

**STATEMENT OF THE HONORABLE DAVID J. SHULKIN
SECRETARY OF VETERANS AFFAIRS**

**FOR PRESENTATION BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES
ELECTRONIC HEALTH RECORDS MODERNIZATION**

November 15, 2017

Good morning, Chairman Frelinghuysen, Chairman Dent, Ranking Member Lowey, Ranking Member Wasserman Schultz, and Distinguished Members of the House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies. Thank you for the opportunity to testify today regarding VA's Electronic Health Record Modernization (EHRM) plan. I am accompanied today by Scott Blackburn, Executive in Charge of Information and Technology, and John H. Windom, Program Executive for Electronic Health Records Modernization. This statement will not discuss costs or other sensitive details due to the prohibition on the release of source selection and contractor bid or proposal information. I will be happy to discuss any details with you in the closed hearing.

The health and safety of our Veterans is one of our highest national priorities. On June 5, 2017, after carefully studying the data, I announced my decision to adopt the same electronic health record (EHR) system as the Department of Defense (DoD), which at its core is about improving VA services and significantly enhancing the coordination of care for Veterans who receive medical care not only from VA, but DoD and our community partners. Having a Veteran's complete and accurate health information in a single common EHR system is critical to that care, and to patient safety. This new EHR system will enable VA to keep pace with the improvements in health information technology and cyber security which the current system, VistA, is unable to do. In addition, the new EHR will support the critical need for VA to successfully and efficiently share patient data with DoD and community partners.

With Congress's urging, VA and DoD have been working together for over 17 years on EHR issues. While we have established some interoperability between VA and DoD for key aspects of the health record, we still do not have the ability to transmit information to seamlessly execute a shared plan of care for our Veteran patients. Without improved and consistently implemented national interoperability standards, VA and DoD will continue to face significant challenges in providing the highest quality of care for our Veterans.

For these reasons, I decided that VA would adopt the same EHR system as DoD. Adopting Cerner's EHR system, which I believe is in the Veterans' and the public's interest, will ultimately result in all patient data residing in one common system. It will enable seamless care between the Departments without the current manual and

electronic exchange and reconciliation of data between two separate systems that we still have to rely upon today. It will also result in better service to our Veterans because transitioning service members will have their medical records at VA on day one.

Replacing VistA is a Must

Continuing to maintain VistA is more costly in the long-run and will not meet full interoperability. To bring VistA up to where it needs to be, is our most expensive option. VA would have to spend \$19 billion over ten years to upgrade and maintain VistA to industry standards, and this still would not provide all the needed upgrades and interoperability with DoD. In addition, VA currently has fewer programmers than it did when VistA was designed. VistA is, in many ways, like the car that we love and don't want to trade in, though it is now costing us way too much money to maintain.

The reality is that the VistA system itself represents 130 different evolutions of the VistA EHR, further complicating the goal of true interoperability. Continuing to pursue VistA EHR interoperability would fall short in providing Veterans the quality health care that we can while throwing good money after bad. Even if VA were to make the required upgrades to VistA, it still would not be able to deliver all the capabilities that the new Cerner EHR system will include, specifically a single common system to provide seamless care with DoD, and improved integrated interoperability with community providers via health information exchanges.

Funding Request

The EHRM cost will support the new EHR contract, necessary infrastructure improvements for VA to support the EHR system, and a Program Management Office (PMO) support contract to provide quality assurance (clinical/technical) IV&V testing, earned value, and other support necessary to oversee EHRM efforts. Additional details can be provided in closed session. Failing to adequately fund the initiative will increase total costs and implementation time.

Transfer Request to Fund FY 2018 Requirements

We want to work with Congress to find a solution that provides the needed funding for EHR modernization requirements in FY 2018. For FY 2018, the initial year of the contract, VA is proposing to fund the project entirely from within our existing resources. VA proposes to redirect a total of \$782 million in FY 2018 to initiate the EHRM project - \$92 million from the OI&T account and \$690 from the Medical Care accounts. However, because there is a 10 percent transfer limitation into the IT account and funding restrictions under the Continuing Resolution, VA has requested to transfer \$373.8 million at this time. This is the minimum level needed to allow VA to execute the contract for a new electronic health record system, begin IT infrastructure modifications, and expand VA's EHRM Program Management Office to manage implementation and oversight. Absent an appropriations bill by the end of the calendar year, the proposed

transfer and reprogramming is necessary to promptly award the contract and prevent cost increases due to contract delays.

The transfer amount will come from higher than anticipated unobligated balances in Medical Services, and a modest reduction to the Medical Support and Compliance (MS&C) account. The total transferred resources in FY 2018 represents less than one percent of the anticipated Medical Care resources available in FY 2018. EHRM will improve VA services and significantly enhance the coordination of care for Veterans who receive care not only from VA, but from DoD and the community.

Of the initial transfer amount of \$373.8 million, \$49.9 million will come from the Medical Support and Compliance account. This MS&C transfer will directly support the PMO activities for EHRM. The funding is available from FY 2017 unobligated balances due to reduced funding for VHA central office program offices, as the VACO hiring freeze and modernization efforts to de-layer VACO proceed.

The remaining funding for the initial transfer comes from Medical Services account budget for equipment. The transfer of Medical Services carryover reflects the postponement of some medical equipment refresh until the end of 2018 or early 2019. After the transfer is executed, VHA will have approximately \$1.2 billion for equipment in FY 2018. VHA will prioritize equipment needs to ensure any urgent needs are met to provide care to our Veterans.

Failure to fully fund the \$782 million in FY 2018 is not an option as it will escalate costs and reduce DoD coordination. VA would welcome FY 2018 appropriations being enacted before the end of the calendar year, and we acknowledge your concerns with the proposed offsets to internally fund EHR modernization in 2018. However, we do have to act quickly. We achieve substantial discounts by aligning our EHR deployment and implementation with DoD's. Absent an appropriations bill being enacted by the end of the calendar year that funds the EHR modernization plan, we will ask Congress to approve the transfer request so that we can promptly award the contract. That contingency avoids cost increases and allows us to move forward with the IT infrastructure modifications and expanding our Program Management Office to provide oversight and manage implementation.

Efficiencies as a Result of EHR Modernization

VA will find considerable savings/efficiencies across our existing systems. All VistA EHR elements will be replaced by our Cerner EHR modernization efforts. The Cerner solution and VistA EHR will be operating simultaneously for an extended period of time with the appropriate decommissioning plan of VistA to ensure no disruption of services to our Veterans during the transition of capabilities from VistA to our modernized EHR.

The VA Electronic Health Record Modernization (EHRM) Team is working hand-in-hand with their DoD counterparts to ensure that seamless care and information

exchange objectives are fully realized. Efforts include the exchange of lessons learned, alignment of EHRM deployment schedules to support early interoperability successes and the establishment of an interagency governance board to promote configuration management control and long-term adherence to interoperability objectives.

Oversight and Transparency

VA will provide full transparency in this project, including an Initial Operating Capability (IOC) milestone and other decision points prior to full deployment. We would also like to request establishment of a separate new appropriation account for EHRM costs. A separate account would allow all EHRM costs to be captured in one place, provide full transparency of and accountability for resources, and enhance EHRM implementation.

Conclusion

I ask for your continued steadfast support in approving our plans to move forward with the Cerner EHR contract award, and for your continued partnership in making bold changes to improve our ability to serve Veterans. I look forward to your questions.