U.S. DEPARTMENT OF VETERANS AFFAIRS BUDGET REQUEST FOR FISCAL YEAR 2015

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

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U.S. DEPARTMENT OF VETERANS AFFAIRS BUDGET REQUEST FOR FISCAL YEAR 2015

Thursday, March 13, 2014

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 10:00 a.m., in Room 334, Cannon House Office Building, Hon. Jeff Miller [chairman of the committee] presiding.

Present: Representatives Miller, Lamborn, Roe, Flores, Runyan, Benishek, Huelskamp, Coffman, Walorski, Michaud, Brown, Takano, Brownley, Titus, Kirkpatrick, Negrete-McLeod, Kuster, O'Rourke, and Walz.

OPENING STATEMENT OF CHAIRMAN, JEFF MILLER

The CHAIRMAN. Good morning, everybody. I want to welcome each and every one of you here this morning to our hearing on the President's fiscal 2015 budget request for the Departments of Veterans Affairs.

Mr. Secretary, we are glad to have you back with us here in the room. I appreciate your attendance and that of your entire leadership team.

We have only had a short time to review the details of the budget request, so I am sure that we will likely have some follow-up questions after the hearing. And as usual, I would ask for you and your folks' cooperation in trying to get the answers to those questions to us as quickly as possible.

You know, in a fiscal climate that has seen budget cuts all the way to the bone, funding for our veterans has emerged as an obvious priority for both the Administration and the Congress. For that, I commend you for your leadership and fighting to ensure that veterans of this country remain a priority.

I also want to commend VA on the operation of its veterans' crisis line. I have heard some really positive feedback in the most recent days. Paul Rieckhoff was testifying in the joint hearing over in the Senate and your statement that roughly 35,000 men and women have been rescued from suicide because of VA's intervention, it is the rough equivalent of two army divisions. And certainly that speaks for itself and is a great success. So with that, we say keep up the good work.

I have listened carefully in the last few weeks to testimony from a whole myriad of veteran service organizations who testified before our committees regarding the need to improve timely delivery of mental healthcare, to not only ensure that healthcare is delivered in state-of-the-art facilities, and to sustain VA's progress in reducing the backlog that exists out there, but also making sure that

we have timely decisions and accurate decisions on the backlog of claims that exist out there.

When I look at this $163.9 billion budget request, I am left wondering why we cannot do better than we are in some areas. I think it is fair to say that Congress has supported nearly every request that the Administration has asked for when it comes to our veterans, yet I think we can all acknowledge that serious problems still exist within the system.

Although it is nice to see a steady downward trend in the backlog over the last year, what I am hearing from veteran service organizations and veterans themselves is that VA is sacrificing accurate decisions for fast decisions and that it is falling behind on appeals.

With the record funding provided in this area over the last decade both in manpower and in technology, it is frustrating, I think, to all of us to continue to hear some of those same complaints.

And I am also concerned about continued inspector general and media reports regarding preventable deaths at a number of VA facilities across the country. I know that VA is not infallible, but serious, even deadly mistakes merit swift and clear accountability.

I know you believe as I believe and we are ready to work with you and your agency to give you any of the tools that you need in order to get the job done.

I am going to follow-up on this last issue in questioning, but I am troubled with what appears to be a common practice with VA's budget submissions of late. And that is to identify based on updated information excess funds that are no longer necessary, then redirecting those funds toward initiatives that were budgeted and appropriated in advance at a lower level.

For example, VA overestimated by about $700 million what it needs for long-term care resources in fiscal year 2015, but now the agency wants to redirect all of that money and more towards its homeless initiatives, facility activations, and other needs.

In fact, notwithstanding the overestimation of $700 million, VA now seeks a supplemental budget for fiscal year 2015 of $368 million. Needless to say, I think this practice needs further discussion.

Mr. Secretary, these are just a couple areas I would like to address with you this morning. In the interest of time, however, I am going to recognize the ranking member for his opening statement.

[THE PREPARED STATEMENT OF CHAIRMAN JEFF MILLER APPEARS IN THE APPENDIX]

OPENING STATEMENT OF MICHAEL MICHAUD, RANKING MINORITY MEMBER

Mr. MICHAUD. Thank you very much, Mr. Chairman, for holding this hearing.

And thank you, Mr. Secretary, and the panel for being here this morning as well.

Mr. Secretary, I would like to begin by noting that in your written statement, you applaud, and I quote, "Congress's foresight," end of quote, in providing for advanced appropriation for the Department of Veterans Affairs' healthcare budget.

This committee is again trying to show that foresight in looking down the road and providing advanced appropriation authority for

the remaining 14 percent of the Department of Veterans Affairs' discretionary budget.

As you know, H.R. 813, Putting Veterans' Funding First Act of 2013, would give the Department of Veterans Affairs a certain and stable budget. It would also implement some vital planning and programming provisions.

You have seen firsthand how valuable these can be. Help us help you and the veterans you serve by coming out today in support of H.R. 813.

This morning, we are discussing the budget for fiscal year 2015 and 2016. Mr. Secretary, two of the VA's top three goals have due dates in 2015, eliminating veterans' homelessness and eliminating the disability claims backlog.

My question to you and a perspective is, I believe that we should take in regard to this hearing is, does this proposed budget provide the Department of Veterans Affairs with all the resources needed to meet both of these goals in 2015? If not, now is the time to let us know what you need to meet both those goals.

I have been a champion, as you know, of improving access, especially for rural veterans, since I first came to Congress in 2003. As such, your third goal of improving veterans' access to benefits and services is of special interest to me.

Today I hope to receive some assurance that the Department of Veterans Affairs is pursuing new technologies, infrastructure, and construction management process that will increase access to all veterans.

And, finally, in December, the Department of Veterans Affairs issued a final rule granting a presumption for certain illnesses relating to traumatic brain injury. In the past, the Department of Veterans Affairs has pointed to past presumptions for leading up to the disability claims backlog. And today I look forward to hearing what advanced planning you are doing to ensure that this does not happen again when you look at presumption as it relates to TBI.

And, Secretary Shinseki, this will be the sixth time that you have come before this committee to discuss the Department of Veterans Affairs' budget, more times than any other previous secretary, so I applaud you for your willingness to serve as the secretary for that many years. And I want to thank you for your continued service to our veterans and to the Department of Veterans Affairs and to the Nation, and I look forward to your testimony today.

And with that, Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Thank you very much.

Members, at this time, I want to recognize our first and only panel that will be with us this morning. We are going to hear testimony from the Honorable Eric K. Shinseki, secretary of the Department of Veterans Affairs.

Accompanying the secretary this morning is the Honorable Robert A. Petzel, under secretary for Health; the Honorable Allison A. Hickey, under secretary for Benefits; the Honorable Steve L. Muro, under secretary for Memorial Affairs; Ms. Helen Tierney, executive in charge for the Office of Management and acting chief financial

officer; and Mr. Stephen Warren, the executive in charge for Information and Technology within the Office of Information and Technology at the Department of Veterans Affairs.

Secretary Shinseki, you are now recognized for your testimony, sir.

STATEMENT OF ERIC K. SHINSEKI, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS, ACCOMPANIED BY ROBERT A. PETZEL, UNDER SECRETARY FOR HEALTH, DEPARTMENT OF VETERANS AFFAIRS; ALLISON A. HICKEY, UNDER SECRETARY FOR BENEFITS, DEPARTMENT OF VETERANS AFFAIRS; STEVE L. MURO, UNDER SECRETARY FOR MEMORIAL AFFAIRS, DEPARTMENT OF VETERANS AFFAIRS; HELEN TIERNEY, EXECUTIVE IN CHARGE FOR THE OFFICE OF MANAGEMENT AND ACTING CHIEF FINANCIAL OFFICER, DEPARTMENT OF VETERANS AFFAIRS; STEPHEN WARREN, EXECUTIVE IN CHARGE FOR INFORMATION AND TECHNOLOGY, OFFICE OF INFORMATION AND TECHNOLOGY, DEPARTMENT OF VETERANS AFFAIRS

Secretary SHINSEKI. Well, thank you, Mr. Chairman.

Chairman Miller, Ranking Member Michaud, distinguished Members of the committee, thanks for this opportunity to present to you the President's fiscal year 2015 budget and fiscal year 2016 advance appropriations requests for the Department of Veterans Affairs.

As the Ranking Member noted, I am working my sixth budget cycle with you and together we have made a lot of progress. I express our thanks from all of us at VA. We deeply appreciate your unwavering support for our veterans and our past five years of work, I think, reflects a good bit of that commitment.

Let me also acknowledge the representatives of our Veteran Service Organizations who are here today. Their insights and support make us better at caring for veterans, their families, and our survivors.

Mr. Chairman, thank you for introducing the members of my panel here, and I have a written statement which I ask to be submitted for the record.

The CHAIRMAN. Without objection.

Secretary SHINSEKI. Thank you, Mr. Chairman.

The Fiscal Year 2015 budget and 2016 advance appropriations requests demonstrate once again President Obama's steadfast commitment to our Nation's veterans. His leadership and the support of the Congress and especially Members of this committee has allowed us for five years now to answer one of our abiding guides and that is President Lincoln's charge from 149 years ago to the American people to care for those who shall have borne the battle, their families, and our survivors.

I thank the Members for your commitment to veterans and seek once again your support for these budget requests.

The President's vision reflected in these budget requests is about empowering veterans to help lead the rebuilding of the middle class in this country much as they did following World War II through access to quality healthcare, benefits, training, education, and employment that enabled achieving the American dream.

VA's 2015 budget request seeks $163.9 billion, $68.4 billion of that in discretionary funding, including medical care collections, and that is an increase of three percent above our 2014 enacted funding level.

And the other piece of that budget request is $95.6 billion in mandatory funding. This budget also requests $58.7 billion for the fiscal year 2016 advance appropriations for medical care, an increase of $2.7 billion or 4.7 percent above the 2015 budget request that we are submitting today.

This is another strong budget and your support of it is critical to providing veterans the care and benefits they have earned through their service and sacrifice. It enables VA to further the three significant top priorities that we have discussed budget after budget cycle here, and laid out for you our plans and our progress.

The first is expanding veterans' access to benefits and services; the second, eliminating the disability claims backlog in 2015; and, thirdly, ending Veterans' homeless in 2015 as well.

Since 2009, we focused the resources you have provided to address these three key priorities, among other requirements. These three have been the driving force behind our efforts to serve veterans better.

And where it comes to access, I would report that more than two million additional veterans have enrolled in VA healthcare. We opened our 151st hospital, our first in 17 years, and we have increased our community-based outpatient clinics by a net of 55, bringing our total CBOCs today in this country to 820.

More than a million veteran and family member students have received VA educational assistance and vocational training. Nearly 90 percent of all veterans now have a burial option within 75 miles of their home, and our plans are to increase that to 96 percent by 2017, so just a way ahead beyond these budget requests.

In terms of disability claims, the backlog has declined 40 percent in the past 12 months. We are transitioning from paper to digital processing and we are on track to end the backlog in 2015.

In terms of veterans' homelessness, the estimated number of homeless veterans fell by 24 percent between 2010 and 2013 and we expect another reduction when this year's point in time count, which was taken in January, is tallied.

These are some of our key accomplishments. The momentum is up. I think we are making good progress across the board and we will continue to leverage every resource in these budget requests to do what is right for veterans.

In closing, I would say as we have for five years now, I assure the committee that we will use these resources that the Congress provides effectively, efficiently, and with accountability to best care for veterans.

So, again, Mr. Chairman, Members of the committee, thank you for the opportunity to appear here today and for your continued support of veterans. We look forward to your questions.

[THE PREPARED STATEMENT OF ERIC K. SHINSEKI APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Mr. Secretary, for your testimony. I am sure we all have a significant amount of questions that we would like to ask.

If I can, I would like to talk about Senator Sanders' legislation that he had proposed, Senate 1982, on the floor a couple of weeks ago, which incorporated a number of House bills that have passed this committee and the full House. And we have actually sent it over, and we await the Senate's response.

But like many committee Members here, I support a great number of the pieces of legislation that Senator Sanders had, but I would like to get your take, if you would, on some of those pieces that he included.

I think it was in Section 301 of the bill that mandates the enrollment of certain Priority 8 veterans by December 31st of 2014. And I noted that the Administration embarked on a limited expansion of Priority 8 veterans being able to use VA about five years ago.

So my question is, does the Administration support an expansion beyond what you have already allowed and, if so, what resources would be required before such an expansion could be accommodated without negatively impacting existing healthcare being provided to users within the system?

Secretary SHINSEKI. Mr. Chairman, when we focused on Priority Group 8 veterans five years ago, we had a number in mind that established a goal, what we thought we would see join us. In many ways, the specific focus on Priority Group 8 veterans became somewhat less focused because many ended up in other higher categories and, therefore, were able to join us.

And we exceeded the number of veterans we thought would be in this Priority Group 8 category. I think it was about 500,000 that was a rough target that we thought would respond incrementally over time.

I would say that over the last five years, we have had over two million veterans join VA's rolls for healthcare. And so while we have exceeded the number, a little bit of the priority group focus was addressed when veterans qualified for other categories.

The CHAIRMAN. But going back to category——

Secretary SHINSEKI. We met the initial milestones we set.

The CHAIRMAN. Correct. And I am just saying now if you expand it beyond what you had already opened up, what would the agency need in order to expand for all Category 8s?

Secretary SHINSEKI. I do not know that we have made a financial assessment to respond to that question.

The CHAIRMAN. Would the Administration support opening up for——

Secretary SHINSEKI. I would be happy to provide an estimate of what the cost might be, but I have not done that personally.

The CHAIRMAN. And in Section 303 of the bill, it expands the caregiver program to all eras of veterans. And I note from a report from last July, I think it was, that VA says they cannot responsibly advise the Congress on expansion without realistic consideration of the resources necessary to carry out the expansion.

In the same report, it stated that VA believes that expansion poses the risk of compromising resources needed for its core veteran healthcare mission.

So my question is, does the Administration now support this provision?

Secretary SHINSEKI. Here again, Mr. Chairman, I think when we put the program together, we expected about a 3,000 population of caregivers that would meet the requirements of the law. Today we are over 13,000. And I just share that with you to understand how popular and how helpful this program has been.

To the degree we can, we are interested in helping all of our caregivers who have responsibilities for veterans who have served this country, and I have an appreciation of what caregivers have to go through. This is a good program and I am happy to work with you in answering that question.

The CHAIRMAN. And one other real quick question is, part of Senator Sanders' bill provided dental care as well. And my question is, does the Administration support that provision?

Secretary SHINSEKI. Mr. Chairman, dental healthcare is part of our healthcare program, so we provide dental care to veterans today. It is based on service connection for dental work, and so I would try to understand what the qualifying conditions would be.

The CHAIRMAN. And the pilot in the legislation it is a comprehensive approach for all veterans to get all dental care provided, so it expands way beyond those that may have received some type of injury in their service.

Secretary SHINSEKI. Sure. And I would say there is a way to work with you and also the other body to get language that makes sense for providing the best quality healthcare, which includes dental healthcare for our veterans.

The CHAIRMAN. Mr. Michaud.

Mr. MICHAUD. Thank you very much, Mr. Chairman.

And thank you again, Mr. Secretary.

The VA state home construction grant program priority one list for fiscal year 2014 lists a total of $489 million, you know, waiting for VA funding, projects that are waiting for funding. You have requested $80 million for this program for fiscal year 2015, $5 million below the 2014 levels.

In light of the backlog of nearly $500 million in projects for fiscal year 2014, what do you anticipate to be the total of unfunded priority one projects for fiscal year 2015 if you indeed receive $80 million?

Secretary SHINSEKI. Well, Mr. Michaud, we have a prioritization process here and this is a program that we work in collaboration with the states. And there may be a long list of projects that we see on the list. Some of them are on hold until states can generate their portion of the funding, which we then intend—you know, it is our responsibility to try to meet.

If you have a specific state home in mind, I will try to address that.

Mr. MICHAUD. Well, actually, the priority one list shows that in 2014, a backlog of $489 million. Priority one applications are those that have, already have state matching funds in place. So the state matching funds are there. You have that huge backlog currently.

And my only concern is you are only asking for $80 million, which is $5 million less than what—it is a $5 million cut from the

previous year. So there already is a huge backlog with state funds available.

And the issue here is GAO just came out with a report that shows state homes provide cost-effective, long-term care for our veterans. So I have a concern with this huge backlog already out there with state funding available, that you are asking for less money than——

Secretary SHINSEKI. Yes.

Mr. MICHAUD [continuing]. What you received in the previous year.

Secretary SHINSEKI. Let me give you a better answer for the record. As I say, we work these off in priority. A good bit of work goes into this. I would say every now and then, we have projects that fall off the list because something happens and we move projects up.

But no question there is a long list of things we would like to do. We pay for 65 percent of these projects which is a significant investment by the Federal Government.

Mr. MICHAUD. Okay. Yeah, if you can get it for the record, I appreciate that.

Secretary SHINSEKI. Right.

Mr. MICHAUD. I also understand that non-VA care coordination is designed to ensure a more effective procedure to third-party billing and also oversight of the continuity of care for our veterans. VHA has been rolling this program out over the last year.

Can you give a status update on non-VA care coordination initiatives?

Secretary SHINSEKI. Let me call on Dr. Petzel to do this.

Dr. PETZEL. Thank you, Congressman Michaud.

VA spends approximately $6.8 billion a year on non-VA care in a variety of different programs. The thing that I think you are talking about directly is the approximately $5 billion that we spend on non-VA medical care across the country.

And in order to provide better access for America's veterans that live in rural parts of this country so that they can have care that is very similar to the care that you can receive in a less rural, more urban area, we have developed a program called patient-centered community care or PC3.

PC3 provides for a standardized way of a physician asking for community care or a patient asking for community care, a structured referral with a very clear template for what needs to be in the request, and then we go to the network that has been developed by the two contractors that we have, Health Net and TriWest, to identify the providers within their network that can meet the need in whatever part of the country it might be.

It is going to provide better access for veterans that live in rural America, better choices about where they go, and much more timely service. We have in the contract a number of requirements regarding timeliness, reporting, et cetera.

To date, about 5,500 individuals have been involved with PC3, contracted PC3 care. It started in January with the beginning of the rollout. TriWest's network and now Health Net's network is out as well.

We expect that this is going to be an important part of reaching particularly specialty care into rural America for veterans that live in those communities.

Mr. MICHAUD. Thank you very much.

I yield. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Lamborn, you are recognized for five minutes.

Mr. LAMBORN. Thank you, Mr. Chairman.

And thank you all for being here and for your service to our veterans.

Last night, I had a telephone town hall meeting and one of the questions that came up is the impending construction of a new national veteran cemetery in southern Colorado, in El Paso County.

I want to commend and thank Under Secretary Steve Muro for his hard work on this project, and veterans and active-duty folks are very excited that that is coming along. So I commend you for your contribution to southern Colorado and veterans living anywhere near there.

That will help reach that 96 percent goal that you mentioned, Mr. Secretary, of people living within 75 miles of a national veteran cemetery.

Changing subject, I was a little concerned to hear that there are continuing, not little, I am very concerned that there are some continuing issues with quality control over claims processing.

And an example recently in my office back in Colorado Springs is a veteran who waited a year for the claim to be processed and then was told that he did not produce enough documentation about his service in Vietnam. And he had served in Korea and that was what his claim was based on. Now, maybe that was a typo or maybe it was actually a sign of inadequate claims processing.

I know that you have a tremendous need and desire to work through this big backlog that we have, but I want to make sure that we are not sacrificing, and the chairman brought this up a minute ago, quantity over quality.

How would you respond to that, Mr. Secretary?

Secretary SHINSEKI. Let me begin and then I will turn to Under Secretary Hickey.

Congressman, I will tell you that no veteran should have to wait for benefits and services we provide that they earned a long time ago. And so we are committed to making that available as quickly as possible.

The other aspect of that is not going so fast that you lose control over the precision of getting it right. And for us, the goal is getting it right the first time through. Not only is that better for veterans, but it also improves our efficiency. Any time you have to handle the same claim more than once, it is an increase in workload.

We in VA are, about one-third of us, about 100,000 of us, are veterans. And so looking after veterans' claims issues is something we spend a good bit of time on. Fifty percent of VBA is veterans. And what you are describing is a lack of precision on a point. I would like to get some more details on that.

Mr. LAMBORN. Okay. We can provide those to you.

Secretary SHINSEKI. And I will ask Secretary Hickey to talk about the overall accuracy picture.

Ms. HICKEY. Thank you, Congressman.

As the secretary said, our VBA employees are 52 percent veteran and many more are a direct family member of a veteran or a family member of a serving military member and all of them care deeply about delivering both a timely and an accurate claim decision for their brothers and sisters whom they have served alongside.

Let me just tell you very quickly that our approach and method for determining our quality, it has both been audited and validated by an external agency outside of VA and has been found to be statistically sound, highly reliable not only for the defined governance process but also for the accuracy of the results. And it does cover the complete body of claims that we do across the board.

Your budget help over the last couple of years has allowed us to take additional steps to improve that quality. The budgets associated with training have allowed us to stand up challenge training for all of our new employees. That lets us improve the skills and abilities of our folks.

We have made an investment in quality review teams at the individual regional offices that have caught errors before they become final which is a great way to make sure that does not end up in a problem for our veterans.

Also, we have begun a new process in this last year called consistency studies where we send out a scenario and we ask everybody to do the exact same scenario, and then we look at the consistency of the answers and apply direct training all the way down to the employee level, if necessary, to improve on the consistency of the responses.

Mr. LAMBORN. Okay. I see we have run out of time and I was hoping I would be able to yield some additional time to my colleague from Colorado, but I cannot do that.

So, Mr. Chairman, I yield back.

The CHAIRMAN. Thank you very much.

Mr. Takano.

Mr. TAKANO. Thank you, Mr. Chairman.

I am not sure who to direct my question to, but I presume it is Ms. Hickey. Is the VA working on fully completing the long-term solution for the Post-9/11 GI Bill claims so that automation will include original claims and supplemental claims?

Ms. HICKEY. Thank you, Congressman, for the question.

Long-term solution is VA's paperless IT system that has been put in place to help our student veterans and their family members go to school in a timely way and with a high-quality accuracy decision.

I can tell you that we have put new capability into the long-term solution that allows now more than 80 percent of our claims to go through with the benefit of automation that allows us to get those student veterans going to school with very quick answers and highly accurate answers.

Right now we have actually exceeded for more than a year now the agency priority goals for both timeliness and accuracy for those student veterans. And so our long-term solution is proving its value for both original claims and for supplemental claims.

Mr. TAKANO. Well, how far along are you towards completion of the solution and if you still have further to go, how much longer will it take and how much more money will it take to complete?

Secretary SHINSEKI. Let me ask our IT expert to address that.

Mr. WARREN. Thank you, sir.

Right now the system is, we have it in sustainment or in operations mode. As Secretary Hickey walked through, we build to what the performance goal needs are. So today it is exceeding what is needed.

So as a result of our internal prioritization of resources, we move the IT dollars to hit what is not meeting our goals or targets we have set. So today we are sustaining the system. We are making updates to it as needed.

But with respect to new capability, that is something that is probably projected for the out years because today it is doing the job. It is moving those claims through and, as Secretary Hickey talked about, tremendous amount of automation such that as soon as it comes in, it moves through and we are able to get the dollars out to those veterans so they can take advantage of that great benefit.

Mr. TAKANO. So are you telling me that it is complete for the moment?

Mr. WARREN. It is complete for the moment. It meets what our mission needs are. And if the mission needs change or if legislation comes in that requires more, then we would go back and re-look at where we placed our investments to meet those needs, sir.

Mr. TAKANO. So you do not need additional funding at this time?

Mr. WARREN. At this time for the goals that we set, it meets those goals, so we have funding needs, and appreciate your support for that, to continue running that system in terms of paying for the underlying. But with respect to new investments right now, there are none planned, sir.

Mr. TAKANO. Well, I congratulate you if you have achieved your goals and I am pleased to hear that.

Do you think that this budget and everything that the VA, the Department of Defense, and Department of Labor are doing to improve the transition process is enough, Mr. Secretary?

Secretary SHINSEKI. Let me start and then I will call on Secretary Hickey to provide some detail.

This program began, we have just started this program about a year ago. And the program is designed to take care of the transition of every servicemember leaving the military.

The transition assistance program, which is a DoD program, has VA representatives as well as Department of Labor representatives inserted into the training that goes on for every servicemember.

Every departing servicemember gets a departure physical, something that was not done before. And so we have a pretty good idea of what the needs are going to be and then the transfer of this information to VA is much better than it has ever been.

Your question is it all that we need it to be: is what we designed, understanding what we thought the needs are. And we will learn as we execute the program, what needs to be adjusted. So we are still gathering data.

DoD has just announced that they will be looking at a downsizing requirement which will then allow us to understand what our requirements are going to be for throughput and we are working with them right now to understand what that plan is.

Mr. TAKANO. If I may, and I am going to run out of time, my suggestion is that maybe servicemembers should be encouraged to start thinking and preparing for the transition much earlier than they are.

Secretary SHINSEKI. I agree. I agree. And those are discussions that both VA and DoD have and understand those encouragements occur while they are still in uniform. And I know that is a priority at DoD.

Mr. TAKANO. Thank you.

Mr. Chairman, my time is——

The CHAIRMAN. Dr. Benishek.

Dr. BENISHEK. Thank you, Mr. Chairman.

I was looking at, you know, the overall numbers here and, you know, I am a little concerned about the care of our veterans and, you know, the medical aspect.

What percentage of the new employees that you are planning on hiring will be actual medical care providers and what percentages are the, you know, administrative staff?

Secretary SHINSEKI. Let me ask Dr. Petzel to discuss that.

Dr. PETZEL. Thank you, Congressman Benishek.

I would have to go back and look at what the plan is for these hires that we probably will make over the next year. I do not have in my mind the figure.

But let me just relate the fact that when we underwent the mental health hiring initiative starting in March of 2012 in order to provide better access for veterans to mental healthcare, we hired what eventually turned out to be 2,400 clinical professionals in the six different clinical categories and about 600 administrative people to help support those.

Now, whether that plays out in our entire hiring, I would have to go back and look.

Dr. BENISHEK. I would appreciate to be able to see what those kind of numbers look like because, as you know, I am interested in making sure that, you know, the people—you are running an efficient program and there is more healthcare providers than there are, you know, clipboard carrying bureaucrats.

Another question I have to tell you the truth is a little bit more about the PC3 program. You know, I have asked—I cannot remember who it was I asked about the implementation of the program and the amount of people that are actually going to participate.

And I am a little concerned over the what is it going to cost the VA to have this intermediary. I mean, there are two contractors, right? Was it TriWest and Health Net are the two? They are the only two providers in the entire country then?

I mean, can you tell me why that is and kind of what is the percentages that they are going to be taking of the VA's money to just organize this network?

Dr. PETZEL. Thank you, Congressman Benishek.

There are two networks. There are literally thousands of providers around the country. We negotiated with those two organizations to basically have very close to Medicare rates for reimbursement. You cannot get anything better than that.

They then go out and negotiate with individual providers to join their network. So we are expecting, quite frankly, that we are

going to save money over what we have spent in the past in non-VA medical care in those areas where we do use the contractors.

Dr. BENISHEK. Well, that is my concern, you know, that they are going to be paying providers less than Medicare. Are you going to get providers to actually sign up?

Dr. PETZEL. To date——

Dr. BENISHEK. Like my district, as you know, is very rural.

Dr. PETZEL. Right.

Dr. BENISHEK. And, you know, many of my veterans want to have access to, you know, multiple facilities like X-ray in Sault Ste. Marie rather than to drive to Iron Mountain.

So are you going to be able to get, you know, the Sault Hospital to provide an X-ray when it is going to be paying them less than Medicare, maybe close to Medicaid rates? Are they going to want to join a network like that?

Dr. PETZEL. We believe that this is going to do a better job of providing access across the country for veterans. So far, the networks have been very successfully set up according to the two network providers. And we have been able to—we have had about 5,500 people actually use this and we have been able to——

Dr. BENISHEK. Five thousand five hundred providers or 5,000——

Dr. PETZEL. No, 5,500 patients since we—we have just gotten started. And we have been able to meet the needs that were identified for those patients within the network. So I am expecting that again——

Dr. BENISHEK. That sounds like a very small number of patients, though, Dr. Petzel.

Dr. PETZEL. Oh, it is just starting, sir, just starting.

Dr. BENISHEK. Well, I am very concerned about this process and I am concerned that there is going to be a difficulty in getting enough outside providers.

I understand the difficulty with the VA individually trying to contract providers on your own because I have been a part of that, you know, as a physician working for the VA and it is not easy to get the payment system arranged in a logical fashion. So I understand maybe the need for that intermediary, but I am just concerned about people participating in it, frankly, because of low reimbursement.

Secretary SHINSEKI. Congressman, Dr. Petzel is our expert here on these things, but I would say if you look at our discussion of delivery of healthcare, this is one of the options where we try to get as much access to veterans in as many places as we can using the experience of these two networks.

We also still have fee basis that we provide for those areas that do not quite fit.

Dr. BENISHEK. Well, I guess what I would like is I would like to have an update to me as to how much you are actually paying.

If you are paying these guys Medicare rates, are they taking 20 percent of the money to provide the network to you? You understand me? And how much are we paying this intermediary to provide the care to our veterans?

And, you know, those are tax dollars that these guys are making money on and they are not actually providing the care. They are

just signing everybody up. I just want to know how much of the take they are getting.

Secretary SHINSEKI. As Dr. Petzel says, we are just getting started. We are happy to have that discussion with you.

Dr. BENISHEK. Appreciate that. Sorry. My time is up.

The CHAIRMAN. Ms. Brownley.

Ms. BROWNLEY. Thank you, Mr. Chairman.

And thank you, Mr. Secretary, for your testimony this morning.

I remain concerned with the mental healthcare needs of our Nation's heroes. And I know we have touched upon it this morning.

Three weeks ago, thanks to Dr. Benishek, we had a hearing in Ventura County, which is the district that I represent, and discovered that the response time in Ventura County is 44 days for mental health needs as opposed to, I think the goal was a minimum of 14 days.

So I am wondering, and we talked a little bit about the mental health initiative in terms of trying to hire more mental health professionals, so I am just wondering, you know, the VA's plan is to use the budget to make sure that we are meeting the mental health needs of our veterans and sort of what metrics we are using to gauge that.

Clearly we discovered an area within California where the response and I think the number of FTEs are below what is needed to meet the demand there and what is going to be done about that.

Secretary SHINSEKI. Congresswoman, let me just say that, we all know that we have been at war for a decade, over a decade now, and the great young people we send off have done fantastic jobs carrying the mission load that we have given them.

So after ten years, we ought to be very sensitive to this area that you talk about. And I would assure you that inside this leadership team and throughout VA, this is something that we work quite closely. It is trying to understand. First of all, it is a difficult area and, secondly, exactly what will work.

And one of the metrics would be what you are talking about, the full-time equivalent employees. But we have done other things. We have in those areas where we have difficulty hiring providers, just because they are not available, we are challenged and we have set up a network where a virtual mental health connection can be made between an individual in that kind of a situation and the rest of the system where we have mental health providers, sort of a virtual mental health clinic.

We in our work are a little bit reactive, and this is not an excuse, a little bit reactive because we look at who walked in for treatment this year and we try to adjust it for next year. We do not have a good metric for anticipating what next year's load is going to be.

We put an estimate in there, but it is less precise than we would like. And so we are constantly having to look at ourselves, looking at those access metrics you describe.

I am going to ask Dr. Petzel to provide a little more detail here, but it is something we adjust over time and we are looking at how we sit today.

Ms. BROWNLEY. Thank you, sir.

Secretary SHINSEKI. Dr. Petzel.

Dr. PETZEL. Thank you, sir.

It is very important to us that we are able to provide good access to high-quality mental health services for these people who are returning from conflict. As the secretary mentioned, multiple deployments and the stress involved in their particular circumstance there make them very vulnerable.

Our fiscal year 2015 budget requests $7.1 billion to treat approximately 1.7 million patients with specialized mental health services. With the addition of the 2,400 people that I spoke about earlier, we have improved access across the country. We are not where we want to be yet.

And there are places such as the Oxnard Clinic, which you and Dr. Benishek visited, where for new patients, we are not meeting our goals of providing timely access. And there are places where we are doing an excellent job of meeting the goals of timely access.

We are in the process of assessing those places where we are having difficulty to look at what the recruitment problems are and what the issues might be associated with not providing timely care.

I know specifically in Oxnard, as we have discussed, their plans to hire two additional psychotherapists which should be able to then manage the individual psychotherapy needs for both PTSD and depression in that clinic and provide for timely access. So we acknowledge the difficulties with Oxnard and also the fact that we are, I think, working hard to try and correct that situation.

Ms. BROWNLEY. Thank you, sir.

My time has run out. I yield back.

The CHAIRMAN. Thank you.

Mr. Coffman, you are recognized.

Mr. COFFMAN. Thank you, Mr. Chairman.

Secretary Shinseki, as you know, there is current litigation between the prime contractor and the VA with regards to the cost of construction of the Aurora VA Medical Center. The prime contractor is arguing the cost is $1.1 billion and the VA argues the cost is $600 million.

Does the VA have a contingency plan if the prime contractor walks off the job or VA realizes a shortfall of between $400 and $500 million?

Secretary SHINSEKI. Congressman, this is in litigation, so I cannot go into too much detail except to tell you that for the design of the Denver medical center, a contractor was brought in early to help with the design and it happened to be this contractor. And this contractor then was allowed to compete for the project and did and signed the contract at $604 million. And that is the contract we are pursuing.

We understand that because of mutual agreement about requirements to improve on the contract that the figure has now been increased, I think, to $612 million. And this negotiation continues. We work with this contractor. It is our intent to do that.

I have not heard from the contractor any indication that he is thinking about walking off the project. We certainly, you know, hope that is not the case. We are committed to funding this project.

And I would point out, as I mentioned to you in the past, this project did not exist before 2009. And today there are pilings in the ground and it is going vertical in about five years. I think this con-

tract has done well. We just need to work out what is usually construction negotiation between a contractor and the government.

Mr. COFFMAN. If the appeals court does determine that the cost is closer to the billion dollar figure than the $600 million that you have just referenced, would the VA have to ask Congress for additional appropriations to complete the project?

Secretary SHINSEKI. I will have to see, wait and see what the figure that comes out of the appeals process nails.

Mr. COFFMAN. That is not the question. The question is, if it is closer to a billion dollars, would you have to come before Congress for an appropriation?

Secretary SHINSEKI. You are asking a hypothetical here, Congressman. I do not know. I will have to take a look. I have not heard the billion dollar figure before.

Mr. COFFMAN. That is in the litigation.

Secretary SHINSEKI. Well, we have not accepted all of what the contractor said is part of that, so——

Mr. COFFMAN. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

But I think the question is, if the court's rule is that the agency owes an additional $400 million, would that require VA to come to Congress for additional funds?

Secretary SHINSEKI. It may, but I am not going to speculate here today.

The CHAIRMAN. That is not a hypothetical. That is if the court rules and says you owe it, I need to know, we need to know from an authorization——

Secretary SHINSEKI. We may re-prioritize other projects, Mr. Chairman——

The CHAIRMAN. I am sorry. I missed that.

Secretary SHINSEKI [continuing]. Before I come back. Yes.

The CHAIRMAN. Yeah. I missed——

Secretary SHINSEKI. We may look at re-prioritization and come to you for reprogramming.

The CHAIRMAN. Reprogramming?

Secretary SHINSEKI. Yes.

The CHAIRMAN. But you would have to come to Congress for reprogramming or reauthorization——

Secretary SHINSEKI. We always do, Mr. Chairman.

The CHAIRMAN [continuing]. Of funds? Mr. O'Rourke.

Mr. O'ROURKE. Thank you, Mr. Chair.

Secretary Shinseki, I would like to start out by thanking you and commending you for your responsiveness to me and to our office in the many requests that we have put before you, commend your team collectively and individually for their responsiveness to us.

We do not always agree with the conclusions that members of your leadership team reach. For example, Mr. Muro and I have talked about re-grassing the Fort Bliss Cemetery which right now is xeriscaped and covered in essentially gravel and dirt. We would love that to be re-grassed. But we are working constructively with Mr. Muro to try to beautify what is there already and I think that holds true for everyone almost without exception.

I would like to go through a few of our priorities in El Paso and I think they pertain to national issues and to the fiscal year 2015 budget.

The first is expanding capacity and quality of care, primary care at the El Paso VHA Clinic and ultimately we need a full-service veterans' hospital in El Paso. Currently when veterans need that kind of care, they are traveling on a 9 to 10-hour round trip to Albuquerque, New Mexico which is the closest full-service VA hospital.

We looked at the 14-day access numbers in El Paso for the last year. In October, only 18 percent of the veterans who are trying to see a primary healthcare provider were able to get an appointment within 14 days.

It has improved since then thanks to Mr. John Mendoza and his wonderful team of doctors, nurses, and front-line staff in El Paso, but it is in desperate need of improvement.

Second is we need to improve claims' turnaround times out of the Waco regional office. It did go from a peak of 470 days that the average El Paso veteran was waiting to hear back on their claim last year to the current number which is 288. So it is an improvement. It is not at 125, but we are moving in the right direction. And we thank Under Secretary Hickey and her team for helping us out with that.

Third is the backlog on the IDES claims processing in Washington State that our wounded warriors who at the WTU at Fort Bliss are languishing for hundreds of days beyond when they should be so that they can transition out and get on with their lives. We would love your help with that and look forward to working with you there.

And the fourth one, and this is where I want to ask my question finally, is on access to mental healthcare and to pick up on something that Congresswoman Brownley brought up. That is perhaps the most critical issue in El Paso and I would guess in other VHA centers around the country.

When I was running for office, I was approached by a young man who just returned from Afghanistan, had PTSD, was using his Post-9/11 GI money to go to the El Paso Community College, at night was flipping burgers at Carl's Jr., and said I cannot get in to see a mental healthcare specialist. I am supposed to be in every single week. I am lucky if I get in every 6 to 8 weeks. When I get in, it is a different counselor each time. I have no continuity of care. If I could pay for this myself, I would, but I cannot afford it. Will you help me out?

That anecdote and others that I have heard have since been borne out by the statistics that we have seen. The recent SAO report puts El Paso at 118 of 128 VHAs around the country for access to mental healthcare.

We surveyed our own veterans' population and found that a quarter of them could not make a mental healthcare appointment within 1 calendar year.

So we have been able to work with Dr. Petzel on this. He has made a commitment to me and to my team that by May of this year, we will get to that 14-day number for 90 to 95 percent of the population.

But my question for you, Secretary Shinseki, and for Dr. Petzel is, ours in El Paso, as I heard from Ms. Brownley, is not a unique story. What are you going to do in addition to the additional $309 million that we are requesting in the fiscal year 2015 budget for mental healthcare to surge providers' access, care, and resources to these desperately under-served areas where we are failing to care for those who have borne the battle?

Secretary SHINSEKI. Dr. Petzel.

Dr. PETZEL. Thank you, Mr. Secretary.

Congressman O'Rourke, we, as you have heard me say previously, are committed to providing access to these veterans who have suffered these invisible wounds of war and are now living often for our purposes in terms of not meeting needs in relatively remote areas.

And we have talked about what we are doing in El Paso. Specifically I would point out, and I think you know this, that the access has improved rather substantially since that survey that you did with your constituents.

What we have done there is, number one, hired up to the ceiling that they have, 80 mental health professionals. And number two is that we provided for a network of tele-home health. Psychiatrist recruitment in El Paso has been difficult and they are needed for medication management.

We have now two tele-health providers, one in Salt Lake City, the other in San Diego, who are doing medication management and individual psychotherapy via tele-mental health very successfully. The patients like it. The service has improved dramatically and the access now to those particular services.

But I am empathetic with what your constituents have said. We need to be able to assure every veteran that they can get ready access to mental health services in El Paso as well as every other providing community in the country.

Mr. O'ROURKE. Mr. Chairman, I yield back.

The CHAIRMAN. Mr. Runyan, you are recognized.

Mr. RUNYAN. Thank you, Mr. Chairman.

I am going to have one question. It is probably more directed to Under Secretary Hickey dealing with VBA, and we talk about the processes and initiatives are outlined in the budget and they are centered around concepts and centralization, national work queue and centralized mail operations.

The biggest question here is—get that—I think most people will ask what are we doing to fix the systematic at—I have had the conversation with Ms. Titus—at the Reno office? How are we addressing the underperforming things because from a big-picture view, it looks like we are shifting workload away from them to just get the job done. What are we doing to address the actual problem in these underperforming offices?

The CHAIRMAN. Secretary Hickey?

Ms. HICKEY. Thank you, Congressman Runyan, for your question.

And I will tell you we are—the entire transformation effort—people, the most important piece of it, 52 percent of those people doing this job every day are veterans and a large portion of them are a direct family member of a veteran or a family member of a mili-

tary—serving veteran, so everybody wants to come to work and tries to come to work every single day to do the right thing by these men and women they served alongside.

So what I will tell you we have done—and we have talked to you about this before and we are seeing great merit from it—challenge training, which this committee has supported in budget; not a cheap venture, but a critically important piece of training our entire workforce, no matter where they sit, to do a great job every single day from the moment they join us in the workforce. We continue those efforts. You see it represented in our budget today for fiscal year 2015 continuing to grow that way.

We have taken and done, and thanks to this committee as well and its support, station enhancement training where we have gone into a complete office and we have stood down and now we are doing a non-stand down form of that for other offices that are challenged and retrained everybody, top to bottom, including leadership, in all of their responsibilities in order to get a way ahead and a better result and a better outcome every single day.

The other things that this committee has supported, frankly—and I need your support continued—is our IT budget. We have built rules into the IT systems that now make it easier to deliver on the right and accurate answer every single time. That is critically important in this 2015 budget because everything now in VBMS forward is about automation and building those rules into the system so it eases the burden of remembering a book, bigger than the one sitting in front of me full of rules, that are the complexity of this kind of business. So our IT budget is critical to that aim. We have also—and, yes, we are helping across the Nation, all veterans. From no matter where we sit, we care about all veterans and every bit of those family members that are supported by that veteran, no matter the geography of where they sit.

But first and foremost, the filter for national work, too, is, can the regional office where that veteran lives near do that work? And if they have a surge because they have had a recent redeployment from the theater—some of our states have been impacted by a large National Guard redeployment at that time and it puts a sudden surge in their system—yes, we are helping others from across the Nation. And we can now because we are electronic and because this committee has blessed us with the IT resources to build a virtual electronic system that allows anybody, anywhere to help on that claim for that veteran, so it goes better and faster all at the same time.

Mr. RUNYAN. Thank you.

I yield back, Chairman.

The CHAIRMAN. Ms. Kuster.

Ms. KUSTER. Thank you very much, Mr. Chairman. I just have a couple of questions. I, first, just want to thank you for your attention and I am delighted—I just yesterday spoke with the new director at the VA in Manchester, New Hampshire, who has now finally been installed and look forward to working with her as well.

So, three quick questions: The first has to do with acquisition of medical devices. We have a company in Salem, New Hampshire called "Gamma Medica" and what they make is a medical device that produces bone density imaging to help with early detection of

breast cancer, and the challenge has been two, year-long delays at the National Acquisition Center and so that veterans are not getting the opportunity to get access to early detection of breast cancer. And I am just wondering if there is anything in the budget that is going to help to speed up the processes at the National Acquisition Center?

Dr. PETZEL. Thank you, Congresswoman Kuster.

The need for timely purchase of medical equipment in order to, again, be able to meet the needs of veterans who are coming to our clinics and our medical centers is very important. And I am familiar with—we have gotten some information about—some letters from you about Gamma Medica and looking at what we call the NAC, the National Acquisition Center, to try and reduce this time frame. Currently, two years is what it is taking us to acquire more costly medical equipment. We have two pilot projects with the NAC; they have a streamlined approval process.

And the second thing we are doing is looking at unbundling. One of the things that takes time is that purchases are bundled in order to get a better price, and we are trying to find, perhaps, a compromise between getting those things done quickly and getting a good price. So I am very familiar with that circumstance and we are exploring ways to cut down on that acquisition time.

Ms. KUSTER. Thank you.

The second issue is a focus that I have had with Representative Walorski and others in the congress about military sexual trauma and sexual assault. This committee had a hearing with both men and women victims, and my question is: As more survivors and whistleblowers come forward, how does the VA plan to meet the growing need for mental health and other services for veterans that are victims of sexual trauma and does this budget provide you with the resources that you will need to address these needs?

Secretary SHINSEKI. Congresswoman, thanks for that question.

We have all learned a considerable amount in dealing with the issue of military sexual trauma: serious, sensitive, greatly underreported: and so those of us that are in the validation of a connection of something, we don't have much data to go on. And what I would say is that we have been very open about understanding this is a circumstance that doesn't lend to connecting, so we have committed to providing access for care, both to physical medicine, as well as the mental health aspects of this. And we have been—we provide this free of charge even if the eligibility to other, VA services are not being provided. Every medical center provides treatment and they have a military sexual trauma coordinator. The same is true at each VISN network location.

I am going to call on Secretary Hickey to talk about the efforts she went through in reviewing benefits decisions to ensure that claims for PTSD resulting from MST and PTSD from other primarily combat reasons, there was some comparative discussion here, and I think terrific work done on her part.

Ms. HICKEY. Congresswoman, when I arrived here in June of 2011, one of the very first things I did was call for a full review of all of our PTSD due to military sexual trauma decisions and ask for a complete statistically valid review of them and what I found was a problem we had. We had granted these conditions lower than

PTSD claims for combat terrorism, results of terrorism, things of that nature.

Working with my counterpart in VHA, we took very aggressive action to completely revamp that whole program. We designated only specific people that can make those decisions on both sides. We brought them all together at the same time with both of us there at the training event to completely retrain that workforce from top to bottom. I put those claims in our special operations lanes where we have our most senior, most highly qualified individuals to be able to work with those claims, and together, working with our VHA counterparts, in very quick timing, we closed the gap on that grant denial rate and we have sustained that closed gap on that grant denial rate since. And so we are very focused on that. I routinely ask about every six months to review, to make sure that we are holding that effort closed.

Those folks we had made decisions on previously, we invited by letter and we asked the VSOs to help get the word out to come back to us if they felt they were denied in error. We had some come back and we have redone those and in those cases, there have been grants at a higher level commensurate with how we are now granting and denying those claims.

Ms. KUSTER. Thank you very much.

And my time has expired, Mr. Chairman.

Secretary SHINSEKI. Mr. Chairman, may I just add one last point?

The CHAIRMAN. Yes, sir.

Secretary SHINSEKI. Fiscal year 2014, we had a number of veterans coming to us to report an MST prior history for most of whom we had no documentation. So more than 77,000 women and more than 57,000 men came to see us in fiscal year 2013. Our outpatient visit was significant, 16 percent increase over whatever had happened before. So that has been put in the calculation for the 2015 budget and I expect that we will have most of our requirements covered here.

The other issue is: We are going to watch this as we begin to see the downsizing of the military and we will expect to see more of these cases, but we are sensitive to it.

Ms. KUSTER. Thank you very much, Mr. Secretary, and thank you, Under Secretary Hickey. Thank you, Mr. Chair.

The CHAIRMAN. Yes, ma'am.

Dr. Roe.

Dr. ROE. Thank you, Mr. Chairman.

I want to start by thanking you all for what you do for veterans each day in my district. We have a, as you know, a large VA Medical Center and numerous CBOCs and I know a lot of times you hear negative things, but when I go home I hear many more positive things than I do negative things and I think you don't hear that enough. I mean you hear a lot of the complaints that go on, but I certainly hear a lot of very positive comments about the care that our veterans get in our area. Imperfect, yes—individuals with problems, but overall it has been a very positive experience. I wanted you to hear that publicly.

I think we mentioned a few things earlier about the Caregiver Program, a tremendous program, that the VA has initiated to help veterans.

The homeless issue is one that I will continue to work on with you, Secretary, as long as I am here, and I know as long as you are here, that is a passion you have. One of the saddest things I think I can think of is a homeless veteran, a person who served this country honorably that now doesn't have a place to live. That is a very good—VASH program is a tremendous program.

And also, the Post-9/11 GI Bill that Mr. O'Rourke brought up, I can't say more good things about that. That is an incredible educational opportunity. I know maybe others in this room have used the GI Bill. I remember I had $300 a month—I will never forgot the number—and it helped me tremendously when I got that, and it is a wonderful benefit.

I think a couple things I do want to talk about, what percent of veterans do we serve in this nation—does the VA serve? There are 22 million veterans——

Secretary SHINSEKI. Twenty-two million veterans, Enrolled for healthcare, probably 8.9 million.

Dr. ROE. So about a third, okay.

Secretary SHINSEKI. And then over in our benefits, we have about 11—12 million who are enrolled for benefits, and some of these numbers are——

Dr. ROE. Are overlapped?

Secretary SHINSEKI. Yes.

Dr. ROE. Okay. I appreciate that.

Just a comment that Mr. Michaud made a minute ago, I wanted to emphasize of the size of the state VA homes. I have seen that—where I grew up in Clarksville, Tennessee, they are beginning to build one there and I want to encourage the VA to continue to invest in those.

As our veterans age—that is a huge demographic of people out there—and it is just the population in general, as we get older and we live longer, as a society, we are going to have to figure out how to take care of these people in a dignified way, and I think the VA is a very good way to help with veterans. And I would encourage you to re-look that number and see if more couldn't be invested, along with state homes. Since the states makes a—I know 65 percent is a lot of money, but the states make a huge investment.

Just to comment there—I mean nothing to do now, but when we look at future budgets, I would strongly encourage you to increase that significantly.

Secretary SHINSEKI. We will look at that.

Dr. ROE. Thank you.

I think one other—two other issues I want to talk about just briefly, and I guess this is probably Mr. Warren that will take this question, but is, again, the interoperability—and we talked about this in your office—between DoD and VA and would just briefly tell us where that is because we spent a billion dollars—we were here last year and we don't know where the billion went and we still can't interact.

I know when the bill—the budget was passed, we put—Chairman Rogers put 300 million more dollars, technical dollars, in to make this happen. Where is that, for the record?

Secretary SHINSEKI. I am going to call on Mr. Warren to talk about the dollars that are being allocated. I would just say—a quick look back here—when Secretary Gates and I launched this, we envisioned a single, joint, common, integrated health record and pretty much we have worked on this project with that in mind.

When Secretary Hagel arrived, he took a look at how he was structured to deliver his half of that commitment and he didn't feel he was properly organized, so he asked for the opportunity to relook at his structure. And his decision coming out of that—I respect his decision—was to pursue an acquisition strategy.

We have had VistA, our electronic healthcare record system since 1997. Technology turns over every 18 months. Some say that the technology turn is moving closer to nine months, but it says something about our electronic health record, that since 1997, it has been the one that we have been able to evolve into more and more capability. And so we are comfortable with it and we are going to pursue raising VistA from a level two electronic healthcare record to a level four, which would put it at the top of the, competitors.

Dr. ROE. We have talked about this and this is a critical decision because we have now been years trying to get this to happen to make veterans' healthcare better and I think this is one of the biggest decisions, from the VA standpoint, technologically, that will be made in my tenure in congress. Because I don't want to be here at ten years, if my voters will let me come back for a few terms, to be having the same conversation that we can't talk that we have had for 15 years.

Secretary SHINSEKI. Well, I would just say, Congressman, that these conversations don't just occur here. They occur between Secretary Hagel and myself, and what I will tell you is that he is pursuing an acquisition strategy. I am evolving my VistA, which is—at what was at one time head and shoulders above everybody else. The gaps closed, we are still a great health record.

As he pursues his requirements for his acquisition, we are monitoring and having discussions and if there is a capability there that he is looking for that we don't have, we are going to go after that and make sure that we include that. When we get to the point where he is ready to make a decision on the DoD electronic health record, we want to be in the competition and I have talked to Secretary Hagel about that. He has assured me we are going to be in the competition, and so my work for the next two years is to get us as competitive as anybody else.

We have taken our code, the MUMPS code that drives our VistA program. We put it in the commercial space, workspace. Other contractors have picked up on it and have begun to incorporate that into their solutions. I think that makes it healthy.

When we get down to the end, even if we don't get the nod, the differences between what we have and what is available in the commercial workspace I think is going to be pretty close just because of what is going on now. Our code is government-owned, government-operated and we are comfortable with it. We think we are going to be competitive, but however it comes out, we are going to

be very, very close at the end, even if it is not a single, joint, common electronic health record. Interoperability is going to be much greater than it is today.

And I think you know, Congressman, we designed a joint viewer that takes our two databases now and it sits so that a care provider can pull data from both and see, on one screen, all the critical data and make decisions that are required and then that data goes back and resides in the proper database. We know that isn't good enough and we are going to be much closer here down the road.

Dr. ROE. The Chairman has been very generous with his time. I yield back.

The CHAIRMAN. Ms. Titus.

Ms. TITUS. Thank you, Mr. Chairman.

Thank you, Mr. Secretary. I have always been especially appreciative of your accessibility, as well as your team, so thank you for being here.

A lot of good points have been made today and I would like to go back and just focus on a couple of them, maybe from the perspective of Nevada and the West. First, I have to take a little exception to your cemetery policy that says a veteran will be within 75 miles of a national cemetery. There is a big difference between a rural burial initiative and a national cemetery, and there will still be 11 states without a national cemetery, including six in the West, and if you look at the map, that covers an awful lot of territory.

Second, I want to talk to the doctor, perhaps offline, because I want to get to national issues about our hospital in Las Vegas where there are some serious problems, especially with the emergency room coming on. So if we could meet about that, I would appreciate it.

Third, I would like to thank Chairman Runyan for bringing up the point about the Reno office and the backlog. Our committee has been working very hard to assist you and do what we can to support your efforts to reduce that backlog, which you have done a good job of and that we appreciate that.

And that is true Reno, too, which was one of the worst places in the country. I support the brokering initiative, but I don't want this to just be a policy where we ship a lot of cases somewhere elsewhere they are doing a good job and we don't fix the problem at Reno. So I was glad to hear the report of some of the initiatives that are taking place there.

And when you look at state nursing homes, again, a problem we are having, and I think you will see it nationally, is that many of the veterans nursing homes are mostly contracted to the State and to Medicare, and they are the ones who do the accountability and there is not very much of it. So if you look at that budget or look at going into that business more, I hope that you will build in some accountability by the VA and not just leave that to somebody else to check.

And then finally, I would ask you this: I have a bill that is called Pay As You Rate; it has been moving forward out of this House, but where you can pay a veteran some of his benefits as you assess different parts of the claim, instead of waiting until it is all fin-

ished to then give him some compensation. That way, you get a little bit as you go along.

And we talked to some veterans and found out that in Nevada only 8 percent receive any kind of payment as you go along, even though the VA can apparently already do this. I understand that it is something about the way that claims personnel are paid or their claims are counted towards pay. I can't quite understand why that is, but would you address it and let us know if there is some way that we can fix it so that this could be a policy going forward?

Secretary SHINSEKI. Let me try to hit all of the issues, and let me start with the claim-as-you-go payment that you brought up last, Congresswoman.

Ms. HICKEY. Congresswoman Titus, when we get fully into an electronic process—we are still sort of standing a foot in paper and a foot in the electronic process—and we are able to start really seeing, as we can now when we work a claim in VBMS, medical issue level capability where it could keep that claim—that medical issue could move forward without human intervention, into and through a paid process, that is a long-term objective for us. Today, when we do it in paper, it means the person has to stop what they are doing to rate all the rest of the issues, take it to the next step manually. A person has to come off of doing a full authorization and award and manually paying the thing, and it becomes actually a process in a manual environment that could extend out the experience for the veteran and many more veterans.

But in an electronic environment where you can move it faster into an electronic payment environment, that is exactly where we are trying to go, but we are not quite there yet. Next year, 2015, with a strong IT budget, we get closer.

Secretary SHINSEKI. May I just address some of your other questions here. I would say your sensitivity about rural cemeteries is one that Mr. Muro has brought up in the last five years. We looked at the way we have our population-based national cemeteries. So in a population close to 80,000, we try to locate a cemetery within 75 miles of everyone in that cluster. We discovered what you just described; there are whole states that don't have 80,000 veterans residing within a contiguous border.

Maybe as many as eight states?

Mr. MURO. Yes, sir.

Secretary SHINSEKI. So, as many as eight states, and so we began a commitment to put a VA cemetery in at least each state so that veterans can say they have a VA resting place that honors them. It is probably a poor choice in words to call it burial ground because it seems like it is something less than a cemetery. If it is less, it is only by size because of the population that will use that capability. We establish it in the same way we establish other national cemeteries and we set a standard that is expected to be maintained by all of our national cemeteries and whether that arrangement is out in a rural area on tribal land, we have the same standard.

So we are sensitive to your point and we will continue to work that, and I am happy to work with you on that as well. Elko, Nevada is one of those sites in which we have programmed to a "burial ground."

On the emergency room in Las Vegas, before I arrived, I believe that that facility, that entire hospital, was designed to be linked to the Air Force hospital medical program at Nellis Air Force Base. Someplace along the way there was a change in priorities, and so we were required to build a freestanding facility of our own. That facility would have linked in with the Air Force hospital, and therefore, the requirement for a large emergency room wasn't necessary now that we were required to build a hospital in north Las Vegas. We put it up because the overall plan was good. We knew when we did that, that we were going to have to go back and make the emergency room a little larger.

I don't like doing that, but in this case, it was better to get the hospital up, take care of veterans, and then make the adjustment.

Ms. TITUS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Flores.

Mr. FLORES. Thank you, Mr. Chairman.

Mr. Secretary, thank you for joining us today, and I thank all of your team for your commitment to our nation's veterans.

I do have one question that is a non-budget related question related to the VA nursing handbook. We will send that to you supplementally, and ask that you respond to that.

Also, my next question is to—well, before I do this, let me echo what Mr. O'Rourke said. I want to thank you for your commitment to the Waco regional office and to commend them for the improvements they have made in disability claims processing and look forward to the day when we all meet our goal of having zero backlog and meeting our performance objective.

The first question I have, and you probably need to answer this supplementally, is based on headlines that came out of my district last week, and that is because of the President's Executive Order to force contractors to pay a wage rate higher than minimum wage, a veteran in my district was displaced from the nursing home in which he had resided for five years and forced to move to another one. And so I would ask you to go back and give us an analysis of the impact on the VA's budget of the increase of the minimum wage, and also, more importantly, what the impact will be on the potential displacement of veterans from the nursing homes that they currenty reside in. I think that was one of the unintended adverse consequences that is coming out from this unilateral increase of the minimum wage, so that would be helpful to have that information.

With respect to the IT budget, as Chairman of the Economic Opportunity Subcommittee, I am keenly interested in two IT systems that affect the economic opportunity for our veterans: the Long Term Solutions system which Mr. Takano asked about a few minutes ago, and then also the CWINRS system that deals with voc rehab cases.

On the LTS system, and, Mr. Warren, this question may be for you, as I understand it, you are investing only in sustainability and not into additional capabilities; is that correct?

Mr. WARREN. Yes, sir. Today it meets the mission needs and so we are making sure we keep it up and running, but there is nothing scheduled this year or next year to bring more capability online, sir.

Mr. FLORES. Okay. I would ask the VA to go back and reassess two things. One is the performance objectives. I still have veterans in my district that are having to go through the original claims process, which is lengthy, and that is just when they are getting into the door of starting their GI benefits and that is when the most frustration occurs, not only with the educational institutions, but with the veterans. So I would ask you to, you as the organization, to relook at that. I think for a modest amount of money, redirected from probably VBMS since that is where the biggest pot of money is, to look at just a little incremental improvement so that original claims processing follows the rules-based system that you are doing in the VA that General Hickey has done so well.

The second area is on CWINRS. Can you tell me what the amount of investment versus sustainment spending is going to be in the budget?

Mr. WARREN. Sir, I do not have that in hand, but I can get that for you on the record, sir.

Mr. FLORES. Okay. That would be great if you would. I think those would be interesting for this committee to know, and, again, I would urge you to go back and re-look at the objectives for the LTS processing, particularly with respect to original claims.

Secretary SHINSEKI. Congressman——

Mr. FLORES. Yes, sir.

Secretary SHINSEKI [continuing]. We are happy to do that. Again, a little bit of history here, you know, we started out doing this by hand.

Mr. FLORES. I know.

Secretary SHINSEKI. And it was tough just getting 173,000 youngsters in the fall term of 2009 and so we began building this without a clear understanding of what we needed and we have built as we went. And as Mr. Warren says, what we have today seems to be meeting our needs.

What we wanted was a TurboTax arrangement where you could fill the bins and push a button, and the calculations would be made and payments would follow. I don't think we are there yet, so we will continue to look at this.

Mr. FLORES. Right. And first of all, don't—this is not—I am not being critical. I think you have come a long way with LTS. I am just saying I think for a modest amount of money, we could go considerably farther than where we have gone today.

So, I agree, I mean from where you started, you had an immense task and I think that you have made progress, but I would like to have an analysis of what we could get, particularly with respect to original claims, what improvement we could get and for a modest amount of investment, that probably wouldn't hurt the continued investment, VBMS.

The next area has to do with VistA. I think you are spending $269 million for fiscal year 2015, proposing to spend that. What does that compare to for this current fiscal year?

Secretary SHINSEKI. Mr. Warren.

Mr. WARREN. Thank you for that question, Congressman Flores.

The request in 2015, as you stated, is approximately $270 million and that is tied to VistA Evolution so that we can continue to evolve that world class system. In the 2014 budget, there is $290

million, but the majority of those resources are presently withheld while we bring our plan up to yourselves to play out what is the future for VistA Evolution and what that Long Term Solution looks like in the plan. So when that plan clears, and I believe it goes to GAO, per the NDA requirements, then the dollars will be released into us.

So, in the budget, but not released, so those resources are actually not being applied today, sir. And we appreciate the support when the plan comes up to get the resources out so we can continue to evolve this world class system.

Mr. FLORES. Okay. So when we suspended Evolution, we basically said $290 million is just going to be on hold while we figure out the direction that we are going to go? Again, I am not making a judgment, I am just asking the question.

Mr. WARREN. It has 75 percent of that, sir, so we have some work underway to make sure we are continuing to meet critical healthcare needs. Under Secretary Petzel lays those out. We work on those. But the focus is continue that sharing of information in a clinical engagement.

If you haven't seen that demo, I would suggest we can do that for you. The Janus Viewer is doing great work. Continuing to evolve that, as well as maintain systems.

Mr. FLORES. Thank you. My time has expired. Again, I appreciate your service to our veterans.

And, Mr. Chairman, thank you for your forbearance.

The CHAIRMAN. Thank you, Mr. Flores.

Ms. Brown.

Ms. BROWN. Thank you, Mr. Chairman. Thank you very much.

Before I begin the VA, I want to take off my VA hat and put on my transportation hat. Let me just read this: As a Vietnam veteran and in support of our Nation's efforts to ensure our veterans get good important jobs after their service, we have set a hiring goal of 25 percent for veterans. Please accept this photo.

And this is from the CEO, Joseph Boardman, President of Amtrak, and I have the painting here and I would like the entire statement about Amtrak and their hiring policy pertaining to veterans, and I would like the members to see the painting. And this was done at Beachwood Station, and I was very instrumental in keeping that station open, so I want to pass this around and I would like to take a picture at the end with this painting that Mr. Boardman sent to you, Mr. Secretary.

Secretary SHINSEKI. Thank you.

Ms. BROWN. Let me just thank you again for the VA hospital in—well, clinic, in Jacksonville, the cemetery in Jacksonville. I mean I am very happy with everything that are going on in Jacksonville, and I am almost happy with some of the things that is going on in Orlando. I am just very impressed with the clinic that has opened up. We have about 123 patients there. It is one of the best facilities that I have seen, and I spent about four hours at the facility.

I just want to know when can we get that hospital open? You know, we have been working on it for 25 years and I would like for us to get it complete. I spent a couple of hours with the VA, a couple hours with the contractors and it is just not there.

Secretary SHINSEKI. Fair enough.

The construction in Orlando is about 87 percent complete. What you listed were the 120-bed community living center and a 60-bed domiciliary, all of that delivered and in good shape.

Ms. BROWN. Beautiful.

Secretary SHINSEKI. We just have the main building left to do and we are well along.

Next to you, and maybe the Chairman, I am most disappointed that this project didn't come in on schedule and we continue to work with the contractor to get the work done that needs to be done. Right now we are looking probably at summer 2015, which is what the contractor is asking for. We have not agreed to that; we are still working with him and will continue to do that.

What has been completed is great. We just need to get this project across the line and we are working very hard at this.

Ms. BROWN. Thank you, and let me just say, I am very supportive of the Chairman and the ranking member's effort to get your budget completely forward budgeted. I know that we have done part of it, but I am very interested in getting the entire budget and it is waiting for the leadership to take it up at the House. I know once they take it up, we will probably have zero votes against it.

You want to say anything about it, because in some areas, I mean, you know, you don't need to go with the whims of the House when we can't come together on a budget, but at least it is always comforting to know that the veterans budget is not included.

Secretary SHINSEKI. Well, I would begin by thanking the members of this committee. We have advance appropriations for veterans healthcare. You have provided that to us since 2012. We have learned a lot in the advance appropriations arena, and we do that piece quite well, and it has been a good fit for the Veterans Health Administration.

As I testified to in October in this very room, what I have learned since is that in the area, of—and by the way, veterans healthcare is about 80 percent of the budget, maybe even 85 percent. So for the remainder of the budget, and one specific area, processing of claims, I can't do it internal to VA. We have done a lot of work in the last 5 years to create a relationship with DoD and it is has been a very good one. We now get service treatment records electronically. Prior to this it was a paper exchange, and so we have made a tremendous adjustment here.

We still have to go to the Social Security Administration to validate other disability payments. We have to go to IRS to validate threshold income levels. We still work with Department of Education on 9/11 GI Bill and, as I said, DoD. And so I would, as I did with great deference during the October testimony, say that, what would be most helpful to VA is for the Federal Government to get a budget every year because my ties to these other departments, even if I have advance appropriations for this department, doesn't quite get done the specific work that needs to be done in the benefits arena.

And for example, our concerns—I mean this committee's concerns and our concerns and testimony—were that Treasury, for example, wasn't funded. The checks that we would have—the tapes that we

would have passed that would have resulted in checks being cut would not have happened so, this is a bigger discussion than just the VA budget, but I appreciate the question.

Ms. BROWN. Thank you very much and thank you for your service.

The CHAIRMAN. Thank you, Ms. Brown.

Dr. Huelskamp.

Dr. HUELSKAMP. Thank you, Mr. Chairman.

And, Secretary, thank you for being here today and I appreciate your latest comments in reference to actually having a budget. It is important to note, as well, the President was a month late on his budget this year and—which is that much later, but I have been concerned—both houses, leadership and both chambers have not brought many parts of the budget to the floor for debate and a lot of it is left in the committee or in subcommittee, but I do have one particular budget question.

Do you have a rough count, a general idea, of how many public affairs employees are funded in your budget?

Secretary SHINSEKI. I don't here today, but I am happy to provide that for the record.

Dr. HUELSKAMP. All right. Does he have any guesstimates on that at all? We will have to wait for any range on that?

Secretary SHINSEKI. Yes, I regret I don't have that.

Dr. HUELSKAMP. Okay. I appreciate it, Mr. Secretary, and the reason I ask is that I have a list here of nearly 70 different instances in the last year, year and a half in which your agency has failed to respond to requests for information and these, generally, are from media requests and some very specific questions and the answers are always, "No comment," "No answer," "No response." What level of transparency do you expect and what are the roles of these public affairs officers, other than to say, "We can't answer that question now."

Mr. Secretary, I am very concerned about transparency. We have had numerous hearings on things in which the agency was not very responsive even before the committee, so if you could share your thoughts on that.

Secretary SHINSEKI. Well, as I stated in the beginning, and this was probably prior to your arrival, Mr. Huelskamp, transparency is an important aspect of our being able to establish and retain trust in this department. It is a high item on my list of things we commit to and I regret that you probably have some data here that I need to get into. I am happy to do that.

Dr. HUELSKAMP. Excellent. And I appreciate that. Will you commit to directing you employees to do a better job responding to these inquiries, whether it has come from Congress or members of the media or of the public?

Secretary SHINSEKI. I will do that.

Dr. HUELSKAMP. Okay. Well, thank you.

And I do also have a report specifically in which I have not seen comments from your agency, but a January CNN story that had identified at least 19 preventable veteran deaths due to delays in simple medical screenings, are you familiar with this report and what is your reaction?

Secretary SHINSEKI. I am familiar with what was reported in the press and I would begin by saying that any time we lose a veteran under circumstances that we can't explain, even though our veterans are amongst the oldest and sickest patients, any time we have a death it is an issue of concern to me and I look for factors that may have contributed to that.

I would say that every one of these incidents has been reviewed and investigated, what I think we need to recognize is that many of those reports originate from inside VA and we—I am pleased that we have employees who are honest and courageous enough to call themselves on something they either saw or might have committed, and it is because of that kind of transparency on the part of the workforce that we are able to pursue some of these issues.

It doesn't mean that we are without having made errors, but if the reporting continues we can do something about that and that is what I think is important to be retained here. That is part of our discussion as well.

Dr. HUELSKAMP. And I appreciate that. That is a great comment on that, but, you know, the employees that reported that, but have any employees been held accountable for these preventable deaths?

Secretary SHINSEKI. I can certainly turn to Dr. Petzel for the specific 19. We do hold employees accountable. I would say, Congressman, that in 2012, we involuntarily removed over 3,000 employees. In 2013, we involuntarily removed another 3,000 employees, and then over the past two years, six members of the senior executive service have been dismissed as well.

Dr. HUELSKAMP. And I will look forward to the response of the—for the committee. I don't want to take up any more time.

But if I might ask Mr. Warren an IT question, Mr. Chairman, could I——

The CHAIRMAN. We are really running out of time.

Dr. HUELSKAMP. Okay. Well, I will hold that until the next round, so thank you.

The CHAIRMAN. We are not even going to have a second round. I mean the Secretary has been very gracious with his time.

If you could, we will put a package of questions together for the record and we will do it that way. Thank you, sir.

Mrs. Negrete McLeod.

Mrs. NEGRETE MCLEOD. Thank you, Mr. Chairman.

Mr. Chairman, homelessness among veterans is a serious problem in California and in my district. An issue not mentioned about the per diem program is that these funds cannot be used to help children who are under the care of a homeless veteran. It is for this reason that I introduced H.R. 4140, the Homeless Veterans with Children Act of 2014. This bill doesn't cost any money, it just gives the VA more flexibility on how to use per diem funds to help homeless—victim homeless veterans.

Mr. Chairman, I hope that H.R. 4140 will be included in our sub health committee legislation hearing this spring. Helping homeless veterans with dependents is an issue that has been identified by the VSOs and needs to be fixed now.

My question is: How is the VA working with per diem recipients to ensure that they have the protection of privacy for homeless veterans?

Secretary SHINSEKI. I am going to ask Dr. Petzel to address the per diem question, but Congresswoman, this—in discussing the homeless program, this is one piece of that. I think you are familiar with the HUD–VASH program, the HUD–VASH voucher.

This would be another example, Mr. Chairman, of where our working relationship with another federal department allows for us to get our work done. The HUD–VASH voucher is key to this and it is the most versatile of our options that we can provide to the homeless and, in fact, it does care for families and for children. And in the case of California, I think we have about 9500 HUD–VASH vouchers already in place, in addition to the per diem grants that we provide.

Dr. Petzel.

Dr. PETZEL. Thank you, Mr. Secretary, Congresswoman McLeod.

Two programs, the Grant and Per Diem Program and the Supportive Services for Veterans and Families are really the important parts of our providing transitional housing for these veterans who are on the streets and for the families of those unfortunate people who have been unable to maintain themselves in their home. We contract across the country. We spent approximately $230 million in the Grant and Per Diem Program, and approximately $300 million last year in the Supportive Services. We are trying to increase that to $500 million in the fiscal year 2015.

In those contracts, there are provisions for maintaining the privacy and the security of the people who use those services. Tangentially to your question, I would point out that there is a growing need in this country for Grant and Per Diem housing for women and for families. There are plenty of families for men, and the VA, I am proud to say, has been a leader in facilitating the development of Grant and Per Diem housing and Supportive Services for women in a number of places around the country. I think we would be viewed as one of the national leaders in recognizing the need for women and the need for special, secure, private arrangements in these circumstances for women.

Mrs. NEGRETE MCLEOD. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

The last question for the day comes from Ms. Walorski.

Ms. WALORSKI. Thank you, Mr. Chairman.

Secretary Shinseki, good to see you. Just a quick question: IT security is 6 percent of your budget and your 2015 budget seeks $33 million over the 2014 budget for a total of approximately $189 million for IT security. Will that amount finally assist the VA in addressing the numerous IT deficiencies that we have brought to the attention of the VA?

Secretary SHINSEKI. Let me ask Mr. Warren to address that.

Mr. WARREN. Thank you, Congresswoman Walorski.

Yes, we take information protection very seriously and the resources that we have asked for will allow us to keep up with the evolving threats that all of us face.

Ms. WALORSKI. Thank you.

And, Mr. Secretary, the NDAA, as somebody alluded to earlier, explains that neither the VA nor the DoD can spend more than 25 percent until the Secretary has briefed the appropriate congres-

sional committees on their plan. And I know that the VA and the DoD did provide a brief to the committees on January 27th, but there were key elements that were missing that had to be included in that report.

I understand the plan that includes the missing details is awaiting clearance at OMB. Do you know when we might receive that information?

Secretary SHINSEKI. Let me call on Mr. Warren.

Mr. WARREN. We believe that that plan will clear in the next 30 days. We want to make sure that it is responsive to the questions in the NDAA, but not only responsive, but answers to questions in a way that are understandable. So we are making sure when it comes over that it meets the need so that we can get the dollars released and start working on VistA Evolution and appreciate your support for that, ma'am.

Mrs. WALORSKI. And will the committee receive the Interagency Program Office Interoperability Report sometime in that same time frame?

Mr. WARREN. I believe we have already done one quarterly report. The next quarterly report is going through review, and so that should be coming out, I believe, in the next three to four weeks and it has a joint report of the two departments, and again, we want to make sure that we are responsive to your requests.

Mrs. WALORSKI. Thank you.

And then finally, I would be remiss if I didn't ask about the CBOC in Indiana's Second District. That is a familiar conversation here. When I was in your office just a couple of weeks ago, we had received an update that they at least would be awarded winter of 2013/2014, and is that still the latest update, because we just received report last week outside the VA that there is potentially a delay now until summer of 2014.

Secretary SHINSEKI. Let me ask Dr. Petzel.

Dr. PETZEL. Thank you, Congresswoman.

The project is proceeding. There was a NEPA study that needed to be done, an environmental study. This study revealed some issues with potential artifacts. That has been taken care of and the evaluation is proceeding.

Mrs. WALORSKI. And so is it still on track for winter/spring, if winter ever ends up there?

Dr. PETZEL. Yes.

Mrs. WALORSKI. Okay. So there has not been—we were made aware last week that there is a possibility that the VA has asked the bidders to refresh or update their proposals; is that true that they have 30 days to do that?

Dr. PETZEL. I will have to go back and check for the record, Congresswoman. I am not familiar with that detail.

Mrs. WALORSKI. Okay.

Secretary SHINSEKI. I would not be surprised if there are any lengthy delays, we want to be sure the bidders have the best information in the competition before the decision is made. So this is something that occurs from time to time.

Mrs. WALORSKI. Thank you.

Thank you. I yield, Mr. Chairman.

The CHAIRMAN. Thank you very much, Ms. Walorski.

Mr. Secretary, thank you for being so generous with your time. Thank you to the under secretaries for being here with us.

Of course there will be some follow-up questions for the record. I would ask unanimous consent that all members would have five legislative days with which to revise and extend their remarks.

Without objection and with that, this hearing is adjourned.

[Whereupon, at 11:54 a.m., the committee was adjourned.]

APPENDIX

PREPARED STATEMENT OF CHAIRMAN JEFF MILLER

Good morning everyone. Welcome to our hearing on the President's Fiscal Year 2015 budget request for the Department of Veterans Affairs.

Mr. Secretary, welcome. I appreciate your attendance today and that of your leadership team. We've only had a short time to review the details of the budget request, so we will likely have numerous follow-up questions. I'd ask for your cooperation in getting those back to us in a timely manner.

Once again, in a fiscal climate that has regrettably seen the military budget cut to the bone, funding for veterans has emerged as an obvious priority, both for the Administration and the Congress. For that, I commend you for your leadership in fighting to ensure veterans remain a priority.

I also want to commend VA on the operation of its Veterans' Crisis Line. I heard some really positive feedback yesterday from Paul Rieckhoff at yesterday's hearing. Your statement that roughly 35,000 men and women have been rescued from a suicide because of VA's intervention—the rough equivalent of two Army divisions—speaks for itself. Keep up the good work.

Mr. Secretary, I listened carefully the last few weeks to the military and veterans' organizations who testified before the Veterans' Committees regarding the need to improve timely delivery of mental healthcare, ensure that healthcare is delivered in state-of-the-art facilities, and sustain VA's progress in producing timely and accurate disability claims decisions.

When I look at this $163.9 billion budget request, I'm left wondering why we can't do better than we are in some of those areas. I think it's fair to say that Congress has supported nearly every request the Administration has asked when it comes to veterans, yet significant problems remain.

For example, although it's nice to see a steady downward trend in the backlog over the last year, what I hear from service organizations and veterans themselves is that VA is sacrificing accurate decisions for fast ones, and that it is falling behind on appeals. With the record funding provided in this area over the last decade, both in manpower and technology, it's frustrating to hear those complaints.

I am also concerned about continued Inspector General and media reports regarding preventable deaths at a number of VA facilities across the country. I know that VA is not infallible, but serious, even deadly, mistakes merit swift and clear accountability. I know you believe that as well, and we're ready to work with you to give you any tools you may need.

I will follow up on this last issue in questioning, but I'm troubled with what appears to be a common practice with VA's budget submissions of late. And that is to identify, based on updated information, excess funds that are no longer necessary, then redirecting those funds toward "initiatives" that were budgeted and appropriated in advance at a lower level.

For example, VA overestimated by about $700 million its need for long-term care resources in FY 2015, but now wants to redirect all of that money and more toward its homeless initiatives, facility activations, and other needs. In fact, notwithstanding the overestimation of $700 million, VA now seeks a supplemental budget for FY 2015 of $368 million. Needless to say, I think this practice needs further discussion.

These are just a couple of areas I'd like to address with you, Mr. Secretary. In the interest of time, however, I'll recognize the Ranking Member for his opening statement.

PREPARED STATEMENT OF CORRINE BROWN, RANKING MEMBER

Mr. Secretary:

I want to put on my Transportation hat at this time. Amtrak, our nation's passenger rail carrier, is committed to American veterans and their families.

Amtrak has a long history of providing career opportunities to veterans as well as active military members and values the leadership, reliability and high-tech skills they bring to the company.

Amtrak currently employs more than 1,500 military veterans and is a member of the Employer Partnership of the Armed Forces program, recruiting at numerous military job fairs across the country. Since January 2012, more than 14 percent of new hires have been veterans. and across the rail industry, about 25% of the employees are veterans.

The Obama Administration, along with the Joint Forces Initiative, the Department of Transportation and the Department of Veterans Affairs has started the Veterans Transportation Careers Center.

Mr. Secretary, Joseph Boardman, President and CEO of Amtrak wanted me to present to you this print of the Veterans' Locomotive. It features a red, white and blue paint scheme, 50 stars and specially designed logo with military service ribbons.

PREPARED STATEMENT OF HON. ERIC K. SHINSEKI

Chairman Miller, Ranking Member Michaud, and Distinguished Members of the House Committee on Veterans' Affairs:

Thank you for the opportunity to present the President's 2015 Budget and 2016 advance appropriations requests for the Department of Veterans Affairs (VA). This budget continues the President's historic initiatives and strong budgetary support for Veterans, their families, and survivors. We value the sustained support that Congress has demonstrated in providing the resources and legislative authorities needed to honor our Nation's promises to these unique and special citizens. Let me acknowledge our partners here today—the Veterans Service Organizations— whose insight and support make us better at fulfilling our mission.

After more than a decade of war, many Servicemembers are returning home and making the transition to Veteran status. As the war in Afghanistan enters its final chapter, our work is more urgent than ever. The current generation of Veterans will help to grow our middle class and provide a significant return on the Nation's investments in them. The President fully supports Veterans and their families, and by providing them the care and benefits they have earned, we pay tribute to the sacrifices that Veterans have made for this Nation.

The 2015 Budget for VA requests $163.9 billion—$68.4 billion in discretionary funds, including medical care collections, and $95.6 billion in mandatory funds for Veterans benefits programs. The discretionary request reflects an increase of $2.0 billion (3.0 percent) above the 2014 Budget level. The Budget also requests a 2016 advance appropriation for Medical Care of $58.7 billion, an increase of $2.7 billion (4.7 percent) above the 2015 Budget. The President's 2015 Budget will allow VA to operate the largest integrated healthcare system in the country, including nearly 1,750 VA points of healthcare and approximately 9.3 million Veterans enrolled to receive healthcare; the ninth largest life insurance provider, covering both active duty Servicemembers and enrolled Veterans; an education assistance program serving nearly 1.1 million students; a home mortgage program with a portfolio of over 2 million active loans, guaranteed by the agency; and the largest national cemetery system that leads the Nation as a high-performing organization, with projections to inter 128,100 Veterans and family members in 2015.

Growing Demand for VA Services and Benefits

Long after conflicts end, VA requirements continue to grow, due to the substantial needs of Veterans. VA's budgetary requirements arise from our Nation's national security engagements, which are not within our control. As the President said on Veterans Day last November, "when we talk about fulfilling our promises to our Veterans, we don't just mean for a few years; we mean now, tomorrow, and forever." Over the next decade, the Department of Defense (DoD) predicts that military separations will approach three million. This growing population is demanding more services from VA than ever before. Currently, 11 million of the approximately 22 million Veterans in this country are registered, enrolled, or use at least one VA benefit or service, and this number will undoubtedly continue to grow.

Meeting VA's Top Three Goals

In 2015, our challenges are clear and significant. VA must deliver on the ambitious goals we established 5 years ago, which are to:

- Increase Veterans' access to VA benefits and services;
- Eliminate the disability claims backlog in 2015; and
- End Veterans' homelessness in 2015.

The 2015 Budget is critical to VA meeting these goals. Without the proper level of funding to meet the growing demand for benefits and services, investing in our physical and Information Technology (IT) infrastructure to assure reliable access, eliminating the disability claims backlog, and completing the rescue phase of ending Veterans' homelessness become even more difficult. VA remains committed to meeting these challenges and appreciates the continued support of the Congress.

Stewardship of Resources

At VA, we are committed to responsible stewardship, using resources effectively and efficiently and aggressively identifying budget savings. Over the past three years, we have averaged $1.6 billion annually in efficiencies and budget savings, and in 2015, that commitment to budget efficiencies and savings is more than $2 billion. We are attentive to areas in which we need to improve our operations, and are committed to taking swift corrective action to eliminate any practices that do not deliver value for Veterans. For 15 consecutive years, VA delivered clean financial audits, during which time material weaknesses were reduced from four to one, and in 2013, for the first time, we had no significant deficiencies, having eliminated 16 prior significant financial deficiencies. This is an area of major accomplishment in our internal controls and fiscal integrity.

Information Technology

To serve Veterans as well as they have served us, we are working to deliver a 21st century VA that provides medical care, benefits, and services through a secure digital infrastructure. IT affects every aspect of what we do at VA. It has a direct impact on the quality of healthcare we provide Veterans; our ability to process claims efficiently; and our ability to provide Veterans' benefits and services. In 2013, VA IT systems supported nearly 1,750 VA points of healthcare: 151 medical centers, 135 community living centers, 103 domiciliary rehabilitation treatment programs, 820 community-based outpatient clinics, 300 Vet Centers, and 70 mobile Vet Centers. The corresponding increase we have seen in the medical care spending for these facilities directly translates to new and increased services provided to Veterans. To provide Veterans access and benefits, we must make the necessary investments in IT innovations and deployments.

Our 2015 Budget requests $3.9 billion for IT, consisting of $531 million for development; $2.3 billion for sustainment; and $1 billion for more than 7,400 staff, most of whom serve in VA hospitals and regional offices. The request will sustain our infrastructure while making necessary investments in critical business processes, such as modernizing healthcare scheduling, streamlining benefits processing, enhancing and modernizing VA's electronic health record, enhancing data security, and achieving health data interoperability with DoD.

Information security is a top priority at VA. The 2015 Budget requests $156 million for information protection and cyber security, an increase of $33 million (27 percent) over 2014. VA is constantly strengthening information security and improving technology and processes to ensure Veteran data and VA's network are secure. Like any organization, public or private, we must continue to adapt. Our security posture is based on a "defense–in-depth" approach, which includes our partners at the Department of Homeland Security who maintain an over watch on our exterior perimeter. Working inward from our firewalls, VA has additional layers and protections that are constantly monitoring potential threats.

Technology is also a critical component for achieving our goal to eliminate the disability claims backlog in 2015. The 2015 Budget requests $137 million in IT funding for the Veterans Benefits Management System (VBMS), including $44.5 million for development and $92.5 million for sustainment. The 2015 development funds will allow VA to electronically process disability compensation claims in VBMS, from establishment to award. Planned enhancements and increased automation will allow end-users to focus on more difficult disability compensation claims by reducing the time required to process less complex claims. Sustainment funds will support the infrastructure behind VBMS as well as the deployment of additional new functionality features.

The 2015 Budget continues our progress toward evolving VA's VistA electronic health record (EHR) and achieving seamless integration of health data with the DoD by 2017. The budget requests $269 million to help achieve our shared goal of

providing the best possible support for Servicemembers and Veterans. In the near term, we are working to create seamless integration of DoD, VA, and private provider health data. In the mid-term, we are working to modernize the software supporting DoD and VA clinicians. Together, these two goals will help to create an environment in which clinicians and patients from both Departments are able to share current and future healthcare information for continuity of care and improved treatment. As we strive to build on our successful history of health data sharing and collaboration, we understand our EHR modernization efforts are complicated, dynamic, and multi-faceted.

Improving and Expanding Access to Benefits and Services

The number of Veterans receiving VA benefits and services has grown steadily and will continue to rise as overseas conflicts end and more Servicemembers transition to Veteran status. In 2015, the number of patients treated within VA's healthcare system is projected to reach 6.7 million, an increase of nearly one million patients (17.4 percent) since 2009. Within VBA, the number of Veterans and survivors receiving Compensation and Pension benefits will approach 5 million in 2015, while the number of Education and Vocational Rehabilitation beneficiaries will exceed 1.1 million.

We continue to improve access to VA services by opening new, and improving current, facilities closer to where Veterans live. Since January 2009, we have added approximately 55 community-based outpatient clinics (CBOCs), for a total of 820 CBOCs, and the number of mobile outpatient clinics and Mobile Vet Centers, serving rural Veterans, has increased by 21, to the current level of 78. In addition, while opening new and improved facilities is essential for VA to provide world-class healthcare to Veterans, so too is enhancing the use of ground breaking new technologies to reach countless other Veterans. We continue to invest in "taking the facility to the Veteran"—through expanded access to telehealth, sending Mobile Vet Centers to reach Veterans in rural areas where certain services are limited or difficult to reach, and by deploying social media to connect with Veterans to share information on the VA benefits they have earned.

The Affordable Care Act (ACA) expands access to coverage, provides new ways to bring down healthcare costs, improves the Nation's healthcare delivery system, and has important implications for VA. VA is ensuring a coordinated and collaborative approach to ACA implementation. We estimate that there are approximately 1.3 million uninsured Veterans, of which 1 million may be eligible for, but not enrolled in VA healthcare. We will continue our education and outreach efforts so Veterans know the healthcare law does not affect their VA health benefits or out-of-pocket costs, and that Veterans enrolled in VA healthcare do not need to take additional steps to meet ACA's new coverage standards. We will also encourage Veterans' family members not enrolled in a VA healthcare program to obtain coverage through the Health Insurance Marketplaces.

A large part of our Veteran population hails from the small towns of rural America. Some 3.1 million Veterans enrolled in VA's healthcare system live in rural or highly rural areas, about 36 percent of all enrolled Veterans. In total, more than $17.36 billion were obligated in 2013 for the healthcare needs of rural Veterans. As technology advances and broadband access expands across rural America, we have been able to extend the availability of VA healthcare through telemedicine, web-based networking tools, and the use of mobile devices—all of which help improve access to care and support economic development for people in rural areas. Telehealth is a transformative breakthrough in healthcare delivery in 21st century medicine, allowing care to reach Veterans who otherwise may not have access, especially those who live in rural and extremely remote areas. The 2015 Budget requests $72 million for Rural Health telehealth.

Changing demographics are driving transformation at VA. Women now comprise nearly 15 and 18 percent of today's active duty military forces and Reserve component, respectively. Women are the fastest growing segment of our Veteran population. Since 2009, the number of women Veterans enrolled in VA healthcare increased by almost 29 percent, to 629,683. The 2015 Budget includes $403 million for gender-specific healthcare services for women Veterans. Today, nearly 49 percent of our facilities have comprehensive women's clinics, and every VA healthcare system has designated women's health primary care providers and a women Veterans' program manager on staff.

The Caregivers and Veterans Omnibus Health Services Act (Caregivers Act) marked a major step forward in America's commitment to those who provide daily care for wounded warriors, who have borne the battle for us all. The sustainment phase of the Caregivers program began in 2013, and includes application processing; stipends; travel and healthcare coverage; education, training, and competency; and

IT support. The 2015 Budget includes $306 million for the Caregivers program, including $235 million for caregiver stipends.

Since VA began implementation of the Honoring America's Veterans and Caring for Camp Lejeune Families Act in August 2012, more than 10,100 Veterans have contacted VA concerning Camp Lejeune-related treatment, as of February 27, 2014. Of these, roughly 8,300 were already enrolled in VA healthcare. Veterans who are eligible for care under the Camp Lejeune authority, regardless of current enrollment status with VA, will not be charged a co-payment for healthcare related to the 15 illnesses or conditions recognized, nor will a third-party insurance company be billed for these services. VA continues a robust outreach campaign to these Veterans and family members while we press forward with implementing this law. The 2015 Budget includes $51 million to provide healthcare for Veterans and family members who were potentially exposed to contaminated drinking water at Camp Lejeune.

The 2015 Budget requests $99.6 million in IT funding for the Veterans Relationship Management (VRM) initiative, which is transforming Veterans' access to VA benefits and services by empowering Veterans with new self-service tools. In addition, VRM is essential to achieving our access goals. We are transforming VA's national call centers into service centers by delivering enhanced, integrated, system-wide telephone capabilities. VBA is also implementing the Client Relationship Management Unified Desktop that provides Veterans or beneficiary contact history and a consolidated view of benefit programs for our employees to enhance the customer's experience and provide responsive and complete information.

As part of this experience, VBA aggressively promoted eBenefits and improved Veterans ability to enroll in and access VA benefits and services. The joint VA–DoD eBenefits Web portal is a personalized central location for Veterans, Servicemembers, and their families to research, access, and manage their benefits and personal information. More than 3.2 million Servicemembers and Veterans are enrolled in eBenefits, and our goal is to expand enrollment to 5 million users in 2015. Over 50 self-service features, including online filing of claims, online uploading of evidence, and claim status tracking are now available in eBenefits; VA and DoD continue to expand functionality with each quarterly release.

VA also continues to increase access to burial services for Veterans and their families through the largest expansion of its national cemetery system since the Civil War. At present, approximately 90 percent of the Veteran population—about 20 million Veterans—has access to a burial option in a national, state, or tribal Veterans cemetery within 75 miles of their homes. In 2004, only 75 percent of Veterans had such access. This dramatic increase is the result of a comprehensive strategic planning process that efficiently uses resources to serve the greatest number of Veterans.

Improving Access to Mental Health Services

We have been a Nation at war for more than a decade, and the state of Servicemembers' and Veterans' mental health is a National priority. At VA, meeting the individual mental health needs of Veterans is more than a system of comprehensive treatments and services; it is a philosophy of ensuring that Veterans receive the best mental healthcare possible, while focusing on the overall mental well-being of each Veteran. VA remains committed to doing all we can to meet this challenge.

Through the strong leadership of the President and the support of Congress, Veterans' access to mental healthcare has significantly improved. Some of the stigma associated with seeking help has diminished. We proactively screen all Veterans for PTSD, depression, TBI, problem drinking, substance abuse, and military sexual trauma (MST) to identify issues early and provide treatments and intervention opportunities. We know that when we diagnose and treat people, they get better. Rates of suicide among those who use VHA services have not shown increases similar to those observed in all Veterans and the general U.S. population. Since 2006, the number of Veterans receiving specialized mental health treatment has risen each year from 927,000 to more than 1.3 million in 2013. In addition, Outpatient visits and encounters will increase to 12.8 million in 2015, from 12.1 million in 2013. Vet Centers are another avenue for mental healthcare access, providing services to 195,913 Veterans and their families in 2013.

While we made significant progress in serving the growing number of Veterans seeking mental healthcare, our work is not done. The 2015 Budget includes $7.2 billion for mental healthcare, an increase of $309 million (4.5 percent). VA efforts are crucial to dispel the lingering stigma surrounding treatment, and help Veterans regain their dignity and the ability to hold meaningful employment and maintain a home, which helps, in turn, strengthen our Nation's economy.

In response to the growing demand for mental health services, VA enhanced capacity and improved the system of care so that services are more readily accessible.

In 2012, VA completed a comprehensive assessment of the mental health program at every VA medical center and is using the results of that assessment to improve programs and share best practices across VISNs and facilities. VA also held mental health summits at each of our 151 medical centers, broadening the community dialogue between clinicians and stakeholders.

We are developing new measures to gauge mental healthcare performance, including timeliness, patient satisfaction, capacity, and availability of evidence-based therapies. Evidence-based staffing guidelines are being written for specialty and general mental health. In addition, VA is working with the National Academy of Sciences to develop and implement measures and corresponding guidelines to improve the quality of mental healthcare. To help VA clinicians better manage Veteran patients' mental health needs, VA is developing innovative electronic tools. For example, Clinical Reminders give clinicians timely information about patient health maintenance schedules, and the High-Risk Mental Health National Reminder and Flag system allows VA clinicians to flag patients who are at-risk for suicide. When an at-risk patient does not keep an appointment, Clinical Reminders prompt the clinician to follow up with the Veteran.

Since its inception in 2007, the VA's Veterans' Crisis Line in Canandaigua, New York, answered nearly 1,000,000 and responded to more than 143,000 texts and chat sessions from Veterans in need. The Veterans' Crisis line provides 24/7 crisis intervention services and personalized contact between VA staff, peers, and at-risk Veterans, which may be the difference between life and death. In the most serious calls, approximately 35,000 men and women have been rescued from a suicide in progress because of our intervention—the rough equivalent of two Army divisions.

Eliminating the Claims Backlog

VA has no greater responsibility than ensuring Veterans and their survivors receive timely, accurate decisions on their disability compensation and pension claims. Too many Veterans have waited too long to receive their benefits—and this has never been acceptable to VA, including the employees of VBA, over half of whom are Veterans. To attack this longstanding problem, we launched a historic plan to transform our people, processes, and technology. Our strategy advances VBA's tools, streamlines claims processes, trains its workforce, improves workload management, and meaningfully enhances interaction with Veterans and stakeholders to deliver more timely and accurate benefit decisions and services to Veterans and their families. Despite an escalating workload brought about by the correct decisions for Veterans on Agent Orange, Gulf War, and combat PTSD presumptions—and successful outreach to Veterans informing them of their benefits—we are making steady progress toward our goal of eliminating the disability claims backlog in 2015.

The 2015 Budget requests $2.5 billion for VBA, an increase of $28.8 million from 2014. VBA projects a beneficiary caseload of 5.1 million in 2015, with more than $78.7 billion in disability compensation and pension benefits obligations. We expect to process 1.5 million compensation and pension claims in 2015, up from 1.25 million claims in 2014, an increase of nearly 17 percent over 2014.

Through our claims transformation initiatives, the use of mandatory overtime, and other innovative strategies, we are making real progress in reducing the disability claims backlog. As of March 8, 2014, the backlog stood at 368,829 claims, down 242,244 (40 percent) from its highest point on March 25th, 2013. Additionally, under its Oldest Claims Initiative that began in April 2013, VA provided decisions to over 500,000 Veterans whose claims had been pending the longest. VA continues to work closely with DoD, the Internal Revenue Service, the Social Security Administration, and our other Federal partners to identify electronic data-sharing opportunities and process reforms to streamline workflows and limit paper claims filing.

VBMS is key to VBA's transformation and success in meeting our 2015 goal. In June 2013, VBA completed national deployment of VBMS—six months ahead of schedule—providing access to over 25,000 end-users. Approximately 80 percent of VA's pending disability claims are in a digital format for electronic processing in VBMS. Moving to a digital environment is critical. VA anticipates there will be approximately 250,000 new Servicemembers transitioning to Veteran status each of the next 4 years, for a total of one million new Veterans added during the next four years. As a result of our increased efforts to enable more Veterans to access the benefits they have earned and deserved, many of these Veterans are likely to file a claim with VBA within the first year of separation.

The 2015 Budget includes $138.7 million for continued investment in the Veterans Claims Intake Program (VCIP), which converts paper claims into an electronic format and enables electronic transfer of medical and personnel records. This electronic transfer is critical to creating the necessary digital environment for populating the eFolders and supporting end-to-end electronic claims processing for

each stage of the claims lifecycle. Although VA continues to accept paper claims from Veterans who are not familiar with or cannot access computer technology, VBA is working with stakeholders to increase the number of claims submitted electronically. VBA now converts paper claims to electronic format as we receive them, saving time and effort and improving accuracy. As of December 2013, over 25,000 VBMS users could access 424 million electronic images converted from paper.

The 2015 Budget includes $94.3 million for the Board of Veterans' Appeals (the Board), which we are requesting as a new appropriation separate from the General Administration appropriation. The Board provides direct service to Veterans and their families by conducting hearings and issuing final appeals decisions. VA is actively pursuing initiatives to improve the appeals process and reduce wait times for Veterans, including a Board-led initiative that pre-screens appeals to ensure that the record is fully developed and ready for adjudication. The Board is also streamlining decision writing to increase output and efficiency. Expanded use of VBMS and the eventual incorporation of appeals functionality in VBMS will save resources currently spent handling, accessing, storing, and transporting paper claims files between the Board and VBA Regional Offices. The Board completed major technological upgrades to its video teleconference (VTC) equipment and the Board now conducts slightly over half of their hearings by video teleconference, a significant increase from 29 percent in 2009. We project appeals will increase to 72,786 cases in 2015, an increase of 12 percent from 2014's 64,941 cases.

Ending Veteran Homelessness

Every Veteran who has served America ought to have a home in America. We made great progress toward achieving our goal to end Veteran homelessness in 2015. VA will use knowledge gained over the past four years to ensure robust prevention programs are in place for future years. The 2015 Budget request is essential for VA to successfully achieve an end-to-the-rescue phase, and prevent future homelessness among Veterans at-risk in the years to come.

Since 2009, VA, together with our Federal, state, and local partners, has reduced the estimated number of homeless Veterans by 24 percent. We have conducted over six million clinical visits with over 600,000 Veterans who were homeless, at-risk of homelessness (including formerly homeless). In 2013 alone, VA served more than 240,000 Veterans who were homeless or at-risk of becoming homeless—21 percent more than the year before. Over the past four years, the Point-in-Time (PIT) count of homeless Veterans declined steadily, despite challenging economic times. The PIT count estimate of the number of homeless Veterans dropped from 75,609 in January 2009, to 57,849 in January 2013, a 24 percent decrease.

VA's programs constitute the largest integrated network of programs with components of homeless assistance in the Nation. They provide homeless Veterans with nearly 80,000 beds or units, including permanent supportive housing through the Department of Housing and Urban Development-VA Supportive Housing (HUD–VASH) program; link Veterans with needed mental health and other medical care; and provide supportive services and opportunities to reintegrate Veterans back into the community and workforce. VA's cost-effective, evidence-based homeless programs produce large savings and cost avoidance in budgetary, social, and economic terms. Using a Housing First strategy, VA relies on research that shows that placing homeless Veterans into Housing First reduces emergency room visits, other forms of intensive hospitalization, and substance overdose. Medical care costs are roughly three times as expensive for homeless compared to Veterans who are not homeless.

Despite significant progress and important accomplishments, much work remains. We estimate that between 2013 and 2015, approximately 200,000 Veterans will experience homelessness at some point in time. To reach our goal of ending Veteran homelessness in 2015, the Budget requests $1.6 billion for VA homeless-related programs, including case management support for the HUD–VASH voucher program, the Grant and Per Diem Program, the Supportive Services for Veteran Families (SSVF) program, and VA justice programs. This represents an increase of $248 million (17.8 percent) over the 2014 Budget level. This budget supports VA's long-range plan to end Veteran homelessness by emphasizing rescue for those who are homeless today, and prevention for those at risk of homelessness.

HUD—VASH provides permanent supportive housing to the most vulnerable of our homeless Veterans. The 2015 Budget requests $374 million for HUD–VASH, an increase of $47 million (14 percent) over the 2014 Budget level. This funding will support nearly 3,500 case managers to provide intensive wraparound services to nearly 80,000 Veterans. These case managers provide an average number of 12 clinical visits per year to these Veterans to ensure that they remain in housing and do not become homelessness again. Veterans in HUD–VASH are vulnerable; the ma-

jority meets criteria for chronic homelessness, and suffers from serious mental illness, substance use disorders, and chronic medical conditions. This partnership remains the most responsive housing option available to VA and is a critical component of our strategy to move homeless Veterans from the streets to a safe and stable home.

The Grant and Per Diem Program helps fund community agencies providing services to homeless Veterans with the goal of helping them achieve residential stability, increase their skill levels and/or income, obtain greater self-determination, independent living, and employment as soon as possible. The 2015 Budget requests $253 million for the Grant and Per Diem Program, an increase of $3 million (1.1 percent) over the 2014 Budget level. In 2015, the program will provide over 15,500 transitional housing beds to Veterans through partnerships with more than 650 projects.

VA's SSVF is a critical aspect of our strategy to prevent and end Veteran homelessness. This program provides both prevention and rapid rehousing services to Veterans and family members. In 2013, SSVF successfully prevented over 60,000 at-risk Veterans and family members from falling into homelessness, and successfully placed over 84 percent of homeless Veterans and family members into permanent housing. In the last three years, VA awarded grants totaling $459.6 million to 324 community agencies in all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands. SSVF grants to private non-profit organizations and consumer cooperatives provide a range of supportive services to include outreach, case management, assistance in obtaining VA benefits, and assistance in obtaining and coordinating other public benefits. In 2015, VA will deploy SSVF grants strategically to target resources to communities with concentrations of homeless Veterans.

In addition, VA's Justice Programs, which facilitate access to needed VA treatment for Veterans in criminal justice settings such as Veterans Treatment Courts, are an important prevention effort for homeless and at-risk Veterans. The goal of these Courts is to divert those with mental health issues and homelessness risk from the traditional justice system and give them treatment and tools for rehabilitation and readjustment. The first Veterans court was established in 2008 in Buffalo, N.Y. By the end of 2013, there were 257 courts nationwide, positively affecting the lives of 7,724 Veterans; VA serves Veterans in each of these courts. Many of the participating Veterans have avoided incarceration and the cycle of homelessness, that often follows incarceration. The 2015 Budget requests $35 million for Veterans Justice Programs, an increase of $1.5 million (4 percent) over the 2014 Budget level.

To increase homeless Veterans' access to benefits, care, and services, VA established the National Call Center for Homeless Veterans (NCCHV). The NCCHV provides homeless Veterans and Veterans at-risk for homelessness free, 24/7 access to trained counselors. The call center is intended to assist homeless Veterans and their families; VA medical centers; Federal, state, and local partners; community agencies; service providers; and others in the community. In 2013, the National Call Center for Homeless Veterans received 111,096 calls (38 percent increase over 2012) and made 78,622 referrals to VA Medical Centers (55 percent increase over 2012). The 2015 Budget requests $5.6 million for NCCHV, an increase of $1.7 million (45 percent) over the 2014 Budget level. VA has established 28 Community Resource and Referral Centers (CRRC) to provide rapid assistance to homeless Veterans.

Multi-Year Budget for Medical Care

Due to Congress's foresight, under the Veterans healthcare Budget Reform and Transparency Act of 2009, VA includes a request for an advance appropriation for its medical care budget. The legislation requires VA to plan its medical care budget using a multi-year approach, which ensures that VA requirements are reviewed and updated based on the most recent data available and actual program experience. The 2015 medical care budget of $59.1 billion, including collections, will fund treatment to over 6.7 million unique patients, an increase of 4 percent over the 2013 estimate. Of those unique patients, 4.7 million Veterans are in Priority Groups 1–6, an increase of more than 204,836 (4.5 percent). Additionally, VA anticipates treating over 757,600 Veterans from the conflicts in Iraq and Afghanistan, an increase of over 141,100 patients (23 percent) over the 2013 level. VA also provides medical care to non-Veterans through programs such as the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) and the Spina Bifida healthcare Program; we expect this population to increase by over 42,600 patients (6.3 percent), during the same period.

Based on updated 2015 estimates largely derived from the Enrollee healthcare Projection Model, the 2015 Budget will allow VA to increase funding for programs to end Veteran homelessness; continue implementation of the Caregivers and Veterans Omnibus Health Services Act; fulfill multiple responsibilities under the ACA; provide for activation requirements for new or replacement medical facilities; and

invest in strategic initiatives to improve the quality and accessibility of VA healthcare programs. The 2015 appropriations request includes an additional $368 million above the enacted 2015 advance appropriations level. Our multi-year budget plan assumes that VHA will carry over a small percentage of unobligated balances from 2014 into 2015 to ensure that funds are available at the beginning of the fiscal year to cover any unforeseen costs.

The 2016 medical care budget of $61.9 billion, including collections, provides for healthcare services to treat over 6.8 million unique patients, an increase of 1.5 percent over the 2015 estimate. The 2016 request for medical care advance appropriations is an increase of $2.9 billion, or 4.9 percent, over the 2015 budget request. Medical care funding levels for 2016, including funding for activations, non-recurring maintenance, and initiatives, will be revisited during the 2016 budget process, and could be revised to reflect updated information on known funding requirements and unobligated balances.

Medical and Prosthetic Research

VA supports the President's national action plan to guide mental health research across government, industry and academia, and develop more effective ways to prevent, diagnose, and treat mental health conditions like TBI and PTSD. VA's medical research programs demonstrate the creativity and ingenuity of our Nation's greatest minds to help save Veterans' lives, limit their incapacitation, and build a better world for their families. Projects funded in 2015 will focus on identifying or developing new treatments for Gulf War Veterans, 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 PTSD and mild traumatic brain injury, and advancing genomic medicine.

In 2015, Medical Research will be supported through a $589 million direct appropriation, and an additional $1.3 billion from VA's medical care program, Federal grants, and non-Federal grants. Including Medical Care support, other Federal resources, and private resources, total funding for Medical and Prosthetic Research will be nearly $1.9 billion in 2015. VA's research program benefits Veterans, their families, and the Nation.

Increasing Employment Opportunities for Veterans

Under the President's leadership, VA, the Department of Labor, DoD, and the entire Federal government made Veterans' employment one of their highest priorities. At VA, we led by example. We made great strides during the last five years and remain committed to meeting our goal of 40 percent of VA employees being Veterans, compared to 32.4 percent currently. During 2013, 33.8 percent of all new hires at VA were Veterans, including an impressive 78.5 percent of all new employees in our National Cemetery Administration (NCA).

We continue to work to ensure that all of America's Veterans have the support they need and deserve when they leave the military, look for a job, and enter the civilian workforce. The interagency Employment Initiative Task Force, co-led by VA and DOD, developed a new training and services delivery model to help strengthen the transition of our Veteran Servicemembers from military to civilian life. Accordingly, the 2015 Budget includes $106 million to meet VA's responsibilities under the President's Veterans Employment Initiative and the VOW to Hire Heroes Act. In addition, the 2015 Budget includes $1 billion in mandatory funding over 5 years to develop a Veterans Job Corps conservation program that will put up to 20,000 Veterans back to work over the next 5 years protecting and rebuilding America. Jobs will include park maintenance projects, patrolling public lands, rehabilitating natural and recreational areas, and law enforcement-related activities. 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 have a particular focus on post-9/11 Veterans.

Since 2009, VA provided over $31.8 billion in Post-9/11 GI Bill benefits in the form of tuition and other education-related payments to cover the education and training of more than 1 million Servicemembers, Veterans, family members, and survivors. As part of this effort VBA launched an online GI Bill Comparison Tool to make it easier for Veterans, Servicemembers, and dependents to calculate their Post-9/11 GI Bill benefits and learn more about VA's approved colleges, universities, and other education and training programs across the country. The GI Bill Comparison Tool provides key information about college affordability and brings together information from more than 17 online sources and 3 Federal agencies, including the number of students receiving VA education benefits at each school.

VA is also now working with Student Veterans of America to track graduation and training completion rates, and we expect a draft report by the end of 2014 to quantify program outcomes. The Post-9/11 GI Bill continues to be a focus of VBA transformation, as it implements the automated Long-Term Solution (LTS), VA's end-to-end claims processing solution that utilizes rules-based, industry-standard technologies for the delivery of education benefits. At the end of January 2014, we had 68,215 education claims pending, 21 percent lower than the total claims pending the same time last year. The average days to process Post-9/11 GI Bill supplemental claims decreased by 9.1 days, from 16.1 days in September 2012 to 7 days in January 2014. The average time to process initial Post-9/11 GI Bill original education benefit decreased by 15.3 days in the same period, from 32.5 days to 17.2 days.

Capital Infrastructure

The 2015 Budget requests $1.06 billion for VA's major and minor construction programs, the same as the 2014 Budget level. The capital asset budget demonstrates VA's commitment to address critical major construction projects that directly impact patient safety and seismic issues and reflects VA's ongoing promise to provide safe, secure, sustainable, and accessible facilities for Veterans. The request also reflects the current fiscal climate and the great challenges VA faces in order to close the gaps identified in our Strategic Capital Investment Planning (SCIP) process.

Major Construction

The major construction request in 2015 is $561.8 million. The request provides funding for four on-going major medical facility projects. They include: (1) seismic corrections to renovate building 205 for homeless programs at the West Los Angeles, CA VA Medical Center; (2) seismic corrections and construction of a new mental health facility and parking structure at the Long Beach Healthcare System; (3) construction of a new community living center (CLC), domiciliary and outpatient facility in Canandaigua, NY; and (4) construction of a new spinal cord injury/CLC facility, hospice nursing unit, and upgrades to a high-risk seismic building in San Diego, CA. These projects represent VA's most critical major construction projects and correct critical safety and seismic deficiencies that are currently putting Veterans, VA staff, and the public at risk. Once the projects are completed, Veterans seeking care will be served in more modern and safer facilities.

The 2015 Budget also includes $2.5 million for NCA for advance planning activities and $7.5 million for land acquisition to support the establishment of 5 additional national cemeteries in Cape Canaveral and Tallahassee Florida; Omaha, Nebraska; southern Colorado; and western New York to meet the burial access policies included in the 2011 budget.

Minor Construction

The 2015 Budget includes a minor construction request of $495.2 million. The requested amount would provide funding for ongoing and newly identified projects that renovate, expand, and improve VA facilities. This year's focus is a balance between continuing to fund minor construction projects that we can implement quickly to maintain and repair our aging infrastructure, while using major construction funding to address life-threatening safety and seismic issues that currently exist at multiple VA medical facilities.

Opportunity, Growth and Security Initiative

The Budget also includes a separate $56 billion Opportunity, Growth, and Security Initiative to spur economic progress, promote opportunity, and strengthen national security. This Initiative would increase employment, while achieving important economic outcomes in areas from education to research to manufacturing and public health and safety. Moreover, the Opportunity, Growth, and Security Initiative is fully paid for with a balanced package of spending cuts and tax loophole closers.

At the Department of Veterans Affairs (VA), the Opportunity, Growth, and Security Initiative will support capital investments essential to expanding and protecting Veterans' access to quality care and benefits. By providing an additional $400 million for the VA capital program, enactment of the Initiative will allow additional progress in addressing the Department's highest priority capital needs, including a major construction project to replace a seismically deficient research facility in San Francisco, California.

National Cemetery Administration

The NCA has the solemn duty to honor Veterans and their families with final resting places in national shrines and with lasting tributes that commemorate their service and sacrifice to our Nation. We honor those individuals' service through our 133 national cemeteries, which includes two national cemeteries scheduled to open in 2015, 33 Soldiers' lots and monuments, the Presidential Memorial Certificate program, and through the markers and medallions that we place on the graves of Veterans around the world. The 2015 Budget includes $256.8 million for operations and maintenance to uphold NCA's responsibility for this mission, including funds to open two new national cemeteries and to begin preparations for opening two National Veterans Burial Grounds.

NCA projects its workload will continue to increase. For 2015, we anticipate conducting approximately 128,100 interments of Veterans or their family members, and maintaining and providing perpetual care for approximately 3.5 million gravesites. NCA will also maintain 8,882 developed acres and process approximately 362,900 headstone and marker applications.

NCA maintains a strong commitment to hiring Veterans. Currently, Veterans comprise over 74 percent of its workforce. Since 2009, NCA hired over 450 returning Iraq and Afghanistan Veterans. In addition, NCA awarded 66.5 percent of contract awards in 2013 to Veteran-owned and service-disabled, Veteran-owned small businesses. NCA's committed, Veteran-centric workforce is the main reason it is able to provide a world-class level of customer service. NCA participated for the 5th time in the American Customer Satisfaction Index (ACSI), sponsored by the Federal Consulting Group and Claes Fornell International (CFI) Group. In the 2013 review, NCA received a score of 96 out of a possible 100, the highest score to date for any organization in the public or private sector.

NCA continues to leverage its partnerships to increase service for Veterans and their families. As a complement to the national cemetery system, NCA administers the Veterans Cemetery Grant Service (VCGS), which provides grants to establish, expand, or improve state and tribal Veterans' cemeteries. There are currently 90 operational state and tribal cemeteries in 45 states, Guam, and Saipan, with five more under construction. Since 1980, VCGS awarded grants totaling more than $566 million to establish, expand, or improve these Veterans' cemeteries. In 2013, these cemeteries conducted over 32,000 burials for Veterans and family members.

Legislation

In addition to presenting VA's resource requirements, the 2015 President's Budget also proposes legislative action that will benefit Veterans. These proposals build on VA's legislative agenda transmitted in the First Session of the 113th Congress, as part of the 2014 President's Budget. Let me highlight a few provisions: VA proposes a measure that will allow better coordination of care when a Veteran also receives other care at a non-VA hospital, by streamlining the exchange of patient information. Additionally, we propose allowing the CHAMPVA to cover children up to age 26, to make that program consistent with benefits conferred under the ACA. We also are submitting a proposal that would modernize our domiciliary care program by removing income-based eligibility restrictions.

To continue our priority to end Veteran homelessness, VA proposes increased flexibility in the Grant and Per Diem program to focus on the transition to permanent housing. Also among our proposals is a measure that would allow VA to speed payment of Dependency and Indemnity Compensation and other benefits to surviving spouses by eliminating the need for a formal claim when there already is sufficient evidence for VA to act. We greatly appreciate consideration of these and other legislative proposals included in the 2015 Budget and look forward to working with Congress to enact them.

Summary

Since the founding of our great Nation, Veterans helped our country meet all challenges; this remains true today as Veterans help rebuild the American middle class. At VA, we continue to implement the President's vision and transform VA into a 21st century leader of efficiency, effectiveness, and innovation within the Federal government. Our 2015 Budget supports Presidential priorities to always add value to the Nation, boost economic growth, strengthen the middle class, and work side-by-side with Federal partners to eliminate unnecessary overlaps or redundancies.

Given today's challenging fiscal environment, this Budget focuses VA resources, policies, and strategies on the most urgent issues facing Veterans and provides the resources critical to expand access, eliminate the disability claims backlog in 2015, and end Veteran homelessness in 2015. There is no greater mission than serving Veterans. Again, thank you for the opportunity to appear before you today and for your unwavering support of Veterans.

PARALYZED VETERANS OF AMERICA

Chairman Miller, Ranking Member Michaud, and Members of the Committee, as one of the four co-authors of The Independent Budget (IB), Paralyzed Veterans of America (PVA) is pleased to present the views of The Independent Budget regarding the funding requirements for the Department of Veterans Affairs (VA) for FY 2015.

As Congress and the Administration continue to face immense pressure to reduce federal spending, we cannot emphasize enough the importance of ensuring that sufficient, timely and predictable funding is provided to the Department of Veterans Affairs (VA). The co-authors of The Independent Budget—AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and Veterans of Foreign Wars—recognize the pressure that the Administration and Congress face; however, we believe that the ever-growing demand for healthcareservices certainly validates the continued need for sufficient funding. We also understand that the VA has fared better than most federal agencies with regards to budget proposals and appropriations. However, we are concerned that discretionary funding for the VA is no longer keeping pace with medical care inflation or healthcaredemand.

That being said, we certainly appreciate the increases offered by the Administration's budget for FY 2015 and the FY 2016 advance appropriations, particularly with regards to healthcare and benefits services. Unfortunately, we have real concerns that the serious lack of commitment to infrastructure funding to support the system will undermine the VA's ability to deliver those services. Similarly, we remain concerned that the funding levels provided by the House and Senate Committees on Appropriations in the recently passed omnibus appropriations bill will be insufficient to address the continuously growing demand for VA healthcareservices.

Moreover, The Independent Budget co-authors oppose the steps VA has taken in recent years in order to generate resources to meet ever-growing demand on the VA healthcare system. The Administration continues to rely upon "management improvements," a popular gimmick that was used by previous Administrations to generate savings and offset the growing costs to deliver care. Unfortunately, these savings are often never realized leaving VA short of necessary funding to address ever-growing demand on the healthcare system.

Of even greater concern is the fact that the VA continues to over project and underperform with its medical care collections estimates. Overestimating collections estimates affords Congress the opportunity to appropriate fewer discretionary dollars for the healthcaresystem. However, when the VA fails to achieve those collections estimates, it is left with insufficient funding to meet the projected demand. As long as this scenario continues, the VA will find itself falling farther and farther behind in its ability to care for those men and women who have served and sacrificed for this nation. In fact, we believe that is exactly what is happening now. For example, the VA originally projected collections of approximately $3.3 billion in FY 2013 and FY 2014 and approximately $3.2 billion in FY 2015. Congress based its appropriations for the VA for those fiscal years on those projected collections. However, the VA subsequently revised its estimates anticipating collections of $2.8 billion in both FY 2013, $2.9 billion in FY 2014, and less than $3.1 billion for FY 2015. The flawed projections estimates and the dollars appropriated by Congress in each of those fiscal years suggest that the VA may have received $1.0 billion too little in resources during that period. And yet, this shortfall has never been addressed through supplemental appropriations.

Too often in meetings with congressional offices, staff members have proclaimed the belief that VA has received too much money. We would ask the Committee how that logic passes when we have clearly identified a shortfall simply based on faulty collections estimates. Similarly, we would ask that the Committee proceed with caution in FY 2016 as the VA has once again projected a collections estimate of $3.3 billion despite the fact that its recent performance suggests that it will not achieve that level. The fact that the VA continues to experience problems with its medical care collections reflects an even greater need for Congress to properly analyze, and if necessary, revise the advance appropriations from previous years to ensure that the VA healthcare system is getting the resources it actually needs.

Funding for FY 2015

For FY 2015, The Independent Budget recommends approximately $61.1 billion for total medical care, an increase of approximately $3.4 billion over the FY 2014 operating budget. Meanwhile, the Administration recommended in its FY 2015 Budget Request a revised advance appropriation estimate for FY 2015 of approximately $56.0 billion in discretionary funding for VA medical care. This revised estimate reflected a projected increase in discretionary funding of approximately $368 million over the recently approved advance appropriations level. When combined

with the approximately $3.1 billion revised projection for medical care collections (decreased from $3.2 billion in last year's estimate), the total available operating budget recommended for FY 2015 is approximately $59.1 billion. This reflects an increase of $1.7 billion over the previously approved FY 2014 operating budget, an amount that we believe is inadequate to fully meet the healthcare demand.

The medical care appropriation includes three separate accounts—Medical Services, Medical Support and Compliance, and Medical Facilities—that comprise the total VA health-care funding level. For FY 2015, The Independent Budget recommends approximately $49.3 billion for Medical Services. Our Medical Services recommendation includes the following recommendations:

Current Services Estimate	$47,616,189,000
Increase in Patient Workload	1,171,260,000
Additional Medical Care Program Costs	500,000,000
Total FY 2014 Medical Services	$49,287,449,000

Our growth in patient workload is based on a projected increase of approximately 87,000 new unique patients—priority groups 1–8 veterans and covered nonveterans. We estimate the cost of these new unique patients to be approximately $853 million. The increase in patient workload also includes a projected increase of 83,350 new Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF), as well as Operation New Dawn (OND) veterans at a cost of approximately $318 million. The increase in utilization among OEF/OIF/OND veterans is supported by the average annual increase in new users from FY 2002 through the 3rd quarter of FY 2013.

The Independent Budget also believes that there are additional projected funding needs for VA. Specifically, we believe there is real funding needed to address the array of long-term care issues facing the VA, including the shortfall in institutional capacity, and to provide additional centralized prosthetics funding (based on actual expenditures and projections from the VA's prosthetics service). The Independent Budget recommends $375 million directed towards VA long-term care programs. In order to support the rebalancing of VA long-term care in FY 2015, $125 million should be provided. Additionally, $95 million should be targeted at the VA's Veteran Directed-Home and Community Based Services (VD–HCBS) program. The remainder of the $375 million ($155 million) should be dedicated to increasing the VA's long-term care average daily census (ADC) to the level mandated by Public Law 106–117, the "Veterans Millennium healthcare and Benefits Act." In order to meet the increase in demand for prosthetics, the IB recommends an additional $125 million. This increase in prosthetics funding reflects an increase in expenditures from FY 2013 to FY 2014 and the expected continued growth in expenditures for FY 2015.

For Medical Support and Compliance, The Independent Budget recommends approximately $6.1 billion. Finally, for Medical Facilities, The Independent Budget recommends approximately $5.7 billion. Our Medical Facilities recommendation includes the addition of $650 million to the baseline for Non-Recurring Maintenance (NRM). The Administration's request over the last two cycles represents a wholly inadequate request for NRM funding, particularly in light of the actual expenditures that are outlined in the budget justification. In fact, the VA's FY 2015 and FY 2016 advance appropriations request for infrastructure is wholly insufficient (a topic that will be addressed by the VFW in its statement to the Committee), particularly with regards to Major and Minor Construction and Non-Recurring Maintenance (NRM). The VA continues to slash funding for NRM as evidenced by the rapidly decreasing estimates for Medical Facilities. And yet, the VA admits in its own documents that it spends between $1.3 billion and $1.4 billion per year on NRM. Similarly, we are extremely disappointed that the VA has requested such a laughable funding level for Major and Minor Construction, particularly considering the rapidly advancing age and condition of its infrastructure. It is time for Congress to take the necessary steps to reverse this course before the VA system collapses on itself.

The Independent Budget co-authors have ongoing concerns about the lack of investment in Medical and Prosthetic Research. While we recognize that the Administration requested an increase in the research account for FY 2015, the $3 million increase does not even keep pace with inflation. If the VA is to remain a world leader in research, it is imperative that the Administration get serious about requesting real dollars and that Congress provide adequate resources to continue those efforts. With this point in mind, The Independent Budget recommends $611 million for Medical and Prosthetic Research funding for FY 2015. Similarly, we recommend at least $50 million in Major Construction and $175 million in Minor Construction and NRM to address the deteriorating state of VA research infrastructure. Failure to make these investments will undermine the VA's ability to continue to attract the

best medical professionals into the research field and promote cutting edge advancements to benefit the men and women who have made great physical and mental sacrifices in defense of this Nation.

Advance Appropriations for FY 2016

Just as we did for the first time last year, The Independent Budget once again offers baseline projections for funding through advance appropriations for the medical care accounts for FY 2016. While we have previously deferred to the Administration and Congress to provide sufficient funding through the advance appropriations process, we have growing concerns that this responsibility is not being taken seriously.

For FY 2016, The Independent Budget recommends approximately $62.5 billion for total medical care. The Administration's Budget Request includes approximately $62.0 billion for total medical care—$58.7 billion in discretionary spending and approximately $3.3 billion in medical care collections. We appreciate the fact that the Administration has offered a substantial increase in healthcare funding from FY 2015 to FY 2016 (as a part of its advance appropriations request).

For FY 2016, The Independent Budget recommends approximately $50.8 billion for Medical Services. Our Medical Services recommendation includes the following recommendations:

Current Services Estimate	$49,193,067,000
Increase in Patient Workload	1,074,225,000
Additional Medical Care Program Costs	510,000,000
Total FY 2015 Medical Services	$50,777,292,000

Our growth in patient workload is based on a projected increase of approximately 67,000 new unique patients—priority groups 1–8 veterans and covered nonveterans. We estimate the cost of these new unique patients to be approximately $746 million. The increase in patient workload also includes a projected increase of 83,350 new Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF), as well as Operation New Dawn (OND) veterans at a cost of approximately $328 million.

Lastly, The Independent Budget believes that there are additional projected funding needs for VA. For FY 2016, we believe that an additional $375 million should be invested to address the spectrum of long-term care issues within the VA. Additionally, we believe that a continued increase in centralized prosthetics funding will be essential. In order to meet the continued increase in demand for prosthetics, the IB recommends an additional $135 million.

For Medical Support and Compliance, The Independent Budget recommends approximately $6.0 billion. Finally, for Medical Facilities, The Independent Budget recommends approximately $5.7 billion. Our Medical Facilities recommendation includes the addition of $900 million to the baseline for Non-Recurring Maintenance (NRM). Last year, the Administration's recommendation for NRM reflected a projection that would place the long-term viability of the healthcare system in serious jeopardy.

Advance Appropriations for all VA Accounts

The Independent Budget co-authors are concerned that the broken appropriations process continues to have a negative impact on the operations of the VA. Once again this year Congress failed to fully complete the appropriations process in the regular order. In fact, many federal operations were shuttered as part of a partial government shutdown in October 2013. This had a significant negative impact on many of the services provided by the VA. While VA healthcare was shielded from this political disaster, benefits services, research activities, and general operations for the rest of the VA were impacted. Additionally, many of the operations that support the healthcare system, particularly through the Information Technology system, were negatively impacted complicating the VA's ability to delivery timely, quality healthcare.

We also have real concerns about the advance appropriations process as it currently functions. Our intent for this process was for the Administration to request an advance appropriation for a given fiscal year (two years ahead of the start of that fiscal year), and then revise that recommendation in its next budget request immediately prior to the start of the fiscal year in question. We appreciate the fact that the Administration's FY 2015 Budget Request does include a significant revision for Medical Services reflecting an increased need for funding of approximately $368 million. However, during past budget cycles, the Administration has offered very little revision in its advance appropriations requests essentially asking for the same funding level. Moreover, we believe that Congress has not done its due diligence to adequately analyze the advance appropriations recommendations and make any nec-

essary changes through supplemental appropriations. In fact, once Congress has approved an advance appropriations level for VA, it has not revised its previous years' decision in any appreciable way. This undermines the principle benefit of advance appropriations—having additional time to ensure that sufficient funds are provided.

With this in mind, we call on Congress to immediately approve legislation that would extend advance appropriations to all VA discretionary and mandatory appropriations accounts. Advance appropriations have shielded VA healthcarefrom most of the harmful effects of the partisan bickering and political gridlock that has paralyzed Washington in recent years. Now Congress must provide the same protections to all remaining discretionary programs, including Medical and Prosthetic Research, General Operating Expenditures, Information Technology, the National Cemetery Administration, Inspector General, Major Construction, Minor Construction, State Home Construction Grants, State Cemetery Grants and other discretionary accounts, and all mandatory funded programs, including disability compensation, pension, education benefits, and dependency and indemnity compensation.

Chairman Miller and Ranking Member Michaud, the co-authors of The Independent Budget sincerely appreciate your commitment to this effort and we applaud your introduction and advocacy to ensure that H.R. 813, the "Putting Veterans Funding First Act," was passed by the House of Representatives. We commit to you our steadfast support to see this legislation through to final passage and enactment. Enactment of H.R. 813 will generally free all VA services from the political gridlock that has crippled the appropriations process in Congress.

In the end, it is easy to forget that the people who are ultimately affected by wrangling over the budget are the men and women who have served and sacrificed so much for this nation. We hope that you will consider these men and women when you develop your budget views and estimates, and we ask that you join us in adopting the recommendations of The Independent Budget.

This concludes our statement. We would be happy to answer any questions you may have.

Information Required by rule XI 2(g)(4) of the House of Representatives

Pursuant to rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2013

National Council on Disability—Contract for Services—$35,000.

Fiscal Year 2012

No federal grants or contracts received.

Fiscal Year 2011

Court of Appeals for Veterans Claims, Administered by the Legal Services Corporation—National Veterans Legal Services Program—$262,787.

STATEMENT OF RAYMOND C. KELLEY, DIRECTOR NATIONAL LEGISLATIVE SERVICE VETERANS OF FOREIGN WARS OF THE UNITED STATES, COMMITTEE ON VETERANS' AFFAIRS, UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

VA'S BUDGET REQUEST FOR FISCAL YEAR 2015

Mr. Chairman and Members of the Committee:

On behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and our Auxiliaries, I would like to thank you for the opportunity to testify today. The VFW works alongside the other members of the Independent Budget (IB)—AMVETS, Disabled American Veterans and Paralyzed Veterans of America—to produce a set of policy and budget recommendations that reflect what we believe would meet the needs of America's veterans. The VFW is responsible for the IB's Construction Programs, so I will limit my remarks to that portion of the budget.

The vastness of the Department of Veterans Affairs' (VA) capital infrastructure is rarely fully seen or understood. VA currently manages and maintains 6,016 buildings and almost 34,000 acres of land with a plant replacement value (PRV) of approximately $45 billion. Although VA has addressed a number of critical infrastructure gaps, 4,049 gaps remain that will cost between $56 and $68 billion to close, including $10 billion in activation costs. This is an increase of $2 billion from a year ago.

With shrinking requests and appropriations from the Administration and Congress, VA is moving further behind in closing known safety, utilization, and access gaps and continues to fail to prevent future gaps from arising. To only maintain VA infrastructure in its current condition, VA's Non-Recurring Maintenance (NRM) account would need $1.35 billion per year, based on the estimated plant replacement value the IB partners have calculated. The Administration has requested that NRM be funded at $462 million. More funds will need to be invested to prevent the documented NRM backlog of $18 billion to $22 billion from growing even larger. To address the gaps in safety, access, and utilization, VA will need to invest between $26 billion to $31 billion in major and minor construction and leasing.

In addition, the Strategic Capital Investment Planning (SCIP) process is intended to help VA make more informed decisions on capital investments. A key element missing from the gap analysis criteria is a comprehensive assessment of the resources that exist outside of the VA through existing contracts and sharing agreements. Unlike VA-built or VA-leased space, contracts can be amended, cancelled, or sited differently to respond to any geographic changes and healthcare needs of veterans eligible for this care. This difference is especially relevant in the Veterans Health Administration (VHA) because VA, Congress, and the IB partners have increasingly supported leveraging community resources to provide accessible care to veterans in rural and underserved areas. Without a comprehensive understanding of the healthcare resources that exist within and outside of VA, the Department cannot make sound decisions on capital investments and on right sizing its inventory for the near-, mid-, and long-term periods. Another apparent flaw of the SCIP process is the lack of transparency on the costs of VA's future real property priorities, which hinders VA's ability to make informed decisions. This shortcoming was among the findings in a report, titled VA Real Property: Realignment Progressing, but Greater Transparency about Future Priorities is Needed, which the Government Accountability Office (GAO) issued on January 31, 2011.

The IB partners fully support the GAO's recommendation in this report that the VA must enhance transparency by submitting an annual report to Congress on the results of the SCIP process, subsequent capital planning efforts, and details on the costs of future projects. The IB partners also support the inclusion of new gap-analysis criteria that consider resources that are available to the VHA through existing contracts and sharing agreements. The IB partners, in turn, will be monitoring the level of funding for each of the infrastructure accounts to ensure that all current gaps are met within 10 years and that emerging and future gaps will be closed by sufficient funding.

Quality, accessible healthcare continues to be the focus for the IB partners, and to achieve and sustain that goal, large capital investments must be made. Presenting a well-articulated, completely transparent capital-asset plan, which VA has attempted to do, is important, but funding that plan at nearly half of the prior year's appropriated level, and at a level that is only 25 percent of what is needed to close the access, utilization, and safety gaps, will not fulfill VA's requirements, nor will it serve veterans' best interests.

Major Construction Accounts: Decades of underfunding in amounts between $18.1 billion and $22.1 billion have led to a major construction backlog. Currently, the VHA has 21 major construction projects dating back to 2007 that have been only partially funded. In the Administration's budget request for fiscal year (FY) 2015, VA requested funding for only four major projects that include partial funding for seismic corrections and extended care facility expansion, and fully fund a spinal cord injury center. The total unobligated amount for all currently budgeted major construction projects exceeds $2.3 billion. Yet, the total budget proposal for FY 2015 major construction accounts is $562 million.

To finish existing projects and to close current and future gaps, VA will need to invest more than $18 billion over the next 10 years. At current requested funding levels, it will take 32 years to complete VA's 10-year plan.

In the short-term, VA must start requesting and Congress must start funding major construction at a level that begins to reduce the backlog. The IB partners recommend providing VA with $2.8 billion in major construction funding in FY 2015. These increased funds will eliminate the most severe safety gaps and complete funding on the longest standing projects. VA must also begin presenting long-term proposals that will outline how the Department will close all major construction gaps.

Minor Construction Accounts: To close all the minor construction gaps within a 10-year timeline, VA will need to invest between $6.7 billion and $8.2 billion. For several years, VA minor construction was funded at a level to meet its 10-year goal. However, the Administration has abandoned their long-term commitment to increased appropriations and proposed yet another drastic funding decrease for minor construction that would only provide $495 million for FY 2015.

The IB partners believe that minor construction accounts can be brought back on track by investing approximately $831 million per year over the next decade to close existing gaps and to prevent unmanageable future gaps in minor construction.

Additionally, for capital infrastructure, renovations, and maintenance, we recommend $50 million or more for up to five major construction projects in VA research facilities and $175 million in non-recurring maintenance and Minor-Construction funding. This increase would address Priority 1 and 2 deficiencies identified in the 2012 VA research capital infrastructure report (in accounts that are separate from VA's other major, minor, and maintenance and repair appropriations).

Nonrecurring Maintenance Accounts: Even though non-recurring maintenance (NRM) is funded through VA's Medical Facilities account, and not through a construction account, NRM is critical to VA's capital infrastructure. NRM embodies the many small projects that together provide for the long-term sustainability and usability of VA facilities. NRM projects are one-time repairs, such as modernizing mechanical or electrical systems, replacing windows and equipment, and preserving roofs and floors. Nonrecurring maintenance is a necessary component of the care and stewardship of a facility. When managed responsibly, these relatively small, periodic investments ensure that the more substantial investments of major and minor construction provide real value to taxpayers and to veterans as well.

VA is moving away from closing current NRM safety, utilization, and access gaps and continues to fall behind on preventing future gaps. Just to maintain in the status quo, VA's NRM account must be funded at $1.35 billion per year, based on the estimated Plant Replacement Value (PRV). The Administration is requesting $462 million for NRM in FY 2015. More will need to be invested to prevent the $21.9 billion NRM backlog from growing larger.

The IB partners believe VA should develop a PRV metric and publish its results. Adding the PRV to the SCIP will allow VA to more accurately determine the appropriate amount to request for NRM and objectively decide when a facility becomes more costly to maintain than to replace. Using the PRV as a tool, VA can more accurately determine the annual funding levels needed for NRM by facility, allowing for the reduction in the NRM backlog and fully funding future needs in a way that would be the most cost effective. The industry goal for NRM is around two percent of the PRV. At that rate, facilities can operate for 50 years or more without outspending replacement cost. Knowing what percentage of the PRV is being spent and taking a long view of capital planning would allow Congress and VA to assess when a facility will need to be replaced.

Because NRM accounts are organized under the Medical Facilities appropriation, they have traditionally been apportioned using the Veterans Equitable Resource Allocation (VERA) formula. This formula was intended to allocate health-care dollars to those areas with the greatest demand for healthcare and is not an ideal method to allocate NRM funds. When dealing with maintenance needs, this formula may prove counterproductive by moving funds away from older medical centers and reallocating the funds to newer facilities where patient demand is greater, even if the maintenance needs are not as great. We are encouraged by actions the House and

Senate Veterans' Affairs Committees have taken in recent years requiring NRM funding to be allocated outside the VERA formula, and we hope this practice will continue.

Capital Leasing: The fourth cornerstone to VA's capital planning is leasing. The current lease plan calls for a little more than $1.1 billion over the next 10 years. VA leases properties to use for each agency within VA, ranging from community-based outpatient clinics (CBOC) and medical centers to research and warehouse space. These leases do not fall under the larger construction accounts, but under each Administration and staff office operating accounts.

Since the 1990s, Congress has helped improve VA health-care access and patient satisfaction by authorizing and funding nearly 900 VA CBOCs. These facilities have provided local, convenient and cost-effective primary care for millions of veterans. In a 2012 policy shift, the Congressional Budget Office changed its accounting practice on how major capital leases are to be funded, effectively halting Congressional authorization of future leases. This is the third year without passing lease authority and there are now 32 major capital leases, totaling nearly $288 million, for which VA has requested Congressional authorization. These leases are in limbo and Congress needs to pass H.R. 3521.

Mr. Chairman, this concludes my testimony and I look forward to any questions you or the Committee may have.

Information Required by Rule XI2(g)(4) of the House of Representatives

Pursuant to Rule XI2(g)(4) of the House of Representatives, VFW has not received any federal grants in Fiscal Year 2013, nor has it received any federal grants in the two previous Fiscal Years.

STATEMENT OF PAUL R. VARELA, DIRECTOR,

DAV ASSISTANT NATIONAL LEGISLATIVE

Chairman Miller, Ranking Member Michaud, and Members of the Committee:

On behalf of the DAV and our 1.2 million members, all of whom are wartime disabled veterans, I am pleased to present recommendations of The Independent Budget (IB) for the fiscal year (FY) 2015 budget related to veterans' benefits and the Veterans Benefits Administration (VBA). The IB is jointly produced each year by DAV, AMVETS, Paralyzed Veterans of America and Veterans of Foreign Wars of the United States. This year's IB contains numerous recommendations to improve veterans' benefit programs and the claims processing system; however, in today's testimony I will highlight just some of the most critical ones for this Committee to consider.

Mr. Chairman, the timely delivery of earned benefits to the millions of men and women who have served in our Armed Forces is one of the most sacred obligations of the federal government. The award of a service-connected disability rating does more than provide compensation payments; it is the gateway to an array of benefits that support the recovery and transition of veterans, their families and survivors. However, when these benefits are delayed or unjustly denied, the consequences to veterans and their families can be devastating. For those wounded heroes who file claims for disability compensation, the wait to receive an accurate rating decision and award can take anywhere from a few months to several years; longer if they have to appeal incorrect decisions.

In early 2010, Secretary Shinseki laid out an extremely ambitious goal for VBA to achieve by 2015: process 100 percent of claims in less than 125 days, and do so with 98 percent accuracy. Since that time, VBA has worked to completely transform their IT systems, business processes and corporate culture, while simultaneously continuing to process more than a million claims each year. VBA is actively rolling out new organizational models and practices, and continuing to develop and deploy new technologies almost daily.

Today there are about 685,000 claims for compensation and pension awaiting decisions at VBA. At the beginning of 2013, there were more than 860,000 pending claims for disability compensation and pension. By the end of the year, that number had dropped by more than 20 percent, down to about 685,000 pending. The number of claims in the backlog—greater than 125 days pending—dropped by about a third, from more than 600,000 in January 2013 to just over 405,000 in January 2014. The VBA increased the number of claims completed each month from an average of about 89,000 during the first four months of the year to more than 114,000 during the succeeding six months prior to the government shutdown. Claims production

dropped significantly following the shutdown and during the subsequent holiday period.

In the midst of this massive transformation, it can be hard to get the proper perspective to measure whether their final systems will be successful, but we believe there has been sufficient progress to merit continued support of the current transformation efforts. Now is not the time to stop or change direction.

We urge this Committee and Congress to provide the support and resources necessary to complete this transformation as currently planned, while continuing to exercise strong oversight to ensure that VBA remains focused on the long-term goal of creating a new claims processing system that decides each claim right the first time. In particular, the proposed FY 2015 budget for VBA includes additional funding for scanning and conversion of existing paper claims files, absolutely critical for VBA to complete its transformation from an outdated, paper-based claims system to a modern, paperless, automated claims system.

Mr. Chairman, one of the most important aspects needed to assure ongoing positive changes within the VBA is their willingness to remain open and partner with veterans service organizations. Our organizations possess significant knowledge and experience of the claims process and collectively we hold power of attorney (POA) for millions of veterans who are filing or have filed claims. VBA recognized that close collaboration with VSOs could not only reduce its workload, but also increase the quality of its work. We make VBA's job easier by helping veterans prepare and submit better claims, thereby requiring less time and resources for VBA to develop and adjudicate them.

The IB veterans service organizations (IBVSOs) have been consulted about initiatives proposed or underway at VBA, including Fully Developed Claims (FDC), Disability Benefit Questionnaires (DBQs), the Veterans Benefit Management System (VBMS), the Stakeholder Enterprise Portal (SEP), and the update of the Department of Veterans Affairs (VA) Schedule for Rating Disabilities (VASRD). Both Secretary Shinseki and Under Secretary Hickey have reached out to consult and collaborate with VSOs and we are confident that VBA's success going forward will require a continued and enhanced partnership that will result in better service and outcomes for veterans.

Since 2009, VBA has made some significant changes in how claims are processed. The most important amongst these is the development of the VBMS, its new IT system. VBMS has been rolled out to all 56 Regional Offices and VBA was able to complete implementation of the VBMS ahead of schedule in June; by the end of 2013, nearly all of VBA's pending claims were processed using electronic files. It is important to remember that VBMS is not yet a finished product; rather, it continues to be developed and perfected as it is deployed so it is still premature to judge whether it will ultimately deliver all of the functionality and efficiency required to meet VBA's future claims processing needs.

Another very important milestone was VBA's decision and commitment to scan all paper claims files for every new or reopened claim requiring a rating-related action, and creating digital e-folders to serve as the cornerstone of the new VBMS system. E-folders facilitate instantaneous transmission and simultaneous reviewing of claims files. At present, there are an estimated 500,000 e-folders and that number will continue to grow as the remaining ROs convert to VBMS this year.

In addition, the Appeals Management Center (AMC) is now working in VBMS and able to review e-folders. The Board of Veterans Appeals (BVA) will also begin receiving appeals in VBMS on a pilot basis.

VBA also continues to strengthen its e-Benefits and SEP systems, which allow veterans and their representatives to file claims, upload supporting evidence and check on the status of pending claims. VBA has rolled out a new transformation organizational model (TOM) to every Regional Office that has reorganized workflow by segmenting claims into different processing lanes depending upon the complexity of the issues to be decided for each claim. Other key process improvements that we strongly support include the FDC program, which expedites ready-to-rate claims, and DBQs, which standardize and encourage the collection of private medical evidence to aid in rating decisions. To improve the accuracy of their work, VBA also fulfilled one of our long-standing recommendations by creating local Quality Review Teams (QRTs), whose primary function is to monitor claims processing in real time to catch and correct errors before rating decisions are finalized.

Claims Processing Recommendations

Over the next year, Congress must continue to perform aggressive oversight of VBA's ongoing claims transformation efforts, particularly new IT programs, while actively supporting the completion and full implementation of these vital initiatives. In order for VBA's current transformation plans to have any reasonable chance of

success, VBA must be allowed to complete and fully implement them. Congress must continue to fully fund the completion of VBMS, including providing sufficient funding for digital scanning and conversion of legacy paper files, as well as the development of new automation components for VBMS. At the same time, the IBVSOs recommend that Congress encourage an independent, expert review of VBMS while there is still time to make course corrections.

Congress must also encourage and support VBA's efforts to develop a new corporate culture based on quality, accuracy and accountability, as well as strengthen the transmission and adoption of these values and appropriate supportive policies throughout all VBA Regional Offices. The long-term success of all of VBA's transformation efforts will depend on the degree to which these changes are institutionalized and disseminated from the national level to the local level. In addition to strengthening training, testing and quality control, VBA must be encouraged to properly align measuring and reporting functions with desired goals and outcomes for both its leadership and employees.

For example, as long as the most widely reported metric of VBA's success is the Monday Morning Workload Reports, particularly the weekly update on the size of the backlog, there will remain tremendous pressure throughout VBA to place production gains ahead of quality and accuracy. Similarly, if individual employee performance standards set unrealistic production goals, or fail to properly credit ancillary activity that contributes to quality but not production, those employees will be incentivized to focus on activities that maximize only production. VBA must develop more and better measures of work performance that focus on quality and accuracy, both for the agency as a whole and for individual employees.

Furthermore, VBA must ensure that employee performance standards are based on accurate measures of the time it takes to properly perform their jobs.

Congress must also ensure that VBA does not change its reporting or metrics for the sole purpose of achieving statistical gains, commonly referred to as "gaming the system," in the absence of actual improvements to the system. For example, VBA recently announced that they will change how errors are scored for multi-issue claims.

Previously, a claim would be considered to have an error if one mistake on at least one issue in the claim was detected during a STAR review. Under the new error policy, if there are 10 issues in the claim and a single error is found on one of the issues, that would now be scored as only 0.1 errors for that claim. While this may be a more valid way of measuring technical accuracy, it also has the effect of lowering the error rate without actually lowering the number of errors committed. For instance, if VBA measures errors by issue, then the backlog of claims would not be the reported 405,000, but a multiple of that based upon the total number of issues, which would be in the millions. Likewise, VBA's allowance rate must be adjusted with this type of change in reporting to accurately reflect the number of issues allowed out of the total number of issues claimed, which would be significantly lower than the current allowance rate per claim. In essence, VBA cannot simply change the metrics to suit their need to reflect gains or improvements; they must change all corresponding metrics such as claims v. issues, allowances v. denials and remands or similar.

Additionally, to make the system more efficient, Congress should enact and promote legislation and policies that maximize the use of private medical evidence to conserve VBA resources and enable quicker, more accurate rating decisions for veterans. The IBVSOs have long encouraged VBA to make greater use of private medical evidence when making claims decisions, which would save veterans time and VBA the cost of unnecessary examinations.

DBQs, many of which were developed in consultation with IBVSO experts, are designed to allow private physicians to submit medical evidence on behalf of veterans they treat in a format that aids rating specialists. However, we continue to receive credible reports from across the country that many Veterans Service Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs) do not accept the adequacy of DBQs submitted by private physicians, resulting in redundant VA medical examinations being ordered and valid evidence supporting veterans' claims being rejected.

Although there are currently 81 approved DBQs, VBA has only released 71 of them to the public for use by private physicians. In particular, VBA should allow private treating physicians to complete DBQs for medical opinions about whether injuries and disabilities are service connected, as well as DBQs for PTSD, which current VBA rules do not allow; only VA physicians can make PTSD diagnoses for compensation claims. Congress should work with VBA to make both of these DBQs available to private physicians.

To further encourage the use of private medical evidence, Congress should amend title 38, United States Code, section 5103A(d)(1) to provide that, when a claimant submits private medical evidence, including a private medical opinion, that is competent, credible, probative, and otherwise adequate for rating purposes, the Secretary shall not request a VA medical examination. This legislative change would require VSRs and RVSRs to first document that private medical evidence was inadequate for rating purposes before ordering examinations, which are often unnecessary.

VBA Staffing and Resource Recommendations

Compensation Service Staffing

In recent years, VBA has seen a significant staffing increase because Congress recognized that rising workload, particularly claims for disability compensation, could not be addressed without additional personnel and thus provided additional resources each year to do so. More than 5,000 full-time employee equivalents (FTEE) were added to VBA over the past five years, a 33 percent increase, with most of that increase going to the Compensation Service. In FY 2013, VBA's budget supported an additional 450 FTEE above the FY 2012 authorized level, and the FY 2014 level added less than 100 new FTEE, and for FY 2015 the level of staffing remains unchanged.

Since the early part of 2013, the VBA has clearly made positive strides toward increasing productivity, reducing the backlog of disability claims and, by the end of 2015, reaching the Secretary's goal of completing all claims in less than 125 days with 98 percent accuracy. Over the past year, the total number of claims pending dropped by about 20 percent, and the number in the backlog (over 125 days) decreased by more than a third. The VBA has employed a variety of aggressive initiatives, such as processing all claims pending longer than two years and then, when completed, moving to process all claims pending longer than one year.

We believe allowing the VBA to again hire employees for a two-year temporary term could supplement and/or alleviate the reliance on mandatory overtime and further reduce the backlog of disability claims to help reach the Secretary's goal by the end of 2015. Such an initiative would also provide an outstanding opportunity for VBA to have a generous pool of fully trained, qualified candidates to choose from as replacements for full-time VBA employees who will undoubtedly be lost over the next few years because of attrition.

However, rather than hiring "new" employees who need training and time to become fully productive, VBA would have instantly productive replacements ready and would have the ability to hire only the best of these candidates. Therefore, we urge Congress to provide the funding and resources necessary for VBA to hire a minimum of 1,000 new employees for a temporary two-year term.

Board of Veterans' Appeals Staffing

Based on historical trends, the number of new appeals to the Board averages approximately five percent of all claims received, so as the number of claims processed by the VBA is expected to rise significantly, so too will the Board's workload rise accordingly. Yet the budget provided to the Board has been declining, forcing it to reduce the number of employees. Although the Board had been authorized to have up to 544 FTEE in FY 2011, its appropriated budget could support only 532 FTEE that year. In FY 2012, that number was further reduced to 510. At present, due to cost-saving initiatives, the Board may be able to support as many as 518 FTEE with the FY 2013 budget; however, this does not correct the downward trend over the past several years, particularly as workload continues to rise.

The FY 2014 budget actually proposed cuts to funding for the Board and further reduced staffing down to 492 FTEE, despite expected workload increases each year. Projecting for FY 2014, the IBVSOs recommended a modest increase in staffing to 544 FTEE.

We are pleased Congress supported this recommendation and actually went beyond the suggested number by providing enough funding for BVA to increase staffing to approximately 640 FTEE to be in place by the end of FY 2014 and an FY 2015 budget request to increase the number of FTEE to 650.

Vocational Rehabilitation

Employment Service Staffing

In FY 2012, VA's Vocational Rehabilitation and Employment (VR&E) program, also known as the VetSuccess program, had 121,000 participants in one or more of the five assistance tracks of VR&E's VetSuccess program, an increase of 12.3 percent above the FY 2011 participation level of 107,925 veterans. In FY 2012, VR&E had a total of 1,446 FTEE, and anticipates an increase of approximately 150 FTEE

for FY 2013. Given the estimated 10 percent workload increases for both FY 2013 and FY 2014, the IB estimated VR&E would need an additional 230 counselors in FY 2014 in order to reduce their counselor-to-client ratio down to their stated goal of 1:125.

An extension for the delivery of VR&E assistance at a key transition point for veterans is through the VetSuccess on Campus program. This program provides support to student veterans in completing college or university degrees. VetSuccess on Campus has developed into a program that places a full-time Vocational Rehabilitation Counselor and a part-time Vet Center Outreach Coordinator at an office on campus specifically for the student veterans attending that college. These VA officers are there to help the transition from military to civilian and student life. The VetSuccess on Campus program is designed to give needed support to all student veterans, whether or not they are entitled to one of VA's education benefit programs.

In FY 2015, Congress must provide the Vocational Rehabilitation and Employment Service with sufficient funding to support an adequate number of FTEE to meet growing demand of the program and achieve its current caseload target of one counselor for every 125 veteran clients and equitably allocate resources among VAROs in a manner to achieve that target. This includes assuring that as other programs, such as the VetSuccess on Campus staffed with tenured VR&E counselors, the workforce gaps left behind at the ROs are backfilled to keep pace with local workload demands.

IT Enhancements

In addition, the VBMS was ultimately intended to include all of VBA's business lines so that no matter where a veteran or survivor applied for benefits, the VBMS would seamlessly connect them to all benefits they may be entitled to receive. While some programs, such as Education Service, have developed adequate IT systems in recent years, others, especially the Vocational Rehabilitation and Employment (VR&E) service, are in dire need of a complete IT overhaul. VR&E's processing system, called the Corporate Winston-Salem, Indianapolis, Newark, Roanoke, Seattle (CWINRS) system, is incapable of managing the many needs of this program. Rather than invest in short-term upgrades and patches, the IBVSOs believe that VBMS development for VR&E should be accelerated.

VBA must complete the full development and integration of the VBMS to the AMC, BVA, and Court of Appeals for Veterans Claims as well as to the other VBA business lines and in particular VR&E.

The IBVSOs are pleased that the Administration's budget request for FY 2015 is approximately $200 million more than the FY 2014 IT funding, and we support that level of funding. More importantly, Congress must ensure that from the total IT funding made available to VBA, that VR&E receives the necessary resources and support to upgrade its antiquated IT systems.

Recommendations for Improvements to VA Benefits

Annual Cost-of-Living Adjustment (COLA)

Congress has annually authorized increases in compensation and dependency and indemnity compensation (DIC) by the same percent as Social Security is increased.

Under current law, the government monitors inflation throughout the year and, if inflation occurs, automatically increases Social Security payments by the percent of increase for the following year, which the Congress then applies to veterans' programs.

While Congress has always increased compensation and DIC based on inflation, there have been years when such increases were delayed, which puts unnecessary financial strain on veterans and their survivors.

The IBVSOs urge Congress to enact legislation indexing compensation and DIC to Social Security COLA increases.

End Rounding Down of Veterans' and Survivors' Benefits Payments

In 1990, Congress, in an omnibus reconciliation act, mandated that veterans' and survivors' benefit payments be rounded down to the next lower whole dollar. While this policy was initially limited to a few years, Congress has continued that policy.

The cumulative effect of this provision of the law effectively levies a tax on totally disabled veterans and their survivors. Congress should repeal the current policy of rounding down veterans' and survivors' benefits payments.

On November 21, 2013, with the President's signature, the Veterans' Compensation Cost-of-Living Adjustment Act became Public Law 113–52. The Act provided a 1.5% increase in veterans' disability compensation, DIC and other related veterans benefits, effective December 1, 2013. Unlike COLAs in the past, this COLA did not

include the provision of rounding down increases to the nearest whole dollar amount.

The IBVSOs urge Congress not to return to a policy of rounding down veterans' and survivors' benefits payments.

Reject Any Proposal to Use the "Chained CPI"

In the past year, there has been much discussion about replacing the current CPI formula used for calculating the annual Social Security COLA with the Bureau of Labor Statistics (BLS) new formula commonly termed the "chained CPI." Such a change would be expected to significantly reduce the rates paid to Social Security recipients, and thereby help to lower the federal deficit. Since the Social Security COLA is also applied annually to the rates for VA disability compensation, DIC, and pensions for wartime veterans and survivors with limited incomes, its application would mean systematic reductions for millions of veterans, their dependents and survivors who rely on VA benefit payments. The IBVSOs urge Congress to reject any and all proposals to use the "chained CPI" for determining Social Security COLA increases, which would have the effect of significantly reducing the level of vital benefits provided to millions of veterans and their survivors.

The IBVSOs also note that the CPI index used for Social Security does not include increases in the cost of food or gasoline, both of which have risen significantly in recent years. While no inflation index is perfect, the IBVSOs believe that VA should examine whether there are other inflation indices that would more appropriately correlate with the increased cost of living experienced by disabled veterans and their survivors.

End Prohibition against Concurrent Receipt of VA Disability Compensation and Military Longevity Retired Pay

Many veterans retired from the armed forces based on longevity of service must forfeit a portion of their retired pay, earned through faithful performance of military service, before they receive VA compensation for service-connected disabilities. This is inequitable—military retired pay is earned by virtue of a veteran's career of service on behalf of the nation, careers of usually more than 20 years. Entitlement to compensation, on the other hand, is paid solely because of disability resulting from military service, regardless of the length of service. Most nondisabled military retirees pursue second careers after serving in order to supplement their income, thereby justly enjoying a full reward for completion of a military career with the added reward of full civilian employment income. In contrast, military retirees with service-connected disabilities do not enjoy the same full earning potential since their earning potential is reduced commensurate with the degree of service-connected disability.

In order to place all disabled longevity military retirees on equal footing with nondisabled military retirees, there should be no offset between full military retired pay and VA disability compensation. To the extent that military retired pay and VA disability compensation offset each other, the disabled military retiree is treated less fairly than is a nondisabled military retiree by not accounting for the loss in earning capacity. Moreover, a disabled veteran who does not retire from military service but elects instead to pursue a civilian career after completing a service obligation can receive full VA disability compensation and full civilian retired pay—including retirement from any federal civil service position.

While Congress has made progress in recent years in correcting this injustice, current law still provides that service-connected veterans rated less than 50 percent disabled who retire from the armed forces on length of service may not receive disability compensation from VA in addition to full military retired pay. The IBVSOs believe the time has come to remove this prohibition completely. Congress should enact legislation to repeal the inequitable requirement that veterans' military longevity retired pay be offset by an amount equal to the disability compensation awarded to disabled veterans rated less than 50 percent, the same as exists for those rated 50 percent or greater.

SURVIVOR BENEFITS

Increase DIC for Surviving Spouses of Service Members

The current rate of compensation paid to the survivors of certain deceased veterans rated permanently and totally disabled and deceased service members is inadequate and inequitable. Under current law, the surviving spouse of a veteran who had a total disability rating is entitled to the basic rate of DIC. A supplemental payment is provided to those spouses who were married for at least eight years during which time the veteran was rated permanently and totally disabled.

However, surviving spouses of veterans or military service members who die before the eight-year eligibility period, or who die on active duty, respectively, only receive the basic rate of DIC.

Insofar as DIC payments are intended to provide surviving spouses with the means to maintain some semblance of financial stability after losing their loved ones, the rate of payment for service-related deaths of any kind should not vastly differ. Surviving spouses, regardless of the status of their sponsors at the time of death, face the same financial hardships once deceased sponsors' incomes no longer exist. Congress should authorize DIC eligibility at increased rates to survivors of service members who died either before the eight-year eligibility period passes or while on active duty at the same rate paid to the eligible survivors of totally disabled service-connected veterans who die after the eight-year eligibility period.

Repeal of the DIC–SBP Offset

The current requirement that the amount of an annuity under the Survivor Benefit Plan (SBP) be reduced on account of, and by an amount equal to, DIC is inequitable. A veteran disabled in military service is compensated for the effects of service-connected disability. When a veteran dies of service-connected causes, or following a substantial period of total disability from service-connected causes, eligible survivors or dependents receive DIC from the VA. This benefit indemnifies survivors, in part, for the losses associated with the veteran's death from service-connected causes or after a period of time when the veteran was unable, because of total disability, to accumulate an estate for inheritance by survivors.

Career members of the armed forces earn entitlement to retired pay after 20 or more years of service. Survivors of military retirees have no entitlement to any portion of the veteran's military retirement pay after his or her death, unlike many retirement plans in the private sector. Under the SBP, deductions are made from the veteran's military retirement pay to purchase a survivor's annuity. This is not a gratuitous benefit, but is purchased by a retiree.

Upon the veteran's death, the annuity is paid monthly to eligible beneficiaries under the plan. If the veteran died from other than service-connected causes or was not totally disabled by service-connected disability for the required time preceding death, beneficiaries receive full SBP payments. However, if the veteran's death was a result of military service or after the requisite period of total service-connected disability, the SBP annuity is reduced by an amount equal to the DIC payment. When the monthly DIC rate is equal to or greater than the monthly SBP annuity, beneficiaries lose the SBP annuity in its entirety.

The IBVSOs believe this offset is inequitable because no duplication of benefits is involved. Payments under the SBP and DIC programs are made for different purposes. Under the SBP, coverage is purchased by a veteran and at the time of death, paid to his or her surviving beneficiary. On the other hand, DIC is a special indemnity compensation paid to the survivor of a service member who dies while serving in the military, or a veteran who dies from service-connected disabilities. In such cases, DIC should be added to the SBP, not substituted for it. Surviving spouses of federal civilian retirees who are veterans are eligible for DIC without losing any of their purchased federal civilian survivor benefits.

The offset penalizes survivors of military retirees whose deaths are under circumstances warranting indemnification from the government separate from the annuity funded by premiums paid by the veteran from his or her retired pay.

Congress should repeal the inequitable offset between DIC and the SBP because there is no duplication between these two distinct benefits.

Retention of Remarried Survivors' Benefits at Age 55

Congress should lower the age required for remarriage for survivors of veterans who have died on active duty or from service-connected disabilities to be eligible for retention of DIC to conform with the requirements of other federal programs.

Current law allows retention of DIC on remarriage at age 57 or older for eligible survivors of veterans who die on active duty or of a service-connected injury or illness. Although the IBVSOs appreciate the action Congress took to allow restoration of this rightful benefit, the current age threshold of 57 years is arbitrary.

Remarried survivors of retirees of the Civil Service Retirement System, for example, obtain a similar benefit at age 55. This would also bring DIC in line with SBP rules that allow retention with remarriage at the age of 55. Equity with beneficiaries of other federal programs should govern Congressional action for this deserving group. Congress should enact legislation to enable survivors to retain DIC on remarriage at age 55 for all eligible surviving spouses.

Mr. Chairman, that concludes my statement and I would be happy to answer any questions you or other members of the Committee may have.

STATEMENT OF DIANE M. ZUMATTO, DIRECTOR,

OF

AMVETS NATIONAL LEGISLATIVE

Chairman Miller, Ranking Member Michaud and distinguished Members of the committee, as an author of The Independent Budget (IB), I appreciate this opportunity to share with you the IB's recommendations in what we believe to be the most fiscally responsible way of ensuring the quality and integrity of the care and benefits earned by American veterans.

The venerable and honorable history of our national cemeteries spans roughly 150 years when the earliest military graveyards were, not surprisingly, situated at battle sites, near field or general hospitals and at former prisoner-of-war sites. With the passage of the National Cemeteries Act of 1973 (PL 93–43), the Department of Veterans' Affairs (VA) became responsible for the majority of our national cemeteries. The single most important obligation of the National Cemetery Administration (NCA) is to honor the memory of America's brave men and women who have selflessly served in this Nation's Armed Forces. As of late 2010, there were more than 20,021 acres of cemetery landscape, funerary monuments, grave markers, as well as, other architectural features and memorial tributes, much of it historically significant, included within established installations in the NCA which are therefore representative of the very foundations of these United States.

The signing of the Veterans Programs Enhancement Act of 1998 (PL 105–368) officially re-designated the National Cemetery System (NCS) to the now familiar National Cemetery Administration (NCA). The NCA currently maintains stewardship of 133 of the nation's 147 national cemeteries, as well as 33 soldiers' lots, including two new national cemeteries scheduled to open in 2015. Since 1862 when President Abraham Lincoln signed the first legislation establishing the national cemetery concept, more than 3.5 million burials have taken place in national cemeteries currently located in 39 states and Puerto Rico, with approximately 128,100 interments expected in 2015.

There are an estimated 22.4 million veterans alive today and with the transition of an additional 1 million service members into veteran status over the next 12 months, this number is expected to continue to rise until approximately 2017. On average, 14.4 percent of veterans choose a national or state veterans' cemetery as their final resting place. As new national and state cemeteries continue to open, and as our aging veterans' population continues to grow and we continue to be a nation at war, the demand for burial at a veterans' cemetery will continue to increase.

The Independent Budget veterans service organizations (IBVSOs) would like to acknowledge the devotion and commitment demonstrated by the NCA leadership, especially Undersecretary Steve Muro, and his staff in their continued dedication to providing the highest quality of service to veterans and their families. It is in the opinion of the IBVSOs that the NCA continues to meet its goals and the goals set forth by others because of its true dedication and care for honoring the memories of the men and women who have so selflessly served our nation. We applaud the NCA for recognizing that it must continue to be responsive to the preferences and expectations of the veterans' community by adapting or adopting new interment options and ensuring access to burial options in the national, state and tribal government-operated cemeteries. We also believe it is important to recognize the NCA's efforts in employing both disabled and homeless veterans.

NCA Accounts

While NCA's operating budget has remained fairly stagnant at around $250 million for 4 out of the last 5 years, their workload has been anything but static and this trend is expected to continue for the foreseeable future. The IBVSOs are appreciative of the roughly $8 million increase in NCA's overall FY 2015 budget, however, that increase comes with a simultaneous $8.4 million reduction in the National Shrine account.

Between FY 2014 and FY 2015, the number of gravesites needing maintenance will increase by approximately 2.4%, while interments will increase by roughly 1.9%.

The NCA was also able to award 44 of its 48 minor construction projects and had four unobligated projects that will be moved to FY 2012. Unfortunately, due to continuing resolutions and the current budget situation, the NCA was not able to award the remaining four projects.

The IBVSOs support the operational standards and measures outlined in the National Shrine Commitment (PL 106–117, Sec. 613) which was enacted in 1999 to ensure that our national cemeteries are the finest in the world. While the NCA has

worked diligently improving the appearance of our national cemeteries, they are still a long way from where they should be.

The NCA has worked tirelessly to improve the appearance of our national cemeteries, investing an estimated $39 million into the National Shrine Initiative in FY 2011. According to NCA surveys, as of October 2011 the NCA has continued to make progress in reaching its performance measures. Since 2006, the NCA has improved headstone and marker height and alignment in national cemeteries from 67 percent to 70 percent and has improved cleanliness of tombstones, markers and niches from 77 percent to 91 percent. Although the NCA is nearing its strategic goal of 90 percent and 95 percent, respectively, for height and alignment and cleanliness, more funding is needed to continue this delicate and labor-intensive work. Therefore, the IBVSOs recommend the NCA's Operations and Maintenance budget to be increased by $20 million per year until the operational standards and measures goals are reached.

The IBVSOs recommend a minimum Operational and Maintenance budget of $260 million for the National Cemetery Administration for FY 2015, so it can meet the demands for interment, gravesite maintenance and related essential elements of cemetery operations. This request includes $34.5 million for the National Shrine Initiative to ensure that our national cemeteries meet or exceed the highest standards of appearance required by their status as national shrines.

The national shrine funds would be used, among other things, to maintain:

- Occupied graves;
- Developed acreage;
- Historic structures; and
- Cemetery infrastructure

The IBVSOs call on the Administration and Congress to provide the resources needed to meet the critical nature of the NCA's mission and to fulfill the nation's commitment to all veterans who have served their country so honorably and faithfully.

State Cemetery Grant Programs

The State Cemetery Grants Program (SCGP) complements the National Cemetery Administration's mission to establish gravesites for veterans in areas where it cannot fully respond to the burial needs of veterans. Several incentives are in place to assist states in this effort. For example, the NCA can provide up to 100 percent of the development cost for an approved cemetery project, including establishing a new cemetery and expanding or improving an established state or tribal organization veterans' cemetery. New equipment, such as mowers and backhoes, can be provided for new cemeteries. In addition, the Department of Veterans' Affairs may also provide operating grants to help cemeteries achieve national shrine standards.

In FY 2011 the SCGP operated on an estimated budget of $46 million, funding 16 state cemeteries. These 16 state cemeteries included the establishment or ground breaking of five new state cemeteries, three of which are located on tribal lands, expansions and improvements at seven state cemeteries, and four projects aimed at assisting state cemeteries to meet the NCA national shrine standards. Since 1978 the Department of Veterans' Affairs has more than doubled the available acreage and accommodated more than a 100 percent increase in burials through this program.

With the enactment of the "Veterans Benefits Improvement Act of 1998," the NCA has been able to strengthen its partnership with states and increase burial services to veterans, especially those living in less densely populated areas without access to a nearby national cemetery. Through FY 2010, the state grant program has established 75 state veteran's cemeteries in 40 states and U.S. territories. Furthermore, in FY 2011 VA awarded its first state cemetery grant to a tribal organization.

The Independent Budget veteran's service organizations recommend that Congress fund the State Cemetery Grants Program at $48 million for FY 2015. The IBVSOs believe that this small increase in funding will help the National Cemetery Administration meet the needs of the State Cemetery Grant Program, as its expected demand will continue to rise through 2017. Furthermore, this funding level will allow the NCA to continue to expand in an effort of reaching its goal of serving 94 percent of the nation's veteran population by 2015.

Veteran's Burial Benefits

Since the original parcel of land was set aside for the sacred committal of Civil War Veterans by President Abraham Lincoln in 1862, more than 3 million burials have occurred in national cemeteries under the National Cemetery Administration.

In 1973, the Department of Veterans' Affairs established a burial allowance that provided partial reimbursement for eligible funeral and burial costs. The current

payment is $2,000 for burial expenses for service-connected deaths, $300 for non-service-connected deaths and a $700 plot allowance. At its inception, the payout covered 72 percent of the funeral costs for a service-connected death, 22 percent for a non-service-connected death and 54 percent of the cost of a burial plot.

Burial allowance was first introduced in 1917 to prevent veterans from being buried in potter's fields. In 1923 the allowance was modified. The benefit was determined by a means test until it was removed in 1936. In its early history the burial allowance was paid to all veterans, regardless of their service connectivity of death. In 1973, the allowance was modified to reflect the status of service connection.

The plot allowance was introduced in 1973 as an attempt to provide a plot benefit for veterans who did not have reasonable access to a national cemetery. Although neither the plot allowance nor the burial allowance was intended to cover the full cost of a civilian burial in a private cemetery, the recent increase in the benefit's value indicates the intent to provide a meaningful benefit. The Independent Budget veterans' service organizations are pleased that the 111th Congress acted quickly and passed an increase in the plot allowance for certain veterans from $300 to $700 effective October 1, 2011. However, we believe that there is still a serious deficit between the original value of the benefit and its current value.

In order to bring the benefit back up to its original intended value, the payment for service-connected burial allowance should be increased to $6,160, the non-service-connected burial allowance should be increased to $1,918 and the plot allowance should be increased to $1,150. The IBVSOs believe Congress should divide the burial benefits into two categories: veterans within the accessibility model and veterans outside the accessibility model.

Congress should increase the plot allowance from $700 to $1,150 for all eligible veterans and expand the eligibility for the plot allowance for all veterans who would be eligible for burial in a national cemetery, not just those who served during wartime. Congress should increase the service-connected burial benefits from $2,000 to $6,160 for veterans outside the radius threshold and to $2,793 for veterans inside the radius threshold.

Congress should increase the non-service-connected burial benefits from $300 to $1,918 for all veterans outside the radius threshold and to $854 for all veterans inside the radius threshold. The Administration and Congress should provide the resources required to meet the critical nature of the National Cemetery Administration's mission and to fulfill the nation's commitment to all veterans who have served their country so honorably and faithfully.

March 2014
The Honorable Representative Jeff Miller, Chairman
U.S. House of Representatives,
Committee on Veterans' Affairs,
Cannon House Office Building,
Washington, D.C. 20510

Dear Chairman Miller:

Neither AMVETS nor I have received any federal grants or contracts, during this year or in the last two years, from any agency or program relevant to the 12 March 2014, House Veterans Affairs Committee hearing on the U.S. Department of Veterans Affairs Budget Request for Fiscal Year 2015.

Sincerely,

Diane M. Zumatto, Director
AMVETS National Legislative Biographical Sketch

Diane M. Zumatto of Spotsylvania, VA joined AMVETS as their National Legislative Director in August 2011. Ms. Zumatto, a native New Yorker and the daughter of immigrant parents decided to follow in her family's footsteps by joining the military. Ms. Zumatto is a former Women's Army Corps (WAC) member who was stationed in Germany. Zumatto was married to a CW4 aviator in the Washington Army National Guard and is the mother of four adult children. Ms. Zumatto is extremely proud that two of her children have chosen to follow her footsteps into military service.

Ms. Zumatto has more than 20 years of experience working with a variety of non-profits in increasingly more challenging positions, including: the American Museum of Natural History; the National Federation of Independent Business; the Tacoma-Pierce County Board of Realtors; the Washington State Association of Fire Chiefs; Saint Martin's College; the James Monroe Museum; the Friends of the Wilderness Battlefield and the Enlisted Association of the National Guard of the United States. Diane's non-profit experience is extremely well-rounded as she has variously served in both staff and volunteer positions including as a board member and consultant.

After receiving her B.A. in Historic Preservation from the University of Mary Washington in 2005, Diane decided to diversify her experience by spending some time in the "for-profit" community. Realizing that her creativity, energy and passion were not being effectively challenged, she left the world of corporate America and returned to non-profit organization.

AMVETS National Headquarters, 14647 Forbes Boulevard, Lanham, Maryland 20706–4380, Business Phone: (301) 683–4016, *dzumatto@amvets.org*.

STATEMENT OF THE AMERICAN LEGION

Chairman Miller, Ranking Member Michaud, and Members of the Committee:

On behalf of National Commander Dan Dellinger and the 2.4 million members of The American Legion, we welcome this opportunity to comment on the federal budget and specific funding programs of the Department of Veterans Affairs.

The American Legion is a resolution based organization; we are directed and driven by the millions of active legionnaires who have dedicated their money, time, and resources to the continued service of veterans and their families. Our positions are guided by nearly 100 years of consistent advocacy and resolutions that originate at the grassroots level of the organization—the local American Legion posts and veterans in every congressional district of America. The Headquarters staff of the Legion works daily on behalf of veterans, military personnel and our communities through roughly 20 national programs, and hundreds of outreach programs led by our posts across the country.

As thousands of troops return from deployments to Afghanistan and elsewhere in the world, and the United States shifts its policies in Iraq and Afghanistan, thus producing a new national security focus, The American Legion reminds the Committee that national security changes do not change the fact that veterans of these wars, as well as prior conflicts, must still be taken care of, and this care will extend for these veterans and their caregivers for approximately the next sixty years.

In September of last year National Commander Dellinger provided the Committee The American Legion's guidance for a robust Department of Veterans Affairs (VA) budget that adequately provides for the healthcare and benefits for veterans of all wars during this period of difficult fiscal times. The VA will continue to be faced with thousands of new patients and claimants even though the wars are winding down, and if the Department of Defense carries through in their plan to reduce the active and reserve forces by more than a hundred thousand troops, then the VA will need to prepare for one of the most significant increases in patients and claimants in it's 84 year history. Active and reserve members who otherwise downplayed illnesses and injuries incurred or aggravated on active duty will now begin to seek treatment and file compensation claims in droves. Further, as the VA begins to serve veterans returning from deployment who are entitled to 5 years of VA care after they return, compounded by veterans who will choose VA care over Affordable Care Act plans, our VA system and infrastructure will be challenged much more than it has been for the past 10 years.

While grateful for prior VA funding, The American Legion remains vigilant to ensure that VA is not going to be shortchanged of the funding it truly needs, because lack of appropriate funding will ultimately endanger veteran care and benefits. The American Legion has, for years, reminded Congress and the American people that the cost of war, especially prolonged war, is more expensive than just the cost of bullets and bombs; and that the true costs are only realized decades after the war is over. Last year the Harvard Kennedy School issued a report that projected the total cost of these current conflicts to cost between $4 and $6 trillion. The report goes on to say;

> "The single largest accrued liability of the wars in Iraq and Afghanistan is the cost of providing medical care and disability benefits to war veterans. Historically, the bill for these costs has come due many decades later. The peak year for paying disability compensation to World War I veterans was in 1969—more than 50 years after Armistice. The largest expenditures for World War II veterans were in the late 1980s. Payments to Vietnam and first Gulf War veterans are still climbing. The magnitude of future expenditures will be even higher for the current conflicts[1] "

Ensure Adequate Oversight and Sufficient Funding for Lifetime Joint Medical Records

[1] Bilmes, Linda J. Harvard Kennedy School. The Financial Legacy of Iraq and Afghanistan: How Wartime Spending Decisions Will Constrain Future National Security Budgets Faculty Research Working Paper Series. March 2013.

The Department of Defense (DoD) and VA have already squandered more than a billion dollars of taxpayer money and have wasted years in an ultimately empty pursuit of a joint electronic medical record system that would have streamlined and simplified logistics between the two agencies. The war fighter turned veteran is the same patient, and deserves a system that honors that person with continuous care and seamless transition between agencies. It is unforgivable that DoD and VA have spent the past several years infighting rather than actively developing a comprehensive solution that is in the best interest of the American service member.

At the end of January VA and DoD both issued Requests for Proposals (RFPs)—however the problem remains that they issued these RFPs independently. It will be extremely difficult, if not impossible, for two separate agencies to issue two separate RFPs for similar projects, and end up with a single software solution unless they hire the same vendor. If DoD and VA aren't forced to ensure that their respective vendors work together from the beginning, then Congress needs to withhold authorization of further disbursements until they can prove that their respective plans are in tandem and complement each other, ultimately resulting in a single electronic medical records keeping system that can be readily accessed by both VA and DoD without the need for any additional software or compatibility efforts. In February DoD and VA were supposed to deliver a joint plan to Congress on how they were going to execute this program. So far, their plan is incomplete and does not satisfy the full requirements of how they plan to jointly accomplish getting this system implemented. These need to be the same system that can integrate with both agencies—no substitutions, no excuses.

VA Leased Facilities in Jeopardy

In FY 2012 H.R. 2646 authorized the VA sufficient appropriations to continue to fund and operate leased facility projects that support our veterans all across the country. In November of 2012 the FY 2013 appropriations for the same facilities were eliminated from appropriations due to a "scoring change" initiated by the Congressional Budget Office (CBO). While the locations, projects, leases, and funding requirements did not change, the way in which CBO scored the projects did, which resulted in the appearance that the project would cost more than 10 times the actual needed revenue. As a result of CBO's adjustment in scoring review, Congress refused to introduce the FY 2013 appropriations bill needed to keep these community based centers open. As these leases now become due, there are 27 major medical facilities that need to be authorized.

The American Legion implores Congress to fund these centers as originally planned and applauds Chairman Miller and this Committee for passing the Department of Veterans Affairs Major Medical Facility Lease Authorization Act of 2013.

Advance Appropriations for FY 2016

The Veterans Health Administration (VHA) manages the largest integrated health-care system in the United States, with 152 medical centers, nearly 1,400 community-based outpatient clinics, community living centers, Vet Centers and domiciliaries serving more than 8 million veterans every year. The American Legion believes those veterans should receive the best care possible.

The needs of veterans continue to evolve, and VHA must ensure it is evolving to meet them. The rural veteran population is growing, and options such as telehealth medicine and clinical care must expand to better serve that population. Growing numbers of female veterans mean that a system that primarily provided for male enrollees must now evolve and adapt to meet the needs of male and female veterans, regardless whether they live in urban or rural areas.

An integrated response to mental healthcare is necessary, as the rising rates of suicide and severe post-traumatic stress disorder are greatly impacting veterans and active-duty servicemembers alike.

If veterans are going to receive the best possible care from VA, the system needs to continue to adapt to the changing demands of the population it serves. The concerns of rural veterans can be addressed through multiple measures, including expansion of the existing infrastructure through CBOCs and other innovative solutions, improvements in telehealth and telemedicine, improved staffing and enhancements to the travel system.

Patient concerns and quality of care can be improved by better attention to VA strategic planning, concise and clear directives from VHA, improved hiring practices and retention, and better tracking of quality by VA on a national level.

And finally, mandatory funds must be included in Advanced Appropriations along with full discretionary funding of all VA accounts. Veterans and dependents having their compensation and disability checks delayed because Congress refuses to pass

an annual budget before being forced to close the federal government is reprehensible. Pass full advanced appropriations now.

Better Care for Female Veterans

A 2011 American Legion study revealed several areas of concern about VA healthcare services for women. Today, VA still struggles to fulfill this need, even though women are the fastest-growing segment of the veteran population. Approximately 1.8 million female veterans make up 8 percent of the total veteran population, yet only 6 percent use VA services.

VA needs to be prepared for a significant increase of younger female veterans as those who served in the War on Terror separate from active service. Approximately 58 percent of women returning from Iraq and Afghanistan are ages 20 to 29, and they require gender-specific expertise and care. Studies suggest post-traumatic stress disorder is especially prevalent among women; among veterans who used VA in 2009, 10.2 percent of women and 7.8 percent of men were diagnosed with PTSD.

The number of female veterans enrolled in the VA system is expected to expand by more than 33 percent in the next three years. Currently, 44 percent of Iraq and Afghanistan female veterans have enrolled in the VA health-care system.

VA needs to develop a comprehensive health-care program for female veterans that extends beyond reproductive issues. Provider education needs improvement. Furthermore, as female veterans are the sole caregivers in some families, services and benefits designed to promote independent living for combat-injured veterans must be evaluated, and needs such as child care must be factored into the equation. Additionally, many female veterans cannot make appointments due to the lack of child-care options at VA medical centers. Since the 2011 survey, The American Legion has continued to advocate for improved delivery of timely, quality healthcare for women using VA. The American Legion is encouraged that the President's budget recognizes the need for additional funding in this critical area, and has proposed an increase of $32 million, almost 9 percent over last year's authorization levels, which combined with years 2009 through 2014 represents an increase in funding of nearly 240 percent to deal with this growing segment of the veteran population.

Repair Problems in Mental Health

During the past half decade, VA has nearly doubled their mental healthcare staff, jumping from just over 13,500 providers in 2005 to over 20,000 providers in 2011. However, during that time there has been a massive influx of veterans into the system, with a growing need for psychiatric services. With over 1.5 million veterans separating from service in the past decade, 690,844 have not utilized VA for treatment or evaluation. The American Legion is deeply concerned about nearly 700,000 veterans who are slipping through the cracks unable to access the healthcare system they have earned through their service.

Post-traumatic stress disorder and traumatic brain injury are the signature wounds of today's wars. Both conditions are increasing in number, particularly among those who have served in Operation Iraqi Freedom and Operation Enduring Freedom. The President's request for a 57 percent increase in funding in this area is appropriate considering that a 2011 Senate Committee on Veterans' Affairs survey of 319 VA mental health staff revealed that services for veterans coping with mental health issues and TBI are lacking considerable support. Among the findings:

- New mental health patient appointments could be scheduled within 14 days, according to 63 percent of respondents, but only 48.1 percent believed veterans referred for specialty appointments for PTSD or substance abuse would be seen within 14 days.
- Seventy percent of providers said their sites had shortages of mental health space.
- Forty-six percent reported that a lack of off-hours appointments was a barrier to care.
- More than 26 percent reported that demand for Compensation and Pension (C&P) exams pulled clinicians away from direct care.
- Just over 50 percent reported that growth in patient numbers contributed to mental health staff shortages.

VHA and, at the request of Congress, VA's Office of the Inspector General have studied the problem since the survey was conducted. On April 23, 2012, the VAOIG released the report, "Review of Veterans' Access to Mental healthcare." It found that VHA's mental health performance data was neither accurate nor reliable. In VA's FY 2011 Performance and Accountability Report, VHA grossly over-reported that 95 percent of first-time patients received a full mental health evaluation within 14 days. However, it was found that VHA completed approximately 64 percent of new-patient appointments for treatment within 14 days of their desired date, but ap-

proximately 36 percent of appointments exceeded 14 days. VHA schedulers also were not following procedures outlined in VHA directives, and were scheduling clinic appointments on the system's availability rather than the patient's clinical need.

The American Legion believes VA must focus on head injuries and mental health without sacrificing awareness and concern for other conditions afflicting servicemembers and veterans. As an immediate priority, VA must ensure staffing levels are adequate to meet the need. The American Legion also urges Congress to invest in research, screening, diagnosis and treatment for PTSD and TBI and will continue to monitor VA to ensure that they remain good stewards of the people's money

Although The American Legion supports advance appropriations, we remain concerned accurate projections on population and utilization and other challenges still remain.

One such challenge is with the procurement of medical equipment and Information Technology (IT) purchases. When IT within the VA was combined together across the entire agency it was implemented to improve efficiency, contracting, management, and other challenges inherent with three disjointed IT management teams. This has proved somewhat successful. However, we are hearing that procurement of medical equipment and IT is hampered at medical facilities due to budget implementation failures through continuing resolutions. While a VA medical center director might have his/her operational funding beginning October 1 because of advance appropriations, much needed IT or medical equipment might be delayed due to a continuing resolution impasse in Congress. This has a detrimental impact on the veteran and his/her care. Therefore, The American Legion recommends the IT portion of the budget be added to advance appropriations and help smooth those budget challenges. Additionally, The American Legion remains committed to working with the VA in any way possible to move the VA toward their goal of becoming a paperless system. We are eager to see how the VA plans to spend the $155 million improving the Veterans Benefits Management System, and the $136.4 million that is proposed to convert the paper to electronic files.

Medical Services

Over the past two decades, VA has dramatically transformed its medical care delivery system. Through The American Legion visits to a variety of medical facilities throughout the Nation during our System Worth Saving Task Force, we see firsthand this transformation and its impact on veterans in every corner of the Nation.

While the quality of care remains exemplary, veteran healthcare will be inadequate if access is hampered. Today there are over 23 million veterans in the United States. While 8.3 million of these veterans are enrolled in the VA healthcare system, a population that has been relatively steady in the past decade, the costs associated with caring for these veterans has escalated dramatically.

For example between FYs 2007 and 2010, VA enrollees increased from 7.8 million to 8.3 million.[2] During the same period, inpatient admissions increased from 589,000 to 662,000. Outpatient visits also increased from 62 to 80.2 billion. Correspondingly, cost to care for these veterans increased from $29.0 billion to $39.4 billion. This 36 percent increase during those 2 years is a trend that dramatically impacts the ability to care for these veterans.

While FY 2010 numbers seemingly leveled off—to only 3 percent annual growth—will adequate funding exist to meet veteran care needs? If adequate funding to meet these needs isn't appropriated, VA will be forced to either not meet patient needs or shift money from other accounts to meet the need.

Even with the opportunity for veterans from OIF/OEF to have up to 5 years of care following their active duty period, we have not seen a dramatic change in overall enrollee population. Yet The American Legion remains concerned that the population estimates are dated and not reflective of the costs. If current economic woes and high unemployment rates for veterans remain and with the Vietnam Era veterans beginning to retire and needing healthcare that may no longer be provided by their employers, VA medical care will become enticing for a veteran population that might not have utilized those services in the past.

Finally, ongoing implementation of programs such as the PL 111–163 "Caregiver Act" will continue to increase demands on the VA healthcare system and therefore result in an increased need for a budget that can adequately deal with the challenges.

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[2] Source: Department of Veterans Affairs, Veterans Health Administration, Office of the Assistant Deputy Under Secretary for Health for Policy and Planning. Prepared by the National Center for Veterans Analysis and Statistics

In order to meet the increased levels of demand, even assuming that not all eligible veterans will elect to enroll for coverage, and keep pace with the cost trend identified above, there must be an increase to account for both the influx of new patients and increased costs of care.

Medical Support and Compliance

The Medical Support and Compliance account consists of expenses associated with administration, oversight, and support for the operation of hospitals, clinics, nursing homes, and domiciliaries. Although few of these activities are directly related to the personal care of veterans, they are essential for quality, budget management, and safety. Without adequate funding in these accounts, facilities will be unable to meet collection goals, patient safety, and quality of care guidelines.

The American Legion has been critical of programs funded by this account. We remain concerned patient safety is addressed at every level. We are skeptical if patient billing is performed efficiently and accurately. Moreover, we are concerned that specialty advisors/counselors to implement OIF/OEF outreach, "Caregiver Act" implementation, and other programs are properly allocated. If no need for such individuals exists, should the position be placed within a facility? Simply throwing more money at this account, increasing staff and systems won't resolve all these problems.

During the previous budget, this account grew by nearly 8 percent to $5.31 billion. The American Legion questions the necessity for that rate to continue at this time.

Medical Facilities

During FY 2012, VA unveiled the Strategic Capital Investment Planning (SCIP) program. This 10-year capital construction plan was designed to address VA's most critical infrastructure needs. Through the plan, VA estimated the 10-year costs for major and minor construction projects and non-recurring maintenance would total between $53 and $65 billion over 10 years.

The American Legion is supportive of the SCIP program which empowers facility managers and users to evaluate needs based on patient safety, utilization, and other factors. While it places the onus on these individuals to justify the need, these needs are more reflective of the actuality as observed by our members and during our visits. Yet, VA has taken this process and effectively neutered it through budget limitations thereby underfunding the accounts and delaying delivery of critical infrastructure.

So while failing to meet these needs, facility managers will be forced to make do with existing aging facilities. While seemingly saving money in construction costs, the VA will be expending money maintaining deteriorating facilities, paying increased utility and operational costs, and performing piecemeal renovation of properties to remain below the threshold of major or minor projects.

This is an inefficient byproduct of budgeting priorities. Yet, as will be noted later, the reality remains that the SCIP program is unlikely to be funded at levels necessary to accomplish the 10 year plan. Therefore, this account must be increased to meet the short term needs within the existing facilities.

Medical and Prosthetic Research

The American Legion believes VA research must focus on improving treatment for medical conditions unique to veterans. Because of the unique structure of VA's electronic medical records (VISTA), VA research has access to a great amount of longitudinal data incomparable to research outside the VA system. Because of the ongoing wars of the past decade, several areas have emerged as "signature wounds" of the Global War on Terror, specifically Traumatic Brain Injury (TBI), Post-traumatic Stress Disorder (PTSD) and dealing with the effects of amputated limbs.

Much media attention has focused on TBI from blast injuries common to Improvised Explosive Devices (IEDs) and PTSD. As a result, VA has devoted extensive research efforts to improving the understanding and treatment of these disorders. Amputee medicine has received less scrutiny, but is no less a critical area of concern. Because of improvements in body armor and battlefield medicine, catastrophic injuries that in previous wars would have resulted in loss of life have led to substantial increases in the numbers of veterans who are coping with loss of limbs.

As far back as 2004, statistics were emerging which indicated amputation rates for US troops were as much as twice that from previous wars. By January of 2007, news reports circulated noting the 500th amputee of the Iraq War. The Department of Defense response involved the creation of Traumatic Extremity Injury and Amputation Centers of Excellence, and sites such as Walter Reed have made landmark strides in providing the most cutting edge treatment and technology to help injured service members deal with these catastrophic injuries.

However, The American Legion remains concerned that once these veterans transition away from active duty status to become veteran members of the communities, there is a drop off in the level of access to these cutting edge advancements. Ongoing care for the balance of their lives is delivered through the VA healthcare system, and not through these concentrated active duty centers.

Many reports indicate the state of the art technology available at DoD sites is not available from the average VA Medical Center. With so much focus on "seamless transition" from active duty to civilian life for veterans, this is one critical area where VA cannot afford to lag beyond the advancements reaching service members at DoD sites. If a veteran can receive a state of the art artificial limb at the new Walter Reed National Military Medical Center (WRNMC) they should be able to receive the exact same treatment when they return home to the VA Medical Center in their home community, be it in Gainesville, Battle Creek, or Fort Harrison.

American Legion contact with senior VA healthcare officials has concluded that while DoD concentrates their treatment in a small number of facilities, the VA is tasked with providing care at 152 major medical centers and over 1,700 total facilities throughout the 50 states as well as in Puerto Rico, Guam, American Samoa and the Philippines. Yet, VA officials are adamant their budget figures are sufficient to ensure a veteran can and will receive the most cutting edge care wherever they choose to seek treatment in the system.

The American Legion remains concerned about the ability to deliver this cutting edge care to our amputee veterans, as well as the ability of VA to fund and drive top research in areas of medicine related to veteran-centric disorders. There is no reason VA should not be seen as the world's leading source for medical research into veteran injuries such as amputee medicine, PTSD and TBI.

In FY 2011 VA received a budget of $590 million for medical and prosthetics research. Only because of the efforts of the House and Senate was this budget kept at that level during the FY 2012 and 2013 budgets, due to significant pressure from The American Legion. Even at this level, The American Legion contends this budget must be increased, and closely monitored to ensure the money is reaching the veteran at the local level.

Medical Care Collections Fund (MCCF)

In addition to the aforementioned accounts which are directly appropriated, medical care cost recovery collections are included when formulating the funding for VHA. Over the years, this funding has been contentious because they often included proposals for enrollment fees, increased prescription rates, and other costs billed directly to veterans. The American Legion has always ardently fought against these fees and unsubstantiated increases.

Beyond these first party fees, VHA is authorized to bill healthcare insurers for nonservice-connected care provided to veterans within the system. Other income collected into this account includes parking fees and enhanced use lease revenue. The American Legion remains concerned that the expiration of authority to continue enhanced use leases will greatly impact not only potential revenue, but also delivery of care in these unique circumstances. We urge Congress to reauthorize the enhanced use lease authority with the greatest amount of flexibility allowable.

In May 2011, the VA Office of Inspector General (OIG) issued a report auditing the collections of third party insurance collections within MCCF. Their audit found that "VHA missed opportunities to increase MCCF by . . . 46 percent." Because of ineffective processes used to identify billable fee claims and systematic controls, it was estimated VHA lost over $110 million annually. In response to this audit, VHA assured they'd have processes in place to turn around this trend.

Yet even if those reassurances were met, the MCCF collection would not meet the quarterly loss beneath the budgeted amounts. Without those collections, savings must be garnered elsewhere to meet these shortfalls, thereby causing facility administrators and VISN directors to make difficult choices that ultimately negatively impact veterans through a lack of hiring, delay of purchasing, or other savings methods.

It would be unconscionable to increase this account beyond the previous levels that were not met. To do so without increasing co-payments or collection methods would be counterproductive and mere budget gimmickry. While we recognize the need to include this in the budget, The American Legion cannot be part of a budget that penalizes the veteran for administrative failures.

Appropriations for FY 2015

The remainder of the accounts within VA are being allocated funding for FY 2015. These include funding for general operation of VA Central Office (VACO), the National Cemetery Administration (NCA) and Veteran Benefits Administration (VBA).

Veteran Benefits Administration

National Commander Dellinger testified in September that when speaking to The American Legion National Convention in August 2010, VA Secretary Eric Shinseki declared VA would "break the back of the backlog by 2015" by committing to 98 percent accuracy, with no claim pending longer than 125 days. Over the past four years, VA has gone backward, not forward, in both of these key areas.

According to VA's own figures, over 56 percent of veterans with disability benefits claims have been waiting longer than 125 days for them to be processed. In contrast, when Secretary Shinseki made his promise, only 37 percent of claims had been pending longer than 125 days. The American Legion has found through its field research the problem varies greatly by regional office. While some regional offices may have an average rate of 76 days per claim, others take 336 days—a troubling inconsistency.

Unfortunately, accuracy is also a problem, according to Legion site visits and field research. VA's own accuracy metrics place the rate in the 90s. The American Legion's Regional Office Action Review (ROAR) team typically finds a higher error rate, sometimes up to two thirds of all claims reviewed.

VA is hopeful that the Veterans Benefits Management System (VBMS) will eliminate many of the woes that have led to the backlog, but electronic solutions are not a magic bullet. Without real reform for a culture of work that places higher priority on speed rather than accuracy, VA will continue to struggle, no matter the tools used to process claims.

The American Legion has long argued that VA's focus on quantity over quality is one of the largest contributing factors to the claims backlog. If VA employees receive the same credit for work, whether it is done properly or improperly, there is little incentive to take the time to process a claim correctly. When a claim is processed in error, a veteran must appeal the decision to receive benefits, and then wait for an appeals process that may take months and months to resolve and possibly years before delivery of the benefit.

The American Legion believes VA must develop a processing model that puts as much emphasis on accuracy as it does on the raw number of claims completed. America's veterans need to have confidence in the work done by VA.

The VBMS system could allow VA to develop more effective means of processing claims, such as the ability to separate single issues that are ready to rate, starting a flow of relief to veterans while more complex medical issues are considered and decided.

Information Technology

In addition to the VBMS system, the greatest long awaited project is the launch of the joint VA and Department of Defense (DoD) lifetime record—Virtual Lifetime Electronic Record (VLER). The American Legion supports a single unified medical record for military members and veterans.[3] We have heard from VA that this initiative is still vital and an important piece of their overall solution, but The American Legion remains concerned that DoD has yet to commit to ensuring this project is completed.

During the previous budgeting, VA was unable to provide information on the overall cost of creating such a system, but assured veteran advocates there was enough flexibility to address any costs associated with the project. In the meantime, several releases and announcements have been issued by VA towards the continued evolution of this project, but there is little to demonstrate we're any closer to producing a ready model. The American Legion calls upon Congress to continue to pressure VA and DoD to move towards this system as expeditiously as possible. With the development and launch of VBMS nearly complete, the entire IT focus should center on VLER.

In order to provide the necessary resources for the nationwide rollout of VBMS and still maintain efforts towards development of VLER, The American Legion believes a small increase is justified within IT.

Major and Minor Construction

After two years of study the VA developed the Strategic Capital Investment Planning (SCIP) program. It is a ten-year capital construction plan designed to address VA's most critical infrastructure needs within the Veterans Health Administration, Veterans Benefits Administration, National Cemetery Administration, and Staff Offices.

The SCIP planning process develops data for VA's annual budget requests. These infrastructure budget requests are divided into several VA accounts: Major Con-

[3] Resolution 42–2012 "Virtual Lifetime Electronic Record"

struction, Minor Construction, Non-Recurring Maintenance (NRM), Enhanced-Use Leasing, Sharing, and Other Investments and Disposal. The VA estimated costs were between $53 and $65 billion.

The American Legion is very concerned about the lack of funding in the Major and Minor Construction accounts. Based on VA's SCIP plan, Congress underfunded these accounts. Clearly, if this underfunding continues VA will never fix its identified deficiencies within its 10-year plan. Indeed, at current rates, it will take VA almost sixty years to address these current deficiencies.

The American Legion also understands there is a discussion to refer to SCIP in the future as a "planning document" rather than an actual capital investment plan. Under this proposal, VA will still address the deficiencies identified by the SCIP process for future funding requests but rather than having an annual appropriation, SCIP will be extended to a 5-year appropriation, similar to the appropriation process used by the Department of Defense as its construction model. Such a plan will have huge implications on VA's ability to prioritize or make changes as to design or project specifications of its construction projects. The American Legion is against this 5-year appropriation model and recommends Congress continue funding VA's construction needs on an annual appropriations basis.

The American Legion recommends Congress adopt the 10-year action plan created by the SCIP process. Congress must appropriate sufficient funds to pay for needed VA construction projects and stop underfunding these accounts. In FY 2015 Congress must provide increased funding to those accounts to ensure the VA-identified construction deficiencies are properly funded and these needed projects can be completed in a timely fashion.

State Veteran Home Construction Grants

Perhaps no program facilitated by the VA has been as impacted by the decrease in government spending than the State Veteran Home Construction Grant program. This program is essential in providing services to a significant number of veterans throughout the country at a fraction of the daily costs of similar care in private or VA facilities. As the economy rebounds and states are pivoting towards resuming essential services, taking advantage of depressed construction costs, and meeting the needs of an aging veteran population, greater use of this grant program will continue. As our baby boomer population continues to transition into retirement, many more of these veterans are retiring to state veteran homes due to their excellent reputation for care and cost. The popularity of these retirement options will cause any surplus of space to become consumed. The American Legion encourages Congress to increase the funding level of this program.

National Cemetery Administration (NCA)

No aspect of the VA is as critically acclaimed as the National Cemetery Administration (NCA). In the 2010 American Customer Satisfaction Index, the NCA achieved the highest ranking of any public or private organization. In addition to meeting this customer service level, the NCA remains the highest employer of veterans within the federal government and remains the model for contracting with veteran owned businesses.

While NCA met their goal of having 90 percent of veterans served within 75 miles of their home, their aggressive strategy to improve upon this in the coming five years will necessitate funding increases for new construction. Congress must provide sufficient major construction appropriations to permit NCA to accomplish this goal and open five new cemeteries in the coming five years. Moreover, funding must remain to continue to expand existing cemetery facilities as the need arises.

While the costs of fuel, water, and contracts have risen, the NCA operations budget has remained nearly flat for the past two budgets. Unfortunately recent audits have shown cracks beginning to appear. Due predominantly to poor contract oversight, several cemeteries inadvertently misidentified burial locations. Although only one or two were willful violations of NCA protocols, the findings demonstrate a system about ready to burst.

To meet the increased costs of fuel, equipment, and other resources as well as ever-increasing contract costs, The American Legion believes a small increase is necessary. In addition, we urge Congress to adequately fund the construction program to meet the burial needs of our nation's veterans.

State Cemetery Grant Program

The NCA administers a program of grants to states to assist them in establishing or improving state-operated veterans' cemeteries through VA's State Cemetery Grants Program (SCGP). Established in 1978, this program funds nearly 100% of the costs to establish a new cemetery, or expand existing facilities. For the past two budgets this program has been budgeted $46 million to accomplish this mission.

New authority granted to VA funds Operation and Maintenance Projects at state veterans cemeteries to assist states in achieving the national shrine standards VA achieves within national cemeteries. Specifically, the new operation and maintenance grants have been targeted to help states meet VA's national shrine standards with respect to cleanliness, height and alignment of headstones and markers, leveling of gravesites, and turf conditions. In addition, this law allowed VA to provide funding for the delivery of grants to tribal governments for native American veterans. Yet we have not seen the allocation of funding increased to not only meet the existing needs under the construction and expansion level, but also the needs from operation and maintenance and tribal nation grants. Moreover, as these cemeteries age, the $5 million limitation must be revoked to allow for better management of resources within the projects.

Additional Concerns of The American Legion

Turn Military Experience Into Careers

Servicemembers and veterans receive some of the finest technical and professional training in the world. Many have experience in healthcare, electronics, computers, engineering, drafting, air-traffic control, nuclear energy, mechanics, carpentry, and other fields. Many of these military acquired skills require some type of license or certificate to qualify for civilian jobs. In too many cases, this license or certificate requires schooling already completed through military training programs. The American Legion is fighting for a major overhaul of the licensure and certification policies as they relate to military job skills, on the national and state levels alike. As demand for qualified workers in a diverse range of occupations continues to grow, veterans offer skills, training, dedication and discipline that translate well into specialized fields and trades.

The American Legion is working with credentialing and licensing agencies to help veterans receive credit for their experiences, maximize their abilities and move quickly into productive careers. While the VOW to Hire Heroes Act and the Veterans Skills to Jobs Act of 2012 are important steps that The American Legion strongly supported and helped shape, they are only a good start in a long march to improve career opportunities for those who have served in uniform.

Ensuring Quality Care to Rural Veterans

The American Legion's System Worth Saving task force travels the country to evaluate VA medical facilities and ensure they are meeting the needs of veterans. From November 2013 to May 2014, the task force has been conducting site visits to VA medical facilities and town hall meetings to receive feedback from local veterans who utilize VA to receive their healthcare.

The Task Force, in its 10th program year, is focusing on VA's accomplishments and progress over the past decade, current issues and concerns, and VA's five-year strategic plan for several program areas. These areas of focus are VA's budget, staffing, enrollment/outreach, hospital programs (*e.g.* mental health, intensive care unit (ICU), long-term services and support, homelessness programs) information technology and construction programs.

During each site visit, a town hall meeting is hosted by an American Legion Post. The town hall meetings have consistently illustrated that veterans are worried VA has turned a deaf ear to their concerns and is intentionally ignoring their complaints. We have seen firsthand where VA has closed intensive care departments, downgrading emergency departments to urgent care clinics, or has proposed to closed or reconfiguring hospital services under the guise of "realigning services closer to where veterans live", such as the reconfiguration proposal at the VA Black Hills healthcare System, which has served the veterans of Hot Springs, South, Dakota for over 100 years.

The American Legion urge Congress to evaluate VA's plan in rural areas and to stop VA from closing hospitals and community-based outpatient clinics unless existing requisite community services are meet or exceed that VA currently provides to veterans.

Ease the Military-to-Civilian Transition

Unfortunately, this transition has been hampered by poor communication and coordination between DoD and VA. Efforts have been made to correct the process, which is improving, but too many veterans still slip through the cracks and fail to receive the benefits they earned and deserve or the support they need to restart their lives. Transition Assistance Programs (TAP) are now mandatory across all branches of military service, a change The American Legion commends. While TAP will require much fine tuning to accurately deliver what veterans need, implementing the program universally already is a major improvement.

Current DoD policy requires new inductees to enroll in the eBenefits portal, which will help all future generations of veterans. While VA and DoD still try to iron out differences in electronic data systems necessary to make the Virtual Lifetime Electronic Record (VLER) effective, the eBenefits portal holds great promise.

Fast-tracking the VLER program to ensure seamless transfer of medical records must be a top priority, and necessary funds must be allocated to fulfill it. The delays that have plagued this program are inexcusable. The American Legion urges Congress and the administration to work together to put the program back on track.

While The American Legion is encouraged by the progress made in TAP, the program is still new and will require dedicated oversight and attention to ensure it is meeting the needs of the servicemembers it is designed to help.

Conclusion

In conclusion, The American Legion is optimistic the President has proposed a budget that addresses many of the needs that the almost two million service members who are returning after deployments in support of the Global War on Terror will soon need. We're hopeful savings generated through downsizing of the military are leveraged against the need of thousands of servicemembers who are or soon will be discharged to create the savings. However, The American Legion has seen in previous years, these are not used to provide the care and benefits afforded to our nation's veterans. Too often while veteran advocates celebrate dramatically increased budgets, the veteran patient, claimant, or widow is left wondering where the money went.

Our nation's veterans deserve adequate and responsible funding to the fullest extent possible. After over a decade of service, our newest era of veterans will now join the ranks of generations of their brothers and sisters who served in prior wars and conflicts and all are owed a great debt.

The American Legion looks forward to working with the Committee, as well as VA, to find solutions that work for America's veterans. For additional information regarding this testimony, please contact Mr. Louis J. Celli, Jr. at The American Legion's Legislative Division, (202) 861–2700 or *LCelli@legion.org*.