

VA



U.S. Department
of Veterans Affairs



Caring for Veterans: A Higher Calling



**Secretary of Veterans Affairs
Robert A. McDonald**

U.S. Department of Veterans Affairs

INTRODUCTION

Working at VA represents an opportunity to answer a higher calling.

My life's purpose is to improve lives.

This led me to be a Boy Scout when I was young, to attend West Point and become an officer in the U.S. Army, and to join The Procter & Gamble company.

It is what convinced me to accept the appointment as Secretary of the Department of Veterans Affairs.



Life of Purpose: Improving Lives



U.S. Department of Veterans Affairs

February 22, 2015

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Our Mission



Lincoln's Charge, 1865 ~
"To care for him who shall have
borne the battle, and for his
widow and his orphan."



Today ~ To care for those
"who shall have borne the
battle," and for their families
and their survivors.

. . . the best, most inspiring mission and the greatest clients of any
health care system in the world.

VA's MISSION

Our mission comes from President Lincoln's 2nd Inaugural Address – etched in stone on walls of his memorial in D.C.

~750,000 soldiers died during the Civil War: average of 514 per day, every day, for 4 years.

The Civil War began our 150-year journey to better, faster battlefield medical treatment and a world-class healthcare system to deal with the aftermath of battle.

Today we say, care for those . . .

- 359,000 women serving (~about 16% of entire force—Active, Guard, Reserve).**
- Women Veterans are 10.5% of all Veterans.**
- 400,000 women Veterans using VA health care, double since 2000 (turn of century).**
- By 2020, women Veterans ~12.5% of Veteran population.**
- By 2040, ~20 percent [18%].**
- ~60% of VA our employees are women.**

One thing that has never changed—we will always have the most inspiring mission and the greatest clients in the world.



Our Values



Integrity

Commitment

Advocacy

Respect

Excellence



VALUES

These are the Values we strive to live at VA—strong, admirable institutional values—Integrity, Commitment, Advocacy, Respect, and Excellence—I CARE.

These values are so important that on my first day as Secretary, I asked all VA employees to join me in reaffirming our commitment to these core values.

And I have directed all of our leadership team to take the same step and reaffirm our mission and values with every VA employee, at least once a year.

These Values guide how we act, how we care for people.



Benefits & Services



- \$47 billion+ Post-9/11 GI Bill **education** benefits to 1.3 million Veterans and eligible family members (since inception 2009).
- \$1.1 billion **vocational rehabilitation & employment** benefits to 99,000+ disabled Veterans (FY 2014).
- **Life insurance** for 6.5 million Veterans, Servicemembers, and families.
- 2.1 million **home loans**; 440,000 totaling \$100 billion in FY 2014; helped 80,000+ Veterans avoid foreclosure last year (lowest foreclosure rate in the industry last 25 consecutive quarters).
- \$58 billion+ **compensation** benefits for ~3.9 million Veterans, ~420,000 rated 100% disabled (FY2014). Forecast \$66 billion for 4.2 million Veterans FY 2015.
- Completed 1.3 million FY 2014 **claims**, ~150,000 more than FY2013's record setting year (1.2 million completed).
- Claims **backlog** down 58% the last 22 months—611,000 to 255,000.

Healthcare is just one of nine VA lines of business.

- Other lines include life insurance, mortgage insurance, pensions, disability compensation, memorial affairs, and education
- The GI Bill hit it's 70th anniversary last year, and we know that the Post-9/11 GI Bill[®] is key to improving Veteran economic opportunity.
- Our Veterans Economic Benefits Report found that Post-9/11 era Veterans are doing better than their peers in earnings, and female Veterans are doing well in both career earnings and education, compared to peers.

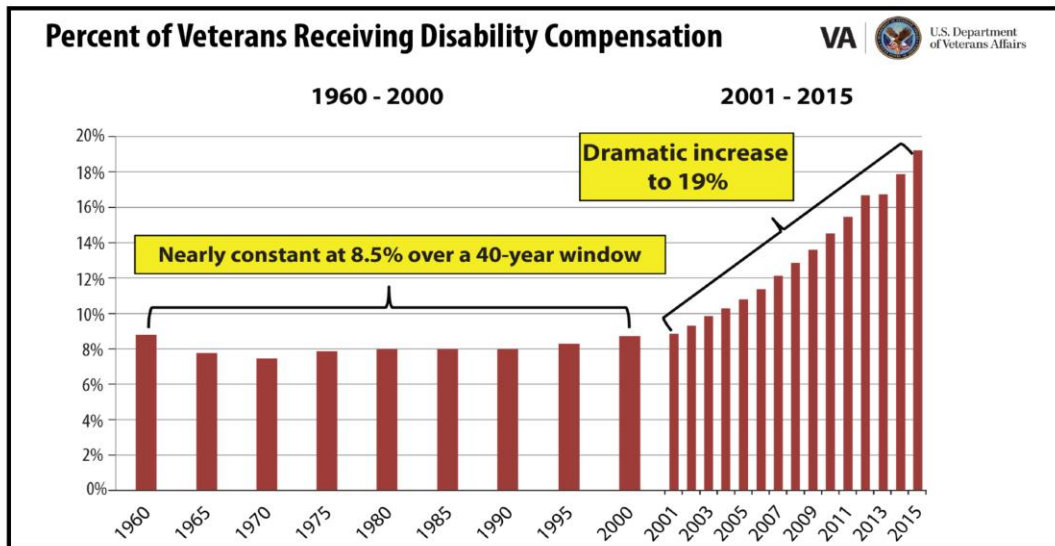
But half of all separating Post-9/11 Veterans face a period of some unemployment. We have to keep doing better with a seamless transition from service to schooling or work.

Also, we've got reasons to be proud in other areas as well:

- We've cut disability claims backlog by 60% in the last 21 months.
- We completed over 1.3 million claims for Veterans in FY 2014—150,000 more than last year.
- We guarantee 2 million home loans—with the lowest foreclosure rate and highest satisfaction rate in mortgage lending.
- For the past decade, the American Customer Satisfaction Index has ranked our cemetery system the top customer-service organization in the Nation, public or private, and
- Since 2004, the same index has also shown that Veterans give VA healthcare higher ratings than patients at most private hospitals.
- With the right strategies and support, there's no reason why we can't scale that performance excellence VA-wide And that's what *MyVA* is about.



The Rise in Compensation



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Our goal is to make the VA a model agency with respect to customer experience and stewardship of taxpayer resources – an example for other government agencies.

With efficient and effective operations, we look to be comparable to the very top private sector businesses. That is how we best meet the Nation's obligations to all Veterans.

It's worth remembering that today, a full 150 years after the Civil War ground to a halt, VA is still providing benefits to the child of a Civil War Veteran.

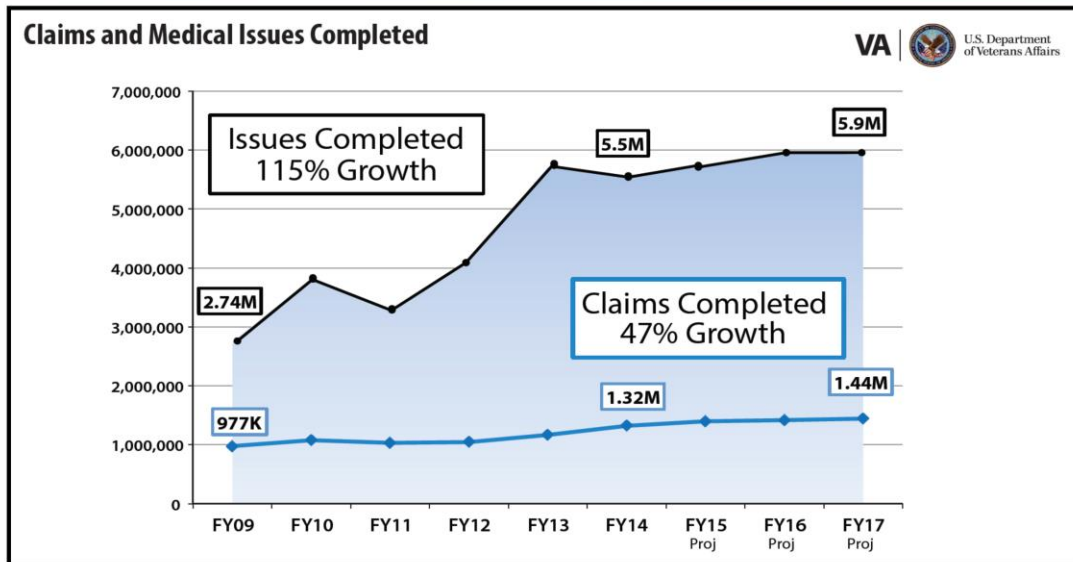
We still have troops in both Iraq and Afghanistan, and in the last decade, we have already seen dramatic increases in the demand for benefits and care.

This chart shows how, for 40 years—1960 to 2000—the percentage of Veterans receiving compensation from VA was stable at about 8.5%.

But in the last 14 years, since 2001, the percentage has dramatically increased to 19%.



The Rise in Medical Issues



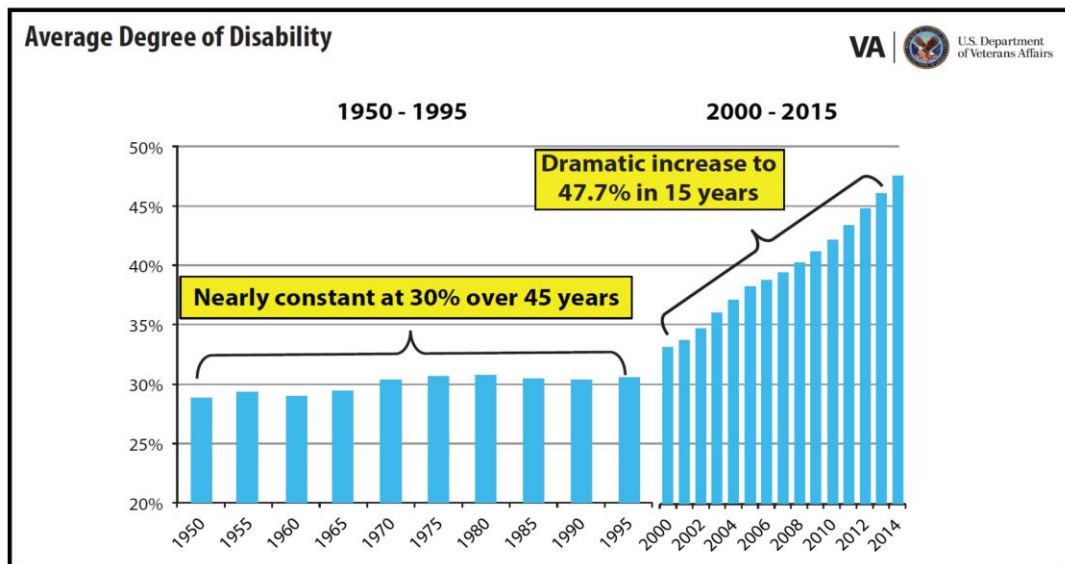
Simultaneously, the number of claims, and the number of medical issues in rating-related claims that VA has completed, soared.

As this chart shows, in 2009 VBA completed almost 980,000 claims. In FY 2017, we project we'll complete over 1.4 million—a 47% increase.

But there has been even more dramatic growth in the number of medical issues in claims—2.7 million in 2009, and a projected 5.9 million in 2017, a 115% increase over just eight years—as this chart shows.



The Rise in Degree of Disability



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These increases were accompanied by the dramatic rise in the average degree of disability compensation granted to Veterans.

For 45 years, from 1950 to 1995, the average degree of disability held steady at 30%. But, since 2000, the average degree of disability has risen to 47.7%, as this chart shows.

So, while it is true that the total number of Veterans is declining, the number of those seeking care and benefits from VA is increasing.

Several factors contribute to that increase:

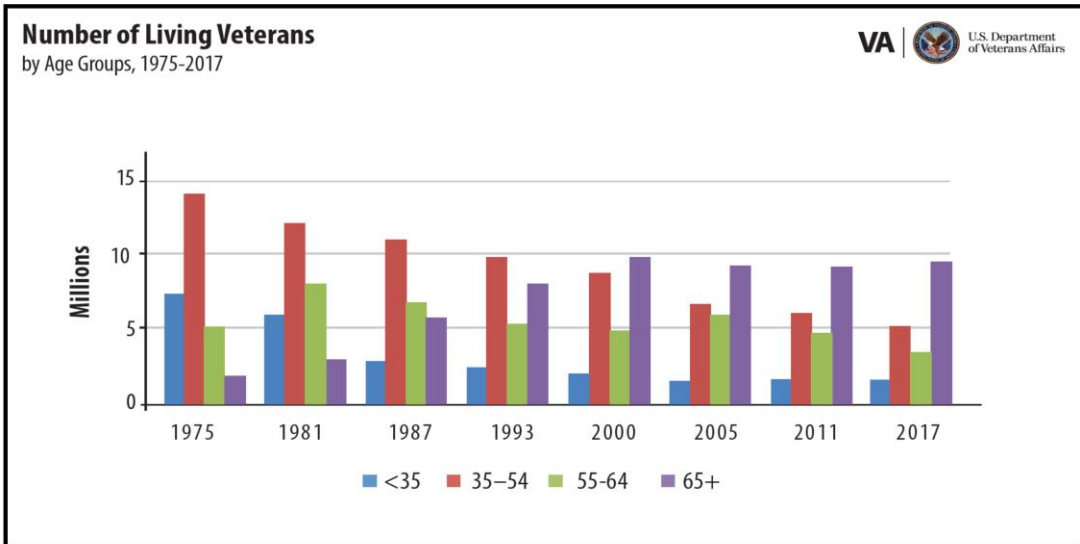
- more than a decade of war
- Agent Orange-related disability claims
- an unlimited claims appeal process
- increased medical claims issues
- far greater survival rates among those wounded
- more sophisticated methods for identifying and treating Veterans' medical issues
- demographic shifts

The result: Veterans' demand for services and benefits has exceeded VA's capacity to meet it.

It's important that the American people understand why that is happening.



An Aging Veteran Population



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The most important consideration is that America's Veterans are aging.

As with any population, healthcare requirements and the demand for benefits both increase as Veterans age and exit the workforce.

This chart reveals an astounding shift. In 1975, just 40 years ago, only 2.2 million American Veterans were 65 years old or older—7.5% of our Veteran population.

In 2017, we expect 9.8 million will be 65 or older—46% of Veterans.

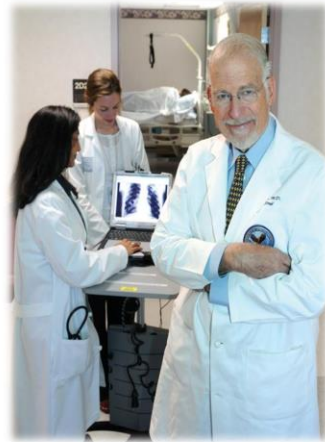
So, today, we serve a population that is older, with more chronic conditions, and less able to afford private sector care.



Progress on Access



- **37 million appointments** — **1.8 million more** than in the same months last year (May-Dec).
 - 98% completed **within 30 days** of preferred or medically necessary date.
 - 880,000 during **extended clinic hours** on nights and weekends.
- **2 million authorizations** for private-sector care — nearly **45% more** than in the same months last year (May-Jan).
- **Electronic Wait List** shrank from over 57,000 appointments to under 25,800 — a **56% reduction** (May-Jan).
- **Increased recruiting and hiring** — 836 more physicians, 1,856 more nurses, and 1,266 more support & scheduling staff (Apr-Dec).



VA has the greatest opportunity to enhance care for Veterans in its history.

Dr. Harvey Fineberg, distinguished health care leader said, “VA can accomplish things now it never could have accomplished!”

We’re in an extraordinary position. We have an opportunity to not only right wrongs, but to lengthen our lead in areas where we’ve always excelled, take the lead in service delivery areas that are lagging, and chart new ground in emerging or evolving areas of healthcare.

We’ve made progress on all three:

- **37 million appointments — 1.8 million more in our facilities than in the same months last year (May-Dec)**
- **98% completed within 30 days of preferred or medically necessary date**
- **880,000 evening or weekend appointments.**
- **2 million authorizations for private-sector care — 45% more than in the same months last year (May-Jan)**
- **55% reduction in Electronic Wait List — from over 57,000 appointments to under 25,800 (May-Jan)**
- **Hired 836 more physicians, 1,856 more nurses, and 1,266 medical support assistants. (Apr-Dec)**



Incentives for Employment



We're working hard to help you work hard.

- Education **debt reduction** up to \$120,000 over 5 years.
- Student **loan repayment** up to \$10,000 per year, with a lifetime cap of \$60,000.
- Employee **scholarships** incentivize degrees or training in select areas of healthcare, covering tuition & related expenses for a service obligation.
- Comprehensive **pay & compensation** packages commensurate with education, clinical experience, and market.
- Recruitment, relocation, and retention **incentives** to increase clinical providers for rural and highly rural hospitals and clinics.
- Salary range increased to make us more **competitive** with other employers.
- Pilot program for **loan repayment** for students in psychiatry, funded by the 2014 **Clay Hunt** Suicide Prevention for American Veterans Act.

Your opportunities are immense, and you're going to work hard. We can help you. If you want to be a compassionate, caring healthcare professional, we want you to work for VA.

And there are many reasons to choose a career path with our department.

Look into our

- Education Debt Reduction Program that can provide loan reimbursements up to \$120,000 over a five-year service period.
- Student Loan Repayment Program that pays lending institutions up to \$10,000 per year, with a lifetime cap of \$60,000, for a three-year service obligation, for student loans.
- Employee Incentive Scholarship Program that provides scholarships to employees for degrees or training in select health care area—covers tuition & related expenses for a service obligation.
- We've increased pay ranges for physicians and dentists by \$20,000 to \$35,000 annually.
- We have comprehensive pay & compensation packages commensurate with education, clinical experience, and market.
- We will also soon begin a pilot program to repay loans for students of psychiatry, funded by the 2014 **Clay Hunt** Suicide Prevention for American Veterans Act.



myVA Objectives

1. Improving the Veteran experience to be seamless, integrated, and responsive
2. Improving the employee experience to achieve “people excellence”
3. Improving our internal support services
4. Establishing a culture of continuous improvement
5. Enhancing strategic partnerships

We’ve also begun what may become the largest restructuring in the department’s history — a historic, department-wide transformation, changing VA’s culture, and making the Veteran the center of everything we do.

That transformation is called *MyVA*, and it entails many organizational reforms to better unify the Department’s efforts on behalf of Veterans.

MyVA focuses on five objectives:

1. Improving the Veteran experience so that every Veteran has a seamless, integrated, and responsive customer service experience, every time;
2. Improving the employee experience and eliminating barriers to customer service, to achieve “people excellence” so employees can better serve Veterans;
3. Improving our internal support services;
4. Establishing a culture of continuous improvement so local levels can identify and correct problems more immediately and, then, replicate proven solutions across all facilities;
5. And enhancing strategic partnerships.



What is *my*VA?

- It's about **putting the Veteran's interest first**.
- It's about **empowering** employees and helping them deliver excellent customer service to improve the Veteran experience.
- It's about **improving** or eliminating processes that impede good customer service.
- It's about **rethinking** our internal structures and processes to become more Veteran-centric and productive.

- *MyVA* is not about “downsizing” or change for the sake of change.
- It's about **putting the Veteran's interest first**.
- It is about **empowering** employees and helping them deliver excellent customer service to improve the Veteran experience.
- It is about **improving** or eliminating processes that impede good customer service.
- It is about **rethinking** our internal structures and processes to become more Veteran-centric and productive.

MyVA revolutionizes VA's culture and reorients the Department around the needs of Veterans, measuring success by Veterans' outcomes as opposed to internal metrics.

We intend every Veteran to have a **seamless, integrated, and responsive customer-service experience**, every time.



Organizational Realignment



*my*VA

- A new, unified organizational framework
- **Five** regions facilitating delivery of services across the **nine** business lines of operations
- More effective customer-service training & capabilities across VA

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Reorganizing the Department geographically is a first, substantial step in achieving this goal.

In the past, VA had **nine** disjointed geographic organizational structures, one for each line of business. Our new, unified organizational framework has one national structure, as shown in this chart.

The new structure has just **five** regions, aligning VA's disparate organizational boundaries into a single framework.

This facilitates internal coordination and collaboration among business lines, creates opportunities for integration at a local level, and promotes effective customer service.

Veterans will see one VA rather than individual, disconnected organizations.



Strategic Partnerships



- Office of Strategic Partnerships
- New national network of Community Veteran Advisory Councils (CVACs)
- Evaluation & benchmarking of existing partnerships
- “Gap analysis” to identify areas not covered by available services

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Strategic Partnerships

A significant part of MyVA strategy is our work to proactively engage in new, impactful Strategic Partnerships on a routine basis.

We working on creating a new network of **Veteran advisory councils** in communities across the country.

And we’re analyzing existing VA partnerships with VSOs and other organizations and agencies, to more efficiently leverage this invaluable resource:

- Working to leverage external resources to improve the Veteran experience.
- Develop partnerships on a more consistent basis across all levels of the organization.
- Evaluate and benchmark hundreds of current relationships at VA national & local levels.
- Conduct a “gap analysis.”
- Become effective, precise matchmakers: directing partners to the greatest need where resources will be more productive.

Bottom line: It’s a cultural shift in the Department: toward action vs. reaction, and innovation in strategic partnerships vs. “this can’t be done” mentality.



2016 Budget Request



	2016	+/-
Total Budget Request	\$168.8 billion	
Mandatory Benefits	\$95.3 billion	
Discretionary Funding	\$73.5 billion	+7.5%
Medical Care	\$60.0 billion	+7.4%
VBA Operating	\$2.7 billion	+6.6%

* Increases over 2015 enacted levels.

Our 2016 budget will allow us to continue this critical transformation to meet the intent of *MyVA*.

The budget requests **\$168.8 billion**—**\$73.5 billion** in discretionary funds, and **\$95.3 billion** in mandatory funds for benefits programs.

As you see here, the budget includes significant increases in discretionary funding (**+7.5%**), medical care (**+7.4%**), and VBA operating expenses (**+6.6%**).

This budget will . . .

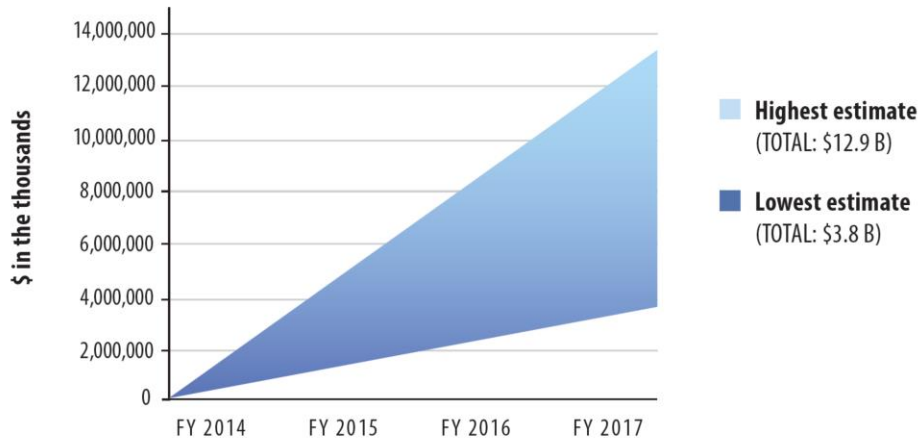
- Increase access to medical care and benefits for Veterans;
- Address infrastructure challenges including major and minor construction, modernization, and renovation;
- End the backlog of claims and Veteran homelessness in calendar year 2015;
- Fund medical and prosthetics research;
- And address IT infrastructure and modernization.



Need for Flexibility



Cone of Uncertainty Surrounding Cost of Veteran Participation in Veterans Choice Program



This is a large request—but it’s not sufficient to meet all requirements for either 2016 or 2017.

So the President will ask Congress to allow VA flexibility, as necessary, to reallocate a portion of the Veterans Choice Act funds to improve VA operations within a fiscally responsible, budget-neutral approach to best care for Veterans.

As this chart demonstrates, this proposal is largely driven by our uncertainty of what resources we need to fund the new Veterans Choice Program. It’s difficult to predict Veterans’ use of the program, or its interaction with the medical care base budget, because it is new, and we have no long-term data to draw on.

Our current estimates of demand range from a low of about \$4 billion to a high of \$13 billion over the 3-year program. We want and need the flexibility to move resources if Veterans decide to stay inside VA rather than move outside.

This is about ensuring every Veteran receives the care they’ve earned and deserve—regardless of where they choose to receive it.



Let's talk about it



... the best, **most inspiring mission** and the **greatest clients** of any healthcare system in the world.

Open the floor to discussion, questions and answers.