

**STATEMENT OF THE HONORABLE ERIC K. SHINSEKI  
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**FOR PRESENTATION BEFORE THE  
SENATE APPROPRIATIONS COMMITTEE, SUBCOMMITTEE ON MILITARY  
CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES**

**BUDGET REQUEST FOR FISCAL YEAR 2013**

**MARCH 15, 2012**

Chairman Johnson, Distinguished Members of the Senate Appropriations Committee, Subcommittee on Military Construction, Veterans Affairs and Related Agencies:

Thank you for the opportunity to present the President's 2013 Budget and 2014 advance appropriations requests for the Department of Veterans Affairs (VA). For the past three budget requests, the Congress has supported the very high priority that the President has placed on funding for programs that provide care and benefits for our Nation's 22 million Veterans and their families. This submission seeks your support of the President's continued high priority support for Veterans who have earned this Nation's respect and the benefits and services we provide.

We meet at an historic moment for our nation's Armed Forces, as they turn the page on a decade of war. Recently, the President outlined a major shift in the Nation's strategic military objectives – with a goal of a more agile, more versatile, more responsive military focused on the future. The President also outlined another important objective – keeping faith with those who serve as they depart the military and return to civilian life. As these newest Veterans return home, we must anticipate their transitions by readying the care, the benefits, and the job opportunities they have earned and they will need to smoothly and successfully make this transition.

The President's 2013 Budget for VA requests \$140.3 billion – comprised of \$64 billion in discretionary funds, including medical care collections, and \$76.3 billion in mandatory funds. The discretionary budget request represents an increase of \$2.7 billion, or 4.5 percent, over the 2012 enacted level. Our 2013 budget will allow the Department to operate the largest integrated healthcare system in the country, with more than 8.8 million Veterans enrolled to receive healthcare; the eighth largest life insurance provider covering both active duty members as well as enrolled Veterans; a sizeable education assistance program serving over 1 million participants; a home mortgage service that guarantees over 1.5 million Veterans' home loans with the lowest foreclosure rate in the Nation; and the largest national cemetery system that continues to lead the country as a high-performing organization - for the fourth time in a 10-year period besting the Nation's top corporations and other federal agencies in an independent survey of customer satisfaction. In 2013, VA national cemeteries will inter about 120,000 Veterans or their family members.

The Department of Veterans Affairs fulfills its obligation to Veterans, their families, and survivors of the fallen by living a set of core values that define who we are as an organization: “I CARE”– Integrity, Commitment, Advocacy, Respect, and Excellence, – cannot be converted into dollars in a budget. But Veterans trust that we will live these values, every day, in our medical facilities, our benefits offices, and our national cemeteries. And where we find evidence of a lack of commitment to our values, we will aggressively correct them by re-training employees or, where required, removal. We provide the very best in high quality and safe care and compassionate services, delivered by more than 316,000 employees, who are supported by the generosity of 140,000 volunteers.

### **Stewardship of Resources**

Safeguarding the resources – people, money, time - entrusted to us by the Congress, managing them effectively and deploying them judiciously, is a fundamental duty at VA. Effective stewardship requires an unflagging commitment to apply budgetary resources efficiently, using clear accounting rules and procedures, to safeguard, train, motivate, and hold our workforce accountable; and to assure the proper use of time in serving Veterans on behalf of the American people.

During the audit of the Department’s fiscal year 2010 financial statement, VA’s independent auditor certified that we had remediated all three of our remaining material weaknesses in financial management, which had been carried forward for over a decade. In terms of internal controls and fiscal integrity, this was a major accomplishment. We have also dramatically reduced the number of significant financial deficiencies since 2008, from sixteen to two.

Another example of VA’s effective stewardship of resources is the Project Management Accountability System (PMAS) developed by our Office of Information Technology. PMAS requires Information Technology (IT) projects to establish milestones to deliver new functionality to its customers every six months. Now entering its third year, PMAS continues to instill accountability and discipline in our IT organization. In 2011, PMAS achieved successful delivery of 89 percent of all IT project milestones. VA managed 101 IT projects during the year, establishing a total of 237 milestones and successfully executing 212 of them. Of the 25 IT projects that missed their delivery milestone date, more than half delivered within the next 14 days. Ensuring IT projects meet established milestones means that savings and delivery of solutions are achieved throughout development, and that Veterans reap improvements sooner. By implementing PMAS, we have achieved at least \$200 million in cost avoidance by stopping or improving the management of 45 projects.

VA’s stewardship of resources continues with the expansion of our ASPIRE dashboard to the Veterans Benefits Administration (VBA). Originally established in 2010 for the Veterans Health Administration (VHA), ASPIRE publicly provides quality goals and performance measures of VA healthcare. The success of this approach was

reflected in its contribution to VHA's receipt of the Annual Leadership Award from the American College of Medical Quality. On June 30, 2011, VBA established an ASPIRE website at <http://www.vba.va.gov/reports/aspiremap.asp> for aspirational goals and monthly progress for 46 performance metrics across six business lines. This new effort expands the Department's commitment to unprecedented public transparency by sharing performance and productivity data in the delivery of Veterans' benefits, including compensation, pension, vocational rehabilitation and employment, education, home loans, and insurance.

Through the effective management of our acquisition resources, VA achieves positive results for Veteran-owned small businesses. VA leads the Federal government in contracting with Service-Disabled, Veteran-Owned Small Businesses (SDVOSB). In 2011, more than 18 percent of all VA procurements were awarded to SDVOSBs, exceeding our internal goal of 10 percent and far exceeding the government-wide goal of three percent.

Finally, VA's stewardship achieved savings in several other areas across the Department. The National Cemetery Administration (NCA) assumed responsibility in 2009 for processing First Notices of Death to terminate compensation benefits to deceased Veterans. This allows the timely notification to next-of-kin of potential survivor benefits. Since that time NCA has avoided possible collection action by discontinuing \$100.3 million in benefit payments. In addition, we implemented the use of Medicare pricing methodologies at VHA to pay for certain outpatient services in 2011, resulting in savings of over \$160 million without negatively impacting Veteran care and with improved consistency in billing and payment.

### **Veterans Job Corps**

In his State of the Union address, President Obama called for a new *Veterans Job Corps* initiative to help our returning Veterans find pathways to civilian employment. The budget includes \$1 billion to develop a *Veterans Job Corps* conservation program that will put up to 20,000 Veterans back to work over the next five years protecting and rebuilding America. Veterans will restore our great outdoors by providing visitor programs, restoring habitat, protecting cultural resources, eradicating invasive species, and operating facilities. Additionally, Veterans will help make a significant dent in the deferred maintenance of our Federal, State, local, and tribal lands including jobs that will repair and rehabilitate trails, roads, levees, recreation facilities and other assets. The program will serve all Veterans, but will have a particular focus on post-9/11 Veterans.

### **Multi-Year Plan for Medical Care Budget**

Under the Veterans Health Care Budget Reform and Transparency Act of 2009, which we are grateful to Congress for passing; VA submits its medical care budget that includes an advance appropriations request in each Budget submission. This legislation requires VA to plan its medical care budget using a multi-year approach.

This approach ensures that VA requirements are reviewed and updated based on the most recent data available and actual program experience.

The 2013 budget request for VA medical care appropriations is \$52.7 billion, an increase of 4.1 percent over the 2012 enacted appropriation of \$50.6 billion. This request is an increase of \$165 million above the 2013 advance appropriations enacted by Congress in 2011. Based on updated 2013 estimates largely derived from the Enrollee Health Care Projection Model, the requested amount would also allow VA to increase funding in programs to eliminate Veteran homelessness, fully fund the implementation of the Caregivers and Veterans Omnibus Health Services Act, support activation requirements for new or replacement medical facilities, and invest in strategic initiatives to improve the quality and accessibility of VA healthcare programs. Our multi-year budget plan continues to assume \$500 million in unobligated balances from 2012 that will carryover and remain available for obligation in 2013 – consistent with the 2012 budget submitted to Congress.

The 2014 request for medical care advance appropriations is \$54.5 billion, an increase of \$1.8 billion, or 3.3 percent, over the 2013 budget request.

### **Priority Goals**

Our Nation is in a period of transition. As the tide of war recedes, we have the opportunity, and the responsibility, to anticipate the needs of returning Veterans. History shows that the costs of war will continue to grow in VA for a decade or more after the operational missions in Iraq and Afghanistan have ended. In the next 5 years, another one million Veterans are expected to leave military service. Our data shows that the newest of our country's Veterans are relying on VA at unprecedented levels. Through September 30, 2011, of the approximately 1.4 million living Veterans who were deployed overseas to support Operation Enduring Freedom and Operation Iraqi Freedom, at least 67 percent have used some VA benefit or service.

VA's three priorities – to expand access to benefits and services, eliminate the claims backlog, and end Veteran homelessness – anticipate these changes and identify the performance levels required to meet emerging needs. The 2013 Budget builds upon our multi-year effort to achieve VA's priority goals through effective, efficient, and accountable program implementation.

### **Expanding Access to Benefits and Services**

Expanding access for Veterans is much more than boosting the number of Veterans walking in the front door of a VA facility. Access is a three-pronged effort that encompasses VA's facilities, programs, and technology. Today, expanding access includes taking the facility to the Veteran -- be it virtually through telehealth, by sending Mobile Vet Centers to rural areas where services are sparse, or by using social media sites like Facebook, Twitter, and YouTube to connect Veterans to VA benefits and facilities. Expanding access also means finding new ways to break down artificial

barriers so that Veterans are aware of and can gain access to VA services and benefits. Technology is the great enabler of all VA efforts. IT is not a siloed segment of the budget, providing just computers and monitors, but rather the vehicle by which VA is able to extend the reach of its healthcare to rural America, process benefits more quickly, and provide enhanced service to Veterans and their families.

The 2013 budget request includes \$119.4 million for the Veterans Relationship Management (VRM) initiative, which is fundamentally transforming Veterans' access to VA benefits and services by empowering VA clients with new self-service tools. VA has already made major strides under this initiative. VRM established a single queue for VBA's National Call Centers ensuring calls are routed to the next available agent, regardless of geography. Call-recording functionality was implemented that allows agents to review calls for technical accuracy and client contact behaviors. VA recently deployed "Virtual Hold ASAP call-back" technology. During periods of high call volumes, callers can leave their name and phone number instead of waiting on hold for the next available operator, and the system automatically calls them back in turn. The Virtual Hold system has made nearly 600,000 return calls since November 2011. The acceptance rate for callers is 46 percent, exceeding the industry standard of 30 percent, and our successful re-connect rate is 92 percent. Since launching Virtual Hold, the National Call Centers have seen a 15 percent reduction in the dropped-call rate. In December 2011, VA deployed "Virtual Hold Scheduled call-back" technology, which allows callers to make an appointment with us to call them at a specific time. Since deployment, over 185,000 scheduled call-backs have already been processed.

In December, VA deployed a pilot of its new "Unified Desktop" technology. This initiative will provide National Call Center agents with a single, unified view of VA clients' military, demographic, and contact information and their benefits eligibility and claims status through one integrated application, versus the current process that requires VA agents to access up to 13 different applications. This will help ensure our Veterans receive comprehensive and accurate responses.

Key to expansion of access is the eBenefits portal – one of our critical VRM initiatives. eBenefits is a VA/DoD initiative that consolidates information regarding benefits and services and includes a suite of on-line self-service capabilities for enrollment/application and utilization of benefits and services. eBenefits enrollment now exceeds 1.2 million users, and VA expects enrollment to exceed 2.5 million by the end of 2013. VA continues to expand the capabilities available through the eBenefits portal. Users can check the status of a claim or appeal, review the history of VA payments, request and download military personnel records, generate letters to verify their eligibility for Veterans' hiring preferences, secure a certificate of eligibility for a VA home loan, and numerous other benefit actions. In 2012, Servicemembers will complete their Servicemembers' Group Life Insurance applications and transactions through eBenefits. Also, 2012 enhancements will allow Veterans to view their scheduled VA medical appointments, file benefits claims online in a "Turbo Claim" like approach, and upload supporting claims information that feeds our paperless claims process. In 2013, funding supports enhanced self-service tools for the Civilian Health and Medical Program of the

Department of Veterans Affairs (CHAMPVA) and VetSuccess programs, as well as the Veterans Online Application for enrolling in VA healthcare.

VA and the Department of Defense (DoD) have broken new ground in the development and implementation of the Integrated Disability Evaluation System (IDES). This system supporting the transition of wounded, ill, and injured Servicemembers is fully operational and available to Servicemembers as of October 1, 2011. Because of the complexity of these cases, the Veterans Benefits Administration devotes four times the level of staffing resources to processing IDES cases than claims from other Veterans. VA has reduced its claims processing time in IDES from 186 days in February 2011 to 104 days in December 2011. The 2013 budget requests an additional \$13.2 million and 90 FTE to support IDES enhancements.

The DoD/VA team is further developing programs to enhance the transition of all Servicemembers to Veteran status. Together we are transforming the current Transition Assistance Program (TAP) from a series of discrete efforts to one that uses an outcome-based approach. This approach will be more integrated and, once complete will be mapped to the life cycle of every Servicemember, from recruitment through separation or retirement. In July 2011, VBA launched on-line TAP courseware, which provides the capability for Servicemembers to complete the course without attending the classroom session. VA and DoD also are collaborating on a policy for implementing mandatory TAP participation.

VA will improve access to VA services by opening new or improved facilities closer to where Veterans live. The 2013 medical care budget request includes \$792 million to open new and renovated healthcare facilities, including resources to support the activation of four new hospitals in Orlando, Florida; Las Vegas, Nevada; New Orleans, Louisiana; and Denver, Colorado. These new VA Medical Centers are projected to serve 1.2 million enrolled Veterans when they are operational. This budget also includes an initiative to establish a national cemetery presence in eight rural areas where the Veteran population is less than 25,000 within a 75-mile service area. In addition to expanding access at fixed locations, VA is deploying an additional 20 Mobile Vet Centers in 2012 to increase access to readjustment counseling services for Veterans and their families in rural and underserved communities across the country. These new specialty vehicles will expand the existing fleet of 50 Mobile Vet Centers already in service by 40 percent. In 2011, Mobile Vet Centers participated in more than 3,600 Federal, state, and locally sponsored Veteran-related events. More than 190,000 Veterans and family members made over 1.3 million visits to VA Vet Centers in 2011.

The Board of Veterans Appeals (BVA) leverages video conference technology to increase the capability of, and access to, video hearings to provide Veterans with more options for a hearing regarding their appeal. The VA is currently upgrading this video conference technology both at BVA and at VBA regional offices. In 2011, the number of video hearings increased from 3,979 to 4,355 or 9.4 percent. The Board is also working with VBA and VHA to allow video hearings to be held from more locations in the field,

which will be more convenient for Veterans. Initially, the expanded video capability will be used to reduce the backlog of hearings and the time Veterans have to wait for them.

We are working harder than ever to reach out to women Veterans. Women represent about eight percent of the total Veteran population. In recent years, the number of women Veterans seeking healthcare has grown rapidly and it will continue to grow as more women enter military service. Women comprise nearly 15 percent of today's active duty military forces and 18 percent of National Guard and Reserves. For the estimated 337,000 women Veterans currently using the VA healthcare system, VA is improving their access to services and treatment facilities. The 2013 budget includes \$403 million for the gender-specific healthcare needs of women Veterans, an increase of 17.5 percent over the 2012 level.

VHA regularly updates its standards for improving and measuring Veterans' access to medical care programs. In 2010, VHA implemented new wait time measures that assess performance meeting the new standard of providing medical appointments within 14 days of the desired date, replacing the previous 30-day desired-date standard. In 2011, 89 percent of medical care appointments for new patients occurred within 14 days of the desired date, an increase of 5 percentage points over the 2010 level of 84 percent. The President's request for 2013 ensures we are able to continue to improve our performance in providing this service.

Access improvements are central to VHA's new Patient-Aligned Care Teams (PACT) model. VA views appointments as a partnership. We are implementing a national initiative to reduce costly no-show appointments. Also, Veterans can manage appointments by visiting MyHealthVet website, where they can view all of their pending appointments. In another effort to help Veterans make and keep appointments, VA is implementing a pilot program that offers child care to eligible Veterans seeking medical appointments at three VA medical centers in 2012 and 2013. The first of these facilities, the Buffalo VAMC, began providing services in October 2011. Each pilot site will be operated onsite by licensed childcare providers. Drop-in services will be offered free of charge to Veterans who are eligible for VA care and who are visiting a medical facility for an appointment.

VA is taking full advantage of technology to expand access to its medical centers. In 2008, VA established a presence on Facebook with a single Veterans Health Administration (VHA) page. In 2009, VA established the Post-9/11 GI Bill Facebook page to raise awareness about the implementation of this new benefit program. With over 39,000 subscribers ("or fans"), this page serves as our primary "real-time" tool to communicate GI Bill news and directly interact with our clients. VA also launched a general VBA benefits page, which describes all of our services. VBA posts to its followers seven days a week and is followed in 18 different countries and 15 different languages. In June 2011, VA outlined a Department-wide social media policy that provides guidelines for communicating with VA online. By November 2011, VA had established Facebook pages for all 152 of its medical centers. This event marks an important milestone in our effort to transform how the Department communicates with

Veterans and provides them access to healthcare and benefits. By leveraging Facebook, VA continues to embrace transparency and engage Veterans in a two-way conversation. VA currently has over 345,000 combined Facebook “fans.” As of January 2012, the Department’s main Facebook page has over 154,000 fans and its medical centers have a combined following of over 69,000.

### **Eliminating the Claims Backlog**

To transform VA for the benefit of Veterans, we must streamline the claims processing system and eliminate the claims backlog. We are vigorously pursuing a claims transformation plan that will adopt near-term innovations and break down stubborn obstacles to providing Veterans the benefits they have earned.

As we pursue a multi-focused approach to eliminate the claims backlog, workload in our disability compensation and pension programs continues to rise. VA has experienced a 48 percent increase in claims receipts since 2008, and we expect that the incoming claims volume will continue to increase by 4.2 percent in 2013, to 1,250,000 claims from 1,200,000 in 2012. At the same time, Veterans are claiming many more disabilities, with Iraq and Afghanistan Veterans claiming an average of 8.5 disabilities per claim – more than double the number of disabilities claimed by Veterans of earlier eras. As more than one million troops leave service over the next 5 years, we expect our claims workload to continue to rise for the foreseeable future. In 2013, our goal is to ensure that no more than 40 percent of the compensation and pension claims in the pending inventory are more than 125 days old. While too many Veterans will still be waiting too long for the benefits they have earned, it does represent a significant improvement in performance over the 2012 estimate of 60 percent of claims more than 125 days old, demonstrating that we are on the right path.

VA is attacking the claims backlog through an aggressive transformation plan that includes initiatives focused on the people, processes, and technology that will eliminate the backlog. We are implementing a new standardized operating model in all our regional offices beginning this year that incorporates a case-management approach to claims processing. It establishes distinct processing lanes based on the complexity and priority of the claims and assigns employees to the lanes based on their experience and skill levels. Integrated, cross-functional teams work claims from start to finish, facilitating the quick flow of completed claims and allowing for informal clarification of claims processing issues to minimize rework and reduce processing time. More easily rated claims move quickly through the system, and the quality of our decisions improves by assigning our more experienced and skilled employees to the more complex claims. The new operating model also establishes an Intake Processing Center at every regional office, adding a formalized process for triaging mail and enabling more timely and accurate distribution of claims to the production staff in their appropriate lanes.

VA is increasing the expertise of our workforce and the quality of our decisions through national training standards that prepare claims processors to work faster and at a higher quality level. Our training and technology skills programs will continue to deliver the knowledge and expertise our employees need to succeed in a 21<sup>st</sup> Century

workplace. We are establishing dedicated teams of quality review specialists at each regional office. These teams will evaluate decision accuracy at both the regional office and individual employee levels, and perform in-process reviews to eliminate errors at the earliest possible stage in the claims process. Personnel trained by our national quality assurance staff comprise the quality review teams to assure local reviews are consistently conducted according to national standards.

Using “Design Teams,” VBA is conducting rapid development and testing of process changes, automated processing tools, and innovative workplace incentive programs. The first Design Team developed a method to simplify rating decisions and decision notification letters that was implemented nationwide in December 2011. This new decision notification process streamlines and standardizes the development and communication of claims decisions. This initiative also includes a new employee job-aid that uses rules-based programming to assist decision makers in assigning an accurate service-connected evaluation. VBA’s Implementation Center, established at VBA headquarters as a program management office, streamlines the process of innovation to ensure that new ideas are approved through a governance process. This allows us to focus on initiatives that will achieve the greatest gains.

VA continues to promote the Fully Developed Claims (FDC) Program. We believe utilization of the FDC Program will significantly increase as a result of the public release last month of 68 more Disability Benefits Questionnaires (DBQs), bringing the total number of DBQs publically available to 71. DBQs are templates that solicit the medical information necessary to evaluate the level of disability for a particular medical condition. Currently used by Veterans Health Administration examiners, the release of these DBQs to the public will allow Veterans to take them to their private physicians, facilitating submission of a complete claims package for expedited processing. VA plans an aggressive communications strategy surrounding the release of these DBQs that will promote the FDC program. We also continue to work with the VSO community to identify ways to boost FDC program participation and better inform and serve Veterans and their advocates.

This year VA is also beginning national implementation of our new paperless processing system, the Veterans Benefits Management System (VBMS). We are implementing VBMS using a phased approach that will have all regional offices on the new system by the end of 2013. We will continue to add and expand VBMS functionality throughout this process. Establishment of a digital, near-paperless environment will allow for greater exchange of information and increased transparency to Veterans, our workforce, and stakeholders. Increased use of state-of-the-art technology plays a major role in enabling VA to eliminate the claims backlog and redirect capacity to better serve Veterans and their families. Our strategy includes active stakeholder participation (Veterans Service Officers, State Departments of Veterans Affairs, County Veterans Service Officers, and Department of Defense) to provide digitally ready electronic files and claims pre-scanned through online claims submission using the eBenefits web portal. VBA has aggressively promoted the value

of eBenefits and the ease of enrolling into the system. The 2013 budget invests \$128 million in VBMS.

### **Ending Veteran Homelessness**

The Administration is committed to ending homelessness among Veterans by 2015. Between January 2010 and January 2011 homelessness declined by 12 percent, keeping VA on track to meet the goal of ending Veteran homelessness in 2015. The VA's Homeless Veteran Registry is populated with over 400,000 names of current and formerly homeless Veterans who have utilized VA's Homeless Programs—allowing us to better see the scope of the issues so we can more effectively address them.

In the 2013 Budget, VA is requesting \$1.352 billion for programs that will prevent and treat Veteran homelessness. This represents an increase of \$333 million, or 33 percent over the 2012 level. This budget will support our long-range plan to eliminate Veteran homelessness by reducing the number of homeless Veterans to 35,000 in 2013 by emphasizing rescue and prevention.

To get Veterans off the streets and into stable environments, VA's Grant and Per Diem Program awards grants to community-based organizations that provide transitional housing and support services. VA's goal is to serve 32,000 homeless Veterans in this program in 2013. Transitional housing is also provided through the Healthcare for Homeless Veterans program. Permanent housing is achieved with Housing Choice Vouchers in the Department of Housing and Urban Development (HUD)-VA Supportive Housing (HUD-VASH) Program, and by 2013 VA plans to provide case management support for the nearly 58,000 HUD Housing Choice vouchers available to assist our most needy homeless Veterans.

Culminating two years of work to end homelessness among Veterans, the Building Utilization Review and Repurposing (BURR) initiative helped identify unused and underused buildings and land at existing VA property with the potential for repurposing to Veteran housing. The BURR initiative supports VA's goal of ending Veteran homelessness by identifying excess VA property that can be repurposed to provide safe and affordable housing for Veterans and their families. As a result of BURR, VA began developing housing opportunities at 34 nationwide locations for homeless or at-risk Veterans and their families using its Enhanced Use Lease (EUL) authority (now expired). The housing opportunities developed through BURR will add approximately 4,100 units of affordable and supportive housing to the projects already in operation or under construction, for an estimated total of 5,400 units.

Although the Department's Enhanced Use Lease authority has expired, the Administration will work with Congress to develop future legislative authorities to enable the Department to further repurpose the properties identified by the BURR process. Beyond reducing homelessness among our Veterans, additional opportunities identified through BURR may include housing for Veterans returning from Iraq and Afghanistan,

assisted living for elderly Veterans, and other possible uses that will enhance benefits and services to Veterans and their families.

Of all claimants served by the Veterans Benefits Administration (VBA), homeless Veterans represent our most vulnerable population and require specialized care and services. The 2013 budget requests \$21 million for the Homeless Veterans Outreach Coordinator (HVOC) initiative, which would provide an additional 200 coordinators nationwide to expedite disability claims; acquire housing and prevent Veterans from losing their homes; expedite access to vocational training and job opportunities; and resolve legal issues at regional justice courts. These new case managers would significantly improve outcomes on behalf of the Nation's homeless Veterans. For example, the initiative would improve the timeliness of disability claims decisions for homeless and at-risk Veterans by reducing the claims processing times by nearly 40 percent between 2011 and 2015.

In 2011, VHA hired 366 (or 90 percent of 407 total positions) homeless or formerly homeless Veterans as Vocational Rehabilitation Specialists to provide individualized supported employment services to unemployed homeless Veterans through the Homeless Veterans Supported Employment Program. Recent initiatives to increase employment of Veterans in Federal and other public-sector jobs will help to reduce homelessness and also ensure their families are supported. On January 18, 2012, VA hosted a career fair for Veterans in Washington, DC. Over 4,000 Veterans attended this event to explore and apply for thousands of public and private sector job opportunities.

The VA also helps Veterans obtain employment with education and training assistance. The National Cemetery Administration (NCA) is helping to provide employment opportunities for homeless Veterans through a new, paid Apprenticeship Training Program serving Veterans who are homeless or at risk of homelessness. The program will be based on current NCA training requirements for positions such as Cemetery Caretakers and Cemetery Representatives. Veterans who successfully complete the program at national cemeteries will be guaranteed full-time permanent employment at a national cemetery or may choose to pursue employment in the private sector. The Veterans Retraining Assistance Program is a joint effort with VA and the Department of Labor to provide 12 months of retraining assistance. The program is limited to 54,000 participants from October 1, 2012, through March 31, 2014. Education and training assistance are preventive programs.

Other preventive services programs include the Supportive Services for Veteran Families, which provides rapid case management and financial assistance, coordinated with community and mainstream resources, to promote housing stability. In time, VA will transition its homeless efforts primarily to prevention. Through coordinated partnerships with other Federal and local partners and providers, VA will assist at risk Veterans in maintaining housing, accessing supportive services that promote housing stability, and identifying the resources to rapidly re-house Veterans and their dependents if they should fall into homelessness. This shift to increased preventive

efforts will require us to be much more knowledgeable about the causes of Veterans' homelessness, about the details of our current homeless and at-risk Veteran populations, and about creating action plans that serve Veterans at the individual level.

### **Medical Care Program**

The 2013 budget requests \$52.7 billion for healthcare services to treat over 6.33 million unique patients, an increase of 1.1 percent over the 2012 estimate. Of those unique patients, 4.4 million Veterans are in Priority Groups 1-6, an increase of more than 64,000 or 1.5 percent. Additionally, VA anticipates treating over 610,000 Veterans from the conflicts in Iraq and Afghanistan, an increase of over 53,000 patients, or 9.6 percent, over the 2012 level.

#### **Medical Care in Rural Areas**

The delivery of healthcare in rural areas faces major challenges, including a shortage of healthcare resources and specialty providers. In 2011, we obligated \$18.8 billion to provide healthcare to Veterans who live in rural areas. Some 3.6 million Veterans enrolled in the VA healthcare system live in rural or highly rural areas of the country; this represents about 42 percent of all enrolled Veterans. For that reason, VA will continue to emphasize rural health in our budget planning, including addressing the needs of Native American Veterans. The 2013 budget continues to invest in special programs designed to improve access and the quality of care for Veterans residing in rural areas. For example, in the remote, sparsely populated areas of Montana, Utah, Wyoming and Colorado, VA has supported the development and expansion of a network-wide operational telehealth infrastructure that supports a virtual intensive care unit, tele-mental health services, and primary care and specialty care to 67 fixed and mobile sites. Again, IT investment is the foundation of our work in all of these areas.

In rural areas with larger populations, funding supports the opening of new rural clinics, such as the one located in Newport, Oregon, which serves over 1,200 Veterans. This clinic is a unique partnership between VA and the local Lincoln County government. The county government provides clinical space, equipment and supplies, while VA funds the salaries for the primary care and mental health providers.

#### **Mental Healthcare**

The budget requests \$6.2 billion for mental health programs, for an increase of \$312 million over the 2012 level of \$5.9 billion. VA is increasing outreach opportunities to connect with and treat Veterans and their families in new, innovative ways. In April 2011, VA launched the first in a series of mobile smartphone applications, the *PTSD Coach*. It provides information about PTSD, self-assessment and symptom management tools, and information on how to get help. VA developed this technology in collaboration with DoD and with input from Veterans, who let the development team know what they did and did not want in the application (app). As of the end of 2011, the app had just over 41,000 downloads in 57 countries. In addition, VA is developing

*PTSD Family Coach* that will complement the Coaching into Care national call center, which provides support to family members of Veterans.

In 2011, VA also launched *Make the Connection*, a national public awareness campaign for Veterans and their family members to connect with other Veterans to share common experiences, and ultimately to connect them with information and resources to help with the challenges that can occur when transitioning from military service to civilian society. This is an important effort in breaking down the stigma associated with mental health issues and treatment. The campaign's central focus is a website, [www.MakeTheConnection.net](http://www.MakeTheConnection.net), featuring numerous Veterans who have shared their experiences, challenges, and triumphs. It offers a place where Veterans and their families can view the candid, personal testimonials of other Veterans who have dealt with and are working through a variety of common life experiences, day-to-day symptoms, and mental health conditions. The Web site also connects Veterans and their family members with services and resources they may need.

### Long-term Medical Care

As the Veteran population ages, VA will expand its provision of both institutional and non-institutional Long-Term Care services. These services are designed not just for the elderly, but for Veterans of all ages who have a serious chronic disease or disability requiring ongoing care and support, including those returning from Iraq and Afghanistan suffering from traumatic injuries. Veterans can receive long-term care services at home, at VA medical centers, or in the community. In 2013, the Long-Term Care budget request is \$7.2 billion. VA will continue to provide long-term care in the least restrictive and most clinically appropriate settings by providing more non-institutional care closer to where Veterans live. This budget supports an increase of 6 percent in the average daily census in non-institutional long-term care programs in 2013, resulting in a total average daily census of approximately 120,100.

### Medical Research

Medical Research is being supported with \$583 million in direct appropriations in 2013, an increase of nearly \$2 million above the 2012 level. In addition, approximately \$1.3 billion in funding support for medical research will be received from VA's medical care program and through Federal and non-Federal grants. Projects funded in 2013 will support fundamentally new directions for VA research. Specifically, research efforts will be focused on supporting development of New Models of Care, improving social reintegration following traumatic brain injury, reducing suicide, evaluating the effectiveness of complementary and alternative medicine, developing blood tests to assist in the diagnosis of post-traumatic stress disorder and mild traumatic brain injury, and advancing genomic medicine.

The 2013 budget continues support for the Million Veteran Program (MVP), an unprecedented research program that advances the promises of genomic science. The MVP will establish a database, used only by authorized researchers in a secure

manner, to conduct health and wellness studies to determine which genetic variations are associated with particular health issues. The pilot phase of MVP was launched in 2011. Surveys were sent to 17,483 Veterans and approximately 20 percent of those then completed a study visit and provided a small blood sample. By the end of 2013, the goal is to enroll at least 150,000 participants in the program. Like with so much of VA research, the impact will be felt not just through improved care for Veterans but for all Americans, as well.

### **Veterans Benefits Administration**

The 2013 budget request for the general operating expenses of the Veterans Benefits Administration (VBA) is \$2.2 billion, an increase of \$145 million, or 7.2 percent, over the 2012 enacted level. With the support of Congress, we have made great strides in implementing our comprehensive plan to transform the disability claims process. This budget sustains our investments in people, processes, and technology in order to eliminate the claims backlog by 2015. In addition, this budget request includes funding to support the administration of other VBA business lines.

#### **Post 9-11 and other Education Programs**

The Post 9-11 GI Bill program provides every returning service member with the opportunity to obtain a college education. As expected, the Post-9/11 GI Bill program has become the most used education benefit that VA offers. Just as with the original GI Bill, today's program provides Veterans with tools that will help them contribute to an economically vibrant and strong America. In 2013, VA estimates that 606,300 individuals will participate in this benefit program. The timeliness and accuracy of processing Post-9/11 GI Bill claims continues to improve. From 2010 to 2011, VA processing times for original and supplemental claims improved by 15 days (from 39 to 24 days) and 4 days (from 16 to 12 days), respectively. Over the last two years, VA has successfully deployed a new IT system to support processing of Post-9/11 GI bill education claims. With improved automation tools in place, VA will be able to begin reducing education benefit processing staff in 2013.

#### **Vocational Rehabilitation and Employment (VR&E)**

The VR&E program is designed to assist disabled Service-members in their transition to civilian life and obtaining employment. The budget request for 2013 is \$233.4 million or a 14.2 percent increase from 2012. The number of participants in the program increased to 107,925 in 2011 and is expected to grow to over 130,000 by 2013.

VA is also expanding VR&E counseling services available at IDES sites to assist Servicemembers with disabilities in jumpstarting their transition to civilian employment. In 2012, VA will assign 110 additional counselors to the largest IDES sites, serving an additional 12,000 wounded, ill, and injured Servicemembers. Funds requested in 2013 will support further expansion, adding 90 more counselors to the program.

In 2009, VA established a pilot program called VetSuccess on Campus to provide outreach and supportive services to Veterans during their transition from the military to college, ensuring that their health, education and benefit needs are met. By the end of 2012, the program will be operational on 28 campuses. The 2013 budget includes \$8.8 million to expand the program to a total of 80 campuses serving approximately 80,000 Veterans.

### **National Cemetery Administration**

VA honors our fallen soldiers with final resting places that serve as lasting tributes to commemorate their service and sacrifice to our Nation. The 2013 budget includes \$258 million in operations and maintenance funding for the National Cemetery Administration (NCA). In 2013, NCA estimates that interments will increase by 1,500 (1.3 percent) over 2012. Cemetery maintenance workload will also continue to increase in 2013 over the 2012 levels: the number of gravesites maintained will increase by 82,000 (2.5 percent) and the number of developed acres maintained will increase by 138 (1.6 percent).

The 2013 Budget will allow VA to provide more than 89.6 percent of the Veteran population, or 19.1 million Veterans, a burial option within 75 miles of their residence by keeping existing national cemeteries open, establishing new State Veterans cemeteries, as well as increasing access points in both urban and rural areas. VA's first grant to establish a Veterans cemetery on Tribal trust land, as authorized in Public Law 109-461, was approved on August 15, 2011. This cemetery will provide a burial option to approximately 4,036 unserved Rosebud Sioux Tribe Veterans and their families residing on the Rosebud Indian Reservation near Mission, South Dakota.

NCA provides an unprecedented level of customer service, which has been achieved by always striving for new ways to meet the burial needs of Veterans. In 2011, NCA initiated an independent study of emerging burial practices including "green" burial techniques that may be appropriate and feasible for planning purposes. The study will also include a survey of Veterans to ascertain their preferences and expectations for new burial options. The completed study will provide comprehensive information and analysis for leadership consideration of new burial options.

### **Capital Infrastructure**

A total of \$1.14 billion is requested in 2013 for VA's major and minor construction programs, an increase of 6.3 percent over the 2012 enacted level. VA is also proposing legislation in 2013 that would enhance the ability of the Department to collaborate with other Federal Departments and Agencies, including the Department of Defense (DoD) on joint capital projects. This legislative proposal would allow appropriated funds to be transferred among Federal agencies to effectively plan and design joint projects when determined to be cost-effective and improve service delivery to Veterans and Servicemembers.

### Major Construction

The major construction request in 2013 is \$532 million in new budget authority. The major construction request includes funding for the next phase of construction for four medical facility projects in Seattle, WA; Dallas, TX; Palo Alto, CA; and St. Louis (Jefferson Barracks), MO. Additionally, funds are provided to remove asbestos from Department-owned buildings, improve facility security, remediate hazardous waste, fund land acquisitions for national cemeteries, and support other construction related activities.

### Minor Construction

In 2013, the minor construction request is \$608 million. It would provide for constructing, altering, extending and improving VA facilities, including planning, assessment of needs, architectural and engineering services, and site acquisition and disposition. It also includes \$58 million to NCA for land acquisition, gravesite expansions, and columbaria projects. NCA projects include irrigation and drainage improvements, renovation and repair of buildings, and roadway repairs.

## **Information Technology**

The 2013 budget requests \$3.327 billion for Information Technology (IT), an increase of \$216 million over the 2012 enacted level of \$3.111 billion. Veterans and their families are highly dependent upon the effective and efficient use of IT to deliver benefits and services. In this day and age, every doctor, nurse, dentist, claims processor, cemetery interment scheduler, and administrative employee in the VA cannot do his or her jobs without adequate IT support. Approximately 80 percent of the IT budget supports the direct delivery of healthcare and benefits to Veterans and their families.

We have made dramatic changes in the way IT projects are planned and managed at the VA. As described earlier in this testimony, the Project Management Accountability System (PMAS) has reduced risks by instituting effective monitoring and oversight capabilities and by establishing clear lines of accountability. Additionally, we have strengthened security standards in software development and established an Identity Access Management program that allows VA to increase on-line services for Veterans.

The IT infrastructure supports over 300,000 employees and about 10 million Veterans and family members who use VA programs, making it one of the largest consolidated IT organizations in the world. This budget request includes nearly \$1.8 billion for the operation and maintenance of the IT infrastructure, the backbone of VA. A sound and reliable infrastructure is critical to support the VA workforce and all of our facilities nationwide in the effective and efficient delivery of healthcare and benefits to Veterans. It is also critical that we support new facility activations, our major

transformational initiatives, and the increased usage of VA services while maintaining a secure IT environment to protect Veteran sensitive information.

Improving services for Veterans and their beneficiaries requires using advanced technologies. For example, VA will continue to utilize MyHealthVet to improve access to information on appointments, lab tests and results, and reduce adverse reactions to medications. The 2013 budget continues an investment strategy of funding the development of new technologies that will have the greatest benefit for Veterans.

The delivery of high-quality medical care to an increasing number of Veterans is highly dependent upon adequate IT funding. VA's health IT investments have, and will continue, to greatly improve the delivery of medical care with regards to quality, patient safety and cost effectiveness. This includes transformation of mental health service delivery through IT enabled self-help, providing data and IT analytical tools for VA's research community, and creating an open exchange for collaboration and innovation in the development of clinical software solutions. Additionally, initiatives focused on "Care at a Distance" are heavily reliant on technology and require a robust IT infrastructure.

The 2013 budget request for integrated Electronic Health Record (iEHR) is \$169 million. The iEHR is a joint initiative with DoD to modernize and integrate electronic health records for all Veterans to a single common platform. We must take full advantage of this historic opportunity to deliver maximum value through joint investments in health IT. When DoD and VA healthcare providers begin accessing a common set of health records, iEHR will enhance quality, safety, and accessibility of healthcare – setting the stage for more efficient, cost-effective healthcare systems. In 2013, we plan to leverage open source development to foster innovation and speed delivery for a pharmacy and immunization solution.

An integral part of iEHR is the Virtual Lifetime Electronic Record (VLER), which is enabling VA transformation. VLER creates information interoperability between DoD, VA, and the private sector to promote better, faster and safer healthcare and benefits delivery for Veterans. The 2013 budget will ensure continued delivery of enhanced clinical and benefits information connections and build increased capability to support women's healthcare. Additionally, we will develop a modern memorial affairs system for the dynamic mapping of gravesite locations. The 2013 budget request for VLER is \$52.9 million.

In addition, the 2013 budget requests \$92 million in the IT appropriation for VBMS. As noted earlier, the VBMS initiative is the cornerstone of VA's claims transformation strategy. It is a comprehensive solution that integrates a business transformation strategy to address people and processes with a paperless claims processing system. Achieving paperless claims processing will result in higher quality, greater consistency and faster claims decisions. Nationwide deployment of VBMS is on target to begin in 2012 with completion in 2013.

This budget also includes funding to transform the delivery of Veterans' benefits. The 2013 IT budget requests \$111 million for the Veterans Relationship Management (VRM) initiative. We will use this funding to improve communications between Veterans and VA that occur through multiple channels—phone, web, mail, social media, and mobile apps. It will also provide new tools and processes that increase the speed, accuracy and efficiency of information exchange, including the development of self-service technology-enabled interactions to provide access to information and the ability to execute transactions at the place and time convenient to the Veteran. In 2013, Veterans will see enhanced self-service tools for the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) and VetSuccess programs, as well as the Veterans Online Application for enrolling in VA healthcare.

### **Legislative Program**

VA has outlined in this budget a strong legislative program that will advance our mission to end Veteran homelessness and help Wounded Warriors by improving our system of grants for home alterations so Veterans can better manage disabilities and live independently. Our legislative proposals would also make numerous other common-sense changes that improve our programs, including provisions that will reduce payment complexities for both our student Veterans and the schools using the Post 9/11 GI Bill.

### **Summary**

VA is the second largest Federal department with over 316,000 employees. Our workforce includes physicians, nurses, counselors, claims processors, cemetery groundskeepers, statisticians, engineers, IT specialists, police, and educators. They serve Veterans at our hospitals, community-based outpatient clinics, Vet Centers, mobile Vet Centers, claims processing centers, and cemeteries. Through the resources provided in the President's 2013 Budget, VA is enabled to continue improving the quality of life for our Nation's Veterans and their families and to completing the transformation of the department that we began in 2009. Thanks to the President's leadership and the solid support of all members of the Congress, we have made huge strides in our journey to provide all generations of Veterans the best possible care and benefits that they earned through selfless service to the Nation. We are committed to continue that journey, even as the numbers of Veterans will increase significantly in the coming years, through the responsible use of the resources provided in the 2013 budget and 2014 advance appropriations requests.