

**STATEMENT OF  
DAVID J. SHULKIN, M.D.  
UNDER SECRETARY FOR HEALTH  
VETERANS HEALTH ADMINISTRATION  
U.S. DEPARTMENT OF VETERANS AFFAIRS**

**FOR PRESENTATION BEFORE THE  
SENATE COMMITTEE ON APPROPRIATIONS  
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,  
AND RELATED AGENCIES**

**BUDGET REQUEST FOR FISCAL YEAR 2017  
March 3, 2016**

Good morning Chairman Kirk, Ranking Member Tester, and Members of the Subcommittee. Thank you for the opportunity to appear before you to discuss the Department of Veterans Affairs (VA) Veterans Health Administration (VHA) fiscal year (FY) 2017 and FY 2018 Medical Care Advance Appropriations budget request. I am accompanied today by Mark Yow, VHA's Chief Financial Officer.

The year 2015 was a big year in addressing some of the critical issues that we have before us in VHA. VA, as a whole, is working to rebuild trust with Veterans and the American people, improve service delivery, and set the course for long-term VA excellence and reform. This initiative is called "MyVA." As we enter 2016, all of us in the VA health care system are focused on the "MyVA" initiative as well as VHA's *Blueprint for Excellence*. The Blueprint is aligned with the Department's Strategic Plan and supports the "MyVA" initiative. The Blueprint lays out themes and supporting strategies for transformation to improve the performance of VA health care now—making it not only more Veteran-centric, but also Veteran-driven by putting our customers in control of their VA experience. The *Blueprint for Excellence* will serve as a guide in all of the programs I mention throughout my testimony.

To ensure that we remain aligned with "MyVA" and the *Blueprint for Excellence*, I have five priorities that are the focus of VHA. First, we must fix the access issues and continue to work on reducing the wait time for Veterans who need our services. Second, VHA must be a model for high-performance care and develop a high-performance network. Third, we must improve staff and employee morale and make VA a place where all of our employees feel comfortable and supported in an environment that allows them to do the best job to serve our Veterans. Fourth, to ensure consistency of best practices and resource prioritization, we must share promising practices among facilities and focus on the things that we know are working best within VA. Finally, and most important, VHA must restore the trust and confidence that the American public and Veterans have in the services that we provide.

The President's FY 2017 Budget request will support VA's goals to expand access to timely, high-quality health care; sustain funding to support programs dedicated to ending homelessness among Veterans; and continue to transform the Department through its "MyVA" initiative, which reorients VA around Veteran needs and empowers employees to assist them by delivering excellent customer service to improve the Veteran experience.

The cost of fulfilling this care and other obligations to our Veterans grows, and we expect it will continue to grow for the foreseeable future. We know that services and benefits for Veterans do not peak until roughly four decades after a conflict ends. Therefore, more resources will be required to ensure that VA can provide timely, high-quality health care into the future. The FY 2017 Budget requests additional resources, which are critical in providing Veterans the care that they have earned through their service and sacrifice.

### **Improved Access to Care**

VA is taking multiple steps to expand capacity at our facilities by focusing on staffing, space, productivity, and VA Community Care. The FY 2017 Budget request provides \$65 billion for VA medical care, a 6.3-percent increase above the 2016 enacted level. The increase in 2017 is driven by Veterans' demand for VA health care as a result of demographic factors, economic assumptions, investments in access, high-priority investments for Caregivers, and new Hepatitis C treatments.

Building on momentum generated by the November 14, 2016, Stand Down, VA is continuing efforts to improve access to care, improve the Veteran experience, and improve the VA employee experience by maximizing accessibility to outpatient services and initiating a second Stand Down held on February 27, 2016. We are re-focusing people, tools, and systems as we embark on a continuous improvement journey towards same day access for primary care and urgent specialty care.

We are empowering each VA facility to focus on the needs of its specific population under the aforementioned guiding principles. Clinical operations will meet customer demand through resource-neutral, continuous improvements at the facility level and scaling-up excellence across the enterprise.

VA has placed special emphasis on increasing access for Veterans in rural and remote locations. Telehealth services are mission-critical to the future of VA care to Veterans. Telehealth utilizes information and telecommunication technologies to provide health care services when the patient and practitioner are separated by geographical distance. The FY 2017 Budget requests \$1.2 billion, an increase of \$56 million (5.1 percent) above the 2016 enacted level for telemedicine. The number of Veterans receiving care via VHA's telehealth services grew approximately 5 percent in FY 2015, and is anticipated to grow by approximately 6 percent in FY 2016. In

FY 2015, during more than 2.1 million telehealth episodes of care, VHA provided care to more than 677,000 Veterans via the three telehealth modalities (i.e., Clinical Video Telehealth, Home Telehealth and Store and Forward Telehealth). Forty-five percent of these Veterans lived in rural areas, and otherwise may have had limited access to VA health care.

We are appreciative of Congress' support to improve access as we build capacity within the VA system to better serve Veterans who rely on us for health care. My testimony will now discuss key initiatives highlighted in the President's 2017 Budget request.

### **Mental Health Care (Suicide Prevention – A Call to Action)**

Long deployments and intense combat conditions require comprehensive support for the emotional and mental health needs of Veterans and their families. Accordingly, VA continues to develop and expand its mental health system. VA has integrated mental health services into primary care in the Patient Aligned Care Team model. Providing mental health care within the primary care clinic minimizes barriers that may discourage Veterans from seeking mental health care. This integrated health care is not seen in other health care systems nationally.

VA has many entry points for mental health care, including 167 medical centers, 1,035 Community-Based Outpatient Clinics and Outpatient Services sites, 300 Vet Centers providing readjustment counseling, 80 Mobile Vet Centers, a national Veterans Crisis Line, VA staff on college and university campuses, and a variety of other outreach efforts.

VA's Primary Care-Mental Health Integration (PC-MHI) program, which provides mental health care as a routine component of primary care, is now established in 98.8 percent of VHA divisions, 98.5 percent of the very large and 81.2 percent of large community based outpatient clinics. VHA provided over 1 million PC-MHI encounters in 2015, an increase of 8 percent from 2014 and an increase of 28 percent from 2013.

The FY 2017 Budget requests \$7.8 billion, an increase of \$347 million (4.6 percent), to ensure the availability of a range of mental health services, from treatment of common mental health conditions in primary care to more intensive interventions in specialty mental health programs for more severe and persisting mental health conditions. We will continue to focus on expanding and transforming mental health services for Veterans to ensure that accessible and patient-centered care, including treatment for posttraumatic stress disorder (PTSD), ensuring timely access to mental health care, and treatment for Military Sexual Trauma.

On February 2, 2016, Secretary Robert McDonald and I held a groundbreaking event "Preventing Veteran Suicide: A Call to Action." This day-long summit was attended by over 230 participants, including members of Congress, the Department of

Defense, other Federal partners, Veterans, their family members, Veterans Service Organizations, academics, and other stakeholders. The primary goal of the event was to develop a concrete plan of action to engage more Veterans at risk for suicide by bringing them into VA's system. Independent studies have shown that Veterans who engage in VA care are at lower risk of suicide than those who do not engage in VA care. VA continues to develop a proactive action plan with steps to move forward with suicide-prevention efforts based on the feedback and presentations of the summit.

VA is committed to ensuring the safety of our Veterans, especially when they are in crisis. Our suicide prevention program is based on enhancing Veterans' access to high-quality mental health care and programs specifically designed to help prevent Veteran suicide. Losing one Veteran to suicide shatters an entire world. Veterans who reach out for help must receive that help when and where they need it and in terms that they value.

### **Hepatitis C Virus**

VA places a high priority on ensuring that all enrolled Veterans who require treatment for the Hepatitis C virus (HCV) have access to the necessary therapies. Chronic infection with HCV is the most common blood-borne infection in the world and is a major public health problem facing not only Veterans, but the United States in general. The FY 2017 Budget requests \$1.5 billion to capitalize on the availability of new therapies to improve access to and quality of HCV care. These new drugs will save Veterans' lives. During FY 2015, VA medical facilities treated over 30,000 Veterans for HCV with these new drugs with remarkable success, achieving cure rates of 90 percent.

### **Care in the Community**

VA is committed to providing Veterans access to timely, high-quality health care. The 2017 Budget includes \$12.3 billion for Care in the Community and includes a new Medical Care in the Community budget account, as mandated in the VA Budget and Choice Improvement Act (Public Law 114-41). Of the total, \$7.2 billion will be provided through a transfer of the 2017 Advance Appropriations for Medical Services to the new budget account, \$250 million will be provided through anticipated collections in the new account, and \$4.8 billion will be provided through the Veterans Choice Program. The 2017 Budget will support over 15.6 million visits/procedures for Veterans by non-VA providers.

On October 30, 2015, VA provided Congress with its plan for the consolidation and improvement of all purchased care programs into one New Veterans Choice Program (New VCP).

In today's complex and rapidly changing health care environment where VA is experiencing a steep increase in demand for care, it is essential for VA to work with

providers in communities across the country to meet Veterans' needs. To be effective, these relationships must be principle-based, streamlined, and easy to navigate for Veterans, community providers, and VA employees.

### **Caregiver Support Program**

VHA recognizes the crucial role that family caregivers play. These individuals are central to our mission in caring for those who have “borne the battle.” They are partners in helping Veterans as they recover from injury and illness, in supporting Veterans in their daily lives in their communities, and in helping Veterans remain at home. VHA is dedicated to providing caregivers with the support and services they need.

The FY 2017 Budget requests \$725 million for the National Caregivers Support Program to support nearly 36,600 Caregivers, an increase of \$102 million (16.4 percent) from FY 2016, of which \$629 million in 2017 will be for the monthly stipends paid to designated primary family caregivers under VA's Program of Comprehensive Assistance for Family Caregivers, an increase of \$140 million (29 percent) from FY 2016. The increases to the stipend obligations are due to an increase in the number of caregivers approved to participate in the Program of Comprehensive Assistance as well as the increases in the underlying hourly wages used to calculate the monthly stipend rates.

In addition to the Program of Comprehensive Assistance for Family Caregivers, VA offers a variety of services and resources through the General Caregiver Support Program, including: local Caregiver Support Coordinators, the National Caregiver Support Line staffed by licensed social workers, the VA website dedicated to family caregivers, as well as the Peer Support Mentoring Program. Additionally, VA offers a variety of training and provides many educational opportunities for caregivers of Veterans. VA is dedicated to promoting the health and well-being of caregivers who care for our Nation's Veterans, through education, resources, support, and services.

### **Ending Veterans Homelessness**

Ending and preventing Veteran homelessness is now becoming a reality in many communities. Between 2010 and 2015, overall Veteran homelessness dropped by 36 percent, as measured by the yearly Point-in-Time count, and we have achieved a nearly 50-percent decrease in unsheltered Veteran homelessness. Through unprecedented partnerships with Federal and local partners, we have greatly increased access to permanent housing, a full range of health care including primary care, specialty care, and mental health care; employment; and benefits for homeless and at risk for homeless Veterans and their families. As a result of these investments, in FY 2015 alone, VA provided services to more than 365,000 homeless or at-risk Veterans in VHA's homeless programs. Nearly 65,000 Veterans obtained permanent housing through VHA Homeless Programs interventions, and more than 36,000 Veterans and

their family members, including 6,555 children, were prevented from becoming homeless.

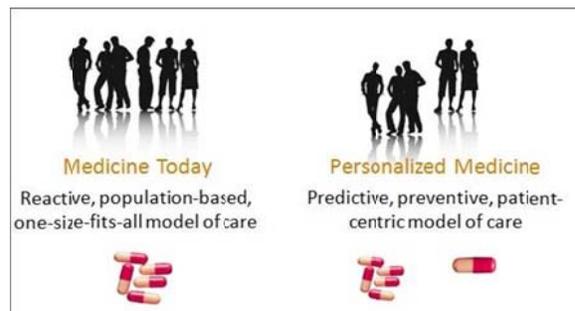
In FY 2017, VA will continue to focus on prevention and treatment services. The FY 2017 Budget request of \$1.6 billion will support programs such as Grant and Per Diem, Veterans Justice Outreach, Supportive Services for Veteran Families and case management services for the Department of Housing and Urban Development -VA Supportive Housing program. All of these programs will continue to work towards achieving a systematic end to homelessness, meaning that there are no Veterans sleeping on our streets and every Veteran has access to permanent housing.

### **Advances in Medical and Prosthetic Research**

For over 75 years, VA Research has produced innovative and cutting-edge medical and prosthetic advances that are broad and significant. VA research is focused on the U.S. Veteran population, and allows VA research to uniquely address scientific questions to improve Veterans health care. Most VA researchers are also clinicians and health care providers who treat patients. Thus, VA research arises from the desire to heal rather than pure scientific curiosity, and yields remarkable returns.

In 2017, Medical Research will be supported through a \$663 million direct appropriation, and an additional \$1.2 billion from VA's medical care program and other Federal and non-Federal grants. Total funding for Medical and Prosthetic Research will be over \$1.9 billion in 2017.

The 2017 budget submission emphasizes transformational elements emanating from VA research and incorporating the evolving science of Genomic Medicine—how genes affect health—to support Precision Medicine innovations. This budget directly supports the President's initiative to invest in Precision Medicine to drive personalized medical treatment.



Beyond VA's support of over 2,200 ongoing research projects, VA will leverage our Million Veteran Program (MVP)—already one of the world's largest databases of genetic information—to support several Precision Medicine Initiatives. The first initiative will evaluate whether using a patient's genetic makeup to inform medication selection is effective in reducing complications and getting patients the most effective medication. This initiative will focus on up to 21,500 Veterans with PTSD, depression, pain, and/or substance abuse.

The second initiative will focus on additional analysis of Deoxyribonucleic acid (DNA) specimens already collected in the Million Veteran Program. More than 438,000 Veteran volunteers have contributed DNA samples so far. Genomic analysis on these DNA specimens allows researchers to extract critical genetic information from these specimens. There are several possible “levels” of genomic analyses, with increasing cost. Built into the design of MVP and currently funded within VA’s research program is a process known as “exome chip” genotyping—the tip of the iceberg in genomic analysis. Exome Chip genotyping provides useful information, but newer technologies promise significantly greater information for improving treatments.

VA proposes conducting the next level of analysis, known as “exome sequencing” on up to 100,000 Veterans who are enrolled in MVP. This exome sequencing analyzes the part of the genome that codes for proteins—the large, complex molecules that perform most critical functions in the body. Sequencing efforts will begin with a focus on Veterans with PTSD and frequently co-occurring conditions, such as depression, pain, and substance abuse, and expand to other chronic illnesses such as diabetes and heart disease, among others. This more detailed genetic analysis will provide greater information on the biological factors that may cause or increase the risk for these illnesses.

## **Conclusion**

In conclusion, VA is committed to providing the highest quality care, which our Veterans have earned and deserve. I appreciate the hard work and dedication of VA employees, our partners from Veterans Service Organizations—that are our important advocates for Veterans—our community stakeholders, and our dedicated VA volunteers. I respect the important role that Congress has in ensuring that Veterans receive the quality health care and benefits that they rightfully deserve. I look forward to continuing our strong collaboration and partnership with this Subcommittee, our other committees of jurisdiction, and the entire Congress, as we work together to continue to enhance the delivery of health care services to our Nation’s Veterans.

Mr. Chairman, Members of the Subcommittee, this concludes my remarks. Thank you again for the opportunity to testify. My colleague and I will be happy to respond to any questions from you or other Members of the Subcommittee.