

**VA'S TRANSFORMATION STRATEGY: EXAMINING
THE PLAN TO MODERNIZE VA**

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

—————
JANUARY 21, 2016
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Printed for the use of the Committee on Veterans' Affairs



Available via the World Wide Web: <http://www.fdsys.gov>

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U.S. GOVERNMENT PUBLISHING OFFICE

20-447 PDF

WASHINGTON : 2018

For sale by the Superintendent of Documents, U.S. Government Publishing Office
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THURSDAY, JANUARY 21, 2016

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:01 a.m., in room 418, Russell Senate Office Building, Hon. Johnny Isakson, Chairman of the Committee, presiding.

Present: Senators Isakson, Moran, Boozman, Heller, Rounds, Tillis, Sullivan, Blumenthal, Murray, Brown, Tester, Hirono, and Manchin.

**OPENING STATEMENT OF HON. JOHNNY ISAKSON, CHAIRMAN,
U.S. SENATOR FROM GEORGIA**

Chairman ISAKSON. I want to call the meeting of the Senate Veterans' Affairs Committee together to get started, and I want to expedite our meeting. I would like for everybody to pay close attention so they do not think I am rushing the thing through. We have a storm coming. We have a vote at 10:30. We have a lot of people moving and a lot of pieces in place, including some of our witnesses that are here today. We are going to start promptly at 10, which we are doing. I will make a brief opening statement. If the Ranking Member is here in time, I will recognize him. If not, he can make his statement later on in the hearing.

We will then go to Secretary McDonald, who has asked—and I have granted—for no limitation on time, so we do not have a 5-minute red light. We are going to let him take the time he needs to make his testimony, which I think is only appropriate given the serious intent of this particular hearing. I would like to thank Senator Tillis and Senator Tester, the two who originated the idea of having the Secretary come to lay out the entire vision for the VA and the I-CARE program. I am glad the Secretary has come and agreed to do that. I am delighted to be able to—and the Ranking Member has made it, so you are lucky. You are not going to get cut out after all. [Laughter.]

Any Member of the Committee, other than the Ranking Member and myself, who wants to make a statement can submit it for the record after the hearing is over. I will make a brief statement and then go to Senator Blumenthal, and then we will go directly to the Secretary. Hopefully, we can accomplish all of that before the 10:30 vote. We will then go to vote at 10:30 and rush back here for unlimited questioning until noon today. I thank everybody for being here.

I want to, first of all, especially thank Dale Barnett. Dale, would you stand up for a second and remain standing? I just love to tell officers that. [Laughter.]

Dale is The American Legion National Commander. He is from Douglasville, GA, which is the county next to my county of Cobb in the State of Georgia. He is from the Fayetteville Legion Post. Is that not correct?

Mr. BARNETT. That is correct.

Chairman ISAKSON. We want to thank you for your service, and that of all of your members, to our country and for your continuing service to help support us on this VA Committee. You are the eyes and the ears in the clinics, in the CBOCs, and in the hospitals that give us the feedback for us to try and see to it that we hold the Veterans Administration accountable.

Nobody has a better, more conscientious, more constructive view than The American Legion. I want to thank you for what you all have done. I appreciate you being here to hear this today and I will appreciate your comments. I have read some of them already, but after the hearing, any additional comments you have for the record, we will be happy to submit. Welcome, we are glad to have you here.

Mr. BARNETT. Thank you, Mr. Chairman.

Chairman ISAKSON. I want to talk about three things in my opening remarks and three things only. I am interested in making Choice ultimately work for the veteran, the Veterans Administration, and for the taxpayer. We had some issues come up recently in anticipation of this hearing taking place, and I am going to make them public in my testimony so the Secretary can at a point in time in his testimony address those.

We had a situation in New Hampshire in the past couple of weeks where we have lost providers, which I think Dr. Shulkin is already aware of. The issue basically gets down to prompt pay. We have got to get a situation in the Veterans Administration where a physician can reasonably anticipate a prompt payment for services rendered under the Choice Program, or Choice will not work. In my hearing that the Secretary was kind enough to come to in Hall County in Gainesville, GA—I guess back in December or November of last year—we learned that some of the cumbersome nature of the paperwork that is required by the third-party administrators to get an appointment set up has to be worked on between the VA and the third-party administrator. Once the appointment is set up and the bill is actually sent, the VA has to expedite or reasonably speed up the prompt payment so a doctor or a physician in a hospital will really want to provide that benefit. That is the goal I would like to see us continue to work on and do everything we can to do.

We also had the CACI situation in my State of Georgia, which I think the Secretary is already familiar with, as well as the other Members. We continue to find cases where the Inspector General finds backlogs in terms of records. In the case of CACI, we had boxes of records that were supposed to have been scanned and put in the VA system that were stacked up in a corner, which was bad for veterans, bad for accountability, and something we need to work on to make sure we do.

The point I am trying to make is that it is the little things that get you, not the big things. The big vision in terms of the VA for the Secretary is one I admire, and I am looking forward to hear from him. It is the little things that fall through the cracks that cause you the biggest problems, and I think for all of us on the Committee who are in our districts on a daily basis, it is prompt pay, it is accessibility to the Choice Program, and it is accountability within the VA. It is kind of a no excuses, “the dog ate my homework” type of environment, but instead a can-do type of environment.

The Secretary has been a great leader for the Department since he was sworn in July, I think, of 2015. Is that not correct?

Secretary MCDONALD. Yes, sir.

Chairman ISAKSON. We have about 11 months to go under the current administration. We want to make every single month count for our veterans and for the taxpayer. I look forward to chairing the Committee as we work hand in hand to do that, overcome our obstacles, bring about accountability, and provide better service at a better cost to the veterans of the United States of America.

With that, I will recognize Ranking Member Blumenthal.

STATEMENT OF HON. RICHARD BLUMENTHAL, RANKING MEMBER, U.S. SENATOR FROM CONNECTICUT

Senator BLUMENTHAL. I am not sure that I would take that as a compliment because, frankly, Mr. Secretary, your job is a lot more difficult than ours. We thank you for your very diligent and dedicated work, and that as well of your colleagues who are with you today.

Today is an important hearing because the VA is at a real milestone turning point. With the last stretch of the administration ahead, the opportunity to make fundamental cultural and institutional changes is fast disappearing. So, today’s hearing is about your vision and the plan to achieve it. It is a tremendous opportunity because there is a lot of work to be done, but it is also a tremendous challenge. I know that you have been working at it very hard and very long.

I am focusing on a number of changes that I think are very important. Obviously, consolidating care in the community, the VA has estimated the annual cost of care through the current Veterans Choice Program would be about \$6.5 billion with an additional \$7 billion in general community care. That is about \$13.5 billion, which seems largely unsustainable at the present rate. So, something needs to be done.

The inventory of appeals at the VA has skyrocketed to 440,000. That is 440,000 claims that are under appeal and need to be in some way expedited. I am a supporter and a cosponsor of the Veterans Appeals Assistance and Improvement Act of 2015, which would change current law to expedite the most egregiously delayed claims, namely, those over 8 years old. It is hard to believe that some claims are over 8 years old, but if they are, there is simply no reason that they should not be expedited.

And, finally, Rob Nabors in his report of June 2014 talked about the corrosive culture at the VA which has led to personnel problems across the board. Changing the culture is a big job, and partly

it will impact the ability to fill VHA open positions, which I know has been one of your priorities. One of the goals of the Department in 2016 is to increase access to health care and reduce the amount of time it takes to fill open positions by 30 percent. That is a critically important goal because 900 vacancies, which I think is the last number that I saw, means there are 900 fewer people than there should be to be caring for our veterans.

So, those are among my concerns, and we are looking forward to hearing from you, and, again, thank you for your work at the Department.

Chairman ISAKSON. Secretary McDonald, you are recognized. The floor is yours.

STATEMENT OF HON. ROBERT A. McDONALD, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY DAVID J. SHULKIN, M.D., UNDER SECRETARY FOR HEALTH; AND DANNY PUMMILL, INTERIM UNDER SECRETARY FOR BENEFITS

Secretary McDONALD. Thank you. Chairman Isakson, Ranking Member Blumenthal, Members of the Committee, thank you for this opportunity to discuss the important transformation of VA, what we call “MyVA.”

My personal thanks also to Senators Tom Tillis and Jon Tester for meeting with us repeatedly to hone our transformation plans. I believe they know MyVA is about fulfilling the Nation’s obligation to those who have served and that they share our vision for VA to become the number 1 customer service agency in the Government. We have a lot of work to do to reach that goal, but we are making progress.



This chart reflects the tremendous work done by our Veterans Benefits Administration in reducing the backlog of disability claims, an almost-90-percent reduction in the backlog since March 2013.

Our National Cemeteries Administration (NCA) is already rated number 1 in the Nation by the American Customer Satisfaction Index (ACSI). ACSI rates all customer service companies in the Na-

tion, and NCA came out on top. We aim to make it so for all of VA.

Last year, J.D. Power rated our consolidated mail outpatient pharmacy with the highest customer satisfaction score among the Nation's public and private mail-order pharmacies for the sixth year—higher than Kaiser, higher than Humana, higher than Walmart.

That said, let me tell you about our framework to transform all of VA by combining functions, simplifying operations, and providing veterans care and services so that they see VA as their VA, *MyVA*, a world-class, customer-focused, veteran-centered service organization.



This chart shows our five critical *MyVA* objectives. First, we want to improve the veteran experience. Every contact between veterans and VA should be predictable, consistent, and easy. It begins with respectfully receiving our veteran clients, but it is also a science. We are focusing on Human-Centered Design, process mapping, and working with exceptional design firms and companies to make every interaction with our clients better.

Second, we need to improve the employee experience. We cannot make things better for veterans without improving the work environment of employees. It is no coincidence that the best private sector service organizations are also the best places to work.

Third, we need to improve internal support services. We must enable employees and leaders by bringing our IT infrastructure into the 21st century. Our scheduling system dates to 1985. Our financial management system is written in COBOL, a language I used in 1973. This is unacceptable, and it impedes our efforts to serve veterans.

Fourth, we need to establish a culture of continuous improvement. We will apply Lean Six Sigma strategies and other performance improvement capabilities to help employees improve processes and build a culture of continuous improvement.

Last, enhancing strategic partnerships. Expanding our partnerships will allow us to extend the reach of services available for veterans and their families.

The *MyVA* is a framework for modernizing VA's culture, processes, and capabilities to put the needs and interests of veterans and their families first. Changes to leadership were also necessary. Ten of our top 16 executives are new since I became Secretary. All of them have substantial business experience. Our new leadership team feels comfortable having honest and sometimes tough discussions to transform VA. This team includes a former banking industry CFO and the president of the USO; a former CEO of Beth Israel Medical Center and Morristown Medical Center; a former chief executive of Jollibee Foods and president of McDonald's Europe; a former CIO of Johnson & Johnson and Dell; a former chief customer officer for the city of Philadelphia who spent 10 years at USAA; a retired Disney executive who spent 2010–11 at Walter Reed enhancing the patient experience; and I am the former chairman, president, and chief executive officer of the Procter & Gamble company.

Our *MyVA* Advisory Committee, led by Chairman Joe Robles, a retired U.S. Army major general and former chairman and CEO of USAA, is also comprised of a diverse group of business leaders, medical professionals, and experienced Government executives. I knew that we needed outside expert advice on business and government transformation, so I recruited these leaders well before the independent commission was established to help advise our team on VA transformation.

We are working collaboratively with many world-class institutions to capture ideas and best practices as we transform. As well, we are listening to key stakeholders, even those who are critical of VA.

We are forming strategic partnerships with external organizations to leverage their good will, their resources, and their expertise to better serve veterans. VA cannot do everything itself. Over the last year, we have cultivated meaningful partnerships in employment, ending homelessness, wellness, and mental health, with dozens of productive partners. We are streamlining business processes with community care providers, reimagining how we obtain services such as billing, reimbursement, and information sharing. We must operate as part of a community of care.

We know that VA has significant issues that need to be addressed, so we are listening to others' perspectives, and we are investing in our people. We are running the Government's second largest Department like a \$181 billion Fortune 6 organization should be run, balancing the near-term performance improvements while rebuilding the long-term organizational health of VA.



We have narrowed down our near-term focus to 12 breakthrough priorities, as shown on this slide. On the left are eight veteran-facing priorities. On the right are four VA-facing priorities. Make no mistake: All 12 are designed to improve the delivery of timely care and benefits to veterans. We had many accomplishments in these areas in 2015, but I will spend most of my time focusing on what we will accomplish in 2016. These are the stretch objectives that we are committed to. We understand this will be a challenge, but we are committed to producing results for veterans.

First, improve the veteran experience. In 2015, we named VA's first Chief Veteran Experience Officer and began staffing that office that will set customer service standards, spread best practices, and train employees. We are creating a national network of community veteran engagement boards to leverage non-VA assets to meet veterans' needs. We have established 36 communities with 15 more in development. In fact, the Ranking Member attended the event that we had in Connecticut where we established one of our very first Community Veteran Engagement Boards.

In 2016, we will establish department-wide customer experience measurements to enable service improvements and increase veterans' trust in the VA from 47 percent—that is the baseline data that we have gotten—to 70 percent.

We will also ensure our Veterans Experience Office is fully operational and expand our network of Community Veteran Engagement Boards to over 100. Our medical centers will be fully staffed at the front line with well-prepared, customer-oriented employees.

Second, increased access to health care. Last year, VA increased the number of veteran appointments by more than 1.2 million and completed over 96 percent of appointments in October within 30 days of clinically indicated or veteran's preferred dates. By the end of this year, when veterans call or visit primary care at a VHA medical center, their clinical needs will be addressed that day. Enrolled veterans will conveniently get medically necessary care, referrals, and information from any VA medical center.

Number 3, improve community care. In 2015, VA issued authorizations resulting in 12 million community care appointments, thanks to the flexibility of the Choice Act. In 2016, pending legislation that we need, VA will begin consolidation and streamlining of access to our care in the community network. Veterans will see a community provider within 30 days of referral. Community care claims will be processed and paid within 30 days 85 percent of the time, and the claims backlog will be reduced to less than 10 percent of inventory.

Number 4, deliver a unified veterans experience. Last November, VA launched the initial Vets.gov capability. This is a mobile-first, cloud-based Web site that will replace numerous other Web sites with a single log-in. In 2016, Vets.gov will provide veterans, their families, and caregivers with the top 100 search terms found within one click. Additionally, 100 percent of content, features, and forms from the current public-facing VA Web sites will be redesigned, rewritten in plain language, and migrated to Vets.gov, prioritized by veteran demand.

Five, modernize contact centers, including the Veterans Crisis Line. Last year, the heroic staff of our Veterans Crisis Line in Canandaigua, New York, was featured in the Oscar-winning documentary "Crisis Hotline: Veterans Press 1." They answered over 490,000 calls, initiated the dispatch of emergency services to callers in imminent crisis over 11,000 times, and provided over 81,000 referrals to VA suicide prevention coordinators. By the end of this year, veterans in crisis will have their call promptly answered by an experienced responder at the Veterans Crisis Line. All veterans will be able to access the VA contact centers 24 hours a day, know where to call to get their questions answered, receive prompt service and accurate answers, and be treated with kindness.

Number 6, improve the Compensation and Pension Exam Process. Many veterans find the C&P Exam, often their first impression of VA, to be confusing. Last year, VBA, VHA, and our Veterans Experience team worked to redesign the process using Human-Centered Design and Lean techniques. By February, we will have a baseline metric in place to measure veteran satisfaction with the C&P Exam process, and by the end of 2016, we will complete a national rollout of initiatives demonstrating improvement in Veterans Experience with the C&P Exam.

Number 7, develop a simplified appeals process. We have driven down the disability claims backlog to fewer than 82,000 from a peak of 611,000 in March 2013, fully transitioning processing from paper to electronic, eliminating 5,000 tons of paper a year. We decided 1.4 million disability compensation and pension claims for veterans and survivors. That is the highest for VA in a single year.

In 2016, subject to successful legislation, we will put in place a simplified appeals process enabling the Department to resolve 90 percent of appeals within 1 year of filing by 2021.

Number 8, continue progress in reducing veteran homelessness. Last year, we provided services to more than 365,000 homeless or at-risk veterans and placed almost 108,000 in permanent housing or prevented them from being homeless. In 2016, we will continue reducing veteran homelessness and demonstrate progress toward

an effective end by assisting an additional 100,000 veterans and family members.

Number 9—these are the internal-facing initiatives—improve employee experience. In 2015, we launched a program called Leaders Developing Leaders, which trained over 5,000 leaders. We also trained critical parts of our workforce in Lean and Human-Centered Design to improve and encourage problem solving. In 2016, we will continue improving the employee experience by developing engaged leaders who inspire and empower employees to deliver seamless, integrated, and responsive customer service and have over 12,000 leaders trained in these Leader Developing Leader principles. All VA employees will have a customer service standard in their performance plans.

Number 10, staff critical positions. In 2015, we hired over 41,00 employees, a net increase of almost 14,000 health care staff, or a 4.7-percent increase that included over 1,300 physicians and 3,600 nurses. Additionally, we filled several critical leadership positions to include the Under Secretary for Health, the Chief Information Officer, and the Chief Veterans Experience Officer.

In 2016, our targets include 95 percent of medical center director positions filled with permanent appointments and 90 percent of other critical shortages addressed, while reducing “time to fill” vacant positions standards by 30 percent.

Number 11, transform our Office of Information and Technology. In July 2015, LaVerne Council was confirmed as our new Chief Information Officer. She has developed a multi-year plan for a world-class IT organization.

In 2016, our key IT goals include ensuring 15 percent of our IT projects are on time and on budget. We will stand up an account management office and develop portfolios for all administrations. One hundred percent of IT’s executive performance goals will be tied to strategy goals, and we will close 100 percent of current cybersecurity weaknesses. We will develop a holistic veteran data management strategy, implement an IT quality and compliance office, and finalize congressionally mandated interoperability requirements.

Number 12, transform the supply chain. In 2016, we will build an enterprise-wide integrated medical surgical supply chain that leverages VA’s scale to drive an increase in responsiveness and a reduction in operating costs, with \$150 million plus of cost avoidance, which we will redirect to priority veterans programs.

Those are our 12 action steps for 2016, including the commitments that we have made to get them done. We are rigorously managing each of these breakthrough priorities by instituting a department-level scorecard, metrics, and tracking system. Each priority has a responsible individual and a cross-department team that meets every other week with either the Secretary or the Deputy Secretary.

Mr. Chairman, VA is grateful for your continuing support and appreciates your efforts to pass legislation enabling high-quality veterans’ care. We have identified a number of necessary legislative items that we need your help with in 2016. Details are in my written statement, but we need assistance with consolidation of care in the community, flexible budget authority, support for the Pur-

chased Health Care Streamlining and Modernization Act, special legislation for VA's West Los Angeles campus, and overhauling the claims appeals process. I also encourage the Committee to support other key legislative proposals in the President's 2017 budget that will be delivered on February 9.

Last, we need your assistance in supporting the cultural change of *MyVA* to transform the Department. We need you to have the courage to help make the changes you are asking VA to make and that we must make. Your legislative support in these areas is critical to achieve irreversible momentum for our *MyVA* transformation.

On behalf of the vast majority of VA employees who work hard and do the right thing for veterans every day, thank you again for this opportunity. We look forward to working together to solve what I believe is one of the most important national issues: caring for those who protect our freedom. We have the capability and determination to make a difference in veterans' lives, to make the Department the best it can be so that every veteran's experience with VA is world-class. We know we can do this.

Thank you.

[The prepared statement of Secretary McDonald follows:]

PREPARED STATEMENT OF ROBERT A. McDONALD, SECRETARY,
U.S. DEPARTMENT OF VETERANS AFFAIRS

Chairman Isakson, Ranking Member Blumenthal, and Members of the Committee. Thank you for the opportunity to discuss the radical transformation that the Department of Veterans Affairs (VA) is undergoing.

I am accompanied today by Dr. David Shulkin, Under Secretary for Health, and Mr. Danny Pummill, Acting Under Secretary for Benefits.

Mr. Chairman, our vision for the future is to be the No. 1 customer-service agency in Government. Our cemeteries administration is already rated No. 1 in that respect by the American Customer Satisfaction Index. We aim to make it so for all of VA.

In order to successfully transform VA, we are looking at the entire Department—not at incremental changes to parts of it. We began by immediately reinforcing the importance of our inspiring mission, caring for those “who have borne the battle,” their families, and our survivors. Then, we re-emphasized our exceptional I-CARE Values: Integrity, Commitment, Advocacy, Respect, and Excellence. Everything we do must be built on this rock solid foundation of mission and values to provide timely quality care and benefits for Veterans.

I conducted an assessment of the status quo at VA in my first couple of months as Secretary. I shared the results of that assessment with President Obama and gained his input. During this time, I had discussions with you and other Members of Congress privately and during hearings. I spoke to thousands of Veterans, VA clinicians, and VA employees. I held dozens of meetings with VSOs and other stakeholders. I recognized from this assessment that we would need to change fundamental aspects of every part of VA to rise to excellence.

We have a distinguished mission and the right, inspiring values—but we were not demonstrating the attributes of a High Performance Organization (HPO):

Chart 1: High Performance Organizations



This chart shows a model I developed over my many years in the private sector, where these attributes, or the lack of them, could make or break an organization. My assessment revealed VA had many issues blocking our path to becoming a High Performance Organization.

- *Purpose, Values & Principles:* We have a noble mission and outstanding values, but inconsistent behavior—a few in our workforce were not keeping our mission in mind and not adhering to our values. They are being held accountable. Due to a culture of risk aversion, fear, and reprisals, we were not always executing our mission as well as we could or living our values consistently.
- *Technical Competence:* VA was often plagued by misplaced priorities, staffing shortfalls, and severe hiring challenges. We have to give the workforce what they need to succeed.
- *Passionate Leadership:* We often suffered from a leader-employee disconnect, an overly strict hierarchy, middle management complexity, and communications gaps.
- *Sound Strategies:* We had many of them, but all too often they were not effectively deployed.
- *Robust Systems:* Many of our existing systems acted as impediments rather than catalysts for effective service to Veterans.
- *High Performing Culture:* We found the culture within the Department formal and hierarchical, rules-based, with ineffective problem-solving systems.

Despite these shortcomings, I found dedicated, purposeful people serving an inspiring mission everywhere I visited during my travels, which now include more than 264 trips to VA facilities and events in more than 100 cities. The face of VA looks very much like the face of each Veteran, family member, employee, student, researcher, and Member of Congress that it touches every day.

In terms of VA healthcare, I've come to recognize the unique combination of what VA care provides: Research leading to major advances in medicine, such as pioneering and developing modern electronic medical records, developing the implantable cardiac pacemaker, conducting the first successful liver transplant, creating the nicotine patch to help smokers quit, artificial limbs that move naturally when stimulated by electrical brain impulse, and creating applied bar-code software for administering medications to patients—the initiative of a VA nurse; training that is essential to building and maintaining proficiency of health care—70 percent of American doctors receive training from VA; and delivery of clinical care that is often Veteran-specific, including polytrauma care for some of our most seriously wounded Veterans and the treatment of Traumatic Brain Injuries and post-traumatic stress.

We have an obligation to be transparent with the American people about both our strengths and weaknesses and to inform them about the exceptional work VA accomplishes each day for our Veterans. My views on the importance of VA health are best captured in my *Baltimore Sun* Op Ed, dated October 23, 2014 (see Appendix A).

Since my initial assessment of the Department, subsequent studies and assessments, to include the \$68 million Independent Assessment that Congress mandated as part of the Choice Act, have reinforced my findings. These assessments provided

far greater detail into the challenges and opportunities which we are incorporating into our transformation.

Informed by my initial assessment, we began what we called the “Road to Veterans Day 2014” to:

- Rebuild Trust with Veterans and stakeholders.
- Improve service delivery, by focusing on Veteran outcomes.
- Set a course for long-term excellence and reform.

We also designed and released VHA’s “Blueprint for Excellence”—four broad themes and 10 essential strategies to improve the performance of VHA healthcare by:

- Developing a positive culture.
- Transitioning from “sick care” to “healthcare” in the broadest sense.
- Developing efficient, transparent, accountable, and agile business and management processes.

I believe all these assessments and initiatives helped set the stage and build the momentum to begin delivering the changes that VA needs. They allowed us to develop the detailed framework to transform the entire Department by combining functions, simplifying operations, and providing Veterans care and services so that they see VA as MyVA—a world-class, customer-focused, Veteran-centered service organization.

Chart 2: The 5 MyVA Objectives



There are five critical MyVA objectives:

1. *Improving the Veteran experience:* At a bare minimum, every contact between Veterans and VA should be at least predictable, consistent, and easy; however, we are aiming to make each touchpoint exceptional. It begins with receptionists who are pleasant to our Veteran clients, but there is also a science to this. We are focusing on human-centered design, process mapping, and working with leading design firms to learn and use the technology associated with improving every interaction with clients.

2. *Improving the employee experience—so we can better serve Veterans:* VA employees are the face of VA. They provide care, information, and access to earned benefits. They serve with distinction daily. We cannot make things better for Veterans without improving the work experience of our dedicated employees. We must train them. We must move from a rules/fear-based culture to a principles/values based culture. I learned in the private sector that it is absolutely not a coincidence that the very best customer-service organizations are almost always among the best places to work.

3. *Improving internal support services:* We will let employees and leaders focus on assisting Veterans, rather than worrying about “back office” issues. We must bring our information technology (IT) infrastructure into the 21st century. Our scheduling system, where many of our issues with access to care were manifest, dates to 1985. Our Financial Management System is written in COBOL, a language I used in 1973. This is simply unacceptable. It impedes all our efforts to best serve Veterans.

4. *Establishing a culture of continuous improvement:* We will apply Lean strategies and other performance improvement capabilities to help employees examine their processes in new ways and build a culture of continuous improvement.

5. *Enhancing strategic partnerships:* Expanding our partnerships will allow us to extend the reach of services available for Veterans and their families. We must work effectively with those who bring capabilities and resources to help Veterans.

The MyVA Vision:

MyVA puts Veterans in control of how, when, and where they wish to be served. It is a catalyst to make VA a world-class service provider—a framework for modernizing VA's culture, processes, and capabilities to put the needs, expectations and interests of Veterans and their families first.

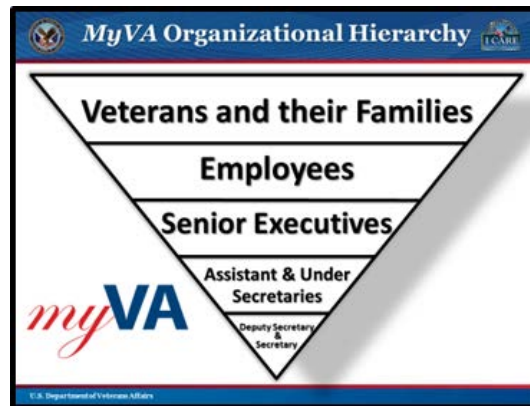
This transformation is an enormous undertaking and will not happen overnight. By revamping our functions to fit Veteran needs, rather than asking Veterans to navigate our complicated internal structure, we are rededicating ourselves to the proposition General Omar Bradley expressed in 1947: “We are dealing with Veterans, not procedures; with their problems, not ours.”

A Veteran walking into any VA facility should have a consistent, high-quality experience. *MyVA* will build upon existing strengths to promote an environment where VA employees see themselves as members of one enterprise, fortified by our diverse backgrounds, skills, and abilities. Moreover, every VA employee—doctor, rater, claims processor, custodian, support staff, or Secretary—will understand how they fit into the bigger picture of providing Veteran benefits and services. VA, of course, must also be a good steward of public resources. Citizens and taxpayers should expect to see efficiency in how we run our internal operations.

Changing the Culture: A New VA:

We are already changing our culture and operating differently, starting with me. When I first arrived at VA, the way I was addressed by my colleagues and the very formal format of meetings made me feel like I came first, not Veterans. That is not the way the Department should operate.

Chart 3: Organizational Hierarchy: Supporting Veterans



We want to turn the pyramid structure of VA upside down, consistent with the culture of a High Performance Organization that serves Veterans and their Families. This graphic reflects the way I see VA working—Sloan Gibson and I are at the bottom, not the top—supporting our subordinate leaders and our workforce. Veterans and their Families are at the top. This method of thinking and operating is a reminder to employees and other stakeholders that we are here to support our Veterans, not our bosses. Our bosses are there to support us. We have made other changes to systems and behavior which served to insulate our challenges rather than expose them. I routinely provide people with my personal phone number and email address so that they can contact me. Since August 2014, I have received more than 4,800 phone calls and over 15,000 e-mails. Every query receives a response, and many of the calls and e-mails received today are to thank us for solving their issue.

I believe that we can only address the challenges and accept the good ideas we know about. I believe our new leadership team feels comfortable having honest, if sometimes uncomfortable, discussions in order to transform the Department. We are working to ensure that this new ethos permeates every part of our enterprise.

Changes to leadership were necessary. Of our top 16 executives, 10 are new to their positions since I became Secretary. Included on our present team is extensive executive expertise from the private sector: A former banking industry Chief Financial Officer and President of the USO; the former Chief Executive Officer of Beth Israel Medical Center in New York City and Morristown Medical Center in New Jersey; a former Chief Executive of Jollibee Foods and President of McDonald's Europe; a former Chief Information Officer of Johnson & Johnson and Dell Inc.; a former partner in McKinsey & Company's Transformational Change and Operations Transformation Practices; a retired partner in Accenture's Federal Services Practice; a former Chief Customer Officer for the city of Philadelphia who previously spent 10 years at United Services Association of America (USAA), one of the best and foremost customer-service organizations in the country; a former entrepreneur and CEO of multiple technology companies; and a retired Disney executive who spent 2010-2011 at Walter Reed enhancing the patient experience, among many other capable individuals.

I am the former Chairman, President, and Chief Executive Officer of Procter & Gamble. In addition, VA's new interim Chief of Staff, who assumed his new duties on January 15, has for over the past year co-led VA's *MyVA* Taskforce and been responsible for many of the accomplishments I will describe later.

Combining these fresh perspectives with our more experienced government and health care executives has been and will continue to be powerful catalyst for change. Most members of the executive leadership team are Veterans themselves who have served in every era from Vietnam to Iraq and Afghanistan. Each member of our team is here because they demonstrate a personal commitment to our mission.

To advise this new team on our transformation, we formed a *MyVA* Advisory Committee (MVAC) made up of a diverse group of business leaders, medical professionals, experienced government executives, and Veteran advocates. The Chairman is retired Major General Joe Robles, former Chairman and CEO of USAA and the Vice Chairman is Dr. J. Michael Haynie, Air Force Veteran, Vice Chancellor of Syracuse University and founder of the Institute for Veteran and Military Families (IVMF). The MVAC includes executives with deep customer service and transformation expertise from organizations such as Amazon, The Cleveland Clinic, McKinsey & Company, Johns Hopkins, Mayo Clinic, as well as a former Surgeon General, a former White House doctor for three U.S. Presidents, a university president who was a Rhodes Scholar from the Air Force Academy who currently serves as a reserve Air Force Lieutenant Colonel, and advocates for both the traditional VSOs and post-9/11 Veterans' organizations.

Chart 4: Learning from the Best Organizations



We are working collaboratively with many world-class institutions to benchmark and capture ideas and best practices along our transformation journey. Institutions we have benchmarked include Procter & Gamble, USAA, Cleveland Clinic,

Wegmans, Starbucks, Marriott/Ritz Carlton, NASA, Kaiser Permanente, Hospital Corporation of America, Virginia Mason, DOD, and GSA among others.

We are bringing in leadership experts to develop our leaders in new ways. We have already trained over 5,000 senior leaders while working with the University of Michigan on our “Leaders Developing Leaders” program. We are training critical pockets of our workforce on techniques, such as Lean and Human-Centered Design, leveraging various private sector experts to bring these cutting edge capabilities and skills to government. We are reinforcing our values and moving from a rule-based culture to a principles-based culture based on values, sound judgment and the courage to do “harder right rather than the easier wrong.”

We are encouraging different perspectives and listening to all of our key stakeholders, even those who are critical of VA. We continue to listen, learn, and grow.

We have renewed and redefined the working relationships with our union partners. The union leaders are part of the team and have had significant input into *MyVA*. We continue to work with them to address issues and make sure our employees are involved as often and early in every major decision. In fact, at our MVAC meeting last October, leaders from our five major national unions presented to the Committee their intentions for helping to achieve the *MyVA* vision.

Chart 5: Increasing Collaborations to Best Serve Veterans



We are forming strategic partnerships with external organizations to leverage the goodwill, resources, and expertise of valuable partners to better serve our Nation’s Veterans. We understand that VA cannot do everything itself. Over the last year, we have cultivated meaningful partnerships to help address a wide variety of Veteran needs, including, but not limited to, employment, homelessness, wellness, and mental health. Our partners include the YMCA, the Elks, the PenFed Foundation, LinkedIn, Coursera, Google, Walgreens, other Federal agencies, academic institutions, and many more. These partnerships reflect our commitment to re-thinking how VA does business in order to leverage the strengths of others who also care for Veterans.

As we continue to develop a robust provider network, we are also streamlining business processes. We are re-imagining how we obtain services, such as billing, reimbursement credentialing, and information sharing. We no longer operate in a vacuum, but as part of a community of care. In West Los Angeles, VA is teaming with the city and former plaintiffs to put Veterans first. After settling a long-standing lawsuit with those who disagreed with VA’s vision for the 387-acre campus, VA reached out to them, and other community stakeholders, to reimagine usage of the land. Looking ahead, these new partners are working together to build new facilities and networks that will better assist homeless Veterans and other Veterans in southern California.

We know that VA has significant issues that need to be addressed. As you can see, we are listening to various perspectives, bringing the very best America has to offer and we are investing in the long term capabilities of our people to ensure these skills and ideas continue long after individuals on the current leadership team are gone. We are running the government’s second largest Department like a \$170 billion, Fortune 6 organization should be run—balancing near term performance im-

provements, while rebuilding the long-term foundational organizational health of the Department.

Focus for 2016: 12 Priorities:

While we have made progress, we are still on the first leg of a multi-year journey. We have narrowed down our near-term focus to 12 “breakthrough priorities.”

Chart 6: Breakthrough Priorities



Many of these reflect issues which are not new—they have been known problems, in some cases, for years. We have already seen some progress in solving many of them. However, we still have much work to do.

The following are our 12 priorities, major 2015 accomplishments for each, and the 2016 outcomes to which we aspire. We understand that it will be a challenge to accomplish all of these goals this year, but we have committed ourselves to producing results for Veterans:

Veteran Facing Goals

1. Improve the Veteran Experience.

- *2015 Accomplishments:*

- VA named the Department’s first Chief Veteran Experience Officer and began staffing the office, which will work with the field to set customer service standards, spread best practices, and train our employees on advanced capabilities, such as Lean and Human Centered Design.

- We are enabling a national network of Community Veterans Engagement Boards, designed to leverage all community assets, not just VA assets, to meet local Veteran needs. Thirty-six communities are fully formed and 15 communities are in development.

- *Breakthrough Outcome for 2016:*

- Strengthened trust in VA to fulfill our country’s commitment to Veterans; currently measured at 47 percent, we want it to be 70 percent by year end.

- Establish a Department-wide customer experience measurement framework to enable data-driven service improvements.

- Make the Veterans Experience office fully operational.

- Expand the network of Community Veteran Engagement Boards to 100+.

- Additionally, in order to deliver experiences to Veterans that are effective, easy, and where they feel valued, medical centers will ensure they are fully staffed at the frontline with well-prepared employees who have been selected for their customer service orientation. Functionally, this means new frontline staff will be assessed through a common set of customer service criteria, hired within 30 days of selection, and provided a nationally standardized on boarding and training program.

2. Increase Access to Health Care.

- *2015 Accomplishments:*
 - Increased the number of Veteran appointments by more than 1.2 million.
 - Completed over 96 percent of appointments in October 2015 within 30 days of clinically indicated or Veteran’s preferred date.
 - *Breakthrough Outcome for 2016:*
 - When a Veteran calls or visits primary care at a VA Medical Center, their clinical needs will be addressed that day.
 - Veterans will be able to conveniently get medically necessary care, referrals, and information from any VA medical center, in addition to the facility where they typically receive their care utilizing existing VISTA technology.
3. Improve Community Care.
- *2015 Accomplishments:*
 - Issued authorizations resulting in 12 million appointments for non-Department care, thanks to the expanded flexibility of the Choice Act.
 - *Breakthrough Outcome for 2016:* Improve the Veterans’ experience with non-Department Care. Pending legislation, by the end of the year:
 - VA will begin to consolidate and streamline its non-Department Provider Network and improve relationships with community providers and core partners.
 - Veterans will be able to see a community provider within 30 days of their referral.
 - Non-Department claims will be processed and paid within 30 days 85 percent of the time.
 - Claims backlog will be reduced to less than 10 percent of total inventory.
 - Referral and authorization time will be reduced.
4. Deliver a Unified Veteran Experience.
- *2015 Accomplishments:*
 - On November 11, VA launched the initial capability of Vets.gov, a modern, mobile-first, cloud-based website that will replace numerous other websites and will replace multiple website logins to a single easy to navigate location. Developed with support from the U.S. Digital Services Team and with extensive feedback from Veterans, the website puts Veteran needs and wishes first.
 - *Breakthrough Outcome for 2016:*
 - Vets.gov will be able to provide Veterans, their families, and caregivers with a single, easy-to use, and high-performing digital platform to access the VA benefits and services they have earned.
 - The top 100 search terms will all be addressed within one click.
 - All current content, features and forms from the current public facing VA websites will be redesigned, rewritten in plain language, and migrated to Vets.gov prioritized based on Veteran demand.
 - Additionally, we will have one authoritative source of customer data; eliminating the disparate streams of Administration-specific data that require Veterans to replicate inputs.
5. Modernize our Contact Centers (Including Veterans Crisis Line).
- *2015 Accomplishments:*
 - The amazing heroes who staff our Veterans Crisis Line (VCL) in Canandaigua, NY were featured in the Oscar winning documentary “Crisis Hotline: Veterans Press 1.”
 - The VCL answered over 490,000 calls and initiated the dispatch of emergency services to callers in imminent crisis over 11,000 times. VCL answered over 58,000 and 16,000 requests for chat and text services respectively. VCL provided over 81,000 referrals to local VA medical facility Suicide Prevention Coordinators ensuring Veterans are connected to care in their community.
 - *Breakthrough Outcome for 2016:*
 - By the end of this year, every Veteran in crisis will have their call promptly answered by an experienced responder at the Veterans Crisis Line.
 - Veterans will be able to access the VA system 24 hours a day, know where to call to get their questions answered, receive prompt service and accurate answers, and be treated with kindness and respect. VA will do this by establishing the initial conditions necessary for an integrated system of customer contact centers.
6. Improve the Compensation & Pension Exam Process.
- *2015 Accomplishments:*
 - The Compensation and Pension Examination (C&P Exam) exam is often a Veteran’s first impression of the VA when separating from service. We have received consistent feedback this is a confusing and uncomfortable experience. Last year, VBA, VHA and our Veterans experience team worked together to redesign this process using Human Centered Design and Lean techniques.
 - *Breakthrough Outcome for 2016:*

- Improved Veteran satisfaction with the C&P Exam process. We will have a baseline satisfaction metric in place by February and will set a goal for significant improvement once we know our baseline.
 - VA will have a national rollout of initiatives to ensure the experience is standardized across the Nation.
7. Develop a Simplified Appeals Process.
- *2015 Accomplishments:*
 - Drove down the disability claims backlog to under 81,717, from a peak of 611,000 in March 2013.
 - Guaranteed a record 631,000 home loans totaling \$153 billion and assisted 90,000 Veterans in avoiding foreclosure, saving taxpayers over \$2.8 billion.
 - Reduced the time for Home Loan Certificate of Eligibility processing from 26 business days to 2 business days and automated the processing of dependency claims filed online, as well as burial and death benefits for certain surviving spouses.
 - Automated burial benefits were paid to surviving spouses within 6 days (down from 190 days).
 - VA transitioned disability compensation claims processing from a paper-intensive process to a fully electronic processing system; 5,000 tons of paper per year were eliminated.
 - Decided 1.4 million disability compensation and pension (rating) claims for Veterans and survivors—the highest in VA history for a single year.
 - *Breakthrough Outcome for 2016:*
 - Subject to successful legislative action, put in place a simplified appeals process, enabling the Department to resolve 90 percent of appeals within one year of filing by 2021.
 - Increase current appeals production to more rapidly reduce the existing appeals inventory.
8. Continue Progress in Reducing Veteran Homelessness.
- *2015 Accomplishments:*
 - Provided services to more than 365,000 homeless or at-risk Veterans in VHA's homeless programs.
 - Placed almost 107,500 Veterans in permanent housing or prevented them from becoming homeless.
 - *Breakthrough Outcome for 2016:*
 - Continue progress toward an effective end to Veteran homelessness by permanently housing or preventing homelessness for an additional 100,000 Veterans and their family members,
- VA Internal Facing Goals*
9. Improve Employee Experience (Including Leadership Development).
- *2015 Accomplishments:*
 - Launched Leaders Developing Leaders (LDL) which has already trained over 5,000 leaders in applying LDL principles.
 - Additionally, to improve and encourage problem solving, we are already training critical pockets of our workforce on techniques, such as Lean and Human-Centered Design.
 - *Breakthrough Outcome for 2016:*
 - Continue to improve employee experience by developing engaged leaders at all levels, who inspire and empower all employees to deliver a seamless, integrated, and responsive VA customer service experience.
 - Over 12,000 engaged leaders skilled in applying LDL principles, concepts, and tools will work projects and/or initiatives to make VA a more effective and efficient organization.
 - Improve VA employee experience by incorporating LDL principles into VA's leadership and supervisor development programs and courses of instruction.
 - VA Senior Executive performance plans will include an element that targets how to improve employee engagement and customer service, and all VA employees will have a customer service standard in their performance plans.
 - All VA supervisors will have a customer service standard in their performance plans.
 - VA will begin moving from paper-based individual development plans to a new electronic version, making it easier for both supervisors and employees.
10. Staff Critical Positions.
- *2015 Accomplishments:*
 - VHA hired 41,113 employees, for a net increase of 13,940 healthcare staff, a 4.7 percent increase overall, including 1,337 physicians and 3,612 nurses.

- Additionally, we filled several critical leadership positions to include the Under Secretary of Health, Chief Information Officer, and Veterans Experience Officer.
 - *Breakthrough Outcome for 2016:*
 - Achieve significantly improved critical staffing levels that balance access and clinical productivity, with targets of 95 percent Medical Center Director positions filled with permanent appointments (not acting) and 90 percent of other critical shortages addressed—management as well as clinical.
 - Work to reduce “time to fill” standards by 30 percent.
11. Transformation the Office of Information & Technology (OIT).
- *2015 Accomplishments:*
 - In July, LaVerne Council was confirmed as our new Chief Information Officer (CIO).
 - LaVerne has developed a multi-year plan for creating a world class Information Technology organization.
 - *Breakthrough Outcome for 2016:* Achieve key milestones on the path to creating a world-class Information Technology (IT) organization that improves the support to business partners and Veterans.
 - 50 percent of projects on time and on budget.
 - Stand up an account management office.
 - Develop portfolios for all Administrations.
 - All supervisors and executives performance goals tied to strategy goals.
 - Close all current cybersecurity weaknesses.
 - Develop a holistic Veteran data management strategy.
 - Implement a quality and compliance office.
 - Deploy a transformational vendor management strategy.
 - Ensure implementation of key initiatives to improve access to care.
 - Strengthen EHR Strategy.
 - Establish one authoritative source for Veteran contact information, military service history, and Veteran status.
 - Finalize the Congressionally mandated DOD/VA Interoperability requirements.
12. Transform Supply Chain.
- *2015 Accomplishments:*
 - VA’s Consolidated Mail Outpatient Pharmacy received the highest customer satisfaction score among the Nation’s public and private mail-order pharmacies for the sixth year in a row according to J.D. Power; while having an average unit price far below national average in both branded and generic drugs. This is a powerful example of what the VA is capable with when our supply chain leverages our scale.
 - *Breakthrough Outcome for 2016:*
 - VA will build an enterprise-wide integrated Medical-Surgical supply chain that leverages VA’s scale to drive an increase in responsiveness and a reduction in operating costs. Over \$150 million in cost avoidance will be redirected to priority Veteran programs.

We are rigorously managing each of these “breakthrough priorities” by instituting a Department level scorecard, metrics, and tracking system. Each priority has an accountable and responsible official and a cross-functional, cross-Department team in support. Each team meets every other week in person with either the Secretary or Deputy Secretary to discuss progress, identify roadblocks, and problem solve solutions. This is a new VA—more transparent, collaborative, and respectful; less formal and bureaucratic; more execution and outcome-focused; principles based, not rules-based.

Thanks to the continuing support of Congress, VSOs, union leaders, our dedicated employees, states, and private industry partners, we have made tremendous headway over the past 18 months. Congress has passed key legislation, such as the Veterans Access, Choice, and Accountability Act and the Clay Hunt Suicide Prevention for American Veterans Act, which gives VA more flexibility to improve our culture and ability to execute effectively.

The Department is grateful for your continuing support of Veterans and appreciates your efforts to pass legislation enabling VA to provide Veterans with the high-quality care they have earned and deserve. We have identified a number of necessary legislative items that require action by Congress in order to best serve Veterans going forward in 2016:

1. *Consolidate Care in the Community:* We need your help, as discussed on many occasions, to help overhaul our Care in the Community programs, specifically, to consolidate the seven existing programs, each with its own rules and requirements.

VA staff and subject matter experts have communicated regularly with congressional staff to discuss concepts and concerns as we shape the required plan and recommendations. We believe that together we can accomplish legislative changes to streamline Care in the Community programs before the end of this session of Congress.

2. *Flexible Budget Authority*: We need flexible budget authority to avoid artificial restrictions that impede our delivery of care and benefits to Veterans. Currently, there are over 70 line items in VA's budget that dedicate funds to a specific purpose without adequate flexibility to provide the best service to Veterans. These include limitations within the same general areas, such as health care funds that cannot be spent on health care needs and funding that can be used for only one type of Care in the Community program, but not others. These restrictions limit the ability of VA to deliver Veterans with care and benefits based on demand, rather than specific funding lines.

3. *Support for the Purchased Health Care Streamlining and Modernization Act*: This legislation would allow VA to contract with providers on an individual basis in the community outside of Federal Acquisition Regulations, without forcing providers to meet excessive compliance burdens and while maintaining essential worker protections. Already, we have seen certain nursing homes not renew their agreements with VA because of these burdens, requiring Veterans to find new facilities for residence. VA further requests your support for our efforts to recruit and retain the very best clinical professionals. These include, for example, flexibility for the Federal work period requirement, which is not consistent with private sector medicine, and special pay authority to help VA recruit and retain the best talent possible to lead our hospitals and health care networks.

4. *Special Legislation for VA's West Los Angeles Campus*: VA has provided technical assistance on special legislation connected to the use of VA's West Los Angeles Campus in a way that will most benefit area Veterans, especially homeless Veterans. VA urges your support for this bill, which will allow us to move forward and get positive results for the area's Veterans after years of debate in the community and court action. This bill would reflect the settlement of that litigation, and truly be a win-win for Veterans and the community. I believe this is a game changing piece of legislation as it highlights the opportunities that are possible when VA works in partnership with the community.

5. *Overhaul the Claims Appeals Process*: We need legislation that permits the Veterans Benefits Administration (VBA) and the Board of Veterans Appeals to provide Veterans with the timely, fair, and quality appeals decisions they deserve thereby addressing the growing inventory of appeals, which currently stands at over 444,000. The antiquated appeals process set in law is failing Veterans,—and American taxpayers. It is too complex and causes Veterans to wait far too long for final resolution on an appeal. Fundamental legislative reform to modernize the appeals process is critical to ensure that Veterans are provided with a fair, streamlined, and understandable appeals process in which most Veterans can be assured of receiving a final appeals decision within one year of filing that appeal.

6. *President's FY 2017 Budget Legislative Proposals*: I encourage the Committee to support other key legislative proposals that will be included in the President's FY 2017 Budget that will be delivered to Congress on February 9th.

7. *Cultural Change*: Last, let me again remind everyone that the vast majority of VA employees are hard workers who do the right thing for Veterans every day. However, we need your assistance in supporting the cultural change we are trying to drive. We are working to change the culture of VA from one of rules, fear, and reprisals to one of principles, hope, and gratitude. We need all stakeholders in this transformation to embrace this cultural transformation, including Congress. In fact, I think Congress, above all, recognizes the policy window we have at hand and must have the courage to make the type of changes it is asking VA and our employees to make. Congress can only put Veterans first by caring for those that serve Veterans.

Our dedicated VA employees, if given the right tools, training, and support, can and do go out of their way to provide the best care possible to our Veterans and their families.

Chart 7: VA Exceptional Employees



Three of them are pictured above. Last month, Registered Nurse Sharon Levenson, who works in a clinic in Battleboro, Vermont, noticed that one of her regular patients did not come in as scheduled. She could have been thankful for a lighter workload that day, but instead, she called her patient. He did not answer so she grew concerned. She contacted the VA Police. When VA Police Chief John A. Richardson received Ms. Levenson's request for a home welfare check, he cited the rules and informed Nurse Levenson that unless there was a threat of harm, they were not supposed to conduct home welfare checks.

Chief Richardson could have been satisfied that he followed the rules. Instead, he directed Officer Guy Gardner to investigate. Officer Gardner also failed to reach the Veteran. He could have stopped there. Instead, he decided to call the Veteran's emergency point of contact. The point of contact visited the Veteran's home, but no one answered. A lack of tracks in the snow indicated no one had recently come or gone from the home. Concerned, Officer Gardner called local police and requested a welfare check. Local police entered the home and found the Veteran, unconscious but alive. He was rushed to the hospital where he was revived and is regaining his health.

These three VA employees demonstrated every bit of the Veteran-focused cultural change VA is undergoing. I hear stories like this every day. These are the stories that don't make the newspapers and blogs, but make a difference in the lives of Veterans. We are celebrating the kind of initiative displayed by these employees and herald their stories to inspire our other employees to be led by principles and values rather than rules and fear.

Thank you again for this opportunity and thank you for all you do for Veterans. We are extremely grateful for having this two-way dialog and we look forward to working together to solve what we believe is one, if not the, most important issue our country faces . . . caring for those who protect our freedom.

APPENDIX A

THE BALTIMORE SUN

VA IS CRITICAL TO MEDICINE AND VETS

BY ROBERT A. MCDONALD

OCTOBER 23, 2014

During preparation for my confirmation as secretary of Veterans Affairs (VA), I was repeatedly asked, "Why doesn't VA just hand out vouchers allowing veterans to get care wherever they want?" For a department recovering from serious issues involving health care access and scheduling of appointments, that was a legitimate question.

After nine weeks at VA, travel to 31 VA facilities in 15 cities, discussions with hundreds of veterans and VA clinicians, meetings with 75 Members of Congress, two hearings before the Senate and House Veterans' Affairs committees and dozens of

meetings with Veterans Service Organizations and other stakeholders, I can answer that question.

VETERANS NEED VA, AND MANY MORE AMERICANS BENEFIT FROM VA.

Almost 9 million veterans are enrolled to receive health care from VA—a unique, fully-integrated health care system, the largest in the Nation. The VA stands atop a critical triad of support—three pillars that enable holistic health care for our patients: research, leading to advances in medical care; training that’s essential to build and maintain proficiency of care; and delivery of clinical care to help those in need.

VA’s accomplishments on all three pillars and contributions to the practice of medicine are as broad, historically significant and profound as they are generally unrecognized.

VA is affiliated with over 1,800 educational institutions providing powerful teaching and research opportunities. And our research initiatives, outcomes and honors are tremendous. Few understand that VA medical professionals:

- Pioneered and developed modern electronic medical records;
- Developed the implantable cardiac pacemaker;
- Conducted the first successful liver transplants;
- Created the nicotine patch to help smokers quit;
- Crafted artificial limbs that move naturally when stimulated by electrical brain impulses;
- Demonstrated that patients with total paralysis could control robotic arms using only their thoughts—a revolutionary system called “Braingate;”
- Identified genetic risk factors for schizophrenia, Alzheimer’s and Werner’s syndrome, among others;
- Applied bar-code software for administering medications to patients—the initiative of a VA nurse;
- Proved that one aspirin a day reduced by half the rate of death and nonfatal heart attacks in patients with unstable angina;
- Received three Nobel Prizes in medicine or physiology; seven prestigious Lasker Awards, presented to people who make major contributions to medical science or public service on behalf of medicine; and two of the eight 2014 Samuel J. Heyman Service to America medals.

No single institution trains more doctors or nurses than VA. More than 70 percent of all U.S. doctors have received training at VA. Each year, VA trains, educates and provides practical experience for 62,000 medical students and residents, 23,000 nurses and 33,000 trainees in other health fields—people who go on to provide health care not just to veterans but to most Americans.

The 278,000 employees of the Veterans Health Administration work in a system spanning all 50 states and beyond, providing—from Maine to Manila—a high volume of quality, clinical care. Our 150 flagship VA medical centers are connected to 819 Community-Based Outpatient Clinics, 300 Vet Centers providing readjustment counseling, 135 Community Living Centers, 104 Residential Rehabilitation Treatment Centers, and to mobile medical clinics, mobile Vet Centers and telehealth programs providing care to the most remote veterans.

That network of facilities allows VA to deliver care to veterans from the greatest generation of World War II to the latest generation from Afghanistan and Iraq. In 2013, VA provided over 90 million episodes of care; that’s an average of over 240,000 each day. And since 2004, the American Customer Satisfaction Index survey has consistently shown that veterans receiving inpatient and outpatient care from VA hospitals and clinics give a higher customer satisfaction score, on average, than patients at private sector hospitals.

Finally, VA is uniquely positioned to contribute to the care of veterans with Traumatic Brain Injury (TBI), prosthetics, PTSD and other mental health conditions, and the treatment of chronic diseases such as diabetes and hepatitis. The work we do in these areas, as well as many others, produces results and life changing improvements in care for veterans—and for all Americans and people around the world who suffer from these conditions.

Fixing access to VA care is important; we have a plan to do that and are dedicated to implementing it. That process will take time—but it must be done, and we will be successful. Those who fully understand the value of the department in research, training, and clinical care understand that veterans and all Americans need and deserve their VA to continue providing exceptional care to those we serve.

Chairman ISAKSON. Well, thank you, Mr. Secretary. I appreciate your testimony.

We are going to open to as many rounds of questions as we can do between now and noon. When the vote is called, I am going to ask if Senator Tillis would, as soon as the vote is called, if he would go vote, then he would come back and take my place as Chairman to continue the hearing so we can keep going all the way through. I would appreciate it. When the bell rings, if you will show us your North Carolina sprint and get over there and get back in time for me to vote, I would appreciate it. [Laughter.]

Senator TILLIS. I will do my best Jonathan Stewart run. [Laughter.]

Chairman ISAKSON. Do your best Carolina Panther run. If you do as good as they did, you will be fast. I can tell you that.

Secretary McDonald, thank you for your testimony. You referred to some of the specific suggestions that you had in your testimony to address your seven goals. I want to talk about two of those to start with.

One, on the cultural change, I think the quote is you “need our help” for you to make the cultural change within the VA. We want to help you make that change, as much as you can coordinate with us on decisions that you make before the proverbial banana hits the fan, we would appreciate it, because we are in a reactive mode as a body. We can do nothing but be critical. If we are in partnership mode, we can do a lot to help, and there are things that you might want to do that we do not know about that might get a totally different response if you consulted with us first. I am not saying that you do not, but I know there are some big things in here that you are going to want to do to accomplish that are going to require consultation with us.

For example, I am assuming that when you want to make a breakthrough, in terms of subject to legislative action being put in place, you want to resolve 90 percent of appeals within 1 year of being filed. Is that correct?

Secretary MCDONALD. Yes, sir, that is correct, and that will require legislation.

Chairman ISAKSON. Is that the legislation that would allow you to not allow additional information to be submitted at the time—after a claim has been originally filed?

Secretary MCDONALD. Well, we would like to work with you on that legislation.

Chairman ISAKSON. That is the fully-developed claim?

Secretary MCDONALD. Fully-developed claim. We would like to work with you on that. We think there are steps that can be cut out of the process. I am sure Danny could go into greater detail if you would like, but we would like to work with you on that legislation. I pledge to you that we will work together as partners, and I think this hearing is great evidence that we are doing that today. I appreciate you scheduling this hearing.

Chairman ISAKSON. It is also great evidence that Dale is here from The American Legion, the commander of The American Legion. You are going to need to be a part of that particular issue. We all want to be able to resolve claims within a year. Everybody wants to do that. But the fully developed claim process, which I am not necessarily opposed to at all, but that is going to be a major move forward that would need the VSOs support, or else we would

never be able to get it done, because it involves reasonable cutoff periods for data to be submitted for a claim to be finally resolved. Is that not correct?

Secretary MCDONALD. Absolutely, and we have involved the VSOs in all of our work on fully-developed claims. As recently as yesterday morning, I think it was, I had breakfast with the Veterans Service Organizations leaders. Dale graduated from West Point a year ahead of me, so I am used to him hazing me. [Laughter.]

So, we look forward to working with him on this.

Chairman ISAKSON. Well, I want to get all of the frogs in the wheelbarrow to begin with rather than afterwards, so as quickly as we can get a representative of The Legion that Dale thinks is appropriate, including himself if possible, we can involve some Members of the Committee from both sides of the aisle, a change like that is going to take significant legislative willpower and cooperation to do, but it is achievable. It is achievable if we are working together.

Secretary MCDONALD. It is achievable. Mr. Chairman, if I just may add that only about 11 or 12 percent of claims are appealed, so it is a relatively small percentage of the total. But, because veterans continue to add information to their files, many of these claims go on for years and years and years. And, generally, the people who are appealing are people who are already getting disability payments from the VA.

So, you know, what we have got to do is get a process which is manageable where we can get them adjudicated quickly, but where the continuing process does not get in the way of getting these claims resolved quickly.

Chairman ISAKSON. I concur, and I appreciate you making that one of your seven priorities.

Mr. Pummill, you have got a new job. You are one of the 10 of 16, I guess. Is that correct? You said you had 10 new critical people out of the 16?

Secretary MCDONALD. Yes, sir, he is. Yes, sir.

Chairman ISAKSON. Well, if you can do as good a job as Dr. Shulkin, we are going to be all right. He has done an excellent job taking over his position, as has Ms. Council in terms of IT. Which leads me to a suggestion, because I am going to run out of my first 5 minutes in just a second. Tell her to get in touch with Georgia Tech. I told you before the hearing, they are developing an interoperable coordinator translator that will allow non-working, non-functional IT systems to talk to each other in terms of medical IT. If we can break through that, we can end the DOD/VA problem where a DOD veteran leaves active duty, goes to Veterans Affairs and the two systems do not talk to each other. It is very important for us to be able to do that. I would appreciate your having her give me a call, then I will tell her the right people to contact.

Secretary MCDONALD. We will do that.

Chairman ISAKSON. Last, we want to be a part of the cultural change. It is important to make that change happen, and it is important to see to it that we are partners in it. It means we address the tough questions.

My last comment is there was an exchange of letters from Senator Moran and the Chairman in the House, and I know you have got a response today in the Wall Street Journal, which is healthy in strengthening our relationship to air our differences and air our answers to those differences. I agree with your letter in that you say you cannot fire your way into success. I would also agree that if we do not have a recognized system of accountability that people can see actually working within the Veterans Administration. There will always be somebody to throw up a news story that slows down our cultural change within the organization; so, we need to work on that as much as we can.

Secretary MCDONALD. We agree, Mr. Chairman. As you know and as we have talked, we have terminated over 2,600 employees since I have been Secretary. After 33 years in the private sector, I have done many restructurings, and I know the importance of making sure we get people who violate our values out of the organization. We are doing that. We are doing it consistent with what they have done, and we are doing it consistent with due process. We know that is necessary for cultural change.

Chairman ISAKSON. Thank you for being with us.

Senator Blumenthal?

Senator BLUMENTHAL. Thank you, Chairman. Let me begin with your chart which shows a reduction in VA disability claims. In a sense, those claims now have caused an increase in the number of appeals, which demonstrates in a sense that you have reduced the numbers, but simply shifted the problem. That is an oversimplistic way of putting it, but as a lawyer, in the Federal courts, or State courts, for that matter, if a backlog were cleared simply by moving that great mound of work to the appellate process where appeals languish for years and years and years, it would not be regarded as a success story. So, the 440,000 appeals that currently are pending are, in my view, unacceptable.

Secretary MCDONALD. That is exactly why it is one of our breakthrough objectives. As we have said, assuming we can work together on the legislation, we are planning to get 90 percent of appeals resolved within 1 year, and I think we can all sign up for that objective.

Senator BLUMENTHAL. Just as a qualification to the point that you just made, many of those veterans are receiving benefits.

Secretary MCDONALD. Yes.

Senator BLUMENTHAL. But they may be nowhere near the amount of benefits that they deserve and need. So, simply to say, "Well, they are already getting something," does not mean they are getting everything that they need and deserve.

Secretary MCDONALD. That was a statement of fact. There was not any intent to downgrade the importance of getting them what they deserve.

Senator BLUMENTHAL. I understand. So, let me come to the question that you have just raised. Could you give us the details—I assume that you would support the measure that I mentioned earlier that Senator Shaheen, myself, and others have supported to expedite those appeals, other additional authorities that you need to get this job done?

Secretary MCDONALD. We will have to overhaul the appeal process. It is really that simple. The law was created at the turn of the century—the turn of the previous—well, in the early 1900s—

Senator BLUMENTHAL. The turn of the last century.

Secretary MCDONALD. Yeah, the last century. I am sorry. You used to be able to say that. So, the basis of it is antiquated technology and many other things that are no longer applicable. We have used our process mapping techniques, the Lean Six Sigma I talked about. We have process mapped the process. We think there are steps we can take out, but it will require a change in legislation.

Do you want to say anymore, Danny?

Mr. PUMMILL. Yes, Senator, it will require a change in legislation, and we are going to have to put some more people against the problem, too, in order to tackle it.

Senator BLUMENTHAL. My question is: specifically, what legislative changes are necessary?

Mr. PUMMILL. I think the legislative changes that we are working with the Veterans Service Organizations right now to close the record. I think if we can get that in place, I think that will go a long way to solving the problem. I really believe, looking at the figures they have shown us, that we can do veterans appeals in 1 year. We just have to continue to work with the VSOs to make sure we are doing that the right way.

I have not had a chance to look at the legislation that has been proposed, the 8-year legislation. That sounds like a great idea to expedite the ones like—that is what we did with the backlog. We did the oldest ones first. Right now they are doing it by docket order. We have to make sure that that does not inadvertently harm a veteran. That is all.

Senator BLUMENTHAL. Well, you know, let me make a suggestion to you. I am just a country lawyer from Connecticut. In Connecticut, in criminal matters, because of the backlog, a rule was adopted that the failure to prosecute within a set amount of time would result in a dismissal—the speedy trial rule—and I think that became law in various forms in the Federal system as well. In other words—and do not hold me to the details, but deadlines were set, timelines were established. The failure to proceed within that timeframe meant that the Government's case in effect would be dismissed, and the burden was on the Government to prosecute the matter.

At some point, an appeal that is pending for that amount of time within a Government structure or process perhaps should result in the Government losing the case.

Secretary MCDONALD. Senator, I would rather work, like the Chairman said, on coming up with good legislation and also systematic changes to the way we do our work rather than just setting a somewhat arbitrary 8-year limit. I mean, I understand the legislation. I understand the 8 years. But the legislation does not say how you do it.

As a business guy, the biggest challenge is always figuring out how you do it, and so I would rather work with you and the Chairman to figure out how we do it and then make sure we put the legislation in place that we need to get it done.

Senator BLUMENTHAL. I am not advocating arbitrary deadlines. I am not suggesting that I am supporting a system now. But at some point, if this problem is not alleviated, that kind of approach is going to be necessary.

To go back to your days in the private sector, if you could not get products to the shelf, you were penalized. Nobody said, "We are going to keep the stores closed until P&G has its products ready to go on the shelves." So, there is a burden of proof, so to speak, a burden of going forward, a burden of proceeding, a burden of fulfilling the Government's obligation here. I do not want to go on at great length, but what I am suggesting is that the remedies for delay may well be that the veteran receives what his claim is because he is the one who is prejudiced. The Government is not. Delay works in the Government's favor, just as it did in the criminal context, because very often the criminal defendant was kept without bail, or with bail but could not be made, or under the great burden of charges pending. These kinds of deadlines for proceeding, whether in the civil or criminal context, in the judicial world may have applicability here. That is what I am suggesting. We may not be at that point yet, but we may soon be there.

Secretary McDONALD. We have identified it as one of our 12 priorities for the year. Let us work together on it, and hopefully by the end of the year we will get to a point where 90 percent of appeals are resolved in a year.

Senator BLUMENTHAL. Thank you.

HON. THOM TILLIS, U.S. SENATOR FROM NORTH CAROLINA

Senator TILLIS [presiding]. Thank you. Actually, I am next in the order, so I am not taking any sort of the Chairman's prerogative here, Senator Hirono.

First, I want to thank you for being here. I want to thank you for the time you spent in my office. We have had several meetings, along with Senator Tester, in the office. I think they have been very productive. I like what you have laid out.

I do have a couple of questions for you. I know that because of, I guess, the limitations of the room, one thing that we ought to talk about as you go forward is how members will have the ability to track progress on these initiatives. These are not just pretty pictures in a PowerPoint presentation, but they are a map to initiatives. I think it was Mike who outlined some of the online access that we will have where we can see red, yellow, green, and see where you are making progress, particularly on the priority projects. I think it is very important to do that.

Another thing going forward that I think is important is to make sure that when we make requests of you, in addition to what you have in this transformation—we are going to have day-to-day things we are going to complain about. We are going to mess your hair up in Committee meetings and do all that we have to do as a part of oversight. You all need to make sure that you are very direct when we make requests of you that all of a sudden puts something else in the critical path of these things that we should be able to watch on your project dashboard. That is a very important part of the back-and-forth as we go forward.

One question that I have is the discussion and some concern that we have had expressed to us—and I mentioned this briefly when we met last week, Mr. Secretary—about some of the consolidation of the providers who may have had a point of entry, been in a relationship with Choice. You are trying to do a better job of consolidating that, I guess, as non-VA providers, concerns we are hearing about in terms of reimbursement, those sorts of things.

Can you give the veterans who may be concerned with the providers, some sense of why this is better for them over time and why it is an important part of what you are trying to accomplish?

Secretary MCDONALD. Thank you, sir, I will, and thanks again to Senator Tillis and Senator Tester for meeting with us repeatedly and honing these plans.

As you know, we do have a dashboard that you can drill down on. We shared that with you in your office. I would love to be able to provide that to this Committee. I just would ask that we work together so that I am not spending more time answering questions of you drilling down on the dashboard than I am solving problems for veterans. If we can come to that kind of arrangement, then I have no issue in sharing the dashboard, because that is, in essence, how you are going to evaluate us, and these are the commitments we have made for the year.

Senator TILLIS. I think over time it should be rolled up to a level to where we are not sweating the details but really just looking at trending—

Secretary MCDONALD. Just the 12.

Senator TILLIS [continuing]. And where you are off track so that we can dedicate—

Secretary MCDONALD. I agree.

Senator TILLIS [continuing]. It to the stakeholders.

Secretary MCDONALD. Just the 12 priorities, yeah.

Relative to providers, I am going to ask David to comment, but I think one of the most important things that we can do in 2016 is develop a network of providers, including Department of Defense, VA, Indian Health Service, private sector, so that by the end of the year we have a network that—and academic affiliates—that we have a network that we all feel good about, where billing is not an issue anymore, where paying bills is not an issue, and where we can move forward on behalf of veterans.

We have had some providers move out of the network. I was recently in Massachusetts where we were having a discussion with one of our academic affiliates because the hospital did not want to accept Medicare rates for veterans. Well, you know, these are the rates that we have to pay.

So, we have to find a way to get to this, and I know David is working hard on it.

Senator TILLIS. Dr. Shulkin, as you respond to that, you are not going to be able to see this. This is my redneck PowerPoint. One thing that I want to make sure—I put this together while you were doing your opening statement. One thing that I think we need to do is always talk—I think that there is a place for Choice long term. The question is, to what extent in the pyramid—and this is the provider network, not all of VA. To what extent does this increase or decrease based on the State that you are operating in,

based on the nature of the veterans population that you are serving? We want to make absolutely certain that we are communicating, that at the end of the day this is about getting the veteran to a point of care that they are comfortable with as quickly as possible.

Dr. SHULKIN. Senator, we would appreciate a copy of your PowerPoint. We would like to use that. Thank you.

But I think we are on the same page here, which is that we need providers to want to work with VA, because, frankly, veterans need the private community. We have recognized that this is a partnership.

I have spent my career in the private sector trying to get paid most of the time from payers. So, my sympathies actually go with the providers who are providing a service then having a delay in payment. We recognize we have a problem. Today we are at 72 percent payment within 30 days. That is not good enough.

We are going to take some dramatic actions in the next couple weeks in order to improve that. The major issue here, frankly, is that we are only getting 40 percent of our claims electronically. We should be getting 100 percent. The reason for that is that we demand that not only do we get a bill, but we get all the medical record documentation in paper. We are going to have to change that policy, and we should so that we can pay providers in a faster timeframe.

Senator TILLIS. Thank you. My time is up. Just a final comment. The other things that I hope that we see come through in this transformation are leveraging best practices from similar operations like Medicare, in terms of the relationship with the providers, the onboarding, and all of those sorts of things. I hope we are not reinventing the wheel, and I think that you all are focused on that.

Secretary MCDONALD. We totally agree.

Senator TILLIS. Senator Tester.

HON. JON TESTER, U.S. SENATOR FROM MONTANA

Senator TESTER. Thank you, Chairman Tillis. Since you are in that position—and thank you guys for being here. I think it is appropriate that I ask the Secretary of the VA, there are four teams that may win the Super Bowl. Who are you rooting for?

Secretary MCDONALD. Which one are you for? [Laughter.]

Senator TESTER. I think it is more important you take a look at who is in the chair.

Secretary MCDONALD. Thank you. Carolina. Carolina for sure.

Senator TILLIS. You are a great American. [Laughter.]

Senator TESTER. Thank you all for your work. I appreciate being able to be in on some of the plans that you have been putting forward, and I do mean that. Thank you. I can tell you that I met with Dr. Shulkin yesterday, and there are still plenty of issues out there we need to deal with as far as care to the veterans on the ground, and we are going to continue to pester until we get to that point.

But we passed a number of bills out of here, and I do not know that any of them have made it to the floor yet. We are not exactly the gold standard when it comes to efficiency here in Congress. Do

you have contingency plans if we do not pass some of the bills that you need?

Secretary MCDONALD. We do. It will cause us to dial back on what our outcome goals will be. I wanted to take the *MyVA* transformation, which, arguably, is a big, multi-year process, and boil it down to what are we going to accomplish by December 31st. What I have given you is what I think we can accomplish by December 31; and I think, arguably, there are good outcomes there for veterans. But we are going to need the legislation that we have identified. If we do not get that, we will have to dial back.

Senator TESTER. OK. If you have covered this before I got here, I can go back and read the record on it. But what are maybe three of the most significant short-term deadlines?

Secretary MCDONALD. The first is provider agreements. We have long-term-care facilities right now refusing to do business with us because they are too small to deal with the Federal acquisition rules. That is number 1.

Second, I would have to add the consolidation of care in the community. You all have had a hearing on it. I thought it was a very good hearing. I think the plan we put forward is a good plan. We cannot get to that ideal, optimum network of providers, including private sector providers, until we get that rule, that law done, because right now, as you know, there are many different programs, seven different programs, all with different criteria, specifications, and, importantly, all with different payment schedules, which really confuses veterans, and it confuses employees. It is distorts incentives, because people want the program that is the most expensive. I think that is number 2.

Number 3, I would say flexible budget authority. Last year, I had to come to the House Committee and the Senate Committee begging for money for care in the community, for hepatitis C, this new miracle drug, because we had money in a separate pot that was designed for that purpose, but I do not have the authority to move that money. I think as long as it is about caring for veterans, I should have the ability to use the money to care for veterans.

Senator TESTER. OK. Of those three short-term deadlines, how many can be done without action from the Congress?

Secretary MCDONALD. Well, the consolidation of care, as soon as we get that, we can—I mean, it is huge.

Another, a fourth one—I am sorry.

Senator TESTER. Go ahead.

Secretary MCDONALD. The West Los Angeles campus extended use leasing (EUL), the minute we get that passed, we can put spades in the ground in West Los Angeles and start building buildings with private sector partners.

Senator TESTER. I got you. Here is the point I am trying to make, Mr. Secretary. That is that you can have all the greatest ideas you want, your management team can have all the greatest ideas, and the folks at the different regions can have the best of ideas, but I think you need to be very, very direct with this Committee as to what needs to pass if you are going to meet the needs of the veterans out there. That is all I will tell you, because, quite frankly, if you cannot do what you are going to do, we are just talking to one another, and we are not getting to where we need to be.

Secretary MCDONALD. I agree. Senator, in my written testimony and in my oral testimony, I said pending legislation purposely for a number of the outcomes that we cited.

Senator TESTER. Right.

Secretary MCDONALD. So, anybody who wants that information can go back to the written testimony, and you can see how the legislation is tied to those outcomes for veterans.

Senator TESTER. We can also connect up with you for that, too. I just think it is really, really important that we can talk about changing the VA. We can talk about providing better service, but part of that talk is actually getting something done, too. OK. Thank you.

Look, I talked to Dr. Shulkin about this yesterday. Could you give me any sort of update? You have got a lot of leadership positions that were open, maybe still are open. Give me some kind of update on where we are at on that and what we are doing to help fill those vacancies.

Secretary MCDONALD. I would like to ask David to do that.

Dr. SHULKIN. Senator, thank you for the question. I know the Chairman had some comments about this as well.

Our biggest challenge is getting the right leadership in place and then getting critical positions filled within the VA system. As of last evening, we had listed 43,000 recruits for the VA health system, and we are desperately trying to attract the top-quality professionals to come in. We have in our medical centers 34 medical center director positions that are open. Now, you know, running a health care system without having permanent leadership in place is a challenge.

One of the legislative authorities that we have asked for is just one of the ones listed in the testimony is to give us the flexibility to use Title 8 funding to be able to recruit medical center directors and network directors. Frankly, I have had a significant challenge convincing any of my colleagues from the private sector to look at VA as a career, and I desperately need that talent.

We are working very hard to hire physicians, nurses, pharmacists, psychologists, mental health workers, and leaders of our system. Those are our priorities. I know the Secretary in particular, every day talking about what a privilege it is to join the VA, and if anyone knows of people who want to join the VA, we try to talk to them on a daily basis to come and join us.

Secretary MCDONALD. I would like to add three other things, if I may, very quickly.

Number 1, I asked in my opening testimony about the Congress helping us with this cultural change. To the degree that we continue to see negative news articles and other things, the number of people applying for VA positions is about three-quarters lower than it was 2 years ago before the crisis occurred.

Number 2, recruiting. I have asked Members of Congress to go recruit with me. You have done that. You and I went to the University of Montana together. This is very important, and Senator Isakson has come to VA to talk to town hall meetings. It is very important to show our employees that we are all together and our prospective employees that we are all together. I have been to over

two dozen medical schools, and I have recruited many people right on the spot.

The third point is we are leaving positions vacant because we do not want to add more people than we need, and we are in the process of trying to figure out how to reduce the levels and how to become more productive. For example, we recently realigned our VISNs, which are our regional medical networks. We eliminated three of them. So, what we want to do is make sure we are only recruiting for positions we want to fill rather than all positions that may be vacant.

Senator TESTER. I got you and I appreciate that. I can tell you I do not know what is going on in North Carolina or Georgia or Connecticut, but I have a pretty good idea what is going on in Montana. For the record, the vets who go to Fort Harrison love those people, but they are also quick to point out we are burning them out because we do not have enough staff. I think it is really critically important. We can talk about it, but we have got to do it. It is really important.

I will walk hand in hand with you if it comes to recruitment because these folks have done a lot for us. We owe it to them. Thank you.

Chairman ISAKSON [presiding]. Senator Moran?

**STATEMENT OF HON. JERRY MORAN,
U.S. SENATOR FROM KANSAS**

Senator MORAN. Mr. Chairman, thank you very much. Mr. Secretary, welcome.

Secretary MCDONALD. Good morning.

Senator MORAN. Good morning. Please consider me an ally when it comes to trying to accomplish the things that you outlined in MyVA in your testimony this morning. I am anxious to see a transformation at the Department of Veterans Affairs, and that transformation is that those who served our country receive the care, treatment, and benefits that they are entitled to. And do so in a timely, cost-effective way for the taxpayers and that they receive quality service. That is what your statements were all about this morning, and I certainly support that outcome.

What I want to again focus on is the current circumstance in which I find myself trying to help veterans. We did have a hearing with Under Secretary Gibson on December 2 on consolidation of those community-based programs. Clearly, I understand the value of consolidating. We have over time created too many programs that cannot be administered efficiently.

Secretary Gibson committed to me during that hearing to do several things which have not yet happened, and I am asking you for your help to see that they do. On his own volition, he volunteered—we had a conversation about veterans who were not qualifying for the Choice Act, and his offer of his own volition was that he would provide me with a list of those veterans who qualify for Choice in Kansas. That seems a very generous offer, but it has not happened. Perhaps it was too generous. But if you could help me in that regard—because we have, again, those who are caught in the process of calling the third-party vendor and being told they do not qualify, or being told they do not qualify because they live within 40 miles.

Then, you start digging down, and neither one of those things are true. I guess the goal here is to try to figure out who does qualify so that there is an understanding by the person on the end of the phone who is telling a veteran whether he or she can access the Choice Act. So, that was one request we had—or an offer that Secretary Gibson indicated.

Also, the conversation occurred about the number of people who have been abandoned, and what I asked for was something I think the VA calls their “abandonment rate.” I was originally concerned about what was said by the Under Secretary several months ago, a long time ago when Choice was new. One of the comments in a hearing was that Choice is not popular with veterans, they do not want Choice.

What worried me about that is that I did not want to see the VA create a circumstance in which the Choice Act became so unappealing that veterans decided they did not want it. Give it a chance to work. We will let our veterans decide. I have a clear sense that it will be very valuable. Part of that is the geography and demographics of a State like mine.

One of the things that I have asked for is what that abandonment rate is. Just as an analogy, a long time ago I was in the State legislature, and the railroad started reducing the services available to my community, my home town. Over time, customers decided they did not use the rail service because it was not any good. Then, the railroad goes to the regulators and says, “Well, nobody uses the rail line. Let us get rid of it.” I want to make certain that that is not the intention of VA, and I do not have the sense or the fear that I had some time ago. It seems to me the VA is more and more embracing community care, and I appreciate that. But when we see these numbers about people served, what I want to make certain is that we are taking care of those who have just given up. That is one of the most common conversations I have with Kansans. They tried the Choice Act, and either they were told they did not qualify, and they try again and still—or they are told they live within 40 miles, and more recently it has been, “Well, I used the Choice Act. They provided me with my hometown provider, but then when the hometown provider insisted that I see a specialist, then I had to go through it all over again, and I was denied the chance to go have the radiologist look at my X-rays.”

It may work initially and then, again, fall apart in the process. I want to make certain we do not discourage veterans from using the program because it is not working up front. That abandonment rate, which I was told I would be provided, I would like to have to see how many people are walking away, not really because they want to but because it is not meeting their needs.

Also, Secretary Gibson and I had a conversation about ten specific cases in Kansas. It was his willingness to take those cases on and solve the problems, and I appreciate what he said. He said, “We are committing to fix it, and if we are not executing, shame on us, bad on us.” He offered to take care of the ten cases that had come into our office that week dealing with Choice. The ultimate outcome was that somebody from the VA called our caseworkers and said, “What do we need to do?” So, it ended up back in our office as compared to the VA stepping in and solving the specific

problem. I would highlight that opportunity for the VA to see—maybe this is just a pilot program in which you can see what kind of conversations I have with veterans and how the Choice Act is failing them. Maybe these ten examples would be useful to you as you try to solve the problems systemwide. So, I would appreciate that help.

Again, we want good things to happen at the VA. The challenge that you will have as you are trying to reinvigorate the VA, alter its course, and change quality, day-to-day veterans are being left behind. Those are problems we have to solve while we transform into the future.

Secretary MCDONALD. Absolutely, and we will get on those three things you mentioned, Senator Moran. There is no question by any of us that care in the community is absolutely essential for us to have a network of providers in this country to care for veterans. Absolutely no question. In fact, earlier, when Senator Tillis was sitting as Chairman, I meant to say we have a map of the United States, a dynamic map that lays out where we think the veterans live and where we think they are going to live, where the providers are, whether they are DOD, VA, private sector. It would be good to have that discussion with each Member of the Committee, eventually each Member of Congress, so you see the kinds of capability we are trying to put in place. We do not want anybody to be abandoned, and so we are very much—

Senator MORAN. Mr. Secretary, thank you for saying that, and I would tell you that I think every Republican Member of this Committee, at least on the staff level, we asked for a meeting with somebody from the VA to describe to us, to explain, and to have a consultation on the definition of a full-time position or a full-time facility, and that was to take place. It as not taken place yet. We asked for it, and I think every Republican member would like to be—has asked to join us in that request, to have a meeting with somebody from the VA, not you, not necessarily Secretary Gibson, just someone who can tell us how the new definition—and I would respond to what you just said, and—

Secretary MCDONALD. Sir, I was not familiar with that. I would be happy to meet with every member. I have met with caucuses. I have met with doctors' caucuses. I would be happy to do that.

Senator MORAN. Great. What I would conclude by saying is that the Choice Act is a way for the VA to solve some of its professional inabilities. One of the theories was we will take care of veterans where they live, but the other component of why we approved the Choice Act was to help the VA meet the needs because of the shortage of professionals. So, if we can utilize those professionals in the community, it reduces the challenges you face in recruiting.

Thank you.

Chairman ISAKSON. Senator Heller.

HON. DEAN HELLER, U.S. SENATOR FROM NEVADA

Senator HELLER. Mr. Chairman, thank you. To the Secretary, thank you for being here today. You know, we have seen some improvements out in the State of Nevada, and I want to thank you for that. We have a pretty good team out there. Not this weekend but next weekend, we have the Pahrump Health Clinic finally—I

have been working on this since I was in the House, so you can imagine how many years it has taken. I am glad to see that. We have a new director in the regional office there in Nevada, very helpful, and we are looking forward to good things. Also a new director in the hospital down in southern Nevada. Seeing those changes, moving in the right direction, I certainly do appreciate it.

But I do have a couple questions for you. If you are a California veteran and you are in the Chairman's State of Georgia and you need immediate health care, is there a problem with them going to a VA hospital in Georgia to get that health care?

Secretary MCDONALD. This is a very relevant and insightful question. No, it is not a problem, but today we do not yet have the—we have not yet built the capability to allow that to occur. One of our breakthrough objectives here is by the end of the year a veteran can go anywhere they want and we will serve them. So, that is one of the things we have identified that we want.

David, do you want to talk about that a little more?

Dr. SHULKIN. Senator, we call this “seamless care.” It is exactly what we want, which is that if you are a veteran, you should be able to be cared for at every facility. We do have some challenges to doing that, but all but three of our facilities have what is called a “traveling veteran coordinator.” So, a veteran can ask to speak to them, and their job is to help facilitate it. Our goal is to make sure that you do not need to contact a person, that our systems recognize you as a veteran, and you should be able to get care wherever you walk into a facility.

Senator HELLER. What is the timeline for putting that system in place?

Dr. SHULKIN. December 31, 2016.

Senator HELLER. 2016, by the end of the year.

Dr. SHULKIN. By the end of the year.

Senator HELLER. Would you care if a veteran say in Ely or Elko, NV, went to Salt Lake? I mean, I guess when the system is in place, would it matter if they went to Reno or went to—

Secretary MCDONALD. It will not matter where they go. It will just be like you get your prescription at CVS or Walgreen's, and you go to a different State and get the same thing.

Senator HELLER. We are getting some feedback, just so you know the purpose of this question, out of Mesquite, which is right on the Nevada-Utah border. Some of them want to go to St. George, and some of them want to go to Las Vegas. It is a lot further to Las Vegas than it is to St. George. So, you are saying—

Secretary MCDONALD. We want to be agnostic. We want the veteran to be able to decide where they go.

One of the things we have talked about here which is also critical to this issue is that today if you are veteran and you move and have to change your address with VA, you have to change it in about nine different places. We want to move to one data backbone for all of VA, what is called a “consumer response system,” where if you go online to populate a form, we automatically populate it from the data backbone we have so you do not have to write the information in. We do not have that single data backbone today, but it is one of our objectives that we are taking on for this year.

Senator HELLER. OK. So, I can go to Mesquite and talk to them and say, you know, sometime around the end of the year you would be comfortable going to either hospital of your choice? Is that fair?

Dr. SHULKIN. Yes. You should today be able to—you should today. It is just going to be more painful than we want it.

Senator HELLER. OK.

Dr. SHULKIN. We are trying to make the system actually support what you are asking.

Senator HELLER. Right now some of our veterans in that particular area are being restricted, telling them that they have to travel the extra mileage—45 minutes—as opposed to going to St. George. I would certainly like to see that change.

I have one other question based on your IG's report and the question that they have relative to your backlog. They say they do not trust the data. You know, in the State of Nevada, we were ground zero for the problems with these backlogs, and we are seeing some improvement. Can you assure me that the Inspector General is not accurate on some of this data that they claim that they do not trust?

Secretary McDONALD. I am not sure of the date of that report, but I imagine it was probably in 2014. I believe the data is accurate.

Senator HELLER. Today you are painting a rosy picture, if I understand correctly. Is that—

Secretary McDONALD. We go through it every day. Danny?

Mr. PUMMILL. Senator, I would disagree with the IG on their assessment that they do not trust the data for the backlog. The one thing that we have tons of in VBA is data, and I can tell you that the data on the backlog is accurate. It is still not where we want it to be, and we are going to continue to drive it down, the same thing with appeals. But I believe that the data is accurate data.

Senator HELLER. The Nevada VFW had their midwinter conference last Saturday, and I had a chance to address them, and this was one of the concerns that they brought up. They are concerned that we are painting too good of a picture. They are obviously on top of this IG report saying that perhaps the data is not as accurate as being reported back to them and to the State.

Secretary McDONALD. Every time I get one of those questions or commission—and as you know, I have given out my cell phone number publicly. I encourage people to call me. I always ask, you know, give me the instance, give me the date, who did you deal with, because a lot of this is just simply that—we have got to continue to work to rebuild trust, but a lot of this is the trust that was lost in 2014.

A lot of the IG reports coming out right now date to some time ago and have already been remediated. But, anyway, I would be happy to get together on that one and get into great detail.

Senator HELLER. Mr. Secretary, thank you for being here.

Secretary McDONALD. Thank you.

Senator HELLER. Mr. Chairman, thanks for the time.

Chairman ISAKSON. Senator Boozman.

HON. JOHN BOOZMAN, U.S. SENATOR FROM ARKANSAS

Senator BOOZMAN. Thank you, Mr. Chairman. Thank you so much for being here. We do appreciate your hard work.

In Arkansas, we have got two VA hospitals where they work really hard at serving veterans and do a good job. One of the huge problems that we have got is that right now, because of the turnover in leadership throughout the system, either people retiring that are my age and, you know, not wanting to fight the battle anymore, or good people being taken to other jobs that perhaps are a little bit more important, more authority within the bigger system. But it is a huge problem, and right now, you know, most of the people in key positions are acting people, and they simply do not have the authority. They do and they do not. You know, it is just very difficult when you are the acting head versus the other. When tough decisions come up, you know, the tendency is to put those aside to let somebody else deal with them. How can we resolve that? I know it is true in Arkansas; I am sure it is true throughout the system.

Secretary McDONALD. We talked a little bit about this previously, and I will ask David to comment. But I think there are a number of things that we can do together.

Number 1, I would encourage that when you are in the district—and I will go there with you—let us recruit together. Let us go to the medical schools. Let us go to the hospitals. Let us recruit people for the VA together. I think it really is a very positive sign when Members of Congress and the VA leadership are together. I have been to over two dozen medical schools. I would like to get to more.

Second, we have put in, as part of our proposed legislation, legislation that would allow us to treat medical center directors as Title 38. Many of our medical center directors are not doctors; they are not Title 38. As a result, they are paid significantly less than the private sector. That is a very important job. It should be Title 38, and we would like your help to make it that so we can pay them competitively.

David?

Dr. SCHULKIN. I think the Secretary has identified key issues. We are trying to attract new professionals into the VA to see this as a career because many of our people, Senator, are retiring, and, unfortunately, some people are leaving the system. We have put out a call to the private sector to answer, which is to come and serve your country. You can serve your country in many ways, one of those would be to join the VA system. We have actually had a pretty good response, so we are looking at trying to decrease our hiring time to bring in new people into the system. It is one of our initiatives. We would appreciate your support on the pay authority that the Secretary just mentioned and creating an environment that people feel that they can be successful in. That is where I think much of the dialog today about us being on the same page and you helping us recruit would make a difference.

Senator BOOZMAN. Switching gears a little bit, you do have a lot of people who want to come forward, some people that have come forward in the past, and the whistleblowers really in the VA system have a reputation of not getting a very good rap. That comes

from, I think, just circumstances, you know, cases that have come up.

Also, when you look at the agency where you appeal, in visiting with them, they say that probably the majority of their caseload throughout Government comes from the VA. It is not a good situation.

Can you talk a little bit about what you are trying to do to address the problems with the retaliation and then, again, encouraging others in a non-hostile environment to come forward so that we can make things better?

Secretary MCDONALD. Surely. We have trained over 450 people in something we call "Leaders Developing Leaders." It is a program we put together in conjunction with a professor at the University of Michigan, and it is a program where we actually train the leaders in 3 days. We train them in leadership, we train them in whistleblowing, we train them in everything we can. The cultural change we want from that is that we want every employee at VA feeling enabled to come forward with their criticisms. We want our employees to redesign the systems they work on. That is one of the reasons we are training our employees in Lean Six Sigma.

You know, a good customer service organization cannot survive unless it is a great place to work, and the people have to be trained and enabled to do that.

I would also say we were the first agency to get certification from the Office of Special Counsel on whistleblowers. We also have rewarded and called out whistleblowers who have helped us. It is something we are working very, very hard on to make sure that there is no retaliation, or if there is, that those who retaliate receive the appropriate discipline.

Senator BOOZMAN. Very good. Thank you, Mr. Chairman.

Secretary MCDONALD. Thank you.

Chairman ISAKSON. Senator Sullivan.

HON. DAN SULLIVAN, U.S. SENATOR FROM ALASKA

Senator SULLIVAN. Thank you, Mr. Chairman, and thank you, gentlemen, for your testimony today.

I want to compliment Dr. Shulkin. Mr. Secretary, I have spent a lot of time with him in the last year, really, in Alaska and Phoenix, in my office, and we have a lot of work to do, but I think he is somebody who is doing a good job.

Secretary MCDONALD. I apologize for my trip to Alaska coinciding with your service in the military.

Senator SULLIVAN. Well, you know, sometimes you cannot always pull it off, but we will get you up there next time when I am there.

I do appreciate the fact that both of you have been up there recently. Dr. Shulkin, you and I got all over the State. Mr. Chairman, thanks again for allowing me to hold a VA hearing up there. And, you know, you saw the level of frustration, both of you. You saw that the Choice Act, which in many ways got ideas in the Choice Act from what was working in Alaska, came in and then when it was implemented in Alaska, it just kind of was a fiasco. I think everybody recognizes that. So, then you committed to this pilot program in Alaska that was going to be up and running initially you committed to me in November. We missed that deadline. I mean,

not we. You. But it is starting to take hold. I would just like an update on where we are on that pilot program. You know, Mr. Secretary, from a broader strategic perspective, if we are able to fix the big issues in Alaska, I think it is going to give you a good sense of how to fix things nationally. But if we are not in Alaska, I think it is going to spell trouble for what every Member of this Committee cares about and that you care about, which is fixing the Choice Program so it is serving our veterans. Right now it is still not in my State, and I would like an update just on the timeline and how you see that pilot program going forward.

Dr. SHULKIN. Well, Senator, first of all, I do want to thank you and acknowledge you have been a great partner in this. You have been very clear with the problems, and that you expect solutions, but you have been working with us all along, so I thank you for that.

You are correct that we agreed upon a solution that we would try this pilot program in Alaska, which can serve as a model for the rest of the country. It was delayed. The reason for its delay was actually Federal contracting rules. It was very tough for us, once you are in a contract, to actually get agreement to change the rules. We finally got that done, and as you may be aware, January 11th, the pilot went live in Alaska. We now have actually embedded staff where actually the third-party administration (TPA) staff are in our medical centers—

Senator SULLIVAN. Are those temporary hires, or are you going to move to permanent hires? I know there is a bit of confusion on that.

Dr. SHULKIN. Right. Well, the staff in the VA are permanent staff, and the TPA is committing to getting permanent hires in there. TriWest moved very, very quickly to make sure we did not miss the January 11 date that we had our second commitment to you, and we are now taking this up to a new level. We have to have, again, an additional contracting approval. There is one more approval to get the full pilot in place, and that is to have VA staff do the care coordination.

Senator SULLIVAN. When do you anticipate being able to make that commitment? What date?

Dr. SHULKIN. Well, we are pushing—I hesitate to give you a specific date because it has to do with contracting—

Senator SULLIVAN. Well, I like dates.

Dr. SHULKIN. Yeah, yeah. I will get back to you with the specific date.

Senator SULLIVAN. OK.

Dr. SHULKIN. Everybody knows that is the final piece to get done, and we do believe—we were talking to Senator Tester yesterday about potentially in Montana doing a similar pilot.

Senator SULLIVAN. OK. It would be good to get back to us. I would like the specific dates on that.

I wanted to turn to the issue of—and I know we have been talking about it here today—shortage of professionals, particularly medical professionals. As you know, Mr. Secretary and Dr. Shulkin, we have talked about this. It is particularly acute in States that actually do not have medical schools. What we have been doing is working on legislation that can help States—particularly rural

States without medical schools like Alaska, but I know there are other members on the Committee that would benefit from this—that would encourage the partnership that, Mr. Secretary, you talked about when you were in Alaska, with the different health organizations, particularly the tribal organizations in Alaska. I would like your commitment to work with us. We have some legislation already drafted up looking to maybe get it marked up here soon, but I would like to get your commitment to work with my team on making sure the VA is good to go with it. I think you would be. But we would like to do that with you soon.

Secretary MCDONALD. We agree. We actually worked on that together when I was in Alaska with the—

Senator SULLIVAN. South Central.

Secretary MCDONALD. South Central Foundation.

Senator SULLIVAN. They have been back, and they have been working with us.

Secretary MCDONALD. I think it is a great plan. I could not agree with you more. I am sorry Senator Heller is not here, because we are working together to set up a medical school in Las Vegas, NV. We have got to have more medical schools in these States if we are going to expect doctors to locate in these States. I thought this was a great program.

Dr. SHULKIN. If I could just add, I actually think that the critical factor to getting somebody to take a job in the VA is having your residency program.

Senator SULLIVAN. Right.

Dr. SHULKIN. It is your post-graduate training that is important in addition to medical schools. That is what we are trying to do with South Central.

Senator SULLIVAN. Yes, and that is what our legislation is looking at.

Dr. SHULKIN. We could use some help with legislation. What we found is there were 1,500 new graduate medical education spots given to VA through the VACAA legislation. We have only filled 372 of those spots, and the reason is that what we learned is that VA needs the ability to actually help the private hospitals in paying for these spots. They are over their caps, so they do not get reimbursement, and that has been the limitation.

The hospitals and foundations want to increase training. We want to increase training, however, we could use some legislative fixes.

Senator SULLIVAN. Thank you. Mr. Chairman, just if I may one other quick—and it is just a commitment from the leadership here. I was back home recently and once again heard about the issue of providers not getting paid and, therefore, dropping out, which I think has been a problem in Alaska. Dr. Shulkin, you remember—and I heard about it again, which is veterans who get commitments from the VA to go to providers, and then have their medical procedures completed, the providers do not get paid, and these guys are being dogged by credit agencies to pay \$25,000, \$30,000 bills. I have heard about it again where our veterans who got permission to move forward on a procedure are the guys getting the credit agencies coming after them. As you know, that is incredibly stress-

ful. You and I heard about it in Alaska, and I heard about it the last time I went home.

So, I really want to work with the two of you—I am sorry, Mr. Chairman, this is a big deal—just to get your commitment to being able to work on some ways to just stop this. I mean, it is—you heard it. It is outrageous.

Dr. SHULKIN. Well, thank you. You are calmer than the last time that you expressed this to me, and, look, there is no excuse. We should never be putting the veteran in the middle of this. So, we are setting up a special team to deal with veterans who find themselves in this situation so they can reach us. We cannot put them in the middle of this. We recognized before you came in we have to fix the provider payment issue as well.

Senator SULLIVAN. OK.

Secretary MCDONALD. We committed in one of our breakthrough goals to pay our providers within 30 days, 85 percent by the end of the year.

Senator SULLIVAN. Great.

Secretary MCDONALD. That would be a breakthrough.

Senator SULLIVAN. OK. Thank you, Mr. Chairman.

Chairman ISAKSON. Well, I appreciate your raising the question because the first question I raised in my time was exactly the same thing. What has happened in Alaska has happened in New Hampshire and other places around the country. Prompt pay is a huge issue that we have got to address if we are going to deliver choice to our veterans. Thank you.

Senator Murray?

HON. PATTY MURRAY, U.S. SENATOR FROM WASHINGTON

Senator MURRAY. Thank you very much, Mr. Chairman. I ask unanimous consent to put my full statement in the record.

Chairman ISAKSON. Without objection.

Senator MURRAY. Thank you.

[The prepared statement of Senator Murray follows:]

PREPARED STATEMENT OF HON. PATTY MURRAY

Thank you, Mr. Chairman, for holding this hearing and thank you to the witnesses appearing here today.

I think everyone in this room agrees that our country has a duty to do everything it can to care for its veterans. Unfortunately, when it comes to VA care, we know our Nation continues to fall far short of its goal of honoring our veterans.

It's particularly frustrating, because many of the concerns I hear about from veterans in my home state are the same year after year.

So, we know that the current system is not working. The question I pose today: is VA ready to step up and change course?

Now, I was encouraged in 2014, when the VA announced the *MyVA* program to take a serious look at the systemic problems and cultural shortfalls of VA.

I look forward to hearing more today about how that plan is progressing, especially the challenges you've overcome and the successes you've had in the last 15 months. We must continue the forward momentum.

I know a number of critical goals have been set for 2016, and as this plan moves forward I remain hopeful that it will produce the VA our veterans deserve.

Here's what I am hearing in my home state of Washington, and what I am particularly interested in seeing happen:

- VA must continue to make significant efforts to address staffing shortages,
- ensure retention of critical personnel, and;
- guarantee high quality mental health care for all veterans—including oversight and coordination of care.

It is also essential, as VA looks to implement these proposals, it is transparent with Congress and outside stakeholders about what it needs for these changes to be effective.

I want to emphasize that point—this Committee, and this Congress, wants to help VA in this effort. Because I think we all agree that this country needs to fulfill its promise to take care of veterans.

As I've said before, this is a pivotal time for the VA, and the demands on the system will only go up as wars continue to wind down and the Vietnam-era veterans continue to seek more care for the injuries and illnesses they suffer from.

This is why I have long urged the VA to commit to improve the veteran experience, and create a culture that is focused on serving the veteran while strengthening performance and partnerships. Veterans deserve a system that works.

We know veterans want to receive care within the VA and that the answer isn't just to dismantle the VA and leave veterans to fend for themselves, as some proposals would do.

I know that together we can work to truly meet the needs of our veterans and restore the trust and confidence that they have in the Nation that they served.

Thank you, Mr. Chairman.

Senator MURRAY. Secretary McDonald, thank you. In your time as Secretary, you have talked about moving VA's focus to the individual veteran's experience trying to get care and benefits. That is the right move, getting the VA away from focusing on its bureaucracy and procedures. But, I am really concerned that those changes are not really taking hold. Over the last year, in my homestate of Washington, I have gotten complaints of the Seattle VA refusing to help a veteran who was in serious pain with a broken foot get from the sidewalk to the ER and instead making him wait for an ambulance to show up. I have heard of elderly and sick veterans who are being forced to wait outside in the rain and freezing temperatures while they were waiting for a shuttle; veterans seeking care at a clinic, including one with a dangerously high heart rate, rudely turned away from the clinic with only, "We are not taking new patients"; and a veteran with shooting pains in his arm who had to wait for 2 months to get an MRI and then a year and a half for someone to read the results. Those are just a few of the problems I am hearing, and they are deeply disconcerting.

Secretary MCDONALD. They are disconcerting to us as well. Get me the names, the dates, the individuals involved. That is the only way we can do anything with it. The situation you talked about, about the individual in the car that was told to call 911, we actually have used that in all of our training. We talked earlier before you got here about our Leader Developing Leader training. We have now trained thousands of people in the organization. We use that episode as exactly what we do not want to do.

We have an organization that is rules-based, and we need an organization that is principle-based. The best customer service organizations run on principles, not rules. This individual thought they were following a rule. That is the wrong thing to do. We are training our leaders in this, and we are going to make a difference. That is one of the commitments we have made.

Senator MURRAY. OK. I love the words that you say. I do. But how do you have accountability for that?

Secretary MCDONALD. Well, like I said, you need to give me the dates, the names, and then I have a discussion. In the case of the person that told the person to call 911, we actually conducted an investigation to find out what disciplinary action we should take against the person who did that, because that is unacceptable.

Senator MURRAY. OK. I appreciate that. It is just really hard to say to all of our vets, “If you have a problem, call your Senator. They will get hold of the VA.”

Secretary MCDONALD. Have them call me.

Senator MURRAY. I will.

Secretary MCDONALD. My telephone number is on the Internet.

Senator MURRAY. I appreciate that.

Secretary MCDONALD. People call me every day.

Senator MURRAY. You have been accessible. I appreciate that when we pass them along. What I am saying is that we cannot have the message be, “If you have a problem, call your Senator. They will pass it on.” We need to make sure that those people are held accountable at the very basic level so these do not occur.

Secretary MCDONALD. I agree. As I told you, we ran an investigation on that one lady.

Senator MURRAY. Right.

Secretary MCDONALD. The other thing we have got to do is we have got to train people.

Senator MURRAY. OK.

Secretary MCDONALD. VA has not been doing enough training. In fact, in 2014—

Senator MURRAY. How does that happen and when?

Secretary MCDONALD [continuing]. We spent \$100 a person training. If I did that running the Procter & Gamble, I would be fired. We are taking people offsite, we are training them, and that is the way you change a culture. Holding people accountable, I agree, but training.

Senator MURRAY. OK. That is happening, so we are going to see less of this?

Secretary MCDONALD. It is happening. If you go to your facilities and ask the people what they thought about their Leader Developing Leader training, I think you would get positive feedback.

Senator MURRAY. OK. We will do that, and we will pass on the results to you, too, because it has to get down on the ground.

Dr. SHULKIN. Senator, let me just add this one example, which is exactly what you had talked about in Seattle with somebody not being helped in the parking lot. The Deputy Secretary sent a memo, an email to every single employee in the VA talking about how that did not honor our principles. So, we are getting that message out.

Senator MURRAY. OK. I very much appreciate that.

Mr. Secretary, one of your 2016 breakthrough goals is to continue to decrease the number of homeless veterans and families, which I applaud. Last year, the Senate passed unanimously my Homeless Veterans Services Protection Act, which you know will allow VA to continue funding homeless services to thousands of veterans. It is sitting over in the House waiting for action. How important to your goal is it to get that passed out of the House?

Secretary MCDONALD. It is important, I mean, anything we can do to house homeless veterans. We talk about the fact that we have decreased the number of homeless veterans by 36 percent since 2010, but there are still 47,000 homeless veterans. Those that are homeless now generally have issues, medical issues, that we have to care for—drug addiction, mental illness. So, as we committed

here, we are going to continue to cause the number of homeless veterans to decline, but we need your help to do that. One of the—

Senator MURRAY. We need that legislation passed.

Secretary McDONALD. Yes, and one of the big helps we need is the EUL legislation for Los Angeles, because we are paralyzed from our ability to build the buildings we need without that legislation.

Senator MURRAY. OK. Mr. Chairman, if you would not mind, I just want to ask about filling the vacancies in the health care system, because, again, in my State the Spokane Medical Center has been without a permanent director since May of last year. They do not have a permanent associate director for patient care or a chief of surgery. The slow hiring, I am told, is leaving a lot of these positions unfilled and has now forced the hospital to cut hours back.

So, it is a critical goal you have set. What are we doing to make sure those positions are filled?

Dr. SHULKIN. Senator, the Chairman and several of your colleagues have also mentioned this. This is not only important to you—

Senator MURRAY. Sorry I was late to the hearing.

Dr. SHULKIN. This is absolutely one of our key priorities. We have put out a call for help. We have asked for any of your help in recruitment. We are trying to identify individuals. We have asked for several things to be able to help do that, including giving Title 38 authority to us to use funding to compensate medical center directors and network directors.

Unfortunately, we are so below market that has become a barrier to us. The culture in VA and all of the negative attention that we received has hurt our recruiting. We are working very, very hard to give an accurate picture of what it is to serve in VA, which is a tremendous privilege. It is a fantastic institution, and leaders, I think, would be very attracted if they took a look at us. So, we are working very hard. We have 34 medical center spots open, the director spots. That is far too many. I cannot tell you—there is not a day where I am not calling people to ask them to come and help us.

Senator MURRAY. OK. All right. We have got to keep it up. Thank you very much. I really appreciate it.

Chairman ISAKSON. Senator Rounds.

HON. MIKE ROUNDS, U.S. SENATOR FROM SOUTH DAKOTA

Senator ROUNDS. Thank you, Mr. Chairman.

I just want to go back a little bit. I think back about the goals that you have got here and the layout that you have put together with regard to the MyVA. As an integrated plan, you have laid this out. As I am looking at it, it looks to me like you are trying to change the culture in the VA. First I would like to know initially what your thought is. What is it going to take to actually change that culture, the specifics of how do you actually get that message across? You have got over 300,000 employees right now.

The second part I guess I would have is, is it time to actually look at integrating the areas of excellence, the Centers of Excellence that you do have within the VA and integrate those within the community health care services that the rest of our citizens in

the United States actually utilize today? Can we do that? What is the challenge for you right now, number 1, in changing the culture? Second of all, can you integrate that into the existing health care we have out there for the rest of our citizens in the U.S. today?

Secretary MCDONALD. Well, Senator, I think we are changing the culture. I obviously do not think the work is done yet, but the plan I laid out will have a huge culture change by the end of 2016.

What we have talked about is creating the irreversible momentum by the end of 2016 so that no matter what happens when the administration changes and the Government changes, the VA employees can carry this on, because as I covered in my opening statement and written statement, this is the first time, I think, that the business acumen and the leaders with business experience have been brought to bear on the sixth largest company in the country. VA, if it were a company, is the sixth largest company in the country. We are not going to have another CIO of the VA who has been the CIO at Johnson & Johnson and Dell. If we are going to get it done, we need to get it done now, and we need to get it done this year. We laid out the steps to do that.

How do you accomplish culture change? Well, there are lots of things. Number 1, you have to raise standards. Our standards have been too low. Many of our leaders, when I first looked at their performance evaluations, everybody rated everybody 5, Outstanding. How can you be rated Outstanding when your employees rate your organization as one of the worst in Government? That does not make sense.

That is why we have created this Leaders Developing Leaders training, to take our leaders offsite and say, "Here is the way you run a performance management system." It is not about everybody getting rated wonderfully. It is about identifying what we can do to help train people. It is about holding people accountable. It is about providing the customer service. That training, we gave it to 450 individuals, and that is now cascading through the organization.

What we did was we enabled the leaders of the organization to go train their leaders and their subordinates. That is why I say it is cascading through the organization right now. You can check on your own facility.

You wanted to say something?

Senator ROUNDS. Yes, I am just thinking, in looking at the timeline that you have laid out for the *MyVA* plan, full implementation goes well beyond 2016. I like the idea that you are looking long term on it. If you are going to get past not only this administration but into the next administration as well, it would seem that some of the tools that you may need might be statutory changes, or additional tools. Have you laid out—or is there a layout specifically that you need, that you have got to have, to get the *MyVA* in?

Secretary MCDONALD. Yes, sir. In my written testimony, it lists about nine different statutory changes that we need. In my oral testimony I talked about consolidation of care in the community, flexible budget authority, and the Purchased Health Care Streamlining and Modernization Act. David talked about Title 38 authority for medical center directors. I talked about the EUL, the ex-

tended use leasing, on the West Los Angeles campus, and overhauling the claims appeal process, which we guaranteed by the end of the year. If we can get that done, 90 percent of appeals will be solved in 1 year.

We laid it all out, and as the Chairman has rightly pointed out, we will work together and partner with you to get that done. We know you cannot do it by yourself. We know we cannot do it by ourselves. We need to work together.

Senator ROUNDS. I hope that one area that we are successful in is actually integrating and getting a system in place so that the veterans, regardless of whether they are in rural areas or urban areas, they can use the health care facilities that are closest to them, not just VA facilities but the other facilities as well. I know that is the goal, but I am wondering sometimes if we are working against ourselves when we are talking about trying to establish and build new facilities, modernize existing facilities, while at the same time suggesting that we still want these veterans to be able to go to their local facilities as well. Are we working at—do we have two different goals that may be inconsistent with one another?

Secretary McDONALD. I do not think so. I think we are after building the very best network with the veteran at the center of it. I mean, forget all the politics, and look at it simply from the veteran's standpoint. We want the veteran to be able to go where they want to go to get the service that they demand. We are in the process of building the optimum network across the country.

Earlier, I talked about the fact that we have a map of the country where we have the various affiliates identified, whether it is the medical schools we do business with, whether it is the Indian Health Service, the Department of Defense. We partner with all of these folks in addition to the private sector, the TriWest or Health Net. We look at that every day to see what specialties are necessary in what areas in order to try to recruit the professionals we need to get that job done.




Senator ROUNDS. So, still committed to the idea of Centers of Excellence?

Dr. SHULKIN. Yes, Senator. I think the goal, as the Secretary said, is to give the veteran the very best care that can be given in the VA and the very best care that, frankly, can be given in the community. Whatever the answer is, that is where the veteran should go.

I have a unique perspective on this, having spent my time in the private sector, now coming to the VA, now starting to practice as a physician in the VA. Since I worked on this chart, I really want to use it just for a second.

VA is different than the private sector.

	PRIVATE SECTOR	VETERANS HEALTH ADMINISTRATION
PEER SUPPORT		X
CRISIS LINES		X
TRANSPORTATION		X
CAREGIVERS		X
HOMELESSNESS SERVICES		X
MEDICATION SUPPORT		X
BEHAVIORAL HEALTH INTEGRATION		X
CLOTHING ALLOWANCES		X
LIFE LONG RELATIONSHIPS		X
SINGLE EMR PLATFORM		X
WORKS WITH MOST LEADING MED CENTERS		X

This is really quite a surprise to me, how much a veteran gets in the VA system that is not available in the private sector. That is why we believe strongly in building the things that are great in the VA and investing in those. We are not trying to dismantle the VA in this plan; we are trying to do the right thing for the veteran, and that is going to mean supporting our Centers of Excellence programs that you cannot find in the private sector.

Senator ROUNDS. Thank you, Mr. Chairman.

Senator MURRAY. Tell us what is on that chart.

Dr. SHULKIN. I am sorry. When you are in the private sector versus the VA, you can see we provide peer support. You cannot find that in the private sector. Our crisis lines that are not available in most hospitals. Transportation services, if you cannot get to your doctor or your hospital, you cannot get good care. Caregivers, not available readily, and we provide that support. Homelessness, obviously, as the Secretary talked about. Medication support. Behavioral health integration into primary care, rare in the private sector. Clothing allowances. These lifelong relationships. The single EMR, as you know about. The fact that we work with almost every leading academic medical center, there is no health system in the country who can say that. We are getting intellectual property and input from every leading academic medical center to help veterans in these Centers of Excellence. So, these are just some of the reasons why the VA is unique and, frankly, why we need the VA to be strong.

Senator MURRAY. Thank you.

Chairman ISAKSON. Senator Manchin.

HON. JOE MANCHIN III, U.S. SENATOR FROM WEST VIRGINIA

Senator MANCHIN. Thank you, Mr. Chairman. I thank all of you. Let me say, Mr. Secretary, I know your commitment; I have seen it up close and personal. I know the desire you have, and can tell you it resonated with all of the veterans in West Virginia when you came there. Basically, you have done some things that have changed, and it lets them know that you care. By doing that, you were able to put a portable medical center that we needed around rural West Virginia. We did not have one in the south because we lost one of our CBOCs, if you will. A temporary one has been

opened, so we are moving in the right direction. I support what you are doing, and I want to make sure that we facilitate what is needed to make these changes. It is like turning the Titanic. I understand what you are dealing with in the bureaucracy, but we have to cut through that.

I do not think there is one of us who believes that there should be one veteran that is homeless. There should not be a veteran without a job.

Now, with that, sometimes there are problems that accentuate what we have to address, and I think you are trying to do all of that.

There are two things I wanted to ask. I had someone bring something to my attention, and he was complaining about income-based service. He was led to believe that if his income, if he had done better in life, he is not afforded the same service. He said, "Now, wait a minute, Joe. I put on the uniform. I would have taken the same bullet that a person that when they got out of the service did not do quite as well as me. I was very lucky, but, still, it made me feel like now I am not expected to get the service because I did too well in the private sector."

I cannot answer that. It does not make sense to me. It is like we have scholarships, and if you do well and you exceed in school, you should get a scholarship. Well, if your mom and dad make this much, maybe you should get it, but you really do not need it, so we cannot give it to you. We are not rewarding for excellence.

Is that a problem?

Secretary MCDONALD. That is a true statement, Senator.

Senator MANCHIN. OK. Well, he hit me hard then.

Secretary MCDONALD. I am a veteran. I went to West Point. I served 5 years in the 82nd Airborne Division. I cannot be served at the VA because I am in a category called 8-Plus. I have too much net worth.

Senator MANCHIN. Is that—

Secretary MCDONALD. It is basically—

Senator MANCHIN. It is a fact of life, what we are dealing with, need-based?

Secretary MCDONALD. Well, I think what we deal with is we deal with requirements versus budget. You know, we would not have enough budget to serve all the Category 8's.

Senator MANCHIN. Right. I know that.

Secretary MCDONALD. So, the question is, you know, where is the balance?

Senator MANCHIN. We have accepted that as a policy, and I would say that the majority of vets who have done extremely well in life and God has blessed them would probably forsake that, anyway, or even pay.

Secretary MCDONALD. Well, it is, frankly, even worse than that, in a sense. We have policies that are written in the law that, obviously, if an individual gets cured, they would not get the disability payment for the ailment that was cured. It seems like the incentive there is to not be cured. These are the kinds of things that, if we work together, I think we can, you know, make the laws better so we do not have these—

Senator MANCHIN. The big thing I want to talk about in my State is the prescription drug addiction that we have.

Secretary McDONALD. Yes, I know it is a huge issue.

Senator MANCHIN. It is huge throughout the services. I understand that, too. You know, if you go back in history, I think that chronic pain was something that the VA acknowledged early, and it was one of the factors as far as wellness that basically we said there are other ways to treat. I think that is when this onslaught of opiates came onto the market, in the 1980s and 1990s. If that is the case, we know the detriment it has had to society. I truly believe that the VA could change the culture of America, of how we treat chronic pain. I am imploring any way, shape, or form that we can support you, that these service people do not go to prescriptions first but prescriptions last.

Secretary McDONALD. As you and I have talked when we were together in West Virginia, we could not agree more. When you look at what the VA is doing on an evidence-based basis, equine therapy works with some veterans. Acupuncture works with some veterans. Some stimulation technology works with some veterans. Yoga works with some veterans. There are so many things we are learning that we can use to substitute for the opioids, and we track this every day. We track how many opioids we are using, and David tracks it to make sure we are going down. There is a lot that American medicine can learn from what we are doing.

Senator MANCHIN. Well, we need to change code here as far as in the general public, but basically the policy that you all can adopt can lead to the cultural change that needs to be done. And, also, as far as the education that these doctors are not getting in how they are prescribing—

Secretary McDONALD. Right.

Senator MANCHIN. You go for a toothache, you get 30 days of OxyContin. If you go—

Secretary McDONALD. Well, as you know—

Senator MANCHIN [continuing]. For a headache, you get 30 days of OxyContin.

Secretary McDONALD [continuing]. We train 70 percent of the doctors in the country, so why can't we take the knowledge we have and train them? That is what we want to do.

Dr. SHULKIN. We see our role as a leadership role in the country on this issue, and we are doing several things. Evidence-based therapy, we have protocols that the VA has put out. We have to be open to new innovations because, quite frankly, there are new technologies coming out that could help. Third, we are doing what is called academic detailing. We have mandated that VA doctors get academic detailing. That means teaching them on the right way to use opioids.

Senator MANCHIN. And continuing education. They get no continuing education on dispensing of opiates. None. If you ask any of the doctors, they maybe get less than 1 week in medical school out of probably a 5-year rotation. It is just awful.

So, I would encourage you—we are not going to change unless you all take the lead on this and do it, because going through our process is quite cumbersome at times to get something passed that makes sense. But you all have experience, and basically you have

had success, have you not, as far as an alternate care of chronic pain?

Secretary MCDONALD. Yes.

Senator MANCHIN. It has helped with PTSD, also?

Secretary MCDONALD. Yes.

Senator MANCHIN. So, those who might have some mental challenges, you know you can cure them, work on that.

Secretary MCDONALD. Yes. We have a leadership role in American medicine, as David said, and this is a big innovation for us that we can help American medicine.

Senator MANCHIN. Mr. Chairman, if I may say one more thing. How difficult—you have come from the private sector at the highest level, running a large corporation, and a very good corporation, Procter & Gamble. They just chose West Virginia as their new site, so it is a very smart, very good corporation.

With that being said, the difference in management of what you are able to do and the public sector versus the private sector—we know that they do not operate the same—we have got to allow you to have your top management changes and flexibility. How much is protected by the civil service that you cannot even touch? How far down in the pecking order can you get to make the systemic changes you need to make?

Secretary MCDONALD. I think the difficulty of this challenge of changing the VA is a difficulty of scale. This is the sixth largest business in the country. It is a challenge of time, because I was with the same company for 33 years, during that time the stock price went from \$2.32 to \$81 when I retired. So, you know, it takes time.

But I think that having somebody with experience in business is critically important. What I joke with—

Senator MANCHIN. If you cannot make the changes that you made—if someone—I think we gave legislation that you could fire some of the people who are—

Secretary MCDONALD. We have enough authority to fire people.

Senator MANCHIN. You do?

Secretary MCDONALD. I do not think—

Senator MANCHIN. At the top level, you can move people around and—

Secretary MCDONALD. Listen, that is not the most—as I said in my opening statement, 10 of my 16 top leaders are new since I was Secretary. That is, what, 18 months ago. We have been able to change the leadership. We have been able to do the things we need to do.

I think the question this raises is: should we treat this like a business, and should we make sure that somebody—whoever is Secretary—has business experience? Because this is a very, very large business. What is at stake here is veterans' lives.

Senator MANCHIN. Thank you.

Secretary MCDONALD. Thank you, Senator.

Chairman ISAKSON. Well, thank you, Senator Manchin, for your focus on opioids and addiction. You have been a real leader in that and helped us in the changes we made vis-a-vis Tomah.

It is also important to point out that 72 percent of the physicians practicing in America today go through the Veterans Administra-

tion in their training. If there was one place we could make a cultural change, that is the place, and I think his emphasis on that is a good lesson to all of us to do that, to make that change.

Mr. Secretary, thank you for being with us today. I want to thank the members who—Senator Tillis?

Senator TILLIS. I appreciate you all being here. I do have a few more homework assignments that I need to elaborate.

One, I think it is very important—Senator Rounds asked a question, I think a couple of the other Senators, too. I think it would be very helpful to map actions that we need to take, legislative actions, to these 12 breakthrough priorities.

Secretary MCDONALD. You got it.

Senator TILLIS. Please make it very clear, either draft legislation or legislation that needs to be drafted that puts these—that are on the critical path, but for them you will not accomplish the goals, so that you put—

Secretary MCDONALD. That is a great idea. We can have that this afternoon.

Senator TILLIS. Thank you. I think it is also very important in terms of stakeholder management—we talked a little bit about this—that we get to the VSOs. I think they are—some are interested in what you have to say, some are concerned with what you have to say. We have to find what that stakeholder plan looks like so that I can look to my VSOs and—

Secretary MCDONALD. Sir, we have been doing that. I have a breakfast with the VSO leaders every month, and we have been sending out our *MyVA* team—

Senator TILLIS. I would like to get—

Secretary MCDONALD [continuing]. To meet with the VSOs.

Senator TILLIS. I hear it. You know, I am just hearing some feedback. I do not know what level it rises to in terms of a general concern, but I would like to know a lot of the major stakeholders that are an integral part of what we are doing here.

Secretary MCDONALD. Yes, absolutely.

Senator TILLIS. In fact, I wanted to include that in my redneck PowerPoint, the VSOs' role and the care that we are providing out in the field.

Secretary MCDONALD. But if you hear of someone who thinks they are being excluded, let us know.

Senator TILLIS. We will.

Secretary MCDONALD. Because we will make sure they are included.

Senator TILLIS. I also wanted to underscore your point about training, because people talk about the top-line number for training. It looks like a big number. But when it is \$100 on a per person basis, we are talking about better treatment for pain medicine and other things, I think you need to really emphasize that it may look like a big number, but when you are talking about the sixth largest organization in the U.S. business operation.

The last thing—two other things. With the CIO Council?

Secretary MCDONALD. Yes.

Senator TILLIS. I would like to see a matrix going forward of any of the infrastructure or technical decisions that you are making. I would like to see a running list of the buy versus build decision.

You all know that if you have got a build decision, boy, you better have a really good reason for why you are building versus buying.

Secretary MCDONALD. Well, you know our prejudice because we have talked—

Senator TILLIS. I know that LaVerne Council—but I want to see it in writing, because you hear things about, well, you know, people are saying it is not going to—look, scheduling systems, those sorts of things, the private sector has got it down. I would like to see a running list of that.

The last thing would be to extend into the other areas such as Womack, other capacity. When you are looking at your capital expenditure going forward, optimizing that and making sure you are getting creative about maybe even collaborations with the DOD where they have capacity. I am thinking about Fayetteville, and I am thinking about Womack. But, making sure that that is all articulated.

A final thing—I said that was final, but this is the final one. Organizational comparison. This speaks to something that Senator Manchin discussed. I would like to see what that organizational model looks like as you get to a full transformation. Does it have the kind of elements of a pyramid that you would see in business? Is the bureaucracy that we find in the middle that I think sometimes is problematic being thinned out, pushing more of those resources down to providing care? The organizational transformation model is something we have not really talked about to the extent that it involves reorganizing the VISNs. All of those things I think would be very helpful for us to see, and I would like to be able to measure it on some basis that makes sense.

The final thing—this is truly the final thing—has to do with the toxins at Camp Lejeune. I am going to—Senator Burr and I are going to communicate out to your office. There is a potential issue with timing. We like the work that you have done. Now the timing of really getting that stuff online. I have heard things that I am not going to react to, but I just want to let you know we are going to be in touch with your office.

Secretary MCDONALD. OK. Do not write me a letter. Let us get together and talk. I get too many letters.

Senator TILLIS. Yes. Well, we need to get—we will get our office together fairly quickly. I think it was Senator Burr's inclination to write a letter. I am happy to have a phone call if it is not on that track.

Secretary MCDONALD. Let us get it done quickly.

Senator TILLIS. Thank you.

Secretary MCDONALD. We will reduce the middle management. Organizations today do not need the middle management that they have had historically because of information technology, so we will do that.

Senator TILLIS. I find it hard to believe that one VISN needs to be fundamentally different from another.

Secretary MCDONALD. They should not be.

Senator TILLIS. Today I do not think that that is the case.

Secretary MCDONALD. They should not be.

Senator TILLIS. Thank you.

Secretary MCDONALD. My principle is you standardize and get scale as much as you can, but you customize when you need to, to meet a certain customer need.

Senator TILLIS. Thank you, Mr. Chair, for holding this important meeting.

Chairman ISAKSON. Well, thank you for raising the question of the VSOs, and for your edification. The first remarks I made in my opening statement were that the VSOs are the representatives of our customers, and in the changes legislatively that are being talked about, the seven items the Secretary outlined in his remarks. It is going to be critical to have the input of the VSOs and have them be partners in making this change. Some of the changes are going to take hard decisions that affect our customers. We need to make sure our customers have some input before the fact and be a team player in the culture change rather than after the fact being reactionary. I am going to see to it that it is all hands on deck when we make those decisions.

Mr. Secretary, thank you very much for your testimony. To all of you, thank you for being here.

Secretary MCDONALD. Thank you, Mr. Chairman.

Chairman ISAKSON. Commander, thank you very much, and we will get back to Georgia before the snowstorm hits.

We stand adjourned.

[Whereupon, at 11:53 a.m., the Committee was adjourned.]

RESPONSES TO POSTHEARING QUESTIONS SUBMITTED BY HON. JOHNNY ISAKSON TO HON. ROBERT A. MCDONALD, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS

Question 1. Earlier this month, the VA Inspector General released a report finding that there was a significant backlog of unprocessed veteran material at a scanning contractor's facility in Georgia, which in part resulted from VA regional offices sending the contractor unorganized boxes of documents that were not ready for scanning. The Inspector General also found that the contractor was improperly storing papers containing veterans' sensitive information, making it subject to loss, theft, or misuse.

a. Would you please give us an update on what has been done to protect veterans' personally identifiable information at that facility and to ensure that mail can be scanned in a timely manner?

Response. Veteran privacy is an extremely important component of the scanning process and at no time was any Veteran information compromised or in danger of being compromised. All boxes were sealed and tracked during transit and were opened only inside the scanning facility, and only handled by cleared vendor personnel. Each vendor employee receives VA-mandated privacy awareness training and a background investigation consistent with Federal employment. Additionally, the security protocols in place at each of the scanning vendors' facilities are more robust than most regional offices. Some of these protocols include:

1. Vendor staff members are prohibited from taking backpacks, bags, lunchboxes or other containers into the production area.

2. Vendor staff members are prohibited from taking paper in or out of the production area.

3. Vendor systems track exactly which employee reviews each document, ensuring accountability in the event of an issue.

4. Each facility is protected by a third party alarm vendor. The alarms are enabled at the end of each shift when the facility will be vacant and de-activated by authorized personnel prior to the next scheduled shift arrival.

5. Each facility is equipped with Close Circuit Television systems. Cameras are positioned inside the exterior entrances of each facility and throughout the interior of the production facility.

6. All external doors use a proximity card system with employee-specific badges to limit physical access based on clearance level, tour-of-duty, and business need.

The improperly stored materials pictured in the OIG report were characterized as original claims materials; however, those materials actually consisted of document

separator sheets, internal operational documents, and training materials specific to the vendor. There was one box of contractor-generated photocopies of Veterans' documents which were created by the vendor in an effort to meet VA's required image quality requirements. As the contract did not instruct CACI on specific storage requirements of internal business practices, VA was limited in its response to the improper storage of materials, including the one box of copies of claims materials. However, VA took several immediate actions:

1. Audited the stored material to ensure it did not contain VA source materials.
2. Directed the vendor to reorganize their storage space and properly dispose of contractor materials no longer used. For reference, the referenced area was cleaned and reorganized by 6am on January 22, 2015 (while the OIG was still onsite at CACI).

3. Followed-up to ensure CACI completed handling of those documents. As those documents were CACI materials, CACI entered into a contract with a local company to dispose of the documents identified by the IG, as well as any photocopies of documents created as part of ongoing operations. CACI has since provided certificates of disposition to demonstrate the documents were disposed of properly. (Certificates are dated 7/13/2015 and 7/20/2015).

4. Increased the frequency of VA's scheduled and unscheduled site audits.
5. Logged the contractor's performance in the monthly Performance Based Service Assessment (PBSA).

VA's contract with the scanning vendor required a five day turn around for a specific volume of material. During the timeframe identified by the OIG report, VA sent the Newnan, Georgia facility a much greater volume of material than covered under the contract. Much of the volume consisted of inactive records

(i.e. files without active claims) which were shipped and subsequently scanned to reduce overcrowding at various facilities, and to allow VA to respond more rapidly when a Veteran files a claim. The vendor's actual scan time during the period was 2.97 days for mail and 13.66 days for active claims, while some boxes were there for much longer, those boxes were of inactive records. Since VA had shipped a greater quantity than covered in the contract, VA and the contractor worked together to ensure active claims were scanned first without sacrificing accuracy.

VA welcomes an ongoing dialog concerning this mission-essential program, to include onsite reviews of any scanning or storage site affiliated with this program.

Question 2. VA call centers have made news in the past for an extremely high call "block rate" (the number of calls that are not connected) with over 50 percent of veterans unable to get through to a representative.

a. With regard to call centers, how are you measuring customer satisfaction?

Response. VA operates Call Centers that provide a variety of services (e.g., pharmacy, claims, memorials) to Veterans. Call center performance metric goals are established and measured for each of the enterprise call centers. J.D. Power, an industry leader in customer market research, is one of the providers VA uses to provide an independent and comprehensive understanding of customer satisfaction at these centers.

Additionally, an enterprise initiative, being run by the Veteran Experience Office, is underway to standardize the customer satisfaction method of collection, measurement, and goals based on industry best practices in order to provide an aggregate view of the Veteran experience. The VA is currently focusing this standardization on understanding how Veterans feel about the following:

- How effective was the service provided? Did you get the correct, complete answer?
- How easy was to reach VA?
- How much effort did you personally need to expend to resolve your inquiry?
- Do you trust VA to address your problems?

b. How are you improving your call centers to ensure all veterans are able to have their calls answered in a timely manner?

Response. VA is currently undertaking an initiative, titled "Breakthrough Initiative for Call Centers," that is reviewing all aspects of all call centers' performance to ensure calls are answered in a timely manner. Where improvements are needed, the team is onboarding additional staff, improving self-service options for Veterans (e.g., website, mobile applications, automated telephone service), enabling Veterans to utilize non-phone communication channels (e.g., chat, text, etc.), providing additional training, and enhancing existing tools (e.g., Knowledgebase, Customer Relationship Management). Additional targeted initiatives are being undertaken at the tactical level to ensure calls are answered, including utilizing continuous feedback loops whereby call center representatives and Veterans provide direct feedback to the call center management that can be acted upon immediately. The call centers

recognize that Veterans contact VA for a variety of reasons (e.g., health, benefits, memorials), and, where possible, are tailoring the services provided to best meet the Veterans' needs.

c. What security and fraud protection measures do you have in place for Veterans personal information?

Response. VA requires all Government and Contractor personnel to undergo annual training on the proper use, and protection of personally identifiable information (PII). VA requires that PII be protected at all times by all personnel, and only accessed when personnel have a need to know information about a specific Veteran. Moreover, call centers have specialized procedures for validating, and verifying a caller's identity prior to providing information regarding a Veteran. Typically, these procedures restrict disclosure of PII to the record holder (e.g., the Veteran, Beneficiary) or those specifically authorized by the record holder in accordance with the Privacy Act of 1974 and other legal statutes. Moreover, VA has a Privacy Office in place that develops privacy protection policies, and follows up on any suspected Privacy incidents to determine if PII was released, address spillage (if the release was verified), and implement lessons learned. VA Office of Information Security (OIS) under the Office of Information and Technology (OIT) oversees the security posture of all VA systems.

d. To what extent are you using commercial best practices to ensure better response?

Response. Call Center teams are leveraging best practices for all aspects of the call center operations and improvement initiatives. For example, VA is working to incorporate International Customer Management Institute (ICMI), and Utilization Review Accreditation Commission best practices which govern speed, timeliness, and accuracy of response. We leverage best practices to improve our knowledge management solution that provides employees the ability to respond to Veterans with the right answer, or route them to the right location the first time. Recently, on April 28, 2015, the Health Resource Center was awarded a 2-year ICMI site certification. They continuously invest in their most important resource—their employees, which is evidenced by the incorporation of Lean Six Sigma White Belt training into their New Employee Orientation program, in addition to their existing comprehensive recruitment and training program.

e. How do you benchmark commercial best practices?

Response. VA collects and reviews best practices by meeting with representatives from the New York City and Philadelphia 311 systems to understand how they transformed their contact center systems. We have also hired personnel, such as our Enterprise Contact Center lead, who have experience with best practice call center organizations such as United Services Automobile Association. We also have partnered with organizations that have either collected from, or worked with, best practice commercial organizations such as Zappos, and Lands' End, as well as government agencies such as Centers for Medicare and Medicaid Services, Consumer Financial Protection Bureau, and Centers for Disease Control and Prevention. Both our government and contractor personnel have also attended conferences on call centers such as the ICMI to gather best practices as well.

Question 3. In your testimony, one of the “breakthrough outcomes for 2016” for the Office of Information and Technology (OI&T) is that 50 percent of projects be on time and on budget. VA has a less than stellar track record when it comes to the implementation of IT projects.

a. What is the percentage of IT projects are completed on time and on budget now?

Response. The Veteran-Focused Integration Process (VIP) replaces the Project Management Accountability System (PMAS) for enterprise IT management of products and services, which VA has used since 2009, to oversee its information technology (IT) project delivery. The move from PMAS to VIP takes a generational leap forward in VA's commitment to serve our Nation's Veterans. Using PMAS criteria (which measures work product delivery), VA currently has a 78 percent on-time rate for delivering increments of work within IT projects.

However, the evolution to VIP greatly expands the scope and span of what VA will be measuring, while reducing the paperwork requirements by 88 percent. Under VIP, VA is reorganizing a portfolio management construct focused on measuring end product delivery rather than increments of work. The near-term (6–18 months) goal for VIP is targeting 50 percent on-time and on-budget delivery, higher than the industry standard of 45 percent.

b. You state in your testimony that 95% of the current content and features will be redesigned and migrated to vets.gov. How long and at what cost will this migration take before vets.gov is fully functional?

Response. The current plan is to have 100 percent of the current Veteran-focused content and access to services redesigned and migrated to www.vets.gov by December 2016. We expect www.vets.gov to continue to evolve and develop beyond December 2016, as we respond to Veteran feedback, develop new online capabilities, and continue work on backend system migrations and technical platform enhancements. This effort is fully funded.

Question 4. As we discuss modernization of the Department of Veterans Affairs, I'd like to specifically discuss a recent GAO report regarding Total Disability Individual Unemployability (TDIU) benefits. According to GAO, this disability supplement program increased 30 percent over a 5-year period with annual outlays of over \$11 billion. GAO concluded that VA procedures do not ensure that Individual Unemployability benefit decisions are well-supported, and given the amount of growth and size of this program, that is concerning. To quote GAO:

“VA does not use available third-party earning data to verify veterans’ self-attested employment history and income information. Without such verification, VA cannot adequately ensure that the eligibility standards are being met, which places these benefits at risk of being awarded to ineligible veterans. . . Having a strong framework for program integrity is important for any Federal program, and in light of the multi-billion dollar—and growing—TDIU benefit, taking steps to ensure payments are properly awarded to veterans is essential.”

a. What progress has the VA made specifically regarding GAO’s recommendation that VA verify veterans’ self-reported income through the use of available third-party data sources to independently verify income and improve integrity in this program?

Response. To verify Total Disability Based on Individual Unemployability (TDIU) claimants’ reported employment history and income information, VA has expanded its data sharing agreement with the Social Security Administration (SSA). The expanded agreement allows VA to obtain Federal tax information from SSA in order to compare claimants’ reported income with their tax information, including employment wages.

To leverage this expanded data agreement, VA is developing an upfront income verification process. Under its new process, VA will verify with SSA claimants’ reported income at the time they file a TDIU claim. The new verification process is expected to take approximately 10 to 16 days. User Accepted Testing (UAT) of the new process is scheduled to be completed by April 30, 2016. VA anticipates conducting national training of Veterans Benefits Administration (VBA) personnel on the new process by June 2016, with a targeted implementation date of June 30, 2016.

In addition, VA is developing technical requirements to verify income for Veterans who are currently receiving TDIU benefits. Scheduled UAT of the data match, processes, and validations is scheduled to be completed by April 1, 2016, with national training of VBA personnel expected by September 2016. Wage income verification for TDIU recipients will resume on an annual basis in fiscal year (FY) 2017, and continue thereafter.

b. Has VA done any analysis regarding the estimated level of improper payments associated with this program?

Response. VA has not identified TDIU payments as a root cause of improper payments in its testing and program reviews under the Improper Payment Information Act of 2002, as amended by Improper Payments Elimination and Recovery Act and Improper Payments Elimination and Recovery Improvement Act. As a result, there are no calculations available relating to TDIU payments constituting improper payments. With resumption of wage income verification for TDIU recipients in FY 2017, VA will collect and analyze data on improper payments associated with TDIU.

Question 5. In 2015, the VA’s Office of Inspector General completed two reports about VA’s Fiduciary program, raising concerns with the potential misuse of beneficiary funds and the waiting lists and the caseloads of field examiners. In addition, the Committee has heard anecdotal evidence that VA’s current policies have led to a trimming-back of the caseloads of larger, private fiduciaries who serve veterans. Although VA did not identify the Fiduciary program as a top 12 priority, it is an area that deserves scrutiny.

a. Could you please explain VA’s current position on whether it intends to reduce the cases that it allows private fiduciaries (such as those that might serve more than 200 veterans) to manage?

Response. Under current VA regulations, the number of beneficiaries for whom an individual may serve as a fiduciary is limited to the number that the fiduciary

may reasonably be expected to properly serve. 38 Code of Federal Regulations, Section 13.69. It is the fiduciary hub manager who exercises his or her discretion when appointing fiduciaries to serve in the best interest of beneficiaries. If the fiduciary hub manager determines the number of beneficiaries served by a fiduciary could negatively impact the welfare of beneficiaries in the fiduciary program, no additional information is considered.

In VA's proposed rewrite of its fiduciary regulations, this issue is addressed in Section 13.100(d). VA did not propose to prescribe a specific limit on the number of beneficiaries a single fiduciary may serve. Rather, each hub manager would have discretion to determine whether it is in a beneficiary's interest to appoint a particular fiduciary after carefully considering any potential degradation of service to any other beneficiary in the fiduciary program.

b. Has VA considered allowing certain highly-rated, private providers to serve greater numbers of veterans—for example, being a “consolidated” provider for an entire Hub?

Response. While VA does not prescribe a specific limit on the number of beneficiaries a single fiduciary may serve, the hub manager must consider whether the fiduciary has the capacity to manage additional appointments without degrading the service that the fiduciary provides to any other beneficiary. In addition to services potentially degraded due to exceeding a fiduciary's capacity, service to other beneficiaries could be disrupted if a fiduciary with a large number of beneficiaries suddenly decides that it wants to get out of the business of providing fiduciary services. Such a decision could interrupt VA's delivery of benefits to affected beneficiaries if VA is unable to timely appoint a large number of successor fiduciaries.

c. Could you briefly identify the top five changes or initiatives that VA is pursuing to modernize its Fiduciary program?

Response. VA continues to work hard to develop and implement fiduciary program improvements to enhance service delivery and protect our beneficiaries. Please find enclosed the *Fiduciary Program Modernization Plan* for FY 2016 (Attachment One), which details our focus on improving and enhancing oversight of beneficiaries to ensure their well-being, and overseeing the activities of the fiduciaries who manage their benefits. Our modernization efforts include the following five priority initiatives:

- Clarifying and strengthening policies and procedures:
 - Publishing the final fiduciary regulations.
 - Rewriting the Fiduciary Program Manual.
- Modernizing information technology systems:
 - Deploying Beneficiary Fiduciary Field System (BFFS) 3.0 with an enhanced business intelligence platform and comprehensive real-time data analytics.
 - Replacing the current telephone system to improve call routing and reporting capabilities and allow for the recording of telephone calls for quality monitoring.
- Strengthening oversight of operations:
 - Expanding the fiduciary quality assurance program to include the tasks associated with investigating fiduciary misuse of beneficiary funds.
 - Conducting Targeted Program Reviews to identify best practices and the need for national areas of improvement, to include IT enhancements, training, operations, and policy and procedures.
- Training fiduciary program personnel:
 - Providing training on implementing policy and procedure changes in the new fiduciary regulations and revised Fiduciary Program Manual.
 - Developing a BFFS user-guide and providing training on the BFFS 3.0 enhancements.
- Improving VA communication with beneficiaries and fiduciaries:
 - Publishing beneficiary training videos to prepare for the personal visit with a field examiner.
 - Improving the language and increasing the frequency of accounting letters to notify fiduciaries of the importance of submitting timely and correct accountings.
 - Developing training videos targeted to fiduciaries required to provide an accounting.



Fiduciary Program Modernization Plan

Pension and Fiduciary Service
Fiscal Year 2016

Fiduciary Program Modernization Plan



The fiduciary program protects the Department of Veterans Affairs' (VA) most vulnerable beneficiaries, who because of disease, injury, or advanced age, are unable to manage their VA benefits.

Fiduciary Program Modernization

In 2014, VA protected more than 172,800 Veterans and survivors, who were in receipt of VA benefits, which is a 41 percent increase in the number of beneficiaries in the program from 2011. Approximately 138,900 VA-appointed fiduciaries provided services to these beneficiaries who received annual VA benefit payments of almost \$2.9 billion. The number of beneficiaries in the program will continue to grow as VA decides more benefit claims and the beneficiary population ages.

The Veterans Benefits Administration (VBA) has been working hard to implement fiduciary program improvements to enhance service delivery and protection of beneficiaries. These efforts include implementing operational efficiencies, clarifying and strengthening policies and procedures, modernizing information technology systems, and providing training to fiduciary program staff and fiduciaries. The following initiatives reflect VBA's priorities and its focus on improving and enhancing oversight of beneficiaries to ensure their well-being, and overseeing the activities of the fiduciaries who manage their benefits.

Organizational Changes	
Completed	
FY 2011	Reorganized to create its Pension and Fiduciary (P&F) Service. P&F Service focuses on the unique needs of these beneficiaries and on strengthening oversight of VA-appointed fiduciaries. This reorganization has allowed VA to increase the staff responsible for fiduciary program policies and procedures, quality, training, and site visits.
March 2012	Consolidated the management of its fiduciary activities at six fiduciary hubs nationwide. VA moved all fiduciary workload from individual VA Regional Offices (ROs) to fiduciary hubs to improve controls and consistency in processing the work. Under this hub concept, fiduciary hub managers deploy their field examination resources according to the location of beneficiaries within the hub and without regard to state borders or VA regional office jurisdiction, while centralizing all other fiduciary functions at the hub site.
FY 2012	Established phone units in the hubs to respond to direct inquiries from beneficiaries and fiduciaries and ensure consistent service delivery. The fiduciary hubs have a toll-free number dedicated to answering fiduciary program inquiries.

Fiduciary Program Modernization Plan



August 2014	Established claims processing teams in the fiduciary hubs to produce beneficiaries' final ratings of incompetency, initiate monthly benefit payments to fiduciaries, and release retroactive awards to fiduciaries.
Strengthening Oversight through Policy and Procedures	
Completed	
FY 2012	Awarded a National contract to perform criminal background checks of proposed fiduciaries. This practice will be expanded to include periodic checks of existing fiduciaries upon finalization of the proposed regulations.
December 2011	Implemented policy and procedural guidance which allowed beneficiaries and persons designated as having legal authority of beneficiaries to appeal VA's selection of a fiduciary. The guidance also required VA to furnish beneficiaries with the name and contact information of the fiduciary appointed and information regarding fund usage.
March 2012	Issued policy which required VA to notify a fiduciary who prepares an annual accounting to provide a copy of the VA-approved accounting to the beneficiary.
March 2012	Issued policy which limits fiduciaries' fees to only allow a percentage of monthly VA benefits.
April 2013	Affirmed the role and responsibilities of VA-appointed fiduciaries with guidance that specifically addresses the authority of a fiduciary to act in the beneficiary's best interest.
August 2013	Issued standard operating procedures for P&F Service negligence determinations. If VA is negligent in the appointment or oversight of a fiduciary, and the negligence results in misuse of benefits, VA has authority to reissue benefits to the beneficiary.
November 2013	Implemented formal procedures for creating a debt against a fiduciary who misused VA benefits, initiating debt collection activities, and referring debts to the U.S. Department of the Treasury for offset against other Federal payments, including Federal tax returns. Through formal guidance and field staff training, VBA is aggressively pursuing recoupment of VA benefits in all cases of misuse and has significantly increased the number and amount of debts established as the result of fiduciary misuse.
January 2014	Published proposed fiduciary regulations to prescribe new rules for all aspects of the program's administration.
October 2014	Issued policies and procedures to expand the use of streamlined oversight for certain less vulnerable beneficiaries. These policies and procedures provide for more frequent oversight through telephone calls or correspondence for beneficiaries whose well-being is monitored by a spouse, another agency, or a licensed facility.

Fiduciary Program Modernization Plan



FY 2016 Budget Request	Submitted a legislative proposal during the 2016 budget process that would authorize VA to automatically reissue misused benefits in all cases of fiduciary misuse. Under 38 U.S.C. § 6107, VA must reissue benefits to victims of fiduciary misuse when the fiduciary is not an individual, or when the fiduciary is an individual who manages benefits for 10 or more beneficiaries. In all other cases of fiduciary misuse, VA's authority to reissue benefits is limited to cases in which VA was negligent in its appointment or oversight of the fiduciary. Absent negligence in these cases, the Government's ability to make the beneficiary whole is limited to recoupment from the fiduciary, court-ordered restitution in a criminal or civil action, or recovery under a surety bond that the fiduciary purchased.
FY 2016 Budget Request	Submitted a legislative proposal during the 2016 budget process that would authorize an exemption to the Right to Financial Privacy Act (12 U.S.C. § 3401), so that VA will have enhanced access to financial accounts held by all fiduciaries of VA beneficiaries. It provides fiduciary staff with an efficient tool to verify account balances, as well as detect common misuses including pooled accounts, ATM withdrawals, payments for unauthorized expenditures, and checks written to inappropriate payees. This proposal will allow VA to monitor fiduciary activities more effectively, provide VA with the ability to investigate quickly when there are signs of possible misuse, and serve as a deterrent to misuse.
On going	Revised the form that fiduciaries execute at the time of appointment to clarify their responsibilities. Revisions of all other fiduciary program forms are either under review or in the concurrence process.
Future	
FY 2016 Q1	Develop procedures and systems functionality to initiate a review for potential misuse when an accounting becomes seriously delinquent.
FY 2016 Q1	Improve the language and increase the frequency of accounting letters to notify fiduciaries of the importance of submitting timely and correct accountings.
FY 2016 Q1	Propose guidance to require the reissuance of benefits, when possible, to beneficiaries who are the victims of misuse without regard to any ongoing investigation by the Office of the Inspector General.
FY 2016 Q2	Publish final fiduciary regulations to prescribe new rules for all aspects of the program's administration. Draft final regulations are under review.
FY 2016 Q2	Issue a complete rewrite of the Fiduciary Program Manual, which will contain the procedures necessary to implement VA's new fiduciary regulations.

Fiduciary Program Modernization Plan



FY 2016 Q2	Develop and provide training to all fiduciary field personnel concerning final fiduciary regulations, Fiduciary Program Manual, BFFS user-guide and BFFS 2.0 enhancements.
Strengthening Oversight through Technology	
Completed	
October 2012	Implemented mandatory use of a standardized template to accurately and consistently collect information obtained during field examinations.
May 2014	Deployed a new information technology system, the Beneficiary Fiduciary Field System (BFFS), to enhance service to beneficiaries and improve workload management. BFFS provides: <ul style="list-style-type: none"> • Real time reporting capabilities; robust and meaningful data capture to identify trends and conduct analysis; custom workflows designed to automatically and effectively assign fiduciary work; and audit tracking to improve user monitoring and data integrity. • Improved oversight of fiduciaries and more effective safeguards against misuse of benefits through improved fiduciary misuse reporting and monitoring.
July 2014	Added a Daily Fiduciary Workload Report to BFFS to include the number of misuse actions outside the timeliness standard to assist field personnel in prioritizing their misuse cases.
November 2014	Deployed knowledge management (KM), an electronic system, as a single repository for all fiduciary program reference material in an easily searchable format. KM supports agile revision of policies and procedures.
July 2014	Deployed a tool for use by field personnel which assists with the audit of fiduciary accountings and accurately identifies VA funds under management.
May 2015	Updated BFFS to incorporate an agile quality review process at the National and local level. BFFS allows VA Central Office to provide real-time results to fiduciary hubs, which also allows hubs to provide targeted training to improve the quality of services VBA provides to beneficiaries in the fiduciary program.
June 2015	Released BFFS enhancements to ensure the integrity of debt collection and benefit reissuance data and to improve user interface, data collection, and automation functions of the misuse protocol.
Future	
FY 2016 Q1	Develop an on-line accounting assistant to aid fiduciaries in completing their accounting forms.
FY 2016	Develop BFFS 2.0 with an enhanced business intelligence platform and comprehensive real-time data analytics metrics, which allows end-users to drill down to the case management level.

Fiduciary Program Modernization Plan



FY 2016	Develop and publish BFFS 2.0 user guide that integrates and compliments the Fiduciary Program Manual in KM.
FY 2016	Modernize the current telephone system to improve call routing and reporting capabilities and allow for the recording of telephone calls for quality monitoring.
Strengthening Oversight through People	
Completed	
April 2013	Implemented a standardized, national training curriculum for fiduciary personnel, which, among other things, addresses applicable fiduciary program policies and procedures, file documentation, account audits and appropriate follow-ups, surety bonds, fiduciary appointments, and workload management.
April 2013 (Training on going)	Trained 290 field examiners, with less than one year of experience, through deployment of new Centralized Field Examiner Training. This training provides consistent and standardized instruction, including field examination techniques and customer service, as well as the responsibilities of the fiduciary.
August 2013	Published A Guide for VA Fiduciaries , which is a reference booklet for fiduciaries that helps them understand their responsibilities and perform their duties.
FY 2014	Developed a standardized computer-based training module for fiduciaries that is hosted on VA's Internet site. This training educates fiduciaries on beneficiary rights, fiduciary responsibilities, management of funds, and accounting and audit procedures.
March 2014 (Training on going)	Trained 429 field examiners through deployment of a new self-study course for journey-level field examiners. The training includes field examination and customer service techniques, as well as instruction on fiduciary responsibilities.
March 2015	Provided instructor-led training to 279 legal instruments examiners (LIE), which included training on all LIE workflow functions in BFFS and additional training for advanced BFFS users.
May 2015	Provided Centralized Fiduciary Service Representative Training at the Indianapolis Fiduciary Hub to provide instruction on finalizing incompetency ratings and releasing funds to VA fiduciaries.
FY 2015	Deployed a web-based misuse training course designed for the specific roles of fiduciary field personnel. The misuse training is mandatory for all fiduciary staff and provides the knowledge and tools necessary to properly address misuse allegations, conduct investigations, and finalize misuse determinations.
On going	Provided onsite training to field fiduciary program personnel on hub-specific topics, such as misuse procedures, BFFS tools and reports, and error trends discovered during quality reviews or site visits.

Fiduciary Program Modernization Plan



Future	
FY 2016 Q1	Develop training videos targeted to fiduciaries required to provide an accounting. This video will provide step-by-step instructions to complete an accounting form and information on necessary documentation.
Strengthening Oversight of Operations	
Completed	
October 2014	Added a misuse timeliness performance measure to the FY 2015 Director's Performance Dashboard Measures to ensure accountability of misuse action processing timeliness.
December 2014	Revised the site survey protocol to ensure that P&F Service's site visit teams conduct comprehensive inspections of fiduciary hub compliance with program policies and procedures, to include a comprehensive review of the workflow, procedures, and processes for all misuse actions.
June 2014	Emphasized the identification and reporting of misuse allegations to fiduciary field personnel, resulting in an increase in documented allegations. VBA centralized third-party reports of alleged misuse within its National Call Centers.
June 2015	Conducted a work measurement study of all fiduciary work tasks to more accurately define and quantify the time involved in completing fiduciary program work, and to refine assessments of the program's resource requirements.
On going	Completed site visits at three fiduciary hubs and has three site visits scheduled for FY 2016. During a site visit, the team reviews the hub's organizational structure and workload management plans. Prior to the visit and while on-site, the site visit team reviews processing operations and station controls for data integrity, quality and training.
Future	
FY 2016	Develop procedures for expanding the fiduciary quality assurance program to include the tasks associated with investigating fiduciary misuse of beneficiary funds.
2016 Q1	Expand P&F Service's program oversight function, which is currently limited to site visits and the quality assurance program, to include Targeted Program Reviews (TPR). These program reviews will consist of a remote, centralized, and detailed analysis of fiduciary-related topics for the purpose of better informing and assisting the Under Secretary for Benefits, Deputy Under Secretary for Field Operations, and Deputy Under Secretary for Disability Assistance. TPRs will identify best practices and the need for national areas of improvement, to include IT enhancements, training, operations, and policy and procedures.

RESPONSES TO POSTHEARING QUESTIONS SUBMITTED BY HON. RICHARD BLUMENTHAL
TO HON. ROBERT A. McDONALD, SECRETARY, U.S. DEPARTMENT OF VETERANS
AFFAIRS

Question 6. Over the last fiscal year, VHA has been able to increase its health care staff by 4.7 percent. This means the Department has increased its capacity to see veterans within its wait time standard. One of the Department's 2016 goals is to increase access to health care by reducing the amount of time it takes to fill open positions by 30 percent. While this goal is commendable, I fear it is unrealistic considering the fact in mid-September last year VHA had more than 900 vacancies across Human Resource positions—these are the staff who actually post notices for employment opportunities, set up interviews, and process general paperwork related to hiring. How does the Department intend to reduce fill times for open VHA positions when it lacks so many critical human resources (HR) staff?

Response. VHA continually employs an aggressive, multi-faceted approach to attract top quality candidates for human resource positions. As of March 10, 2016, VHA has an estimated 452 vacancies in human resources positions. While filling these HR positions will be critical to the success of reducing hiring timeframes, VHA has also implemented other strategies such as providing the HR community best practices on reducing hiring timeframes such as appropriately utilizing recruitment authorities such as non-competitive hiring under Title 38 and Veteran hiring authorities, improving tracking of recruitment actions, and providing reporting tools which assists HR in identifying barriers within the recruitment process. In addition, VA's HR Academy supports the development of a qualified and effective community of HR professionals through the delivery of training designed to improve HR professional's proficiency and reduce competency gaps.

Question 7. VA's written testimony identifies improving community care as a breakthrough priority for improving VA and highlights the need for legislation in order to implement such a change to care that VA provides through community providers. Improving veterans' access to care is going to require long-term sustainability across the different care options. In FY 2015, VA estimated that care in the community would cost just shy of \$10 billion for FY 2016, which included \$3.3 billion in Veterans Choice Funding. As a part of the rollout of VA's plan for consolidating care in the community, VA estimated that the annual cost of care through the amended Veterans Choice Program in FY 2017 would be about \$6.5 billion with an additional \$7 billion in general community care. That is about \$13.5 billion—not including the changes to urgent/emergency care that have been desperately needed. This figure seems difficult to sustain. In your vision of turning VA into a high-performing organization, how will the business processes you plan to put into place help to better monitor the appropriate care levels to make sure that VA is providing high-quality, appropriate care to veterans without engaging in wasteful spending practices?

Response. The consolidation of community care programs will enable VA to better implement standardized business processes for monitoring and regulating spending on Veterans' health care. This new program will use a single set of eligibility criteria, with standardized and negotiated provider reimbursement rates, allowing VA to conduct necessary oversight to ensure Veterans are receiving timely and high-quality care within the community. VA will be able to integrate a single set of business rules into critical systems, improving VA's ability to identify potential areas of risk and reduce wasteful spending. By establishing a single program, VA will be able to manage oversight through the entire community care process. The future state will leverage robust analytics to improve VA's ability to identify waste, fraud, and abuse. For example, VA will be able to more easily identify duplicative claims and authorizations. By streamlining these programs into one single program, VA will be able to better monitor the care that is being provided, and the funds that are being spent on this care, allowing them to properly plan for the future of care delivery.

Question 8. At present, VA's website is challenging to navigate. Often users have a better chance of locating VA information by using a search engine like Google. In addition, when users find the relevant information, it can be out-of-date, frustrating the veteran and potentially leaving them with a bad first impression or inaccurate information. Given VA's intent to create a single authoritative website to improve user experiences, please provide information on how the interface will be user friendly and what efforts VA will make to ensure the information it provides is accurate.

Response. Veteran research and feedback drives all of our design and development work. The reason we launched such a small portion of www.vets.gov back in November 11, 2015, is so we can make sure we are getting Veteran feedback throughout

our deployment. So our “agile” and “developing in the open” approach is to build a small portion of www.vets.gov, then go talk to Veterans and see what they think. Then our team modifies vets.gov based on that data. That’s the approach we plan to use for everything we do on www.vets.gov. It is the only way to make sure that Veteran needs are the primary driver of our design and features.

We talk to Veterans every week. We use a combination of methods: in-person meetings, remote sessions, group and individual activities. In January, we visited a homeless shelter in Seattle, Washington and talked to a group of Veterans, and we conducted multiple interviews and usability sessions here in the District of Columbia (at city libraries) and remotely. We do these types of activities every week. We have to work with Veterans at every step of deployment, or we won’t be successful. Our email is vavetsgov-feedback@va.gov for any Veteran who would like to give us feedback. Sessions are scheduled at the convenience of the Veteran and take only 30–60 minutes.

Our goals and methods for creating the most user-friendly website in the Federal Government are posted publicly on the www.vets.gov Playbook website (www.vets.gov/playbook). [Vets.gov](http://vets.gov) combines human centered design with agile development to deliver products grounded in customer need and supported through cycles of continuous improvement. This methodology is intended for teams designing new products for vets.gov and for those migrating existing tools and content from VA websites. The framework, while not prescriptive, is a best practice model that aligns human-centered design with the vets.gov development and migration process. The activities of cross-functional teams are detailed out by phase as well as specific VA stakeholder engagement points with the [Vets.gov](http://vets.gov) team. The result will be information and experiences that are understandable and easy to find and complete.

Question 9. VA’s written testimony mentions that a key goal of Secretary McDonald’s plan to transform VA is to change the culture of VA from one of “rules, fear, and reprisals” to a “principles-based culture.” What metrics is the Department using to determine whether VA is meeting this goal?

Response. Crucial to changing the VA culture from one of “rules, fear, and reprisals” to a “principles-based culture,” requires improving the Employee Experience. Considered so important to the VA transformation efforts, it has been identified as one of the VA’s Agency Priority Goals (APG).

Improve VA’s Employee Experience by developing engaged leaders at all levels that inspire and empower all VA employees to deliver a seamless, integrated, and responsive VA customer service experience.

Leader and managerial actions can help boost job satisfaction and ultimately improve business outcomes. Strong leaders are important to creating a positive organizational culture and climate. Employees who are regularly engaged with their leaders are more innovative than others, more likely to want to remain with their employer, absent less often, enjoy greater levels of personal well-being, and perceive their workload to be more sustainable than others. Ultimately, our customer, the Veteran, will enjoy a higher level of satisfaction with VA services as a result of an improved Employee Experience.

VA is committed to creating a work environment which provides all employees with a more consistent, positive Employee Experience, which ultimately improves the Veteran’s experience with our organization. Studies indicate that employees who are satisfied with leadership behaviors provide a higher level of positive responses on employee surveys.

To measure and evaluate progress toward this goal, and to operationalize this APG, VA will use six questions from the Federal Employment Viewpoint Survey (FEVS) to pulse VA employees on a quarterly basis about their experience with VA leaders. The six questions were selected after a thorough review and assessment of what leadership behaviors can drive the biggest improvements in employee engagement and job satisfaction. The responses to the survey questions will help determine to what extent VA programs are impacting leadership excellence and overall Employee Experience.

Success by September 30, 2017, will be measured by an increase of four percentage points or more of positive responses by VA employees (over VA’s FY 2015 baseline) to these six statements:

- 1) My supervisor provides me with constructive suggestions to improve my job performance.
- 2) In my work unit, steps are taken to deal with a poor performer who cannot or will not improve.
- 3) Employees have a feeling of personal empowerment with respect to work processes.

- 4) I feel encouraged to come up with new and better ways of doing things
 5) How satisfied are you with the information you receive from management on what's going on in your organization?
 6) My organization's leaders maintain high standards of honesty and integrity
 Annual targets for the six pulse survey questions are:

Survey Question	FY16 Target	FY17 Target
#1	60.12 percent	62.12 percent
#2	29.47 percent	31.47 percent
#3	41.51 percent	43.51 percent
#4	55.40 percent	57.40 percent
#5	45.05 percent	47.05 percent
#6	45.50 percent	47.50 percent

Transformational leaders engage in relationship-building and relationship maintaining behaviors with their employees. Strong leaders tend to have the ability to motivate employees, establish trust, communicate goals, and generate commitment. Changing an organization's culture may take a decade or longer, especially with a large organization such as VA. This APG, which covers only the 2-year time period 2016–2017, focuses on a strategy that primarily addresses improving leadership practices, and that can bring about measurable changes in a relatively short period of time.

To create an improved Employee Experience, VA shall implement a strategy that will enhance leadership skills in collaboration and communication with employees. One new key initiative, Leaders Developing Leaders (LDL), is VA's vanguard effort to not only train senior leaders, but also to cascade the training to lower-level leaders. LDL, combined with myriad other leadership development programs, should help raise the level of positive responses to the six employee survey questions. VA will conduct quarterly employee surveys to monitor the positive responses to those six APG questions on leadership.

The following are project milestones as of February 25, 2016 and measures for LDL program; the key initiative supporting this APG:

- Milestone: LDL follow-up session conducted for select leaders (approx. 450 attendees).
– Completed: February 29, 2016.
- Milestone: Cascade session and a leaders “100-day” project are completed by LDL participants.
– Target: April 30, 2016.
- Milestone: Strategies developed for broad roll-out of LDL concepts and tools beyond leadership levels to front-line supervisors/employees and for embedding in daily operations.
– Target: April 15, 2016.
- Milestone: Strategy established for an enterprise approach to leadership development.
– Target: September 15, 2016.
- Measure: Number of VA leaders who receive LDL training by 30 September 2016.
– Target: 10,000–12,000 leaders.
- Milestone: LDL concepts and tools provided to supervisors, and embedded in daily operations.
– Target: November 30, 2016.
- Milestone: All VA employees exposed to LDL and understand how to leverage the concepts and tools in their work to serve Veterans.
– Target: December 31, 2016.

The desired outcomes of this program by December 2016 are:

- Improved leadership capabilities of VA leaders.
- Engaged Employees make principle-based decisions that positively impact the Veteran's experience.
- LDL concepts and tools provided to supervisors and embedded in day-to-day operations.
- Employee behavior demonstrates the MyVA priorities (Veterans Experience and Employee Experience) in day-to-day activities.
- LDL's impact is sustained by, and embedded in, an enterprise approach to leadership development.

The strategic objective beyond 2016 is to transform VA from a rules-based to a principles-based organization by developing authentic servant leaders who inspire and empower engaged employees, foster an environment based on trust and accountability, and work collaboratively to provide a superior Veteran experience.

In addition to the metrics above, another way the VA measures the transformation of VA culture from one of “rules, fear, and reprisals” to a “principles-based culture,” is to review metrics related to psychological safety, which looks at an employee’s ability to speak up and address mistakes or errors without fear of harsh treatment by supervisors or peers.

The VA monitors psychological safety using question 17 on FEVS to measure success in this area. The results of the FEVS are publically accessible (<http://www.fedview.opm.gov/>) and offer data comparisons of VA to other Federal agencies.

Q17: Psychological Safety (Fear of Reprisal): I can disclose a suspected violation of any law, rule or regulation without fear of reprisal.

The VA also uses the VA All Employee Survey (AES) to measure the transformation of VA culture from one of “rules, fear, and reprisals.” The AES measures psychological safety within workgroups and between an employee and supervisor through employee responses to the following questions:

WORKGROUP PSYCHOLOGICAL SAFETY

- Psychological Safety (Bring Up Problem): *Members in my work group are able to bring up problems and tough issues.*
- Psychological Safety (Try New Thing): *It is safe to try something new in this work group.*
- Workgroup Communication: *Members of my work group communicate well with each other.*

SUPERVISORY PSYCHOLOGICAL SAFETY

- Psychological Safety (Disagreement): *My supervisor encourages people to speak up when they disagree with a decision.*
- Psychological Safety (Comfort Talking): *I feel comfortable talking to my supervisor about work-related problems even if I’m partially responsible.*

Additionally, moving the VA to a “principles-based culture,” is also assessed through the VA’s ICARE qualities (Integrity, Commitment, Advocacy, Respect, and Excellence), culture of engagement, and servant leadership principles. Enclosure 2, reflecting analysis by the VA’s National Center for Organizational Development, shows a mix of AES and FEVS items that show employee responses related to the ICARE concepts. Enclosure 3 reflects data on the Servant Leadership Index which is a mix of 11 AES items. Analysis of these data groupings reflects the VA’s efforts to transform the VA into a principles-based culture.

Finally, VA has implemented and continues to implement numerous strategies to enhance the VA culture through MyVA Transformation, and specifically its focus on People and Culture. Notably in 2015, VA achieved Office of Special Counsel certification for notifying all VA employees of Whistleblower Protection rights and implementing mandatory Whistleblower Protection training to all VA supervisors, managers, and executives. VA’s Office of Diversity & Inclusion (ODI) is enhancing the Whistleblower content in its mandatory Workplace Harassment Prevention and No FEAR training for all employees, and biennial EEO, Diversity & Inclusion, and Conflict Management training for Managers and Supervisors. ODI continues to expand its training portfolio in areas such as cultural competency, workforce diversity, organizational inclusion, unconscious bias awareness, and psychological safety. It has launched its new World Café initiative which is a series of employee dialogs on race relations and other timely workplace culture issues.

To gauge our progress in these areas, ODI implemented its groundbreaking Diversity and Inclusion Indices, holds quarterly Diversity & Inclusion Council meetings, and collaborates with the VA Office of Human Resources Management to promulgate its new Employee Engagement Playbooks for managers and employees. The Diversity index is a measure of VA’s aggregate workforce diversity in terms of race, ethnicity, and gender, as compared with the corresponding demographic groups in the U.S. Civilian Labor Force (CLF). The Inclusion Index is a measure of organizational inclusion as indicated by favorable employee responses to 20 validated items relating to workplace inclusion on the FEVS. The target benchmark for the Diversity Index is 90 percent and the target goal for the Inclusion Index is 56percent VA’s 2015 Diversity index is currently 87.84 percent (U.S. Civilian Labor Force -based) and its 2015 Inclusion Index is 53 percent.

ODI is partnering with the Veterans Health Administration to roll out its Just Culture and Stop the Line initiatives VA-wide to move the VA culture to one of shared accountability committed to Veteran and employee safety. Additionally, VA stood up its new Office of Accountability Review and Anti-Harassment Office in 2015 to ensure accountability for leadership misconduct and negligence, and for promptly responding to employee allegations of harassment, respectively.

Question 10. VA's written testimony discusses how VA needs additional statutory authority to modernize the disability claims appeals process. Following the hearing, Secretary McDonald issued a statement on VA needing legislation "to put in place a simplified appeals process that enables the Department to resolve the majority" of appeals in a reasonable timeframe for veterans. The Secretary's statement, however, did not specify which statutory changes are necessary to reform the appeals process. What specific authority does VA need to reform the disability claims appeals process?

Response. VA's current appeals process is too complex, lengthy, and contains too many unnecessary and duplicative steps. It is confusing and frustrating for Veterans. The legislative proposals in the President's 2017 Budget supports the development of a simplified appeals process, which would provide most Veterans a final decision on their appeal within one year of filing by FY 2021. We intend that these proposals will be the starting point for the broader conversation about how the Department, Congress, Veterans Service Organizations, and other stakeholders can work together to provide Veterans with the timely appeals process they deserve.

RESPONSES TO POSTHEARING QUESTIONS SUBMITTED BY HON. SHERROD BROWN TO HON. ROBERT A. McDONALD, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS

Question 11. Secretary McDonald, at a critical time for the VA, post-Phoenix, Congress provided the Department with additional flexibility through the Choice Act. Veterans are now able to receive care from non-VHA facilities, but there are still some concerns regarding the process and authorizations for these appointments. What steps has the VA taken to ensure that all employees are properly trained regarding the policies associated with the CHOICE Act, and how can the Department encourage third party providers to approve authorizations more quickly?

Response. The Veterans Health Administration (VHA) is working with the third party administrators in several key areas to expedite the approval of authorizations that leads to improved access to care for our Veterans. A Referral and Authorization Tiger Team performed a review of the current process and has identified enhancement opportunities. VHA continues to utilize the contractual agreement as a means to evaluate compliance and expedite care for Veterans. When third party administrator issues arise, contractual remedies help address these and provide resolution and direction to our business processes.

In addition VHA has created training sessions for the field to include guidance, standard operating procedures and fact sheets related to sending accurate clinical documentation to the third party administrators. VHA communicates changes in processes and regulations through a bimonthly Choice Champion call, this allows for relay of information related to new processes, regulations, and updates to be discussed in an open forum. VHA has assigned subject matter experts to each Veterans Integrated Service Network (VISN) to address their individual concerns and training in each subject matter expert meets biweekly with their VISN points of contacts to discuss and develop forward thinking plans for training needs, based on the current known barriers.

Question 12. Finally, you mention that Department needs additional legislation to move forward on several of your "Breakthrough goals for 2016" including, the ability to see a community provider within 30 days, non-department claims processing, and reducing claims backlog, referral and authorization time. What legislative help do you need from the Committee to make this happen?

Response. VA submitted to Congress on October 30, 2015 its "Plan to Consolidate Programs of Department of Veterans Affairs to Improve Access to Care," as required by Title IV of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (P.L. 114-41) (the Plan). The Plan included a detailed thorough treatment of policies for Congress to consider to transform VA Community Care, with a relatively detailed description of legislation necessary to carry out those ideas. VA would also refer the Committee to the discussion on Community Care in Volume II of its FY 2017 Budget Submission, beginning at page VHA-165.

VA is eager to continue its active engagement with the Committee through informal discussions on the Plan and associated legislation. A formal VA legislative proposal is under review and forthcoming.

Question 13. I have heard from one veteran who says that he's had a pending claim appeal for over three years. Last year, the VA told him the appeal would be settled no later than May 2015, two years from the original application. After working with a VSO representative to track his case, he discovered that his settlement day was again delayed.

The VA told him that his case may not be settled until May of this year. The reason he was given was a backlog in cases. In your testimony you say that additional legislation is needed to simplify the appeals process to resolve appeals within one year of filing.

a. What would this legislation entail and what other steps are you taking to address the backlog crisis?

Response. VA's present legal appeals framework is complicated and ineffective, and is confusing for Veterans who wait much too long for a final resolution of their appeal. The average processing time for all appeals resolved in FY 2015 was three years. For those appeals reaching the Board of Veterans' Appeals, Veterans wait on average at least five years for a decision, with thousands of Veterans waiting much longer. The current statutory appeal process is failing Veterans. Over the years, laws have changed to add layers of process, perceived as being necessary to protect the interests of Veterans; however, those perceived protections have crippled the system and are no longer serving Veterans well. Many find it confusing and are frustrated by the endless process and the length of time it can take to get an answer.

We are applying lessons learned from the transformative changes that allowed us to reduce the disability claims backlog. Like our work with the claims processing, the appeals process will need changes in people, process and technology. Upgraded technology will make changes to our mail system and paper records, and incorporate some efficiency in the way appeals are managed and processed. Retraining and increased staff will be necessary. But these measures will not be enough. Fundamental legislative reform is essential to ensure that Veterans have a timely, fair, and quality appeals process. To this end, the President's 2017 Budget proposes a simplified appeals initiative—legislation and resources—to provide most Veterans a final decision on their appeal within one year of filing by FY 2021. We intend that the legislative proposals in the Budget will be the starting point for the broader conversation about how the Department, Congress, Veterans Service Organizations (VSO), and other stakeholders can work together to provide Veterans with the timely appeals process they deserve.

b. Would H.R. 800, the Express Appeals Act, accomplish these goals?

Response. For more than 2 years, VA has worked with VSOs in their efforts to develop the pilot that has become known as the Fully Developed Appeals pilot program. VA has supported the FDA pilot in the past, but at this point, we believe the growing appeals challenge requires much more widespread reform that will address all future appeals, not just the voluntary participants that may elect the FDA pilot.

This proposal will not reduce the pending appeals inventory and will not significantly address the future appeals inventory. As a pilot for voluntary participants, we believe it does too little to streamline the VA appeals process for all veterans, or to provide an improved experience for all Veterans. The current VA appeals process is lengthy, complex, confusing, and frustrating for Veterans. All Veterans, not just those who elect to participate in an optional FDA pilot program, deserve an efficient, transparent, and streamlined appeals experience. The FDA pilot program in its current form is not enough to change the current broken VA appeals system. True comprehensive legislative reform that is as ambitious as that presented in the President's 2017 Budget is required.

Question 14. Too many veterans don't believe that they have had a voice to present concerns back to the VA. And that is why I applaud your Community Veterans Engagement Boards initiative. Hearing from Veterans should be a mandatory part of any VA Secretary's job (and it should be part of our job, too). Do you receive feedback from these meetings, and if so is it used to inform any changes made to the MyVA initiative?

Response. Receiving input and feedback from Veterans, Servicemembers and their families is one of the key functions of a MyVA Community. What's different about the MyVA Communities initiative is that our leaders on the ground are taking immediate, local actions to improve Veterans' experiences based on the feedback they receive. We do not wait for the information to funnel up to headquarters before something can be done about it. The MyVA Communities model is about improving Veterans' experiences and outcomes. It is about getting the people who can make a difference at the same table and empowering them to make a difference. VA has heard anecdotes about Veterans who benefited from the local collaboration in these

communities to overcome complex issues which could not be resolved by one organization alone. VA expects as the initiative matures to hear more and more about the positive impact of these boards.

While the Veteran feedback obtained through community Veterans engagement boards is acted on swiftly by local leaders, we also are in the process of developing a mechanism for these boards to elevate important systemic or national issues to the Veterans Experience Office for enterprise level action. We also recognize the need for a mechanism to share best practices between communities so that they can learn from one another, so we are looking into the best way to support this type of information sharing.

Question 15. I wanted to specifically ask you about the ways that the Department will measure its commitment to veterans. On page nine of your testimony, you say you'd like to strengthen trust in VA's ability to "fulfill our country's commitment to veterans," from 47 percent to 70 percent. Can you breakdown the metrics that the department is using to measure whether veterans believe that goal will be met?

Response. Trust in VA is built one interaction at a time based on experiences that are effective, easy and engaging, reflective of a valued, personal relationship with our Veterans. To measure VA's progress in strengthening Veterans trust, the Veterans Experience Office developed and tested four new survey questions to ask every Veteran, for every line of business, and across every channel of interaction. Veterans will be asked their level of agreement (Likert scale) with four statements, one assessing overall trust in VA, and three capturing specific aspects of their experience with VA. The four statements are "I trust VA to fulfill our country's commitment with Veterans," "I got the service I needed," "It was easy to get the service I needed," and "I felt like a valued customer." VA began adding these four questions to new and existing customer experience surveys; Veterans responses to these questions will be used to establish a baseline by quarter 3 of FY 2016 and measure VA's progress toward achieving its goal of strengthening trust in VA.

Question 16. Historically the VA has not received the funding or support that it needs to properly prepare for the growing and aging veteran population. You have laid out a detailed and comprehensive plan to reestablish confidence in the VA. There is only one more year in this Administration. Can you walk us through the timeline that you are using to ensure that these goals are met by the end of the year?

Response. The Secretary selected the twelve breakthrough initiatives from an initial set of 28 candidate initiatives. These breakthrough initiatives represent the 12 most impactful of the 28; combining benefits to Veterans, Employees, and Tax payers while rating highest for feasibility achieving results in calendar year (CY) 2016 that contribute to sustained transformational momentum in CY 2018.

The twelve initiative outcomes are achieved through separate, but coordinated, timelines of events each managed via individual bi-weekly executive forums (i.e., for each initiative a bi-weekly oversight meeting is chaired by either the Secretary or Deputy Secretary).

The twelve timelines generally follow the sequence below:

1. Establishment of a weekly senior leader coordination forum comprised of the Secretary, Deputy Secretary, Under Secretaries and Assistant Secretaries (established FY 2015).

2. Establishment of bi-weekly executive forums for each breakthrough initiative (Quarter 1, FY 2016).

3. Assignment of the accountable executive leader (Quarter 1, FY 2016). Assigned by the Secretary and answerable for the accomplishment of the assigned initiative. Required tasks include:

- Verifies/approves the final wording of the initiative(s).
- Confirms identify of the Responsible, Accountable, Consulted and Informed leader (RACI) information with particular attention to the consulted (dependency) assignments.
- Completes the definitions for the department-level metric (description, baseline, current, 2016 goal, strategic goal) for the assigned initiative.
- Provides status, assessments and recommendations for resources, dependencies, execution, overall and projection.
- Provides information on milestones, resources, dependencies, and status by completing the management dashboard.

4. Definition of effective metric(s) to assess attainment of objective (Quarter 1, FY 2016).

5. Establishment of performance indicators (Quarter 2, FY 2016).

6. Reallocation of required FY 2016 resources (Quarter 2, FY 2016).

7. Coordination for support from internal and external organizations (e.g., administrations, staff offices within the Department, Office of Personnel Management) (Quarter 2, FY 2016)).

A P P E N D I X

PREPARED STATEMENT OF AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

Chairman Isakson, Ranking Member Blumenthal, Members of the Committee, Thank you for the opportunity to present the views of the American Federation of Government Employees, AFL-CIO and its National Veterans Affairs Council (AFGE) regarding VA Transformation. AFGE represents over 670,000 non-management Federal employees. Over forty percent of AFGE members are veterans working in the VA, Department of Defense, Department of Homeland Security and other agencies. AFGE represents more than 220,000 VA employees working in the Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), and National Cemetery Administration (NCA).

AFGE and its National VA Council (AFGE) believe that the *MyVA* Transformation initiative has a great deal of potential to make needed improvements to the VA. AFGE was a true partner with VA leadership during the highly successful transformation carried out by Undersecretaries Kizer, Garthwaite and Murphy. In contrast, our role in the current transformation process is more superficial and uneven for a number of reasons. As a result of less meaningful employee engagement, the current Transformation effort's likelihood of success is more limited.

For example, AFGE represents more than 220,000 VA employees working in every VA occupation but has only assigned one seat on *MyVA*. The other unions participating in *MyVA* each have one seat even though they represent only a small percentage of the workforce in far fewer occupations. At the same time, twenty or more management representatives typically participate in these work groups. The number of consultants who are completely outside the VA workforce also far exceeds the number of employee representatives. AFGE has requested that the VA allot employee representative slots on *MyVA* that are proportionate to the number of employees represented by each union; that request is still outstanding.

AFGE is also frustrated by the VA's recent decision to eliminate the Robert W. Carey Performance Excellence Awards Program that recognized high performing organizations within the Department. In the past, AFGE served as a full partner in this valuable program that based its awards on Baldrige Criteria for Performance Excellence. AFGE helped evaluate nominees, made site visits and trained examiners through the National Quality Council.

To ensure more meaningful labor-management collaboration on VA quality improvement initiatives, we urge the Department to build in more incentives and recognition for labor participants in its current performance improvement projects associated with leadership development programs.

One would think that of all the VA transformation activities, the unions would have the most active roles in initiatives around employee engagement and improving the employee experience. Unfortunately, that is often not the case. For example, we recently learned inadvertently about a management-only workgroup on physician engagement and its focus on two issues that AFGE has raised with the Administration and Congress on numerous occasions: excessive computer view alerts and an inflexible leave policy. It appears that this workgroup never contacted AFGE to get the input of non-management front-line physicians even though our union represents physicians at most medical centers around the country.

A recent survey of local union presidents by the National Partnership Council confirms that true employee engagement is still lacking. The vast majority of respondents indicated that they are not involved in *MyVA*, *ICare* or other purported employee engagement initiatives at any level. As one AFGE local president noted, even when management at the facility level does hold town hall meetings or other efforts to solicit employee input, they often do so in a "robotic" manner as if they are merely going through the motions. For example, employees can rarely attend town hall

meetings because facilities are so short staffed. Management should work with the unions to identify ways to make these town hall meetings more accessible to employees who want to attend.

Our members also feel that their suggestions for reducing bureaucracy are not adequately considered. For example, a local AFGE president was recently told by her director that the new “consult clinics” that seemed to add an unnecessary administrative layer to the appointment process were going to be dissolved. Once that director left, the AFGE local president received no other updates.

Our local leaders expressed similar concerns about unnecessary management layers created by the “New Matrix Redesign” and Primary Care Clinical Practice Management Groups. At the same time, the primary care “PACT” teams continue to be chronically understaffed with long term vacancies for front-line, non-management provider and nurse slots. There is also widespread frustration with VHA’s long-standing practice of mandating new positions without additional funding.

On the VBA appeals front, AFGE recently conducted a membership survey and received responses from Decision Review Officers (DRO) on the progress of the Veterans Benefits Management System (VBMS) and the need for additional improvements. We ask that Congress and VBA in its *MyVA* plan create an effective feedback protocol for employees and the union to provide regular recommendations on improving VBMS. Several DROs claimed that VBMS has helped productivity with initial disability claims but the system still presents glaring issues for more complex appeals cases. AFGE members’ suggestions for VBMS included:

- *Alerts*: Many members requested meaningful alerts in VBMS to notify the user of pending appeals or that another user working the claims.
- *System Delays and Capability*: Members requested additional emphasis and assistance in VBMS for appeals which are often far more complex. System delay and equipment issues particular hurt DROs.
- *Document Viewing*: Increase the ability to view multiple documents at once for appeals.

Thank you for the opportunity to share AFGE’s views on VA Transformation Strategies.

PREPARED STATEMENT OF DIANE M. ZUMATTO, NATIONAL LEGISLATIVE DIRECTOR,
AMVETS

Distinguished members of the Senate Veterans’ Affairs Committee, On behalf of the 23 million American Veterans in this country, AMVETS, a leader since 1944 in preserving the freedoms secured by America’s Armed Forces and providing support for Veterans, Active Duty military, the National Guard/Reserves, their families and survivors, it is my pleasure, to offer this ‘Statement for the Record’ concerning VA’s Transformation Strategy.

According to a June 2015 VA Patient Access Progress Update, the VA increased the number of appointment by 2.7 million over the previous year’s same time-frame, for a total of more than 51 million completed appointment between 1 June 2014 and 30 April 2015. During this same time-frame, the VA’s Electronic Wait List saw an encouraging 45% reduction, going from a high of over 56,000 appointments down to 30,520.

The VA also saw a nearly 12% increase in the usage of its Telehealth services, serving more than 717,000 veterans and 2 million telehealth visits. Not surprisingly, roughly 45% of those utilizing telehealth services were rural veterans.

VA also authorized over 2.8 million Veterans, a 45% increase from the previous year, to receive care in the private sector between June 1, 2014 and May 15, 2015.

With this kind of encouraging data coming out of the VA, no one can doubt their good intentions in continuing to transform the current VA into a new and improved VA. AMVETS is encouraged and optimistic, that given time, the VA will achieve its goals.

Let me briefly touch on the 5 areas of focus of the *MyVA* plan:

1. Improving the Veteran experience
2. Improving the employee experience, and achieving “people excellence” so they can better serve Veterans
3. Improving our internal support services
4. Establishing a culture of continuous improvement
5. Enhancing strategic partnerships

The list above clearly shows that the VA is not only fully aware of its shortcomings, but is equally invested in improving the current system. AMVETS appre-

ciates the time, effort and the of multiple data sources that went into the development of this fresh and aggressive plan to improve the VA.

I'd like to break the VA's focus areas into two groups: a. Improving the Veteran Experience; and b. Improving the Employee Experience, because we believe the other three areas can be fairly treated under these two broader headings.

a. Improving the Veteran Experience:

AMVETS feels that this is the most critical facet of the VA's improvement plan, since the whole VA system was created specifically to care for and meet the needs of veterans. If veterans are not having positive and beneficial interactions with the VA, whether in healthcare, education, benefits, etc., then the system is a failure and needs to be fixed. This is where the VA's improvement plan comes into play.

The VA's previously quoted data (see above) should go a long way toward providing veterans with the world class healthcare they have earned, deserve and were promised. By increasing both internal and external access to healthcare, working toward more timely appointments and accommodating the specific needs of rural veterans should all increase overall veteran satisfaction.

Another critical area that AMVETS is pleased to see the VA address in their improvement plan is the lack of continuity across the VA system. Though the VA has a number of strengths, they seem to be found only in isolated pockets. We've all heard widely varying reports of exceptional VA service, as well as, sub-optimal service from various VA medical centers around the country.

Since every veteran is entitled to a positive experience when using the VA, it is absolutely critical that VA's operations be standardized across all of their business lines and that anyone 'doing it right' should be recognized and required to share their best practices nationally.

Perhaps the most important part of the VA's efforts to improve itself, is the creation of the *MyVA* Task Force. This body is meant to be nimble and quick, creative, thoughtful and ultimately will be responsible for turning ideas into reality, while simultaneously preserving those things which VA does best and ensuring interoperability of all processes. In a nutshell, their job is to 'make things happen'. Never an easy task to accomplish, the Task Force, which is comprised of both leadership and staff members, will have two years to bring the VA, and all its business lines, into the 21st century.

AMVETS applauds the VA for establishing a new system-wide customer service organization whose mission is to design and implement a superior Veteran Experience, to include integrating the mechanisms to deliver it. A Chief Veteran Experience Officer, who reports to the Secretary, will lead this organization. We believe this is a critically needed improvement, which should pay huge dividends for veterans.

Additionally, the creation of the national network of Community Veteran Advisory Councils (CVACs) to coordinate better service delivery with local, state and community partners will play an important role in helping to rebuild trust between the VA and the veterans it serves.

Change and employees who are willing and able to effect that change are vital for the success of any business, but the best laid plans can die a slow death without the 'buy-in' of every employee at every level. Every organization has its own specialized culture and historically the VA's culture has been part of its problem. A negative or close-minded culture stifles innovation and hinders progress and merely changing the top dog alone is not enough to break through this kind of inertia. Until every VA leader and every employee is held responsible and accountable for their contributions to the organization as a whole, as well as their actions (or lack thereof), nothing will change for the better. It is for this reason that AMVETS is glad to see that this issue has been recognized by the Secretary and that the VA's improvement plan contains a framework to address this concern.

Though to some, the following features of the VA's plan to improve the veteran experience may seem somewhat trivial, in the grand scheme of things, the positive benefits are cumulative and include:

- the development of user-friendly, consistent and accurate signage at all VA facilities;
- Wi-Fi access at VHA facilities;
- Integrated (VHA, VBA & NCA), Local Town Halls;
- Improved organizational phonebook search capability;
- development of a single customer-facing website;
- implementation of "VA311" so veterans can more easily get information via phone; and
- installing a VBA presence at VHA facilities

b. Improving the Employee Experience:

While AMVETS acknowledges that without employees, there would be no VA, it is somewhat frustrating that every conversation about veterans and VA accountability generally seems to focus more on VA employees and their needs than on the needs of veterans. AMVETS is also aware that a large number of VA employees are also veterans, but VA's employees are represented by a union which advocates for them, so we believe their interests are already being addressed. In general, AMVETS believes VA employees are more than adequately compensated for the work they do. To the best of our understanding, VA employees are not required to risk their lives on a daily basis, face deployments, work in the extremes of heat or cold, leave their families, etc., yet they enjoy employment protections that non-Federal workers don't.

This does not mean that AMVETS condones unfair treatment of any kind for any Federal, military or civilian employees, we support equity and justice for all workers; it merely means that our specific job, as a Veteran Service Organization, is to focus only on our veterans and their needs.

AMVETS acknowledges that a fairly compensated, knowledgeable and well trained staffs that have the proper tools to accomplish their mission make the best employees. Therefore we are encouraged to see the VA reviewing their employee evaluation and hiring processes so that only the best and the brightest will be hired, which ultimately will greatly improve the veteran experience.

All this being said, AMVETS is encouraged by the VA's plan to harness the expertise of its own employees by creating 'performance improvement teams', which will help to eliminate or improve any processes that impede excellent customer service or service delivery.

Not sure where the consolidating of VA's various maps falls within these focus areas, but AMVETS is happy to see VA's many organizational maps restructured into one map with five regions. This single regional framework should make it easier for both veterans and VA employees to navigate the VA's convoluted system while simultaneously improving communications, optimizing productivity and more efficiently coordinating VA services. AMVETS also supports the downsizing of the VISNs from 21 to 18 for the same reasons.

Some of the additional employee related features that VA hopes to have in place by the end of 2016 which AMVETS fully endorses include:

- VA 101 training to improve employee knowledge and understanding of VA's history and its various services;
- improved customer service training for front line employees;
- expanded leadership development opportunities;
- improved line of communications between management and employees;
- streamlined hiring process; and
- improved evaluation and performance measures

Inevitably, these efforts will not only improve the morale and competence of VA employees, but the end result should help to improve the veteran experience.

The last thing AMVETS wants to do is to gratuitously criticize the VA, so I'd like to take this opportunity to briefly focus on some of the positives of the VA healthcare system. Those positives include the fact that:

- VA is the largest direct provider of health-care services in the Nation;
- VA provides the most extensive training environment for healthcare professionals;
- VA is the Nation's most clinically focused setting for specialized medical and prosthetics research;
- VA provides specialized health-care services in a number of areas that cannot be adequately duplicated in the private sector, including: spinal cord injury/dysfunction; blind rehabilitation; Traumatic Brain Injury; prosthetic services; mental health; and war-related poly-traumatic injuries;
- VA is among the most efficient and cost-effective healthcare system in the Nation;
- VA sets the standards for quality and efficiency and does so at or below the Medicare rates, while simultaneously serving a population that is older and has a higher percentage of individual health problems.

What is needed now more than ever to effect beneficial changes within the VA are cool heads and creative thinkers, to include the VA and all its stakeholders. This is where the *MyVA* plan comes into play.

AMVETS too has some suggestions, that some of you may have previously seen, which we would like to reiterate before closing out these remarks. I believe there are some commonalities with the *MyVA* plan.

AMVETS Specific Recommendations:

1. Ensure that both advanced appropriations and discretionary funding for VA keeps pace with medical care inflation and healthcare demand as recommended in the *IB* so that all veterans healthcare needs can be adequately met;

2. Maximize the use of non-physician medical personnel as a way to mitigate physician shortages, while always maintaining the highest level of patient safety and reduce patient wait times especially while utilization of the VA system continues to rise;

3. Ensure that VA makes more realistic third-party medical care collection estimates so that Congress doesn't end up under-appropriating funds based on false expectations which in turn negatively impact veteran care. Additionally, VA needs to redouble its efforts to increase its medical care collections efforts, because taken together, the cumulative effects of overestimating and under-collecting only degrade the care available to our veterans. Furthermore, VA needs to establish both first- and third-party copayment accuracy performance measures which would help minimize wasted collection efforts and veteran dissatisfaction;

4. VA needs to incorporate civilian healthcare management best practices and include a pathway to VA hospital/clinic management for civilians as part of their succession plan requirements, so that VA will be able to attract the best and the brightest healthcare managers in the industry;

5. VA could immediately increase its doctor/patient (d/p) ratio to a more realistic and productive levels in order to cut wait times for veterans needing treatment and/or referrals. While the current VA (d/p) ratio is only 1:1200, the (d/p) ratio for non-VA physicians is close to 1:4200. Instituting this one change would drastically improve our veterans access to needed healthcare;

6. VA needs to improve its patient management system so that veterans have more appointment setting options available to them, which could reduce staffing errors and requirements. VA should also consider utilizing a hybrid system whereby half the day might consist of scheduled appointment and the other half would be for walk in or same-day appointment. The elimination of the need for non-specialty appointments would allow veterans quicker access to their primary care providers;

7. The current VA healthcare system appears to be top-heavy with administrative staff and short-handed when it comes to patient-focused clinical staff. This imbalance can only exacerbate veteran wait times;

8. The VA needs to thoroughly review its entire organizational structure in order to take advantage of system efficiencies and to maximize both human and financial resources, while also minimizing waste and redundancies;

9. VA needs to collaborate with HHS (Health & Human Services) so that it can utilize/share the benefits of the UDS (Uniform Data System). The UDS is a core set of information appropriate for reviewing and evaluating the operation and performance of individual health centers. The ability to track, through the UDS system, a wide variety of information, including patient demographics, services provided, staffing, clinical indicators, utilization rates, costs, and revenues would be invaluable in improving the overall VA healthcare system;

10. Rather than have veterans go unseen or untreated due to limited appointment or physician availability, veterans should be allowed to utilize the currently existing system of FQHCs (federally Qualified Health Centers). FQHCs include all organizations receiving grants under section 330 of the Public Health Service Act, certain tribal organizations, and they qualify for enhanced reimbursement from Medicare and Medicaid, as well as other benefits. FQHCs are required to: serve an underserved area or population; offer a sliding fee scale; provide comprehensive services; have an ongoing quality assurance program; and to have a governing board of directors. Allowing veterans to seek care, even on a temporary basis, until the VA appointment backlog is eliminated, would provide our veterans with immediate care and would relieve some of the pressure on the VA system;

11. VA should review, and consider adopting, civilian medical management best practices as a tool for improving its own healthcare operations;

12. VA must immediately improve its recruitment, hiring and retention policies to ensure the timely delivery of high quality healthcare to our veterans. VA currently utilizes a cumbersome and overly-lengthy hiring process which reduces its ability to deliver critical services. VA need to consider adopting a more expedient hiring/approval process which could include some form of provisional employment;

13. VA needs to have, and utilize, the option to terminate non-performing employees at all levels of the organization so that only dedicated, accurate, motivated employees will remain in service to our veterans; and

14. Finally, VA needs to reform their incentive programs so that only high-performing employees receive appropriate bonuses for their excellence in serving our veterans.

In closing, it is interesting to note that in the last couple of years, numerous entities have developed a variety of proposals for addressing the shortcomings within the VA. While no individual plan has been “perfect”, they are worth reviewing and perhaps incorporating specific recommendations on a case-by-case basis. Perhaps most importantly, the Commission of Care has not yet completed their mission and their recommendations will have to be incorporated into the VA’s overall redesign.

This completes my statement at this time and I thank you again for the opportunity to offer our comments on pending legislation. Feel free to reach out to me if have any questions.

PREPARED STATEMENT OF CONCERNED VETERANS FOR AMERICA

Chairman Isakson, Ranking Member Blumenthal, and Distinguished Members of the Committee, Thank you for this opportunity for CVA to provide a statement for the record regarding the Department of Veterans Affairs’ (VA) “MyVA” initiative.

In November 2014, following significant scandals causing then-VA secretary Eric Shinseki to step down, VA announced—to much fanfare—an initiative ostensibly aimed at improving the veteran’s experience when dealing with VA. In a fifty-page document entitled the *MyVA Integrated Plan*, released last July, VA details the plan with the stated goal of “provid[ing] a seamless, unified Veteran Experience across the entire organization and throughout the country.”¹ Top-line priorities of the plan include: ensuring that veterans receive uniform and consistent care across VA; improving the overall veteran experience; and improving the VA employee experience.

This is to be done in three “horizons”: the first will “leverage existing programs and initiatives” that are performing well, in order to deliver better services to veterans. The second will be to concentrate “on a relatively small set of catalytic efforts” aimed at accelerating “transformation already underway,” among them, ensuring that support services are functioning optimally, cultivating a “culture of continuous improvement,” and “enhancing strategic partnerships.” The third will focus on “optimizing and scaling *MyVA*” which entails the utilization of a “*MyVA* Task Force” that will “coordinate initial operational planning” and will continue to work through 2016 and 2017 until implementation is complete.

Looking deeper into the specifics, many are commendable. A single, easy-to-use website is long overdue, for example; improved customer service training for VA employees is needed; and every taxpayer will be grateful that VA is taking seriously its responsibility to be a good steward of public resources.

However, these changes do little in terms of providing a real basis for systemic change. While it is touted as a comprehensive overhaul, it seems to be, in truth, little more than a customer service plan. In fact, Secretary McDonald described it as a customer service plan in his announcement, saying *MyVA* will be “a seamless, integrated and responsive customer service experience.”²

Improved customer service is, of course, desperately needed at VA, and a plan to improve customer service is appreciated. But the question that needs to be asked whether *MyVA*—assuming that can be implemented comprehensively and relatively effectively, which, by the plan’s own admission is less than clear³—will solve the difficulties faced by VA. Does the plan get to the root of the problem? Unfortunately, the answer is no. The challenges faced by VA are deep and systemic—problems that cannot be solved by a mere customer service plan, no matter how sweeping.

Last fall, VA released the Independent Assessment, a report mandated by the Veterans Access, Choice, and Accountability Act of 2014 and conducted by analysts including Mitre Corp., Rand Corp. and McKinsey & Co. The over 4,000 page report shows structural misalignment, bloated bureaucracy plagued by cultural problems, leadership failings, and an unsustainable budget to be major factors in VA’s mismanagement and inefficiency.

¹Department of Veterans Affairs. “*MyVA Integrated Plan*.” http://www.va.gov/opa/MyVA/docs/MyVA_integrated_plan.pdf (accessed January 19, 2016) 3.

²Daly, Matthew “VA announces ‘*MyVA*’ plan, largest reorganization in department’s history.” PBS <http://www.pbs.org/newshour/rundown/va-announces-MyVA-plan-largest-reorganization-departments-history/> (accessed January 14, 2016).

³The Risk Assessment included in the plan recognizes a “moderate-high” risk that “stakeholders will not accept the *MyVA* initiative as a viable solution for correcting VA’s perceived shortfalls;” a “moderate-high” risk that “stakeholders will question whether or not we should be spending the money on this transformative effort;” a “high” risk that *MyVA* initiatives will not be completed on time due to personnel resource constraints resulting from challenges in the hiring process;” a “moderate” risk that “*MyVA* progress will be limited due to funding challenges;” and a “moderate-high” risk that “*MyVA* progress will be limited due to finite leadership capacity.” *MyVA Integrated Plan*, 32–33.

Specifically, the integrated report of the assessment enumerates four “systemic findings that impact mission execution”: (i) “A disconnect in the alignment of demand, resources, and authorities;” (ii) “Uneven bureaucratic operations and processes;” (iii) “Non-integrated variations in clinical and business data and tools;” (iv) “Leaders are not fully empowered due to a lack of clear authority, priorities, and goals.”⁴

Clearly, these are not problems that can be righted through a customer service plan—deep structural changes are necessary. VA needs to transition from a government organization attempting to do healthcare to a healthcare organization chartered and funded by the government to care for veterans. In a word, VA needs to modernize.

The staid state of VA health care is the result of inherent problems in the way VA has developed since its inception nearly a century ago. Moreover, entrenched interests often stand in the way of the kind of real reform that would transform VA into, as the Independent Assessment puts it, a “High-Performing Healthcare System.”⁵ If the Independent Assessment is correct, VA’s problems are structural, not merely aesthetic; and structural problems require systemic solutions. Healthcare delivery has changed dramatically in recent years, but VA still remains tied to outdated structures and methods. VA would do well to examine the highest functioning healthcare organizations in the country, such as the so-called “Accountable Care Organizations (ACO),”⁶ and remain open to implementing best practices gleaned from them. Congress would do well to examine the structures utilized in those organizations and consider legislatively restructuring VA along those lines.

The Independent Assessment details a number of problems with the current state of the system and offers a number of recommendations. On page 61 of the report, under the section “Transformation,” the Independent Assessment quotes the CVA-sponsored Fixing Veterans Health Care Task Force Report⁷ saying “Minor tweaks to the current system may incrementally improve health care in the near term, but the monopolistic VHA bureaucracy is likely to return to a standard operating model heavily influenced by the desires and concerns of the institution and its employees. Only fundamental reform will break the cycle and empower Veterans.”⁸ The Fixing Veterans Healthcare Task Force Report provides a comprehensive plan to overhaul the VA healthcare system in a way that is consistent to the above-mentioned ACOs. This kind of transformation is what CVA firmly believes is required in order to fix veterans’ healthcare. Anything less, including the MyVA plan, will be insufficient over the long term.

The recommendations included in the Independent Assessment contain a significant amount of overlap with the structural realignments recommended in the Fixing Veteran Health Care Task Force Report. For example, on page 26, the assessment quotes the 2009 Commission on the Future for America’s Veterans: Preparing for the Next Generation⁹ report which recommends placing VHA under a new kind of governance: “Congress [should] ‘establish a new entity with characteristics not unlike a Federal Government ‘not for profit’ corporation’ that would be empowered with ‘unencumbered’ authority to use all the assets of VHA to ‘maximize benefits to Veterans.’”¹⁰ This is remarkably similar to the recommendation of the Fixing Veteran Health Care Report. Such a model would avoid disputes about, for example, the closing of certain obsolete or underused VA facilities, which as the Assessment notes, “can meet strong resistance from multiple groups.”¹¹ Such a governance system would allow VA to address many of the problems it faces in a rational way, doing what is best for the veteran, rather than focusing on how to sustain the system as it currently exists.

VA is not beyond saving, but doing so will require bold thinking and a willingness to consider a broad range of reform possibilities, including—and especially—those that offer systemic changes to address systemic problems.

⁴ CMS Alliance to Modernize Healthcare, (September 1, 2015) *Independent Assessment of the Health Care Delivery Systems and Management Processes of the Department of Veterans Affairs, Volume I: Integrated Report*, xiii.

⁵ *Independent Assessment Integrated Report*, 61.

⁶ For more on this, see e.g. <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ACO/index.html> and <http://www.npr.org/2011/04/01/132937232/accountable-care-organizations-explained>

⁷ Kussman, M. et al. (2015, February). *Fixing Veterans Healthcare Report*. Fixing Veterans Health Care Task Force. <http://cv4a.org/veterans-health-care-report/>.

⁸ *Independent Assessment Integrated Report*, 61.

⁹ Walters, H. et al. (2009, December). *Commission on the Future for America’s Veterans: Preparing for the Next Generation*. Commission on the Future for America’s Veterans.

¹⁰ *Independent Assessment Integrated Report*, 26.

¹¹ *Independent Assessment Integrated Report*, 26.

That is why CVA asks all stakeholders to join with us in striving for a VA system that serves veterans comprehensively, efficiently, and effectively. Only then will VA be able to fully and effectively meet the healthcare needs of veterans in a truly customer service-oriented manner.

PREPARED STATEMENT OF JOY J. ILEM, NATIONAL LEGISLATIVE DIRECTOR, DAV

Thank you for inviting DAV (Disabled American Veterans) to submit this statement for the record of today's hearing. As you know, DAV is a congressionally chartered national veteran's service organization of 1.3 million wartime veterans, all of whom were injured or made ill while serving on behalf of this Nation.

Your invitation letter indicated the focus of today's hearing is to assess the Department of Veterans Affairs (VA) and its efforts and plans to modernize its benefits and health care system. You asked that we identify any issues or barriers that we believe VA may face in advancing its planned and proposed reforms. We appreciate the opportunity to share our views and recommendations in this regard.

Mr. Chairman, in recent years, VA has undertaken a number of modernization initiatives, including a claims processing transformation that has helped to reduce the backlog of claims by more than 80 percent, and is now shifting to focus on appeals. Another major system-wide effort is the *MyVA* initiative. Launched by the VA on September 2, 2014, the *MyVA* Integrated Plan was designed to reorient VA around veteran needs and empower employees to assist in providing them with a seamless, integrated and responsive customer service experience—whether they arrive at VA digitally, by phone or in person. *MyVA* it is the largest department-wide transformation in VA's history and is intended to coalesce ideas and insights shared by veterans, employees, Members of Congress, veteran service organizations, and other stakeholders. VA's goal is to modernize its culture, processes and capabilities in addition to consolidating its community care programs.

The *MyVA* framework for restructuring includes four basic pillars:

1. The establishment of a new VA-wide customer service organization, led by a chief customer service officer who will report to the Secretary;
2. The incorporation of a single, regional framework to allow veterans to more easily navigate the VA through simplified internal coordination;
3. The creation of Community Veteran Advisory Councils that will work to coordinate veteran-related service delivery with local, state and community partners; and
4. The identification of opportunities to restructure internal business processes into a shared services model, thereby improving efficiency and productivity and reducing costs.

According to VA the first phase of the *MyVA* plan includes creating a task force and building the team to support the mission and an organizational change of this breadth with a focus on five key areas of improvement:

- Improving the veteran experience;
- Improving the employee experience so they can better serve veterans;
- Improving internal support services;
- Establishing a culture of continuous improvement; and
- Enhancing strategic partnerships.

VA reports that veterans are already seeing the impacts of changes made through the *MyVA* initiative. At the suggestion of VA employees, the Department notes it has recently improved customer service at call centers; started up VA 101 training for employees; improved veteran access to audiology and optometry appointments; modernized Veterans Crisis Line (VCL) operations; implemented memorial affairs pre-need eligibility screening; and stopped printing and mailing certain unnecessary and costly paper reports.

VA reports that by the end of 2016, *MyVA* should accomplish the following improvements for veterans:

- A single customer facing website that veterans can use to do business with VA (initial capability in fall 2015, with additional incremental capability being built through June 2017);
- A unified "VA311" enterprise-wide approach that veterans can use to easily find information via telephone;
- A way for veterans to update or change their authoritative data in one place, one time, and have that information available and securely shared throughout VA;
- Greater VBA presence in VHA facilities to increase benefits access and enhance service;
- 100+ *MyVA* Communities established across the Nation;

- A more consistent level of customer service in every interaction—enabled by consistent front-line training across VA and measured by operational metrics; and
- The establishment of a Veterans Experience (VE) office at both national and district levels to bring a new lens to how VA analyzes and designs the services provided to veterans. According to VA, the VE office is not intended to be another layer of management or bureaucracy, but will:
 - Work collaboratively with local facilities in analyzing and designing better customer interactions and the tools that support them;
 - Develop and deliver customer service training curricula and methodologies;
 - Keep a close eye on customer service performance to make sure the right issues are being addressed in the right ways; and
 - Implement better ways to help veterans navigating through the range of services within VA.

Additionally, by the end of 2016, VA intends to accomplish the following for employees:

- Deliver VA 101 training to approximately 50 percent of employees to improve their knowledge and understanding of VA's history and services;
- Conduct front line customer service training pilots in each of its five Districts;
- Expand leadership development programs;
- Vastly improve employee communications;
- Complete standardized staffing models, with vacancies filled for mission critical occupations;
- Improve and streamline recruitment and hiring practices for VA facilities; and,
- Establish better linkage of organizational and performance measures to VA Goals and Objectives.

VA also intends to fully transition to a five-district configuration to align unequal organizational boundaries of the Department into a single framework based upon state boundaries. The goal is to:

- Ease internal coordination challenges;
- Enhance collaboration amongst all of VA's nine business lines, which will continue to remain responsible for their respective services and benefits;
- Standardize performance measurement;
- Enhance collaboration with external stakeholders; and finally
- Prepare for the rollout of the *VE office*, which will support VA product and service lines in the delivery of excellent care and benefit experiences.

VA notes if done properly, it will build a high-performing organization that will be nimble enough to continually change and improve. The Secretary came into VA during a crisis and a low point for the Department and we acknowledge his hard work and that of his team to properly assess and lay out a comprehensive plan to improve systemic business practices as well as his dedication to the VA's core mission of serving veterans and efforts to improve the veterans experience. DAV believes the Secretary's plan is thoughtful and heading in the right direction. Most importantly it focuses, at its core, on the veteran, as it should. We concur with VA that this transformation will take time. The question now before us is VA's estimated timeline and progress toward accomplishing its goals, and what needs to be done by the Administration and by Congress to aid and support these proposals. In addition, we must be cognizant of the time required for such major changes to fully take effect. As the Independent Assessment of the VA health care system produced last year by MITRE, Rand and other cautioned, "*Most transformations take at least 12 to 18 months for initial impact, and transformations of the magnitude needed at VHA may take 5 to 10 years to fully take hold.*" (Independent Assessment, Integrated Report, page 61)

We believe that the current *MyVA* initiative taking place will go a long way toward improving the veteran's experience and satisfaction with VA. Furthermore, we recommend that Patient Advisory Councils be established to act as a catalyst advocating integration of patient-centered care across the facility. Such councils are not new and have been proven to be an effective strategy for involving patients and their family to improve the quality in patient care. Veteran patients and their family caregivers are often the most knowledgeable members of the VA health care team, and can offer unique perspectives and valuable feedback regarding the standard of care they receive.

Mr. Chairman, the other major transformation that must take place is to evolve the VA health care system to address longstanding access issues that erupted two years ago in Phoenix. As Congress, the media and ultimately VA discovered, thousands of veterans had been waiting too long to access the VA health care system to receive medical services they had earned. In response, Congress rushed to pass

the Veterans Access Choice and Accountability Act (VACAA) to create a new procedure to provide non-VA health care access to veterans on an emergency and temporary basis, appropriating \$10 billion in emergency funding for a new “choice” program. The law also provided \$5 billion for VA to rebuild its internal capacity to deliver care, primarily by expanding usable treatment space and hiring more doctors and nurses. As noted previously, it required an independent assessment of the VA health care system and established a Commission on Care to develop recommendations for providing quality, accessible health care to veterans over the next 20 years.

Since the troubling events in Phoenix, DAV has presented our views and recommendations to the VA Secretary of Veterans Affairs (VA) and other senior VA officials, as well as to this Committee and others in Congress, on numerous occasions. Our focus has always remained the same: what is best for veterans. Based on our experience and the needs of millions of injured and ill veterans, we have repeatedly called for preserving, strengthening and reforming the veterans health care system so that DAV members and all eligible veterans may continue to enjoy the unique benefits and vital services provided by VA well into the future.

At the same time, we recognize that VA has flaws and shortcomings that must continually be addressed through cultural and systemic reform. For decades DAV has worked in conjunction with our partner organizations in the *Independent Budget (IB)* to highlight necessary systemic changes and the need for modernization of VA’s H.R. policies, aging infrastructure and IT systems.

Over the past year, DAV and our *IB* partners have developed a comprehensive framework for VA health care reform based on the principle that it is the responsibility of the Federal Government to ensure that disabled veterans have proper access to the full array of benefits, services and supports promised to them by a grateful Nation. This view was clearly echoed in DAV’s national Pulse Survey released last November, in which the vast majority of veterans (87%) responded that the Federal Government should provide a health care system dedicated to the needs of ill, injured and wounded veterans. Such a system must provide high-quality, accessible, comprehensive, and veteran-centric health care designed to meet the unique circumstances and needs of those who served. In order to achieve that goal, DAV and our partners in the *IB* have developed a comprehensive framework for such reform that has four pillars:

I. Restructure our Nation’s system for delivering health care to veterans, relying not just on a Federal VA and a separate private sector, but instead creating a local community networks that optimize the strengths of all health care resources to best meet veterans’ needs;

II. Redesign the systems and procedures by which veterans access their health care with the goal of expanding actual, high-quality, timely options; rather than just giving them hollow choices;

III. Realign the provision and allocation of VA’s resources so that they fully meet our national and sacred obligation to make whole those who have served; and

IV. Reform VA’s culture to ensure that there is sufficient transparency and accountability to the veterans this system is intended to serve.

The framework we have proposed is consistent with VA’s New Veterans Choice Plan sent to Congress. In addition to consolidating most non-VA community care programs, the new VA plan also seeks to create a network of both VA and community providers to provide veterans a seamless system in the future. In our framework, we proposed creating local Veterans-Centered Integrated Health Care Networks to seamlessly integrate community care into the VA system to provide a full continuum of care for veterans. VA would be the coordinator and principal provider of care, particularly its primary care model with integrated mental health care, which is more likely to prevent and treat conditions unique to or more prevalent among veterans, particularly those with disabilities or chronic conditions.

VA has also proposed that an urgent care benefit for veterans be established. In our framework, we had proposed that VA increase its capacity to deliver urgent care at existing VA medical facilities and develop additional capacity by establishing urgent care clinics around the country to create new options in the treatment space between emergency care and primary care.

Another critical component of our framework recommends moving away from arbitrary Federal access standards, such VA’s current 40-mile and 30-day standards. For too many veterans, particularly those with severe disabilities and chronic conditions, 40 miles may be too far to travel and 30 days far too long to wait for urgent conditions. Rather than a system that empowers bureaucrats, any future veterans health care system must ensure that access to care is a question for veterans and their doctors. Decisions about when and where veterans can receive medical treatment are clinical decisions that should be made between the veteran and his or her

doctor, not legislators, regulators or bureaucrats. We note that VA is already moving in this direction based on the guidance provided with their newest choice regulations.

Overall, we are pleased that many of our recommendations have been incorporated into VA's new plan; however, unless VA has the resources to implement these or better plans, real reform will not be possible.

There were several critical findings in Independent Assessment worth noting. Initially, "...increases in both resources and the productivity of resources will be necessary to meet increases in demand for health care over the next five years..." with a core recommendation of "increasing physician hiring..." (Page B-3) They also identified the key barriers that limited provider productivity, including "a shortage of examination rooms and poor configuration of space" and "insufficient clinical and administrative support staff," all of which would require additional funding for the VA health care system. Furthermore, the Independent Assessment found that the, "...capital requirement for VHA to maintain facilities and meet projected growth needs over the next decade is two to three times higher than anticipated funding levels, and the gap between capital need and resources could continue to widen." (Page K-1) and they estimated this gap at between \$26 and \$36 billion over the next decade. The findings of this Independent Assessment are fully consistent with what DAV and our IB partners have said for more than a decade: the resources provided to VA health care have been inadequate to meet the mission to care for veterans, which fueled access problems.

To be clear, we do not believe that simply increasing funding by itself—without making some significant reforms to the VA—will lead to better health outcomes for veterans over the next 20 years. However, no VA reform plan has any chance of success unless sufficient resources are consistently provided to meet the true need and demand for services by veterans, when and where they need them. VA recently testified that by improving access to care, their New Choice Plan will increase both enrollment and utilization of the VA health care system, and would cost up to an additional \$10 billion per year to meet the increased demand of current and new veterans. We believe additional funding will be essential for success as will some additional flexibility.

As you will recall, last year VA reported a funding shortfall due to a significant increase for new medical treatment for hepatitis C patients and of veterans seeking care both inside VA and through community care programs. By last summer, it became clear that numerous facilities had spent so much money on contract and fee-basis services from their Medical Services appropriation (outside the fenced Choice Fund) that they were running out of funds to operate facilities. However, even though there was sufficient money in the Choice Fund, VA had no ability to utilize those funds to provide necessary care to veterans. Ultimately, legislation was enacted to make a one-time transfer to meet VA's shortfall. That same law also required VA to produce a plan to consolidate non-VA care programs, which was discussed above. To avoid the possibility of such a crisis occurring again, Congress must work with VA to ensure there is sufficient flexibility in law or regulation to allow such contingencies to be quickly resolved, while ensuring proper oversight and accountability to the clear purposes of every Congressional appropriation.

In order to ensure VA has the capacity to meet veterans' demand for health care services VA must also modernize its personnel practices by removing unnecessary and often counterproductive restrictions to its hiring process. Some of these restrictions are embedded in appropriations law; others, in civil service law or in title 38 of the Code. In order to help VA to attract and keep quality employees needed by VA to implement the new plan, these restrictions must be lifted. With morale so low after two years of scandal and negative media coverage, it is vitally important that VA be given new tools to hire the best and brightest to care for our nations heroes.

Mr. Chairman, DAV and our members urge serious reform of the VA health care system to address access problems while preserving the strengths of the VA system and its unique model of care. An overlooked finding from the Independent Assessment is its analysis of VA's quality, which confirmed what we, other veterans organizations and most studies have been saying for years: when veterans get access to VA care, the quality is high. Specifically, the Independent Assessment found that:

"In new analyses comparing VHA's quality with non-VA providers, VHA performed the same or significantly better on average than the non-VA provider organizations on 12 of 14 effectiveness measures (providing recommended care) in the inpatient setting, and worse on two measures. On average, VHA performed significantly better on 16 outpatient Healthcare Effectiveness Data and Information Set® (HEDIS) measures of effectiveness compared with commercial health maintenance organizations (HMOs);

on the 15 outpatient HEDIS measures of effectiveness that were available for Medicaid HMOs; and on 14 of 16 outpatient effectiveness measures compared with Medicare HMOs.”

While VA outperforms the private sector on average—the IA notes that across the system the quality of care is quite variable, reflecting there is much work to be done.

In conclusion, overall, we are pleased that many of our recommendations have been incorporated into VA’s new plan, although our framework goes farther, addressing such matters as infrastructure, planning and budgeting, all explained in greater depth in the *IB* Framework for Veterans Health Care Reform, previously presented to this Committee. We feel confident that if the VA plan is enacted, with our recommendations and improvements, veterans will have more options to receive timely, high-quality care closer to home in the future.

Thank you for inviting DAV to submit this testimony. We would be pleased to further discuss any of the issues raised by this statement, to provide the Committee additional views, or to respond to specific questions from you or other Members.

PREPARED STATEMENT OF PARALYZED VETERANS OF AMERICA

Chairman Isakson, Ranking Member Blumenthal, and Members of the Committee, Paralyzed Veterans of America (PVA) would like to thank you for the opportunity to submit our views on the Department of Veterans Affairs’ (VA) plans and efforts to modernize under the *MyVA* initiative. We appreciate the Committee focusing on this critical issue that will affect veterans and their families for years to come.

The *MyVA* Integrated Plan established on July 30, 2015 is focused on restructuring VA to better serve the veteran population. After careful review, the plan demonstrates a well thought out process that if properly implemented would ultimately ease access to quality health care, reduce VA claims backlog, and make interactions between veterans and the VA more fluid. Unfortunately, the roll out of this plan appears to have fallen flat. Despite Secretary McDonald’s constant reiteration and discussion of the plan with congress, countless veterans have never heard of this initiative.

As we continue to see the *MyVA* initiatives unfold, we cannot forget the circumstances surrounding the reasons why this plan was formulated. At the time this initiative was created, VA was under fire for the horrendous lack of care and the extended wait times seen at VA medical facilities across the Nation. Despite moving in the right direction, this initiative has a long way to go before the underlying concerns are fully resolved.

Within the *MyVA* Integrated Plan, Secretary McDonald established a Veterans Experience Office (VEO). The focus is on supporting VA employees in the delivery of excellent health care and benefit experience. Although it appears to be geared toward ensuring that veterans and their dependents have the most pleasant interactions with the department, at its roots it is another potential level of bureaucracy that must be navigated to resolve issues. One example of this would be a veteran who may experience an issue at a medical facility. If the veteran was to bring the issue to the VEO, the VEO would not have the power to resolve the issue but instead would have to refer the veteran to the patient advocate office. Similarly, we have consistently heard from veterans that their patient advocates are ineffective, or they seek to protect the medical facility leadership instead of addressing their concerns. It is clear that patient advocates cannot effectively meet their obligations to veterans if their chain of command includes VA medical facility staff that is responsible for the actions and policies they are required to address. Nor can the VEO provide better experiences for our veterans without being empowered to resolve issues rather than just fielding complaints.

PVA along with the co-authors of *The Independent Budget*—Disabled American Veterans and Veterans of Foreign Wars—have previously laid out a framework which includes strengthening the Veterans Experience Office by combining its capabilities with the patient advocate program. Veterans experience officers would advocate for the needs of individual veterans who encounter problems obtaining VA benefits and services. They would also be responsible for ensuring that the following rights and laws are fully complied with by all providers who participate in Veterans-Centered Integrated Health Care Networks, both in the public and private sector:

1. Health care protections afforded under Title 38
2. The right to seek redress through clinical appeals
3. Claims under 38 U.S.C. § 1151

4. The Federal Tort Claims Act
5. The right to free representation by accredited veteran service organizations.

Finally, any plan to reform the culture of VA must also take into consideration the need to modernize VA's workforce and ensure VA employees serve the interest of the veterans' community. While Congress has focused on firing underperforming employees, PVA believes that the situation is more complicated and demands a holistic approach to workforce development that allows VA to recruit, train, and retain quality professionals capable of caring for our veterans, while simultaneously ensuring that VA has the authority to properly discipline employees when appropriate.

PVA applauds the *MyVA* taskforce for acknowledging that employee experience is also vital to its transformation efforts. The taskforce has developed a number of programs and initiatives to engage and empower VA employees. However, Federal hiring still reflects a mismatch between the skills desired and the compensation provided for many of the professionals VA recruits. If Congress is focused on bolstering VA's ability to fire poor-performing employees, Congress must also give VA the leverage to hire employees quickly and offer compensation commensurate with their skill level.

By focusing solely on disciplinary proceedings and failing to properly cultivate a motivated and compassionate workforce, we make VA an unattractive employer to potential recruits. PVA believes that we must build a framework that makes VA an attractive employment option for the best and brightest who want to care for our veterans.

Although it is understandable that all of the issues with the VA cannot be resolved over night, it is essential that this plan be implemented with more vigor and transparency. Currently the *MyVA* plan is not set to fully evolve until well into the 2017 fiscal year. While it is great to see VA moving forward and becoming more efficient, this plan must move faster and with more tenacity. The Nation's veterans cannot wait two or more years for access to the health care benefits they so desperately need and deserve. Once again, we appreciate the opportunity to discuss PVA's views on the *MyVA* initiative. We would be happy to take any questions for the record you may have.

PREPARED STATEMENT OF THE AMERICAN LEGION

The Department of Veterans Affairs (VA) states "Communication" is one of their Core Values, and to define it they state:

"We will listen to our veterans, to each other, and to people outside of our organization. We will be candid, accurate, and quick to heed their counsel and respond to their concerns. We will never stop trying to improve."¹

The American Legion strongly believes listening to the voice of veterans is one of the most critical components of a successful VA. Unfortunately, "*MyVA*," VA's plan to transform their way of doing business to "one that puts Veterans in control of how, when, and where they wish to be served"² missed the mark right out of the gate, raising concerns about its ability to make VA the responsive entity it needs to be to meet the needs of veterans.

Chairman Isakson, Ranking Member Blumenthal, and distinguished Members of the Committee, on behalf of National Commander Dale Barnett and the over 2 million members of The American Legion, the Nation's largest wartime veterans' service organization, thank you for taking the time to focus attention on VA's modern transformation strategy, and for soliciting insight from the key stakeholders, the veterans, as to whether this plan can be successful.

"*MyVA*" is what VA calls their transformation plan to modernize and provide seamless service across the country. The plan is well intentioned, and recognizes and addresses real concerns. Veteran use of VA has been steadily increasing over not only the past decade of active war overseas, but over several decades as the Vietnam cohort of veterans ages and sees increasing health care needs. "[This] large increase in the oldest segment of the veteran population will continue to have significant ramifications on the demand for health care services, particularly in the area of long-term care."³

Before the onset of the *MyVA* plan, none of VA's regional authorities lined up with each other. Regional Offices (VAROs) that deal with benefits were not aligned in any real way with Veterans Integrated Service Networks (VISNs) that deal with

¹ http://www.va.gov/JOBS/VA_In_Depth/mission.asp

² http://www.va.gov/opa/MyVA/docs/MyVA_integrated_plan_overview.pdf

³ http://www.agingstats.gov/main_site/data/2012_documents/population.aspx

healthcare delivery. This impacts communication and consistency. That VA recognized this obstacle and sought to change things deserves recognition.

Unfortunately, one of the earliest acts in the *MyVA* plan was the creation of a *MyVA* Advisory Committee that minimized the input from Veterans Service Organizations (VSOs) by limiting their access to the creation process for long term strategies. While corporations and academic institutions were robustly represented on the Advisory Committee, VSOs were relegated to a single seat to be shared in rotation.

As the National Commander of The American Legion Michael Helm pointed out in his March, 2015 letter to Secretary Bob McDonald:

“[The American Legion feels] that the lack of representation by those with the most expertise, the major Veterans Service Organizations, dooms any chance that the *MyVA* Advisory Committee (MVAC) has for success... While The American Legion welcomes the input and experience of leaders in the academic and business communities, it is the veterans that are the biggest stakeholders in VA... As accomplished and impressive as the current committee members are, nobody can match the collective wisdom and expertise of The American Legion and other VSOs when it comes to relating to veterans.”⁴

It is still too early to tell what, if any success in meeting the needs of veterans the *MyVA* plan is delivering. Anecdotally, discussing VA with thousands of veterans in communities across the country, The American Legion has found little difference in delivery of service now from when *MyVA* was initiated. To be fair, this is still early in the implementation and change does not occur overnight.

It is possible that *MyVA* may in fact change VA and provide a better experience for veterans. It is also possible that it will only add another layer to an already bloated bureaucracy. In this, only time will tell. What is clear is that the voice of those who matter, the veterans themselves, has been somewhat softened by diminished input in crafting their own VA for their own future, and that’s not what America needs to build the best system to serve veterans.

The American Legion staunchly believes in a strong and robust VA to serve the needs of veterans nationwide, in delivery of healthcare, benefits and a wide range of services. The American Legion is deeply committed to working with all stakeholders to ensure that a robust VA is built, maintained and operated with the needs of veterans first and foremost in its goals. To build that system, the voice of veterans must be robust. The voice of the principal consumers of the system must be the most important voice in planning the road ahead.

The American Legion thanks this Committee for their diligence and commitment to examining VA’s roadmap to the future.

PREPARED STATEMENT OF CARLOS FUENTES, SENIOR LEGISLATIVE ASSOCIATE, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Chairman Isakson, Ranking Member Blumenthal and Members of the Committee, On behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and our Auxiliaries, I would like to thank you for the opportunity to testify on VA’s efforts and plan to modernize.

Soon after being confirmed as Secretary of Veterans Affairs, Robert A. McDonald began his ambitious mission to transform the Department of Veterans Affairs (VA) into an exemplary Federal agency. The VFW is glad to see that Secretary McDonald has been inclusive of the major veterans service organizations (VSOs) from the very beginning. In an effort to shape his transformation plan, known as *MyVA*, Secretary McDonald turned to the VFW and our VSO colleagues to help him improve the veteran experience and identify barriers that adversely impact VA’s ability to serve veterans.

As a direct result, many of the programs and incentives being championed by the *MyVA* Task Force reflect issues the VFW has highlighted for many years, including unsatisfactory customer service at VA facilities across the country and a disconnect between different administrations and programs, which leads to bureaucratic processes that place unnecessary burdens on veterans. The *MyVA* Task Force has established and begun to implement numerous programs geared toward veteran experience, employee experience, support service excellence, performance improvement,

⁴ <http://valegion.org/wp-content/uploads/2015/03/Comdr-Helm-to-Sec-McDonald-RE-MyVA-03302015120719.pdf>

and strategic partnerships. Due to our mission as veteran advocates, our testimony will mainly focus on the veteran experience pillar of the *MyVA* transformation plan.

The VFW has consistently said that veterans do not see VA as three independent administrations. One of the many benefits of having the overwhelming majority of veterans' benefits and services administered by one agency is the seamless experience it is able to provide veterans who access multiple benefits and services. For example, when a veteran applies for disability compensation through the Veterans Benefits Administration (VBA), VA has the ability to access the veteran's Veterans Health Administration (VHA) health care records and, even though the compensation and pension examination process has significant issues that need to be addressed, VBA is able to schedule a veteran's compensation and pension examination at a VHA health care facility without requiring the veteran to transfer the medical documentation from VHA to VBA or request a VBA appointment through VHA. However, there are a number of areas where the interaction between program offices can be improved. The VFW is glad that the *MyVA* Task Force has established the Veterans Experience Office to identify and address areas where veteran experiences and interaction with VA can be improved.

The Veterans Experience Office is independent of the three VA administrations, with a presence at VA central office and throughout VA's five districts. The Chief Veterans Experience Officer reports directly to the Secretary and coordinates an enterprise customer experience strategy, develops employee customer service training, and advises the three VA administrations. The field teams are tasked with building relationships, identifying systemic issues, and supporting national initiatives. While the VFW fully supports the Veterans Experience Office's current mission, we believe that the office could be strengthened by integrating the Patient Advocacy Service into its mission.

The Veterans Experience Office's mission already includes navigation and advocacy. Through a planned cadre of 34 employees, the Veterans Experience Office intends to ensure veterans' concerns regarding the benefits and services they receive are properly addressed. While the VFW believes this is a step in the right direction, we would ideally like to see the entire Patient Advocacy Service reorganized under the Veterans Experience Office of Navigation and Advocacy. Local patient advocates would remain embedded at VA medical centers (VAMC) on a day-to-day basis, but fall under the Veterans Experience Office's chain of command, rather than that of their detailed VA facility.

In speaking to VFW members from around the country, we find that patient advocates often assume the role of apologizing for VA medical center shortcomings rather than aggressively working to fix them. We strongly suspect that this is a function of the fact that they are ultimately employees of medical center directors, and are, therefore, hesitant to expose shortcomings in the administration of their facilities. Making the Patient Advocacy Service completely independent of the VAMC chain of command would mitigate this problem. We envision the Veterans Experience Office using the Patient Advocacy Service as their eyes and ears to provide the Secretary with a better understanding of the veteran experience on the ground, and address acute and systemic problems as they arise.

Ideally, the Veterans' Experience Office would then be able to aggregate patient advocacy casework and generate periodic public reports on the challenges veterans face from their perspectives. These reports could also be used to generate legislative requests to alleviate the problems veterans experience in timeliness of appointments, securing referrals for community care, access to benefits, and overall satisfaction. Conveniently, all the employees needed to execute this model are already in place at VA medical facilities around the country. Reorganizing them under an office that reports directly to the Secretary would maximize their usefulness to veterans, Congress and VA.

Another program geared toward improving the veteran experience is the Veteran Economic Communities Initiatives (VECI). Established to "increase the number of education and employment opportunities available to Veterans and their families in their communities," VECI relies on economic liaisons around the country to incentivize employers to hire veterans and connect veterans to organizations and programs that help them overcome education and career challenges. Although the VFW strongly supports efforts to ease the transition from military service to the civilian workforce, we feel that many efforts by the VECI are duplicative of programs and services administered by the Department of Labor (DOL) Veterans' Employment and Training Service (VETS). In recent years, VETS has made significant progress toward reducing veteran unemployment across key demographics. While there is still work to be done, VETS programs are embedded in with Department of Defense (DOD) through the transition assistance program and integrated in communities across the country through its presence at American Job Centers and its

Jobs for Veterans State Grants program. One of the key advantages to VETS is that they are able to provide services to vulnerable veteran populations who may not be eligible for VA services, such as homeless veterans with other than honorable discharges. The VFW feels that a parallel employment service administered by VA is unnecessary and runs the risk of creating confusion for transitioning servicemembers. Instead, we encourage VA and DOL to adopt better coordination and referral for the services each agency provides.

Still, the VECI initiative contains certain programs that are beneficial to transitioning servicemembers and should be continued. The VECI Accelerated Learning Programs (ALP) and VA Learning Hubs allow veterans to receive free certifications in high demand fields through public-private partnerships, without tapping into their VA educational benefits. The VFW supports these programs and believes they should be expanded, perhaps under the VA Office of Economic Opportunity. With full coordination between VA and DOL VETS, ALPs and Learning Hubs could be integrated into DOL VETS programs and services to ensure veterans are maximizing the employment and education benefits they have earned and deserve.

An important measure of success for the *MyVA* Task Force will be its ability to incorporate local stakeholders into the transformation plan. The *MyVA* Task Force seeks to accomplish this goal through the creation of *MyVA* communities around the country. Each *MyVA* community will include local representatives from the three VA administrations; VSOs; local, state and Federal Government; Department of Defense and National Guard; and other organizations that represent the local community's interests and priorities. The VFW has been an active participant in many of the *MyVA* communities around the country. In San Diego, our service officers report that the One VA Community Advocacy Board, which was the inspiration for the *MyVA* Communities Initiative, has served as a platform for veteran-centric organizations to share ideas and concerns at a leadership level sufficient to make true progress.

The VFW supports the *MyVA* Communities Initiative and recommends that they be expanded to every VA medical center and regional office. Doing so allows VA to leverage the expertise and experience of local stakeholders to improve the benefits and service it provides veterans.

Another vital pillar of the *MyVA* transformation is improving employee experience. The VFW agrees with VA that veteran experience is largely dependent on employee experience. We have constantly heard from veterans that VA employees lack customer services training and often turn veterans away when they should look for opportunities to help. We agree with Secretary McDonald that VA's rules-based culture must be transformed into a people-based culture that empowers VA employees to treat veterans as they would want to be treated.

The *MyVA* Task Force has established a number of programs geared toward changing culture at VA. The first is a "training the trainer" program called Leaders Developing Leaders. This program aims to ensure VA leaders at all levels are incorporated into the transformation effort and have the proper training and tools to improve the esprit de corps among VA employees. This includes providing local leaders the tools they need to improve VA benefits and service for the veterans they serve and empowering them to use those tools when needed. The VFW supports the Leaders Developing Leaders program and believes it has the potential of breaking through the institutional resistance of middle management officials who are only concerned with their day-to-day duties and disseminate the *MyVA* culture change to all VA employees. However, we have urged VA to incorporate outside stakeholders into the program's workshops to ensure VA leaders at all levels are aware of the benefits and services offered by veteran service organizations and other stakeholders whose main mission is to serve veterans.

The VFW also supports requiring all VA employees to receive VA 101 training, which gives them an overview of the full array of benefits services VA provides veterans. While such training helps VA employees understand the important part they play in the VA system, it also enables VA employees to inform veterans of the benefits and services they may not have known they were eligible to receive.

The *MyVA* Task Force has also established programs to improve VA's support services, establish a culture of continuous improvement, and enhance strategic partnerships. The VFW supports VA's efforts to leverage economies of scale to reduce its supply chain costs by ensuring all VA facilities are able to quickly obtain high-level goods and services at reasonable prices. We commend VA for its plan to leverage the district model to consolidate and integrate support services, such as information technology, human resources, and procurement to ensure seamless operation and coordination among the three administrations. We also support VA's adoption of lean six sigma to improve problem solving at all levels throughout VA, and create

a culture where VA employees seek to constantly streamline programs and processes to maximize their performance.

The VFW also supports VA's efforts to integrate outside stakeholders into its programs and services. Through its strategic partnerships, VA is able to ensure veterans who are using services through private or non-profit organizations are made aware of the full suite of veterans' benefits and services available to them. Through such partnerships VA is also able to ensure outside organizations who assist veterans receive the training they need to provide veteran-centric services.

The VFW understands that VA will not be able to change its culture overnight and that the numerous *MyVA* transformation programs must be given time to mature. However, we are pleased to see that the *MyVA* Task Force has begun to implement many of its proposed programs and has set appropriate milestones and reasonable expectations to ensure these programs succeed. The VFW will continue to evaluate the *MyVA* programs and report on what is working and what needs to improve.

The VFW is concerned, however, that the impending change at the White House may stall the *MyVA* Task Force's hard work. While the Task Force has made a concerted effort to build momentum that cannot be stopped, a new president may refocus the Task Force's mission and erode the successful programs it has established. That is why the VFW has urged the Presidential candidates to ensure they continue Secretary McDonald's *MyVA* transformation plan if they are elected.

We urge this Committee to use its legislative authority to ensure transformation programs and plans established by Secretary McDonald and the *MyVA* Task Force receive the resources and support needed to succeed.

