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Ernst & Young  
Federal Health  
Advisory Services

## Assessing and optimizing your investments

### A comprehensive analysis and evaluation of MHS critical initiatives

Today's constrained fiscal environment means unprecedented scrutiny of spending across the federal government. Over the course of the next decade, Congress will enact legislation resulting in drastic spending cuts of \$1.2 trillion to \$1.5 trillion. These austerity measures are the "new normal," and even with constrained budgets, agencies and departments still need to deliver desired outcomes and fulfill mission-critical goals while increasing accountability and transparency.

The impending budget cuts necessitate real change, really quickly. Now is the time to evaluate programs to determine which are delivering mission success and to revamp the ones that are not as cost- or operationally effective as they could be. Though the Military Health System (MHS) and Department of Veterans Affairs (VA) have already taken steps toward this goal by moving to a patient-centric health services model and developing an integrated electronic health record, there is still much more to be done.

#### Driver-based analysis: our approach

At Ernst & Young, we know that although acting quickly is essential, pro forma cuts make the critical holistic planning process very difficult. To help organizations manage through the gap, we've developed the cost assessment program evaluation (CAPE). CAPE provides you with the single, overarching view of a project you need to make critical decisions and drive mission success. Our approach identifies the underlying value drivers of the program to build explicit links between costs, operational activities and the resulting performance outcomes.

Our CAPE approach offers:

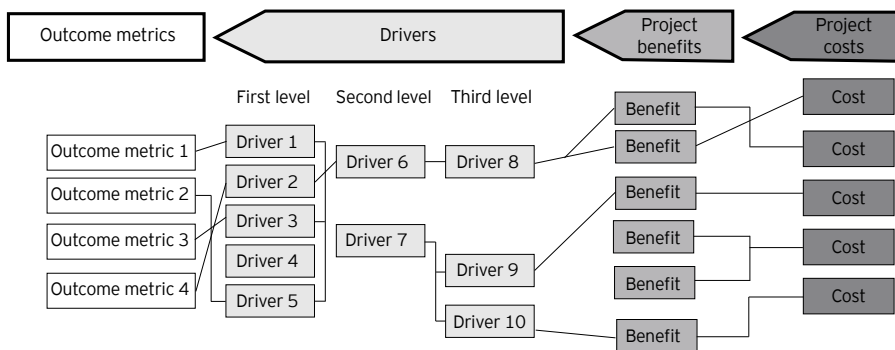
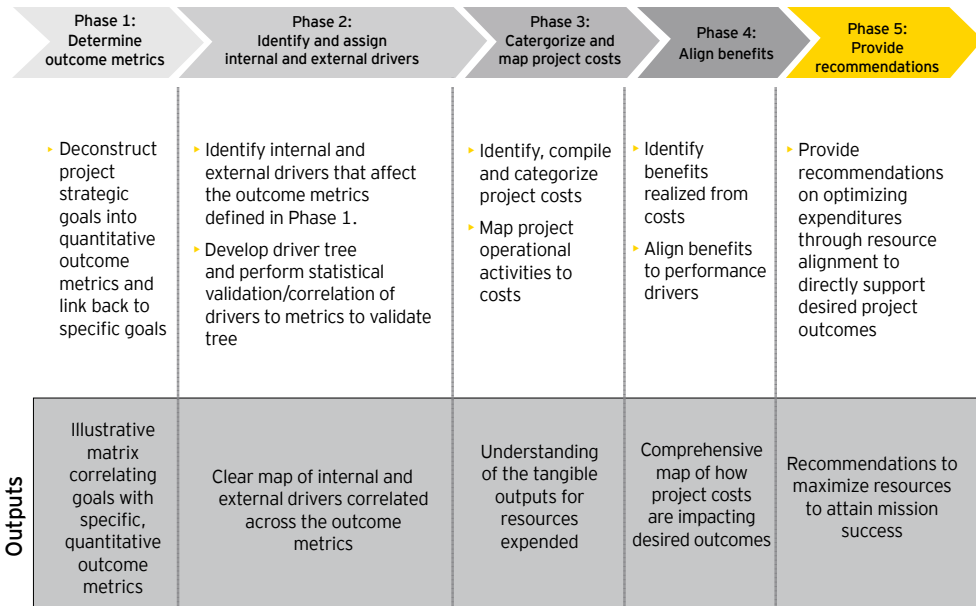
- ▶ A consistent and broadly applicable analytical framework and level of detail
- ▶ Driver-based analysis to understand performance drivers throughout the evaluation process
- ▶ An agile quantitative platform that highlights efficiencies and identifies inefficiencies across multiple dimensions



US Navy photo/Hospital Corpsmen 3rd Class Nathan Silvers

Figure 1.

Cost assessment program evaluation: a five-phase approach



CAPE can be applied to a single project or a portfolio of projects to compare performance in terms of the strategic and economic value of the desired outcomes. It manages complexity, increases the return on information and makes decision analytics a sustainable process throughout the life of the project.

**Measured outcomes**

CAPE is a timely, scalable solution that links strategy, operations and targets within the parameters and increased budget constraints of today's federal programs. The evaluation:

- ▶ Provides a clear understanding of whether current operations will achieve expected outcomes and at what cost
- ▶ Identifies gaps between strategy and operations quickly to include misalignments in resource allocation and consumption
- ▶ Clarifies the benefits received for the costs, which enables and accelerates strategic decision-making
- ▶ Supports effective analyses of alternatives, targeted program evaluations and cost-effectiveness
- ▶ Delivers objective analyses and evaluations
- ▶ Provides a powerful set of planning and monitoring tools based on drivers that are truly meaningful, measurable and actionable

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