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BEFORE THE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON TECHNOLOGY MODERNIZATION
U.S. HOUSE OF REPRESENTATIVES**

“VA SUPPLY CHAIN MODERNIZATION: READY FOR PRIME TIME?”

April 9, 2024

Good afternoon, Chairman Rosendale, Ranking Member Cherfilus-McCormick, and Members of the Subcommittee. I am pleased to appear before you today to discuss VA's Supply Chain Modernization (SCM) achievements thus far, and next steps for this critical initiative. Joining me today are my colleagues, Dr. Ronald Miller, Deputy Assistant Under Secretary for Health for Support for the Veterans Health Administration (VHA), and Mr. Dewaine Beard, Principal Deputy Assistant Secretary for the Office of Information and Technology (OIT).

VA's supply chain mission is to ensure cost-effective, clinically focused delivery of the highest quality care and benefits with the greatest value and customer experience for Veterans, caregivers, survivors and families, and VA's workforce. The success of this mission depends on the input and support of VA's many stakeholders, and we are committed to engaging them throughout this process. This includes Congress, and I welcome today's discussion with you to provide you a long overdue update of this critical project as we mark a key milestone.

Modernizing VA's supply chain is much more than just mechanically deploying a new information technology (IT) system or software implementation. It also supports the effort to enable fundamental change in how business and health care work processes are performed within VA. It presents us with opportunities to transform the way we do business and deliver health care, as well as to standardize that delivery using an integrated approach to achieve improvements in patient safety and efficiency in health care all while focusing on human centered design to ensure user adaptability across the enterprise. It is also important to note that there is no singular technology solution that will modernize VA's supply chain because VA's supply chain is not a singular system, but a combination of multiple component supply chains including, but not limited to, facilities, high tech medical equipment, IT, medical supplies, the National Cemetery Administration, pharmaceuticals, prosthetics, and the Veterans Benefits Administration.

Through this SCM effort, VA is changing how complex systems are acquired in VA by incorporating lessons learned from previous programs, the Government Accountability Office, Office of Inspector General, and industry recommendations to ensure success. Additionally, we are using this SCM program as our initial pilot for the deployment of our new Acquisition Lifecycle Framework (ALF) process. ALF aligns

acquisition and program and project management practices with laws, regulations, and policies; includes leading industry acquisition standards such as the Capability Maturity Model Integration Acquisition; and is customized to the VA environment. To date, VA has followed this enterprise-wide methodical process to begin to modernize our supply chain utilizing these acquisition best practices and incorporating appropriate governance and oversight that previous efforts could have benefited from. This has been and will continue to be a deliberate, field-driven, iterative process in that the project has to complete multiple milestones before we fully commit to deploying the expected enterprise solution. Because the initial tasks of the contract are designed to assess the feasibility, approach, and scope of the supply chain effort, the SCM effort has not yet been assessed as a major IT project as defined in the Joseph Maxwell Cleland and Robert Joseph Dole Memorial Veterans Benefits and Health Care Improvement Act of 2022. VA's overarching business objectives of the SCM program are to:

- Provide enterprise visibility of inventory management, asset management, order management, and supply chain risk management;
- Enhance the accessibility and availability of vital medical supplies, equipment, and pharmaceuticals to better meet the needs of our Veterans;
- Streamline procurement processes, minimizing delays and ensuring timely delivery of critical resources;
- Embrace advanced data analytics and forecasting capabilities to optimize inventory management and reduce waste;
- Improve transparency and accountability across the supply chain, promoting efficiency and cost-effectiveness; and
- Foster collaboration with industry partners and leverage their expertise to drive innovation and maximize value for Veterans and VA employees.

SCM: Program Management and VA Governance

In September 2023, VA appointed VHA as the SCM Executive Agency and chartered the VA Logistics Redesign (VALOR) Program Management Office to oversee the SCM program. VALOR plays a pivotal role in overseeing the comprehensive transformation of VA's existing enterprise supply chain infrastructure. VHA was selected as the Executive Agency through VA's governance process to lead the enterprise supply chain effort as they had the already established VALOR office with trained acquisition personnel in place.

By leveraging cutting-edge technology, advanced analytics, and industry best practices, VALOR, working with OIT, will drive innovation and implement state-of-the-art supply chain capabilities that optimize efficiency, minimize costs, and ensure timely availability of critical resources across the Department.

VA also chartered an Enterprise Supply Chain Board (ESCB) to integrate VA's supply chain efforts under a single governing body to bring together the goals, governance structure, and roles and responsibilities of the Enterprise Supply Chain program. The ESCB also governs the overall enterprise SCM effort by framing issues, establishing and addressing priorities, approving recommendations, and driving leadership approval. During its first meeting in October 2023, the ESCB established three supply chain committees that will ensure alignment of VA supply chain operations. The Supply Chain Policy, Business Operations, and Systems and Data Management committees will support current operations by fostering integrated planning and collaboration on approved objectives, initiatives, processes, and performance indicators. The ESCB may continue to develop committees, as needed, and is in the process of establishing a change management and communications strategy. Furthermore, the structure has checks and balances in place to ensure enterprise involvement to include OALC as the Co-Chair of the ESCB, as well as manages any contract actions and program management and logistics reviews that may occur, and the CAO as the Program Decision Authority.

SCM and Contract Award

Any SCM acquisition will be an Indefinite Delivery, Indefinite Quantity (IDIQ) Services contract. It is important to note that only Task Order 1 – Validation Phase, has been approved through the Federal Information Technology Acquisition Reform Act (FITARA) review led by VA's Chief Information Officer (CIO). This initial task will last no longer than 5 months and is designed to define the pilot and incremental deployment strategy. This strategy will become the framework for an implementation schedule.

Upon completion of this initial phase, VA will accomplish a milestone review, including FITARA compliance, to determine whether to proceed with the Pilot phase. Upon completion of the Validation and Pilot phases, a go/no-go milestone review will be held to determine if this effort should proceed to the next two phases: Deployment and Sustainment. The implementation strategy for deployment will inform the assessment and determination by the CIO of this program being designated as a major IT project, pursuant to the VA IT Reform Act of 2021.

Through the Consolidated Appropriations Act, 2024 and the President's Budget for Fiscal Year 2025, VA will have the necessary resources to begin the outlined activities. VA remains committed to getting SCM right for Veterans. We aim to serve as a model for innovation, applying industry best standards with an eye towards adapting for the future as Veterans' needs evolve. To that end, we are committed to working with VA's stakeholders, including this Subcommittee, to accomplish this important initiative.

Conclusion

Chairman Rosendale, Ranking Member Cherfilus-McCormick, and Members of the Subcommittee, this concludes my testimony. Thank you for the opportunity to speak about VA SCM. My colleagues and I are pleased to answer any questions that you may have.