THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

November 17, 2026

The Honorable Mark Takano
Ranking Member
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, DC 20515

Dear Representative Takano:

Thank you for your October 6, 2026, letter to the Department of Veterans Affairs (VA), regarding our effort to bring the benefits of Electronic Health Record Modernization (EHRM) to Veterans across the country.

With your continued support, VA is accelerating the deployment of this bipartisan priority, after the program was nearly dormant for almost 2 years under the Joseph Biden Administration. Our work has allowed VA to expand this improved system to 13 VA hospitals (https://news.va.gov/press-room/va-deploys-electronic-health-record-system-to-hospitals-in-cleveland-anchorage/) so far this year. Consequently, 42,000 VA clinicians and staff are providing more connected, efficient, and patient-centered care to over 780,000 Veterans at 19 VA hospitals and associated clinics.

Oracle Health Contract Ceiling

The higher cost of this project should have been well known to Congress for over a year. VA notified Congress in September 2025—and specifically notified your Committee—that the estimated cost of this effort is $37.2 billion through 2031. The celling for the Oracle Health contract extension reflects the higher costs.

VA did not make this decision "quietly," and there was no effort to "redact" the amount of the extension. The notice of solicitation on August 11, 2026, that you cited, followed Federal law, which prohibits the inclusion of certain information until the contract has been awarded. Our notice of the contract extension and ceiling increase on August 19, 2026, included all cost information and is publicly available online: https://sam.gov/workspace/contract/opp/0817db124a424e0b840dacb2e18cdd7b/view.

There are many reasons for the increase in the Oracle Health contract ceiling, including the following:

- The Biden Administration's decision to halt and essentially freeze work on EHRM from 2022 to 2024 added at least $1 billion in unexpected costs.

- VA refined the criteria required to successfully implement the Federal EHR at scale, identifying specific clinical, operational, interoperability, pharmacy, and revenue-cycle requirements. For example, the calculations that informed the initial contract ceiling underestimated the number of external medical

systems—like bedside monitors, medication cabinets, imaging systems and more—that would need connections to the new system. The original contract also assumed that VA would assume portions of training and helpdesk support, which have proven to be more effective for Oracle Health to deliver. In addition, VA and Oracle Health refined the deployment methodology for this complex system based on lessons learned through early VA deployments.

- Additionally, VA has required some custom modifications to the Oracle Health system, particularly in pharmacy and billing, to account for unique aspects of VA health care that differ from commercial health systems.

VA arrived at the revised ceiling, accounting for deployment, sustainment, hosting, licensing, training, and support requirements. The estimate applies the established, complexity-based deployment pricing to the medical centers that have not yet gone live and incorporates recurring costs as additional facilities begin using the system.

The contract ceiling presents the maximum ordering authority available to VA. It does not obligate VA to spend the full amount. Work will continue to be ordered and funded through separately negotiated task orders supported by appropriate cost estimates and price determinations. In addition, the ceiling increase does not relieve Oracle Health of costs it previously agreed to absorb in connection with identified performance issues, delays, or remediation.

Independent Cost Estimate and Deployment

VA recently compared its current Program Office Estimate (POE) with the independent cost estimate completed by the Institute for Defense Analysis (IDA) in 2022. After adjusting the estimates to provide an equivalent basis of comparison, VA's current estimate is approximately 5% higher than the adjusted independent estimate. The remaining difference primarily reflects VA's use of actual program costs incurred since 2022 rather than the projected costs available when the independent estimate was developed. VA believes this relatively small variance supports the validity of the POE and that the 2022 IDA independent cost estimate continued to serve its purpose as an independent reference.

VA also considered the effect of the accelerated deployment schedule on program costs. Accelerating deployment concentrates implementation expenditures over a shorter period and brings forward recurring sustainment costs as more facilities go live. Completing deployments sooner reduces the time during which VA must both operate the Federal EHR and approximately 130 legacy VistA systems. Because the standard deployment model fixes Oracle Health's price per site by complexity, the contract cost of a deployment does not rise when more sites are scheduled in a year.

Patient Safety

Before accelerating deployment, VA reviewed patient safety reports, technical incidents, root cause analyses, readiness assessments, and lessons learned from deployed sites. VA found an increase in patient safety event reporting after implementation but determined that reporting volume alone did not correspond with an increase in patient harm. Rather, increased reporting reflected enhanced surveillance and a strong culture of safety reporting.

VA's analysis identified recurring issues involving clinical workflows, medication management, referrals, diagnostic orders, data migration, interoperability, user access, and the alignment of the system with local clinical practices. VA used the findings to inform software enhancements, workflow changes, targeted training, readiness reviews, and other mitigation strategies incorporated into subsequent deployments. VA continues to use patient safety data and lessons learned to support deployment readiness, risk mitigation, continuous improvement across the EHRM program. VA will also continue to encourage reporting of patient safety concerns throughout the lifecycle of the Federal Electronic Health Record.

Veterans' Privacy and Accessibility

VA also remains committed to protecting Veteran's information. The contract prohibits Oracle Health from using Veteran data to develop or benefit its commercial products, and VA has found no evidence that Oracle Health is using Veteran data for those purposes. Health care data created with VA's system belongs to the United States Government. Oracle Health hosts the data only to run the services VA ordered. Oracle Health may not sell, license, analyze, or share the data with anyone without VA's written permission. If or when a contractual relationship ends, Oracle Health would be required to return the hosted data to VA and delete every copy.

Similarly, VA recognizes that accessibility is necessary to ensuring both employees and Veterans can use the system. VA was aware at the time of acquisition that the commercial electronic health record product was not fully compliant with Section 508. VA selected the same core platform used by the Department of War to improve interoperability and continuity of care for services members transitioning to Veteran status.

Since implementation, VA has worked with Oracle Health and the VA Section 508 Program Office to assess, track, and remediate accessibility issues through reviews, audits, and ongoing system improvements. As part of VA's long-term strategy, the migration to Oracle Cloud Infrastructure (OCI) will pave the way for implementing Oracle Health's complete redesign of the Oracle Electronic Health Record user interfaces, which are being built from the ground-up to be fully 508-accessible. While

planning and preparation for the OCI transition are underway across all Federal EHR partners, VA continues deploying incremental block fixes at the site level to address existing 508 deficiencies; this is done at no extra charge under the existing contract structure.

Continued Transparency

VA appreciates the Committee's continued oversight of this crucial program and will continue to provide information concerning program costs, deployments, system performance, and patient safety through established mandated reports and recurring briefings.

Thank you for your continued support of our mission.

Sincerely,



Douglas A. Collins

cc: The Honorable Mike Bost