U.S. DEPARTMENT OF VETERANS AFFAIRS BUDGET REQUEST FOR FISCAL YEAR 2018

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 2018

Wednesday, May 24, 2017

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

The Committee met, pursuant to notice, at 10:30 a.m., in Room 334, Cannon House Office Building, Hon. Phil Roe [Chairman of the Committee] presiding.

Present: Representatives Roe, Walz, Peters, Coffman, Etsy, Dunn, O'Rourke, Bergman, Sablan, Bilirakis, Kuster, Poliquin, Brownlee, Wenstrup, Takano, Rutherford, Correa, Banks, and Gonzalez-Colon.

OPENING STATEMENT OF DAVID P. ROE, CHAIRMAN

The CHAIRMAN. Committee will come to order. Before we start today I have a special guest here that I would like to introduce. Today is Student Youth Foster Day. We have foster students from around the country, and if you see people wearing these little pins they are shadowing a Congressman today. And I would like Timothy Dennis. Timothy has been here before, so Timothy if you would stand up and be recognized. I know you are here somewhere. Oh, here he is, back over here. So he is going to be with me today.

And these are remarkable young people, overcome a lot of obstacles in their lives. So when you see them, have a chance to stop and just say a few words, and find out what their story is.

Good morning, and I thank all of you all for being here today to discuss the President's Fiscal Year 2018 budget submission for the Department of Veterans Affairs. The budget is not about numbers, it is about priorities. Yesterday afternoon the President proposed a $6.4 billion increase in the VA's budget, which is reflective of the high priority that this administration places on serving our veterans.

I applaud that action and share the feeling that second perhaps only to ensuring our ongoing national security, there is no greater priority we have than caring for those who have borne the burden of our battles. This budget was released less than 24 hours ago.

In the coming weeks our Subcommittees will hold hearings to discuss different aspects of the budget in depth. However, during this morning's hearing I want to discuss several overarching issues that I believe are key to transforming the Department of Veterans Affairs into a nimble 21st century organization that our veterans can count on when they need it most.

Before we dive into the budget, Mr. Secretary, I am extremely proud that the accountability legislation and appeals reform legislation have already passed the House's congress with wide-spread bipartisan support, and with your support I might add. I am grateful to you, Mr. Secretary, and your team for assisting the Committee in both of these efforts, and I look forward to continuing to work together to secure a swift passage of those measures in the Senate this summer.

Our next priority is reforming the Choice Program, and in doing so, consolidating VA's many care and the community programs under a single, streamlined Choice umbrella. The President's budget demonstrates that Choice reform is an administration priority. While the Choice Program that Congress created three years ago has helped hundreds of thousands of veterans receive care, it is not without problems to say the least.

Too many veterans still have trouble getting the care they need when they need it. Too many community providers and VA employees are left confused and frustrated by overly bureaucratic and opaque care in the community processes and procedures. Looking ahead, I want a Choice Program that empowers veteran patients to make decisions about where, and when, and how to use the health care benefits they have earned because, as a doctor, I can tell you that empowering patients leads to better outcomes, better quality, and more efficient and effective hospitals and clinics.

Our veteran's service organization partners rightly note, when given the choice to receive care in the community many veterans choose to remain at VA. For those veterans we must examine ways to increase access, improve quality, and ensure an appropriate alignment of supply and demand. I look forward to working together to reform the Choice Program in the coming months.

Mr. Secretary, in recent weeks you have noted that VA has a high number of vacant, underutilized buildings and properties across the country. Using VA's limited resources to secure and maintain empty or largely empty buildings and campuses while so many VA's capital asset projects go unfunded serves no veteran well.

I look forward to working with the administration to examine how to right size VA's physical footprint, ensure taxpayer dollars are spent where our veterans need them the most, and explore innovative ways of ensuring that VA is able to maintain a presence in the community.

Underlying all of these goals from achieving faster and more accurate appeals determinations to enhancing VA's relationships with community providers to make better decisions about where to locate clinics and hospitals is a need to modernize information technology systems. I cannot state too strongly the need for VA to invest wisely in IT programs and consider commercial off-the-shelf products that can be quickly put to use solving VA's biggest problems.

Finally, I want to note that at 2:00 in this very room the Subcommittee on Oversight and Investigations, led by my friend General Bergman, will conduct a hearing on VA's financial management. That hearing cannot come at a better time.

While I am grateful for the support and dedication that the administration has shown to our veterans by requesting a multi-billion dollar increase in VA's budget, we must continue to seek ways for VA to be more responsible stewards of the taxpayer dollars.

As long as I am Chairman of this Committee, I can assure you that I will continue to advocate for the resources VA needs to meet our Nation's obligations to veterans. However, simply increasing VA's bottom line year after year often results in more bureaucracy but seldom results in better services for our veterans.

Throwing money at a problem rarely makes it go away. And when it does, a solution is often temporary. It is time for the VA to take a hard look at how resources are allocated and make some tough calls about how to best serve our veterans and their families in a budget environment that is not infinite.

I want to help you with that, Mr. Secretary, and look forward to hearing today on how this Committee can help you transform the VA into a high performing organization I know it can be and I believe our veterans deserve. Interestingly, we just spent about an hour talking about these very things, Mr. Secretary. I think pretty much what I just said we just said an hour ago over at the Capital.

With that, I will yield to Ranking Member Walz and any opening statement he might have.

OPENING STATEMENT OF TIMOTHY J. WALZ, RANKING MEMBER

Mr. WALZ. Well, thank you, Mr. Chairman. And thank you, Mr. Secretary, it is good to see you again and I really look forward to hearing you dive deep into this. As the Chairman said, we have had it for about a day and we put some long hours combing through it. And I think all of us understand budgets are far more than fiscal documents; they are a reflection of our values.

And I have to say at first blush, the six percent, that we are certainly glad that you did not receive the fate of almost every other agency, and that is a good thing. It looks like most of the gross and medical services and community care; we are obviously going to have questions on how that is going to be delivered.

I am concerned, though, that demand on a system could very well increase in funding because veterans do not live in the bubble we talked about. They, and their families, and neighbors rely on services from many other Federal agencies. My fear is the budget fails to account for the demand on VA care when they are shifted over from other agencies and other programs. This could be changes or elimination of ACA or the impact the produced budget will have on HUD–VASH Program. I am interested to hear today on how you interpret what is going to happen with that shift.

Yesterday, the House passed a bipartisan Claims Appeal Modernization Improvement Act. I congratulate the Chairman and the entire Committee on doing that. Really important, though, that the Veterans Benefit Administration and the Board of Veterans Appeal have the resources they need to implement that. They are receiving some cuts over there the way we are interpreting this, so we want to see that.

Information technology down $215 million. Does not give me confidence that the VA will have what it needs to implement this

streamlined claim process, but I rely on your expertise to help us with that.

Also, I know this is a gorilla in this room but it is going to have addressed. The House passed the bipartisan bill of a one-year COLA without a round-down provision in it and to DIC benefits. Congress's intent was clear yesterday, and I believe what was a unanimous vote did not round-down those benefits.

Veterans see the round-down as a pretty strong repudiation of what they feel they have earned. While rounding down to the nearest dollar may seem like an insignificant cut, it is going to be viewed that way. So I would be interested to hear how we talk about that.

I am encouraged by the increase in non-reoccurring maintenance that will allow VA to not only maintain its infrastructure but begin the process of reducing that backlog. We had a talk yesterday, and I appreciate your insights on this, Mr. Secretary, I think you are on a leading edge of how we deal with our buildings, our infrastructure, our excess buildings, and everything else. And, again, looking forward to hearing you talk about how that is going to work, but I think that is a good start.

I have concerns on the budget proposes to fund the Veterans Choice Program through mandatory spending, especially in light of repeated quests. Again, I am going to leave that open to have you and hear from you today, but it appears to lay the foundation for Choice 2.0 and increase non-VA care without a plan yet that has been given to us. So it is going to look like there is a pot of money, mandatory spending, how is it going to happen. Again, you are the expert on this and you have earned the trust of this Committee and veterans to be able to implement that.

We have heard from veteran service organizations, I am going to talk about that in a little bit. I hope we are going to work together with them as this gets implemented. I know you value that relationship deeply. I can say that they are concerned, but they are also concerned in a positive way.

On a positive note, we are hearing from veterans back home about the national veteran cemeteries and what it is, we had this talk yesterday. We are not going to rest until everything is covered, but I hear nothing but positive comments about our veteran cemeteries. I hear nothing but positive comments about those people whose loved ones are buried there. And yesterday listening to you, Mr. Secretary, have a vision for using those as a resource to educate our children and our citizens. Very inspiring, and we want to make sure you have the resources to do exactly that.

Again on the surface, the request is not bad compared to other agencies. We will hear from you today. Again, I hope that bar is higher than that, but I am concerned, but I would leave it with asking you today, I know you are in your lane, I know you are in your expertise, but, again, I would ask you to give us some assurances that the bleed over from the cuts in the other agencies are not going to change some of these bottom line numbers and impact on veterans. And with that, once again, I thank you for your time, Mr. Secretary, and look forward to your testimony.

I yield back. Thank you, Chairman.

The CHAIRMAN. Thank you, Mr. Walz.

As I mentioned earlier, we are honored to be joined this morning by the Honorable Dr. David Shulkin, Secretary to the Department of Veterans Affairs.

Mr. Secretary, thank you so much for being here. The secretary is joined at the table by Edward Murray, the Acting Assistant Secretary for Management and Interim Chief Financial Officer; Mark Yow, the Chief Financial Officer for Veterans Health Administration; Mr. James Manker, the Acting Principal Deputy Under Secretary for Benefits; Matthew Sullivan, the Deputy Undersecretary for Finance and Planning and the Chief Financial Officer for the National Cemetery Administration; and Rob Thomas, the Acting Assistant Secretary for Information Technology. Thank all of you all for being here this morning.

Mr. Secretary, you are now recognized for as much time as you may consume.

STATEMENT OF THE HONORABLE DAVID J. SHULKIN, M.D.

Secretary SHULKIN. Great. Well, thank you. And thank you for introducing my team. You see I brought a lot of help because we are expecting some good, tough questions this morning.

Well, besides good morning, Chairman Roe, and Ranking Member Walz, and other Members of the Committee, I want to thank you for the opportunity to be able to spend time talking about the President's 2018 budget and the 2019 advanced appropriations.

I also owe additional thanks to the Committee. Yesterday, you all had a very busy day. Seven bills passed for veterans. Thank you, Chairman, for your leadership on that.

The most important to us, although they are all important, is the appeals modernization. And so thank you very much, again, for the House's leadership on that important topic.

I also want to thank you for providing VA the full 2017 budget from the very start of the fiscal year. It has been a long time since that has happened and, again, thank you for your support on that.

It really speaks well of the House and of the American people that despite the differences that we are seeing going on that we can come together and uphold our common commitment to caring for the Nation's veterans.

I have submitted a written statement for the record. So, what I want to mention is that the President's 2018 budget reflects his strong personal commitment to the Nation's veterans providing the resources necessary to continuing our ongoing modernization of VA. It requests $186.5 billion for our VA, $104 billion of that is in mandatory funding, and $82.1 billion in discretionary funding, for a total increase of $6.4 billion, or 3.6 percent over 2017.

It provides $3.5 billion in mandatory funds to continue the Veterans Choice Program, plus a 7.1 percent increase in discretionary funding for the Health Administration to improve patient access and timeliness of care.

This is the budget that we need to achieve my five priorities as Secretary. Those five priorities are to provide veterans greater choice; to modernize our systems; to focus our resources more efficiently on what matters most to veterans; to improve the timeliness of services in both health administration and in disability and ap-

peals; and then my single clinical priority on reducing veteran suicides.

We are already taking bold steps on each of these priorities. Last month the President signed a re-authorization of the VACA legislation, ensuring that veterans can continue to get care from community providers. The President has also ordered the establishment of the VA accountability office, and we recently removed two medical center directors and three other senior executive service leaders. We will simply not tolerate employees who act counter to the values that put our veterans at risk.

We now have same-day services for primary care and mental health at all of our medical centers. Veterans can now access wait time data for their local VA facilities by using an easy, online tool where they can access—where they can get access, wait time data, service or satisfaction data, and quality data. No other health system in the country has this type of transparency.

A few months ago the Veterans Crisis Line had a rollover rate to our backup centers of more than 30 percent. Today that rate is less than 1 percent. We have launched a new predicative modeling tool called REACH VET that allows VA to provide proactive care to veterans who are at higher risk for suicide.

And I have also recently announced the VA will provide emergency mental health care to former servicemembers with other-than-honorable discharges at all of our medical facilities. Thank you in particular to Representative Coffman, who really enlightened me onto this problem. We know that these veterans are at greater risk for suicide, and we are now caring for them wherever we can.

These are just a few of the efforts that are under way already improving the lives of veterans, but to keep moving forward we need your help. We need Congress to help us realign our capital infrastructure as the Chairman mentioned, to dispose of property that we can't use to support veterans that are already being served.

We need Congress to fund our IT modernization to keep our legacy systems from failing and to increase interoperability of electronic health records essential to any high performing integrated health care system. We are now also weighing options for adopting a commercial off-the-shelf system as an alternative to our legacy systems. And I have announced that I will make a decision on that before July 1st.

It makes sense to go with an off-the-shelf system, but for that we are going to need additional support. And by off-the-shelf I have said that what I am really considering is either an outsource effort to continue VistA or look at an off-the-shelf, but I want to get VA out of the software development business.

We need Congress to authorize the overhaul of our broken and failing claims appeal process, and yesterday you helped us in a long way towards that. We need the Senate to work with us on that as well. We worked closely with VSOs and other stakeholders to draft a proposal to modernize that system. And, again, we are waiting for the Senate to act.

Most of all, we need Congress to ensure the continued success of Choice for veterans. More veterans are opting for Choice than ever

before. Since January 1st of this year, we have authorized 8.2 million community care appointments. That is 2.6 million more than last year, or a 46 percent increase. Thus far this fiscal year we have authorized 18,000 more Choice appointments per business day than in fiscal year 2016.

We have charted a course for modernization and are already moving forward, but we need your help to keep up with the Choice Program's growth, maintain our momentum, and make our community care plan a reality for all veterans for generations to come.

Thank you, and we look forward to any questions you have about the budget today.

[THE PREPARED STATEMENT OF DAVID J. SHULKIN, M.D. APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you, Mr. Secretary.

I will yield myself five minutes and start the questioning.

How does this request for continued Choice Program funding fit with your plans to reform and revamp the Choice Program?

Secretary SHULKIN. Well, first of all, as I said, we are very pleased to see the President's budget. We think it gives us the resources necessary to modernize the system. Part of modernizing the system is learning from our experience with Choice over the past three years, and all of you have been very active in giving us feedback that while we are seeing the Choice Program working better than it had before, it still is too complex a system.

It is filled with bureaucracy, our veterans do not understand it, and our staff do not understand it. So with all that feedback and working with our VSOs and other veterans' groups, we have been working on redesigning a program that we want to present to all of you, in approximately ten days now, that we believe is going to work better for veterans.

And the basic issue is that we want to change it from being an administrative system. That is, based upon being 40 miles away from a primary care provider and an administrative system based on 30 days or more of wait time, to being a clinical system that actually meets the clinical needs of the veterans that we serve. We believe we have a way of doing this and we believe that we will do it within the budget that the President has proposed.

The CHAIRMAN. And I think we will obviously hold a hearing on Choice, but just very briefly, would it be where you are looking at a, basically a panel of physicians just like you would have in the private sector where you could use the best of the private world and the public world?

Because there is not an unlimited group of providers out there. I mean, we are finding shortages on the private sector. I was riding into the office this morning and on Satellite Radio I heard my hospital system in Johnson City, Tennessee, that hospital system advertising for nurses—

Secretary SHULKIN. Wow.

The CHAIRMAN [continued]. —here in Washington D.C. And so that is a problem nationwide. And so I think we are going to have to marry the best of both the VA world and the private sector to provide the quality care that you've talked about. Is that something you have in mind?

Secretary SHULKIN. Yeah. When we talk about a highly integrated, high performance system, it is exactly what we are talking about, Mr. Chairman. We believe that is what veterans want. They want a strong VA and it is our job to make sure that we are providing the best services in the VA, but the VA can't do it alone. And that is what we learned in the 2014 wait time crisis—that we have to work with the private sector.

Right now about a third of all care in the VA is being delivered in the private sector. We want to make sure that when a veteran goes outside that they are getting the best care, and when they stay inside the VA, two-thirds of the time, they are getting the best care. So it is exactly what we are aiming for.

The CHAIRMAN. You know, we had a little—it was not an October surprise, but we had a little surprise about a year-and-a-half ago, and I guess one of the things the Committee will want to know, both sides of the aisle, can you assure the Committee that the additional funding requested in this budget submission that VA's care in the community programs will be fully funded for fiscal year 2018 and 2019? Because we had a big shortfall if you remember.

Secretary SHULKIN. Yeah. The problem that we had about almost two years ago, but, you know, it sort of was coming to the height 18 months ago, was that we actually had enough money in the community care program, it is just that they were in two separate checking accounts. And we needed to have your authority to mix the money in the checking accounts.

We had run out of money in the traditional community care programs but the Choice Program we had not tapped a large amount of that money. What we are going to be seeking from you and working with you on is trying to have one pot of money for community care for veterans. And that way we simplify the system and we do not repeat the mistakes of history of essentially not spending correctly out of two checking accounts.

The CHAIRMAN. One last question, very quickly. Does this budget request account for the new Office of Accountability and Whistleblower Protection as well as a director that will oversee the function of this office that was recently created by the President's executive order?

Secretary SHULKIN. Well, ahead of schedule because this is such a priority for me, we have named a director and we have started to put this office together. So we are not waiting until we have to do it, we are doing it proactively. I am trying to—there were no new funds authorized for this, so, of course, my biggest intent is to make sure that this office has a big impact, but also trying to do it to make sure the taxpayers are getting the best value. So I am trying to use it from current resources and not try to expend additional resources. But we will make sure that we fund this from within our current budget allocation.

The CHAIRMAN. Good. My time has expired.

Mr. Walz, you are recognized.

Mr. WALZ. We are going to defer on our side down to Mr. Peters. I do that out of empathy having occupied what is affectionately the Walz chair for ten years. So you may go first and we will work this way, Mr. Peters.

Mr. PETERS. How great is that? I look forward to this every hearing, so. This would not happen in every Committee, by the way. Thank you, Mr. Ranking Member.

Thank you, Secretary Shulkin, for coming in to see us. In San Diego, as you know, we have I think over 230,000 veterans in our county, which is a rich population, and a terrific resource for us. We have a lot of issues like fixing the appeals process, which we are really happy with the progress on that. Addressing some schedule issues, getting the right medical staff at the VA, fixing the IT system, trying to reconcile the Department of Defense system with the Veterans' system.

I wanted to ask a question, though, about homelessness because San Diego, I think, has I think the fifth largest population of homeless people in absolute numbers, and because of the nature of our population, so many of them are veterans.

And as I think I mentioned to you yesterday, I am pleased to see the support for vouchers going forward. We have two issues in San Diego, where one is: we have very, very high rents and so it is hard for us to get the same bang for our buck as other communities for the vouchers. And let me be—you could address that a little bit.

But, really, the other side of this is because, you know, all the effects for veterans are not on this budget, and in particular the Housing and Urban Development budget has been hammered, and the proposal is really to cut a lot of the support for homelessness.

So while we see generally support, maybe even a little more support directly in the Veterans Affairs budget, I am concerned we are going to be playing wack-a-mole because of what is happening in the HUD budget. Can you address that? And how can we be assured that the rug is not really going to be taken out from underneath veterans on homelessness?

Secretary SHULKIN. Well, thank you for raising this as an issue. This is extremely important for us, and this is an area that we know that we are doing the right thing, that we are making progress on. We have reduced veteran's homelessness since 2010 by 46 percent. Last year we had the biggest impact ever; a 17 percent reduction in veteran's homelessness. And we continue to see community after community declare an end to chronic veteran homelessness.

But there are parts of the country, California in particular, that continue to hold the majority of the issues. San Diego is a big area. LA, of course, is even bigger. This budget for VA not only continues to allow us to make the type of progress we did last year, but it actually adds $605 million more to allow us to accelerate our progress, and we are going to continue to do that.

I think you are right. Many of the things that we do in VA require inter-agency cooperation. HUD has been a terrific partner for us. And, of course, we are concerned if they are going to be able to continue that. While I can't speak for the Department of Housing and Urban Development, I have reached out to Secretary Carson, and I have expressed my concern, as well.

He has assured me that he remains committed to being the type of partner that HUD has in the past, that he understands that veterans are a very important part of the community and important

to the American people. So I expect that we will see that same type of commitment that we have in the past from HUD.

Mr. PETERS. Well, again, I appreciate you reaching out to him and, obviously, we are happy to hear that. We will need to hear from him, also. And I think, frankly, if the budget proceeds for HUD the way it is, he is going to be pretty constrained.

The other off-budget thing I mentioned too is, with respect to IT, we really ought to coordinate with the Department of Defense. They got a nice boost in the proposed budget. I think many of us think that that is appropriate. I served on the Armed Services for my first two terms. But the glaring mis-match between the two systems, you know, a young person enlists when they are 18 and there is no reason why they can't continue on with the same—in the same continuum of system all the way until ultimately they pass away.

And, finally, I want to mention, on the cemeteries; Mr. Walz mentioned how terrific that is. I just want to thank, personally, your staff for that open house we did at Miramar National Cemetery this past weekend. We are trying to let people know that Rosecrans is full; obviously, that is one of the jewels of the system.

We have beautiful facility at Miramar, and I want to thank Brad Phillips and Rex Kern of your staff for helping us introduce that to the veteran community in San Diego, and we look forward to working with you on these and other issues throughout the year.

Secretary SHULKIN. Thank you for all those comments. First of all, our cemetery does not get the recognition that it deserves, so thank you for doing that. And as we approach Memorial Day, these are terrific places that have great ceremonies planned to honor those who have passed away and have served the country. So thank you for mentioning that, and we will make sure that they hear your acknowledgment of their appreciation.

Mr. PETERS. Thanks very much. Thank you.

The CHAIRMAN. I thank the Gentleman for yielding.

Mr. Coffman, you are recognized for five minutes.

Mr. COFFMAN. Thank you, Mr. Chairman.

Mr. Secretary, your announcement about providing urgent mental health services to former servicemembers with other than honorable discharges, does the VA intend to use the existing funds to provide this care to these veterans or does VA require additional funding?

Secretary SHULKIN. There is an additional cost to providing these services to members that had not previously received services, and we have quantified that. But I have said that there is no higher priority, and so we will do this within the funding that the President has proposed.

I believe that you continue to advocate for broader service coverage, something that I support very much. But with that, there will be additional costs, and we would also appreciate consideration of additional appropriations for those services. But we are not going to let the fact that there are not additional monies right now prevent us from offering these services.

Mr. COFFMAN. Thank you, Mr. Secretary. Mr. Secretary, on the construction side, obviously there were some significant problems in that area as noted in the construction project in the State of Col-

orado in Aurora in the VA replacement center there. Tell us about your path going forward and what lessons have you learned from that particular project?

Secretary SHULKIN. Well, you know, I think, again, you have been instrumental in highlighting that this project was just unacceptable and the cost overruns almost unexplainable. Fortunately, this is a project that will be completed, thanks again for your support, and it appears to be on time, and there will be no additional funds requested to complete this project.

But we will never again have a project like that in VA. It just simply is irresponsible. We have changed our processes. Of course, as you know, the Corps of Army Engineers is now involved, and we have learned in root cause analyses why that project was such a cost overrun.

In this budget we are not proposing any major construction projects like that. I think we have to think about doing business differently. Health care is changing, it is no longer—I think the Chairman makes this point, what used to require large, large buildings with in-patient capacity now are becoming far more ambulatory in nature.

We recently had a project in Omaha, Nebraska, that we just announced, which is a new model for building, which is an ambulatory building that is a private/public partnership, actually allows for donations from the community, and builds a different standard. So I think that is the model we are going to want to look at going forward to get more value for veterans and taxpayers.

Mr. COFFMAN. Mr. Secretary, you recently stated that VA has identified more than 430 vacant buildings and 735 underutilized buildings that costs the government $25 million a year. How do you intend to address the issue of unused VA facilities without greatly impacting veterans' access to health care?

Secretary SHULKIN. Well, the facilities that are vacant and underutilized are not currently taking care of veterans. They are either vacant buildings or they are being used for non-clinical servics like storing engineering equipment or other types of storage facilities.

So we believe that these 1,100 facilities could essentially be consolidated or eliminated and not impact veteran care at all. In fact, be able to use the money that we are using to maintain them and heat them and put that money back into veteran services.

Mr. COFFMAN. Thank you.

Mr. Chairman, I yield back.

The CHAIRMAN. I thank the gentleman for yielding.

Ms. Esty, you are recognized for five minutes.

Ms. ESTY. Thank you, Mr. Chairman. Thank you, Ranking Member Walz. And, again, I want to thank the Secretary and his team for working so hard with us. And this Committee worked very hard and my Subcommittee Chairman, Mr. Bost. And I think we have a very good bill, not perfect, but a very good bill to pass on to the Senate and hopefully move across the finish line.

But I really do want to emphasize that we are really not across the finish line until this bill is implemented. The appeals bill needs to be implemented. And I not only need your commitment, but I am a little concerned looking at the budget that those IT funds are

actually cut. We are now establishing if this bill gets, as we hope, signed into law, we are going to have a new system. We are going to have three tiers.

So, number one, how are we going to ensure we have the IT resources?

Secretary SHULKIN. Yeah.

Ms. ESTY. Number two, what are we going to do about how we track the legacy claims? So those are the first two I would like your thoughts on.

Secretary SHULKIN. Yeah. So thank you for asking those questions.

First of all, the appeals legislation: very, very important. But I want to be clear; it solves the appeals issue going forward. It does not address the backlog, which is considerable. Today it takes a veteran, if they file an appeal, six years before they are going to get an answer, on average. So I want to make sure that everyone understands what we are solving and what we are not. We are solving going forward, but we still have a backlog issue.

On the IT issue, what I think you are seeing in this budget is a recognition that we do not want to continue to ask for more money and invest more money in fixing broken systems. We are not done with IT. We are going to need to come back to you after I announce a direction by July 1st to be able to talk to you about what really needs to be done in modernizing our IT systems.

So this budget, the one area that I will tell you that we have not yet accounted for is the modernization of the IT system. But we did not want to continue to keep on asking for more money, so you are seeing a reduction in IT services and that is the explanation.

Ms. ESTY. Thank you. That is an important clarification for us to understand that you expect to come back to us and, obviously, we are going to need procurement and reform to facilitate this process. So I hope when you get to that point we can work together on that.

I am concerned because I am seeing a decrease in the funding on the research budget for medical and prosthetic research. The reason I flag that is because we know as a factual matter that our veterans are returning home now with more profound injuries than in the past. The research done by the VA is extraordinarily important for these veterans and, frankly, for all Americans because that research carries benefits for Americans more broadly.

How can we be assured that veterans are continuing to receive the kind of support they need when that research component is getting cut?

Secretary SHULKIN. Well, I, you know, I am in agreement with you that the VA is the only organization whose research focuses solely on improving the well-being of veterans. And the research that VA has done over the years has led to not only important advances for veterans but for all Americans. And many of the things that we all rely upon came out of VA research.

So I do not intend for this budget to be any type of messaging that VA research is not important, not critical; that we do want to continue to invest in this. We are working with our researchers right now to seek additional extramural funding to work with the NIH. I have spoken to Frances Collins about working closer to have

our research programs work together, and we are seeking to make sure that our research program grows. But this budget shows some fiscal constraint on the area of research, and we will make sure and keep an eye on that to make sure this is a strong program.

Ms. ESTY. Thank you. I think that will be particularly important. And you and I have discussed before with the Deborah Sampson Act and needing to address women veteran specific issues, and if that funding is cut we have some risks there.

The last thing I want to quickly flag is we have had some issues in the Hartford office in Connecticut with the VR&E, with the Vocational Rehabilitation and Employment Services. We are just—there is more demand than there is ability to accommodate. Love to get—work with you after this, and also to flag this may be an issue in other districts, too. We may not be alone. We want our veterans to get rehabilitated, we want them to be employed, and that is the wrong place we should be looking to cut because, in fact, that is what they deserve, that opportunity. So thank you.

And I yield back.

The CHAIRMAN. I thank the gentlelady for yielding.

Dr. Dunn, you are recognized for five minutes.

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

Mr. Secretary, I see the VA funding for mental health has increased by $473 million from 2017, and that expands inpatient residential outpatient treatment. Does any of that additional funding include money geared towards research on traumatic brain injury and other psychological disorders like depression?

Secretary SHULKIN. Yeah. What you have noted is an increase in our discretionary funding. So that is on the clinical side. Our research allocation is different. We have over the past nine years increased our research funding for TBI and other brain injuries by about tenfold. We now have well over a hundred different research projects going on, on TBI, and this is one of the areas of focus.

We just came back last week from a summit in Boston called the Brain Trust where we focused on not only VA but other Federal organizations and community organizations to enhance the research in TBI. And one of the real calls to action was to develop a bio marker so that we could track progress in TBI and post-traumatic stress in particular.

Mr. DUNN. Thank you, I look forward to following that with you. Yesterday we passed 2288 in the House, and there is strong bipartisan for that and in the VSOs, but there is a concern that the veterans who are in the current appeals process rather than the new appeals process will languish, perhaps not get the—their appeals may be slowed down because of that. Can you address that concern?

Secretary SHULKIN. Yeah. I do not believe that the appeals will slow down. We are talking about now the backlog of appeals?

Mr. DUNN. Yes. Yes, sir.

Secretary SHULKIN. I do not believe—

Mr. DUNN. Current appeals.

Secretary SHULKIN. Yeah, current appeals. I do not believe that they will slow down, but I do not believe that they will particularly speed up either.

Mr. DUNN. So that was my next question.

Secretary SHULKIN. Yeah. Yeah.

Mr. DUNN. And you do not—can you say if we pass this current budget as proposed—

Secretary SHULKIN. Yes.

Mr. DUNN [continued]. —does that address, to some degree, the delays that we are looking at?

Secretary SHULKIN. No. And I do not have good news for you on that. I think that it would take until, I believe, 2026 to—with the current allocation of funds to be able to work off that backlog, and I think that is really too long.

But I do not have a better answer for you right now on the backlog. Thanks to what you have done, and if the Senate passes that, we will have a fix going forward. But the backlog would take a new injection of funding to be able to hire more lawyers and more support staff—

Mr. DUNN. Maybe we could change—

Secretary SHULKIN [continued]. —to work that off.

Mr. DUNN [continued]. —the system instead. I mean, I do not know. It just seems—

Secretary SHULKIN. Well, I think we really do have to look at that.

Mr. DUNN. We will work with you on that. I think you have some great ideas. Let me squeeze in one last question here. Can you tell us about your future plans to update the processing system for the post-911 GI Bill Rights, the Educational Rights, and what efforts were—could you just sort of streamline that because that system is really bogged down?

Secretary SHULKIN. Yeah. I am going to have Mr. Manker talk about that.

Mr. MANKER. So thank you for that question. The long term solution, as we call it, for Post-9/11 and Chapter 33, we are processing claims—we are reaching our strategic targets now with respect to processing claims. We have two times during the year, during the spring enrollment and the fall enrollment, where it slows down a little, but still we are hitting claims, supplemental claims, within about seven to eight days. And new claims—

Mr. DUNN. That has not been my experience. I would love to work with your office on that.

Mr. MANKER. We would be delighted.

Mr. DUNN. I am 60 days into a claim, so—

Mr. MANKER. Okay. Okay.

Mr. DUNN [continued]. —we want to address that.

Mr. MANKER. Absolutely.

Mr. DUNN. I think that—on the ground it feels like it is a lot longer.

Mr. MANKER. Yes, sir.

Mr. DUNN. So, with that, Mr. Chairman, I yield back. Thank you.

The CHAIRMAN. I thank the gentleman for yielding.

Mr. O'Rourke, you are recognized.

Mr. O'ROURKE. Thank you, Mr. Chairman. Mr. Secretary, thank you for your service, especially in the time where we first got to know you as undersecretary for VHA and all the changes and improvements that you made in that time, and your commitment to working with us and improving care and service delivery to vet-

erans in the short time that you have been secretary. And I am grateful to the President for making this selection, and for the Senate in confirming you unanimously.

Let me take one of the best parts of your opening statement, which is the fact that you were the first secretary that I know of that has made suicide reduction and prevention a top priority. And the fact that you call it out and call it by its name is so incredibly important for us getting from what I think you have officially measured as 20 veteran suicides every single day in this country to a number that is far lower than that. Many of these are preventable deaths.

I am grateful for the fact that you are now helping other than honorable discharged veterans in emergency situations. But if, as you say, there is no higher priority, and if this really is something that you want to make a difference on, that is absolutely not going to be enough.

Let me give you these facts by context. From 2011 through 2015, 13,283 veterans received an other than honorable discharge who had within the two years prior to separation, post-traumatic stress disorder, traumatic brain injury, or certain other conditions that could be associated with misconduct.

Unless they are in an emergency situation—I am going to kill myself, I need some help—and they go to an emergency room, we are not helping them now. We are not giving them the preventative care that is going to ensure that we don't find ourselves, and that they don't find themselves, and their families don't find them in these kind of situations.

So I urge you to do everything you can administratively, and I think you can do more. And I urge my colleagues to take the next step to build on what Mr. Coffman has done and support the Honoring Our Commitment Act that I introduced with Mr. Bost in the House, Mr. Peters, and then in the Senate, Mr. Murphy.

I would like to get your comments on that and whether or not you are committed to serving all other than honorable discharged veterans who need that help from our country.

Secretary SHULKIN. Well, you know, if anything, Congressman, you have been consistent as an advocate on mental health and the fact that VA can do better. And you have usually been right—maybe always been right on these issues.

So I will take you up on your ask that I re-look at everything that we can do administratively. I felt like it was important to act quickly, and I felt that I had the authority to take the actions that I have. But if there is more that we can do, we will.

I also appreciate you recognizing that your ability to legislate on this is extremely important and would assure that we have the authorities that we need to be able to do this. This is critically important, and this is a matter of saving lives. So we take it really seriously, and appreciate you continuing to be such a strong advocate.

Mr. O'ROURKE. Great. So we will both commit to pursuing this. You, administratively. You will take it as far as you can, that is what I hear. We have the responsibility to legislate that if you cannot get all the way there on your own through the administration.

Secretary SHULKIN. Yes.

Mr. O'ROURKE. And so I am asking my colleagues who are here today to join me on this, the Chairman to make this a priority, and make sure that we can move forward on this.

Two other quick points. You clarified your commitment to purchasing a commercial off-the-shelf software. I think a lot of people perked up when you said that that could be interpreted to mean either what I think of a commercial off-the-shelf system, which is a commercial off-the-shelf system, or more Vista just programmed by somebody outside of the VA.

I really hope that it will be the former. That you will pick the best system, the best practices that are used in the best systems in the country instead of trying to build upon VistA, which you have acknowledged is an ancient antiquated system that, you know, costs us more to maintain than in the value that we get out of that.

And the other point I would make, and this may be just my interpretation, is you said that you did not request more in IT spending because you do not yet have a plan. But it seems like we are requesting more for Choice spending without fully understanding how we are going to improve the Choice system. So I just commit to you, and I want to work with you to make sure that we have the controls in place to get better outcomes for Choice before we spend billions more on that process.

So thank you for that. I am out of time. So may take your response on both of those for record. Thank you.

Secretary SHULKIN. Thanks.

The CHAIRMAN. General Bergman, you are recognized for five minutes.

Mr. BERGMAN. Thank you, Mr. Chairman, and Secretary Shulkin. I applaud you and the VA for your statement earlier about your decision to get out of the software development business. Thank you. That shows signs that the vision has a future.

You have testified several times about the Medical Appointment Scheduling System, MASS, which is, you know, the VA's long term solution to scheduling issues. The MASS contract was initially awarded in August of 2015, then all work was suspended in early 2016. It was announced that it was being reactivated in January as a pilot at one site. Nothing has happened, no task orders have been awarded. Can you give us an update or explain what is happening with MASS?

Secretary SHULKIN. Yeah. So the VA actually has four different scheduling things going on right now. Our current scheduling system which is based off a DOS based system that most of our schedulers use. We have a home-grown system being rolled out called VSE, for Veterans Scheduling Enhancements. The MASS pilot at one site as you mentioned. And then recently, a new bill that was passed requiring that we pilot an off-the-shelf scheduling system, and so we just awarded that contract.

In terms of the MASS contract, an award will be announced. Mark, do you remember when that is?

Mr. YOW. Soon.

Secretary SHULKIN. Okay. So in the next couple weeks to proceed forward with the pilot site, and a lot of pre-work has been done on that. But the MASS scheduling system was awarded because that

is the most tested off-the-shelf system that is available, and so that is why we are proceeding with our pilot site.

Mr. BERGMAN. Okay. Well, you know, it does not necessarily seem, because we have talked about the backlogs and delays, that I am not feeling the aggressive nature here of moving forward with getting a solution. You have got—went from three sites to one site. This is largely fixed costs in this piloting. Is there any reason that we cannot in surge, if you will? Bottom line is we have got time we can't recover but we can surge assets to develop data quicker. Is that a possibility? What am I missing?

Secretary SHULKIN. Well, the original plan with the MASS program was three pilots for $57 million. I did not believe that that was an appropriate use of taxpayers' money. So we have gone back and we have narrowed that down to a much smaller amount of money. I believe it is now $6 million for the single pilot site. That will build all the interfaces that we need so that we can, if that is successful, then begin a much quicker roll-out.

And so what we are trying to do is to make sure that we are not throwing money out. We want to show—we want to be able to demonstrate that we can build the interfaces that it works for our schedulers that it works for veterans. And as soon as we have shown that, and that is why this award will happen in the next two weeks, then we can surge that and accelerate it throughout the country.

Mr. BERGMAN. Well, again, I applaud you because you took a $57 million number and reduced it. Good on you. Sounds like the timelines are moving forward. I would like to go, and we only got a minute here, but it is probably more of a comment than a question because you and I had a chance to chat a little bit about this yesterday. But in the military, when we are in the fight, we have the assets we have and we redistribute and redeploy them as we need, as the fronts of the fight appear.

Regarding the appeals, what I heard—said this morning here was hire more lawyers. That concerns me. Don't we have enough folks that are currently working in the veterans affairs bureaucracy that you could consider, strongly consider, redeploying already existing assets in a short term to increase the rate of reduction of the backlog in the appeals process?

Secretary SHULKIN. Yeah. I am going to tell you as honestly as I can that I don't believe that we have done enough to consider what you have just asked. It has been suggested to us to bring back retired judges who are already trained in veteran's law. We have suggested that and internally that has not been well accepted.

I believe that we owe you a much better answer on this. I think that we need to do better. I wish I knew what that was today. But I want to work with you, if you have ideas on how to do this. I think we owe you a better answer.

Mr. BERGMAN. Thank you. I do. And I yield back. I know I am over my time. Thank you, sir.

The CHAIRMAN. Thank you, General. And I want to apologize to Mr. Sablan. I am going to add five minutes to our meeting this afternoon to apologize. We have a meeting. But I am going ask that Ms. Brownley be given five minutes now and then I think she has to leave.

Okay. Mr. Sablan is up then.

Mr. SABLAN. Thank you very much. Thank you. We should do this more often, actually. But, Mr. Secretary, thank you, welcome again, and thank you for your service. And I have just basically two questions now. On recruitment and retention of health care providers, all of us here are hearing of shortages of health care providers around the country. And as you and I had discussed before, in my district, there is one private physician and so there is a need for more health care providers.

But do you believe your budget includes the resources necessary to successfully recruit? And after you recruit, to retain the health care professionals you need to provide care to veterans?

Secretary SHULKIN. I think we have a lot of work to do on recruitment, and we have a big clinical need, particularly in parts of the country that are rural or isolated like certainly where you represent, and we talked about that yesterday.

I think our recruitment issues stem from the overall national health care shortage, particularly in primary care and mental health. They result from the bad morale and the press that we have been under for the past three years where people say, "Why would I want to go work for VA?" And what we are trying now to do is to change the dialog on that that this is one of the best places in the country to serve. That it is a truly remarkable system and people should give it a chance.

Our hiring practices are too slow, so we lose good candidates when they get offers from private sector places. And, finally, in many situations our salaries just aren't competitive. So this is a multi-factorial issue that we have to address. I can tell you it is at the very top of our list to make sure that we are filling the vacancies that we need. It is one of the reasons why we gave full practice authority to advance practice nurses so that we could get other types of health care professionals to come into the VA. But we are working on this and we still have a ways to go.

Mr. SABLAN. All right. Thank you. Mr. Secretary, this has been brought up, discussed and just resharing, but explain it again so I could fully—more fully understand it. You have talked about the VA's plans to provide emergency health services to veterans who have other than honorable discharges. Now how does this connect to your overall suicide prevention strategy?

Secretary SHULKIN. When you look at one of the reasons, and this gets to Congresswoman Esty's point about the value of our research. The VA has studied the issue of suicide in a way that no other organization has in the country, so we know a lot about where the suicides are happening.

They are happening among our older veterans in largest numbers. But the fastest growing groups are among younger veterans, and the very fastest group among women veterans. And when you start looking at sub-groups, those that are homeless and those that are other than honorably discharged who don't have access to the proper health care services, including mental health, are at extreme risk.

So if we really want to prevent suicides we have to get to homeless veterans, we have to get to veterans that do not have health care services like other than honorably, and we have to begin to

start understanding better the issues with women veterans and the younger veterans, and design our services to be different.

So we took an action on other than honorably, we are working hard on homelessness, and we are trying to understand how we can do better in those other high risk populations.

Mr. SABLAN. Thank you very much.

Mr. Chairman, I yield back.

The CHAIRMAN. I thank the gentleman for yielding.

Mr. Bilirakis, you are recognized.

Mr. BILIRAKIS. Thank you. Thank you, Mr. Chairman, I appreciate it. And thank you again, Mr. Secretary. I appreciate it. Thanks for the round table yesterday, too, the bipartisan round table discussion.

Secretary SHULKIN. Thank you.

Mr. BILIRAKIS. Very productive, as far as I am concerned. Mr. Secretary, on the Choice Act, I assume that the mental health services, the veterans, if they qualified for the Choice Act though they qualify, they have access to mental health services in the community; is that correct?

Secretary SHULKIN. Yes.

Mr. BILIRAKIS. Okay. How about veterans who qualify for dental care? I know we need to expand that, but 100 percent and if it is combat related. Do they have access, too, under the Choice Act?

Secretary SHULKIN. Certainly if they meet the requirements in terms of currently—right now—wait times or the service is not offered they can use non-community care. Correct?

Mr. YOW. They can.

Secretary SHULKIN. Yeah. We do a fair amount of that.

Mr. BILIRAKIS. So they can?

Secretary SHULKIN. Yes.

Mr. BILIRAKIS. All right. Very good. The other thing is, Mr. Secretary, on the COVER Act again.

Secretary SHULKIN. Yes.

Mr. BILIRAKIS. We talked about at the round table, the Presidential appointees—

Secretary SHULKIN. Right.

Mr. BILIRAKIS [continued]. —so that we can start.

Secretary SHULKIN. This morning my Chief of Staff and I are going to be identifying two candidates to recommend to the President to appoint to that.

Mr. BILIRAKIS. Thank you. The sooner the better—

Secretary SHULKIN. Yes.

Mr. BILIRAKIS [continued]. —so we can get started.

Secretary SHULKIN. Thank you. Thank you for reminding us on that.

Mr. BILIRAKIS. This has to do with the alternative therapies, as you know.

Secretary SHULKIN. Absolutely. Very important.

Mr. BILIRAKIS. Okay. And then I want to thank Dr. Dunn, as well, a fellow Floridian who brought up the Post-9/11 GI Bill claims in efforts to automate the certificate of eligibility. I have a bill that I filed, HR1994, the Vocational Education and Training Enhancement for Reintegration Assistance Act, called the Veterans' Act. Can you work with me on that? Because this helps address that

issue. And I would like for—if you could review that bill and have some suggestions as well—

Secretary SHULKIN. Yeah. Absolutely.

Mr. BILIRAKIS [continued]. —with regard to the post-911.

Secretary SHULKIN. Absolutely. We would be delighted to.

Mr. BILIRAKIS. Thank you very much. One more question. The budget request maintains the IG funding as the same as fiscal year 2017. I continue to hear from veterans to investigate claims for negligence and retaliation against whistleblowers. Do you believe the IG has sufficient resources to investigate the amounts of claims they receive?

Secretary SHULKIN. Yeah. I may need some correction on this. I thought the IG got a substantial increase in FTEs.

Mr. MURRAY. There are five this year.

Secretary SHULKIN. But—

Mr. MURRAY. I hope you are right.

Secretary SHULKIN. Was there increase last year? They were going to hire 200 new employees, I thought.

Mr. MURRAY. They got an increase last year, but—

Secretary SHULKIN. They were flat.

Mr. MURRAY [continued]. —they were flat.

Secretary SHULKIN. So flat funded. It was last fiscal year in '17 they got an increase of—

Mr. MURRAY [continued]. I don't have the amount, so—

Secretary SHULKIN [continued].—a couple hundred employees. So that was maintained in the President's budget, but no additional increase.

Mr. BILIRAKIS. But no additional increase.

Secretary SHULKIN. Right. Right. Yeah.

Mr. BILIRAKIS. And do you think—

Secretary SHULKIN. They are still—

Mr. BILIRAKIS [continued]. And do you think that is enough funding for the IG office, as far as the—

Secretary SHULKIN. Yes. Yes.

Mr. BILIRAKIS. —appropriation?

Secretary SHULKIN. I have met with the IG and I know that he is hiring up to those levels now. There was a hiring freeze and that delayed some of that hiring. And we are working with the IG actually to find additional space so that he can house the people when he hires them.

Mr. BILIRAKIS. Okay. Very good. Thank you. I want to continue to work with you on that, as well.

Secretary SHULKIN. Thank you.

Mr. BILIRAKIS. Thank you very much. Anyone like my time? Mr. Chairman, you want my time?

Mr. ROE. No, I am fine.

Mr. BILIRAKIS. Okay. All right. I yield back. Thank you.

Mr. ROE. Ms. Kuster, you are recognized.

Ms. KUSTER. Thank you very much, Mr. Chairman. And thank you Secretary for being with us with your team. I want to start by referring to a report today in the Washington Post from the FDA on opioids. And just a rather astonishing fact from a study, after one day of opioid use six percent of people will still use opioids one year later. After 30 days use, 35 percent will still be using opioids

one year later. And it is rather extraordinary and I wanted to follow up on the cuts in the research budget. Because I am grateful for you having chosen opioid addiction as one of your areas of most importance at this point. But we have a great deal to learn about pain management. And I know that there are cutting edge efforts being made in the VA, but I want to make sure that we spread those across the country. What can you say based upon the budget and any other plans that you have to reduce the use of opioid medication and provide for alternative pain management in the VA?

Secretary SHULKIN. Well, first of all those are astonishing statistics and very, very scary. They really reinforce the fact that before we prescribe these medications we really have to make sure that we are considering alternatives. Because a day's treatment with that type of statistic a year later is pretty scary.

The VA, as you know, has been focusing on this prior to this becoming an American public health issue. We have seen a 33 percent reduction since 2010 in the use of opioids. And in some areas, like in your VA, a 50 percent reduction my understanding is. And so we have a lot to learn. I recently published an article with my colleagues at VA in the Journal of the American Medical Association this January on what VA is doing. Because we believe we are—we have a lot to show and to teach the rest of American medicine about this multifaceted approach towards reducing opioid use. Yesterday you passed a bill in the House for prescription drug monitoring and we are very supportive of that and appreciate that. Because that is part of what we think is important.

So we will continue to focus on this. The use of complementary therapies as you are showing is very, very important as an alternative. The DoD and VA guidelines, which are a stepwise approach towards pain management, are important. And as you mentioned, research is critical. We have reached out to the FDA because we want VA to be one of the leaders in finding a non-addictive pain medication that will really begin to start dramatically limiting the use of opioids.

Ms. KUSTER. Good. And we would like to work with you. And in particular I would like to take these new pain management techniques and make sure they are available in VAs all across—

Secretary SHULKIN. Yes.

Ms. KUSTER [continued]. —the country. So we will follow up on that. With regard to the IT funding I want to focus in with my colleague General Bergman's comments about the scheduling. In particular two items with regard to your determination of an effective scheduling system going forward. One is whether you are considering what is now widely available in the private sector, which is self-selecting. And, number two, any other methods to determine efficiency of scheduling. We have a dramatic problem all across the VA in missed appointments. And part of this is that the appointments they get are not until August because we have such an inefficient scheduling system. And so I think we really need to be focused on reducing those wait times by giving people the times when they can get a ride, when they have a family member that can get them to the VA, when they have access to public transportation. So is there anything in this—and I am very, very worried, by the way, about the lack of IT funding in this budget. I am more

encouraged that you said you are going to come back. We need to work with you in a bipartisan way with our Appropriations colleagues because they may not be in the mood. You know, this is the budget season and you are going to come back on your timeframe after your decision. And they may very well say, no, no, we have moved onto giving massive tax cuts, we don't have the funds. So those two questions if you would.

Secretary SHULKIN. Yeah.

Ms. KUSTER. In six seconds.

Secretary SHULKIN. Okay. I think it is all legitimate. First of all, when I got to the VA we were using a system called recall reminders, which is we wouldn't tell the veteran when their appointment was. We would send them a letter in the mail saying here is when you should come. We are stopping that practice. That doesn't work. I have never seen it anywhere else. And veterans need to know when their appointments are and they need to be involved in the decision for the reasons you have said. Our no-show rates are far too high and that is really something that we are targeting to get down.

Secondly, we do have a system of self-scheduling called VAR, Veterans Appointment Request, which is a self-scheduling system. It is now available, I think, at 104 sites, but really in pilot tests. And it will roll out this summer so that veterans can start using that in much larger numbers. And—

Ms. KUSTER. We will work with you.

Secretary SHULKIN. Yeah, thank you.

Ms. KUSTER. I need to yield back.

Secretary SHULKIN. Thank you.

Ms. KUSTER. But we will work with our colleagues to make sure you get the IT funding you need.

Secretary SHULKIN. Thank you very much.

Ms. KUSTER. If you make the right decision.

Secretary SHULKIN. Yes.

Ms. KUSTER. Good luck.

Mr. ROE. Thank you, gentlelady, for yielding. Mr. Poliquin, you are recognized.

Mr. POLIQUIN. Thank you, Mr. Chairman, very much. And thank you, Mr. Shulkin. Good to see you again.

Secretary SHULKIN. Thanks.

Mr. POLIQUIN. Now, I know you can't have favorites. But we know the State of Maine is your favorite state in the union, and as a result, all 66,000 veterans we have in Maine's second district are you favorite. With that said, sir, I want to thank you and I appreciate very much your working with us to make sure the $23 million that the VA owed to two of our hospitals in Maine, Eastern Maine Medical Center in Bangor, my district, and Maine Medical in Portland, not in my district. But you have done a great job catching up and paying those claims. And I want to thank you and your terrific Chief of Staff, whose name I have a hard time pronouncing. Help me out with it.

Secretary SHULKIN. Vivieca.

Mr. POLIQUIN. Vivieca, she is terrific.

Secretary SHULKIN. Vivieca Wright-Simpson.

Mr. POLIQUIN. Who we met with yesterday.

Secretary SHULKIN. Right.

Mr. POLIQUIN. Was it this morning?

Secretary SHULKIN. Yes.

Mr. POLIQUIN. Yesterday morning. This morning. Yesterday.

Secretary SHULKIN. Yesterday morning.

Mr. POLIQUIN. In any event, when we reported to you that we have another one of our hospitals—

Secretary SHULKIN. Yes.

Mr. POLIQUIN [continued]. —Calais Regional Hospital way down east Maine—

Secretary SHULKIN. Yes.

Mr. POLIQUIN [continued]. —highly rural. They just closed a unit because of other issues they have there. And they are owed a half million dollars by you folks. It's 120 days late. And I know you have committed to work with us on that. And you have, in addition to that, asked us when we hear additional problems with late payments, you will be on top. So thank you very much, Mr. Shulkin, I appreciate it.

Secretary SHULKIN. Yep.

Mr. POLIQUIN. Now, we all know, because it's been discussed here, Mr. Chairman, that going forward as our WW2 and Korea veterans continue to age that the absolute number of veterans that we will be caring for going forward will drop. At the same time the budget for the VA, over the last six years, and this has been mentioned several times in hearings the last few months, in the last six years it has gone up 50 percent. So my concern is how do we get every possible dollar that we have available clinically to help our veterans if they need a knee replacement or they have PTSD?

Now, let's talk a little bit about the IT system here if I can, Mr. Shulkin. Now, it has been said time and time again we have a real problem with it. We have a problem with scheduling. We have a problem with paying claims. We have a problem with sharing medical records. So the IT system doesn't work. It is about 30 years old. Who on your staff was there at the time these decisions were made?

Secretary SHULKIN. Which decision are we talking about?

Mr. POLIQUIN. Well, I am looking at—

Secretary SHULKIN. Yeah.

Mr. POLIQUIN. If I may.

Secretary SHULKIN. Yeah.

Mr. POLIQUIN. I am looking at the whole IT system problem. I have a little bit of experience in the software business. You know, in the software business, you don't want to be in the software business. You want to take care of veterans.

Secretary SHULKIN. Right.

Mr. POLIQUIN. I understand that and I agree with that. I want to know who among your senior staff, maybe some folks sitting at the table, who—anybody involved—

Secretary SHULKIN. Yes.

Mr. POLIQUIN [continued]. —in those decisions to build an IT system internally that does not work. Why has it taken you this long to say there has got to be a better way to do it? Who at the VA has made that decision and are they with you today?

Secretary SHULKIN. Well, I think that this is a decision that has been passed down over many, many administrations and many secretaries. We do have with us our Acting Chief Information Officer, but I don't think that you can look to him to say that he was in the position that was accountable at the time.

Mr. POLIQUIN. Are there any folks at the VA now, Mr. Secretary, who would be involved in this decision to go off shelf to buy a system that will work so we can save money for our veterans clinically and we are not in the business of software? Are there any folks at the VA now that will be making that decision that have been involved in prior decisions?

Secretary SHULKIN. I am making that decision. I have said that this will be a decision I will make by July 1st. And I was not involved.

Mr. POLIQUIN. Okay. How can you assure this Committee that is looking to help you, Mr. Secretary, to make sure that we don't have this problem again? How can you assure us that won't happen? For example, it is very easy when you buy a software system off the shelf to know when it needs upgrades or maybe we can do a little bit of this internally, you know, what have you. How can you assure us this problem won't happen again?

Secretary SHULKIN. Well, let's wait until I make a decision on what we want to do and then let's have that discussion. Because I think—

Mr. POLIQUIN. Because if I—

Secretary SHULKIN [continued]. —that is an important discussion.

Mr. POLIQUIN. If I am not mistaken the 4, with a B, would be $4 billion per year with spending is to maintain four or five or six different systems that don't work.

Secretary SHULKIN. At least 70 percent is towards maintenance.

Mr. POLIQUIN. Okay. So—

Secretary SHULKIN. So 4.2 billion.

Mr. POLIQUIN. Yeah. That is a lot of money.

Secretary SHULKIN. It is a lot of money.

Mr. POLIQUIN. That we could be using for knee replacements or what have you. Okay. In my remaining 30 seconds, and Mr. Chairman, Mr. Bilirakis was gentile in saying he had a minute and a half. Anybody want that minute? I would like that minute and a half. Is that possible? Darn it. Tell me, Mr. Secretary, what it is going to look like where our VA is seeking their health care when we are moving away from big medical facilities to more community-based systems, how is that going to look to our veterans when they go to look for their health care?

Secretary SHULKIN. Well, look, health care is rapidly changing. I think what we are seeing is over time, and you are seeing this outside the VA as well, a transition from inpatient-based care to outpatient-based care. VA is now about ninety percent outpatient-based care. I think over time you are going to see health care move to this. And we are building a system—this is part of our IT assessment —that increasingly needs to reach veterans where they are. Younger veterans, who as you mentioned because of the demographics, are going to be our core target audience as our older veterans get older, want care in way that is different than past gen-

erations. And we increasingly need to—we can't expect for them to come into our buildings to get that care. We have to evolve our system.

Mr. POLIQUIN. And I am sure, Mr. Secretary, that your new IT system will include those devices.

Mr. ROE. The gentleman's time has expired.

MR. POLIQUIN. Thank you very much. You bet.

Mr. ROE. Ms. Brownley, you are recognized.

Ms. BROWNLEY. Thank you, Mr. Chairman. I think I might be the seventh or eighth member that has asked about IT systems so far. So I think I am getting a picture of what your intentions are. And you talked about off the shelf systems or contracting out to support VistA by July 1st and that you are going to make that decision. So I am looking for not only the VistA system, but for scheduling systems and everything else that needs to be upgraded. And I, you know, continue to say that I think our services to veterans will only be as good as our IT services. And we are not going to be able to be as efficient and timely until we do.

So I guess my question is, and I don't want to harp on it too much longer, but when will you provide sort of a comprehensive IT plan for all the various systems we have talked about in these hearings of, you know, what your intention is and—

Secretary SHULKIN. Yeah.

Ms. BROWNLEY [continued]. —your decisions are?

Secretary SHULKIN. Yeah. I have said, and all the factors that you are talking about, Congresswoman, are things that I am taking into account right now. Not only the issues related to how can we best serve veterans, but as we are increasingly getting care in the community we need to make sure that we are able to communicate in an interoperable way with all of our partners. Not only Department of Defense—

Ms. BROWNLEY. Yeah.

Secretary SHULKIN [continued]. —but our academic centers. So here are a number of considerations. I have said that by July 1st I will announce the decision and the direction that we are going. Once we do that, then we need to develop exactly what you are talking about, which is the comprehensive plan towards implementing that. And that is when we will begin discussions with you and not only on the cost of these systems, but what that plan looks like. And as you know, when you change directions most of your planning is in change management. How do you get your organization ready for this? It is not usually the technology piece.

Ms. BROWNLEY. Okay. Thank you. I appreciate our meeting that we had yesterday in my office. And we talked a little bit about IVF services to our veterans and getting that program off the ground. You had mentioned, you know, in my office that there are 40 plus veterans that are somewhere in the process to receive IVF services.

So last night I was at a Paralyzed Veterans of America event and spoke with their National President, Al Kovak.

Secretary SHULKIN. Uh-huh.

Ms. BROWNLEY. And he explained to me, I was talking about our meeting and IVF. And he said, well, he is in San Diego and he said "I have been waiting and I have not been able to find a fertility doctor that would be reimbursed by—

Secretary SHULKIN. Uh-huh.

Ms. BROWNLEY [continued]. —the VA. So he is stating that his time is running out. And, you know, so what he was saying and what you were saying—

Secretary SHULKIN. Uh-huh.

Ms. BROWNLEY [continued]. —to be didn't quite match up.

Secretary SHULKIN. Uh-huh.

Ms. BROWNLEY. And so I don't know where the problem is. If the problem is—

Secretary SHULKIN. Right.

Ms. BROWNLEY [continued]. —in, you know, third party providers, if it is the reimbursement rate, you know, where it is. But, you know, I certainly would like to be able to get back to—

Secretary SHULKIN. Right.

Ms. BROWNLEY [continued]. —the National President of PVA and say we have resolved this so that he has the opportunity to start a family.

Secretary SHULKIN. What we talked about yesterday was exactly this point, that in our rush to get this program up that we are still identifying providers to be able to do exactly that. I would suggest to you that you re-contact the National Commander and my guess is, is that he will tell you it has been resolved.

Ms. BROWNLEY. Thank you very much.

Secretary SHULKIN. Okay.

Ms. BROWNLEY. Thank you very much for that. And I don't have much time left. But a third question that I wanted to talk about a little bit is have—in your budget you talk about the number of veterans we need to serve, that we have served in, you know, 2017 and who will serve in 2018 and 2019. The numbers haven't shifted that much from 6.9 to 7 to 7.1. So I'm curious if the analysis that you have done has taken into account other provisions in the larger budget. And it is Medicaid that I want to address specifically. So, you know, there are a lot of veterans, one in ten veterans use Medicaid services. If we make those deep cuts in Medicaid through this budget have you accounted for the additional demand, if you will, from veterans who will need those services?

Mr. ROE. Mr. Secretary, I am going to ask that you send that in writing if you would, just for time purposes. We still have a lot of Members—

Secretary SHULKIN. Absolutely.

Mr. ROE [continued]. —that need to ask questions.

Ms. BROWNLEY. I yield back.

Mr. ROE. Thank you.

Secretary SHULKIN. Thank you.

Mr. ROE. Thank you for yielding. Dr. Wenstrup, you are up.

Dr. WENSTRUP. Thank you, Mr. Chairman. Thank you, Mr. Secretary. A pleasure to be with you again today.

Secretary SHULKIN. Thank you.

Dr. WENSTRUP. A lot of people have asked about EMR. And I can appreciate the decision process you have to go through. Because are we going to connect with DoD? Are we going to connect with the community? How can we do all this? One question I do have for you, do you—are you concerned at all that your decision for the best practice may be constrained by budget?

Secretary SHULKIN. We are going to make the best decision for VA and for veterans and come back and talk to you about whatever that decision is, if it has budget implications.

Dr. WENSTRUP. I appreciate that. Because I am interested in hearing—

Secretary SHULKIN. Yeah.

Dr. WENSTRUP [continued]. —you know, what dollars are available and what you think is actually the best way to go.

Secretary SHULKIN. Yes.

Dr. WENSTRUP. And we have to talk about that.

Secretary SHULKIN. Yes.

Dr. WENSTRUP. And I appreciate it. You held up the device earlier and you said this is where medicine is going. And it just, you know, clicked in my head, maybe our veterans all need some inexpensive little device that says—you talked about no shows that says you have an appointment tomorrow.

Secretary SHULKIN. Yeah.

Dr. WENSTRUP. And on the issue of mental health. One of the things that I saw at home recently, and so I just bring this idea as somewhat fresh and maybe it is on your radar, but there is a local mental health clinic on the bus line. And when you go there if you have a physical problem, not just a mental problem, that treatment is available right there that day, as is their pharmacy. Everything is all under one shop. And they not only leave, but they get blister packs of these are the meds you take at eight o'clock, at noon, really increasing compliance and presumably. And I think so far we are seeing better outcomes. Something to consider in the face of compliance if we go toward that type of system. But that being said, one concern I have with those other than honorably discharged, if they come in and they are in there for a mental health problem—

Secretary SHULKIN. Yeah.

Dr. WENSTRUP [continued]. —and their appendix is bursting, what are we doing?

Secretary SHULKIN. Yeah. First of all, VA is a big believer in integrated behavioral health and physical health care. We do a million visits a year where essentially they are delivered together because it takes away the stigma of behavioral health. So it is absolutely important. Medication compliance: VA does better than the private sector. One of the reasons is we allow our pharmacists to practice at the highest level of their license, and they are actually doing a terrific job.

Dr. WENSTRUP. Sure.

Secretary SHULKIN. VA pharmacists are really very—we are very proud of them. My grandfather was a VA pharmacist. But I do think that there is a lot more that we can do with this. And so we would like to work with you on any other ideas that you have.

Dr. WENSTRUP. Yeah, thank you. I appreciate it. With that I yield back.

Mr. ROE. Thank you, gentleman, for yielding. Mr. Takano, you are recognized.

Mr. TAKANO. Thank you, Mr. Chairman. Good morning, Mr. Secretary. You know, I am concerned about the proposal to terminate individual unemployability benefits at age 62 for veterans eligible

for social security. Most of the savings in this budget come from this proposal, which is $3.2 billion in 2018, and $17.9 billion over five years. Now, if a veteran was provided this benefit because of an inability to maintain gainful employment, particularly at an early age, he or she wouldn't have been able to pay into social security or put savings into a 401K or other retirement savings account. If you end the IU payments at age 62 for veterans like this, don't you risk plunging them into poverty when you shut off the IU payments? How are we going to deal with this?

Secretary SHULKIN. We are very sensitive to this issue. We have a system where we will add to our mandatory program for veteran's benefits over $6 billion next year alone. This is—our growth and mandatory funding is at a considerable growth rate. Now our veterans deserve that and we want to honor that and we are honoring that by seeing the level of growth. But we also have a responsibility to make sure that our current mandatory programs are being utilized in the appropriate way. In this setting, which is on the employability, this benefit never stops. We have over 7,000 veterans above age 80 that we are paying—

Mr. TAKANO. But the budget—

Secretary SHULKIN. Yeah.

Mr. TAKANO [continued]. The proposal says that you are going to cap it at age 62.

Secretary SHULKIN. Right.

Mr. TAKANO. This makes no sense—

Secretary SHULKIN. Right.

Ms. TAKANO [continued]. —to me.

Secretary SHULKIN. Right. Currently we don't cap it. So we have 7,000 veterans that we pay unemployability payments for above age 80. And so age 62 is when veterans start getting access to their other benefits, like Social Security. And so this is a way, we think, of appropriately utilizing the mandatory funds of which we are increasing by six billion, but we are also looking at where we believe that we can make the program more responsible.

Mr. TAKANO. Okay. I want to read you an excerpt from some of the responses from the VSOs over mandatory spending that you propose for the Choice Program. "The VFW is very concerned that the administration's request to make the Veteran's Choice Program a permanent mandatory program could lead to the gradual erosion of the VA health care system." PVA—"We believe Congress must reject continued funding of this program through a mandatory account and place it in line with all other community care through the discretionary care account." Why does the budget propose to extend the current Choice Program with mandatory spending? That is my—what does this due to the discretionary cabs or does the VA eventually intend to fund all VA medical care and services with mandatory appropriations? What is the rationale here?

Secretary SHULKIN. Well, we are seeking to run the community care programs as a single program. We spend, and the budget allows for $13.4 billion to be spent in community care. Of that, $2.9 billion is in mandatory, but the rest is in discretionary.

Mr. TAKANO. Do you understand the VFW's concern about gradual erosion? Because one of the concerns I have is the growth of care in the community, private sector care, their ability to hire ad-

vocates and their increasing—the increasing value of that expenditure is going to, I think, put a lot of downward pressure of other parts of VA health care. And I think that is what they are getting at though.

Secretary SHULKIN. Well—

Mr. TAKANO. Are you concerned about this at all?

Secretary SHULKIN [continued]. Well, of course we're concerned about it. I am always concerned about unintended consequences and that is not our intent to see that happen. We are grateful that this budget includes money for the continuation of the Choice Fund. And remember, the last budget did not include that. And so this is an indication that there will be continued support to allow our veterans to get the care they need. It was split between mandatory and discretionary, but that is something that we believe that we can manage those unintended consequences—to make sure that their concerns don't happen.

Mr. TAKANO. Well, we will obviously pursue this in the months to come. But I appreciate your responses.

Secretary SHULKIN. Thank you.

Mr. ROE. Thank you, gentleman, for yielding. Mr. Rutherford, you are recognized for five minutes.

Mr. RUTHERFORD. Thank you, Mr. Chairman. Mr. Secretary, good to see you again. I first want to bring up the issue of the Inspector General's Office. And I believe in this budget there is actually an increase up to 120 FTE, which is a 47 FTE increase.

Secretary SHULKIN. Yeah.

Mr. RUTHERFORD. Is there any intention to renegotiate the AFGE contracts, you know, the master collective bargaining agreements?

Secretary SHULKIN. Okay. So let's just clarify about the IG, because—

Mr. RUTHERFORD. Yeah.

Secretary SHULKIN [continued]. —now we have heard two separate things.

Mr. MURRAY. Okay. So the IG's budget in 2016 was $137 million. It went up in 2016, I am sorry, 137. It went up to 159,600,000 in '17 and was held flat at 159,600,000.

Secretary SHULKIN. So the increase was in '16 and '17. Yeah.

Mr. MURRAY. And that was well over a 15 percent increase—

Secretary SHULKIN. Yeah.

Mr. MURRAY [continued]. —between '16 and '17. So there—you are correct regarding their full-time equivalence. This year their estimate's 773 and it goes up in '18 by 47 to 820.

Mr. RUTHERFORD. Right.

Mr. MURRAY. So they are still ramping up.

Secretary SHULKIN. Yeah, they are ramping up.

Mr. RUTHERFORD. Okay.

Secretary SHULKIN. They weren't able to hire over this past year—

Mr. RUTHERFORD. All—okay.

Secretary SHULKIN [continued]. —all that they needed.

Mr. RUTHERFORD. Good.

Secretary SHULKIN. And then your second question was on the what?

Mr. RUTHERFORD. Renegotiation.

Secretary SHULKIN. Yeah, on the renegotiation. Our contracts are currently in force and we have—Mark, do you know the status of that? I think that we've begun the pre-conversations, but it is not going to be an early negotiation. It is just going to be honoring the commitment for the contract that it is, but starting to begin those negotiations looking into the future.

Mr. RUTHERFORD. Okay. Because those masters were last negotiated in 2011, correct?

Secretary SHULKIN. Yeah. I think that they are—yeah.

Mr. RUTHERFORD. Okay. Okay. Let me go back to Mr. Takano's discussions about Choice, because you and I had a conversation that what I thought was very enlightening for me. Because I—it was an angle that I really hadn't thought about. And you talked about how increasing Choice actually can help change the culture within the VA and in fact provide better care and service for the veterans who are coming there. And how that is—I believe that was number one—

Secretary SHULKIN. Yes.

Mr. RUTHERFORD [continued]. —on your list of five principles that you really want to address.

Secretary SHULKIN. Right.

Mr. RUTHERFORD. Can you talk a little bit about that on how Choice can have that very, very positive impact—

Secretary SHULKIN. Right.

Mr. RUTHERFORD [continued]. —on the organization?

Secretary SHULKIN. Yeah. Look, I think it is the most important strategy that we will pursue. I don't know an industry that produces a product that isn't—that—an industry that or a company that is successful that isn't customer obsessed.

Mr. RUTHERFORD. Uh-huh.

Secretary SHULKIN. So you have to be completely focused on what your customers need. And the reason why companies are customer obsessed is because their customers have choice, and if they don't produce something that their customers want, then they lose their customers. And that is the issue in VA that all too often people have adopted an attitude that veterans don't have choice and that the veteran isn't treated as a customer. Now, fortunately the vast majority of our employees are mission driven and do understand that. But we have too many employees that frankly have taken veterans for granted. And we are going to stop that. And we are going to say, look, when you give veterans choice—if you work in the VA, it is an honor to work in the VA, we have a real critical mission, and you had better understand that these are customers and treat them as if they are customers. And that's the difference in culture that we are trying to impose.

Ms. RUTHERFORD. And I applaud you for that. You know, we also—it seems like every time we meet we talk about mental health. And I know what an advocate you are. It has been discussed here ad nauseam almost. But this is a topic that, you know, is near and dear to my heart. I was a—as a former sheriff having run a jail I saw firsthand those folks. In fact, I ran the largest residential mental health care facility in Duval County. That was the Duval County Jail sadly.

Secretary SHULKIN. Uh-huh.

Mr. RUTHERFORD. And to go back to the other than honorable, the expansion of mental health care services and others like Hepatitis C and some other things. Can you talk a little bit about how—I don't want to leave people with the impression that folks with dishonorable discharges are actually going to—

Secretary SHULKIN. Right.

Mr. RUTHERFORD [continued]. —receive this service. Can you talk a little bit about that?

Secretary SHULKIN. Right. Yes. There is certainly a difference with those that are dishonorably discharged. So they committed a crime or had an ethical or moral act that led to their discharge—

Mr. RUTHERFORD. Right.

Secretary SHULKIN [continued].—Versus those who were other than honorably discharged. And when you take a look at the other than honorably discharged, it often does trace back to some type of behavioral or emotional problem, often caused by their involvement in a conflict.

Mr. RUTHERFORD. Uh-huh.

Secretary SHULKIN. And so, you know, while that is a determination made by the Department of Defense, not by VA, we feel a responsibility at VA—

Mr. RUTHERFORD. Right.

Secretary SHULKIN [continued]. —to be able to care for those servicemembers.

Mr. RUTHERFORD. And ere go their discharge.

Secretary SHULKIN. Exactly.

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

Mr. ROE. Thank you. Mr. Correa, you are recognized.

Mr. CORREA. Mr. Chair Roe and Ranking Member Walz, thank you very much for the hearing. And Secretary Shulkin, welcome.

Secretary SHULKIN. Thank you.

Mr. CORREA. You know, this Committee has been doing some really good work lately on health care and VA's appeals process. Yet as I was listening to my colleagues and your responses, you know, I had to take a pause when we were talking about the appeals process and how that would affect current folks on the pipeline. You mentioned 2026. And then we talked about your words health care system going through a lot of rapid changes. Research budget cut. Best intentions. I don't want to be here in five years and say, wow, this went wrong with the system, these unintended consequences, we didn't foresee them in 2017. So my question to you, sir, can we put a system in place that gets input, feedback from our veterans, something that is real-time? So as we are implementing all of these systems we actually can figure were they are actually working or not. I don't want to be here in 2026 and say the backlog is still five years away from being addressed.

Secretary SHULKIN. Yeah. We are, much like I just answered before, to be a good, effective organization, we have to be customer responsive. And that means that you had better be getting that feedback. So we are—this is one of the changes in VA. We are working much more to understand the veteran experience and putting in real-time tools to solicit the feedback.

I will tell you right now, though, that on the appeals process: while we very, very much hope the Senate passes a bill just like

what you did yesterday, that will only fix it moving forward. I do not have an answer that would prevent us from being here five years from now still talking about the backlog. This is something we have got to put our heads together on and figure out a different approach to this problem.

Mr. CORREA. Or that the backlog is actually increasing five years from now.

Secretary SHULKIN. Well, I don't think the backlog will increase because of—that is, if the Senate passes the bill that will allow us a process to make sure that it doesn't increase. But we still have, in backlog, way too many claims and appeals. And so that is something that we still have to come up with a better answer on.

Mr. CORREA. Thank you very much. Second question, sir, Secretary, was it yesterday we had breakfast?

Secretary SHULKIN. Yes.

Mr. CORREA. Yes. We were talking about the veteran cemeteries and I mentioned Orange County.

Secretary SHULKIN. Yes.

Mr. CORREA. Has your staff found—

Secretary SHULKIN. Yes.

Mr. CORREA [continued]. —out any information on the Orange—

Secretary SHULKIN. Yes.

Mr. CORREA [continued]. —County veteran's cemetery?

Secretary SHULKIN. Yes. The staff has said, after we have gone back with the comments that their commitment is to have a cemetery within 75 miles of where a veteran resides. And that given where Orange County is, is that the two current national cemeteries in Riverside and the other location, I don't know if you—yeah. Go ahead.

Mr. SULLIVAN. We also have a cemetery in Miramar. So Riverside actually encompasses all of the geographic location of Orange County, as does Miramar in terms of the majority of Orange County. We are also planning an expansion project at the Los Angeles National Cemetery, which will construct a columbaria only urban initiative cemetery there that will enhance access to the residents of Orange County.

Secretary SHULKIN. So—

Mr. CORREA. Mr. Secretary—

Secretary SHULKIN [continued]. So there is not a plan right now.

Mr. CORREA. I think we are miscommunicating somewhere and I would like to follow up with you in discussions here. Because Orange County veterans do, you know, have earned that right and their families to visit their deceased ones in Orange County. The difference is, as you know, 75 miles in a rural area is 75 miles. Ten miles in LA Orange County is a whole lot different.

Secretary SHULKIN. Yeah.

Mr. CORREA. But I know there has been discussion. I will follow up with you to make sure.

Secretary SHULKIN. Okay.

Mr. CORREA. I know the governor was just out to visit a site in Orange County, the City of Irvine, on this specific issue—

Secretary SHULKIN. Okay.

Mr. CORREA [continued]. —less than two weeks ago. I believe there may be some funding in the State budget for matching or what have you. So there has been active—

Secretary SHULKIN. Okay.

Mr. CORREA [continued]. —movement in that direction. And I just want to make sure we are all on the page. It sounds like—

Secretary SHULKIN [continued]. Well, that's why I appreciate you—

Mr. CORREA. We are miscommunicating right now.

Secretary SHULKIN. Right.

Mr. CORREA. But we will get to the bottom of it.

Secretary SHULKIN. Good. Thank you.

Mr. CORREA. Thank you very much, Secretary. With that, Mr. Chair, I yield the remainder of my time.

Mr. ROE. Thank you, gentleman, for yielding. Mr. Banks, you are recognized.

Mr. BANKS. Thank you, Mr. Chairman. And thank you, Secretary Shulkin, for being here with us again today. I want to return to a discussion that you already had with my colleague Representative Coffman a little bit ago. The VA's budget submission includes a $1.2 billion increase for funding for medical facilities, including activation of new medical facilities and non-recurring maintenance expenses. Could you elaborate for a moment on how you arrived at that dollar figure?

Secretary SHULKIN. Yeah. The NRM funds, which are where we see the 1.2 percent—I mean, 1.2 billion increase—are essentially ten million dollar projects and less. We have a 17 billion dollar capital deficit in NRM funds. When we have gone out and we have said, "What would it take to get all of our facilities up to speed and to where they need to be?"—it is 17 billion. The 1.2 billion increase, we think, is a, maybe not enough, but a good reasonable start. And we appreciate that increase from where we were last year because it is going to make us—allow us the opportunity to prioritize those projects and really move forward with them. They are not major construction projects. These are replacing the roofs and the HVAC systems and the medical equipment that is necessary.

Mr. BANKS. We talked about this before, as well, with the VA identifying 430 vacant buildings, 735 under-utilized buildings, maintenance cost of $25 million a year for those facilities. Can you maybe help the Committee identify legislative remedies to help you navigate the politics—

Secretary SHULKIN. Yeah.

Mr. BANKS [continued]. —of dealing with that situation?

Secretary SHULKIN. What we are doing right now, we are following through on the Commission on Care Recommendations, which really asked us to develop a plan on what to do with our facilities. As you know, the Appropriations bill also requires that VA develop a national realignment strategy. So, we are coming up with essentially what we think from a business point of view we should be doing to best use our resources to help veterans. Then we are going to need to come to you and we are going to need to work with you to find the best legislative way to address supporting these under-utilized and vacant buildings.

Mr. BANKS. Thank you. I appreciate your attention to that. And thank you very much. I yield back.

Mr. ROE. Okay. Thank you. Mr. Walz, you are recognized.

Mr. WALZ. Well, thank you. And again, thank you, Mr. Secretary. I am appreciative of it and I— this holistic budget approach. And I would be clear, from my perspective anyway, a very bad budget. Looking at the VA, which is my responsibility, it feels a little bit like me looking at a house that is on fire and saying, well, the drapes are nice in it, even though the rest of the house is on fire. So coming back though to what you can control and what we have responsibility in here, I just wanted to make note of this. Because the OIG is very near and dear to my heart. The OIG, the way I understand it, was flat funded for fiscal year 2017 at 159.6 million. Stopping their three-year expansion plan, which was reflective of the growing and sustained demand for oversight in the VA. Their requested funding for fiscal year 2019 as part of that expansion plan was 197 million, which would have allowed their staffing levels to get up to the number they were trying to reach for that plan. Is that the way you understand it?

Secretary SHULKIN. My understanding is their request for—Mr. Missal made the request for additional FTEs in fiscal year '16, was granted them, and his budget in '18 allows him to be able to achieve those 120 FTE increase. '19, we don't have the budget for yet.

Mr. WALZ. Okay. So you are at this point not overly concerned that we are going to have the IG. We have depended in here on the—

Secretary SHULKIN. Yes.

Mr. WALZ [continued]. —on the IG extensively.

Secretary SHULKIN. Yes.

Mr. WALZ. Okay.

Secretary SHULKIN. Yes. I think you are going to see the expansion that he asked for and he can do that.

Mr. WALZ. Very good. I am going to come back to Choice again, because we are all going to come back to Choice again. You said, Mr. Secretary, that more veterans are opting for Choice. Are you tracking whether or not the veterans who use Choice would prefer the VA or not? Because I don't have to remind you, the VA has a choice, too. So you said you want to give the customer choice. Are you cutting off that choice for another choice? Are you tracking it to know what they are saying?

Secretary SHULKIN. First of all, when we give Choice, it really is choice. The veteran can always choose to stay in the VA. And, in fact, we want a system that they will choose to be in the VA.

Mr. WALZ. But they can stay at a later date. What I am saying is if we plussed up the VA side and it was equal access to what they are getting on the outside, would they choose the VA over the outside if access times were equal?

Secretary SHULKIN. Well, in fact, many, many veterans given the option of Choice do choose to stay in the VA system. And we are trying to beef up the VA system so that where we see long wait times or services that aren't offered, we are trying to build that up. But the best data that I know of on this is still from the VFW and the VFW survey that asked this question.

Mr. WALZ. Yeah.

Secretary SHULKIN. And by far most veterans prefer and choose the VA.

Mr. WALZ. I am going to segue onto that. Keep in mind, and again, we need to talk candidly amongst ourselves when we look at voc rehab being cut 4.5, we see medical research being cut, but we see care in the community without a plan being there beefed up, it is a concern. And I quote from the VFW, "very concerned that the administration's request to make Choice a permanent mandatory program could lead to a gradual erosion of the VA health care system itself. What is more concerning is that the administration has chosen to make permanent a flawed program before the fix." That's coming from VFW. I believe I have got Paralyzed Veterans. "The recommendation begs a question. Does this recommendation suggest Choice program as currently designed should continue in perpetuity?" So those are the questions that are going to be out there. They're asking that. So none of us here, me included, has ever said we shouldn't use care in the community. We know and it has been there. I think the concern, and I would characterize it to you as this, it is concern because they are not sure what is coming. Is that fair to you? I mean, are you hearing that?

Secretary SHULKIN. Yeah. Look, VFW and all of our VSO partners are so incredibly important and we work with them always to understand their concerns and use their input. But, look: here is the way I look at the budget. The amount of money overall, 13.4 billion for community care, stays essentially where it is. This is not a massive transfer from funds from the VA into the community. This just, this funds and continues what we have been doing in the Choice Program. The increase in the budget that the President has proposed is actually increasing discretionary funds in the VA. This allows us to continue to build and strengthen the VA system.

Mr. WALZ. Let's continue to talk to them about that. I am going to end with an IT question. I quote from the President, "I will create a private White House hotline for veterans that's answered 24 hours a day. And no valid complaint will fall through the cracks if it is not answered personally." What is the phone number?

Secretary SHULKIN. Yeah. I don't have the phone number yet, but let me give you an update on it. I just don't have the phone number.

Mr. WALZ. It comes out of your budget, am I right?

Secretary SHULKIN. What?

Mr. WALZ. In my time honored Minnesota passive aggressiveness I ask that question. But in the real sight of things this is a drain on your IT budget. Is it going to happen or not?

Secretary SHULKIN. It is going to happen because the President has committed that it is going to happen. The full system, the full White House hotline will be up towards the end of the August. But we are going to be doing what I call a soft launch June 1st, which is that calls will be sent from the White House and answered as the White House hotline. But it is going to take us until the end of August to get a contract in place to be able to do this with professional call contract centers. But June 1st you will see a soft launch of this.

Mr. WALZ. And we will get a cost estimate by then?

Secretary SHULKIN. You will get cost—we are very conscious that we want to do this in a cost efficient way.

Mr. WALZ. Right. Thank you. I yield back.

Mr. ROE. Thank you, gentleman, for yielding. Mrs. Gonzalez-Colon, go on. You are recognized.

Ms. GONZALEZ-COLON. Thank you, Mr. Chairman. And thank you, Mr. Secretary, for yesterday's meeting and all your efforts.

Secretary SHULKIN. Uh-huh.

Mr. GONZALEZ-COLON. I saw the question by Mr. Banks about the construction funds. And I see that budget does not include a significant allocation for construction funds. And I see how and why. You just explained that. And I understand the reasons for that. However, there is only one VA hospital in our island, as you may know, and one state home. And although we got some satellite clinics we need to expand for better facilities for our veterans. What may be your thoughts on that issue for our island? What can we—what can be done in that matter?

Secretary SHULKIN. In terms of infrastructure improvements?

Ms. GONZALEZ-COLON. Yes.

Secretary SHULKIN. Mark, does our budget yet indicate how much money will be allocated to the VISN and to the facility?

Mr. YOW. Are we talking about specifically—

Secretary SHULKIN. San Juan.

Mr. YOW [continued]. —infrastructure?

Secretary SHULKIN. Yeah.

Mr. YOW. I would have to go back and look at the list. But we have NRM projects across all of VISNs. So I imagine there will be some. But we can get you a specific amount.

Ms. GONZALEZ-COLON. Yeah.

Secretary SHULKIN. Yeah. If you will let us follow up with you on the specific projects, we would be glad to do that.

Ms. GONZALEZ-COLON. Thank you. And one of the issues is a mental health residential clinic. Right now we just got 30 beds for mental health patients. As you may know we got more than maybe 3,000 veterans in Puerto Rico. So it is—30 beds are not enough. Mostly when we attend, not only Puerto Rican veterans, but people coming from the US Virgin Islands. So it is more of an issue for us. We just saw that according to the job announcements issued by the VA, the salary of the specialists of more than 100,000 to 300,000 in the cases of, you know, specialists, neurologists, orthopedics, psychiatrists, and other people that I needed in the VA hospital. We got a shortage of medical specialists in the VA hospital in Puerto Rico. That money has been allocated in the budget to hire those positions in our hospital?

Secretary SHULKIN. You are talking about money to hire the needed positions or increased salaries?

Ms. GONZALEZ-COLON. The money to hire those positions.

Secretary SHULKIN. Yeah. I mean San Juan has a budget that will be negotiated with the VISN. I mean, Mark, do you know—we can—we would be glad to sit down with you and review with you the San Juan budget. But I don't think we have that information here, do we?

Mr. YOW. I don't have it here. But it is largely driven by the amount—

Ms. GONZALEZ-COLON. We can coordinate that later on then.

Secretary SHULKIN. Yeah.

Ms. GONZALEZ-COLON. Because I need—I know that the shortage of those medical specialists it is a situation that is going worse and worse. Not only in San Juan, in satellite clinics and other issues. And with that I yield back my time. Thank you, Mr. Chairman.

Mr. ROE. Thank you, gentlelady, for yielding. First of all I want to thank you all for being here today. It has been great. I was just looking at how many Members participated. There were multiple meetings across the campus today. And it shows you the interest in the VA. And I will now ask unanimous consent that all Members have five legislative days to revise and extend their remarks and include extraneous material. Without objection so ordered. And, Mr. Walz, do you have any closing comments?

Mr. WALZ. Well, thank you, Mr. Chairman. Mr. Secretary, thank you. As always, you have done nothing other than gain the trust of this Committee. You have done nothing except serve veterans. You have done nothing but come to this Committee since your time here with solution based problem solving in an honorable way. So our pledge to you is to work and do everything we can to make sure you have the resources and the authority to serve our veterans. So I thank you for that.

Secretary SHULKIN. Thank you.

Mr. ROE. And I will associate my remarks with Mr. Walz. And also mention that we have had a lot of—we just got the budget yesterday and obviously we—it is going to take us some time, both sides of the aisle to go through this. So we will—probably both sides will be submitting some questions to you all that we didn't have time to get to today. And we would appreciate as quick a turnaround as we could get.

And just to make sure that our viewing audience and our VSOs and so forth and our veterans out there as we approach this Memorial Day understand, there is a commitment on the administration's part to grow—the VA and health care providers are growing. This budget grows the number of health care providers, not shrinks them. So I think that from what I have looked right here and from what I have seen at a preliminary blush it certainly does that and supports the VA's primary mission, which is to take care of our veterans.

I once again want to thank all of you all. You were very open, Mr. Secretary, with having the whole Committee over at your shop yesterday. And I would like to take this opportunity to wish both the Committee and everyone and the veterans out there a happy Memorial Day.

Secretary SHULKIN. Thank you.

Mr. ROE. This meeting is adjourned. I lost my gavel here.

[Whereupon, at 3:35 p.m., the Subcommittee was adjourned.]

A P P E N D I X

Prepared Statement of Honorable David J. Shulkin, M.D.

Good morning, Chairman Roe, Ranking Member Walz, and Distinguished Members of the House Committee on Veterans' Affairs. Thank you for the opportunity to testify today in support of the President's 2018 Budget and 2019 Advance Appropriation (AA) Request and to define my priorities to continue the dynamic transformation within the Department of Veterans Affairs (VA). I am accompanied today by Edward Murray, Acting Assistant Secretary for Management and Acting Chief Financial Officer; Rob Thomas, Acting Assistant Secretary for Information and Technology and Acting Chief Information Officer; Mark Yow, Chief Financial Officer for the Veterans Health Administration; James Manker, Acting Principal Deputy Under Secretary for Benefits in the Veterans Benefits Administration; and Matthew Sullivan, Deputy Under Secretary for Finance and Planning for the National Cemetery Administration. I also want to thank Congress for providing the Department its full 2017 budget prior to the start of the Fiscal Year - this is significant and has been extremely beneficial to our ability to provide services and care to Veterans. The 2018 budget request fulfills the President's strong commitment to all of our Nation's Veterans by providing the resources necessary for improving the care and support our Veterans have earned through sacrifice and service to our country.

Fiscal Year (FY) 2018 Budget Request

The President's 2018 budget requests $186.5 billion for VA—$82.1 billion in discretionary funding (including medical care collections), of which $66.4 billion was previously provided as the 2018 AA for Medical Care. The discretionary request is an increase of $4.3 billion, or 5.5 percent, over 2017. It will improve patient access and timeliness of medical care services for over 9 million enrolled Veterans, while improving benefits delivery for our Veterans and their beneficiaries. The President's 2018 budget also requests $104.3 billion in mandatory funding, of which $103.9 billion was previously provided, such as disability compensation and pensions, and for continuation of the Veterans Choice Program (Choice Program).

For the 2019 AA, the budget requests $70.7 billion in discretionary funding for Medical Care and $107.7 billion in in 2019 mandatory advance appropriations for Compensation and Pensions, Readjustment Benefits, and Veterans Insurance and Indemnities benefits programs in the Veterans Benefits Administration. The budget also requests $3.5 billion in mandatory budget authority in 2019 for the Choice Program.

This budget request will ensure the Nation's Veterans receive high-quality health care and timely access to benefits and services. I urge Congress to support and fully fund our 2018 and 2019 AA budget requests - these resources are critical to enabling the Department to meet the increasing needs of our Veterans.

Modernizing VA

As you all know, I was part of the VA team for the last year and a half prior to being confirmed as the Secretary of Veterans Affairs. I came to VA during a time of crisis, when it was clear Veterans were not getting the timely access to high-quality health care they deserved. I soon discovered that years of ineffective systems and deficiencies in workplace culture led to these problems. I know that the organization has made significant progress in improving care and services to Veterans. But I also know that VA needs more changes to the way we do business for Veterans and the country as a whole, in order for all to say, "That is a different organization now." VA needs to continue to fix numerous areas of the business, including access, claims and appeals processing, and many of our core functions, to ensure that the basics are done correctly. Beyond that, VA has to deliver to Veterans revolutionary leaps in care, benefits, and services. Congress, along with our VA employees, Veterans

Service Organizations (VSO), and private industry, will play a critical role in making those revolutionary leaps a reality.

Focus on Execution

Above all else, VA needs to perform its core functions well. When Veterans arrive at a VA facility for care, they must be treated with respect, see a clean and modern facility, be seen by their provider on time, and understand what the next steps for their care will be. Veterans should be able to receive clear and accurate information about their claims and understand where they are in the process. We must ensure that this is every Veteran's experience every time they interact with VA. Where we fall short, we will hold employees accountable, ensure we are good stewards of the taxpayer dollar, and ask for Congress's support for legislative fixes where needed.

Make Bold Change

We know it is paramount that we increase our focus and intensify the efforts to improve how we execute our mission - Veterans should and do expect that from us. We also recognize that incremental change is not sufficient to achieve the additional improvements VA and Veterans need and demand for restoring the trust of Veterans and the American public.

As I have noted, VA is a unique national resource that is worth saving, and I am committed to doing just that. Veterans have unique needs, and the services VA provides to Veterans often cannot be found in the private sector. The Veterans Health Administration (VHA) provides support to Veterans through primary care, specialty care, peer support, crisis lines, transportation, the Caregivers program, homelessness services, vocational support, behavioral health integration, medication support, and a VA-wide electronic medical record system. These services and supports are unparalleled. We also know that VA hospitals perform well on quality compared to non-VA hospitals. In a study published in the Journal of American Medical Association (JAMA) Internal Medicine in April, researchers compared hospital-level quality data on 129 VA hospitals and 4,010 non-VA hospitals obtained through the Centers for Medicare and Medicaid's website. They found VA hospitals had better outcomes than non-VA hospitals on six of nine patient safety indicators, and there were no significant differences on the other three indicators. VA hospitals also had better mortality and readmission rates than non-VA hospitals. With the continued support of Congress, VA will supplement its services through private-sector health care, but we realize it is not a replacement for the services VA provides to Veterans.

We are already implementing bold changes in the agency. We are working hard to ensure employees are held accountable to the highest of standards and working with Congress to provide us with greater authority and flexibility to do that. We are also working with Congress on appeals reform and on a long-term solution for providing greater community care options. I will discuss these efforts in greater detail below.

Five Priorities

As I prepared for my confirmation hearing earlier this year, I identified my top priorities to address as Secretary. These areas have shaped the first several months of my tenure and provide focus for our attention and resources, and the foundation for rebuilding trust with our Veterans. We will also use the budgeting process to support our strategy by shifting resources toward our "foundational services" that make VA unique while maintaining support to our strategic priorities.

Priority 1: Greater Choice for Veterans

The Choice Program is a critical program that has increased access to care for millions of Veterans. Coming into this new administration, extending the Choice Program was one of my top priorities for quick action, as VA anticipated that based on Veteran program participation, there would be an estimated $1.1 billion in unobligated funds left on the original expiration date of August 7, 2017. On April 19, 2017, the President signed into law the Veterans Choice Program Improvement Act (Public Law 115–26), allowing the Choice Program to continue until the Veterans Choice Fund is exhausted. Without this legislation, VA would have been unable to use funding specifically appropriated for the Choice Program by Congress, so we commend Congress for passing this legislation swiftly and in a bipartisan manner. This legislation also provides VA and Congress more time to develop a long-term solution for community care.

Since the start of the Choice Program, over 1.6 million Veterans have received care through the program. In FY 2015, VA issued more than 380,000 authorizations to Veterans through the Choice Program. In FY 2016, VA issued more than

2,000,000 authorizations to Veterans to receive care through the Choice Program, more than a fivefold increase in the number of authorizations from 2015 to 2016.

Looking at early data for 2017, it is expected that Veterans will benefit even more this year than last year from the Choice Program. In the first quarter of FY 2017, we have seen a more than 30 percent increase from the same period in FY 2016 in terms of the number of Choice authorizations. In addition to increasing the number of Veterans accessing care through the Choice Program, VA is working to increase the number of community providers available through the program. In April 2015, the Choice Program network included approximately 200,000 providers and facilities. As of March 2017, the Choice Program network has grown to over 430,000 providers and facilities, a more than 150 percent increase during this time period.

As these numbers demonstrate, demand for community care is high. In 2018, VA plans to spend a total of $13.2 billion to support community care for Veterans. Community care will be funded by a discretionary appropriation of $9.4 billion for the Medical Community Care account ($254 million above the enacted advance appropriation), plus $2.9 billion in new mandatory budget authority for the Choice Program. This, combined with an estimated $626 million in carryover balances in the Veterans Choice Fund, provides a total of $13.2 billion in 2018 for community care.

VA will continue to partner with Congress to develop a community care program that addresses the challenges we face in achieving our common goal of providing the best health care and benefits we can for our Veterans. We have also worked with and received crucial input from Veterans, community providers, VSOs, and other stakeholders in the past, and we will continue doing so going forward. However, we do need your help.

One such area is in modernizing and consolidating community care. Veterans deserve better, and now is the time to get this right. We are committed to moving care into the community where it makes sense for the Veteran. The ultimate judge of our success will be our Veterans, and our only measure of success will be our Veterans' satisfaction. With your help, we can continue to improve Veterans' care in both VA and the community.

Empower Veterans through Transparency of Information

We are also increasing transparency and empowering Veterans to make more informed decisions about their health care through our new Access and Quality Tool (available at www.accesstocare.va.gov). This Tool allows Veterans to access the most transparent and easy to understand wait-time and quality-care measures across the health care industry. That means Veterans can quickly and easily compare access and quality measures across VA facilities and make informed choices about where, when, and how they receive their health care. Further, they will now be able to compare the quality of VA medical centers to local private sector hospitals. This Tool will take complex data and make it transparent to Veterans. This new Tool will continue to improve as we receive feedback from Veterans, employees, VSOs, Congress, and the media.

Priority 2: Modernizing our System

Infrastructure Improvements and Streamlining

In 2018, VA will focus on fixing VA's infrastructure while we transform our health care system to an integrated network to serve Veterans. This budget requests $512.4 million in Major Construction funding as well as $342.6 million in Minor Construction for priority infrastructure projects. This funding supports projects including a new outpatient clinic in Livermore, CA, as well as gravesite expansions in Sacramento, CA; Bushnell, FL; Elwood, IL; Calverton, NY; Phoenix, AZ; and Bridgeville, PA. VA is also requesting $953.8 million to fund more than 2,000 medical leases in FY 2018, an increase of $141.9 million over the FY 2018 AA, and $862 million for activation of new medical facilities. In 2018, VA is seeking Congressional authorization of 27 major medical leases. The majority of these leases have been included in previous budget requests, some dating back to the FY 2015 budget submission. These major medical leases are vital to establish new points of care, expand sites of care, replace expiring leases, and expand VA's research capabilities.

The 2018 budget submission includes proposed legislative requests that if enacted, would increase the Department's flexibility to meet its capital needs. These proposals include: 1) increasing from $10 million to $20 million the dollar threshold for minor construction projects; 2) modifying title 38 to eliminate statutory impediments to acquiring joint facility projects with DoD and other Federal agencies; and 3) expanding VA's enhanced use lease (EUL) authority to give VA more opportunities to engage the private sector and local governments to repurpose underutilized VA property.

The Department is also a key participant in the White House Infrastructure Initiative to explore additional ways to modernize and obtain needed upgrades to VA's real property portfolio to support our continued delivery of quality care and services to our Nation's Veterans. We are excited about the opportunity to transform the way we approach our infrastructure.

Electronic Health Record Interoperability and IT Modernization

The 2018 Budget continues VA's investment in technology to improve the lives of Veterans. The planned IT investments prioritize the development of replacements for specific mission critical legacy systems, as well as operations and maintenance of all VA IT infrastructures essential to deliver medical care and benefits to Veterans. The request includes $358.5 million for new development to replace four specific mission critical legacy systems, including the Financial Management System, and establish an Integrated Project Team to develop the requirements and acquisition strategy for a new enterprise health information platform. It also invests $340 million for information security to protect Veterans' information and improve VA's information networks' resilience.

The 2018 budget submission includes a proposed legislative request that if enacted, would increase the Departments ability to apply agile program management to the dynamics of modern Information Technology development requirements. To do this, the Department recommends advancing the transfer threshold from $1 million to $3 million between development project lines, which equates to less than 1 percent of the Development account. Through the Certification process, Congress will maintain visibility of proposed changes.

VA recognizes that a Veteran's complete health history is critical to providing seamless, high-quality, integrated care, and benefits. Interoperability is the foundation of this capability, by making relevant clinical data available at the point of care and enabling clinicians to provide Veterans with prompt, effective care. Today, VHA, the Veterans Benefits Administration (VBA), and the Department of Defense (DoD) share more medical information than any public or private health care organization in the country. We have developed and deployed, in close collaboration with DoD, the Joint Legacy Viewer (JLV). JLV is available to all clinicians in every VA facility. It is a web-based user interface that provides clinicians with an intuitive display of DoD and VA health care data on a single screen. VA and DoD clinicians can use JLV to access the health records of Veterans, Active Duty, and Reserve Servicemembers from all VA, DoD, and any third party community providers who participate in Health Information Exchanges where a patient has received care. Multiple releases of Community Care applications, including JLV–Community Viewer, Community Provider Portal, and Virtru Pro Secure Email have enhanced care coordination with Community Providers through multiple methods of exchanging health records and multiple modes of communication improving the care the Veteran receives and allowing Community Providers not in Health Information Exchanges the ability to share medical documentation.

VA will complete the next iteration of the VistA Evolution Program, VistA 4, in 2018. VistA 4 will bring improvements in efficiency and interoperability, and will continue VistA's award-winning legacy of providing a safe, efficient health care platform for providers and Veterans. VistA Evolution funds have enabled investments in systems and infrastructure that support interoperability, networking and infrastructure sustainment, continuation of legacy systems, and efforts such as clinical terminology standardization. These investments are critical to the maintenance and deployment of the existing and future modernized VistA and essential to operational capability. Whether the path forward is to continue with VistA, shift to a commercial electronic health record (EHR) platform, or some combination of both, these investments will deliver value for Veterans and VA providers.

We are considering all options from adopting a commercial off the shelf (COTS) EHR to retaining an enhanced and standardized VistA. A decision will be made in July 2017, when the reviews are complete and all the pertinent information is available. The goal is to make a decision that will best serve Veterans' needs.

One critical system that will touch the delivery of all health and benefits is our new financial management system, which is under development. The 2018 budget continues modernizing our financial management system by transforming the Department from numerous stovepipe legacy systems to a proven, flexible, shared service business transaction environment. The budget requests $83 million in Information Technology funds and $61.6 million for business process re-engineering to support Financial Management Business Transformation (FMBT) across the Department.

Priority 3: Focus Resources More Efficiently

Strengthening of Foundational Services in VA

VA is committed to providing the best access to care for Veterans. To deliver the full care spectrum as defined in VA's medical benefits package, VA will focus on its foundational services-those areas in which it can excel-and build community partnerships for complementary services. VA developed the following guiding principles, centered on improving the health, well-being, and experience of Veterans receiving care from VA and in the community. These principles include:

- Enabling VA to provide access to high-quality care for Veterans, by balancing services provided by VA and the community given changing demands for care and resource limitations;
- Promoting operational efficiency and simplicity, while supporting VA's clinical care, education, and research missions; and
- Allowing facilities to meet the changing needs of Veterans in a flexible way.

High-performing organizations cannot excel at every capability and thus must make decisions about how best to invest its resources. VA will therefore further define and grow its foundational services to excel in the provision of clinical care to Veterans.

Investing in foundational services within the Department is not limited to only health care. For over a decade, VA's National Cemetery Administration (NCA) has achieved the highest customer satisfaction rating of any organization - public or private - in the country. They achieved this designation through the American Customer Satisfaction Index six consecutive times. The President's 2018 Budget recognizes the need to nurture and advance this unprecedented success with a request for $306.2 million for NCA in 2018, an increase of $20 million (7 percent) over 2017. This request will support the 1,881 FTE needed to meet NCA's increasing workload and expansion of services. In 2018, NCA will inter approximately 133,600 Veterans and eligible family members, care for over 3.7 million gravesites, and maintain 9,400 acres. NCA will continue to memorialize Veterans by providing 366,000 headstones and markers, distributing 702,000 Presidential Memorial Certificates and expanding the Veterans Legacy program to communities across the country. VA is committed to investing in NCA infrastructure, particularly to keep existing national cemeteries open and to construct new cemeteries consistent with burial policies approved by Congress. In addition to NCA's funding, the 2018 request includes $255.9 million in major construction funds for six gravesite expansion projects. When all new cemeteries are opened, nearly 95 percent of the total Veteran population - about 20 million Veterans - will have access to a burial option in a Veterans' cemetery within 75 miles of their home.

VA/DoD/Federal Coordination

VA has proposed legislation to eliminate certain statutory impediments to VA more effectively pursuing joint projects with other Federal agencies, including DoD. Today, medical facilities that are not specifically under the jurisdiction of the Secretary require specific statutory authorization for optimal collaboration. I look forward to working with Congress to: (1) enhance our ability to coordinate with DoD and other Federal agencies; (2) improve the access, quality, and cost effectiveness of direct health care provided to Veterans, Servicemembers, and their beneficiaries; (3) permit joint capital asset planning and capital investments to design, construct, and utilize shared medical facilities; and (4) provide authority for VA to procure the use of joint medical facilities for itself and other Federal agencies like DoD, and to transfer funds between VA and other Federal agencies for such initiatives.

Deliver on Accountability and Effective Management Practices

Another critical area in which VA is serious about making significant changes relates to employee accountability. The vast majority of employees are dedicated to providing Veterans the care they have earned and deserve. It is unfortunate that certain employees have tarnished the reputation of VA and so many who have dedicated their lives to serving our Nation's Veterans. We will not tolerate employees who deviate from VA's I–CARE values and underlying responsibility to provide the best level of care and services to them. We support Congress' ongoing efforts to provide VA with the tools it needs to take timely action against employees who perform poorly or engage in misconduct. Where employees engage in inappropriate behavior, do not perform the duties of their job, are engaged in illegal activities, or otherwise do not meet the standards we expect of VA employees, we want the ability to ensure they can be promptly removed. Certain laws hamper our ability to optimally hold our employees accountable and remove those individuals that run afoul of my intent

for the Department to function as a high-performing organization. We support legislation that is consistent with the following principles:

- Increase flexibility to remove, demote, or suspend VA employees for poor performance or misconduct;
- Provide authority to recoup bonuses of employees for poor performance or misconduct;
- Enable recovery of relocation expenses that occur through fraud or malfeasance; and
- Ensure that VA has the ability to retain high performers by paying them a salary that is competitive with the private sector and performance awards that are commensurate with other federal agencies.

We thank the House for passing critical accountability legislation - but while that process continues, we are also focused on updating internal hiring practices. VHA is the largest health care system in the United States, and in an industry where there is a national shortage of health care providers, VHA faces competition with the commercial sector for scarce resources. Historically, VA has followed hiring practices that have proven unduly burdensome. Over the past year, VHA's business process improvement efforts have resulted in a more efficient hiring process. We were able to reduce the time it took to hire Medical Center Directors by 40 percent and obtained approval from the Office of Personnel Management (OPM) for critical position pay authority for many of our senior health care leaders. We recognize there is much work left to do. As we strive to find internal solutions, we look forward to working together on legislation to reform recruitment and compensation practices to stay competitive with the private sector and other employers.

To ensure that VA's management practices are effective, I have announced a major initiative to improve our ability to detect and prevent fraud, waste, and abuse within VA. The initiative includes:

- forming a fraud, waste, and abuse advisory committee comprised of experts from the private sector and other government organizations;
- identifying cutting edge tools and technologies available in the private sector; and
- coordinating all fraud, waste, and abuse detection and reporting activities through a single office.

With these improvements, VA has the potential to save millions of taxpayer dollars and more effectively serve America's Veterans. I look forward to updating you in the future regarding this initiative.

Priority 4: Improve Timeliness of Services

Access to Care and Wait Times

VA is committed to delivering timely and high quality health care to our Nation's Veterans. Veterans now have same-day services for primary care and mental health care at all VA medical centers across our system. I am also committed to ensuring that any Veteran who requires urgent care will receive timely care.

In March 2017, 96.82 percent of appointments, 5.15 million appointments, were completed within 30 days of the clinically-indicated or veteran's-preferred date, and as of April 15, 2017, VHA has reduced and the Electronic Wait List from 56,271 entries to 22,383 entries, a 60.2 percent reduction between June 2014 and April 2017. The Electronic Wait List reflects the total number of all patients for whom appointments cannot be scheduled in 90 days or less.

In 2018, VA will expand Veteran access to medical care by increasing medical and clinical staff, improving its facilities, and expanding care provided in the community. The 2018 Budget requests a total of $75.2 billion in funding for Veterans' medical care, which includes the following:

- $69.0 billion in discretionary budget authority ($2.65 billion above the 2018 AA enacted level of $66.4 billion and a $4.6 billion (7.1 percent) increase over the 2017 enacted level);
- $2.9 billion in mandatory budget authority to continue the Veterans Choice Program; and
- $3.3 billion in medical care collections.

The 2018 request will support nearly 315,000 medical care staff, an increase of over 7,000 above the 2017 level.

Through the Choice Program, VHA and its contractors created more than 3.6 million authorizations for Veterans to receive care in the private sector from February 1, 2016 through January 31, 2017. This represents a 23 percent increase in author-

izations when compared to the period February 1, 2015 through January 31, 2016. When looking at overall appointment data not specific to the Choice Program, the March 15, 2017, pending appointment data set shows VA has increased the number of overall pending appointments "in house" by nearly 1.8 million over the same data the prior year. According to the same data, the number of appointments scheduled greater than 30 days from the Veterans clinically indicated data or preferred date has decreased by 3.9 percent (19,645) since the beginning of FY 2017.

Accelerating Performance on Disability Claims

Since 2013, VA has made remarkable progress toward reducing the backlog of disability compensation claims pending over 125 days and is working to use more effectively the resources provided by Congress. VBA's 2018 budget request of $2.8 billion allows VBA to maintain the improvements made in claims processing over the past several years. This budget supports the disability compensation benefits program for 4.6 million Veterans and 420,000 Survivors. VBA implemented new professional standards for Veterans Service Representatives (VSR) on March 1, 2017. In May 2016, VBA implemented the National Work Queue (NWQ) process. This allows VBA to prioritize and quickly distribute disability compensation claims according to processing capacity within VBA's regional footprint, regardless of the Veteran's place of residence. The NWQ process enables VA to more effectively balance the workloads nationally, relative to the productive capacity at each regional office. This means that Veterans who live in a location where claims decisions take longer, VBA can appropriately adjust capacity to match the changes in claims volume. In FY 2017, VBA added non-rating related claims to the NWQ. VBA has completed nearly 1.7 million non-rating claims from October 2016 through the end of April 2017. The effort to address non-rating claims has resulted in a 269,000 claim reduction in the dependency claims inventory since August 2015, from 359,000 to less than 90,000.

To continue improving disability compensation claim processing, VBA is currently piloting an initiative called Decision Ready Claims (DRC). The DRC initiative offers veterans and survivors faster claims decisions in which VSOs and other accredited representatives assist Veterans with ensuring all supporting medical evidence is included with the claim at the time of submission. The DRC initiative empowers Veterans by allowing them to receive medical examinations as early as possible in the claims process. This initiative also enhances partnerships with VSOs by improving access and capabilities to assist with gathering all required evidence and information to accelerate claims decisions. Submission of claims submitted through the DRC process will result in claim decisions within 30 days of submission to VA.

Decisions on Appeals

The current VA appeals process undoubtedly needs further improvements for our Nation's Veterans. As of April 30, 2017, VA had 470,546 pending appeals. The average processing time for all appeals resolved by VA in FY 2016 was approximately 3 years. For those appeals that were decided by the Board of Veterans' Appeals (the Board) in FY 2016, on average, Veterans waited at least 6 years from filing their Notice of Disagreement until the Board's decision was issued that year.

The 2018 request of $155.6 million for the Board continues the funding level enacted for 2017, which was a 42 percent increase over 2016. In combination with carryover resources from 2017, the requested funding will support a total of 1,050 FTE, an increase of 164 FTE above the 2017 estimate of 886 FTE. This request maintains the increased budgetary authority the Board received in 2017. In addition, VBA's request of $185 million for appeals processing maintains its current level of appeals FTE at 1,495. This funding level in tandem with sweeping legislative reform initiates a long-term strategy aimed at improving the timeliness of appeals for Veterans and is the best policy option for taxpayers.

Without significant legislative reform to modernize the appeals process, Veteran wait times and the cost to taxpayers will only increase. Comprehensive legislative reform is necessary to replace the current lengthy, complex, confusing VA appeals process with a new process that makes sense for Veterans, their advocates, VA, and other stakeholders. This reform is crucial to enable VA to provide the best service to Veterans and is one of my top priorities.

VA worked collaboratively with VSOs and other stakeholders to design this new process for Veterans who disagree with a VA decision. The result of that work was a legislative proposal that was introduced in the 114th Congress and has been reintroduced in the 115th Congress. The proposed process: (1) establishes multiple options for Veterans instead of the single option available today; (2) provides early resolution of disagreements and improved notice as to which option might be best; (3) eliminates the inefficient churning of appeals that is inherent in the current process; (4) features quality feedback loops to VBA; and (5) improves transparency by

clearly defining VBA as the claims agency and the Board as the appeals agency in VA. This clear definition between VBA and the Board also provides workload transparency for better workload/resource projections, and efficient use of resources for long-term savings.

The new process, described in the legislation currently pending, will provide a modernized process going forward. However, VA is also committed to concurrently reducing the pending inventory of legacy appeals. VA has worked collaboratively with stakeholders to identify opt-ins that would make the new process available to Veterans who would otherwise have an appeal in the legacy process. After assessing these various options, and collaborating with our partners, we have identified two opt-ins that we intend to implement to address the issue of the legacy appeals inventory.

The legislation must be enacted now to fix this process. It has wide stakeholder support and the longer we wait to enact this legislative reform, the more appeals enter the current, broken system. The status quo is not acceptable for our Nation's Veterans. The new process will provide much needed comprehensive reform to modernize the VA appeals process and provide Veterans a decision on their appeal that is timely, transparent, and fair.

Priority 5: Suicide Prevention - Eliminating Veteran Suicide

Every suicide is tragic, and regardless of the numbers or rates, one Veteran suicide is too many. Suicide prevention is VA's highest clinical priority, and we continue to spread the word throughout VA that "Suicide Prevention is Everyone's Business." The 2018 Budget requests $8.4 billion for Veterans' mental health services, an increase of 6 percent above the 2017 level. It also includes $186.1 million for suicide prevention outreach. VA recognizes that Veterans are at an increased risk for suicide and implemented a national suicide prevention strategy to address this crisis. VA is bringing the best minds in the public and private sectors together to determine the next steps in implementing the Eliminating Veteran Suicide Initiative. VA's suicide prevention program is based on a public health approach that is ongoing, utilizing universal, selective, indicated strategies while recognizing that suicide prevention requires ready access to high quality mental health services, supplemented by programs that address the risk for suicide directly. VA's strategy for suicide prevention requires ready access to high quality mental health (and other health care) services supplemented by programs designed to help individuals and families engage in care and to address suicide prevention in high-risk patients.

As part of VA's commitment to put forth resources, services, and technology to reduce Veteran suicide, VA initiated the Recovery Engagement and Coordination for Health Veterans Enhanced Treatment (REACH VET). This new program was launched by VA in November 2016 and was fully implemented in February 2017. REACH VET uses a new predictive model in order to analyze existing data from Veterans' health records to identify those who are at a statistically elevated risk for suicide, hospitalization, illnesses, and other adverse outcomes. Not all Veterans who are identified have experienced suicidal ideation or behavior. However, REACH VET allows VA to provide support and pre-emptive enhanced care in order to lessen the likelihood that the challenges these Veterans face will become a crisis.

Other than Honorable Expansion

We know that 14 of the 20 Veterans who on average commit suicide each day did not, for various reasons, receive care within VA. Our goal is to more effectively promote and provide care and assistance to such individuals to the maximum extent authorized by law. In that regard, VA intends to expand access to emergent mental health care for former Servicemembers, who separated from active duty with other than honorable (OTH) administrative discharges. This initiative specifically focuses on expanding access to former Servicemembers with OTH administrative discharges who are in mental health distress and may be at risk for suicide or other adverse behaviors. VA estimates there are more than 500,000 former Servicemembers with OTH administrative discharges. As part of this initiative, former Servicemembers with OTH administrative discharges who present to VA seeking mental health care in emergency circumstances for a condition the former Servicemember asserts is related to military service would be eligible for evaluation and treatment for their mental health condition. Such individuals may access the system for emergency mental health services by visiting a VA emergency room, outpatient clinic, Vet Center, or by calling the Veterans Crisis Line. Services may include: medication management/pharmacotherapy, lab work, case management, psycho-education, and psychotherapy. We intend to carry this initiative out within our existing resources because it is the right thing to do for Veterans.

Closing

Thank you for the opportunity to appear before you today to address our 2018 budget and 2019 Advance Appropriations budget requests and to provide you with the priorities that I am taking to ensure VA is viewed with pride from Veterans and beneficiaries for the services provided to them. I ask for your steadfast support in funding our full FY 2018 and FY 2019 AA budget requests and continued partnership in making bold changes to improve our ability to serve Veterans. I look forward to your questions.

Statements For The Record

THE AMERICAN LEGION

MATTHEW J. SHUMAN, DIRECTOR

Chairman Roe, Ranking Member Walz, and Members of the Committee; On behalf of Charles E. Schmidt, the National Commander of the largest Veteran Service Organization in the United States of America representing more than 2.2 million members; we welcome this opportunity to comment on the federal budget and specific funding programs of the Department of Veterans Affairs (VA).

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 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 the Department of Veterans Affairs moves forward to serve the veterans of this nation, it is important that the Secretary have the tools and resources necessary to ensure that veterans served by VA receive the services they are entitled to in a timely, professional, and courteous manner - because they have earned it. During the past two years, VA has grown in resources and services as was necessary to backfill gaps in funding based on the patient population VHA is required to serve. The American Legion calls on this Congress to ensure that funding is maintained and increased as necessary to ensure the VA is preserved and enhanced to serve the veterans of the 21st century, and beyond.

Sustainability, accountability, information technology (IT) integration and updates, facilities repair, construction, staff recruiting, and of course, health care are paramount programs that need to be immediately addressed and funded, and The American Legion has testified on the need for increased funding for each of these programs within the past several months alone.

Ensuring Proper VA Staffing

Unfortunately, there are no easy solutions for VHA when it comes to effectively and efficiently recruiting and retaining staff at VA healthcare facilities, but that doesn't necessarily mean that throwing additional funding at the problem is the answer. The American Legion believes that access to basic health care services offered by qualified primary care providers should be available locally, and by a VA health care professional as often as possible at all times.

While the VA's Academic Residency Program has made significant contributions in training VA health care professionals, upon graduation, many of these health care professionals choose a career outside the VA health care system. The VA will never be in a position to compete with the private sector. To this end, The American Legion feels strongly that VA should begin looking into establishing its own VA Health Professional University and begin training their medical health care professionals to serve as a supplement to VA's current medical residency program.[1] Conceivably, medical students accepted into VA's Health Professional University would have their tuition paid in full by VA and upon graduation, the graduate would be required to accept an appointment at a federal health facility at a starting salary comparable to what a new medical graduate would be paid by VA based on their

[1] American Legion Resolution No. 377: Support for Veteran Quality of Life: (Sept. 2016)

experience and specialty. Similar to a military service academy, a VA medical school will be highly selective, competitive, and well respected. Applicants can be nominated by their congressional representative, teaching staff can be sourced organically as well as nationally, and real estate is plentiful. This will help ensure the VA will have an adequate number of healthcare professionals to meet the growing number of veterans and their healthcare needs.

The American Legion understands that filling highly skilled vacancies at premiere VA hospitals around the country is challenging. VA has a variety of creative solutions available to them without the need for additional legislative action. One such idea could involve the creation of a medical school; another would be to aggressively seek out public-private partnerships with all local area hospitals. VA could expand both footprint market penetration by renting space in existing hospitals where they would also be able to leverage existing resources and foster comprehensive partnerships with the community. Finally, VA could research the feasibility of incentivizing recruitment at level 3 hospitals by orchestrating a skills sharing program that might entice physicians to work at level 3 facilities if they were eligible to engage in a program where they could train at a level 1 facility for a year every 5 years while requiring level 1 facility physicians to spend some time at level 3 facilities to share best practices. Currently, the medical staff is primarily detailed to temporarily fill vacancies. This practice fails to incentivize the detailed professional to share best practices and teach, merely hold down the position until it can be filled by a permanent hire.

Modernizing VA's IT Infrastructure

"Overhauling the health care system for Americans who answered the call of duty by serving in the military is a national priority. The country's largest integrated health care delivery system is responding to these challenges and aims to reestablish trust by expanding methods of providing care and emphasizing the concept of "whole health" and adopting a veteran-centric approach in everything we do. It will be necessary to reimagine the future of VHA health care delivery. Partnerships with federal and community health care providers may result in better access and broader capabilities and will require a new infrastructure. The future requires the use of best practices in science and engineering to improve the quality, safety, and consistency of veteran's experience, regardless of the site or type of care." David Shulkin, M.D.[2]

Department of Veterans Affairs (VA) Information Technology (IT) infrastructure has been an evolving technological necessity over the past 37 years, sometimes leading the industry, and sometimes trailing. The American Legion has been intrinsically involved with VA's IT transformation from the inception of Veterans Health Information and Technology Architecture (VistA) to the recent introduction of VistA-e[volution] for medical records, as well as being a pioneer partner in the concept and integration of the fully electronic disability claims process.

Leading the field in 1978, VA doctors developed an electronic solution to coordinate and catalog patients healthcare long before their private sector colleagues, who were slow to follow, while some private physicians still refuse to automate today.

IT automation is expensive to implement and expensive to maintain, especially when maintaining legacy equipment. As in all digital space, IT infrastructure advances so quickly that most IT infrastructure is outdated by the time it is fully implemented, and VA's IT infrastructure is no different. Unfortunately, in this case, it is simply the cost of doing business in a technologically advancing society. With this in mind, companies are turning to rented cloud-based resources and Software as a Service (SAS) to mitigate costs. These services have a lower up-front investment and negate the need for hardware maintenance and software upgrades in many cases.

Information Technology is inextricably intertwined into many of the services we take for granted, such as; telephone systems, appointment scheduling, procurement, building access, safety controls, and much more. Maintaining an up-to-date system is not a luxury, it is necessary, and The American Legion has found that VA's IT infrastructure is aged and failing our veterans.

One of the primary complaints The American Legion receives regarding VA healthcare is scheduling issues. VA's inability to schedule the full complement of veterans' healthcare needs from one central location causes a multitude of delays and billing problems and puts veteran patients at risk when all of the members of the veteran's health team are unable to effectively collaborate online.

In order for VA to safely and effectively serve veterans going forward they need a 21st-century data system that incorporates;

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[2] New England Journal of Medicine http://www.nejm.org/doi/full/10.1056/NEJMp1600307

- A single lifetime Electronic Health Record system (EHR),
- One Operation Management Platform consisting of one resource allocation, financial, supply chain, and human resources system that are integrated seamlessly with the EHR,
- A single Customer Relationship Management (CRM) system

If proprietary, the system needs to be built using open source code, which will allow the program to remain sustainable and enable future competitive Application Programming Interface (API) Framework that will provide seamless interoperability with internal and external systems.

Once this system is developed, metrics and analytics will be available to all levels of leadership from decentralized locations. Legacy viewer and 130 different versions of VistA simultaneously running across the national and international VA landscape that has been patched together is outdated and ineffective. A veteran should be able to walk into any VA Medical Center (VAMC) anywhere in the country or abroad, and the first intake specialist to assist that veteran should be able to pull the patient's record up instantly. This is not possible today.

Initiatives like MyHealtheVet, eBenefits, and the recently launched Vets.gov are all steps in the right direction, and all need to be tied into a single user interface system. The American Legion also supports extended use of public/private partnerships similar to the team detailed to VA from the private sector who have spent the past 18 months building the Vets.gov portal. IT industry leaders such as Amazon, Google, Microsoft, and Cisco have already partnered with VA in a number of areas and appear willing to help at cost, below market cost, or even donated services, and VA needs to have the flexibility to maximize these relationships.

Finally, as we struggle to keep up with the multitude of programs and expenditures related to VA's IT program, The American Legion is outraged that one of VA's first experiences with integrating cloud services into the VA program was mismanaged and squandered more than $2 million in taxpayer funds. VA does not have the freedom to learn as they go and needs to partner with or hire experts in cloud computing before they engage in cloud brokerage services. A few days ago the VA Office of Inspector General found [3];

"OI&T spent over $2 million on a cloud brokerage service contract that provided limited brokerage functionality and that VA's actions did not ensure adequate system performance or return on investment. We determined total project costs exceeded $5 million and the system's limited brokerage service functionality prevented it from being used in a production environment. This capability is essential for delivery of cloud services. The project manager did not ensure that formal testing and acceptance were conducted on project deliverables."

These deficiencies occurred because of a lack of executive oversight and ineffective project management. Without enforcement of oversight controls, project leadership cannot ensure it will receive the value of contract deliverables or demonstrate an adequate return on investment for the project."

The American Legion calls on Congress to consider funding that enables VA to tie all of their IT programs together into a seamless program capable of processing claims, managing veterans' health care needs, integrating procurement needs so that VA leaders and Congress can analyze annual expenditures versus healthcare consumption, integrating patient communications into their profiles, and ensuring seamless transition between the Department of Defense and VA.

Consolidation of Outside Care

When the Choice program was added as a temporary emergency measure as part of the Veterans Access, Choice and Accountability Act (VACAA) of 2014 [4], The American Legion supported the program because we had witnessed firsthand the need across the country. In 2014, The American Legion set up a dozen Veterans Crisis Command Centers (VCCCs) in affected areas from Phoenix to Fayetteville and spoke to hundreds of veterans personally affected by the scheduling problems within VA. The Choice program provided an immediate short-term option, but it also provided an opportunity to learn how veterans utilized the program. At that time, The American Legion recommended gathering as much data as possible from veterans using the program to improve the ability of VA's other existing authorities for care in the community. [5] Additionally, The American Legion supported the Veterans Choice Continuation Act, which continued the Veterans Choice Program (VCP) that

[3] VAOIG https://www.va.gov/oig/pubs/VAOIG–15–02189–336.pdf
[4] Public Law P.L. 113–146
[5] Such as Project Access Received Closer to Home (ARCH), the Patient Centered Community Care (PCs) program and others

was due to expire on August 7, 2017 by ensuring veterans within the VA healthcare system who are using the VCP continue to have the ability to access quality health care within their communities without any interruption of services.

With the creation of the Choice program, Congress appropriately allocated $10 billion in emergency funds to provide the life support for the program. Now that Choice is set to expire when the funds are depleted, The American Legion strongly believes the next evolution of Choice should be the streamlining and consolidation of the community care programs at VA. Choice taught us that there is certainly a need for care in the community, which has a hefty price tag attached to it. The American Legion urges Congress to learn from Choice, and not end the funding levels that Choice brought us. We urge this critical committee and the entire United States Congress to continue to fund community care for veterans at the current levels of roughly $3.3 Billion annually.

This committee, the U.S. Senate, VA, and VSO's are currently working together to determine what the next evolution of Choice looks like, but the one thing we all agree on is there is certainly a need for community care. Choice demonstrated to the nation that there was a gap in care and the emergency funds that were allocated gave VA the resources to provide the much-needed health care. Moving forward, and after witnessing the sincere need for community care, The American Legion simply urges Congress to fund the community care programs at the appropriate levels, which should be no less than what is currently being allocated.

The Looming Appeals Crisis

The American Legion currently holds power of attorney on more than three-quarters of a million claimants. We spend millions of dollars each year defending veterans through the claims and appeals process, and our success rate at the Board of Veterans Appeals (BVA) continues to hover around 80 percent.

Although Congress is taking the appropriate actions in addressing the issue of future appeals, through the Veterans Appeals Improvement and Modernization Act of 2017, there remains roughly 500,000 legacy claims yet addressed. According to the VA, the average wait time to resolve an appeal is around 1,600 days. [6]

In 2016, the VA released a study explaining what resources were required to address the growing legacy appeals inventory. With $50 million, the VA projects that the last of the legacy appeal claims would be resolved sometime after 2026. With funding at $242 million dollars, the VA projected to address all legacy claims by 2022. If funding is not allocated to support the VA's mission to reduce legacy appeal claims, they estimate that over 214,000 claims will take over nine years to resolve. [7]

The American Legion requests that Congress authorizes $242 million in FY 2018 -2019, and beyond, to the VA so that they may start working the backlog of appeals currently in the system. The projected date to end all backlog legacy appeals with this funding would be 2022. Any lesser amount of funds would drastically increase the amount of time to finish legacy appeals.

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 extend beyond reproductive issues. Bills like the Deborah Sampson Act and the Women Veterans Access to Quality Care Act are a step in the right direction. Provider education needs improvement. Furthermore, as female veterans are the sole caregivers in some families, services, and benefits designed to promote independent

[6] https://drive.google.com/file/d/0B70—mGYT1tJETzZGWUZKYzdGXzg/view
[7] https://drive.google.com/file/d/0B70—mGYT1tJETzZGWUZKYzdGXzg/view

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 health care 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.

Military and Veteran Caregiver Services

The struggle to care for veterans wounded in defense of this nation takes a terrible toll on families. In recognition of this, Congress passed, and President Barack Obama signed into law, the Caregivers and Veterans Omnibus Health Services Act of 2010. The unprecedented package of caregiver benefits authorized by this landmark legislation includes training to help to ensure patient safety, cash stipends to partially compensate for caregiver time and effort, caregiver health coverage if they have none, and guaranteed periods of respite to protect against burnout.

The comprehensive package, however, is not available to most family members who are primary caregivers to severely ill and injured veterans. Congress opened the program only to caregivers of veterans severely "injured," either physically or mentally, in the line of duty on or after Sept. 11, 2001. It is not open to families of severely disabled veterans injured before 9/11, nor is it open to post-9/11 veterans who have severe service-connected illnesses, rather than injuries, which is why we call on Congress to immediately pass the Military and Veteran Caregiver Services Improvement Act of 2017.

The American Legion has long advocated for expanding eligibility and ending the obvious inequity that Caregivers and Veterans Omnibus Health Services Act of 2010 created. Simply put, a veteran is a veteran! All veterans should receive the same level of benefits for equal service. As affirmed in American Legion Resolution No. 259: Extend Caregiver Benefits to Include Veterans Before September 11, 2001, The American Legion supports legislation to remove the date September 11, 2001, from Public Law 111–163 and revise the law to include all veterans who otherwise meet the eligibility requirements. [8]

The American Legion is optimistic that providing expanded support services and stipends to caregivers of veterans to all eras is not only possible but also budgetary feasible and the right thing to do. We urge this committee and the U.S. Congress to allocate the required funding to expand the caregiver program to all eras of conflict and veterans who should be in this program.

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 health care.

The Task Force, in its 14th program year, is focusing on VA's accomplishments and progress over the past decade and a half, 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 Health Care System, which has served the veterans of Hot Springs, South, Dakota for over 100 years and we applaud Secretary Shulkin for halting further dismantling of this historic and much-needed community facility.

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[8] American Legion Resolution No. 259 (2016): Extend Caregiver Benefits to Include Veterans Before September 11, 2001

The American Legion urges 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.

Assisting Homeless Veterans

The American Legion strongly believes that homeless veteran programs should be granted sufficient funding to provide supportive services such as, but not limited to: outreach, health care, rehabilitation, case management, personal finance planning, transportation, vocational counseling, employment, and education.

Furthermore, The American Legion continues to place special priority on the issue of veteran homelessness. With veterans making up approximately 11% of our nation's total adult homeless population, there is plenty of reason to give this issue special attention. Along with various community partners, The American Legion remains committed to seeing VA's goal of ending veteran homelessness come to fruition. Our goal is to ensure that every community across America has programs and services in place to get homeless veterans into housing (along with necessary healthcare/treatment) while connecting those at-risk veterans with the local services and resources they need. We hope to see that with the expansion of assistance afforded to homeless veterans and their dependents, there will also be an increase in funding to support. We estimate that an additional $10 million annually will be sufficient to accomplish this goal.

Repair Problems in Mental Health

During the past half-decade, VA has nearly doubled their mental health care 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 health care 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 6 percent increase in funding will hopefully find much-needed dollars dedicated to this area 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 lack 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 Health Care." 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 approximately 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 of 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 remain.

One such challenge is with the procurement of medical equipment and Information Technology (IT) purchases. When IT within the VA was combined 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 hear 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 fully integrated paperless system.

Medical Services

Over the past two decades, VA has dramatically transformed its medical care delivery system. Through The American Legion visits 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 health care 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 health care 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[9]. During the same period, inpatient admissions increased from 589 thousand to 662 thousand. 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 two 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[10] 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 health care system and therefore result in an increased need for a budget that can adequately deal with the challenges.

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.

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[9] 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

[10] Source: U.S. Department of Labor, Veterans' Employment & Training Service (2017)

Medical Support and Compliance

The Medical Support and Compliance account consist 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 ten-year capital construction plan was designed to address VA's most critical infrastructure needs. Through the plan, VA estimated the ten-year costs for major and minor construction projects and non-recurring maintenance would total between $53 and $65 billion over ten 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 ten-year plan. Therefore, this account must be increased to meet the short-term needs within the existing facilities.

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 Construction, 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 ten-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 five-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 five-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.

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 limitations must be revoked to allow for better management of resources within the projects.

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), Posttraumatic 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 improve 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 Health Care 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 artificial art 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 health care 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 at 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 health care 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.

Additional Funding for State Approving Agencies

State Approving Agencies (SAAs) are responsible for approving and supervising programs of education for the training of veterans, eligible dependents, and eligible members of the National Guard and the Reserves. SAAs grew out of the original GI Bill of Rights that became law in 1944. Though SAAs have their foundation in federal law, SAAs operate as part of state governments. SAAs approve programs leading to vocational, educational or professional objectives. These include vocational certificates, high school diplomas, GEDs, degrees, apprenticeships, on-the-job training, flight training, correspondence training and programs leading to required certification to practice in a profession.

SAAs currently employ 250 professionals across 57 states and territories and are responsible for over 8,000 facilities and more than 100,000 programs. State approving agencies serve our veterans by protecting the quality and integrity of the GI Bill programs. These unique state agencies, funded by federal contract through the VA, approve programs according to federal and state requirements. They provide oversight to make sure schools remain compliant with those requirements through school visits and routine renewal of approval.

However, since 2006, SAAs have been flat funded at $19 million dollars, meaning they have not received an increase in funding, yet dealing with increased volume. There have been no needed increases to reflect the increasing complexity of administering the benefit and the rapid growth of beneficiaries driven by the Post 911 GI Bill. This, along with the increased cost of hiring and retaining personnel, to include increased health care and benefits (an average increase of $20,000 per professional over the past decade), has resulted in SAAs struggling to provide the needed service to and protection for veterans. As such, we urge Congress to increase the SAA allocation from $19 to $26 million to allow these important agencies to continue to provide approval and oversight of quality educational and training programs for our veterans.

Advance Appropriations for FY 2018

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 health care 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 ex-

pansion 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.

Conclusion

To assimilate all outside care under one cohesive management authority, all future Choice funding needs to be included in a consolidated community care model. The VACAA infused $10 billion in care funding because there was a demonstrated need, and that demand has not gone away. Any and all future funding levels must reflect this as part of the plan, not wait until VHA is in crisis.

Greater emphasis needs to be placed on VA's hiring and incentives, and if additional resources are needed to secure key providers like psychologists and physician's assistants, then VHA must be provided with the funding needed to make those critical hires. That is the long-term key to ensuring that veterans get the care they need in a timely fashion in the system that is designed to treat their unique wounds of war.

Individuals affected by homelessness should not have to choose between staying with their dependents or obtaining needed resources from a homeless shelter. Funds must be allocated to supporting veterans affected by homelessness who are also caring for others.

SAA are integral in assisting veteran in higher education. Additional funding to support their mission should be included in this budget.

The American Legion thanks this committee for the opportunity to elucidate the position of the over 2.2 million veteran members of this organization. For additional information regarding this testimony, please contact Mr. Derek Fronabarger, Deputy Director of The American Legion Legislative Division at (202) 861–2700 or dfronabarger@legion.org.

VETERANS OF FOREIGN WARS OF THE UNITED STATES (VFW)

CARLOS FUENTES, DIRECTOR,

Chairman Roe, Ranking Member Walz and members of the Committee, on behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and its Auxiliary, thank you for the opportunity to present the VFW's views on the Department of Veterans Affairs' (VA) Fiscal Year (FY) 2018 appropriations.

The VFW is glad to see President Trump has proposed a six percent increase in VA's FY 2018 discretionary budget compared to FY 2017. However, we feel his proposal falls short of what VA needs to keep pace with demand for health care and benefits. The VFW thanks the Administration for its commitment to community care, long-term care, mental health care, woman veterans and efforts to prevent and eliminate veteran homelessness.

However, we are very concerned that the Administration's request to make the Veterans Choice Program a permanent mandatory program could lead to a gradual erosion of the VA health care system. What is more concerning is that the Administration has chosen to make permanent a flawed program by ending Individual Unemployability benefits for certain severely disabled veterans who are unable to work due to their service-connected disabilities and round down cost of living disability pay increases, a proposal which the VFW has opposed in the past and continues to strongly oppose.

The Administration has also proposed a cap on the amount of tuition and fees that may be paid under the Post-9/11 GI Bill for programs of education in which a public institution of higher learning enters into an agreement with another entity to provide such education. Currently, third party training programs that contract with public schools are able to charge unlimited fees since public schools have no set dollar amount cap.

A couple of years ago, it came to light that some contracted flight training programs were charging exorbitant fees, which far exceeded the cost of an average in-

state education. The VFW supports the Administration's proposal to place a reasonable cap on these sorts of training programs.

The continued failure of Congress to eliminate sequestration has forced the Administration to propose cuts to veteran benefits and cap GI Bill expenditures in order to expand the Choice Program under mandatory spending instead of including the program in its discretionary community care account. In testimony before the Senate and House Committees on Appropriations, Secretary of Veterans Affairs David J. Shulkin has indicated that VA would like all its community care money to come from one account, instead of having two separate accounts for the same purpose and not having the flexibility to use both accounts in accordance with veterans' demand for community care. The VFW agrees with Secretary Shulkin and urges Congress to consolidate VA's community care programs and to fund such programs through VA's discretionary appropriations account.

Sequestration and its draconian spending caps limit our nation's ability to provide service members, veterans, and their families the care and benefits they have earned and deserve. The VFW calls on the committee to join our campaign to finally end sequestration and do away with a federal budget process based on the arbitrary budget caps, which significantly limit the government's ability to carry out programs that experience spikes in demand, such as VA health care. To the VFW, sequestration is the most significant readiness and national security threat of the 21st century, and despite almost universal congressional opposition to such haphazard budgeting, Congress has failed to end it.

The VFW, in partnership with our Independent Budget (IB) co-authors—Disabled American Veterans (DAV) and Paralyzed Veterans of America (PVA)—produces annual budget recommendations for each of VA's discretionary appropriation accounts and compares them to the Administration's request. PVA has submitted testimony covering Veterans Health Administration (VHA) appropriation accounts and DAV has covered the IB's recommendations for the Veterans Benefits Administration accounts. I will focus my remarks on VA's construction and National Cemetery Administration (NCA) appropriations.

Major Construction:
FY 2018 IB Recommendation—$1.50 billion
FY 2018 Administration Request — $512 million
FY 2017 Appropriations—$528 million

For more than a decade, the IB Veterans Service Organizations (IBVSOs) have warned Congress and VA that perpetual underfunding has allowed VA's infrastructure to erode while its capacity has swelled from 81 percent in 2004 to as high as 120 percent in 2010. We continue to believe that this need for space and chronic underfunding of medical services could lead VA to ration care.

The IBVSOs are working with VA to reform its construction process so facilities can be delivered on time and on budget. Previous errors must be corrected to ensure the issues in Aurora, Colorado, never occur again. However, Congress and the Administration must not ignore the growing capital infrastructure needs of the Department's health care system.

When VA asked its Veteran Integrated Service Networks (VISN) to evaluate what they need to improve its facilities to meet the increased outpatient demand, VA determined that "improving the condition of VA's facilities through major construction projects (96) accounted for the largest resource need.[1]" Yet the Administration's major construction request for VHA is 36 percent less than FY 2017 and 85 percent less than actual expenditures in FY 2016.

When asked why VA is taking a strategic pause on major construction for VHA when its capital infrastructure continues to age and demand continues to increase, VA informed the IBVSOs that it simply did not receive the request that it needed for major construction because of sequestration budget caps. Congress must not allow VA's inability to invest in its VHA's major construction to limit veterans' access to the health care they have earned and deserve by forcing veterans onto VA's community care programs and eliminating the choice to receive care at VA medical facilities.

Currently, VA has 24 major construction projects that are partially funded—some of which were originally funded in FY 2004—that need a clear path to completion. An additional three projects are in the design phase. Outside of the partially funded major projects list are major construction projects at the top of the FY 2017 priority list that are seismic in nature. These projects cannot take a strategic pause while

[1] Department of Veterans Affairs 2018 Budget and 2019 Advance Appropriations Requests, Volume IV: Construction, Long Range Capital Plan and Appendix. Long Range Capital Plan, page 8.3–8.

Congress and VA decide how to manage capital infrastructure long-term. VA will need to invest more than $3.5 billion to complete all 24 partially funded projects. Of the top five projects on the priority list, two are seismic deficiencies, two support the core mission of VA—a mental health clinic and a spinal cord injury center—and one is an addition to an existing facility. The total cost of these five projects is $1.2 billion.

The IBVSOs recommend that Congress appropriate at least $1.5 billion for major construction in FY 2018. This amount will fund either the "next phase" or fund "through completion" all existing projects, and begin advance planning and design development on six major construction projects that are the highest ranked on VA's priority list.

Minor Construction:
FY 2018 IB Recommendation—$700 million
FY 2018 Administration Request—$343 million
FY 2017 Appropriations—$372 million

In FY 2017, Congress appropriated $372.1 million for minor construction projects. Currently, approximately 600 minor construction projects need funding to close all current and future year gaps within ten years. To complete all of these current and projected projects, VA will need to invest between $6.7 and $8.2 billion in minor construction over the next decade.

In August 2014, the President signed the Veterans Access, Choice, and Accountability Act of 2014 (Public Law 133–146). In this law, Congress provided $5 billion to increase health care access by increasing medical staffing levels and investing in infrastructure. VA has developed a spending plan that obligated $511 million for 64 minor construction projects over a two-year period.

While this infusion of funds has helped, there are still hundreds of minor construction projects that need funding for completion. It is important to remember that these funds are a supplement to, not a replacement of, annual appropriations for minor construction projects. The IBVSOs recommend that Congress fund VA's minor construction account at $700 million in an effort to close all identified gaps within ten years.

Leasing

Historically, VA has submitted capital leasing requests that meet the growing and changing needs of veterans. VA has again requested an adequate amount—$270.1 million for its FY 2018 major medical leasing needs. While VA has requested adequate resources, Congress must find a way to authorize and appropriate leasing projects in a way that precludes the full cost of the lease being accounted for in the first year. There are now 27 major medical leases awaiting congressional authorization, 18 of which have been waiting since FY 2016 and six from FY 2017 that Congress must still authorize. Delays in authorization of these leases have a direct impact on VA's ability to provide timely care to veterans in their communities. Congress must authorize these leases.

National Cemetery Administration
FY 2018 IB Recommendation—$291 million
FY 2018 Administration Request ≥≥— $306.2 million
FY 2017 Appropriations ≥≥— $286 million

The NCA, which receives funding from eight appropriation accounts, has the sacred duty to provide the brave men and women who have worn our nation's uniform a final resting place that honors their service.

In a strategic effort to meet the burial and access needs of our veterans and eligible family members, the NCA continues to expand and improve the national cemetery system, by adding new and/or expanded national cemeteries. Not surprising, due to the opening of additional national cemeteries, the NCA is expecting an increase in the number of annual veteran interments through 2016 to more than 136,000, up from 125,180 in 2014; this number is expected to slowly decrease after an expected peak of 138,000 in 2022. This much needed expansion of the national cemetery system will help to facilitate the projected increase in annual veteran interments and will simultaneously increase the overall number of graves being maintained by the NCA to 3.7 million in 2018 and 4 million by 2021.

Even as the NCA continues to add veteran burial space to its expanding system, many existing cemeteries are exhausting their capacity and will no longer be able to inter casketed or cremated remains. That is why the VFW is glad the see the Administration's FY 2018 budget request for the National Cemetery Administration is higher than what the IBVSOs have recommended and includes a seven percent increase from FY 2017 appropriations.

Factors that have placed additional demand on the NCA include an increase in the issuance of Presidential Memorial Certificates, which is expected to increase from approximately 654,000 in 2013 to more than 870,000 in 2017; the expected increase in the burial of Native American, Alaska Native, and Pacific Islander veterans; and the possible increase, thanks to local historians and other interested stakeholders, in requests for headstones or markers for previously unidentified veterans. That is why the IBVSOs are glad to see the Administration has requested $256 million in FY 2018 to fund six national cemetery expansion projects which would provide more than 161,000 new burial spaces for veterans.

With the above considerations in mind, The Independent Budget recommends $291 million for FY 2018 for the Operations & Maintenance of the NCA. The IBVSOs believe that this should include a minimum of $20 million for the National Shrine Initiative. The IBVSOs laud the Administration for providing NCA the first increase in this important initiative since FY 2013.

DISABLED AMERICAN VETERANS (DAV)

PAUL R. VARELA, DAV ASSISTANT NATIONAL LEGISLATIVE DIRECTOR

Mr. Chairman and Members of the Committee:

As one of the co-authors of The Independent Budget (IB), along with Veterans of Foreign Wars (VFW) and Paralyzed Veterans of America (PVA), DAV is pleased to present our views regarding fiscal year (FY) 2018 funding requirements to support the Department of Veterans Affairs (VA) ability to process and deliver benefits to veterans, their families and survivors.

GENERAL OPERATING EXPENSES (GOE)

Veterans Benefits Administration $3.135 billion

The Veterans Benefits Administration (VBA) account is comprised of six primary divisions. These include Compensation; Pension; Education; Vocational Rehabilitation and Employment (VR&E); Housing; and Insurance. The increases recommended for these accounts primarily reflect current services estimates with the impact of inflation accounting for most of the increase. However, the IB recommendations for Compensation and VR&E also reflect a significant increase in requested staffing to meet the rising demand for those benefits. The IB recommends approximately $3.135 billion overall for VBA for FY 2018, an increase of approximately $279 million over the enacted FY 2017 appropriations level. The IB recommendation includes an increase of $183 million above current services in the Compensation account, and approximately $32 million above current services in the VR&E account to provide for approximately 2,000 new full-time equivalent employees (FTEE) to address rising workload.

Compensation Service Personnel 1750 New FTEEs $183 million

VBA continues to produce record numbers of claims while maintaining an emphasis on quality. Over the past few years, VBA has made significant progress in reducing the disability compensation backlog, which at its peak, stood at over 600,000 claims in March 2013. Today, the claims backlog stands at just over 90,000 claims, a decrease of more than 85 percent from its peak. There has also been a troubling rise in the overall disability claims inventory and the amount of time it takes to process both claims and appeals. These increases can be attributed to multiple factors, including an increase in the number of claims and appeals being filed, the lack of adequate resources to keep pace with demand and the curtailing of mandatory overtime to reduce the claims backlog.

In 2009, VBA issued claims decisions on 2.74 million medical issues; that number more than doubled to 5.76 million in FY 2016, but was less than FY 2015 when it issued 6.35 million decisions on medical issues. In March of 2013, VBA required roughly 282 days to process a claim. At the close of FY 2016, VBA reported that on average, it took 123 days to process a claim; however, in FY 2015, VBA reported that it took, on average, 92 days to complete a claim. In FY 2015, total inventory stood at about 352,000 claims; today VBA has a total inventory close to 400,000 claims. Furthermore, VBA has an inventory of nearly 584,000 non-disability rating claims, for example, claims for changes in dependent or marital status.

It will require a combined focus on technology and staffing levels to enable VBA to provide veterans and their dependents with more timely and accurate claims decisions. For FY 2018, the Independent Budget veterans service organizations

IBVSOs recommend an additional 1,750 FTEE to manage VBA's overall rising workload. Furthermore, since VBA stopped utilizing mandatory overtime for claims processing, the true need for additional personnel has become more evident. Of the overall increase in personnel, we recommend 1,000 FTEE be dedicated to processing appeals pending at VBA in an effort to eliminate the backlog of 380,000 appeals in VBA over the next three years. Depending on progress this year, further personnel increases may be necessary to reduce the appeals backlog at VBA. In addition, we recommend 350 FTEE be dedicated to addressing the growing backlog of non-rating related work, such as dependency claims. An additional further 300 FTEE should be dedicated for claims processing to address the incremental rise in the claims inventory and backlog and 100 FTEE dedicated to staffing the Fiduciary program to meet the growing needs of veterans participating in VA's Caregiver Support programs. This recommendation is based on a July 2015 VA Inspector General report on the Fiduciary program that found, ".Field Examiner staffing did not keep pace with the growth in the beneficiary population, [and] VBA did not staff the hubs according to their staffing plan.."

VR&E Service Personnel 266 New FTEEs $32 million

The Vocational Rehabilitation and Employment Service (VR&E), also known as the VetSuccess program, provides critical counseling and other adjunct services necessary to enable service disabled veterans to overcome barriers as they prepare for, find, and maintain gainful employment. VetSuccess offers services on five tracks: reemployment; rapid access to employment; self-employment; employment through long-term services; and independent living.

VR&E also operates its VetSuccess on Campus (VSOC) program at 94 college campuses.

Over the past few years, program participation has increased by 15 percent overall: increasing by 7.3 percent in FY 2015, 3.8 percent in FY 2016, and an estimated 4 percent in FY 2017. As VBA continues to expand VR&E eligibility to more veterans, due to increased claims processing and the award of new service-connected disabilities due to new presumptive disabilities, we project that total program participation for FY 2018 will grow by at least 5 percent for total caseload of close to 155,000.

Last year, Congress enacted Public Law 114–223, which authorizes the Secretary to use appropriated funds to ensure the ratio of veterans to full-time employment equivalents does not exceed 125 veterans to one full-time employment equivalent, a goal that VA has not met for many years. In July 2015, VR&E reported that its average Vocational Rehabilitation Counselor (VRC)-to-client ratio had risen to 1:139. However, in both FY 2016 and FY 2017, the Administration flat-lined the VR&E request for direct personnel at 1,442. In order to achieve and sustain a 1:125 counselor-to-client ratio in FY 2018, we estimate that VR&E would need 266 new FTEE, for a total workforce of 1,550 FTEE, to manage an active caseload and provide support services to 155,000 VR&E participants. At a minimum, three-quarters, of the new hires should be VRCs dedicated to providing direct services to veterans. This increase in personnel would address expected growth in VR&E claim filings and program participation, as well as collateral duties performed by VRCs outside of general case management. It is also essential that these increases be properly distributed throughout all of VR&E to ensure that VRC caseloads are equitably balanced among VA Regional Offices.

GENERAL ADMINISTRATION

Board of Veterans' Appeals $158 million

Faced with a rising appeals backlog that could no longer be ignored, Congress last year authorized the Board of Veterans' Appeals (Board) to increase its FTEE by 242 over FY 2016 levels, bringing their total authorized staffing to 922 FTEE for FY 2017; however, the Board currently has only about 860 FTEE. For FY 2018, the IBVSOs recommend no additional increases in FTEE; but note, the Board must be permitted to hire its full complement of 922 FTEE. Further, as the number of claims processed annually continues to rise as a result of the increased capacity of VBA, the number of appeals filed annually will grow commensurately. In order for the Board to keep pace with this new incoming workload alone, not including those appeals already in the system, FTEE levels will have to be adjusted accordingly, though appeals reform legislation could alleviate some of that need in the future.

The VA Appeals Improvement and Modernization Act of 2017 (H.R. 2288), legislation that would fundamentally reform and streamline the overall appeals process has been introduced in the 115th Congress and is moving forward. This measure includes provisions that reflect significant efforts and the consensus of a working

group formed in March 2016 that consisted of the IBVSOs, other VSO stakeholders, and leaders within VBA and the Board. Regardless of potential passage of this legislation the Board will continue to require resources commensurate with workload, especially to process legacy appeals remaining at the time of enactment of new appeals reform legislation. Further, the Board must be funded and empowered to continue pursuing IT modernization solutions that best meet the specific workflow needs of the Board, while ensuring it also supports seamless integration with VBMS and other IT systems used by VBA and the Court of Appeals for Veterans Claims.

COST OF LIVING ROUND DOWN

The Administration's budget proposal released on May 23, 2017, contains a provision that would round down cost-of-living adjustments (COLAs) for our nation's injured and ill veterans and their families for a period of 10 years. DAV and our IB partners are opposed to this rounding down provision. Veterans and their survivors rely on their compensation for essential purchases such as food, transportation, rent, and utilities. It also enables them to maintain a marginally higher quality of life.

Rounding down veterans' COLAs unfairly targets disabled veterans, their dependents and survivors to save the government money or offset the cost of other federal programs. The cumulative effect of this provision of law would, in essence, levy a 10-year tax on disabled veterans and their survivors, reducing their income each year. When multiplied by the number of disabled veterans and recipients of Dependency and Indemnity Compensation or DIC, hundreds of millions of dollars would be siphoned from these deserving individuals annually. All totaled, VA estimates, this proposed COLA round down would cost beneficiaries close to $2.7 billion over 10 years.

INDIVIDUAL UNEMPLOYABILITY AND SOCIAL SECURITY OFFSET

We also note there is a new proposal included in the President's budget that would impact the VA's Individual Unemployability or IU program which allows VA to pay certain veterans disability compensation at the 100 percent rate, even though VA has not rated their service-connected disabilities at the total level. Specifically, the proposal would terminate existing IU ratings for veterans when they reach the minimum retirement age for Social Security purposes, or upon enactment of the proposal if the veteran is already in receipt of Social Security retirement benefits. DAV and our IB partners oppose this proposal.

We oppose any measure that proposes to offset the payment of any other federal benefit, or earned benefit entitlement by VA compensation payments made to service-connected disabled veterans. Benefits received from the VA, or based on military retirement pay and other federal programs have differing eligibility criteria as compared with the earned payments of Social Security. Reducing a benefit provided to a disabled veteran in receipt of IU due to receipt of a different benefit offered through separate federal benefit program is simply an unjust penalty.

Likewise, we are opposed to limiting a compensation benefit due to a veteran's age. Some veterans might not have income replacement available-especially those who had been on IU for an extended period in advance of reaching retirement age.

Mr. Chairman, thank you for the opportunity to submit testimony and to present our views regarding FY 2018 funding requirements to support the VA's ability to process and deliver benefits to veterans, their families and survivors. I would be happy to respond to any questions that you or members of the Committee may have regarding this statement or our recommendations.

PARALYZED VETERANS OF AMERICA (PVA)

Chairman Roe, Ranking Member Walz, and members of the Committee, as one of the co-authors of The Independent Budget (IB), along with DAV and Veterans of Foreign Wars, Paralyzed Veterans of America (PVA) is pleased to present our views regarding the funding requirements for the delivery of health care for the Department of Veterans Affairs (VA) for FY 2018 and advance appropriations for FY 2019. On the following page, we have included a side-by-side comparison of funding recommendations previously appropriated, recommended by the Administration, and recommended by the IB for FY 2017 and FY 2018, as well as the advance appropriations for FY 2019.

VA Accounts for FY 2018 and FY 2019 Advance Appropriations

VA Accounts for FY 2018 and FY 2019 Advance Appropriations

	FY 2017 Appropriation	FY 2018 Advance Approps	FY 2018 Admin Revised	FY 2018 IB	FY 2019 Advance Approps	FY 2019 IB Advance Approps
Veterans Health Administration (VHA)						
Medical Services	45,505,812	44,886,554	45,918,362	64,493,555	49,161,165	69,450,838
Medical Community Care	7,246,181	9,409,118	9,663,118		8,384,704	
Choice Program	2,900,000		2,900,000		3,500,000	
Subtotal Medical Services	***55,651,993***	***54,295,672***	***58,481,480***	***64,493,555***	***57,545,869***	***69,450,838***
Medical Support and Compliance	6,524,000	6,654,480	6,938,877	6,657,955	7,239,156	6,793,408
Medical Facilities	5,321,668	5,434,880	6,514,675	5,796,343	5,914,288	6,562,579
Subtotal Medical Care, Discretionary	**67,497,661**	**66,385,032**	**71,935,032**	**76,947,853**	**70,699,313**	**82,806,825**
Medical Care Collections	*3,558,307*	*3,627,255*	*3,271,000*		*3,277,000*	
Total, Medical Care Budget Authority (including Collections)	***71,055,968***	***70,012,287***	***75,206,032***	***76,947,853***	***73,976,313***	***82,806,825***
Medical and Prosthetic Research	675,366		640,000	713,200		
Millions Veterans Program				65,000		
Total, Veterans Health Administration	**71,731,334**	**70,012,287**	**75,846,032**	**77,726,053**		
General Operating Expenses (GOE)						
Veterans Benefits Administration	2,856,160		2,844,000	3,134,540		
General Administration	345,391		346,891	406,454		
Board of Veterans Appeals	156,096		155,596	158,196		
Total, GOE	**3,357,647**		**3,346,487**	**3,699,190**		
Departmental Admin/ Misc. Programs						
Information Technology	4,278,259		4,055,500	4,361,502		
National Cemetery Administration	286,193		306,193	291,085		
Office of Inspector General	160,106		159,606	162,545		
Total, Dept. Admin/ Misc. Programs	**4,724,558**		**4,521,299**	**4,815,132**		
Construction Programs						
Construction, Major	528,110		512,430	1,500,000		
Construction, Minor	372,069		342,570	700,000		
Grants for State Extended Care Facilities	90,000		90,000	300,000		
Grants for State Vets Cemeteries	45,000		45,000	46,000		
Total, Construction Programs	**1,035,179**		**990,000**	**2,546,000**		
Other Discretionary	201,000		180,214	203,000		
Total, Discretionary Budget Authority (Including Medical Collections)	***81,049,718***		***84,884,032***	***88,989,375***		

The IB's recommendations include funding for all discretionary programs for FY 2018 as well as advance appropriations recommendations for medical care accounts for FY 2019. The full budget report recently released by The Independent Budget addressing all aspects of discretionary funding for the VA can be downloaded at www.independentbudget.org. The FY 2018 projections are particularly important because previous VA Secretary Robert McDonald admitted last year that the VA's FY 2018 advance appropriation request was not truly sufficient and would need significant additional resources provided this year. We hope that Congress will take this defined shortfall very seriously and appropriately address this need. Our own FY 2018 estimates affirm this need.

We appreciate the fact that the Administration's budget request just released includes some increases in discretionary dollars for the Medical Care accounts. However, it is important for us to address the notion that VA does not need any additional resources, based on the expansive growth of overall VA expenses in the last 10 years. These ideas are not grounded in thorough analysis of demand and utilization of VA health care. Perhaps Congress can explain how the VA can take on significantly more demand for services both inside VA and in the community, and yet meet that demand and utilization with less resources (an assertion peddled by some organizations). While VA has seen substantial growth in its funding needs over the last decade, much of that is reflected in mandatory benefits to include the implementation of the Post-9/11 GI Bill.

We also believe it is necessary to consider the projected expenditures under the Choice program authority that the previous Administration planned in FY 2017 and how that impacts the baseline that will dictate the funding needs for FY 2018. The previous Administration assumed as much as $5.7 billion in spending through the Choice program in FY 2017, on top of the Medical Services discretionary funding

and the newly created Medical Community Care account. That amount was revised to approximately $2.9 billion. This means that the VA projected to spend more than $59.0 billion in Medical Services and more than $71.0 billion in overall Medical Care funding in FY 2017. These considerations inform the decisions of The Independent Budget to establish our baseline for our funding recommendations for both FY 2018 and FY 2019.

Earlier this year, the Administration also indicated that it intends to request as much as $3.5 billion in additional funding for the Choice program to keep it operating at least through the end of FY 2018. That amount has since been revised to $2.9 billion for FY 2018 and $3.5 billion for FY 2019 and beyond. However, this recommendation begs the question: does this recommendation suggest that the Choice program as currently designed should continue in perpetuity? Certainly no reasonable person supports that idea. We believe that Congress must reject continued funding of this program through a mandatory account and place in line with all other community care funded through the discretionary Community Care account established previously by in order to eliminate competing sources of funding for delivery of health care services in the community, while maintaining visibility on spending through the Choice program.

For FY 2018, the IB recommends approximately $77.0 billion in total medical care funding. Congress previously approved only $70.0 billion in total medical care funding for FY 2018 (which includes an assumption of approximately $3.6 billion in medical care collections). The Administration's budget request includes a not-insignificant overall medical care funding recommendation of approximately $75.2 billion. However, we remain concerned that this level of funding will not keep pace with the continually increasing demand and utilization. The IB's recommendation also considers the approximately $1 billion VA is expected to have remaining in the Veterans Choice Fund and expected demand for care, including community care, that will not diminish or go away if the Choice Program expires. The Independent Budget recommends approximately $82.8 billion in advance appropriations for total Medical Care for FY 2019.

Medical Services

For FY 2018, The Independent Budget recommends $64.5 billion for Medical Services. This recommendation includes:

Current Services Estimate	$60,897,313,000.
Increase in Patient Workload	$1,595,242,000.
Additional Medical Care Program Cost	$2,001,000,000.
Total FY 2018 Medical Services	$64,493,555,000.

The current services estimate reflects the impact of projected uncontrollable inflation on the cost to provide services to veterans currently using the system. This estimate also assumes a 1.5 percent increase for pay and benefits across the board for all VA employees in FY 2018. It was previously reported that the new Administration would like to consider a 1.9 percent federal pay raise.

Our estimate of growth in patient workload is based on a projected increase of approximately 90,000 new unique patients. These patients include priority group 1≥-8 veterans and covered non-veterans. We estimate the cost of these new unique patients to be approximately $1.4 billion. The increase in patient workload also includes a projected increase of 58,000 new Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) enrollees, as well as Operation New Dawn (OND) veterans at a cost of approximately $242 million. The increase in utilization among OEF/OIF/OND veterans is supported by the average annual increase in new users through the third quarter of FY 2016.

Additionally, The Independent Budget believes that there are medical program funding needs for VA that must be considered. Those costs total approximately $2.0 billion.

Long-Term Services and Supports

The Independent Budget recommends $535 million for FY 2018. This recommendation reflects the fact that there was a significant increase in the number of veterans receiving Long Term Services and Supports (LTSS) in 2016. Unfortunately, due to loss of authorities-specifically fee-care no longer being authorized, provider agreement authority not yet enacted, and the inability to use Choice funds for all but skilled nursing care-to purchase appropriate LTSS care particularly for home

and community-based care, we estimate an increase in the number of veterans using the more costly long-stay and short-stay nursing home care.

Prosthetics and Sensory Aids

In order to meet the increase in demand for prosthetics, the IB recommends an additional $320 million. This increase in prosthetics funding reflects a similar increase in expenditures from FY 2016 to FY 2017 and the expected continued growth in expenditures for FY 2018.

Women Veterans

The Medical Services appropriation should be supplemented with $110 million designated for women's health care programs in FY 2018. These funds will be used to help the VA deal with the continuing growth in women veterans coming to VA for care, including coverage for gynecological, prenatal, and obstetric care, other gender-specific services, and for expansion and repair of facilities hosting women's care to improve privacy and safety of these facilities. The new funds would also aid VHA in making its cultural transformation to ensure women veterans are made to feel welcome at VA, and provide means for VA to improve specialized services for preventing suicide and homelessness and improvements for mental health and readjustment services for women veterans.

Reproductive Services (to Include IVF)

Last year, Congress authorized appropriations for the remainder of FY 2017 and FY 2018 to provide reproductive services, to include in vitro fertilization (IVF), to service-connected catastrophically disabled veterans whose injuries preclude their ability to conceive children. The VA projects that this service will impact less than 500 veterans and their spouses in FY 2018. The VA also anticipates an expenditure of no more than $20 million during that period. However, these services are not directly funded; therefore, the IB recommends approximately $20 million to cover the cost of reproductive services in FY 2018. We are pleased to see that the Administration does retain the authority to provide reproductive services in its budget proposal.

Emergency Care

Recently, the VA has received serious scrutiny for its interpretation of legislation dating back to 2009, which required it to pay for veterans who sought emergency care outside of the VA health care system. The Richard W. Staab v. Robert A. McDonald ruling handed down by the US Court of Appeals for Veterans Claims last year, places the financial responsibility of these emergency care claims squarely on the VA. Although VA continues to appeal this decision, it is not expected to prevail in this case leaving itself with a more than $10 billion dollar obligation over the next 10 years. The Staab ruling is estimated to cost VA approximately $1.0 billion in FY 2018 and about $1.1 billion in FY 2019, which the IB has included in our recommendations. We are disappointed to see that the Administration's proposal continues to ignore its growing obligation to cover the cost of emergency care as dictated by the Staab decision.

FY 2019 Medical Services Advance Appropriations

The Independent Budget once again offers baseline projections for funding through advance appropriations for the Medical Care accounts for FY 2019. While the enactment of advance appropriations for VA medical care in 2009 helped to improve the predictability of funding requested by the Administration and approved by Congress, we have become increasingly concerned that sufficient corrections have not been made in recent years to adjust for new, unexpected demand for care. As indicated previously, we have serious concerns that the previous Administration significantly underestimated its FY 2018 advance appropriations request. This trend cannot be allowed to continue, particularly as Congress continues to look for ways to reduce discretionary spending, even when those reductions cannot be justified.

For FY 2019, The Independent Budget recommends approximately $69.5 billion for Medical Services. Our Medical Services advance appropriations recommendation includes:

Current Services Estimate	$66,334,946,000.
Increase in Patient Workload	$1,589,892,000.

Additional Medical Care Program Cost	$1,526,000,000.
Total FY 2019 Medical Services	$69,450,838,000.

Our estimate of growth in patient workload is based on a projected increase of approximately 78,000 new patients. These new unique patients include priority group 1≥-8 veterans and covered nonveterans. We estimate the cost of these new patients to be approximately $1.3 billion. This recommendation also reflects an assumption that more veterans will be accessing the system as VA expands its capacity and services and we believe that reliance rates will increase as veterans examine their health care options as a part of the Choice program. The increase in patient workload also assumes a projected increase of 62,500 new OEF/OIF and OND veterans, at a cost of approximately $272 million.

As previously discussed, the IBVSOs believe that there are additional medical program funding needs for VA. In order to meet the increase in demand for prosthetics, the IB recommends an additional $330 million. We believe that VA should invest a minimum of $120 million as an advance appropriation in FY 2019 to expand and improve access to women veterans' health care programs. Our additional program cost recommendation includes continued investment of $20 million to support extension of the authority to provide reproductive services to the most catastrophically disabled veterans. Finally, VA's cost burden for paying emergency care claims dictated by the Staab ruling will require at least $1.1 billion in FY 2019 alone.

Medical Support and Compliance

For Medical Support and Compliance, The Independent Budget recommends $6.7 billion for FY 2018. Our projected increase reflects growth in current services based on the impact of inflation on the FY 2017 appropriated level. Additionally, for FY 2019 The Independent Budget recommends $6.8 billion for Medical Support and Compliance. We have concerns about the significant growth in these administrative account functions recommended by the Administration (nearly $300 million in FY 2018 and an additional $300 million in FY 2019) as these areas have been shown to be bloated on numerous occasions in the past. These dollars could certainly be better spent providing direct care services to veterans.

Medical Facilities

For Medical Facilities, The Independent Budget recommends $5.8 billion for FY 2018. Our Medical Facilities recommendation includes $1.35 billion for Non-Recurring Maintenance (NRM). Likewise, The Independent Budget recommends approximately $6.6 billion for Medical Facilities for FY 2019. Our FY 2019 advance appropriation recommendation also includes $1.35 billion for NRM. We are pleased to see the Administration recommending real funding for this account in FY 2018 (approximately $6.5 billion), but we are concerned that the Budget Request reflects the continued trend of reducing the recommendation in the advance appropriation year ($5.9 billion in FY 2019) in order to seemingly hold down discretionary projections.

Medical and Prosthetic Research

We are very disappointed to see the major cut in funding for the Medical and Prosthetic Research program in the Administration's Budget Request-from $675 million in FY 2017 to $640 million in FY 2018. The VA Medical and Prosthetic Research program is widely acknowledged as a success on many levels, and contributes directly to improved care for veterans and an elevated standard of care for all Americans. We recommend that Congress appropriate $713 million for Medical and Prosthetic Research for FY 2018. Additionally, under the President's Precision Medicine Initiative, the IBVSOs recommend $65 million to enable VA to process one quarter of the MVP samples collected, for a total research appropriation of $778 million.

Thank you for the opportunity to submit our views on the FY 2018 VA Budget Request. We would be happy to answer any questions the Committee may have.

THE INDEPENDENT BUDGET

BUDGET RECOMMENDATIONS FOR FY18 AND FY19

Introduction

For more than 30 years, the co-authors of The Independent Budget (IB)-Disabled American Veterans (DAV), Paralyzed Veterans of America (Paralyzed Veterans), and Veterans of Foreign Wars (VFW)-have presented our budget and policy recommendations to Congress and the Administration. Our recommendations are meant to inform Congress and the Administration of the needs of our members and all veterans and to offer substantive solutions to address the many health care and benefits challenges they face. This budget report serves as our benchmark for properly funding the Department of Veterans Affairs (VA) to ensure the delivery of timely, quality health care and accurate and appropriate benefits.

The IB veterans' service organizations (IBVSOs) recognize that Congress and the Administration continue to face immense pressure to reduce federal spending. However, we believe that the ever-growing demand for health care and benefits services, particularly with more health care being provided in the community, provided by the VA certainly validates the continued need for sufficient funding. We understand that VA has fared better than most federal agencies in budget proposals and appropriations, but the real measure should be how well the funding matches the demand for veterans' benefits and services.

We appreciate that Congress remains committed to doing the right thing and has continued to provide increases in appropriations dollars. However, the serious access problems in the health care system identified in 2014 and the continued pressure being placed on the claims processing system raise serious questions about the adequacy of resources being provided and how VA chooses to spend these resources.

The IBVSOs are jointly releasing this stand-alone report that focuses solely on the budget for VA and our projections for VA's funding needs across all programs. This report is not meant to suggest that these are the absolute correct answers for funding these services. However, in submitting our recommendations the IBVSOs are attempting to produce an honest assessment of need that is not subject to the politics of federal budget development and negotiations that inevitably have led to continuous funding deficits.

Our recommendations include funding for all discretionary programs for FY 18 as well as advance appropriations recommendations for medical care accounts for FY 19. The FY 18 projections are particularly important because previous VA Secretary Robert McDonald admitted last year that the VA's FY 18 advance appropriation request was not truly sufficient and would need significant additional resources provided this year. We hope that Congress will take this defined shortfall very seriously and appropriately address this need. Our own FY 18 estimates affirm this need.

We hope that the House and Senate Committees on Veterans' Affairs as well as the Military Construction and Veterans' Affairs Appropriations Subcommittees will be guided by these estimates in making their decisions to ensure sufficient, timely, and predictable funding for VA.

VA ACCOUNTS FOR FY 18 & FY 19 ADVANCE APPROPRIATIONS					
	FY 17 Appropriation	FY 18 Admin	FY 18 Independent Budget	FY 19 Appropriation	FY 19 IB Ady Appropriation
VETERANS HEALTH ADMINISTRATION (VHA)					
Medical Services	45,505,812	44,886,554	64,493,555		69,450,838
Medical Community Care	7,246,181	9,409,118			
Choice Program*	2,900,000				
Subtotal Medical Services	**55,651,993**	**54,295,672**	**64,493,555**		**69,450,838**
Medical Support & Compliance	6,524,000	6,654,480	6,657,955		6,793,408
Medical Facilities	5,321,668	5,434,880	5,796,343		6,562,579
Subtotal Medical Care, Discretionary	67,497,661	66,385,032	76,947,853		82,806,825
Medical Care Collections	*3,558,307*	*3,627,255*			
Total, Medical Care Budget Authority (including Collections)	*71,055,968*	*70,012,287*	*76,947,853*		*82,806,825*
Medical & Prosthetic Research	675,366		713,200		
Million Veteran Program			*65,000*		
Total, VHA	*71,731,334*	*70,012,287*	*77,726,053*		
GENERAL OPERATING EXPENSES (GOE)					
Veterans Benefits Administration	2,856,160		3,134,540		
General Administration	345,391		406,454		
Board of Veterans Appeals	156,096		158,196		
Total, GOE	*3,357,647*		*3,699,190*		
DEPARTMENTAL ADMIN & MISC. PROGRAMS					
Information Technology	4,278,259		4,361,502		
National Cemetery Administration	286,193		291,085		
Office of Inspector General	160,106		162,545		
Total, Department of Admin & Misc. Programs	*4,724,558*		*4,815,132*		
CONSTRUCTION PROGRAMS					
Construction, Major	528,110		1,500,000		
Construction, Minor	372,069		700,000		
Grants for State Extended Care Facilities	90,000		300,000		
Grants for State Veteran Cemeteries	45,000		46,000		
Total, Construction Programs	*1,035,179*		*2,546,000*		
OTHER DISCRETIONARY	201,000		203,000		
Total, Discretionary Budget Authority (including Medical Collections)	*81,049,718*		*88,989,375*		

**The Administration's FY 17 revised budget request initially assumed approximately $5.7 billion in resource expenditures from the Choice program. More recent estimates from VA indicate about $2.9 billion in resource expenditures from the Choice program in FY 17 increasing the total Medical Services expenditure for FY 17, including Medical Care Collections, to nearly $59.2 billion.*

Veterans Health Administration

Total Medical Care

FY 18 IB Recommendations	**$77.0 billion.**
FY 18 Revised Administration Request	
FY 18 Enacted Advance Appropriations	$66.4 billion.
Medical Care Collections	$3.6 billion.
Total	**$70.0 billion.**
FY 19 IB Advance Appropriations Recommendation	**$82.8 billion.**

FY 19 Administration Advance Appropriations Request
Medical Care Collections
Total

The IBVSOs have serious concerns about the FY 18 advance appropriations requested by the previous Admin-istration and subsequently approved by Congress. Last year, the former Secretary of Veterans Affairs openly admitted that the FY 18 advance appropriations request was significantly short. He also indicated that the new Administration and Congress would have to correct this shortfall. We are concerned that this new Administra-tion has not yet indicated its desire to correct this problem before it has catastrophic consequences for the VA. If the new Administration's budget request fails to properly address this issue, it is imperative that Congress takes necessary action to properly resource the VA health care system.

We also believe it is necessary to consider the projected expenditures under the Choice program authority that the previous Administration planned in FY 17 and how that impacts the baseline that will dictate the fund-ing needs for FY 18. The previous Administration assumed as much as $5.7 billion in spending through the Choice program in FY 17, on top of the Medical Services discretionary funding and the newly created Medical Community Care account. That amount has now been revised to approximately $2.9 billion. This means that the VA projected to spend more than $59.0 billion in Medical Services and more than $71.0 billion in over-all Medical Care funding in FY 17. These considerations inform the decisions of The Independent Budget to establish our baseline for our funding recommendations for both FY 18 and the advance appropriations for FY 19.

For FY 18, the IB recommends approximately $77.0 billion in total medical care funding. Congress previously approved only $70.0 billion for this account for FY 18 (which includes an assumption of approximately $3.6 billion in medical care collections). The IB's recommendation also considers the approximately $1 billion VA is expected to have remaining in the Veterans Choice Fund and expected demand for care, including community care, that will not diminish or go away if the Choice Program expires.

Medical Services

Appropriations for FY 18	
FY 18 IB Recommendations	$64.5 billion.
FY 18 Revised Administration Request	
Medical Care Collections	$3.6 billion.
Subtotal	
FY 18 Enacted Advance Appropriations	$54.3 billion.
Medical Care Collections	$3.6 billion.
Subtotal	$57.9 billion.

For FY 18, The Independent Budget recommends $64.5 billion for Medical Services. This recommendation is a reflection of multiple components. These components include the following recommendations:

Current Services Estimate	$60,897,313,000.
Increase in Patient Workload	$1,595,242,000.
Additional Medical Care Program Cost	$2,001,000,000.
Total FY 18 Medical Services	$64,493,555,000.

The current services estimate reflects the impact of projected uncontrollable inflation on the cost to provide services to veterans currently using the system. This estimate also assumes a 1.5 percent increase for pay and benefits across the board for all VA employees in FY 18.

Our estimate of growth in patient workload is based on a projected increase of approximately 90,000 new unique patients. These patients include priority group 1≥-8 veterans and covered non-veterans. We estimate the cost of these new unique pa-

tients to be approximately $1.4 billion. The increase in patient workload also includes a projected increase of 58,000 new Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) enrollees, as well as Operation New Dawn (OND) veterans at a cost of approximately $242 million. The increase in utilization among OEF/OIF/OND veterans is supported by the average annual increase in new users through the third quarter of FY 2016.

The Independent Budget believes that there are additional projected medical program funding needs for VA. Those costs total approximately $2.0 billion. Specifically, we believe there is real funding needed to address the array of long-term-care issues facing VA, including the shortfall in institutional capacity; to provide additional centralized prosthetics funding (based on actual expenditures and projections from the VA's Prosthetics and Sensory Aids Service); funding to expand and improve services for women veterans; funding to support the recently approved authority for reproductive services, to include in vitro fertilization (IVF); and funding to allow VA to MEET the building costs for emergency care as dictated by the Staab court ruling.

Long-Term Services and Supports

The Independent Budget recommends $535 million for FY 18. This recommendation reflects the fact that there was a significant increase in the number of veterans receiving Long Term Services and Supports (LTSS) in 2016. Unfortunately, due to loss of authorities-specifically fee-care no longer being authorized, provider agreement authority not yet enacted, and the inability to use Choice funds for all but skilled nursing care-to purchase appropriate LTSS care particularly for home- and community-based care, we estimate an increase in the number of veterans using the more costly long-stay and short-stay nursing home care.

Prosthetics and Sensory Aids

In order to meet the increase in demand for prosthetics, the IB recommends an additional $320 million. This increase in prosthetics funding reflects a similar increase in expenditures from FY 2016 to FY 17 and the expected continued growth in expenditures for FY 18.

Women Veterans

The Medical Services appropriation should be supplemented with $110 million designated for women's health care programs, in addition to those amounts already included in the FY 18 baseline. These funds would be used to help the Veterans Health Administration deal with the continuing growth in women veterans coming to VA for care, including coverage for gynecological, prenatal, and obstetric care, other gender-specific services, and for expansion and repair of facilities hosting women's care to improve privacy and safety of these facilities. The new funds would also aid VHA in making its cultural transformation to ensure women veterans are made to feel welcome at VA, and provide means for VA to improve specialized services for preventing suicide and homelessness and improvements for mental health and readjustment services for women veterans.

Reproductive Services (to Include IVF)

Last year, Congress authorized appropriations for the remainder of FY 17 and FY 18 to provide reproductive services, to include in vitro fertilization (IVF), to service-connected catastrophically disabled veterans whose injuries preclude their ability to conceive children. The VA projects that this service will impact less than 500 veterans and their spouses in FY 18. The VA also anticipates an expenditure of no more than $20 million during that period. However, these services are not directly funded; therefore, the IB recommends approximately $20 million to cover the cost of reproductive services in FY 18.

Emergency Care

Recently, the VA has received serious scrutiny for its interpretation of legislation dating back to 2009, which required it to pay for veterans who sought emergency care outside of the VA health care system. The Richard W. Staab v. Robert A. McDonald ruling handed down by the US Court of Appeals for Veterans Claims last year, places the financial responsibility of these emergency care claims squarely on the VA. Although VA continues to appeal this decision, it is not expected to prevail in this case leaving itself with a more than $10 billion dollar obligation over the next 10 years. The Staab ruling is estimated to cost VA approximately $1.0 billion in FY 18 and about $1.1 billion in FY 19, which the IB has included in our recommendations.

Advance Appropriations for FY 19

FY 19 IB Advance Appropriations Recommendations	$69.5 billion.
FY 19 Administration Advance Appropriations Request	
Medical Care Collections	
Subtotal	

The Independent Budget once again offers baseline projections for funding through advance appropriations for the Medical Care accounts for FY 19. While the enactment of advance appropriations for VA medical care in 2009 helped to improve the predictability of funding requested by the Administration and approved by Congress, we have become increasingly concerned that sufficient corrections have not been made in recent years to adjust for new, unexpected demand for care. As indicated previously, we have serious concerns that the previous Administration significantly underestimated its FY 18 advance appropriations request. This trend cannot be allowed to continue, particularly as Congress continues to look for ways to reduce discretionary spending, even when those reductions cannot be justified.

For FY 19, The Independent Budget recommends approximately $69.5 billion for Medical Services. Our Medical Services level includes the following recommendations:

Current Services Estimate	$66,334,946,000.
Increase in Patient Workload	$1,589,892,000.
Additional Medical Care Program Cost	$1,526,000,000.
Total FY 17 Medical Services	$69,450,838,000.

Our estimate of growth in patient workload is based on a projected increase of approximately 78,000 new patients. These new unique patients include priority group 1≥-8 veterans and covered nonveterans. We estimate the cost of these new patients to be approximately $1.3 billion. This recommendation also reflects an assumption that more veterans will be accessing the system as VA expands its capacity and services and we believe that reliance rates will increase as veterans examine their health care options as a part of the Choice program. The increase in patient workload also assumes a projected increase of 62,500 new OEF/OIF and OND veterans, at a cost of approximately $272 million.

Last, as previously discussed, the IBVSOs believe that there are additional medical program funding needs for VA. In order to meet the increase in demand for prosthetics, the IB recommends an additional $330 million, reflecting the ever-growing cost of more advanced prosthetics being prescribed for seriously disabled veterans. We believe that VA should invest a minimum of $120 million as an advance appropriation in FY 19 to expand and improve access to women veterans' health care programs. Our additional program cost recommendation includes continued investment of $20 million to support extension of the authority to provide reproductive services to the most catastrophically disabled veterans. Finally, VA's cost burden for finally paying emergency care claims dictated by the Staab ruling exceeds $10.0 billion over 10 years and will require at least $1.1 billion in FY 19 alone.

Medical Support and Compliance

FY 18 IB Recommendations	$6.658 billion.
FY 18 Revised Administration Request	
FY 18 Enacted Advance Appropriations	$6.654 billion.
FY 19 IB Advance Appropriations Recommendations	$6.793 billion.
FY 19 Administration Advance Appropriations Request	

For Medical Support and Compliance, The Independent Budget recommends $6.7 billion for FY 18. Our projected increase reflects growth in current services based on the impact of inflation on the FY 17 appropriated level. Additionally, for FY 19 The Independent Budget recommends $6.8 billion for Medical Support and Compliance. This amount also reflects an increase in current services from the FY 18 advance appropriations level.

Medical Facilities

FY 18 IB Recommendations	$5.796 billion.
FY 18 Revised Administration Request	
FY 18 Enacted Advance Appropriations	$5.435 billion.
FY 19 IB Advance Appropriations Recommendations	$6.563 billion.
FY 19 Administration Advance Appropriations Request	

For Medical Facilities, The Independent Budget recommends $5.8 billion for FY 18, nearly $400 million more than the enacted advance appropriation. Our Medical Facilities recommendation includes $1.35 billion for Non-Recurring Maintenance (NRM). The Administration's request over the past two budget cycles represented a wholly inadequate level for NRM funding, particularly in light of the actual expenditures that were outlined in the budget justification. While VA has actually spent on average approximately $1.3 billion yearly for NRM, the Administration has requested on average only $460 million for NRM. This request level is clearly insufficient. This decision means that VA is forced to divert funds programmed for other purposes to meet this need. While the VA's projected NRM expenditure for FY 18 is higher than in years past, it still remains insufficient.

The Independent Budget recommends approximately $6.6 billion for Medical Facilities for FY 19. Our FY 19 advance appropriation recommendation also includes $1.35 billion for NRM. Last year the Administration's recommendation for NRM reflected a projection that would place the long-term viability of the health care system in serious jeopardy. This deficit must be addressed.

Medical and Prosthetic Research

FY 18 IB Recommendations	**$713 million**.
Million Veteran Program	***$65 million***.
Total IB Medical and Prosthetic Research	**$778 million**.
FY 18 Administration Request	
FY 17 Enacted Final Appropriation	$675 million.

The VA Medical and Prosthetic Research program is widely acknowledged as a success on many levels, and contributes directly to improved care for veterans and an elevated standard of care for all Americans. The research program is an important tool in VA's recruitment and retention of health care professionals and clinician-scientists to serve our nation's veterans. By fostering a spirit of research and innovation within the

VA medical care system, the VA research program ensures that our veterans are provided state-of-the-art medical care.

Investing Taxpayers' Dollars Wisely

Despite documented success of VA investigators across many fields, the amount of appropriated funding for VA research since FY 2010 has lagged far behind annual biomedical research inflation rates, resulting in a net loss over these years of nearly 10 percent of the program's overall purchasing power. As estimated by the Department of Commerce, Bureau of Economic Analysis, and the National Institutes of Health, for VA research to maintain current service levels, the Medical and Prosthetic Research appropriation should be increased in FY 18 by 2.7 percent over the FY 17 baseline simply to keep pace with inflation. With this in mind, The Independent Budget recommends approximately $17 million to meet current services demands for research.

Numerous meritorious proposals for new VA research cannot be funded without an infusion of additional funding for this vital program. Research awards decline as a function of budgetary stagnation, so VA may resort to terminating ongoing research projects or not funding new ones, and thereby lose the value of these scientists' work, as well as their clinical presence in VA health care. When denied research funding, many of them simply choose to leave the VA.

Emerging Research Needs

In addition to covering uncontrollable inflation, the IBVSOs believe Congress should appropriate an additional $17 million for FY 18, for expanding research on emerging conditions prevalent among newer veterans, as well as continuing VA's inquiries in chronic conditions of aging veterans from previous wartime periods. For

example, additional funding will help VA support areas that remain critically underfunded, including:

- Post-deployment mental health concerns such as PTSD, depression, anxiety, and suicide in the veteran population;
- The gender-specific health care needs of the VA's growing population of women veterans;
- New engineering and technological methods to improve the lives of veterans with prosthetic systems that replace lost limbs or activate paralyzed nerves, muscles, and limbs;
- Studies dedicated to understanding chronic multi-symptom illnesses among Gulf War veterans and the long-term health effects of potentially hazardous substances to which they may have been exposed; and
- Innovative health services strategies, such as telehealth and self-directed care, that lead to accessible, high-quality, cost-effective care for all veterans.

Million Veteran Program (MVP)

The VA Research program is uniquely positioned to advance genomic medicine through the MVP, an effort that seeks to collect genetic samples and general health information from 1 million veterans over the next five years. When completed, the MVP will constitute one of the largest genetic repositories in existence, offering tremendous potential to study the health of veterans. To date, more than 400,000 veterans have enrolled in MVP. The VA estimates it currently costs around $75 to sequence each veteran's blood sample. Under the President's Precision Medicine Initiative, the IBVSOs recommend $65 million to enable VA to process one quarter of the MVP samples collected.

GENERAL OPERATING EXPENSES

Veterans Benefits Administration

FY 18 IB Recommendations	**$3.135 billion**.
FY 18 Administration Request	
FY 17 Enacted Final Appropriations	$2.856 billion.

The Veterans Benefits Administration (VBA) account is comprised of six primary divisions. These include Compensation; Pension; Education; Vocational Rehabilitation and Employment (VR&E); Housing; and Insurance. The increases recommended for these accounts primarily reflect current services estimates with the impact of inflation representing the grounds for the increase. However, two of the subaccounts-Compensation and VR&E-also reflect a substantial increase in requested staffing to meet the rising demand for those benefits.

The IB recommends approximately $3.135 billion for the VBA for FY 18. This amount reflects an increase of approximately $279 million over the enacted FY 17 appropriations level. Our recommendation includes approximately $183 million in additional funds in the Compensation account above current services, and approximately $32 million more in the VR&E account above current services to provide for new full-time equivalent employees (FTEE).

Compensation Service Personnel 1750 New FTEEs $183 million

VBA continues to produce record numbers of claims while maintaining an emphasis on quality; however, FY 2016 signals a troubling trend. Increases are taking place in total disability claims inventory, backlogged claims, the amount of time it takes to process a claim and appeals workload. These increases can be attributed to multiple factors such as an increase in the number of claims and appeals being filed, the lack of adequate resources to keep pace with demand and the curtailing of mandatory overtime.

Over the past few years, VBA has made significant progress in reducing the disability compensation backlog, which at its peak, stood at over 600,000 claims in March 2013. Today, the claims backlog stands at roughly 96,000 claims, a decrease of nearly 85 percent from its peak, but an increase of roughly 10,000 claims over the previous year. VA defines a backlogged disability claim as one pending over 125 days.

In 2009, VBA issued decisions on 2.74 million medical issues; that number more than doubled to 5.76 million in FY 2016, but was less than FY 2015 when it issued 6.35 million decisions on medical issues. In March of 2013, VBA required roughly 282 days to process a claim. At the close of FY 2016, VBA reported that on average,

it took 123 days to process a claim; however, in FY 2015, VBA reported that it took, on average, 92 days to complete a claim.

VBA's total disability claims inventory is also continuing to rise. In FY 2015, their pending claims inventory stood at about 352,000 claims; today, VBA has a total inventory closer to 400,000 claims. This means that one quarter of VBA's total inventory is considered backlogged. Furthermore, VBA has an inventory of nearly 584,000 for non-disability rating claims.

It will take a blend of technology and people to enable VBA to provide veterans and their dependents with more timely and accurate decisions. Necessary personnel increases should not be tempered against hopes of future technological gains. IT systems such as the Veterans Benefits Management System (VBMS), e-Benefits, the Stakeholder Enterprise Portal (SEP) and now, the National Work Queue, though beneficial for enabling VBA keep pace with their overall workload, the full effect of these systems may not be realized for years.

Recognizing that rising workload, particularly claims for disability compensation, could not be addressed without additional personnel, Congress provided VBA with more than 1,300 FTEE between FY 2013 and FY 17, primarily in Compensation Service. In FY 2016 alone, Congress authorized VBA to hire an additional 770 FTEE. The new FTEE were to be purposed for non-rating activities. However, taking into consideration VBA's total workload, including appeals, these increases in personnel have not been sufficient to keep pace with incoming workload, or to reduce the backlogs in these non-rating areas.

VBA's previous concentrated efforts to reduce the claims backlog caused new backlogs in other activities including appeals. As of February 2017, there were close to 460,000 appeals pending, roughly 360,000 within the jurisdiction of the VBA and the remainder within the jurisdiction of the Board of Veterans' Appeals. This growing appeals backlog is a result of VBA's former shift in focus and resources to process disability claims, as evidenced by the fact that Decision Review Officers (DRO) and Quality Review Specialists (QRS) were performing development and rating duties during both regular and overtime working hours at many VA regional offices (VARO).

In order for VBA to produce timely and quality decisions, it will require sufficient resources and must modernize its appeals process. Appeals modernization and reform legislation that was introduced in 114th and 115th Congress will help to significantly streamline and simplify appeals processing.

For FY 18, the IBVSOs recommend an additional 1,750 FTEE. VBA will require this infusion of resources to manage their overall rising workload. Furthermore, as VBA no longer utilizes mandatory overtime for claims processing, true personnel needs must be addressed.

1,000 FTEE would be dedicated to processing appeals at VBA in an effort to eliminate the backlog of 360,000 appeals within the next three years. Depending on the progress made over the next year, further personnel increases may still be necessary to address this appeals backlog.

350 FTEE would be dedicated to address the growing backlog of non-rating related work such as dependency claims. 300 FTEE would be dedicated for claims processing to address the incremental rise in the claims inventory and backlog.

100 FTEE would be dedicated to the Fiduciary program to meet the growing needs of veterans participating in VA's Caregiver Support programs. This recommendation is also based on a July 2015 VA Inspector General report on the Fiduciary program that found, ".Field Examiner staffing did not keep pace with the growth in the beneficiary population, [and] VBA did not staff the hubs according to their staffing plan.."

Finally, as technology and work processes continue to evolve and change the landscape of claims and appeals processing, the IBVSOs believe that more accurate staffing and production models will be required to determine future VBA resource requirements.

VR&E Service Personnel 266 New FTEEs $32 million

The Vocational Rehabilitation and Employment Service (VR&E), also known as the VetSuccess program, provides critical counseling and other adjunct services necessary to enable service disabled veterans to overcome barriers as they prepare for, find, and maintain gainful employment. VetSuccess offers services on five tracks: reemployment, rapid access to employment, self-employment, employment through long-term services, and independent living.

An extension for the delivery of VR&E assistance at a key transition point for veterans is the VetSuccess on Campus (VSOC) program deployed at 94 college campuses. Additional VR&E services are provided at 71 select military installations for active duty service members undergoing medical separations through the Depart-

ment of Defense and VA's joint Integrated Disability Evaluation System (IDES). These additional functions of VR&E personnel are undoubtedly beneficial to disabled veterans; however, staffing levels throughout VR&E services must be commensurate with current and future demands and their global responsibilities.

Over the past few years, program participation has increased by 15 percent overall, increasing by 7.3 percent in FY 2015, 3.8 percent in FY 2016, and in FY 17, a 4 percent increase is estimated. In FY 17, the Administration failed to request adequate staffing levels to keep pace with anticipated demand. In fact, for both FY 2016 and FY 17, the Administration flat-lined the VR&E request for direct personnel at 1,442.

A steady growth in program participation each year, without commensurate requests for personnel to keep pace with increased program participation will leave service-connected veterans waiting longer for critical services. As VBA continues to expand VR&E eligibility to more veterans, due to increased claims processing and the award of new service-connected disabilities due to new presumptive disabilities, it is not unreasonable to foresee a rise in program participation within VR&E. Based on historical participation rates, the IBVSOs project that total program participation for FY 18 will grow by at least 5 percent for total caseload of close to 155,000.

Last year, Congress recognized the need for a more balanced client-to-counselor ratio with the enactment of Public Law 114–223, Section. 254. This provision authorizes the Secretary to use appropriated funds to ensure the ratio of veterans to full-time employment equivalents does not exceed 125 veterans to one full-time employment equivalent.

In July 2015, VR&E reported that its average Vocational Rehabilitation Counselor (VRC)-to-client ratio had risen to 1:139. Unless significant new funding is provided, VA would be required to redirect appropriated resources from other vital programs to achieve this ratio within VR&E. Therefore, VR&E's full funding requirements must be included in its budget request and not syphoned away from other programs to reach the 125-to-1 ratio. Even this benchmark may even be too high when taking into consideration the overall responsibilities of VRCs, such as VSOC, IDES and other outreach initiatives.

In order to achieve and sustain a 1:125 counselor-to-client ratio in FY 18, we estimate that VR&E would need 266 new FTEE, for a total workforce of 1550 FTEE, to manage an active caseload and provide support services to 155,000 VR&E participants. At a minimum, three-quarters, of the new hires should be VRCs dedicated to providing direct services to veterans. This increase in personnel accounts for the expected growth in VR&E claim filings, program participation, collateral duties performed outside of general case management, the flat-lined personnel requests for the previous two fiscal years and our previous 158 FTEE request for last fiscal year.

While increased staffing levels are required to provide efficient and timely services to veterans utilizing VR&E services, it is also essential that these increases be properly distributed throughout all of VR&E to ensure that VRC caseloads are equitably balanced among VAROs, which typically experience variable caseloads. As an example, a January 2014 GAO Report found the Cleveland VARO's VRC ratio to be 1:206 and in the Fargo VARO, the ratio was 1:64.

General Administration

FY 18 IB Recommendations	**$406 million.**
FY 18 Administration Request	
FY 17 Enacted Final Appropriations	$345 million.

The General Administration account is comprised of ten primary divisions. These include the Office of the Secretary; the Office of the General Counsel; the Office of Management; the Office of Human Resources and Administration; the Office of Enterprise Integration; the Office of Operations, Security and Preparedness; the Office of Public Affairs; the Office of Congressional and Legislative Affairs; and the Office of Acquisition, Logistics, and Construction; and the Veterans Experience Office (VEO). This marks the first year that the VEO has been included in the divisions of General Administration. Additionally, a number of the divisions reflect changes to the structure and responsibilities of those divisions. For FY 18, the IB recommends approximately $406 million, an increase of more than $60 million over the FY 17 appropriated level. This increase primarily reflects an increase in current services based on the impact of uncontrollable inflation across all of the General Administration accounts. It also reflects the establishment of the VEO within the General Administration accounts.

Board of Veterans' Appeals

FY 18 IB Recommendations	**$158 million.**
FY 18 Administration Request	
FY 17 Enacted Final Appropriations	$156 million.

Faced with a growing number of claims and resultant appeals that could no longer be ignored, Congress authorized the Board of Veterans' Appeals (Board) to increase their FTEE by 242 over FY 2016 authorized levels, bringing their total authorized staffing to 922 FTEE for FY 17.

For FY 18, the IBVSOs recommend no additional increases in FTEE; however, the Board must be permitted to hire their full complement of 922 FTEE. Today, the Board's total FTEE strength is close to 855 FTEE. Over the past few years, the Board has averaged approximately 85 appeal dispositions per FTEE, producing 55,532 decisions in FY 2014, 55,713 decisions in FY 2015 and are expected to issue somewhere close to 56,000 decisions in FY 2016. If the Board were to reach their full complement of 922 FTEE, at 85 appeal dispositions per FTEE, they could be expected to issue close to 78,000 decisions.

As the number of claims processed annually continues to rise as a result of the increased capacity of VBA, the number of appeals is also expected to continue rising. Even with increased accuracy in rating board decisions, on average 10 to 12 percent of claims decisions are appealed. Thus, assuming VBA processes 1.5 million claims in 2018-a reasonable estimate considering VBA processed over 1.4 million claims in both FY 2014 and FY 2015-roughly 150,000 appeals would enter the system, with roughly half of them continuing on to the Board for appellate review. In order for the Board to keep pace with only this new incoming workload and not those appeals already in the system, their FTEE levels would have to be adjusted accordingly, unless comprehensive reforms are adopted.

In the 114th Congress, significant appeals-reform legislation was introduced. The legislative language reflected significant efforts of a working group formed in March 2016 that consisted of the IBVSOs, other VSO stakeholders, and leaders within VBA and the Board. This legislation would have fundamentally reformed and streamlined the overall appeals process.

Similar legislation has been introduced in the 115th Congress. Without these reforms, traditional staffing increases will be required to meet current and future workload requirements. As it stands today, to keep pace with their overall workload, the Board will need to continue adding new attorneys, veteran law judges, as well as sufficient support staff.

Additional staffing is just one component that is needed to effectively manage the appeals workload. Seamless and functional IT systems are also critical to ensure the Board is able to issue accurate and timely decisions. There must be integration with the Veterans Benefit Management System, but also the flexibility for their Board to perform work functions centric and independent to the appeal process.

Over the past few years, the Board has received resources and developed partnerships to modernize its IT systems, which is essential to improving quality and timeliness of appeal decisions. Part of this modernization involves replacement of the outdated legacy appeals tracking system, (VACOLS). In order to accomplish this modernization, the Board partnered with The United States Digital Service (USDS). The USDS is a White House tech initiative that works across the Federal government to enhance and improve IT services.

The USDS team has been working on multiple integration tools, one of which was Caseflow Certification that became operable in April 2016. Caseflow Certification is an IT enhancement that automatically detects if certain documents have been secured before moving forward in the appeal process. The partnership between the USDS team must be allowed to reach its full maturity, so the Board can reap the rewards of their innovations that are designed to improve the appeals process for waiting appellants.

Lastly, the USDS must be allowed to continue to operate in the non-traditional, agile way it has pioneered at VA so that it can continue to pursue the best-possible approach to modernization instead of being locked down into an inflexible multi-year development plan that that cannot possibly anticipate the lessons that will be learned during development.

DEPARTMENTAL ADMINISTRATION AND MISCELLANEOUS PROGRAMS

Information Technology (IT)

FY 18 IB Recommendations	**$4.362 billion.**
FY 18 Administration Request	
FY 17 Enacted Final Appropriations	$4.278 billion.

In contrast to significant department-level IT failures, the VHA over more than 30 years successfully developed, tested, and implemented a world-class comprehensive, integrated electronic health record (EHR) system. The current version of this EHR system, based on the VHA's self-developed VistA public domain software, sets the standard for EHR systems in the United States and was a trailblazer for years. However, parts of VistA require either modernization or replacement. For example, one of its component parts, the outdated scheduling module, contributed to VA's recent access to care crisis. According to VA, this module is being replaced on an expedited basis.

For FY 18, the IBVSOs recommend approximately $4.4 billion for the administration of the VA's IT program. This recommendation includes no new funding above the planned current services level. Significant resources have already been invested in VA's IT programs in recent years, and we believe proper allocation of existing resources can allow VA to fulfill its missions while modernizing its systems. We continue to call for acceleration of the VBMS, and the implementation of an appropriate solution for the Board of Veterans Appeals IT system.

Additionally, it is critical to ensure that sufficient funds are directed at the incremental costs of implementation for the new Veterans Choice Program (VCP). The VA identified a series of one time incremental costs for IT systems in order to redesign, develop, and deliver systems and technology solutions for the new VCP. Those incremental costs range from $421 million in Phase I of the project, to $606 million in Phase II, and finally $851 million in Phase III. Without having a clear plan for when each of these Phases might actually take place, The Independent Budget has chosen not to explicitly recommend these funds in our IT funding recommendation. However, we believe Congress must consider these costs in an effort to assist the VA in implementing the new VCP.

National Cemetery Administration (NCA)

FY 18 IB Recommendations	**$291 million.**
FY 18 Administration Request	
FY 17 Enacted Final Appropriations	$286 million.

NCA, which receives funding from eight appropriations accounts, administers numerous activities to meet the burial needs of our nation's veterans.

In a strategic effort to meet the burial and access needs of our veterans and eligible family members, the NCA continues to expand and improve the national cemetery system, by adding new and/or expanded national cemeteries. Not surprising, due to the opening of additional national cemeteries, the NCA is expecting an increase in the number of annual veteran interments through 2017 to roughly 130,000, up from 125,180 in 2014; this number is expected to slowly decrease to 126,000 by 2020. This much need expansion of the national cemetery system will help to facilitate the projected increase in annual veteran interments and will simultaneously increase the overall number of graves being maintained by the NCA to 3.7 million in 2018 and 3.9 million by 2020.

Even as the NCA continues to add veteran burial space to its expanding system, many existing cemeteries are exhausting their capacity and will no longer be able to inter casketed or cremated remains. In fact, as of 2016, the NCA expects four national cemeteries-Baltimore, Maryland; Nashville, Tennessee; Danville, Virginia; and Alexandria, Virginia-to reach their maximum capacity and will be closed to first interments, though they will continue to accept second interments.

In order to minimize the dual negative impacts of increasing interments and limited veteran burial space, the NCA needs to:

- Continue developing new national cemeteries;
- Maximize burial options within existing national cemeteries;
- Strongly encourage the development of state veteran cemeteries; and
- Increase burial options for veterans in highly rural areas.

Additional areas of growth within the NCA system include:

- An increase in the issuance of Presidential Memorial Certificates, which is expected to increase from approximately 654,000 in 2013 to more than 870,000 in 2017;
- The expected increase in the burial of Native American, Alaska Native, and Pacific Islander veterans; and
- The possible increase, thanks to local historians and other interested stakeholders, in requests for headstones or markers for previously unidentified veterans.

Budgetary Resources for NCA Programs

With the above considerations in mind, The Independent Budget recommends $291 million for FY 18 for the Operations & Maintenance of the NCA. The IBVSOs believe that this should include a minimum of $20 million for the National Shrine Initiative. Since FY 2013, national shrine funding has decreased each year. The NCA must continue to invest sufficient resources in the National Shrine Initiative to ensure that this important work is completed.

Office of the Inspector General

FY 18 IB Recommendations	**$163 million.**
FY 18 Administration Request	
FY 17 Enacted Final Appropriations	$160 million.

The Office of Inspector General (OIG) received a significant infusion of new resources for FY 2016 due to the high volume of work that it has produced. And yet, the OIG has been under significant scrutiny over the past two years. We believe that the work requirements assigned to this office have placed it under great stress and potentially stretched it beyond its capacity. That being said, the IBVSOs believe that the office does not warrant a staffing increase at this time. We believe that the substantial increase that the OIG received in FY 2016 should allow it to expand its staffing sufficiently to meet the ever-growing demands on its work. With this in mind, the IB recommends funding based on current services for FY 18 of approximately $163 million.

C0NSTRUCTION PROGRAMS

Major Construction

FY 18 IB Recommendations	**$1.50 billion.**
FY 18 Administration Request	
FY 17 Enacted Final Appropriations	$528 million.

Currently, VA has 24 major construction projects that are partially funded, some of which were originally funded in FY 2004, that need to be put on a clear path to completion. There are an additional 3 projects that are in the design phase. Outside of the partially funded major projects list are major construction projects at the top of the FY 17 priority list that are seismic in nature. These projects cannot take a strategic pause while Congress and VA decide how to manage capital infrastructure long-term.

Of those 24 partially funded projects, VA will need to invest more than $3.5 billion to complete them all. Of the top five projects on the priority list, two of them are seismic deficiencies, two are the core mission of VA - a mental health clinic and a spinal cord injury center - and one that is an addition to an existing facility. The total cost of these projects is $1.2 billion.

The IBVSOs recommend that Congress appropriate at least $1.5 billion for major construction in FY 18. This amount will fund either the "next phase" or fund "through completion" all existing projects, and begin advance planning and design development on six major construction projects that are the highest ranked on VA's priority list.

Research Infrastructure

State-of-the-art research requires state-of-the-art technology, equipment, and facilities. For decades, VA construction and maintenance appropriations have not provided the resources VA needed to maintain, upgrade, or replace its aging research

laboratories and associated facilities. The impact of funding shortages was vividly demonstrated in a Congressionally-mandated report that found major, system wide deficits in VA research infrastructure. Nearly 40 percent of the deficiencies found were designated "Priority 1: Immediate needs, including corrective action to return components to normal service or operation; stop accelerated deterioration; replace items that are at or beyond their useful life; and/or correct life safety hazards."

The report cited above estimated that approximately $774 million would be needed to correct all deficiencies found, but only a fraction of that funding has been appropriated since this report was made public in 2012. The VA Office of Research and Development is conducting a follow-up study of over a dozen key research sites. This update should be available in mid-2016, the results of which can be used to guide VA and Congress in further investment in VA research infrastructure. Nevertheless, Congress needs to begin now to correct the most urgent of these known infrastructure deficiencies, especially those that concern life-safety hazards for VA scientists and staff, and for veterans who volunteer as research subjects.

The IBVSOs believe that Congress should break this chronic stalemate and designate funds to improve specific VA research facilities in FY 17 and in subsequent years. In order to begin to address these known deficits, the IBVSOs recommend Congress approve at least $50 million for up to five major construction projects in VA research facilities.

The full report discussed above is available at www.aamc.org/varpt. The House reports associated with this issue are House Report 109–95, and House Report 111–559.

Minor Construction

FY 18 IB Recommendations	**$700 million**.
FY 18 Administration Request	
FY 17 Enacted Final Appropriations	$372 million.

In FY 17, Congress appropriated $372.1million for minor construction projects. Currently, there are still approximately 600 minor construction projects that need funding to close all current and future year gaps within 10 years. To complete all of these current and projected projects, VA will need to invest between $6.7 and $8.2 billion in minor construction over the next decade.

In August 2014, the President signed the Veterans Access, Choice, and Accountability Act of 2014 (VACAA), Public Law 133–146. In this law, Congress provided $5 billion to increase healthcare access by increasing medical staffing levels and investing in infrastructure. VA has developed a spending plan that that obligated $511 million for 64 minor construction projects over a two-year period.

While this infusion of funds has helped, there are still hundreds of minor construction projects that need funding for completion. It is important to remember that these funds are a supplement to, not a replacement of, annual appropriations for minor construction projects. The IBVSOs recommend that Congress fund VA's minor construction account at $700 million in an effort to close all identified gaps within 10 years.

Leasing: Historically VA has submitted capital leasing requests that meet the growing and changing needs of veterans. VA has again requested an adequate amount, $283.7 million for its FY 17 leasing needs. While VA has requested adequate resources, Congress must find a way to authorize and appropriate leasing projects in a way that precludes the full cost of the lease being accounted for in the first year. There are currently 18 major medical leases from FY 2016 and six from FY2017 that Congress must still authorize. Delays in authorization of these leases has a direct impact on VA's ability to provide time care to veterans in their communities. Congress must authorize these leases.

Grants for State Extended-Care Facilities
(State Home Construction Grants)

FY 18 IB Recommendations	**$300 million**.
FY 18 Administration Request	
FY 17 Enacted Final Appropriations	$90 million.
FY 17 IB Recommendation	**$200 million**.

Grants for state extend-care facilities, commonly known as state home construction grants, are a critical element of federal support for the state veterans' homes. The state home program is a very successful federal-state partnership in which VA and states share the cost of constructing and operating nursing homes and domiciliaries for America's veterans. State homes provide over 30,000 nursing home and domiciliary beds for veterans, their spouses, and gold-star parents of deceased veterans. Overall, state homes provide more than half of VA's long-term-care workload, but receive less than 15 percent of VA's long-term-care budget. VA's basic per diem payment for skilled nursing care in state homes is significantly less than comparable costs for operating VA's own long-term-care facilities. This basic per diem paid to state homes covers approximately 30 percent of the cost of care, with states responsible for the balance, utilizing both state funding and other sources. On average, the daily cost of care for a veteran at a State Home is less than 50 percent of the cost of care at a VA long-term-care facility.

States construction grants help build, renovate, repair, and expand both nursing homes and domiciliaries, with states required to provide 35 percent of the cost for these projects in matching funding. VA maintains a prioritized list of construction projects proposed by state homes based on specific criteria, with life and safety threats in the highest priority group. Only those projects that already have state matching funds are included in VA's Priority List Group 1 projects, which are eligible for funding. Those that have not yet received assurances of state matching funding are put on the list among Priority Groups 2 through 8.

In FY 17, the estimated federal share for the 99 state home construction grants requests that have been submitted by states was almost $1.1 billion. Of that amount, the states had already secured their share of matching funds required to put them in the Priority Group List 1 for 57 projects that will require $639 million in federal matching funds, an increase of $89 million over FY 2016. Last year, VA requested only $85 million and the IBVSOs had recommended $200 million; Congress ultimately appropriated $90 million funding for FY 2016, which will barely keeps up with the increase in Priority Group 1 projects. With almost $1 billion in state home projects still in the pipeline, the IBVSOs recommend $300 million for the state home construction grant program for FY 17 in order to begin seriously addressing the remaining $550 million backlog of Priority 1 projects, as well as the $433 million of Priority 2–8 projects soon to receive matching funding from the States.

Grants for State Veterans Cemeteries

FY 18 IB Recommendations	**$46 million.**
FY 18 Administration Request	
FY 17 Enacted Final Appropriations	$46 million.

The State Cemetery Grant Program allows states to expand veteran burial options by raising half the funds needed to build and begin operation of veterans' cemeteries. The NCA provides the remaining funding for construction and operational funds, as well as cemetery design assistance. As of September 2014, there were 49 projects with state matching funds.

Funding eight projects in FY 18 will provide burial options for an additional 148,000 veterans. To fund these projects, Congress must appropriate $46 million.

Questions For The Record

HVAC MAJORITY

Questions #3–10, 13–21, 23–26, 28–35, 38, 40–44, 46, 49, 51–53, 63, 64, 66

Question 3: Does the Department plan to require Decision Review Officers (DROs) to work overtime to reduce the appeals backlog? If so, how long does the Department anticipate requiring DROs to work mandatory overtime? If not, please explain why.

VA Response: During the first three quarters of this Fiscal Year (FY), regional office (RO) appeals team employees worked optional overtime on appeals. At the end of the third quarter, the Veterans Benefits Administration (VBA) Appeals Management Office (AMO) had expended $7.6 million in optional overtime. Combined with the increased focus on working the oldest appeals, RO appeals production was ap-

proximately 14.9 percent above the FY 2017 production target and approximately 26.3 percent above FY 2016 production as of the end June 2017. However, to ensure timely delivery of benefits to Veterans during the last quarter, appeals team Decision Review Officers (DROs) and Rating Veterans Service Representatives (RVSRs) are assisting in reducing VBA claims backlog through 20 hours of mandatory overtime each month. For the same period, RO appeals team Veterans Service Representatives (VSRs) and employees of the AMO Appeals Resource Center, are working 20 hours of mandatory overtime in support of reducing VBA's appeals inventory. As of August 19, 2017, appeals teams had expended $4.3 million in mandatory OT funds. By the end of August, appeals DROs and RVSRs had produced over 19,000 backlog ratings and the ready for decision inventory had been reduced from approximately 44,000 to 11,000. Appeals team employees will remain on mandatory overtime during September 2017 and focus exclusively on the oldest appeals. At the end of August, appeals production was approximately 16 percent over the FY 2017 production target and approximately 23.8 percent above FY 2016 production. The AMO will continue to evaluate the need for overtime, optional or mandatory, based on implementation of appeals reform legislation, production trends and overtime fund availability.

Question 4: How long does the Department plan to require Rating Veteran Service Representatives (RVSRs) and Rating Quality Review Specialists (RQRSs) to work mandatory overtime?

VA Response: In a strategic approach targeting bottlenecks in the claims process, mandatory overtime is implemented in 30-day increments. VBA continually conducts reviews to determine if the need for mandatory overtime continues in any part of the claims process. The Rating Veteran Service Representatives (RVSRs) and Rating Quality Review Specialists (RQRSs) work mandatory overtime when there is a need to focus on claims that are ready for decision. A decision is made every 30 days on which part of the claims process needs focus and which claims processors may be required to work mandatory overtime.

Question 5: How much did VBA spend on overtime, both mandatory and optional, in FY 2016 and FY 2017 to date, disaggregated by month.

VA Response: VA remains committed to meeting its goal of providing benefits to Veterans and their families in a timely and accurate manner. To continue progress on providing timely benefits, address the increase in the number of claims VA has received this FY to-date, and minimize the number of disability claims pending over 125 days, VBA reinstituted mandatory overtime effective March 7, 2017. VBA's claims processors last worked mandatory overtime from January 2015 until September 2015. VBA plans for the period of mandatory overtime beginning in March 2017 to be limited, with an extension at the discretion of VBA leadership. In a strategic approach targeting bottlenecks in the claims process, during March, VBA focused on claims awaiting a rating decision. Disability claims processors trained to rate claims-Rating Veterans Service Representatives (RVSRs) and Rating Quality Review Specialists (RQRS) - working 20 hours of overtime for a period of 30 days. RQRS continued to focus on quality reviews during regular hours and on rating claims during mandatory overtime. VSC employees not previously working mandatory overtime may potentially be included in the mandatory overtime requirement in the months to come, based on agency needs.

VA will continue to emphasize completion of high-priority and special-interest claims, including claims pending over 125 days; claims from separating Servicemembers who are seriously injured or ill; and claims from Veterans who are Medal of Honor recipients, former prisoners of war, homeless, terminally ill, or experiencing extreme financial hardship.

In FY 2016, VBA spent approximately $81 million in overtime, none of which was mandatory. Mandatory overtime was reinstituted effective March 7, 2017. As of May 2017, VBA estimates approximately $10 million has been spent on mandatory overtime in FY 2017 and $62 million for optional overtime; the enclosed spreadsheet provides an estimated monthly summary by business line.

Question 6: For each month of FY16 and FY17, please provide the cost of mandatory overtime for claims processors.

VA Response: The enclosed spreadsheet provides an estimated monthly summary by business line of the cost of mandatory overtime for claims processors in FY 2016 and FY 2017.

Question 7: For each month of FY16 and FY17, please provide the cost of discretionary overtime for claims processors.

VA Response: The enclosed spreadsheet provides an estimated monthly summary by business line of the cost of optional overtime for claims processors in FY 2016 and FY 2017.

Question 8: Please explain how the Board of Veterans' Appeals will fund an additional 164 full-time employees without an increase in discretionary funding? How long does the Department anticipate it will take to hire and train such new employees?

VA Response: In FY 2017, the Board of Veterans' Appeals (Board) received funding for an additional 242 full-time equivalent (FTE) employees. As the result of hiring falling short of goals, the Board projects to have carryover of approximately $15,609,600 from FY 2017, which the Board intends to utilize for personnel costs in FY 2018. By utilizing carryover, the Board's FY 2018 annualized FTE level is estimated to be 1,050, which is 164 FTEs higher than the FY 2017 current estimate. The goal is to hire as many new employees as possible by the end of FY 2017. The overwhelming majority of these new employees will be attorneys, who will prepare draft decisions for review and signature by a Veterans Law Judge (VLJ). These attorneys will participate in a 12 week intensive training program, conducted by the Board's Office of Knowledge Management, referred to as "Bootcamp." Bootcamp is followed by 12 weeks of working closely with the assigned VLJ(s). The Board estimates that it takes approximately six months to train new attorneys until they are fully productive.

Question 9: When does the Department plan to retire the Veterans Appeals Control and Locator System (VACOLS)?

VA Response: VA is developing the Caseflow suite of web applications to modernize and streamline appeals processing. Caseflow is actively replacing and deprecating specific pieces of VACOLS functionality as new Caseflow applications come online, and Caseflow will ultimately replace all appeals processing functionality currently performed by VACOLS. However, VACOLS cannot be fully retired until Caseflow replaces all core VACOLS functionalities. The development of Caseflow is an ongoing process that will continue at least through FY 2018, but specific timelines for this development are not set. As is the practice of agency teams of the United States Digital Service, and common of leading private sector technology companies, the Caseflow team implements agile software development methods. In contrast to traditional waterfall software development, the team does not develop a comprehensive set of requirements prior to initiating development, but rather develops the project in two week iterations or "sprints." New code is continually integrated into the production environment, meaning that improvements are made available to users as frequently as daily. The contents of each sprint are informed by a schedule that extends six months into the future and is continually revised to reflect new information and shifts in external factors.

While these agile practices limit the ability to define a specific timeline for VACOLS deprecation, which would inevitably be subject to change based on variables inevitable at the intersection of government and software development, they offer specific advantages in the context that the Caseflow team operates. The team has deliberately chosen not to define schedules beyond six months in order to evolve requirements in response to: 1) availability of new research and analysis of improved baseline data; 2) changes in Board staffing and policy and the effects thereof; and 3) changes to the legal and regulatory environment, including the Veterans Appeals Improvement and Modernization Act of 2017, which the President signed into law on August 23, 2017.

The team engages in a quarterly prioritization exercise in coordination with Board stakeholders, evaluating which of the remaining components of the Caseflow product should be incorporated next, or which of the existing components should be iterated, and how to allocate resources among these various potential improvements. This exercise establishes milestones that the team will work toward while planning each two week sprint. In addition to evaluating whether and to what extent these improvements serve the team's goal to "empower employees with technology to increase timely, accurate appeals decisions and improve the Veteran experience," and to reduce the Board's dependency on and ultimately deprecate VACOLS, this exercise considers the known potential for the three external factors listed above to affect the requirements, utility, and longevity of the product as developed.

Question 10: Please provide the date Caseflow was fully implemented.

VA Response: As noted, Caseflow is being developed in an agile process in which new functions are added to the system as they are completed. The first Caseflow application, Caseflow Certification, was first deployed in April 2016. Other applica-

tions continue to be deployed as completed. To date, the applications deployed to production by Digital Service at VA include Caseflow Certification, eFolder Express, and Caseflow Dispatch. At present, the Digital Service is developing a tool to make the review of Veterans' claims files by Board attorneys and VLJs more efficient (Reader), enhancements to Caseflow Certification intended to improve data accuracy in the transfer of appeals between the VBA and the Board, and a tool to streamline the process by which VLJs prepare for Board hearings (Caseflow Hearing Prep).

Question 13: Specifically, does the Department plan to add Appeals Processing and Pension Claims Processing functionality to VBMS? If so what is the expected timeline? If not, please explain why.

VA Response: Functionality enabling the processing of pension claims in VBMS was delivered the weekend of June 9, 2017, in Release 13.0. Additional pension letters that remain to be integrated are planned for the November 2017 Release 14.0.

The eFolder in VBMS already supports appeals processing for VBA. In addition, the Statement of the Case (appeals decisional document) is being generated out of VBMS. Four major appeals-related business requirements artifacts have been submitted to IT. These artifacts define the technical solution to implement the remaining functionality necessary to fully support appeals processing within VBMS. The artifacts have either been analyzed by IT or are in the process of actively being analyzed. None of the four major appeals artifacts have been scoped for an upcoming VBMS release. The soonest they may be scoped is Release 15.0 in May 2018.

Question 14: Will the Board of Veterans' Appeals new information technology system, Caseflow, be fully interoperable with VBMS? If not, please explain why

VA Response: VBA and the Board agree that the Board's Caseflow system must be fully interoperable with VBMS. This includes sharing data between the systems. The vision is that end users would only need to update data in one place, with that data being seamlessly shared between systems. VBA is designing the new VBMS Appeals functionality to eliminate redundancy through the use of data sharing. Similarly, Digital Service is developing the Board's new system, Caseflow, to be fully integrated with VBMS at all appropriate touchpoints. Existing applications, including Caseflow Certification, Caseflow Dispatch, and eFolder Express are all integrated with VBMS to ensure data accuracy and to prevent duplication of functionality. There are multiple points of integration between Caseflow and VBMS, including Caseflow's ability to read documents from VBMS through the developed Caseflow eFolder Express and the in development document review software referred to as "Reader." Ensuring integration between Caseflow and VBMS wherever appropriate will continue to be a priority as additional Caseflow functionality is developed and deployed.

Question 15: Please describe planned improvements and new functionally for NWQ, including the timeline for implementing such improvements and new functionality.

VA Response: Future functionality for NWQ includes: 1) improvements to the rework functionality planned for last quarter of FY 2017 and 1st quarter of FY 2018, and 2) routing VBA appeals through NWQ planned for the last quarter of FY 2018.

Question 16: Does the Department plan to add appeals functionality to NWQ? If so, what is the expected timeline? If not, please explain why.

VA Response: Yes, VA plans to add appeals functionality to NWQ. The expected timeline is during the second half of FY 2018. While VBA distributes appeals pending in its jurisdiction to its regional offices using the NWQ, the Board does not utilize the NWQ to manage its appeals workload.

Question 17: Does the Department plan to add appeals functionality to NWQ? If so, what is the expected timeline? If not, please explain why.

VA Response: Yes, VA plans to add appeals functionality to NWQ. The expected timeline is during the second half of FY 2018. While VBA distributes appeals pending in its jurisdiction to its regional offices using the NWQ, the Board does not utilize the NWQ to manage its appeals workload.

Question 18: Does the Department plan to add pension claims functionality to NWQ? If so, what is the expected timeline? If not, please explain why.

VA Response: Yes, VA plans to add pension claims to NWQ. The expected timeline is during the second half of FY 2018.

Question 19: Does the Department plan to add Dependency and Indemnity claims functionality to NWQ? If so, what is the expected timeline? If not, please explain why.

VA Response: Yes, VA plans to add Dependency and Indemnity compensation claims to NWQ. The expected timeline is during the second half of FY 2018.

Question 20: Does the Department plan to add survivor benefits functionality to NWQ? If so, what is the expected timeline? If not, please explain why.

VA Response: Yes, VA plans to add survivor benefits claims to NWQ. The expected timeline is during the second half of FY 2018.

Question 21: Does the Department plan to add fiduciary appointments, including scheduling initial field examinations and follow up field examination functionality to NWQ? If so, what is the expected timeline? If not, please explain why.

VA Response: Yes, VA plans to add fiduciary appointments, including scheduling initial field examination and follow up field examination to NWQ. The expected timeline is during the 1st quarter of FY 2019.

Question 23: The budget shows zero outlays for the Supply, Fund (volume I, pages 116 and 121). Please explain this.

VA Response: For FY 2018, Supply Fund expects to obligate all incoming revenues therefore it shows zero net outlays. The FY 2016 actual column reflects the actual net outlays from Treasury reports, or the SF 133.

Question 24: The budget proposes $1.222 billion in FY 18 and $861 million in FY 19 advance appropriations, from the medical services account, to purchase medical equipment. This includes high tech medical equipment (HTME) and other medical equipment. The National Acquisition Center's "consolidation request for quotes" HTME purchasing process is currently stalled. When does the Department anticipate resuming HTME purchasing through the consolidation request for quotes process?

VA Response: The Request for Quotes was posted on June 7, 2017, with closing date of July 12, 2017.

a)If such HTME purchasing does not resume, how much of the medical equipment budget request will be unspent?

VA Response: The consolidated purchasing of HTME imaging equipment has resumed. The process is no longer on hold.

Question 25: The budget proposes $512 million for major construction. Does this lower figure, as compared to FY 15 and prior years, represent a continuation of the Department's strategic pause in major construction activity to digest the Commission on Care' recommendations to rationalize the facilities footprint? Or does it represent a "new normal", meaning a level of major construction activity that should be expected to continue into the future, even after the Department implements the Commission on Care's facilities recommendations?

VA Response: Although VA is in the process of implementing some of the Commission on Care (CoC) recommendations, the recommendations were not the basis for the FY 2018 major construction request as compared to previous years. For FY 2018, VA's capital programs budget emphasizes the non-recurring maintenance (NRM) program. As the Secretary stated, VA Facility Condition Assessments have identified significant critical infrastructure deficiencies that require remediation, including structural seismic, electrical distribution and mechanical systems, such as heating and ventilation. VA's overall FY 2018 capital programs request reflects VA's commitment to modernize and fix its existing infrastructure, by allowing additional resources to be applied to non-recurring maintenance projects in FY 2018 to correct critical building and infrastructure deficiencies that are in need of repair.

Question 26: The budget proposes $343 million for minor construction. This figure is lower than previous years, especially considering the Choice Act funds that were allocated toward minor construction in previous years. Is this lower figure also attributed to the Department's strategic pause related to the Commission on Care recommendations? If not, to what is this lower figure attributed?

VA Response: For FY 2018, VA's capital programs budget emphasizes the non-recurring maintenance (NRM) program. Although VA is in the process of implementing some of the Commission on Care (CoC) recommendations, the recommendations were not the basis for the lower FY 2018 minor construction request compared to previous years. As the Department continues to move towards non-capital solutions to expand access, the decrease in minor construction allows additional resources to be applied to NRM projects, to correct critical building and infrastructure deficiencies in its existing infrastructure. Further, VA currently has a significant number of fully funded minor projects that need to be executed using available unobligated funds. This negates the need for a large infusion of budget authority for FY 2018 minor construction projects.

Question 28: The budget proposes $862 million in activation funding for FY 18 and $745 million for FY 19 advance appropriations, divided between the medical services, medical support & compliance, and medical facilities accounts. Which construction projects will be activated using these funds?

VA Response: The attached document provides the list of projects included in the activation funding for FY 2018 and for FY 2019 advance appropriations.

Question 29: Please provide categories or types of work or functions that comprise the operating equipment maintenance and repair line item within the medical facilities account. To the extent possible, please indicate how much funding is spent on each category or type of work within operating equipment maintenance and repair.

VA Response: Operating Equipment Maintenance and Repair includes services and other costs associated with maintenance and repair of all non-expendable operating equipment and furniture and fixtures, when performed by maintenance personnel or procured on a contractual basis. Maintenance and repair cost for rental equipment is also included in this cost center.

Question 30: Please provide categories or types of work or functions that comprise the recurring maintenance and repair line items within the medical facilities account. To the extent possible, please indicate how much funding is spent on each category or type of work within recurring maintenance and repair.

VA Response: Recurring Maintenance and Repair line items include maintenance service contracts and routine repair of facilities and upkeep of land. Excluded are alterations, additions, modifications or improvements of facilities and land.

The enclosed chart depicts the total obligations for Operating Equipment Maintenance and Repair, and Recurring Maintenance and Repair for FYs 2016 through 2019.

Question 31: Medical Care Collections Fund (MCCF) receipts have been declining modestly for the last few years, and this budget projects that to continue. The budget attributes the decline to "broader healthcare payer changes that have resulted in third-party payers proposing reductions to their reimbursement levels." Please further explain the decline, especially in light of the fact that medical care spending is increasing, and community care spending is in particular increasing.

VA Response: Total MCCF collections have increased year over year from $2.77 billion in FY 2011 to $3.50 billion in FY 2016 despite the four percent decrease in the number of Veterans that VA can collect from during the same period. MCCF Collections for FY 2017 are projected at one percent to five percent above budgeted expectations. While health care expenditures are increasing, VA does not directly bill costs to Third Party payers. By law, VA is required to bill reasonable charges. Payers' reimbursements to VA vary based on the payer. VA has 93 payer agreements and monitors the performance of all payers to include those that VA does not have an agreement with. Recently, changes in the healthcare landscape have caused payers to examine their agreements and adjust rates and reimbursement methodologies to minimize expenditures. Historically, many payers paid the VA 100 percent of charges or above market rates. During the last six months of 2016, five large payers have reduced their reimbursement rates or requested a decrease. The potential loss of the rate reduction from these five payers is estimated to be approximately $136 million. Additionally, VA has been tracking six payers identified as high risk based upon their high reimbursement rates. These payers may request reductions in reimbursement rates with 30 to 120 days notice. The estimated impact of these changes is approximately $60 million.

In addition to the impact of the Third Party changes, the impact of the Tiered Medication Copayment System has been incorporated into the budget. The new copayment levels reduce the average copayment per script and therefore result in a lower expected First Party Pharmacy collection amount.

Question 32: Proposals have been circulating within VHA to modernize the Medical Care Collections Funds' IT systems to increase the efficiency of collections. GAO did a study in 2008 and estimated that as much as $1.4 billion of available revenue is not collected, though not all of this is collectable. Please describe the "MCCF EDI Transaction Application Suite Phase 1" project that has been budgeted at $15 million, in greater detail. Are any other efforts underway to modernize the MCCF IT systems?

VA Response: The MCCF EDI Transaction Application Suite Phase I project ("MCCF EDI TAS") will provide enhancements to systems used in the billing of Veterans' health insurance carriers for care that is not related to their service-connected conditions. The Health Insurance Portability and Accountability Act (HIPAA) requires that care providers and payers exchange data using the American National Standards Institute (ANSI) X12 Electronic Data Interchange (EDI) transaction sets, which VA has implemented. The MCCF EDI TAS project will implement changes to the transaction set standards, as well as several enhancements that will increase system efficiency along the four primary third-party billing processes: 1) Veteran insurance data capture; 2) medical claims billing; 3) electronic pharmacy billing; and 4) receivables management (collections processing). The project will also begin to migrate these capabilities from the legacy systems to a new computing platform that will be known as the MCCF EDI Transaction Application Suite.

Regarding MCCF IT systems, the Veterans Health Administration (VHA) Office of Community Care Revenue Operations is exploring several opportunities to modernize systems and improve collection functionality. These initiatives span the full breadth of VHA's revenue cycle, and are being championed by ongoing transformation efforts. Initiatives include: improving front end systems to enhance patient registration functions (insurance capture, verification, self-service options, and authorization tracking), enhancing provider clinical documentation, enabling remote records access to facilitate offsite and consolidated coding, better integrating pharmacy and billing functionality within VISTA to capture and bill for national drug codes, and implementation of smarter denials management functions. As additional revenue opportunities are identified, requirements continue to be developed for IT systems.

Question 33: The Balanced Budget Act of 1997 (P.L. 105–33) allows VA to use MCCF revenue to pay for the "expenses of the Department for identification, billing, auditing and collection." of the MCCF. In other words, the law allows VA to reinvest a portion of MCCF collections directly into MCCF operations. VA does so to cover MCCF salaries and administrative expenses. Has VA considered doing so for MCCF IT systems modernization, especially in light of the proposed OI&T funding cut?

VA Response: MCCF collections reimburse VA Medical Centers for work that they have already performed providing health care to Veterans. Estimated MCCF collections are an offset to total estimated obligations in the annual President's Budget submission. Any alternative use of these funds would decrement the funding available to VA Medical Centers to provide health care to Veterans.

Question 34: How is it determined to allocate MCCF dollars to the Joint DoD–VA Medical Facility Demonstration Fund? How is it determined how many MCCF dollars are allocated for this purpose? What functions or tasks are the MCCF dollars used for?

VA Response: The allocation of MCCF collections goals for the James A. Lovell Federal Health Care Center (FHCC) follows the same process as for other VAMCs. The collections target is a function of patient workload, billable encounters, average billed amount and collections rate. The MCCF collections are used to support general operations at the FHCC.

Question 35: The Office of Information and Technology circulated a memo in April warning of expected funding cuts in development and sustainment in FY 18 and into the future. The memo warned the cuts challenge the IT Operations and Services branch's "ability to maintain and operate software delivered in FY 18 and beyond." The memo restricted any further development to four categories of mission critical systems as well as any ongoing development project that will move into testing or deploy-

ment by the end of FY17, and prohibited any future development project for a purpose other than replacing a legacy system. Notwithstanding your communicated intent to request a supplemental appropriation for electronic health records modernization, please explain whether the proposed IT cuts degrade OI&T's ability to perform its core mission of maintaining and operating software, as the memo states. If so, how will the negative impact of the proposed cuts to be mitigated?

VA Response: The changes in the budget request will not degrade OI&T's ability to perform its functions and serve Department missions. The April memo was a notification to OI&T organizations to be aware of the new direction for development projects that will concentrate efforts on replacing outdated applications to improve mission functionality and decrease organizational risk. In response to the President's call to improve operating efficiencies in all agencies, this has the further goal of challenging OI&T organizations to find operating efficiencies in the context of fewer new stand-alone applications coming online and in supporting modern, replacement applications including those identified in the memo.

Question 38: Please itemize the expenses and functions that the proposed $7.5 million transfer of OI&T funds to the Lovell Federal Health Care Center account will cover.

VA Response: OI&T contributes this funding to the James A. Lovell Federal Health Care Center for staffing of IT desktop support (salaries, travel, and training); telecommunications; software maintenance and licenses; hardware purchase and maintenance; IT support contracts for specialized technical IT services); and IT supplies.

Question 40: The "Customer Relationship Management (CRM) - Fix the Phones (FtP)" component of the other IT systems development line item of the development subaccount has been zeroed out. Was the initiative to upgrade VA telephones and unify telecommunications systems completed in FY 17, or is the initiative ongoing and being funded from a different account in FY18? If VA proposes to fund it through a different account, please identify the account.

VA Response: Customer Relationship Management (CRM) Fix the Phones, while appearing as zeroed out, will be funded in FY 2018 as part of CRM Platform Enhancements. As an integral component of VA's Enterprise Contact Center Modernization, the CRM Program is key to empowering and serving Veterans and other clients with accurate, secure on-demand access to information about VA's benefits and service. As a result of deploying CRM software to user communities and contact centers, the following legacy systems are planned to be replaced and retired: Health Resource Center's Siebel system, Veterans Crisis Line's Medora system, and the Corporate Waco-Indianapolis-Network-Roanoke (CWINRS) System.

Implementation of the core CRM common application platform has and will continue to support VA's Contact Center Modernization effort by providing a highly capable call center and case management solution that improves work management, time management and data accuracy in order to improve customer service to Veterans and their families. The project will create a CRM common application platform to streamline business processes, improve call quality, increase calls per agent, reduce call length, reduce call wait times, improve first call resolution, and enhance value to the Veteran.

Question 41: Please explain what the VHA call center modernization program entails, for which the budget requests $10 million from the medical support and compliance account. Specifically, which call centers are being modernized?

VA Response: On June 1, 2017, the Veterans Experience Office (VEO) soft-launched the White House Veterans Complaint Hotline with the goal of it being fully operational by October 15, 2017. The phone number is (855) 948–2311 and the hotline is designed to receive, process, and respond to the complaints of individual Veterans in a responsive, timely and accountable manner.

The President's Budget included $10 million for the initial estimates of the initiative. VEO now estimates the amount required in FY 2018 may less than budgeted. Because VEO's budget is reimbursed from their customers (VHA, VBA, NCA et al) they will need to determine if these funds should be returned or re-purposed for other Veterans projects under new service agreements. This initiative will provide Veterans, their families, caregivers and survivors access to live, knowledgeable

agents to address their questions, concerns, and to make immediate warm transfers to highly skilled professionals for those Veterans in crisis.

The contact center modernization effort is now being reviewed at the enterprise level as part of VA's modernization effort in accordance with the Executive Order and OMB directive.

Question 42: The budget requests zero dollars for Medical Appointment Scheduling System (MASS) "National Deployment" development, and $3 million for MASS sustainment. This indicates a very low level of MASS contract activity will occur during FY 18, consisting of no new development and a minimal level of sustainment for the pilot that is expected to commence in FY 17. Does VA agree with that interpretation of what the budget request indicates? Does VA expect to fund MASS with any Choice Act funds in FY 18'?

VA Response: VA concurs with this interpretation that there is no new development anticipated for MASS in FY 2018 and minimal sustainment for the pilot. The VA will continue to fund scheduling initiatives using Choice Act Section 801 funding until exhausted, which impacts the current FY 2018 budget.

The MASS task order, which implements the MASS pilot in Columbus, Ohio was awarded on June 15, 2017. It is planned to take about one year to implement the software and an additional three months to evaluate the results before making a national deployment decision. This national deployment decision will necessarily be made with consideration of the just announced negotiation with Cerner. In the interim, VA is deploying VistA Scheduling Enhancement (VSE), a software scheduling solution that improves the current system, between June and October 2017.

Question 43: The line item "VistA Evolution" in the development subaccount has been renamed "Electronic Health Record (EHR)." Has there been any change in the scope of programs, projects, of functions contained in this subaccount?

VA Response: The VistA Evolution Program manages the collection of projects known as VistA 4. The VA is working to deliver and close out more than 60 projects and initiatives that make up the VistA 4 Product Roadmap by the end of FY 2018. For that reason, a large percentage of the VistA 4 development work is expected to be completed, or funded using FY 2017 development resources, and additional development resources were not requested for VistA Evolution.

Based on the Secretary's June 5, 2017, announcement regarding VA's path forward for VA's EHR modernization, the above proposed investments will be reviewed to ensure they are in full alignment with the Secretary's decision.

Question 44: Please explain the rationale and impact of the zeroing out of the VHA research IT support development line item. Is this function now being funded in a different area of the budget?

VA Response: Development funding is concentrated on the new at-risk system replacement priorities [Financial Management Business Transformation (FMBT), Appeals, Benefits Delivery Network (BDN), Memorials, and Electronic Health Record (EHR)]. IT operations and maintenance support for existing VHA research activities will continue. Development program emphasis has been placed on replacing major at-risk applications and completion of application project work that is nearing completion in FY 2017.

Question 46: The budget requests $23 million in the operations and maintenance subaccount for Financial Management System (FMS) modernization, in addition to $60 million in the development subaccount. Financial Management Business Transformation is still in its early requirements collection and planning stage, and VA has estimated this to continue for 18 months. Please explain what aspects of FMS modernization have been completed and will be in sustainment in FY 18.

VA Response: OI&T contributed funds to the FMBT project in FY 2017 to execute the necessary technical programmatic activities to effectively plan, develop and transition components of the VA financial system to the Federal Shared Service Provide platform. Key activities in FY 2017 include preparations for legacy interface transition, establishing test bed cloud connectivity and messaging integration middleware components. FY 2018 sustainment funds will continue OI&T infrastructure activities and support legacy data archival.

Question 49: Please provide an update on the how this budget will implement the education provisions contained in P.L. 114–315 - "The Jeff Miller

and Richard Blumenthal Veterans Health Care and Benefits Improvement Act of 2016."

VA Response: VBA and OI&T are in the process of re-engineering education systems with a critical first step being the retirement of the Benefits Delivery Network (BDN), a 51-year-old COBOL-based mainframe system. This budget supports the elimination of the legacy system and consolidation of all education processing and payments into the Long Term Solution (LTS) and VETSNET/FAS to greatly enhance the education systems environment going forward.

Question 51: What are the results of the Specially Adapted Housing Assistance Technology Grant Program?

VA Response: The Specially Adapted Housing Assistive Technology (SAHAT) program awarded four grants in FY 2016 totaling nearly $800,000. The grants were awarded to public and private organizations for the development of new technologies relating to specially adapted housing for Veterans with severe disabilities. Some technologies under development include home automation tailored to be controlled through voice control, eye gaze, and tactile sensors and smart devices that can be configured with existing off-the-shelf home automation systems.

The SAHAT program awarded three grants in FY 2017 totaling nearly $600,000 to three additional private and public organizations. The grants awarded in FY 2017 focus on the creation of an automated table to assist Veterans who spend the majority of time in bed and the development of an automated home recognition system using sip/puff sensors for use by Veterans with quadriplegia. The SAHAT grant program has provided an invaluable opportunity to external organizations to create and develop technologies that can ultimately lead to significant quality of life improvements for Veterans with severe disabilities.

Question 52: Despite efforts by VBA, it appears the President's budget does not expect much growth for the Native American Direct Loan Program. What are some ways to increase use of this program?

VA Response: VA's Native American Veteran Direct Loan program (NADL) was created in 1992 to provide eligible Native American Veterans and their spouses the opportunity to finance the construction, purchase, or improvement of a home on Federal trust land.

Although significant growth is not anticipated for NADL, program participation has been increasing. Continued growth of this important program depends, in large part, on outreach to Federally-recognized tribes to increase awareness of this program among Native American stakeholders. VA's Loan Guaranty Service partners with the VA Office of Tribal Government Relations to provide information about the NADL program and actively seeks input from tribal leaders on how to improve delivery of this benefit. Each year, VA attends various events, and provides tailored training and information to tribal groups. In addition, VA is currently updating outreach materials for distribution and publication to assure continued and effective promotion of the NADL program.

In order to participate in the NADL program, tribal entities must enter into memorandums of understanding (MOUs) with VA. There are 97 MOUs in place, and over 1,000 closed loans have been made to Veterans since program inception. During FY 2016, VA closed 13 loans under this program.

Given the difficulty that Native Americans can have in securing home loans on Federal trust lands through the conventional market, and the legal complexities of making loans on Federal trust lands, it is imperative funding remain at existing levels to ensure Native American Veterans are able to pursue home ownership through this earned benefit.

Question 53: The President's FY 18 request would support 363,134 Full-Time Equivalent (FTE) employees, an increase of 7,772 FTE over FY 17. How many vacancies does the VA currently have? What is the current vacancy rate for VHA? What is the current vacancy rate for VBA? What is the target vacancy rate for each of these organizations?

VA Response: As of June 30, 2017, there are 34,051 vacancies at VA. Through modernization efforts, VA is pursuing systems that will tell how many vacancies exist and whether those vacancies are critical to meeting the needs of Veterans. In the interim, VA has instituted a process to collect and report vacancies on a recurring basis and has established a Vacancy Report Site which gives the Administrations and staff offices the ability to submit and certify data about each vacancy.

According to June 30, 2017, VA vacancy report, VHA has nearly 32,000 vacancies, which is approximately 9.1 percent of total VHA FTEs. This is in line with VHA's

nine percent target vacancy rate, which itself is aligned with VHA's nine percent annual turnover rate.

VBA's vacancy rate is approximately 7.6 percent: 1,700 identified vacancy positions divided by the total number of positions 22,329. VBA's target vacancy rate is approximately 1.1 percent, as the remaining percentage (6.5) is comprised of positions that are mission essential in servicing Veterans.

Question 63: Please provide three examples of wasteful spending that this budget eliminates compared to last year's budget.

VA Response: VA strives to ensure it is a good steward of taxpayer dollars while providing Veterans with the care and benefits they have earned and deserve. Some examples of areas where VA has identified savings for FY 2018 compared to FY 2017's budget include the following:

- VA intends to award up to four new contracts for community care by the end of the first quarter of FY 2018. Under the terms of the Community Care Network Request for Proposals (RFP), care would primarily be reimbursed at a rate not to exceed the Medicare rate; this, and other terms of the RFP, would result in significantly lower costs. The estimated savings for FY 2018 would be approximately $705 million and $1.6 billion in FY 2019. The President's Budget request already accounts for this savings.
- For 2018, VBA has identified at least $5 million in postage savings with centralization of outbound communications to Veterans and in particular the outbound printing and mailing of Veteran correspondence. Through the Centralized Benefits Communications Management (CBCM) project, VBA will switch from locally printing and mailing veteran correspondence at VA Regional Offices, an annual 19 million outbound letters to Veterans, to batch printing those letters through a Government Publishing Office vendor. This will enable VBA to print and mail at a reduced cost by leveraging USPS pre-sort postage rates and reduce paper, printer and toner costs by printing large volumes of letters at once. Furthermore, in the subsequent phases of CBCM beyond 2018, VBA will further reduce communications costs by enabling VBA to centrally shift some of this outbound mail to electronic communications such as e-mails.
- NCA is continuing to modernize business processes and systems to optimize efficiencies, improve accountability, and better serve Veterans and their families. One example is the Pre-placed Burial Vault Program. This program deviates from traditional cemetery construction practices through the use of pre-placed vaults. The practice results in more efficient space utilization at a cemetery thereby decreasing land requirements and gravesite construction costs by approximately 50 percent. Additionally, it has reduced annual maintenance costs by approximately $34,000 per acre due to decreasing land requirements, and will help prevent soil settlement issues which incur future investment to resolve. When combined with the Pre-placed Burial Vault Program, NCA's Waterwise Conservation Program will lead to significant reductions in water use, which NCA estimates could decrease by as much as 75 percent at some cemeteries.

Question 64: This Committee has been told many times by VA staff that many simple IT fixes for GI Bill processing needs additional money to complete these simple tasks- such as changing the name on a form letter sent out by VA to GI Bill recipients if they have received an overpayment. Does this budget provide any prioritization for improving IT systems for the processing of education claims?

VA Response: Currently, VBA and OI&T are in the process of re-engineering education systems with a first critical step being the retirement of the Benefits Delivery Network (BDN), a 51-year-old COBOL-based mainframe system, and consolidating all education processing and payments into the Long Term Solution (LTS) and VETSNET/FAS. This elimination of this critical legacy system and the resulting consolidation of capabilities will greatly facilitate VA's ability to enhance the overall education systems environment going forward. Due to the aggressive timeline for accomplishing this work, it is vitally important to not introduce additional changes or enhancements during this period to avoid additional complexity and risk. With that as context, VA has identified a few low impact changes to letters that can be made in the short term without compromising our larger efforts. These changes, which will address two related GAO recommendations, will be included in the next LTS maintenance release that goes into testing in August, with full release projected in December.

Question 66: Please inform the Committee of the performance metrics for the VetSuccess on Campus (VSOC) program? Is the department expecting growth of this program in future years?

VA Response: In FY 2016, the VSOC Program's 79 counselors assisted nearly 50,000 student Veterans at 94 campuses out of a student Veteran population of approximately 78,000.

VSOC Counselors provide on campus and community outreach, educational and vocational counseling, vocational assessments, adjustment counseling, referrals to VHA, benefits coaching, and many other services. The most common assistance provided on campus in FY 2016 included:

- Professional Counseling: 6.60 percent
- Education Services: 19.03 percent
- VR&E inquiry/Ch33 to Ch31: 32.19 percent
- Financial Aid/Debt Management: 9.03 percent
- Outreach Follow-up/Referral: 19.06 percent
- Medical Referral-VHA/Vet Center: 3.12 percent

VSOC Program goals tied to VSOC Counselor performance include:

- Contacting 80 percent of new student Veterans on campus during their first semester of attendance;
- Contacting 95 percent of Veterans and beneficiaries who are utilizing VA education benefits and on academic probation to provide support as needed; and
- Conducting 12 campus events per VSOC location per year, such as VA benefits informational workshops, employment workshops, and new student orientations.

Questions for the Record # 22, 54, 55, 56, 59, and 60

Question 22: Please explain why the budget for the National Cemetery Administration should be increased by almost 30% in FY18.

VA Response: The National Cemetery Administration (NCA) receives funding from seven appropriation accounts. The FY 2018 budget request includes total budgetary resources of $811.3 million for NCA, a 28.9 percent increase above FY 2017. As shown in the following chart, the primary increases are in the Operations and Maintenance, Major Construction, and Minor Construction appropriations.

(Dollars in Millions)	FY 2017	FY 2018 Request	FY 2017-2018 Increase	FY 2017 - FY 2018 Percentage Increase
Operations and Maintenance	286.2	306.2	20.0	7.0%
Major Construction	137.0	255.9	118.9	86.8%
Minor Construction	56.9	98.0	41.1	72.2%
Veterans Cemetery Grants	45.0	45.0	0	0%
Facilities Operation Fund	0.1	0.1	0	0%
National Cemetery Gift Fund	1.5	1.5	0	0%
Compensation and Pensions (Burial Benefits)	102.8	104.6	1.8	1.7%
Total	**$629.5**	**$811.3**	**$181.8**	**28.9%**

Operations and Maintenance: The FY 2018 budget request includes $306.2 million for operations and maintenance, including 1,881 FTE (nearly 89 percent of which are in the field and approximately 75 percent are Veterans) to meet increasing workload and burial expansion.

The FY 2018 budget request includes $4.8 million for increased operations and maintenance costs at existing cemeteries. NCA expects to maintain over 3.7 million gravesites in FY 2018, an increase of approximately 88,500 gravesites over FY 2017. Approximately 134,000 interments are anticipated for FY 2018, a slight increase over FY 2017. The number of developed acres to maintain is also expected to increase slightly from 9,272 in FY 2017 to 9,400 in FY 2018, and is expected to continue to increase with the opening of new cemeteries and gravesite expansion projects currently underway.

The FY 2018 budget ensures national cemeteries meet or exceed the highest standards of appearance required by their status as national shrines. Specifically, the budget includes $2.5 million over the 2017 level to maintain our national cemeteries in a manner befitting our Veterans service to our country, with $1.5 million to address priority infrastructure projects deemed critical to safety, code or operational needs.

The FY 2018 budget request includes $1.5 million for continued implementation of the Geographic Information System (GIS) at VA cemeteries. This enhances accountability for remains through photo and geographical documentation, and improves effectiveness of burial operations through enhanced cemetery mapping and operational equipment. The request also includes $800 thousand, and nine FTE, to improve call center operations through enhanced staffing, training, and systems modernization at the National Cemetery Scheduling and Eligibility Office.

The construction of new VA national cemeteries, which are based on burial access policies approved by the Congress in 2011 and 2013, including in urban and rural locations, provides new or enhanced burial access for Veterans and their families. Over the past few years, VA has opened four new cemeteries and the FY 2018 budget request includes $3.5 million and 17 FTE for the initial operations and maintenance costs of three additional new cemeteries.

Major Construction: In addition to establishing new national cemeteries, NCA is developing additional gravesites at existing cemeteries. Requested funding for these programs varies, and is based on projected burial workload and gravesite depletion forecasts. The FY 2018 budget includes $255.9 million for gravesite expansion at six national cemeteries, and advance planning and design activities. Gravesite expansion projects at six national cemeteries will enable NCA to continue providing burial services for eligible Veterans at these locations. Together, these six cemeteries provide over two million Veterans with reasonable access to burial. Full funding in FY 2018 for all six expansion projects is critical due to the contracting lead time to complete master planning, design, and construction prior to the anticipated depletion of a burial option and to avoid a temporary closure of certain burial options at one or more of these cemeteries.

Minor Construction: The budget request includes $98 million to develop additional gravesites at existing cemeteries, support urban and rural initiatives, acquire land, and make infrastructure improvements. NCA relies on minor construction funding to develop additional gravesites for smaller scale projects to keep existing cemeteries open. The funding request supports 13 cemetery expansion projects that are projected to deplete at least one burial option within the next few years. This request also invests in infrastructure projects including irrigation systems, renovation of historic structures, building maintenance, and road and curb improvements.

Question 54: The request seeks $46.7 million to fund the operations of the Office of Resolution Management (ORM). The budget indicates discrimination was found 35 times in 2016. Who made the findings?

VA Response: Of the 35 findings of discrimination issued in FY 2016, 15 were decisions made by the Equal Employment Opportunity Commission (EEOC), and 20 were decisions made by the Department of Veterans Affairs, Office of Employment Discrimination Complaint Adjudication.

a) How many informal discrimination complaints did employees file in FY 16?

VA Response: In FY 2016, 4,908 informal EEO complaints were filed.

b) How many formal discrimination complaints did employees file in FY 16?

VA Response: In FY 2016, 2,598 formal EEO complaints were filed.

c) What was the average cost to conduct a formal complaint in FY 16?

VA Response: Several studies have been done estimating the cost of filing an EEO complaint in the Federal government. The studies estimate the life cycle costs anywhere from approximately $17,000 to $60,000 depending on the point in the process where closure is reached. For example, some complaints are withdrawn, or settled shortly after filing, others may take years to be adjudicated before the EEOC, and some are appealed or result in a civil action. In the latter, the cost of the formal complaint process is higher based on the number of resources involved and time devoted to the process. The ORM, through data science, continues to examine and assess the cost to investigate a formal complaint and define a more exact average for the process.

d) What were ORM's actual costs to conduct investigations in FY 16?

VA Response: In FY 2016, ORM reported to the EEOC that VA completed 1,865 investigations at a cost of $12,020,263.48. This figure includes personnel compensation of agency and contract resources involved in the process as well as travel, and others supplies and materials needed to produce an EEO investigation.

e) Please identify the amounts paid to contractors to conduct formal investigations.

VA Response: In FY 2016, ORM reported to the EEOC that contractors completed 922 of the 1,865 investigations at a cost of $5,268,551.87.

Question 55: One of the areas the committee has seen as a delay in providing a timely response to correspondence is with the office of the Executive Secretariat. What is the current staffing level for this office and what can be done to improve their timeliness and performance?

VA Response: The Office of the Executive Secretariat is fully staffed at 17 FTE as of February 2017. During calendar year (CY) 2015 and CY 2016, VA averaged 33 and 36 business days, respectively, to respond to Congressional letters to the Secretary. For CY 2017, VA is currently averaging 17 business days to respond to Congressional letters to the Secretary, a reduction of more than half from the prior year.

Question 56: Considering the increased focus on employment law issues, what is the justification for reducing the FTE in the Office of General Counsel that covers these issues from 104 in FY 16 to 92 in FY 18?

VA Response: VA Office of General Counsel (OGC) FTE estimates are informed by workload and revised accordingly. The current estimate for FY 2018 is 255 FTE for employment law, which includes realignment of FTE from medical malpractice adjudication in FY 2017.

In addition, enactment of the Department of Veterans Affairs Accountability and Whistleblower Protection Act of 2017 (the Act) is expected to impact employment law workload. The Act makes significant changes in the processes for employee discipline and resulting appeals. OGC employment law attorneys are now increasingly called upon for expedited review of proposed disciplinary charges and to advise clients on the differences between new authorities and traditional employee discipline processes. As actions taken under the Act move through various appeal processes, OGC attorneys will be called upon to defend those actions.

In FY 2017, OGC received 25,148 new employment law matters and projects 27,663 for FY 2018.

Question 59: What is the justification for the 41 new FTE that are being requested to staff the new Central Whistleblower Office and what independence and authority will these employees have to protect whistleblowers from possible retaliation?

VA Response: At the time of FY 2018 Budget submission, VA was developing the structure, mission, and vision of the Office of Accountability and Whistleblower Protection (OAWP), including the Central Whistleblower Office, based on legislation. Executive Order 13793, Improving Accountability and Whistleblower Protection at the Department of Veterans Affairs, was signed on April 27, 2017, and the Secretary of VA established OAWP on May 12, 2017. Prior to this, while whistleblower protection functions existed at VA, a Central Whistleblower Office did not. In FY 2017, VA began reallocating existing General Administration account resources to begin hiring staff to manage cases, investigate where required, and capture data to inform long-term implementation plans for this office. Based on current projections, the Department requires 41 FTE for this purpose.

Question 60: Please explain how this budget supports your and President Trump's continued efforts to protect whistleblowers and hold those employees accountable who retaliate against them?

VA Response: This budget supports implementation of Central Whistleblower Office (CWO) functions required by statute to promote and protect whistleblower rights and the President's vision as set forth in Executive Order 13793 Improving Accountability and Whistleblower Protection at the Department of Veterans Affairs. Specifically, the FY 2018 budget request establishes a toll-free line, an accessible form to report complaints, supports hiring of case managers, investigators, experienced human resource specialists, and analytical and operational services. These resources will enable the CWO to directly manage, coordinate, and oversee whistleblower complaints; develop and deploy robust training; and directly investigate, or oversee, investigations of allegations of whistleblower retaliation.