



JAN 10 2007

Mr. Thomas Johnson, Secretary
Department of Veterans Affairs
1227 O Street
Sacramento, CA 95814

Dear Mr. Johnson:

Feasibility Study Report for the Enterprise-wide Veterans Home Information System, Project Number 8950-49

The Department of Finance (Finance) has completed its review of the Department of Veterans Affairs (DVA) Feasibility Study Report (FSR) for the Enterprise-wide Veterans Home Information System (Ew-VHIS) project. Based on our review of the FSR, Finance approves the expenditure of resources for this project subject to the conditions specified in this letter.

Table with 4 columns: Project Cost, One-time, Continuing, Total. Rows include Project Cost, Project Schedule, and Oversight Criticality Rating.

The DVA provides the state's aged or disabled veterans with rehabilitative, residential, and medical care and services in a home-like environment by currently operating Continuing Care Retirement Community healthcare facilities (veterans homes) located in Yountville, Barstow, and Chula Vista. To meet the needs of additional veterans and in a cooperative effort with the United States Department of Veterans Affairs (USDVA), the DVA plans to construct three new veterans homes in West Los Angeles, Lancaster, and Ventura that are referred to as Greater Los Angeles Ventura County (GLAVC). Construction of the first GLAVC veterans home is scheduled to be complete in December 2008 and will start accepting residents April 2009.

The Ew-VHIS is a medical health information system that the DVA will use to manage the long-term and acute care health records of patients and perform medical billing and reimbursement functions. The DVA proposes a phased implementation of the Ew-VHIS first at the GLAVC homes (as they open) and then as a replacement of the aged system in use at the DVA's current homes. The DVA will procure a primary solution vendor to integrate a long term care commercial-off-the-shelf (COTS) application with a state owned license of the USDVA hospital information system known as VistA.

The cooperative effort included the USDVA deeding a parcel of land to the State for the West Los Angeles veterans home and a substantial grant for construction. In return, the DVA has entered "Sharing Agreements" for federally provided physician, pharmacy, and food services. The "Sharing Agreements" require that the DVA use the USDVA VistA system so the physicians, pharmacists, and food service providers may interact with a system that is similar to what they currently use at USDVA facilities.

The DVA VistA component of the Ew-VHIS will support clinical functions including acute care, ambulatory care, pharmacy, laboratory, radiology, dental, dietary management, food services, and therapeutic services. It will automate medication and laboratory orders reducing medical errors. It will also edit medication orders to detect potential adverse drug interactions. The solution will also improve reimbursement for all services provided by improving clinical documentation. Additionally, it is intended to make member medical records portable between state and federal care facilities, provide continuity of care, and improved health services.

Finance understands that although the short timeframe to implement the system necessitates that the DVA initiate the project immediately, the DVA will not enter any contracts that will create a future fiscal year budgetary obligation until the Budget Act of 2007 appropriates project funding. The DVA will conduct a traditional procurement for the solution vendor who will propose a combination of COTS applications to meet the DVA business requirements. In order to meet the conditions of the "Sharing Agreements", vendors must propose the USDVA VistA COTS as a component of the solution. Finance understands that the VistA COTS is in the public domain and available for nominal cost, thus enabling a competitive procurement.

The procurement must require that the vendors determine the level of ongoing maintenance and operations that they will provide and an appropriate corresponding level of DVA technical and program area staffing necessary for system support. Finance understands that the DVA plans to submit a Special Project Report (SPR) subsequent to completing the procurement for the solution vendor but prior to contract award. The SPR will include the proposed maintenance and operations costs, which may lead to a future request for positions and funding.

Please note that this approval does not in itself guarantee that funds or expenditure authority for the project will be available. The initiation and continuation of any information technology project remains subject to the availability of funding and legislative concurrence for funding and expenditure authority in accordance with the normal state budget process. We note that the 2007-08 Governor's Budget includes \$10,340,000 for the Ew-VHIS project.

This project is subject to the project reporting and oversight requirements of Finance. Should the project costs, benefits, or schedule change by 10 percent or more, or should the project scope or methodology change, an SPR will be required. Refer to the Information Technology Project Oversight Framework to determine the minimum level of project management and oversight activities required for this project. At the conclusion of the project, please submit a Post Implementation Evaluation Report to Finance.

If you have any questions, please contact Mark Larsen at (916) 445-1777, extension 3256, or by e-mail at mark.larsen@dof.ca.gov. Please refer to Project Number 8950-49 in any future correspondence regarding the project.

Sincerely,



Debbie D. Leibrock, Chief
Office of Technology Review,
Oversight, and Security



Todd Jerue, Program Budget Manager
Corrections/General Government

cc: On following page

ML:ky
Project No. 8950-49
Log No. 2006-732

cc: Mr. J. Clark Kelso, State Chief Information Officer
Mr. Bill Parente, Deputy Secretary for Veterans Homes, Department of Veterans Affairs
Ms. Terry Coyle, Chief Information Officer, Department of Veterans Affairs
Mr. Ron Tsumura, Data Processing Manager, Department of Veterans Affairs
Ms. Kathy Curtis, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
Ms. Rita Hamilton, Deputy Director, Procurement Division, Department of General Services
Ms. Michelle Ogata, Acquisitions Branch Manager, Procurement Division, Department of General Services
Ms. Jesse McGuinn, Principal Program Budget Analyst, Department of Finance
Ms. Jan Lapanja, Finance Budget Analyst, Department of Finance
Ms. Colleen Pedroza, State Information Security Officer, Department of Finance