

THE HONORABLE ERIC K. SHINSEKI,
SECRETARY OF VETERANS AFFAIRS
WRITTEN STATEMENT BEFORE THE HOUSE COMMITTEE ON
VETERANS AFFAIRS
OCTOBER 14, 2009

State of the VA

Address

VA Secretary Eric Shinseki delivered his “state of the VA” address Oct. 14 to the House Committee on Veterans Affairs. He addressed three major areas of concern: the disability claims backlog, accessibility to VA health care, and solving the homeless veteran issue.

The complete text of Shinseki’s written statement follows:

“Chairman (Bob) Filner, Ranking Member (Steve) Buyer, Distinguished Members of the Committee:

“Thank you for this opportunity to report on the state of the Department of Veterans Affairs. We appreciate the long-standing support of this committee and its unwavering commitment to veterans – demonstrated, yet again, through your support of advanced appropriations legislation for VA. Let me also express my thanks to the committee and the president for a remarkable 2010 budget that provides an extraordinary opportunity to begin transforming the department. We deeply appreciate your confidence and the confidence of the president in building on the 2008 and 2009 congressional enhancements to VA’s budgets in those years. We are determined to provide a return on those investments.

“I would also like to acknowledge the presence of representatives from a number of our veterans service organizations. They are our partners in assuring that we have met our obligation to the men and women who have safeguarded our way of life. We always welcome their advice on how we might do things better.

“Mr. Chairman, this past February, you held a similar hearing on the state of the department, which allowed me to benefit from the insights and advice of members of this committee early in my tenure as secretary. In turn, I was also able to offer early assessments of VA’s mission and some principles that I felt might help me quickly communicate my intent and direction for the department. I have learned a lot in the last eight and a half months from some truly impressive people at VA; from veterans, individually and collectively; from the VSOs; from members of this and other committees, and from a host of other key stakeholders, who share both the department’s interests and my personal passion for making VA the provider of choice in the years ahead. My current vectors for this department remain guided by those principles that I mentioned in testimony in February. As I continue working to craft a shared vision for the department, one that will be enduring, we remain guided by our determination to be people-centric – veterans and the workforce count in this department; results-driven – we will not be graded on our promises, but by our accomplishments; and forward-looking – we strive to be the model for governance in the 21st Century.

“This testimony comprises a nine-month progress report on the state of our department.

“We have been busy putting into place the foundation for our pursuit of the president’s two goals for this department: transform VA into a 21st-Century organization, and ensure that we provide timely access to

benefits and high quality care to our veterans over their lifetimes, from the day they first take their oaths of allegiance, until the day they are laid to rest.

“Every day 298,000 people come to work to serve veterans. Some do it through direct contact with veteran clients; others do so indirectly. But, we all share one mission – to care for our nation’s veterans, wherever they live, by providing them the highest quality benefits and services possible. We work each and every day to do this faster, better and more equitably for as many of our nation’s 23.4 million veterans who choose us as their provider of services and benefits. Today, that number is roughly 7.8 million veterans.

“Veterans put themselves at risk to assure our safety as a people and the preservation of our way of life. Not all of them are combat veterans, but all of them were prepared to be. VA’s mission is to care for those who need us because of the physical and mental hardships they endured on our behalf, the cruel misfortunes that often accompany difficult operational missions, and the reality of what risk taking really means to people in the operational environment.

“The health-care, services, and benefits we provide are in great demand – a demand which grows each year. More than four million new veterans have been added to our health-care rolls since 2001. Some of our youngest veterans are dealing with the effects of post traumatic stress disorder (PTSD), traumatic brain injury (TBI), and other polytrauma injuries. We will provide them the care they deserve, even as we continue to improve the quality of care we deliver to veterans of all previous generations – World War II, Korea, Vietnam, Grenada, Panama, Somalia, Desert Storm, and a host of smaller operational deployments. The president’s decision to relax income thresholds established in 2003, which froze Priority Group 8 enrollments, has enabled many more veterans to access the excellent health care available through our Veterans Health Administration (VHA). It has increased VA’s workload, but we are prepared to accommodate up to 500,000 enrollees, who are being phased in over the next four years. While the Post 9/11 GI Bill offers serving military and our newest veterans expanded educational opportunities, it has challenged the Veterans Benefits Administration’s (VBA’s) paper-bound processes. We are moving aggressively to transform VBA from paper to electrons, even as the entire organization picks up the pace of producing more, better, and faster decisions both in disability claims and educational benefits. Finally, the honor of providing final resting places for our veterans remains a source of immense professional pride for the National Cemeteries Administration (NCA), and indeed the rest of VA. NCA consistently meets the demographic standards associated with veteran burials and exceeds expectations with regard to care and compassion for heroes’ families. NCA interred approximately 107,000 Veterans in the past year in our 130 national cemeteries. Five new national cemeteries have been opened, and sixteen cemetery projects have been funded for expansion in the past year to address our requirements in this area.

“Our veterans have earned and deserve our respect and appreciation for their sacrifices and the sacrifices of their families. We at VA are privileged to have the mission of demonstrating the thanks of a grateful nation. We are obliged to fulfill these responsibilities quickly, fully, and fairly – especially given the current economic climate. All of us, at VA, accept these increases to an already demanding workload, and we will meet our responsibilities at a high standard. Doing so will offer VA as a genuine provider of choice for those veterans who, today, choose to go elsewhere for insurance, health care, education loans, home loans and counseling.

To achieve this kind of standing with veterans, we must make entitlements much easier to understand and then far more simple to access.

Each day, dedicated, compassionate professionals at VA do the extraordinary to meet the needs of veterans across a broad spectrum of programs and services.

“Among them:

- VA is second only to the Department of Education in providing educational benefits of \$9 billion annually.
- VA is the nation’s eighth largest life insurance enterprise with \$1.1 trillion in coverage, 7.2 million clients, and a 96-percent customer satisfaction rating.

- VA guarantees nearly 1.3 million individual home loans with an unpaid balance of \$175 billion. Our VA foreclosure rate is the lowest among all categories of mortgage loans.
- VA is the largest, integrated health-care provider in the country, with 7.9 million veterans enrolled in our medical services system.
- VA developed and distributed enterprise-wide, Vista, the most comprehensive electronic health record (EHR) in the country, linking our 153 medical centers to their 774 community based outpatient clinics (CBOCs), 232 veterans centers, as well as outreach and mobile clinics.
- VA received an “Among the Best” ranking for its mail order pharmaceutical program, ranking with Kaiser Permanente Pharmacy and Prescriptions Solutions, in a J.D. Power and Associates survey of 12,000 pharmacy customers.
- A VA employee, Dr. Janet Kemp, received the “2009 Federal Employee of the Year” award from the Partnership for Public Service three weeks ago. Under Dr. Kemp’s leadership, VA created the Veterans National Suicide Prevention Hotline to help veterans in crisis. The hotline has received over 185,000 calls – an average of 375 per day – and interrupted over 5,200 potential suicides.
- VA has staffed a Survivors’ Assistance Office to advocate for veteran and servicemember families. As the “Voice of Survivors,” its purpose is to create and modify programs and services to better serve survivors.
- VA’s OIT (Office of Information Technology) office and VBA collaborated with the White House to create a program soliciting original ideas from VA employees and participating VSOs, ranging from improving process cycle times for benefits to increasing veteran-satisfaction with the claims process. Close to 4,000 process-improvement ideas have been received.
- VA operates the country’s largest national cemetery system with 130 cemeteries.
- VA senior executives are accountable and responsible when these systems succeed and when they fall short. As of September 2009, VA maintained one of the lowest executive to employee ratios (approximately 312 career executives to approximately 298,400 employees). I have seen their dedication to serving veterans.

“I am proud of our people and our accomplishments, but there have been challenges, missed opportunities, and gaps in providing the quality of care and services veterans expect and deserve. We will continue to look for and find our failures and disappointments; we will be open and candid with veterans, the Congress, and other stakeholders when we fall short; and we will correct those problems, take the right lessons from them, and improve the process to achieve the best outcomes. In recent months, we have discussed with the Committee lapses in quality control and safety regarding endoscopes and other reusable equipment, erroneous notifications of ALS diagnoses, and expensive IT initiatives that were not meeting program thresholds.

“Near-term challenges have been riveting. Since enactment, the new Post 9/11 GI Bill has been our top priority for successful implementation by Aug. 3, 2009. These completely new benefits, requiring tools different from the ones available to us, resulted in massive Information Technology (IT) planning efforts on short timelines. Delays and setbacks required VA to exercise emergency procedures two weeks ago to issue checks to veterans to cover their expenses early in program execution. Uncertainty and great stress caused by these delays were addressed through these emergency procedures, which remain in effect. We will mature our information technology tools to assure timely delivery of checks in the future.

“We must work short-term and long-term strategies to reduce the backlog of disability claims, even as they increase in number and complexity. In July, we closed out a VA-record 92,000 claims in a single month – and received another 91,200 new ones. We are consolidating and investing in those IT solutions integral to our ability to perform our mission while looking hard at those that have not met program expectations – behind schedule or over budget. In July, we paused 45 IT projects, which failed to meet these parameters. These projects are under review to determine whether they will be resumed or terminated. We know this is of intense concern and interest to members of this committee, and we appreciate your continued support and insights.

“In working these near-term demands, we are simultaneously addressing, in 2010 and the years beyond, improvements to programs and new initiatives critical to veterans – reducing homelessness, enhancing rural health-care, better serving our growing population of women veterans, and refreshing tired, and in a number

of cases unsafe, infrastructure.

“To embrace these priorities, we have put in place a strategic management process to focus our stated goals and sharpen accountability. We are close to releasing a Department of Veterans Affairs Strategic Plan, in which I look forward to outlining for you the strategic goals that will drive our decisions over the next five years, and potentially longer.

“I’ve now engaged in eight months of study, collaboration, and review of as many aspects of VA’s operations with as many of our clients, employees, and stakeholders, as the Deputy Secretary and I could manage. I’ve visited VA facilities – large and small, urban and rural, complex and simple – all across the country. I’ve spoken with leaders, staffs, and veterans. I also invited each of our 21 Veterans Integrated System Network (VISNs) directors to share with me, in dedicated four-hour briefings, their requirements; their priorities; their measurements for performance, quality, and safety; and their need for resources – people, money, and time.

I’ve also received multiple briefings from VBA leadership on the extent and complexity of the benefits we provide to veterans. This has been time well-invested – invaluable.

“The veterans I’ve met in my travels have been uplifting. Many struggle with conditions inevitable with old age; others live with uncertain consequences from exposures to environmental threats and chemicals; still others have recently returned from Afghanistan and Iraq bearing the fresh wounds of war—visible and invisible.

“Out of my discussions with veterans, three concerns keep coming through: access, the backlog, and homeless veterans.

“Access: Of the 23.4 million veterans in this country, roughly eight million are enrolled in VA for health-care. Five and a half million unique beneficiaries have used our medical facilities. We want to ensure that any veteran who can benefit from VA services knows the range of services available to them. VA will continue reaching out to all veterans to explain our benefits, services, and the quality of our health-care system. A major initiative which will expand access is the president’s decision to relax the income thresholds established in 2003, which prohibited new Priority Group 8 enrollments. We expect up to half-million new Priority Group 8 enrollees in the next four years.

“Another initiative to expand and improve access is the evolution of our health-care delivery system. About a decade ago, VA decided to move toward the system of care being provided in the private sector by turning its focus to outpatient care and prevention. As a result, VA’s 153 medical centers are the flagships of our nationwide integrated health-care enterprise, and the department also provides care through a system of 774 community based outpatient clinics (CBOCs), 232 vet centers, outreach and mobile clinics, and when necessary, contracted specialized health-care locally. This fundamental change in delivery of care, means organizing our services to meet the needs of the veteran rather than the needs of the staff – veteran-centric care.

“Our next major leap in health-care delivery will be to connect flagship medical centers to distant community-based outpatient clinics and their even more distant mobile counterparts via an information technology backbone that places specialized health-care professionals in direct contact with patients via telehealth and telemedicine connections. Today, we are even connecting medical centers to the homes of the chronically ill to provide better monitoring and the prevention of avoidable, acute, episodes. This means that veterans drive less to receive routine health-care and actually have better day-to-day access. It also means higher quality and more convenient care, especially for veterans challenged by long distances; and, prevention will mean healthier lives.

“While this new, evolving VA model of health-care is less about facilities and more about the patient, it is also more economically efficient and a better use of available resources. Health-care centers that provide outpatient care, including surgery and advanced diagnostic testing, have lower construction costs compared

to traditional hospitals. They better serve communities, and are more cost effective, than small, traditional hospitals with low numbers of veterans receiving inpatient care. To provide emergency and inpatient care when needed, VA forms alliances and relationships with local civilian facilities for that care. Outreach clinics also allow us to provide health-care services in communities with smaller numbers of veterans. These part time clinics are situated in leased space, and provide in-person care closer to the veterans' homes.

“Critical to improving veterans’ access to health-care is our campaign to inform and educate them about how VA delivers care. Using social media Web sites, including MyHealtheVet and Second Life, we are making contact with veterans, including our OEF/OIF veterans, who did not respond to traditional outreach – lectures, pamphlets, and telephone calls.

“All of these initiatives to improve access are conducted with assessments of patient privacy issues. Privacy is important for all veterans, but we especially want women veterans to know that the VA will provide their care in a safe, secure and private environment that is designed to meet their needs. While approximately 8 percent of veterans are women, only about 5.5 percent of VA patients are women. My intent is to create an environment of care that will attract more of them to the VA as their first choice for care.

“The disability claims backlog: Reduction of the time it takes for a veteran to have a claim fairly adjudicated is a central goal for VA. The total number of claims in our inventory today is around 400,000, and backlogged claims that have been in the system for longer than 125 days total roughly 149,000 cases. Regardless of how we parse the numbers, there is a backlog; it is too big, and veterans are waiting too long for decisions.

“In April, President Obama charged Defense Secretary (Robert) Gates and me with building a fully interoperable electronic records system that will provide each member of our armed forces a Virtual Lifetime Electronic Record (VLER) that will track them from the day they put on the uniform, through their time as veterans, until the day they are laid to rest.

“VA is a recognized leader in the development and use of electronic health records. So is the Department of Defense. Our work with DoD is already having an impact on the way we are able to provide quality health-care to our veterans. To date, VA has received from DoD two and one-half million deployment-related health assessments on more than one million individuals, and we are able to share between departments critical health information on more than three million patients. Although our work is far from finished, our achievements here will go beyond veterans and our servicemembers to help the nation as a whole, as have many of VA’s historic medical innovations.

“We are working with the president’s Chief Performance Officer, Chief Technology Officer, and Chief Information Officer, to harness the powers of innovation and technology. In collaboration with our own IT leadership, we intend to revolutionize our claims process – faster processing, higher quality decisions, no lost records, fewer errors. I am personally committed to reducing the processing times of disability claims. We have work to do here. But we understand what must be done, and we are putting the right people to work on it.

Homelessness: Veterans lead the nation in homelessness, depression, substance abuse, and suicides. We now estimate that 131,000 Veterans live on the streets of this wealthiest and most powerful nation in the world, down from 195,000 six years ago. Some of those homeless are here in Washington, D.C. – men and women, young and old, fully functioning and disabled, from every war generation, even the current operations in Iraq and Afghanistan. We will invest \$3.2 billion next year to prevent and reduce homelessness among Veterans—\$2.7 billion on medical services and \$500 million on specific homeless housing programs. With 85 percent of homelessness funding going to health care, it means that homelessness is a significant health care issue, heavily burdened with depression and substance abuse. We think we have the right partners, the right plans, and the right programs in place on safe housing. We’ll monitor and adjust the balance as required to continue increasing our gains in eliminating Veteran homelessness. We are moving in the right direction to remove this blot on our consciences, but we have

more work to do.

Effectively addressing homelessness requires breaking the downward spiral that leads Veterans into homelessness. We must continue to improve treatment for substance abuse, depression, TBI and PTSD; better educational and vocational options, much better employment opportunities; and more opportunities for safe and hospitable housing. Early intervention and prevention of homelessness among veterans is critical. We have to do it all; we can't afford any missed opportunities.

The psychological consequences of combat affect every generation of veterans. VA now employs 18,000 mental health professionals to address their mental health needs. We know if we diagnose and treat, people usually get better. If we don't, they won't – and sometimes their problems become debilitating. We understand the stigma issue, but we are not going to be dissuaded. We are not giving up on any of our Veterans with mental health challenges, and definitely not the homeless.

We have approximately 500 partners in nearly every major town and city across the country helping us get homeless veterans off the streets. With 20,000 HUD-VASH vouchers from the Department of Housing and Urban Development, and our \$500 million to invest in 2010 to cover safe housing and rehabilitation for veterans we have been able to coax off the streets, we are going to continue reducing the number of homeless veterans next year, and each year thereafter, for the next five years.

I know that this committee and the president are committed to helping VA end homelessness among veterans. We are going to do everything we can to end homelessness among veterans over the next five years. No one, who has served this nation, as we have, should ever find themselves living without care – and without hope. I know that there are never any absolutes in life, but unless we set an ambitious target, we would not be giving this our very best efforts in education, jobs, mental health, substance abuse, and housing.

Education: The president kicked off our post 9/11 new GI Bill program on 3 August, 2009. 267,000 veterans have applied and been found eligible to participate in this benefits program this year, and we project that as many as 150,000 more may apply next year. The first time we did this, in 1944 during World War II, our country ended up being richer by 450,000 trained engineers, 240,000 accountants, 238,000 teachers, 91,000 scientists, 67,000 doctors, 22,000 dentists, and a million other college-educated veterans. They went on to provide the leadership that catapulted our economy to worlds largest and our Nation to leader of the free world and victor in the cold war.

Slow processing of enrollment certificates by VA and slower than anticipated submission of enrollment documents by some educational institutions delayed issuance of checks to schools and veterans. On 2 October, VA began an emergency disbursement of monies nationally, working with the Treasury Department to provide almost \$70 million in advance payments to more than 25,000 veterans in the first two days of the program. These payments continue as a way to bridge the gap until the veterans' routine, monthly payments begin. We will do whatever it takes to get checks into the hands of veterans for their education, and we will improve the delivery system to eliminate the barriers to effective distribution of benefits in future years.

Jobs: This summer, I addressed over 1,700 veteran small business owners at the 5th Annual Small Business Symposium on 21 July. I reminded them that veterans hire veterans because they know what they're getting. Customers and partners value their skills, knowledge, and attributes and are eager to work with them. Just last fall, in a survey conducted by the Society for Human Resource Management, over 90 percent of employers said they valued veterans' skills, in particular, their strong sense of responsibility and teamwork.

VA puts veterans first in our contracting awards because we recognize the on-time, on-budget, quality solutions they bring to our contracting needs. In fiscal year 2008, our unique "Veterans First" buying program resulted in VA's spending more than \$2 billion on Veteran-owned small businesses. That represented 15 percent of our procurement dollars, up five percent from the previous year. \$1.6 billion of

that amount was invested in service-disabled, Veteran-owned businesses.

At VA, our experience is that Veteran-owned small businesses have a high likelihood for creating new jobs, developing new products and services, and building prosperity. Increasing opportunities for Veteran-owned small businesses is an effective way to help address many needs during this economic downturn.

So, education, jobs, health care, and housing: We have work to do here; but we have momentum, and we know where we are headed. We are positively engaged with the Departments of Housing and Urban Development, Labor, Health and Human Services, Education, and the Small Business Administration to work our collaborative issues.

A transformed VA will be a high-performing 21st century department, a different organization from the one that exists today. Beyond the next five years, we're looking for new ways of thinking and acting. We are asking why, 40 years after Agent Orange was last used in Vietnam, this Secretary had to adjudicate claims for service-connected disabilities that have now been determined presumptive. And why, 20 years after Desert Storm, we are still debating the debilitating effects of whatever causes Gulf War Illness. If we do not stay attuned to the health needs of our returning veterans, 20 or 40 years from now, some future Secretary could be adjudicating presumptive disabilities from our ongoing conflicts. We must do better, and we will.

VA's mission is inextricably linked to the missions of the Departments of Defense (DoD) and Health and Human Services (HHS)—and closely linked to the Departments of Housing and Urban Development, Education, Labor, and the Small Business Administration. We are not an independent operator. We administer the Servicemen's Group Life Insurance program and are prepared to deliver benefits for any of the 2.25 million men and women of all Services and Components, who are insured through it. And, together with DoD, we operate two of the nation's largest health care systems—one for health care to meet operational commitments and one to deal with the long term health care effects of those operations. As a result, we are a participant with HHS in discussions of how to best deliver health care. VA's budget requirements are largely determined by the operational missions performed by the courageous men and women in the DoD and the entitlements and benefits which accrue to them for taking those risks. Additionally, VA is uniquely positioned to help with ideas and a model for providing more Americans with better, more cost-effective health care, something VA has long pursued on behalf of veterans.

Largely hidden from public view is an enormous VA effort to improve management infrastructure and implement a Departmental model of management that insures significant improvement in human resources, IT, acquisition, financial and facilities management. This effort is critical to strengthening both our performance and accountability mechanisms across VA.

In all our missions, VA seeks to become more transparent by providing veterans and stakeholders more information about our performance than ever before. We want veterans to have the information they need to make informed decisions. We will be sharing more data about the quality of VA health care than ever before. Using our own web sites, we are displaying information on quality including Health Effectiveness Data and Information Set (HEDIS) scores, wait times, and Joint Commission results.

Another element of transparency is disclosure when mistakes are made. We have aggressively disclosed problems with the reprocessing of endoscopes and with brachytherapy at several sites. These issues were found by our own staff and then publicly disclosed. In each of these cases, we notified Congress, the media, VSOs, and the patients. While this process is at times painful, it is the right thing to do for veterans and the nation and will ultimately result in greater trust and better quality.

Summary

Our mission is to serve Veterans by increasing their access to VA benefits and services, to provide them the highest quality of health care available, and to control costs to the best of our ability. Our efforts will remain focused on transforming VA into a 21st Century organization—People-centric, Results-driven, and

Forward-looking, and further refinement of our strategic plan to achieve our commitments and provide metrics for holding ourselves accountable. We are applying business principles that make us more efficient and effective at every opportunity.

However, transforming VA and the current pace of military operations have required new levels of resources. The care of Veterans, like the sacrifices they make on behalf of the Nation, endure for many years after conflicts are resolved. This investment in our Veterans will, over time, provide increasing returns for them, for the Nation, and for VA. Providing Veterans the care and benefits they have earned is a test of our character.

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