.549				
Total Adjustments				-75.588	0.000	0.000	-	0.000				
• Congressional General Reductions				-	-							
• Congressional Directed Reductions				-	-							
• Congressional Rescissions				-	-							
• Congressional Adds				-	-							
• Congressional Directed Transfers				-	-							
• Reprogrammings				-42.005	-							
• SBIR/STTR Transfer				-33.583	-							

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<u>Change Summary Explanation</u> FY 2016: Prior approval reprogramming from Defense Health Program, Research, Development, Test and Evaluation (DHP RDT&E), Program Element (PE) 0605026-Information Technology Development - DoD Healthcare Management System Modernization (DHMSM) (-\$42.005 million) to DHP RDT&E, PE Joint Operational Medicine Information System (JOMIS) (+\$42.005 million). FY 2016: Realignment from Defense Health Program, Research, Development, Test and Evaluation (DHP RDT&E), Program Element (PE) 0605026 DoD Healthcare Management System Modernization (DHMSM) (-\$33.583 million) to DHP RDT&E, PE 0605502-Small Business Innovation Research (SBIR) / Small Business Technology Transfer (STTR) Program (+\$33.583 million). FY 2017: No change FY 2018: No change		

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COST (\$ in Millions)	Prior Years	FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	FY 2019	FY 2020	FY 2021	FY 2022	Cost To Complete	Total Cost
483A: Information Technology Development - DoD Healthcare Management System Modernization (DHMSM) at DHA	88.744	362.788	298.623	42.549	-	42.549	10.326	10.071	10.743	10.478	Continuing	Continuing
Project MDAP/MAIS Code: 496												
A. Mission Description and Budget Item Justification												
DHMSM will replace the DoD legacy healthcare management systems with a commercial off-the-shelf capability that is open, modular, and standards-based with non-proprietary interfaces. DHMSM will support the Department's goals of net- centricty 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 practitioners and 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 2016	FY 2017	FY 2018
Title: DoD Healthcare Management System Modernization (DHMSM) Program										362.788	298.623	42.549
Description: The DHMSM program acquired an integrated inpatient/outpatient Best of Suite (BoS) electronic health record (EHR) solution, augmented by the Best of Breed (BoB) product(s). The 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. The anticipated benefits include: 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 all DoD operational environments.												
FY 2016 Accomplishments: FY16 Accomplishments include the development of the Detailed Government Test Plan, Reviewed vendor Test Cases, conducting 12 Test Integration Work Groups (TIWG) to work with external Test Agencies and Stakeholders on test planning efforts. In addition, this program started contractor led Configuration and Integration Testing (CIT) of EHR system, completed the development of Implementation Plan which will be utilized for Go-Live of the EHR at the Initial Operational Capability (IOC)												

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B. Accomplishments/Planned Programs (\$ in Millions)			FY 2016	FY 2017	FY 2018
<p>locations in the Pacific Northwest, managed selection of medical and peripheral devices for test, observed the installation, and testing of medical and peripheral devices in the Fixed Facility Government Approved Labs (GAL).</p> <ul style="list-style-type: none"> • Prepared analyses and documentation for and conducted multiple Integrated Baseline Reviews for the program. • Conducted multiple engineering and readiness reviews, continued business management operations, and contract management oversight. <p>FY 2017 Plans: In FY17, continued plans include the support the continued software configuration, integration, and testing of multiple interfaces with the modernized EHR. This includes direct coordination with Interface Partners for interface control document development and test execution support. In addition, plans are to conduct System Engineering Technical Review 3 (SETR) Final Design Review (FDR) in support of scheduled Limited Fielding for IOC Authority to Proceed, the Segment 1 Test Readiness, conduct Operational Test Readiness review and execute Operational Assessment and Operational Test of Segment 1, support the long lead procurement efforts for the Go-Live of multiple Military Treatment Facilities (MTFs) post Full Deployment Decision in accordance with the Milestone Decision Authority approved schedule.</p> <p>Other plans include the operation and maintenance of the DHMSM system, including recurring configuration, integration, and test activities, software license maintenance, hardware refresh, system hosting, and recurring change management and training as applicable and continued business management operations and contract management oversight.</p> <p>FY 2018 Plans: For FY18, plans include the continued support for configuration efforts for interfaces with legacy systems, engineering and configuration at the IOC sites, completing system updates, testing, integration and deployment in response to the results of the Initial Operational Test & Evaluation (IOT&E), and addressing additional configurations identified for the modernized DHMSM EHR during limited fielding for IOC. This will be done by the purchase required commercial software licenses and multiple deployments of the modernized DHMSM EHR to Military Treatment Facilities (MTFs) after the scheduled Full Deployment Decision is approved by the Milestone Decision Authority (MDA); deployment activities include site visits, localized configuration, deployment activities and on-site deployment support for multiple Wave Deployments (each containing multiple MTFs and Clinics), and O&M of the DHMSM system, including recurring configuration, integration, and test activities, software license maintenance, hardware refresh, system hosting, and recurring change management and training as applicable.</p>					
Accomplishments/Planned Programs Subtotals			362.788	298.623	42.549

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

Line Item	FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	FY 2019	FY 2020	FY 2021	FY 2022	Cost To Complete	Total Cost
• BA-1, PE 0807787: DoD Healthcare Management Systems	63.130	129.969	203.725	-	203.725	246.122	317.228	340.071	354.515	Continuing	Continuing
• BA-3, PE 0807787: Information Technology Development and Sustainment - DoD Healthcare Management System Modernization	0.000	29.468	499.193	-	499.193	547.160	532.476	474.888	266.526	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.