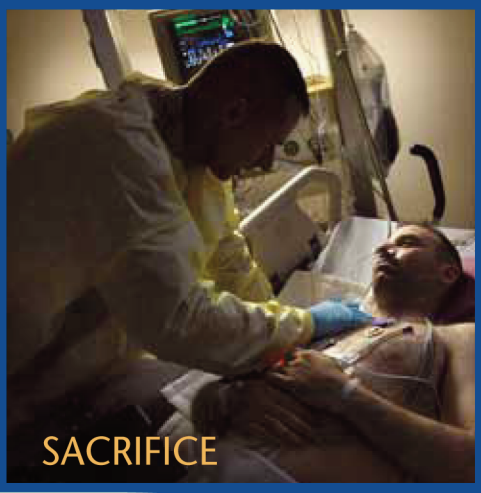
The INDEPENDENT BUDGET

A Comprehensive Budget & Policy Document Created **by Veterans for Veterans** for the **Department of Veterans Affairs**



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Fiscal Year 2013

Critical Issues

The Independent Budget

Critical Issues Report For Fiscal Year 2013

As the United States reflects on the fateful anniversary—September 11, 2001—that obligated millions of service members to be deployed into combat theaters, the Department of Veterans Affairs (VA) continues to face rising pressure to meet the needs of these veterans and of veterans before them. While the future of United States military deployments remains uncertain, the lasting impact of the physical and psychological traumas that some service members experienced during that time may require a lifetime of care. The sacrifices these brave soldiers, sailors, airmen, coastguardsmen, and marines have made will leave them dealing with a lifetime of physical and psychological wounds. It is for these men and women and the millions who came before them that *The Independent Budget* veterans service organizations (IBVSOs)—AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of Foreign Wars—set out each year to assess the status of the one federal department whose sole task it is to care for them and their families.

VA, and the veterans it serves, now face a new dynamic in which pressures resulting from the federal debt and deficit may dictate the level of services the agency can provide, whether arbitrary or not. In fact, these pressures may force VA to provide health-care services and benefits with fewer resources than might actually be necessary to meet full demand. This is a sobering proposition.

The Independent Budget will be released in February 2012 concurrent with the release of the President's proposed budget for VA. This Critical Issues Report is designed to alert the Administration, Members of Congress, VA, and the public to those issues concerning VA health care, benefits, and benefits delivery that we believe deserve special scrutiny and attention. The IBVSOs are releasing this report early as a guide to policymakers so they can assemble an adequate budget for the current fiscal year while preparing to develop the advance appropriation for the medical care accounts for fiscal year (FY) 2013. *The Independent Budget* will present a detailed funding analysis and recommendations for FY 2013 in February 2012. Through these efforts, if Congress responds appropriately, the IBVSOs believe VA will be positioned to successfully meet the challenges of the future. We also hope that this report will provide direction and guidance to the Administration and Members of Congress to steer both policy and budget to the benefit of veterans served by VA.

In order to best inform policymakers in Congress and the Administration, the IBVSOs have identified six major issues that warrant consideration. This Critical Issues Report will examine the following matters in more detail:

- **CRITICAL ISSUE 1: Protection of the Department of Veterans Affairs Health-Care and Benefits Programs**
  As the Joint Select Committee on Deficit Reduction begins deliberations about federal spending and debt, it is imperative that VA health-care and benefits obligations be respected.

- **CRITICAL ISSUE 2: Reforming the Benefits Claims-Processing System**
  The Veterans Benefits Administration is at a critical juncture in reforming an outdated, inefficient, and overwhelmed disability claims-processing system, and strong leadership is required by both Congress and the Department of Veterans Affairs to ensure that this system is finally and truly reformed.

- **CRITICAL ISSUE 3: Transition, Employment, and Training for Today's Veterans**
  Successful transition from military service to civilian life hinges on veterans' ability to be competitive in the workforce; therefore, it is imperative that Congress fund employment, training, and education programs to meet the increasing needs of individuals repatriating from overseas deployments.

- **CRITICAL ISSUE 4: The Continuing Challenge of Caring for War Veterans and Transitioning Them to Civilian Life**
  A new generation of war veterans is repatriating. The Departments of Defense and Veterans Affairs face challenges in meeting the needs of these veterans and the needs of their families to make this crucial transition seamless and effective. VA must continue to find ways to work more collaboratively with the DOD while sustaining needed programs for older generations of war veterans and their dependents.

- **Critical Issue 5: Transformation of the Department of Veterans Affairs Health-Care Delivery Model—Patient-Centered Medical Home or Patient-Aligned Care Teams**
  The Veterans Health Administration (VHA) is undergoing change in the way it delivers health care. As the VHA implements a patient-centered medical home (PCMH) model, VA leadership must ensure that the unique health-care needs of the veteran population are met while sustaining quality and satisfaction.

- **CRITICAL ISSUE 6: Maintaining VA's Critical Infrastructure**

The Department of Veterans Affairs must receive adequate funding to maintain current structures and reduce the backlog of critical infrastructure gaps in utilization, space, condition, and safety that are outlined in VA's Strategic Capital Investment Plan.

The U.S. government confronts a number of challenges to our fiscal future. Rapid growth in federal spending, coupled with an economic recession that has had an impact on federal revenues, has set the nation on a course that appears unsustainable. Yet continued investment in VA's infrastructure and critical programs is imperative. The ongoing cost of maintaining VA's infrastructure and caring for veterans who honorably served this nation does not decline simply because financial times become challenging.

With this new reality ever-present in our minds, we must take necessary steps to ensure that VA receives the resources it needs to meet the challenges of today and the problems of tomorrow. In order to ensure that VA obtains these resources, *The Independent Budget* veterans service organizations offer a detailed analysis of the full funding needs of VA. *The Independent Budget* is based on a systematic methodology that takes into account changes in the size and age of the veteran population, the cost of living, federal employee staffing, wages, medical care inflation, construction needs, the aging health-care capital infrastructure, trends in health-care utilization, benefits needs, efficient and effective means of benefits delivery, and estimates of the number of veterans and their dependents who will be laid to rest in our nation's cemeteries.

Our sons, daughters, brothers, sisters, husbands, wives, and grandchildren who serve on the frontier of freedom need to know that they will come home to a nation that respects and honors them for their service, provides the best medical care to restore them, orchestrates the best vocational rehabilitation to help them overcome employment barriers created by injury, and furnishes a supportive claims-processing system that delivers education, compensation, and survivors' benefits with efficiency to those who sustained harm in their service to our nation.

We are proud that this year represents the 26th edition of *The Independent Budget*. We are proud of the respect and influence that *The Independent Budget* has attained during that quarter century. We endeavor each year to ensure that *The Independent Budget* is the voice of responsible advocacy and that our recommendations are based on facts, rigorous analysis, and sound reasoning.

We ask readers to approach this report with an open mind. War veterans should not be treated as war's refuse, but rather as proud warriors who served. Benefits and services for them are not gratuitous—they were earned, and payment is due in full.

CRITICAL ISSUE 1

Protection of VA Health-Care and Benefits Programs

As the Joint Select Committee on Deficit Reduction begins deliberations on federal spending and debt, it is imperative that VA health-care and benefits obligations be respected.

With the new fiscal year having begun, the Department of Veterans Affairs faces a number of challenges that could have a long-term influence on the delivery of health-care and benefits services. Following months of rancorous debate about the national debt and growing federal deficit, Congress agreed on a deficit reduction measure—Public Law 112-25—which could lead to cuts in discretionary and mandatory accounts in VA programs. Congress agreed also to create the Joint Select Committee on Deficit Reduction with the mission to reduce federal deficits by $1.5 trillion over the next 10 fiscal years.

The Independent Budget veterans service organizations (IBVSOs) are concerned about the potential reductions in VA appropriations. Reductions in compensation and other payment programs offer different consequences than do reduced discretionary appropriations in VA health care. However, significant reductions in either program could harm veterans and their dependents. This critical issue will examine the potential impact of reductions in discretionary and mandatory spending.

Discretionary spending in VA accounts for approximately $62 billion. Of that amount, nearly 90 percent is directed toward VA health care. As the Joint Select Committee addresses reductions in discretionary spending across the entire federal government, including VA, it is important to emphasize that any cuts to VA spending will have a direct impact on the delivery of health-care services and benefits to veterans and their families.

VA is a model health-care provider that has led the way in various areas of medical research, specialized services, and health-care information technology. Currently, the Veterans Health Administration (VHA) serves more than 8 million veterans and provides specialized health-care services that include specific centers of excellence in care for spinal cord injury/disease, blind rehabilitation, traumatic brain injury, prosthetic services, mental health, and war-related polytraumatic injuries.

VA is the best health-care provider for veterans. Providing primary care and specialized health services is an integral component of VA's core mission and responsibility to veterans. Such quality and expertise on

veterans' health care cannot be satisfactorily duplicated elsewhere. Significant reduction in VA health-care programs would only serve to degrade these needed services.

In this financial environment, the IBVSOs are particularly concerned about steps VA may be forced to take to generate resources to meet growing health-care demand. In fact, using false assumptions, the FY 2012 and FY 2013 advance appropriation budget proposal released by the Administration earlier this year include "management improvements," a popular gimmick used by previous Administrations to generate spurious savings and thus offset the growing costs to deliver VA care. Unfortunately, these savings were never realized, leaving VA short of necessary funding to address steadily growing demand. Yet we believe that continued pressure to reduce federal spending will only lead to greater reliance on gimmicks and false assumptions to generate funding. In fact, the Government Accountability Office (GAO) outlined its concerns with this budget formulation technique in a report released to the House and Senate Committees on Veterans' Affairs in June 2011. In its report, the GAO states:

> If the estimated savings for fiscal years 2012 and 2013 do not materialize and VA receives appropriations in the amount requested by the President, VA may have to make difficult tradeoffs to manage within the resources provided.[1]

This finding by the Congressional watchdog validated our concerns about the use of budget gimmicks that threaten valuable VA programs.

The Independent Budget co-authors also believe that VA compensation and pension benefits should not become target for deficit reduction. VA disability compensation is a benefit provided because an individual veteran became disabled in military service. In addition, many ancillary VA benefits—particularly specially adapted housing benefits, adaptive automobile equipment, and vocational rehabilitation—are provided only to service-disabled veterans who are compensated for their injuries. Likewise, education benefits, such as the Post-9/11 GI Bill, are earned through service based on a clear Congressional mandate. Disability compensation reflects a debt of gratitude this nation owes veterans and recognizes the challenges the disabled face every day as a result of their injuries. Any attempt to reduce payments or modify eligibility criteria for compensation would constitute an abrogation of the responsibility that this nation owes to disabled veterans and would be wholly unacceptable to the organizations that represent them.

[1] U.S. Government Accountability Office. 2011 (June). Veterans' Health Care Budget Estimate: Changes Were Made in Developing the President's Budget Request for Fiscal Year 2012 and 2013.

The IBVSOs are also concerned that in the event that the Joint Select Committee fails to agree on a bipartisan solution or that the House or Senate fails to approve the Committee's recommendations, a budget reconciliation "trigger" would automatically cut $1.2 trillion in federal spending over the coming 10 fiscal years. The triggers would target two principle areas of the federal budget—national security spending and all other domestic spending. For FY 2012 and FY 2013, VA would be included in the "National Security" category along with the Department of Defense, Department of Homeland Security, Department of State, and similar agencies. While *The Independent Budget* veterans service organizations believe all VA programs are excluded from automatic cuts by Public Law 111-139, the "Statutory Pay-As-You-Go Act of 2010," questions remain about whether VA health-care spending in particular could be included in broader discretionary spending reductions. To support our view, Section 11 Public Law 111-139 specifically states:

> (b) VETERANS PROGRAMS—The following programs shall be exempt from reduction under any order issued under this part:
>
> "All programs administered by the Department of Veterans Affairs."
>
> We believe the plain meaning of this language is crystal clear and underscores the priority Congress placed on appropriated funding for VA programs, even in the face of an automatic trigger to reduce the deficit across the board.

Finally, the IBVSOs are concerned that Congress is yet to complete work on VA's FY 2012 appropriations act, H.R. 2055. This delay is particularly troublesome considering that both the House and Senate have approved versions of the VA appropriations that are largely identical and that would require only some minor amendments to obtain a conference agreement the President could approve. Once again the operations of VA will be hampered by the inability of Congress to complete work on this critical funding measure prior to the start of the new fiscal year. The IBVSOs believe Congress must provide the resources that it is set to approve so that VA can effectively meet the demand for health-care and benefits services that are so obviously needed.

Recommendations:

The IBVSOs urge the Joint Select Committee on Deficit Reduction and Congress to protect critically needed funding for the Department of Veterans Affairs health-care system. Reducing appropriations for VA health-care programs places the health and welfare of veterans at significant risk and will only increase costs in other federally funded programs in Medicare and Medicaid.

The IBVSOs urge the Joint Select Committee on Deficit Reduction and Congress to reaffirm that VA disability compensation and benefits programs that support veterans and their families must be protected during any efforts to reduce the federal deficit.

Congress must complete work on the FY 2012 Military Construction and Veterans Affairs appropriations bill to ensure that VA is not hampered and that advance appropriations for VA health care in FY 2013 are clearly identified and available.

CRITICAL ISSUE 2

Reforming the Benefits Claims-Processing System

The Veterans Benefits Administration is at a critical juncture in reforming an outdated, inefficient, and overwhelmed disability claims-processing system, and strong leadership is required by both Congress and the Department of Veterans Affairs to ensure that this system is finally and truly reformed.

For the past two years, the Veterans Benefits Administration (VBA) has undertaken a comprehensive effort to reform its benefits claims-processing system. Under the weight of an outdated information technology (IT) system, increasing workload and growing backlog, the VBA seeks to transform the way it processes claims, while simultaneously reducing the backlog of claims pending using its existing infrastructure. While there have been many positive and hopeful signs that the VBA is on the right track, over the next year, critical choices will be made and the results of those choices will determine whether this effort will be successful. Congress must provide careful and vigilant oversight of this transformation to ensure that VBA achieves true reform, not only arithmetic milestones, such as a lowered backlog or decreased cycle times.

Launched by the Secretary of Veterans Affairs with the ambitious goal of deciding every claim in fewer than 125 days (currently more than 180 days) with a 98 percent accuracy rate (estimated as low as 78 percent), the VBA's transformation efforts are centered around three interconnected elements: people, processes, and technology. However, it is likely the critical path will be IT modernization, primarily the Veterans Benefits Management System (VBMS). Today the VBA relies on a disjointed set of software applications and stove-pipe databases designed only to manage, not automate, a very paper-intensive process. The logistical burden of maintaining and moving the VBA's mountain of paper within and among its 57 regional offices has significantly slowed the claims process and degraded the VBA's capacity to manage a growing workload. Further, the failure to take advantage of technology-driven automation has further stressed a work force under pressure to produce decisions quickly, resulting in declining quality and accuracy, according to the VBA's own internal analyses.

The VBMS initiative, begun a couple of years ago, is now in pilot testing at VA Regional Offices in Providence, Rhode Island, and Salt Lake City, Utah. Additional rollouts are scheduled next year with full deployment promised by the end of 2012 or early 2013. While the early iterations of the VBMS appear to incorporate most of the essential functions required for a fully electronic and largely automated work

process, questions remain about whether VBMS will ultimately fulfill its objectives. What had originally been presented as a single, interconnected system to manage workflow now encompasses at least seven subcomponents: VBMS-E for "establishment," VBMS-D for "development, " VBMS-R for "rating," VBMS-A for "award," VBMS-C for "correspondence," VBMS-F for "folder" and VBMS-W for "workflow." In addition, a design team operating out of the Atlanta VA Regional Office has been moving forward rapidly with a new program called DENTT (Disability Evaluation Narrative Text Tool), that is being used to automate some elements of rating decisions and award letters. How and whether all of these components can or will be designed and deployed to create a single, unified IT system remains uncertain. Given the highly technical nature of such questions, it is essential for Congress to conduct vigorous oversight, including employing independent, third-party experts, to ensure that the VBA's IT transformation does not result in another, albeit different, set of IT acronyms that fail once again to provide a single integrated solution to address veterans' claims.

In addition to the VBMS, VA must also continue to develop both the e-Benefits and Veterans Relationship Management (VRM) systems. E-Benefits provides veterans with a modern Internet-based method of engaging with VA to apply for benefits, monitor claims, and make instant changes to user information. VRM is being designed to provide a fully integrated system of contact management for VA and veterans, so that whether a veteran calls, emails, visits in person, or uses any other means to communicate with VA, the veteran will have the same timely and successful result. VRM and e-Benefits are both essential elements of the VBA's claims-processing reform that must be provided sufficient resources and time to be properly completed.

The past two years have been a time of change and experimentation for the VBA, with dozens of pilots programs and initiatives begun, ended, or continued. Among the most important are the Fully Developed Claim (FDC) program, Disability Benefits Questionnaires (DBQs), the I-Lab segmentation strategy, and the DENTT program. If designed and implemented with at least an equal emphasis on improving quality and accuracy, each of these initiatives offers opportunities for important improvements in the claims process. In particular, it is critical that the I-LAB being conducted in Indianapolis, which is seeking to combine the most successful pilots and initiatives into a new multipath claims process, evaluates success not only on reductions in cycle times but equally on reductions in errors.

While not a central element of the VBA's transformation strategy, statutory and regulatory changes that are ongoing and proposed could have a significant effect on reform efforts. Proposals to streamline the Veterans Claims Assistance Act (VCAA) notice and duty-to-assist requirements must be carefully crafted

to achieve the purpose of eliminating unnecessary overdevelopment, while ensuring veterans' rights are fully protected, particularly for those veterans without representation. Also, changes are being developed to update the VA Schedule for Rating Disabilities (VASRD), which could have a profound effect on how and whether VA disability compensation benefits will achieve the purpose intended by Congress (to compensate disabled veterans for their average loss of earnings capacity). Although the VASRD update is being done as a regulatory process, Congress must ensure that VA's proposed new rules fully and faithfully meet Congressional intent.

While changes in the technology, processes, and legal framework will be crucial to the VBA's transformation, it is also essential that the people and culture at the VBA change with them. Regardless of how modern or automated the claims process may become, the VBA cannot be successful in the long run unless it has comprehensive training, testing, quality control, and accountability systems in place to match these developments. As long as incentives and penalties at all levels remain primarily focused on production and speed of processing, long-term change in mind-set and behavior necessary to ensure lasting reform will remain elusive. The VBA and Congress must continue to look for ways to ensure that training, testing, quality control, and accountability are interrelated and form the core of the next claims-processing system in the VBA.

Finally, it is imperative that the VBA continue to develop new and expand existing collaborations and consultations with veterans service organizations (VSOs) who have tremendous expertise and long experience with the claims process. Over the past two years, VBA leadership has made commendable outreach efforts to VSOs as VA has embarked on the current transformation effort. The new leadership at the VBA has not only continued that partnership, but enriched it with additional efforts to infuse VSO perspectives and ideas at the earliest stages of IT and process redesign. As the VBA continues to finalize its claims-processing transformation, VSOs and their service officers who represent veterans must be fully integrated into the final system design. Absent this involvement, success will be doubtful.

Recommendations:

Congress and VA must ensure that the ongoing VBMS development and implementation be provided the resources and time necessary to ensure that the system is fully functional before it is rolled out nationally.

Congress must provide assertive oversight of the ongoing development of VBMS, e-Benefits, VRM, and other IT systems, including third-party, expert, independent reviews, to ensure that the IT modernization achieves the comprehensive solutions necessary to reform the claims process.

New regulatory, administrative, and procedural changes in the claims process—including Disability Benefits Questionnaires, Disability Evaluation Narrative Text Tools, and duty-to-assist reforms—must be carefully developed and monitored to ensure that these innovations contribute to more accurate claims completed in a more timely manner, while fully ensuring veterans' statutory rights.

The VBA must also reform its training, testing, quality control, and accountability systems so that all employees, managers, and leaders throughout agency are incentivized or penalized in accordance with a clear goal of deciding each claim right the first time.

The VBA must continue to build upon its successful efforts over the past two years to partner with veterans service organizations during the design, development, and implementation of claims-process reforms.

CRITICAL ISSUE 3

Transition, Employment, and Training for Today's Veterans Population

Successful transition from military service to civilian life hinges on veterans' ability to be competitive in the workforce; therefore, it is imperative that Congress fund employment, training, and education programs to meet increasing needs of those repatriating from overseas deployments.

Transition Programs

The Departments of Defense (DOD), Veterans Affairs (VA), and Labor (DOL) all devote considerable resources to aiding service members and veterans transition to civilian life. However, while less than 1 percent of our nation's population chooses to serve in the military, unemployment rates continue to skyrocket among veterans and are disproportionately high when compared to that of their non-veteran counterparts. The men and women who fight to protect our nation's safety and freedoms are then faced with the fight for employment when transitioning to civilian life. While there are numerous federal, state, and private sector programs designed to assist veterans during transition, the fact remains that the unemployment rate among veterans continues to rise.

A recent report from the Government Accountability Office (GAO), GAO-11-92, explained that in fiscal year 2009 the federal government spent about $18 billion on 47 separate employment and training programs managed by nine different agencies.[2] All but three of those programs overlapped with at least one other program. Five programs that specifically target veterans provided seven similar types of services. As the GAO noted in its report, this overlap among programs could interfere with individuals seeking services and could frustrate employers as well. Additionally, most of these programs—including those serving veterans—had not completed analyses to determine whether positive employment outcomes resulted from their services, rather than from other factors. Three programs, including the Transition Assistance Program (TAP), do not track any outcome measures. *The Independent Budget* veterans service organizations (IBVSOs) believe that Congress and the Administration should resist "funding" additional programs and step back to evaluate existing programs, in order to identify strengths, weaknesses, and outcomes. Furthermore, we need to develop evaluations and analyses for those established programs to ensure they are providing proper services. It is the opinion of the IBVSOs that too many of the programs

[2] U.S. Small Business Administration: How important are small businesses to the U.S. economy? http://www.sba.gov/advocacy/7495/8420

tasked with assisting veterans during their transitions have deviated far from their original intended purpose.

The path to a successful transition from military to civilian life begins with a thorough TAP class. TAP is a program that DOD designed to provide transition and job-search assistance to separating service members. Currently, TAP is a partnership between the DOL, DOD, the Department of Homeland Security (DHS), and VA to provide employment assistance and counseling to members of the armed forces, and their eligible spouses, within one year of their separation or two years of their retirement from the military. TAP classes are often the only opportunity a service member, or qualifying family member, will have to receive this important information, vital to sustaining their quality of life after the military.

Programs for Disabled Veterans

According to a recent study performed by the DOL's Bureau of Labor Statistics, approximately 25 percent of Operation Enduring Freedom/Operation Iraqi Freedom/Operation New Dawn veterans have a service-connected disability.[3] This statistic clearly illustrates the importance of programs designed to meet the transition and employment needs of today's returning service members. There are several programs tasked with training and preparing disabled veterans to re-enter the civilian work force. Examples of these federally funded programs include, but are not limited to, the Vocational Rehabilitation and Employment Service, Employment One Stop Integrated Resource Teams, and the Disabled Veterans' Outreach Program (DVOP). *The Independent Budget* co-authors believe that with such a large number of federal and state-run programs being available to disabled veterans, there is absolutely no reason that the number of unemployed disabled veterans should be continuing to rise.

Morever, since veterans with significant disabilities often encounter multiple barriers when returning to competitive employment, *The Independent Budget* veterans service organizations (IBVSOs) recommend that federal and state programs actively seek out and partner with similar programs designed to assist all people with disabilities. Specifically, veterans who have acquired significant disabilities must be able to benefit from all of the programs for which they are eligible, not just those for wounded warriors. The DOL's Office of Disability Employment Policy (ODEP) has worked to include the perspectives of veterans with significant disabilities in its employment initiatives for people with disabilities. Although employers may wish to hire disabled veterans, those who have significant disabilities face barriers similar

[3] The Bureau of Labor Statistics, *Employment Situation of Veterans* 2010, March 10, 2011. http://www.bls.gov/news.release/pdf/vet.pdf

to those other people with disabilities face. This includes misinformation about disability and misperceptions regarding required accommodations.

To ensure that veterans with significant disabilities have every opportunity to regain employment, the mission of ODEP and other programs to increase employment opportunities for all people with disabilities must be viewed as integral to the reintegration of these veterans. For example, partnerships between the DOL's Veterans' Employment and Training Service and ODEP must be required in the development and implementation of labor programs and policies to ensure that veterans with significant disabilities are specifically included in initiatives for people with disabilities. The IBVSOs recommend this include, but not be limited to, measuring the benefits for veterans with significant disabilities separately from those for non-veterans. Without these measurements, the results for veterans of various employment programs will be difficult to measure.

Private Sector Employers, Veterans, and Post-Service Credentials

Responding to the disproportionately high unemployment rates among veterans, in June 2010, the Society For Human Resource Management (SHRM) released the findings of its national survey, titled "Employing Military Personnel and Recruiting Veterans—Attitudes and Practices SHRM Poll." The survey examined pay and benefits that organizations provide to employees who have been mobilized to serve on active duty service, either as a reservist or as a member of the National Guard, as well as the challenges organizations face when an employee has been mobilized to serve on active duty. The benefits and challenges of hiring military veterans were examined, as were the areas that would assist organizations in recruiting and hiring veterans. Unfortunately, the survey results simply confirmed what many veterans service organizations already suspected. Employers reported that, while they wanted to actively hire veterans, they did not know what the appropriate channels were to do so and did not receive much assistance from local DOL or VA offices. The survey also found that only 13 percent of private sector companies offered any type of transition assistance to newly separated service members or active duty returning Guard and Reserve members.

The survey also examined the problems employers have experienced in the past when hiring veterans. Sixty percent of employers found they were unable to translate a veteran's military experience into a job's requisite skills. This finding illustrates the problem veterans have effectively translating their military qualification and experiences to civilian employment. Due to the fact that the DOD establishes performance standards for every occupation within the armed forces, it is able to provide some of the best

vocational training in the nation, yet transferability of military skills and training to civilian occupations is problematic and often dependent upon in which state the service member chooses to reside.

In an attempt to address this issue, the "Veterans Benefits Health Care and Information Technology Act of 2006" recommended that the DOL carry out a demonstration project on credentialing to facilitate the seamless transition of members of the armed forces. However, since this was a recommendation, and not mandated by law, the study has not been carried out. Unfortunately, licensure and certification are often dependent on a veteran's state of residence. *The Independent Budget* veterans service organizations believe this issue should be examined to see if it would be feasible to establish a clear process in every state to grant a level of both military training equivalency and enhanced licensure or certification for civilian equivalent employment thus smoothing the transition from military to civilian occupations.

Additionally, we believe that it is time for the DOD and other federal agencies tasked with assisting transitioning service members to do a better job reaching out to and educating private sector employers on the value of employing veterans. This outreach must include engaging both large corporations as well as small businesses, which comprise approximately 98 percent of all American businesses.

We recognize that Congress alone cannot solve this epidemic of unemployment among our nation's veterans. It will take a collective effort between Congress, the Administration, federal agencies, private businesses, veterans service organizations, and the broader American public. Better preparing our service members for their transition to civilian life, as well as ensuring they are receiving all of the care and services necessary is the only way we have a chance at lowering the unemployment rate and properly addressing adjustment issues today's veterans are facing.

Recommendations:

The Independent Budget urges the DOD, VA, DOL, and DHS to start taking a "proactive" approach to fighting unemployment and other transition issues. We further believe this new proactive approach begin with mandatory Transition Assistance Program (TAP) and Disabled Transition Assistance Program (DTAP) classes designed to meet the needs of today's transitioning service members.

The Independent Budget strongly believes there needs to be more focus and education on the translation of military experience and training into a civilian skill set and résumé.

The Independent Budget urges Congress to emphasize collaboration between programs targeted to veterans and those targeted to people with disabilities to ensure that veterans with significant disabilities benefit from the knowledge and expertise of both the veterans and disability communities.

All TAP classes must include in-depth VA benefits and health-care education sessions and time for a question-and-answer session.

The DOD, VA, DOL, and DHS must redesign and build upon the current transition assistance programs available to active duty National Guard and Reserve members.

The federal government should increase focus and education on the translation of military experience to civilian skill sets and provide guidance to new veterans on suggested areas of private employment potential.

TAP results must be tracked and measured to identify where the program is proving to be successful and where it is falling short. Outcome measures should be applied to determine the program's effectiveness.

TAP needs to be updated so that the government can better educate the families of service members on the availability of TAP classes to meet the needs of qualified spouses.

TAP should be a mandatory program, which all transitioning service members and their eligible family members attend before release from the DOD.

The DOD, VA, DOL, and DHS must design and implement a stronger DTAP for wounded service members who are hospitalized or are receiving rehabilitation as their active duty period ends, as well as for their families.

Congress must emphasize collaboration between programs targeted to veterans and those targeted to people with disabilities to ensure that veterans with significant disabilities benefit from the knowledge and expertise of both the veterans and disability communities.

Congress must ensure measurement of assistance available to wounded warriors not just as people with disabilities, but as veterans with significant disabilities.

The Administration and Congress should take necessary actions to encourage American businesses to do their part for veterans to enable them to engage in meaningful employment.

CRITICAL ISSUE 4

The Continuing Challenge of Caring for War Veterans and Transitioning Them to Civilian Life

A new generation of war veterans is repatriating. The Departments of Defense and Veterans Affairs face challenges in meeting the needs of these veterans and those of their families to make this crucial transition seamless and effective. VA must continue to find ways to work more collaboratively with the DOD while sustaining needed programs for older generations of war veterans and their dependents.

As conflicts overseas wind down, the DOD and VA are accountable for providing new combat veterans with a seamless transition of services and benefits to ensure their successful reintegration. More than 2 million U.S. service members have deployed to Iraq and Afghanistan since 2001, with many individuals serving several tours of duty. *The Independent Budget* veterans service organizations (IBVSOs) believe particular attention must be paid to this population, including the families of those severely injured during wartime service, and to women veterans now serving in increasing numbers.

Advancements in military medicine have resulted in a 90 percent survival rate among the wounded, but within the DOD and VA health-care systems, gaps remain in recognizing, diagnosing, treating, and rehabilitating the less-visible injuries of mild-to-moderate traumatic brain injury (MTBI), post-traumatic stress disorder (PTSD), and other post-deployment health issues.

According to the DOD, VA, and outside experts, even the "mild" version of brain injury can produce behavioral manifestations that mimic PTSD or other mental health conditions. MTBI and other injuries can leave patients with long-term mental and physical health consequences. In addition to treatment and rehabilitation, the IBVSOs are concerned about the challenge and coordination of services for severely injured veterans and their families, especially those with TBI. Additionally, research has consistently found that the effects of TBI and PTSD can coexist in one individual. Nevertheless, much about effective treatments for these conditions remains unknown. The IBVSOs believe VA and the DOD should conduct additional research into the long-term consequences of brain injury and PTSD, and continue to develop best practices, not only in the care of these patients but also in supportive programs for their families.

What is clear is that without proper screening, diagnosis, and treatment, post-deployment mental health problems could eventually lead some distressed individuals to suicidal ideation. The IBVSOs are encouraged that VA has developed a comprehensive strategy to address suicide prevention in veterans.

However, the DOD and VA need to continue cooperating to improve their responses to these at-risk combat veterans, including improvements in primary care to readily identify and develop early interventions for potential mental or emotional problems and prevent suicide in this population.

The number of women now serving in our military is unprecedented in U.S. history, and women have played extraordinary roles in Afghanistan and Iraq, including serving in female engagement teams and other hazardous duties. Responding to the unique post-deployment health-care needs of women and the significant increases in the number of women is a daunting challenge for VA. The current rate of enrollment of women in VA health care has doubled in the past decade and now constitutes the most dramatic growth of any subset of veterans. For these reasons, the IBVSOs encourage VA to concentrate on improving services and treatment programs for women, and to continue research initiatives for women veterans to ensure they have access to high-quality comprehensive medical care at all VA facilities.

Many family members serve as lifelong caregivers to severely injured veterans. Until recently this crucial role has received little acknowledgment from the government. The IBVSOs are pleased that Public Law 111-163, the "Caregivers and Veterans Omnibus Health Services Act," is being thoughtfully developed and implemented. VA has created an array of supportive services; however, many family caregivers are not eligible for some of these benefits. We believe these services should apply to all service-disabled veterans on the basis of medical and financial needs. We appreciate Congressional oversight hearings that have clarified the intentions of the act so that VA could establish a program that is more responsive than originally proposed, but we urge Congress to authorize expansion of the program to cover family caregivers of all service-disabled veterans.

The IBVSOs believe that veterans should not be forced to wade through bureaucratic delays to obtain the VA benefits and health care that they earned. To better assist these veterans and their families, we believe that strong case management is necessary as these veterans transfer from the responsibility of the DOD to VA. Congress created the Federal Recovery Coordination Program (FRCP) to coordinate DOD and VA care for severely injured and ill service members. We appreciate that authorization but remain concerned about the gaps observed in the FRCP and the need for dependable case management essential to coordinating complex components of care. The gaps that need to be addressed include better communication, education, and streamlining of the referral process. We thank Congress for the series of oversight hearings held over the past three years that highlighted these gaps and needs, and we encourage continuation of that oversight.

The IBVSOs continue to be concerned about the status of collaboration between the DOD and VA in the area of information technology management, incorporating both military personnel records (including the DD-214 service record) and the electronic health records each agency maintains. We acknowledge that progress has been made; however, the military service branches and VA are still not sharing electronic information on a broad or routine scale—a shortfall that can serve as a major barrier to achieving seamless transition for hundreds of thousands, perhaps millions, of service personnel and new veterans. Effective information exchange could increase health-care sharing between agencies and providers, laboratories, pharmacies, and patients; aid patients in transition between settings; reduce duplicative and unnecessary testing; improve safety and reduce errors; and increase general understanding of the value of health information technology.

The IBVSOs are pleased with the establishment of a pilot Virtual Lifetime Electronic Record program, including VA's recent announcement of its expansion beyond the two initial sites. However, it should be remembered that VA and DOD facilities are widely scattered and can be counted in the thousands, so the IBVSOs remain firm that the DOD and VA be held accountable for completing a process of information flow that is national, computable, interoperable, and that can provide real-time electronic exchange of personnel, health, occupational, and environmental exposure information on millions of veterans. Today this goal is far from being achieved.

Recommendations:
As a general principle, Congress must conduct rigorous oversight to ensure that the DOD and VA ultimately provide service members a seamless transition from military to civilian life.

The DOD and VA must develop clear plans of effective rehabilitation for severely injured service members and veterans, with special attention to those with polytraumatic injuries and/or traumatic brain injury (TBI).

The DOD and VA must invest in research in TBI and post-deployment mental health to close gaps in care and develop best practices in screening, diagnosing, and treating brain injuries and mental health sequelae of exposure to war.

VA and the DOD should establish a program of early intervention services for treatment of war-related health problems, with a priority on mental health challenges and substance-use disorders.

The DOD and VA must increase the number of providers who are trained and certified to deliver evidence-based care for post-traumatic stress disorder and major depression and find new ways to encourage service members and veterans to seek care without fear of stigma.

VA should continue improvement of its health-care delivery model and expansion of programs for the treatment of the unique post-deployment health needs of women veterans.

Congress should continue to monitor VA to ensure that it faithfully implements the intent of Public Law 111-163 with respect to family caregiver needs and programs for women veterans.

Congress should expand eligibility for family caregiver supports to all generations of service-disabled veterans.

Congress should ensure that the DOD and VA improve the use of the Federal Recovery Coordination Program (FRCP) in military treatment facilities and VA medical centers caring for severely injured service members and veterans.

VA should periodically survey family members of veterans assigned to the FRCP to determine where improvements are needed.

CRITICAL ISSUE 5

Transformation of the Department of Veterans Affairs Health-Care Delivery Model—Patient-Centered Medical Home or Patient-Aligned Care Teams

The Veterans Health Administration is undergoing change in the way it delivers health care. As the VHA implements a patient-centered medical home (PCMH) model, Department of Veterans Affairs' leadership must ensure that the unique health-care needs of the veteran population are met while sustaining quality and satisfaction.

Over the past 15 years, VA has been transformed into a nationally recognized, first-rate, and comprehensive health-care system. To maintain its high standards of quality care, VA recently announced its intention to transition into a PCMH using the patient-aligned care team (PACT) approach. *The Independent Budget* veterans service organizations (IBVSOs) believe that such a change has the potential to enhance the delivery of health services for veterans; however, to ensure that the expected positive outcomes are achieved, VA must include three critical factors as fundamental components of the medical home model: (1) the PACT approach must meet the unique needs of disabled veterans; (2) PACTs must be accessible and provide timely care to and communication with veterans and their advocates; and (3) the VHA's infrastructure needs must be aligned with the new model of care.

In January 2011, VA announced that the newly created Office of Patient Centered Care and Cultural Transformation would be primarily responsible for managing the implementation of all PACTs throughout the VHA. The PACTs are interdisciplinary teams with primary care providers, registered nurse case managers, clinical and administrative staffs, and medical professionals that are requested based on the health-care needs of individual veterans. As of July 2011, VA reported that 80 percent of VA medical facilities have elements of PACT in operation, and VA leadership further projects that all VA health-care sites will function as PACTs by 2015. The VA has identified the principles of the patient-centered medical home model as:

- Team-based care that emphasizes continuity of care over the lifespan of the veteran-patient;
- A larger role for nurses, nurse practitioners, and physician assistants in coordinating care;
- Use of email, secure messaging, and other alternative forms of communication and telemetry with patients to monitor care;
- Greater attention on behavioral and mental health issues; and

- Increased focus on what patients want while increasing patient and practitioner satisfaction.

The five elements of PACT implementation include (1) assessment and readiness; (2) building staffing infrastructure; (3) training and education; (4) innovation and evaluation; and (5) measurement. Each of these elements constitutes a tool used by VA to define, assess, and develop the overall mission and responsibilities of PACTs. Most important, these elements must incorporate the principals of quality care that VA has successfully delivered to America's veterans.

Because the PCMH model requires each PACT to be responsible for coordinating, managing, and developing health-care plans for a panel of veteran patients, there is great potential to improve the delivery of health-care services as it relates to continuity of care, communication with veterans, and comprehensive services. However, over the years VA has established specialized systems of care and primary care teams with specialty-trained practitioners for veterans who have experienced spinal cord injury or disease, blindness, amputations, polytraumatic injuries, and chronic mental illness challenges, and these specialized systems of care serve as excellent models for patient-centered care delivery and cannot be replaced or diluted by the advent of PACTs that focus on the basic outpatient model of care. While the IBVSOs understand the importance of the transition to a new model of care, PACTs may not be trained to adequately meet the specialized health-care needs of these populations.

VA leadership must make certain that PACT staffing is sufficient to provide quality care and addresses the individual medical needs of veterans. Such an outcome would severely jeopardize the quality of VA health care. Therefore, to guarantee the success of this health-care delivery model, and improve VA health-care services, Congress and VA must ensure that VA medical centers have adequate funding, as well as clearly prescribed patient-to-staff ratios for PACTs. Specifically, staffing levels at each medical center must be in direct alignment with the number of veterans seeking services. Funding must be made available to hire additional full-time medical staff, as well as make facility enhancements to support implementation of the PCMH model.

An important counterpart to the PACT approach is a supportive adjustment to the Veterans Equitable Resource Allocation model, and to existing individual and organizational performance plans and measures, both of which incentivize a primary care system, not necessarily PACTs. The VHA should redesign management tools that modify behaviors of the health-care system so that it can make a successful transition to PACTs.

As PACT implementation moves forward, the changes inherent in this cultural shift in health-care delivery must be taken into account in VA's infrastructure and capital investment policies. With the advent of PACTs, VA would no longer simply be replacing worn-out medical centers and clinics with like, but modernized, facilities; VA's evolution to the PACT approach in all likelihood will result in the need for VA to redesign its thinking for how a 21st century VA health-care system, based on the new PACT model of care, should be configured. Therefore, the IBVSOs strongly encourage VA to incorporate a sixth element of PACT implementation, *building facility infrastructure and technology*. As PACT implementation progresses, VA must assess the physical infrastructure and technology needs of its medical centers in order to fully support the transition to a PCMH model of care and utilize integral components of this new health-care system, such as the use of telemedicine and telemetry to help manage and coordinate veterans health care, as well as reach and treat certain patient populations.

VA must help veterans, family members, and caregivers understand the purpose and goals of VA's new culture to help them become true collaborators in the health-care decisions and care plans formulated to maintain veterans' health. In addition to the goal of better health outcomes and management of chronic diseases, the value of long-term, one-to-one relationships that are established and nurtured between patient and practitioner and the emphasis on enhanced access to care, quality, safety, and coordination of care are also important and beneficial. As PACTs are established in VA medical centers, the IBVSOs recommend that VA schedule frequent meetings to reach out to veterans and their advocates for input and feedback, as well as identify tools to monitor quality performance using measurable indicators to ensure that the intended health-care outcomes are achieved.

Recommendations:

VA must ensure that the specialized systems of care are not replaced or diluted by standard patient-aligned care teams (PACTs) that may not be trained to adequately meet unique health-care needs of the populations needing specialized care.

VA must implement policies to provide continuity of care throughout the VHA to ensure safe delivery of quality health care.

VA must use the data collected from its research efforts to bring all of the facets of the PACT plan into a cohesive and integrated whole.

VA must create and implement a comprehensive educational component for veterans and their advocates during the early stages of PACT implementation to increase the likelihood VA users understand how the new model serves them and represents an improvement.

VA must include *The Independent Budget* veterans service organizations as an integral part of the transformational process and keep them informed and involved in the changes to come in order to help serve and educate their memberships and the veterans VA serves.

VA capital investment planning, and VA's academic missions, must be accommodated as VA shifts its culture to that of PACTs.

VA must develop a sixth element of PACT implementation—*building infrastructure and technology*—to assess the current physical infrastructure and technology needs of medical centers, and ensure efficient management of care.

VA must test and create clearly prescribed patient-to-staff ratios for PACTs to ensure timely health-care services at all medical centers.

The VHA should redesign the Veterans Equitable Resource Allocation model and make changes to existing performance measures that modify behaviors of the health-care system so that it can make a successful transition to the PACT approach.

CRITICAL ISSUE 6

Maintaining Critical Infrastructure in the Department of Veterans Affairs

The Department of Veterans Affairs must receive adequate funding to maintain current structures and reduce the backlog of critical infrastructure gaps in utilization, space, condition, and safety that are outlined in its Strategic Capital Investment Plan.

VA's infrastructure—particularly within its health-care system—is at a crossroads. The system is facing many challenges, including the average age of buildings (60 years) and a significant funding need for routine maintenance, upgrades, modernization and new construction. This vast, growing, and aging infrastructure continues to create a burden on VA's overall construction and maintenance requirements. It must be remembered that these facilities are the instruments used to deliver the care to our injured and ill veterans. Every effort must be made to ensure these facilities have sufficient resources to remain safe environments to deliver that care. A VA budget that does not adequately fund facility maintenance and construction will reduce the timeliness and quality of care for our veterans.

VA manages a wide portfolio of capital assets throughout the nation. According to its latest Capital Asset Plan, VA is responsible for 5,500 buildings and almost 34,000 acres of land with a plant replacement value (PRV) of $85 billion. VA has identified in its 10-year Strategic Capital Investment Plan (SCIP) more than 4,800 critical infrastructure gaps that will cost between $53 billion and $65 billion to close, not including activation and operation costs.[4]

Under SCIP, VA provides gap and cost analysis for non-recurring maintenance (NRM), which is budgeted through VA's Medical Facilities budgetary line item, Major and Minor Construction, and leases. The industry standard for medical facilities is for managers to spend between 2 percent and 4 percent for PRV. For VA to keep up with the industry standard, the NRM budget would need to be at least $1.7 billion annually. The $1.7 billion would only prevent the NRM backlog, which is currently at

[4] Department of Veterans Affairs, FY 2012 Budget Submission Construction and 10 year Capital Plan, Vol. 4 of 4, February 2011, p. 8.1-1.

$21.5 billion,[5] from growing any larger. In order to more effectively reduce the backlog, additional funding would be needed.

VA's major construction account faces an equally daunting scenario. In order to finish existing projects and to close current and future gaps, VA will need to invest $21.4 billion[6] over the next 10 years. At current funding levels, it will take between 18 and 22 years to complete VA's 10-year plan, and, given currently proposed funding levels, completion will take twice as long.

To close all the minor construction gaps within its 10-year timeline, VA will need to invest $7.9 billion.[7] In past years, VA and Congress requested and appropriated nearly 10 percent of the total need to close the minor construction gaps. However, the Administration and Congress revised the funding course in recent years by proposing steep reductions in funding for minor construction. If these proposals are enacted and sustained, it will take VA 16 years to complete its 10-year minor construction plan.

An important cornerstone to SCIP is leasing. The current lease plan calls for approximately $3 billion over the next 10 years. The vast majority of these leases are for community-based outpatient clinics (CBOCs). Leasing these types of properties provides the advantage of providing quick, accessible health care. *The Independent Budget* veterans service organizations (IBVSOs) see the value and success of these types of leases. In the past, however, the IBVSOs have been cautious about some of VA's leasing concepts, which relied on contracting inpatient care. As SCIP is implemented, the IBVSOs will remain vigilant to ensure that the few planned leases that contain an inpatient component will not adversely affect veterans who utilize those facilities if the lease is abruptly ended.

Accessible and high-quality health care continues to be the focus for the IBVSOs. To achieve and sustain that goal, large capital investments must be made. Presenting a well articulated, completely transparent capital asset plan 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 mission.

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[5] Department of Veterans Affairs, FY 2012 Budget Submission Construction and 10-Year Capital Plan, Vol. 4 of 4, February 2011, p. 1–4.

[6] Ibid.

[7] Ibid.

Recommendations:

Congress must dramatically increase funding for non-recurring maintenance (NRM) to maintain current and future infrastructure, putting it in line with the industry plant replacement value (PRV) standard of 2 to 4 percent, as well as invest in reducing the current $21.5 billion NRM backlog.

Congress must increase funding for VA's major construction account. In order to close the gaps in major construction within 10 years, VA will need to invest more than $2.1 billion per year.

VA's minor construction account must be funded at a level of $840 million per year through 2021 to close gaps affected by the chronic underfunding of this account.

VA must continue its transparency in leasing and ensure that veterans' inpatient access needs will not be jeopardized if and when leases expire.

VA must include activation and operational costs in its construction plan to show the full costs of its major construction projects.

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