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DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF
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BEFORE THE
SENATE COMMITTEE ON VETERANS AFFAIRS

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Thank you Chairman Akaka, Ranking Member Burr, and members of the Committee. It is indeed a pleasure to appear in front of you again to discuss the state of VA's Office of Information and Technology. My testimony will address the current status of the Department's major Information and Technology (IT) transformation initiatives as well as our future plans.

Sixteen months ago, the members of this Committee confirmed me as President Obama's choice for Assistant Secretary of Information and Technology. During our pre-hearing discussions, you made it clear that you understood the significant challenges VA faced with information technology. I have appreciated your insights and support over the last 16 months to bring VA's technology into the 21st century.

Under this Administration, the Office of Information and Technology has made substantial strides forward, and is well on its way toward achieving the goal of being the best IT organization in the Federal government, and comparable to many well-run private sector IT organizations. Indeed, in a number of areas VA has blazed a trail of innovation that the rest of government is beginning to follow. I would like to hit the high points of the last 16 months for you.

Customer Service:

The most dramatic change at VA has been in the relationship between OI&T and the Administrations (Veterans Health, Veterans Benefits, and National Cemeteries). With the Under Secretaries, and with the continuous support of Secretary Shinseki, we have set a tone of cooperation that has made it possible for us to effectively address many difficult problems at the second largest agency in the Federal government. As an example, the successful delivery of the new GI Bill long-term processing solution, discussed in detail later in my testimony, was clearly an intense cooperative venture between OI&T and the Veterans Benefits Administration (VBA). Whenever asked by the Secretary about an issue or a success regarding the GI Bill, our team's answer consistently starts with "we." We built the system as a team, and we delivered the system as a team and that relationship is the single largest contributing factor to what is, for VA, a stunning victory and reversal of past practices—the successful installation of the GI Bill system on schedule in March of this year, and the complete conversion of all GI Bill processing to this system next August.

Thanks to Robert Petzel, M.D., Under Secretary for Health, Mr. Michael Walcoff, Acting Under Secretary for Benefits, and Mr. Steve Muro, Acting Under Secretary for Memorial Affairs, that same cooperative approach has spread throughout VA and continues to thrive. Together, we are ensuring that our staffs “get the message” that only by working together can we solve problems and not point fingers.

Program Management Accountability System:

In June of last year, after dealing with the failure of the Replacement Scheduling Application (RSA), this administration introduced the Program Management Accountability System, or PMAS. Soon after, we stopped 45 ongoing and failing IT projects and, after analysis, canceled 12 and re-formed the other 33 to meet the strict requirements of PMAS. Our actions on those 45 projects generated \$54 million in cost avoidance in 2010, allowing us to put those dollars to use on other critical investments to serve America’s Veterans, their families and survivors. More importantly, we substantially decreased the risk of failure in the 33 projects that were re-planned and re-formed.

Under PMAS, all projects must deliver customer-facing functionality every 6 months (or less) without exception. This rapid delivery approach, with names such as Incremental or Agile development, is already used extensively throughout the private sector, where they cannot afford to waste millions on IT projects that never deliver. For VA, we combined rapid delivery with a management methodology that enforces strict adherence to project milestones.

The level of culture change accomplished within the VA IT development area over the last year simply cannot be understated. In March of this year, it became VA policy that all systems development projects would be managed under PMAS. Over 2,500 development staff, employees and contractors, now focus on making committed schedule dates as paramount, and break down all projects into deliverables that can be accomplished in less than 6 months. The measurable results are dramatic.

Last year, approximately 283 development projects at VA met their milestone dates an estimated 30 percent of the time. I say estimated because we have no real way of knowing, as IT development projects simply weren’t tracked to their committed dates prior to PMAS. Today, VA has 97 active development projects, tracked in real-time through a project database and dashboard -- they are meeting their milestone dates over 80 percent of the time. I know of no other Chief Information Officer (CIO), government or private sector, who has this level of insight into such a large portfolio of development projects. I can assure you, however, that most IT development organizations, public or private sector, would be ecstatic with meeting 80 percent of their committed milestones.

In 2010, VA had a cost avoidance of nearly \$200 million by eliminating poorly performing

projects and restructuring many others to lower risk, reduce spend rates, and incremental development plans.

Information Security:

As you are aware, the VA IT enterprise is massive, with 153 hospitals, 853 community-based outpatient clinics (CBOC), 57 benefits processing offices, and 131 cemeteries and 33 soldier's lots and monument sites on a single, consolidated network. Our mission requires that we hold Personally Identifiable Information and Personal Health Information on approximately 26 million Veterans, and that we make that information available quickly to health care providers and benefits personnel who need it to provide the most effective services to Veterans. Our network supports over 400,000 users, and over 700,000 devices.

To vastly improve our information security posture, this spring we embarked on a project to provide visibility to every desktop on the network by the end of the fiscal year. I am pleased to report that we achieved that goal, thanks to a lot of hard work on the part of many OI&T employees. By the end of the calendar year, we will also have achieved full implementation of our medical device isolation architecture, which is essential to mitigating security vulnerabilities in our medical devices. Finally, we will achieve full visibility to every device on our network during fiscal year 2011, putting us on par with the best managed private sector organizations. Our ability to provide immediate response to vulnerabilities and threats within our enterprise, as well as enacting a proactive approach to centralized monitoring, reporting, compliance validation and providing maximum service availability, is quickly establishing VA as a model of excellence for the rest of the Federal Government.

Operational Excellence:

I am proud to tell you that our operations organization provides excellent service to our hospitals, benefits offices, and cemeteries. I can tell you this because, starting in my first month at VA, we began to measure and publish key metrics that tell us how we are doing. We started at the core, measuring network availability (which averages 99.99 percent), Veterans Health Information Systems and Technology Architecture (VistA) system availability (99.95 percent), and help desk wait times. We have expanded these measurements to include a list of nearly 167 metrics covering aspects of our network, our service provision and our system/application provisioning that help us understand what works well and what does not.

Along our customer service theme, we are now focusing on providing metrics on how well we are doing at each individual VA facility. We will soon begin reporting key IT support metrics at each VA facility, allowing national operations staff to work more easily and more quickly with the facility CIO and the facility director to identify and address issues that cause poor support. We also recently introduced a program to allow continuous monitoring of customer satisfaction at each facility, measured in a way that lets us compare customer satisfaction for our services versus those of similar private sector organizations. We intend to continue to augment the reporting of metrics and automate the collection of vital information thru the implementation of Enterprise Management Framework (EMF). The ability to measure these key processes and adjust accordingly is central to continuous operational improvement—a hallmark of a mature

operation. Customer satisfaction is a local issue. In an enterprise the size of VA, it is not enough to focus on the averages. We must work to identify and address issues that affect local customer support and satisfaction, and to play our part in ensuring that each Veteran receives the best services possible.

Financial Management:

Finally, we created a detailed financial plan for OI&T in both 2010 and 2011, known as the Prioritized Operating Plan. This plan has two main purposes. First, it creates a vehicle for us to agree, with our customers, on what the high priority IT services and projects are, and allocate our resources to ensure success on the most important items. It also allows us to communicate, clearly and objectively, which projects and services will not be accomplished. Second, it allows us to track our expenditures, from plan to budget to spend to results, and know the business purpose for spending each dollar and then track the results we expect to obtain from the expenditure.

Project Delivery Highlights

I would like to take a moment to talk about three projects that have been notable successes for VA IT over the last year.

New GI Bill Long Term Solution (LTS):

As I mentioned earlier, I'm pleased to report that VA has made tremendous strides in delivering Post-9/11 GI Bill benefits in a timely and accurate manner. We've also made significant progress in the development and deployment of our new processing and payment system. As a result of these significant strides, VBA recently reported that at the end of August last year, VA had processed payments for only 8,185 students for the fall 2009 semester. For the current fall term, VA has already processed payments for more than 135,000 students. The average time to process an enrollment certification in August 2010, was 10 days, down from 28 days one year ago.

We delivered and deployed Release 1.0 of the long-term solution (LTS) on schedule on March 31, 2010. In June and August 2010, we successfully deployed Releases 2.0 and 2.1 of the LTS. Release 2.0 allowed the complete processing of all new claims under the LTS, while Release 2.1 allowed the conversion of all previously processed records from the "Interim Solution" to the LTS. Through these deployments, we successfully converted over 500,000 Chapter 33 claimant records from our interim processing system into the LTS and are paying over 600,000 claimants from the LTS. We also added greater functionality to that originally planned for the LTS, adding functionality to include: enabling payment of retroactive housing allowance adjustments to those individuals eligible for the increased rates in 2010; automatically generating letters to individuals to provide them better information on their benefits; and facilitating claims processing for the Fry Scholarship recipients. VA is now processing all Post-9/11 GI Bill claims in this new system, thereby replacing the interim processing system and its associated manual job aides.

Most importantly, the new system was installed, and record conversion accomplished, with no significant errors. This meant that we were able to achieve our primary goal, which was to have the LTS installed in time to process fall semester claims without introducing processing errors or

delays that might affect claims processing. The success of this roll-out is well above the industry norm.

While delivery of the LTS has been accomplished, functionality to automate interfaces to other systems has been delayed. The interfaces with the VA-ONCE system for certification of enrollment, and the benefits delivery payment system, previously scheduled for September 30, 2010, are now scheduled for October 30, 2010, and December 31, 2010, respectively. These delays are due primarily to the level of effort required to ensure that data conversion and basic allowance for housing (BAH) retroactive payment calculations were accomplished without introducing processing errors that would require manual correction and thus impact fall benefit processing.

Pharmacy Re-Engineering:

Pharmacy Re-Engineering (PRE) was one of the original 45 projects stopped in June 2009 under PMAS. At that time, PRE was a classic case of a VA IT project that had been unable to deliver functionality to customers over a period of many years. At the time it was stopped, PRE had just announced another one year slip in its delivery schedule, and management was not confident that no further slips would be encountered.

In October 2009, we re-formed and re-started the project under an incremental delivery project plan, with six increments originally defined. I am pleased to report that Pharmacy Re-Engineering is now in production in our Charleston, SC facility, and will soon move into beta test at additional facilities.

PRE Increment 1 (Foundational Enhancements) reached Initial Operating Capability (IOC) on October 23, 2009, a full 39 days ahead of schedule. This release provides tools to allow sites to begin setup required for Increments 3-4 and minor enhancements to the existing pharmacy system.

PRE Increment 2 (Pharmacy Enterprise Customization System) reached IOC as scheduled on March 5, 2010. This release provides tools to allow customization of commercial software system data used for medication order checking to better meet VA business practices.

PRE Increment 3 (Medication Order Check Healthcare Application – Non Dosing) reached IOC on June 29, 2010. This release was delivered 28 days beyond its planned due date because of delays in dependent projects and issues related to testing required before going live in a hospital environment. Enhanced order checks included in this release address a number of critical patient safety issues in legacy pharmacy applications.

PRE Increment 4 (Medication Order Check Healthcare Application – Dosing) reached IOC as

scheduled on August 30, 2010. New maximum daily dose, daily dose range, and dosing guidelines provide clinicians with tools to reduce potential over- or under-dosing of prescribed medications.

When fully deployed, PRE increments 1-4 are expected to reduce accidental dosing errors (ADEs) by approximately 10 percent and will be used by approximately 10,000 pharmacy employees in the processing of 108 million outpatient prescriptions and 15 million inpatient orders annually. All of this will enhance the continued success of our Malcom Baldrige Award-winning VA Pharmacy system.

VLER

In April 2009, President Obama charged the Secretaries of Defense and Veterans Affairs with creating a Virtual Lifetime Electronic Record (VLER) to improve our ability to provide services to our Nation's Service Members, Veterans, their families and their beneficiaries. We have made substantial progress. Most visibly, we are now "live" in two pilots of the Nationwide Health Information Network in San Diego, CA and Hampton Roads in Norfolk, VA. This Nationwide Network is critical to VLER in that it will provide access to private sector records that are a large part of the lifetime of care received by Servicemembers and Veterans.

We have also implemented a consolidated eBenefits portal where Servicemembers and Veterans can access information on the benefits they are receiving or may be due. The eBenefits portal will eventually be the single point of entry for all benefits information. Perhaps most importantly, the eBenefits portal effectively bridges the conversion from active duty to Veteran status by allowing Servicemembers to retain the same login information they had as an active duty participant. This simple change is critical to the VLER concept.

Also critical to the VLER concept is the adoption by VA this summer of the Department of Defense's (DoD) Electronic Data Interchange—Personal Identifier, or EDI-PI, as the common identifier to be included in all VA records. This ensures that, once authenticated, both VA's and DoD's systems will have a shared, common way of identifying all records about a single individual. Thanks to outstanding DoD cooperation, we have also agreed that DoD will provide an EDI-PI for all individuals seen by VA, even if they were not known to DoD when the Veteran served.

Looking Forward:

While I am proud of the accomplishments of the VA IT organization over the last 16 months, I also recognize that much, much more work remains to be done. As the only Department-level consolidated IT organization, I believe that VA IT must strive to be a leader both inside and outside of government. To that end, I would tell you what my goals are for us in the coming years:

1. Deliver effectively and efficiently the new Veterans Benefits Management System, aiding

Veterans Benefits Administration in achieving the Secretary's goal of "breaking the back of the backlog."

2. Achieve the Virtual Lifetime Electronic Records initiative.
3. Deliver the IT projects essential to the other 14 major initiatives that will promote the transformation of VA as envisioned by Secretary Shinseki.
4. Create an Open Source model for the VistA electronic health record system, bringing back the innovation that made VistA the best electronic health record system in the country.
5. Solidify and refine PMAS to ensure that VA IT development projects continue to meet aggressive yet realistic customer delivery milestones.
6. Leverage the "visibility to the desktop" initiative to ensure compliance with critical information security policies throughout the enterprise.
7. Continue to ensure VA IT transparency by publicly publishing PMAS data, operational metrics, privacy breaches, and other management information of interest to the public.
8. Increase internal customer satisfaction with VA IT services by focusing on local support metrics and satisfaction.
9. Maintain the prioritized operating plan as the primary vehicle for communicating with our internal customers on budget decisions.
10. Continue to implement IT infrastructure improvements that increase our service levels and decrease cost.

Conclusion:

Mr. Chairman, while we have made many significant improvements and had many successes over the last 16 months, we have only just begun down the path that we must follow to achieve our ultimate goal of a 21st Century VA. I think it best to reiterate the words from my confirmation testimony that are still quite true today: "There is no easy path, no simple answer, and no short-cut solution to creating a strong IT capability at VA. Achieving this will require hard work, disciplined management, and honest communications." Thank you Mr. Chairman, Ranking Member Burr, and members of this committee for your continued support of Veterans, their families and survivors, of VA, and of our efforts to transform VA IT. I am prepared to answer any questions at this time.