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Joint Testimony of
The Independent Budget Veterans Service Organizations
DAV (Disabled American Veterans)
Paralyzed Veterans of America (PVA)
Veterans of Foreign Wars (VFW)

on
Strengthening the Infrastructure of the Department of Veterans Affairs

House Committee on Veterans' Affairs
May 27, 2021

Chairman Takano, Ranking Member Bost and Members of the Committee:

On behalf of The Independent Budget veterans service organizations (IBVSOs)—DAV (Disabled American Veterans), Paralyzed Veterans of America (PVA) and the Veterans of Foreign Wars (VFW)—thank you for the opportunity to offer our comments regarding how to strengthen and sustain the infrastructure of the Department of Veterans Affairs (VA). For more than 30 years, the IBVSOs have developed and presented recommendations to ensure that VA remains appropriately funded and capable of carrying out all aspects of its mission to serve our nation's ill and injured veterans, their caregivers, surviving spouses and children—both now and in the future.

Over the past decade, the VA health care system has faced significant challenges and undergone historic reforms to improve veterans' access to timely and high-quality health care. The VA MISSION Act of 2018 (P.L. 115-182) was enacted to improve veterans' access to medical care by expanding VA's internal capacity to deliver care and developing new community care networks to integrate within the VA health care system to serve as a supplemental source of care if VA is unable to provide needed services or do so in a timely manner. The law also established an Asset and Infrastructure Review (AIR) process to modernize, realign and rebuild VA's health care facilities. VA is also currently engaged in a 10-year, $16 billion modernization of its electronic health record management (EHRM) system. As these truly pivotal transformations continue during the COVID-19 pandemic, it is important for VA to incorporate critical lessons about how to safely and effectively expand and improve the delivery of care today and in the future.

While VA has received increased funding levels to support the veterans health care system and an increasing number of veterans are seeking VA care, a persistent lack of resources for facilities management and modernization, sufficient health personnel to meet demand for care and benefits and replacement of aging systems of support continues to negatively impact access for an increasing number of veterans. VA's aging infrastructure not only causes many veterans to wait too long and travel too far care, but also potentially endangers the health and lives of veteran patients and VA personnel.

For example, last November, "…at the Veterans Affairs Medical Center in West Haven, Conn., an aging campus built mostly in the 1940s and 1950s… what should have been a routine job [repairing a leaking pipe] ended in tragedy when an explosion occurred, killing both men and injuring three other people."[1] Earlier this month, the G.V. (Sonny) Montgomery VA Medical Center in Jackson, Mississippi, announced the closing of its dialysis treatment center, "…due to an aging infrastructure and the requirement to provide high quality care to our patients."[2] These are just two recent examples of how the failure of properly maintaining infrastructure can impact veterans access to care and present risks for employees. But many more examples can be found in GAO (U.S. Government Accountability Office) and VA's OIG (VA Office of Inspector General) reports that illustrate potentially avoidable delays in care and even life-safety issues.

Overview of VA Health Care Infrastructure

VA provides direct medical care to more than seven million veterans every year through an integrated system of over 1,750 access points, including medical centers, community outpatient clinics, Vet Centers, and community living centers. VA has more than 5,600 buildings with over 153 million square feet of space, much of which was built more than 50 years ago. To assess the costs of maintaining and updating this critical infrastructure, VA developed the Strategic Capital Investment Planning (SCIP) program in 2010 and first included it in the fiscal year (FY) 2012 budget submission. At that time, SCIP estimated VA would require approximately $56 billion over the next 10 years to adequately maintain VA's health care infrastructure. However, despite the IBVSOs continually recommending increased funding for VA infrastructure, successive administrations and Congresses controlled by both parties failed to provide adequate funding on an annual basis to carry out the plan. As a result, last year's VA FY 2021 budget submission saw the SCIP estimate rise to approximately $66 billion, a $10 billion increase in the last decade. Unless there is a dramatic shift in the trajectory of funding and a strong commitment to systemically address this issue, VA's health care infrastructure will continue to degrade, further endangering the health and lives of veterans and VA staff and increasing VA's need to send veterans into the community for care.

Asset and Infrastructure Review (AIR)

The VA MISSION Act established the AIR process to undertake a systematic review of VA's medical facilities, develop an integrated strategy to deliver health care to enrolled veterans, and present a comprehensive plan to realign and modernize VA's health care infrastructure to achieve those goals. The IBVSOs and other stakeholders supported the AIR process because we were and remain convinced that an honest and accurate assessment of the requirements for VA health care capacity will validate the need to expand and modernize, rather than contract VA health care capabilities. The first steps in the AIR process have already taken place this year. In January 2022, VA will publish a list of facility recommendations and then an independent AIR Commission nominated by the president will review them. Both the AIR Commission and the president may consider modifications to VA's recommendations, but it will ultimately be up to Congress to approve or reject the recommendations in whole approximately two years from now.

[1] https://www.nytimes.com/2020/11/13/nyregion/va-hospital-explosion.html
[2] https://www.wjtv.com/news/veteran-patients-suing-g-v-sonny-montgomery-hospital-in-jackson

If that plan is approved, it could finally produce the national consensus necessary to ensure consistent, full funding for VA's hospitals, clinics and other medical facilities.

Historic Opportunity for VA Health Care Infrastructure

While the AIR process, if successful, will establish a long-term plan for VA's health care infrastructure, it remains vitally important that VA and Congress continue to commit sufficient resources to maintaining VA's existing facilities. The IB's budget and critical issue reports released earlier this year provide specific funding and policy recommendations to improve VA's construction and facility maintenance programs.[3]

In addition, the president has proposed, and Congress is considering up to a $2 trillion plan to repair, replace and modernize the nation's critical infrastructure. The proposal includes $18 billion for VA hospitals to be utilized over the next ten years. The IBVSOs are very appreciative of the inclusion of VA hospitals among the numerous infrastructure proposals; and given the gap in funding identified by VA's SCIP process, such an infusion is certainly justified. However, given the current reforms and investments underway, we believe it's time to consider historical transformation rather than just incremental improvements.

The confluence of these two major initiatives over the next couple of years—the AIR process and a national infrastructure proposal—presents a historic opportunity to think beyond annual budget battles and consider the importance of the VA health care system to the nation. In addition to providing health care to enrolled veterans, VA also plays an essential role in the nation's biomedical research, medical education and national emergency response. To continue meeting these vital national purposes, Congress and the Administration should consider making once-in-a-generation investments, accompanied with comprehensive structural reforms of VA budgeting and management processes.

Problems with VA's Planning, Budgeting, Management and Oversight of Infrastructure

While VA's SCIP process ostensibly provides a consolidated and prioritized list of all VA major construction, minor construction, non-recurring maintenance and lease projects, VA's budget request regularly fails to request the full SCIP funding estimates or priorities. The SCIP process does not provide a chronological list of anticipated repairs, renovations and replacements of facilities necessary to develop an actuarial schedule of facility lifecycle repair and replacement costs. At best, SCIP provides nonbinding suggestions to the VA budget process, which are regularly ignored, resulting in an ever-increasing backlog of overdue maintenance and construction projects. Furthermore, as long as funding for VA infrastructure remains part of its discretionary budget, it must compete with other VA health care and benefit delivery priorities in an era of rising deficits and debt, budget caps and sequestration. In this limited fiscal environment, VA is forced to choose between properly funding the maintenance of existing facilities or making overdue modernizations and expansions to meet veterans' future health care needs. As a result, the annual discretionary appropriations process has resulted in more than two decades of inadequate funding and a rising backlog of critical VA health care construction projects and leasing requirements.

[3] http://www.independentbudget.org/117-congress

Inefficient VA construction management and congressional oversight procedures are obstacles to timely and cost-effective infrastructure maintenance and construction. Neither VA's Office of Construction and Facilities Management nor individual VA facilities have the manpower or expertise required to plan or oversee VA's infrastructure. VA's multi-step planning, contracting, funding and approval process is consistently plagued by delays and cost overruns, and low funding thresholds for minor construction and non-recurring maintenance (NRM), as well as PAYGO scoring rules, have unnecessarily limited clinical treatment.

In order to overcome VA's infrastructure challenges, Congress must not only provide significantly increased funding to fully address these long-standing issues, but also enact comprehensive planning, budgeting, management and oversight reforms to ensure more effective use of those funds.

Significant New Investment Needed to Sustain, Modernize and Expand VA Health Care

The IBVSOs believe the time has come for historic new investments to sustain, modernize and expand VA's health care capacity. While the $18 billion proposed in the Administration's infrastructure plan would make a valuable down payment, the true level of funding required over the next ten years according to VA's SCIP report is more than three times that amount. As previously discussed, full funding for VA would not only benefit the 9 million enrolled veterans, but it would also benefit the nation through VA's research, medical education and national emergency response functions.

In addition, the IBVOs believe VA should make generational investments to expand its research, long-term care, and specialized care capabilities, particularly for spinal cord injuries and disorders (SCI/D). VA should consider retrofitting, renovating and replacing veterans long-term care facilities (both VA Community Living Centers and State Veterans Homes) to mitigate against future health emergencies, improve the quality of life, expand non-institutional alternatives, and address geriatric-psychiatric and memory care needs for an aging veterans' population. We recommend that full funding be provided for the combined cost of all SCI/D design and construction projects in VA's system of facility project delivery. In addition, VA needs to dramatically increase funding to repair existing VA research facilities and construct new ones to better prepare VA and the nation to address critical health care needs and future health emergencies. Finally, VA should conduct a system-wide review of all its health care facilities and make improvements to fully achieve accessibility for those with disabilities as well as needed changes to accommodate gender-specific care delivery.

VA Infrastructure Planning and Funding Reforms

In conjunction with the historic funding investments, the IBVSOs recommend that VA significantly reform or replace the current SCIP process in order to provide greater transparency, establish predictability and ensure prioritization of future infrastructure projects. We recommend that VA consider creating a two-track process for planning and funding construction projects: one for maintaining existing infrastructure and the other for realigning, modernizing and

expanding health care capacity. This would function similar to how VA uses separate accounts for IT "Development" and IT "Operations and Maintenance."

To better plan and manage the maintenance, repair, renovation and replacement of existing health care facilities, VA should consider adopting proven planning and funding models used for capital infrastructure. For example, many cities and states—including California, Illinois and Michigan—require homeowner and condo associations to conduct engineering studies of their community's infrastructure to determine future maintenance and replacement costs, as well as the level of funding required to pay for those future costs. The associations are also required to have separate capital maintenance reserve accounts that have adequate funding to meet future infrastructure liabilities. A similar concept could be employed to create a VA infrastructure maintenance fund that would receive guaranteed annual funding sufficient to repair, renovate and replace existing VA hospitals, clinics and other medical facilities when needed. Further, Congress should provide VA with the statutory authority to use this funding for facility maintenance, repairs and replacements without needing specific congressional approval, except for very large projects above certain thresholds.

In terms of the realignment, modernization and expansion of its health care infrastructure, VA is currently in the early stages of the AIR process mandated by the VA MISSION Act. When this strategic planning process is completed in 2023, VA will have a new strategic plan detailing where and how VA health care facilities should be aligned to meet veterans' future care needs. We highly recommend VA fully engage stakeholders—veterans and VSOs—early and throughout this process and be fully transparent with its market capacity assessment data and analysis. The AIR process will only be successful if VA cultivates and maintains the confidence of the veterans who choose and rely on VA for their medical care.

Moving forward, VA should continue to have regular infrastructure reviews as part of the Quadrennial Veterans Health Administration Reviews that were mandated by Section 106 of the VA MISSION Act. The reviews must regularly produce a prioritized list of all VA health care construction projects to realign, modernize or expand capacity, together with the full estimated cost and schedule for completion of each project. In order to assure more adequate and predictable funding, Congress should consider providing advance appropriations for either the full amount of construction projects, or at least multiple years of advance appropriations, similar to how VA medical care receives advance appropriations.

VA Construction Management and Oversight Reforms

VA and Congress must also reform and streamline the contracting, management and oversight of VA maintenance and construction projects. To help limit costly delays between the design, bidding, and building phases, the IBVSOs recommend that VA consider employing new private sector contracting methods, such as integrated "design-build" model, which utilizes a single contractor for both the design and construction of a project. To further eliminate unnecessary delays, Congress should authorize the full scope and cost of construction projects upfront, rather than requiring new approvals and appropriations for each phase. We also recommend that Congress increase the thresholds for minor construction and non-recurring maintenance projects to allow greater autonomy by VISNs and VA medical centers over their local projects. In

addition, Congress must modify PAYGO rules or enact legislation to change how VA leases are approved and scored to reflect the actual annual cost, rather than requiring offsets for the 10-year cost in the first year of the lease.

The IBVSOs recommend that VA increase its internal capacity to plan and manage infrastructure and construction projects by hiring additional personnel with subject matter expertise in the Office of Construction and Facilities Management, within each VISN and at every VA medical center. We also recommend that VA expeditiously implement the construction training curriculum and certification programming required by the VA MISSION Act. VA and Congress should consider utilizing the Army Corps of Engineers to manage some or all of VA's major construction projects, as well as private sector construction management services to increase timeliness and cost-effectiveness.

Human Capital

Although personnel are not normally considered to be part of an organization's infrastructure, the lack of sufficient, competent professionals to run and maintain an organization certainly limits its capabilities. For example, if there is an insufficient number of health providers it decreases the VA's ability to meet veterans' demand for care in a timely manner. Likewise, insufficient nursing staff levels reduces the number of available beds and hinders their ability to properly care for patients.

According to the latest Veterans Health Administration (VHA) OIG report on Occupational Staffing Shortages, medical center directors identified 2,430 severe occupational staffing shortages across 277 occupations.[4] This represents a decrease from 2,685 occupations in fiscal year (FY) 2019 and 3,068 occupations in FY 2018. The occupations of medical officer and nurse were the most cited occupations with severe occupational staffing shortages reported annually since 2014. Practical nurse was the most frequently reported hybrid Title 38 severe shortage occupation.

Due to the need to respond to the COVID-19 pandemic, VA relaxed hiring practices which produced thousands of new employees, including 3,300 physicians and more than 12,400 registered nurses in a short period of time. Despite these efforts, the number of vacant positions within the Department remains unacceptably high. According to VA's latest publicly available staffing data, the Department still has 39,118 vacancies which are broken down as follows.[5]

Veterans Health Administration	37,127
Veterans Benefits Administration	188
National Cemetery Administration	151
VA Staff Offices	1,651
Total VA Vacancies	**39,118**

[4] OIG Determination of Veterans Health Administration's Occupational Staffing Shortages Fiscal Year 2020, dated September 23, 2020

[5] VA-wide workforce data, In accordance with Public Law 115-182, the VA Mission Act of 2018, Section 505

VA's lack of adequate health personnel staffing levels is a multi-faceted problem. Since 2015, the VA OIG annual report on staffing shortages recommended VHA develop and implement staffing models, especially in critical need occupations. Staffing models that consider work activity, labor hours, collateral duties, employee's time spent on tasks, the ratio of staff members to veterans enrolled in a specific catchment area, and calculation of cost, would allow VA to better assess their current workforce, and forecast necessary coverage and growth needs in the future.

Effective succession planning is necessary for any organization looking to minimize staffing vacancies. A 2019 GAO report determined that one-third of VA employees who were on-boarded as of September 30, 2017, would be eligible to retire by 2022.[6] VA can do a better job tracking when positions will be vacant due to retirement, parental leave, or other predictable reasons. By being proactive and anticipating vacancy rates, along with projected estimates for increased demand for care in specific specialties and changes in the veteran population, VA can better manage employee retention and recruitment.

Adequate pay and compensation have the greatest impact on recruiting and retention of employees as well as their performance. Implementing the VA MISSION Act created and funded multiple opportunities for VA to explore alternative staffing models, as well as expand incentives to recruit and retain talented professionals and valuable nonclinical employees. Like any other health care system or major corporation, VA must stay abreast of the competition in the private sector. The cost of living through market assessments and additional studies can help ensure VA employees earn a salary that allows them to live and work within the communities they serve. Certain areas, like Hawaii, Alaska, California, and New York City, have an extremely high cost of living. Providing a specific locality pay formula that considers these extreme areas could make them more attractive and alluring, allowing VA to more easily fill their staffing vacancies.

Filling vacant positions is critical to ensuring that veterans can receive VA-provided care or receive earned VA benefits in a timely manner. Therefore, VA must request, and Congress must provide, sufficient funding and needed hiring authorities and incentives to allow the Department to expeditiously fill the nearly 40,000 existing vacant positions.

Systems of Support

One of the most critical elements of building a better VA is ensuring the Department has a highly efficient information technology system (IT) that can respond to the needs of VA and the veterans it serves, as well as combat cyber security threats. The IBVSO's report outlining budget recommendations for FYs 2022 and 2023 includes a broad range of IT needs throughout the Department as a whole.[7] These projects range from the ongoing Electronic Health Record Modernization project to accelerating and completing the Board of Veterans Appeals Case Flow system. In recent years, Congress has provided the Department considerable funding to upgrade its IT systems but always fell short of what was actually needed to complete large costly but essential projects like these. Consideration should be given to request infrastructure monies

[6] GAO-14-215, Federal Workforce: Recent Trends in Federal Civilian Employment and Compensation
[7] The Independent Budget; Fiscal Years 2022 and 2023 for the Department of Veterans Affairs

above and beyond those set aside for VA construction to help fully fund these projects, ending VA's need to piecemeal them together over many years.

For years, the IBVSOs have also advocated for expansions to the Department's e-health and telemedicine options, recognizing it provided a cost-effective and convenient means to deliver care for these individuals. We believe that after serving their nation, veterans should not experience neglect of their health care needs by VA because they are severely disabled or live in rural or remote areas far from major VA health care facilities. VA's use of telehealth increased substantially during the COVID-19 pandemic, surpassing everyone's expectations and it is sure to transform the way it delivers care in the future. VA must carefully study the efficacy of telehealth for each different clinical application. Ensuring that VA has adequate resources for the continued development and use of its electronic health options, as appropriate, will pay big dividends for veterans and the Department alike. There are also opportunities for VA to bring more services in-house through its telehealth and video connect programs. For example, VA should consider offering urgent care services to veterans via phone and video connect. VA has quick access to enrolled veterans' medical records and better ensures a continuity of care by providing this popular service in VA.

Conclusion

Mr. Chairman, the VA health care system is a national treasure not only for the medical care it delivers to millions of military veterans, but also for the contributions it makes to research, medical education and emergency response for all Americans. However, in order to assure that VA will continue to provide timely, accessible and high-quality medical care in the future, VA must have adequate, safe and reliable infrastructure to deliver that care. As Congress and the Administration engage in a debate over a national infrastructure investment plan, and with the AIR process running concurrently over the next couple of years, the IBVSOs urge Congress to consider making a once-in-a-generation investment in VA health care infrastructure, in conjunction with comprehensive reforms of VA planning, budgeting, management and oversight. America's veterans have earned—and deserve—no less.

This concludes the IBVSO's joint testimony on VA infrastructure and we would be pleased to respond to any questions that members of the Committee may have.