

**STATEMENT OF THE HONORABLE DAVID J. SHULKIN, M.D.
SECRETARY OF VETERANS AFFAIRS**

**FOR PRESENTATION BEFORE THE
SENATE APPROPRIATION COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES**

**BUDGET REQUEST FOR FISCAL YEAR 2018
JUNE 21, 2017**

Good morning, Chairman Moran, Ranking Member Schatz, and Distinguished Members of the Subcommittee. Thank you for the opportunity to testify today in support of the President's 2018 Budget and 2019 Advance Appropriation (AA) Request and to define my priorities to continue the dynamic transformation within the Department of Veterans Affairs (VA). I am accompanied today by Dr. Poonam L. Alai, Acting Under Secretary for Health; Thomas Murphy, Acting Under Secretary for Benefits; and Ron Walters, Interim Under Secretary for Memorial Affairs. I also want to thank Congress for providing the Department its full 2017 budget prior to the start of the Fiscal Year – this is significant and has been extremely beneficial to our ability to provide services and care to Veterans. The 2018 budget request fulfills the President's strong commitment to all of our Nation's Veterans by providing the resources necessary for improving the care and support our Veterans have earned through sacrifice and service to our country.

Fiscal Year (FY) 2018 Budget Request

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

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

This budget request will ensure the Nation's Veterans receive high-quality health care and timely access to benefits and services. I urge Congress to support and fully

fund our 2018 and 2019 AA budget requests – these resources are critical to enabling the Department to meet the increasing needs of our Veterans.

Modernizing VA

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

Focus on Execution

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

Make Bold Change

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

As I have noted, VA is a unique national resource that is worth saving, and I am committed to doing just that. Veterans have unique needs, and the services VA provides to Veterans often cannot be found in the private sector. The Veterans Health Administration (VHA) provides support to Veterans through primary care, specialty care, peer support, crisis lines, transportation, the Caregivers program, homelessness services, vocational support, behavioral health integration, medication support, and a VA-wide electronic medical record system. These services and supports are unparalleled. We also know that VA hospitals perform well on quality compared to non-

VA hospitals. In a study published in the Journal of American Medical Association (JAMA) Internal Medicine in April, researchers compared hospital-level quality data on 129 VA hospitals and 4,010 non-VA hospitals obtained through the Centers for Medicare and Medicaid's website. They found VA hospitals had better outcomes than non-VA hospitals on six of nine patient safety indicators, and there were no significant differences on the other three indicators. VA hospitals also had better mortality and readmission rates than non-VA hospitals. With the continued support of Congress, VA will supplement its services through private-sector health care, but we realize it is not a replacement for the services VA provides to Veterans.

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

Five Priorities

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

Priority 1: Greater Choice for Veterans

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

Since the start of the Choice Program, over 1.6 million Veterans have received care through the program. In FY 2015, VA issued more than 380,000 authorizations to Veterans through the Choice Program. In FY 2016, VA issued more than 2,000,000 authorizations to Veterans to receive care through the Choice Program, more than a fivefold increase in the number of authorizations from 2015 to 2016.

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

As these numbers demonstrate, demand for community care is high. In 2018, VA plans to spend a total of \$13.2 billion to support community care for Veterans. Community care will be funded by a discretionary appropriation of \$9.4 billion for the Medical Community Care account (\$254 million above the enacted advance appropriation), plus \$2.9 billion in new mandatory budget authority for the Choice Program. As stated in the budget request, this, combined with an estimated \$626 million in carryover balances in the Veterans Choice Fund, would have provided a total of \$13.2 billion in 2018 for community care. However, as of June 9, 2017, \$9.2 billion of the Choice Fund has been obligated and \$7.1 billion has been expended. These levels represent a significant acceleration of funds being expended from the Veterans Choice Fund, and consequently, I have updated the estimates VA previously put forth regarding when Choice Program funds would be fully obligated.

In March 2017, VA issued the highest number of authorizations in a month since the start of the program, followed closely by April and May. Over the three month period between March and May 2017, VA issued nearly 800,000 authorizations for Choice Program care, a 32-percent increase over the same time period in 2016. As a result, VA anticipates that Choice Program funds will be fully obligated sooner than previously expected. Based on VA's latest risk-adjusted cost estimates and volume projections, the program will be unable to carry over the previously estimated \$626 million, resulting in a need for the total \$3.5 billion in new mandatory budget authority to continue the Choice Program in FY 2018.

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

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

Empower Veterans through Transparency of Information

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

Priority 2: Modernizing our System

Infrastructure Improvements and Streamlining

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

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

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

Electronic Health Record Interoperability and IT Modernization

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

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

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

VA will complete the next iteration of the VistA Evolution Program, VistA 4, in 2018. VistA 4 will bring improvements in efficiency and interoperability, and will continue VistA's award-winning legacy of providing a safe, efficient health care platform for providers and Veterans. VistA Evolution funds have enabled investments in systems and infrastructure that support interoperability, networking and infrastructure sustainment, continuation of legacy systems, and efforts such as clinical terminology standardization. These investments are critical to the maintenance and deployment of

the existing and future modernized VistA and essential to operational capability. That said our current VistA system is in need of major modernization to keep pace with the improvement in health information technology and cybersecurity, and software development.

I promised a decision on our EHR system by July 1st, and I have honored that commitment by announcing that, after much deliberation, VA will adopt the same EHR system as DoD, now known as MHS Genesis, which at its core consists of Cerner Millennium. VA's adoption of the same EHR system as DoD will ultimately result in all patient data residing in one common system and enable seamless care between the departments without the manual and electronic exchange and reconciliation of data between two separate systems. Still, VA has unique needs and many of those are different from the DoD. For this reason, VA will not simply be adopting the identical EHR that DoD uses, but we intend to be on a similar Cerner platform. VA clinicians will be very involved in how this process moves forward and in the implementation of the system.

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

Priority 3: Focus Resources More Efficiently

Strengthening of Foundational Services in VA

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

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

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

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

VA/DoD/Federal Coordination

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

Deliver on Accountability and Effective Management Practices

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

promptly removed. Certain laws hamper our ability to optimally hold our employees accountable and remove those individuals that run afoul of my intent for the Department to function as a high-performing organization. We support legislation that is consistent with the following principles:

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

We thank the Senate for passing critical accountability legislation, S. 1094,– all signs point to new accountability rules for VA being the law of the land soon, but while that process continues, we are also focused on updating internal hiring practices. VHA is the largest health care system in the United States, and in an industry where there is a national shortage of health care providers, VHA faces competition with the commercial sector for scarce resources. Historically, VA has followed hiring practices that have proven unduly burdensome. Over the past year, VHA's business process improvement efforts have resulted in a more efficient hiring process. We were able to reduce the time it took to hire Medical Center Directors by 40 percent and obtained approval from the Office of Personnel Management (OPM) for critical position pay authority for many of our senior health care leaders. We recognize there is much work left to do. As we strive to find internal solutions, we look forward to working together on legislation to reform recruitment and compensation practices to stay competitive with the private sector and other employers.

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

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

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

Priority 4: Improve Timeliness of Services

Access to Care and Wait Times

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

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

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

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

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

Through the Choice Program, VHA and its contractors created more than 3.6 million authorizations for Veterans to receive care in the private sector from February 1, 2016 through January 31, 2017. This represents a 23 percent increase in authorizations when compared to the period February 1, 2015 through January 31, 2016. When looking at overall appointment data not specific to the Choice Program, the March 15, 2017, pending appointment data set shows VA has increased the number of overall pending appointments "in house" by nearly 1.8 million over the same data the prior year. According to the same data, the number of appointments scheduled greater than 30 days from the Veterans clinically indicated data or preferred date has decreased by 3.9 percent (19,645) since the beginning of FY 2017.

Accelerating Performance on Disability Claims

Since 2013, VA has made remarkable progress toward reducing the backlog of disability compensation claims pending over 125 days and is working to use more

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

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

Decisions on Appeals

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

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

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

VA worked collaboratively with VSOs and other stakeholders to design this new process for Veterans who disagree with a VA decision. The result of that work was a legislative proposal that was introduced in the 114th Congress and has been reintroduced in the 115th Congress. The proposed process: (1) establishes multiple options for Veterans instead of the single option available today; (2) provides early resolution of disagreements and improved notice as to which option might be best; (3) eliminates the inefficient churning of appeals that is inherent in the current process; (4) features quality feedback loops to VBA; and (5) improves transparency by clearly defining VBA as the claims agency and the Board as the appeals agency in VA. This clear definition between VBA and the Board also provides workload transparency for better workload/resource projections, and efficient use of resources for long-term savings.

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

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

Priority 5: Suicide Prevention – Eliminating Veteran Suicide

Every suicide is tragic, and regardless of the numbers or rates, one Veteran suicide is too many. Suicide prevention is VA's highest clinical priority, and we continue to spread the word throughout VA that "Suicide Prevention is Everyone's Business." The 2018 Budget requests \$8.4 billion for Veterans' mental health services, an increase of 6 percent above the 2017 level. It also includes \$186.1 million for suicide prevention outreach. VA recognizes that Veterans are at an increased risk for suicide and implemented a national suicide prevention strategy to address this crisis. VA is bringing the best minds in the public and private sectors together to determine the next steps in implementing the Eliminating Veteran Suicide Initiative. VA's suicide prevention program is based on a public health approach that is ongoing, utilizing universal,

selective, indicated strategies while recognizing that suicide prevention requires ready access to high quality mental health services, supplemented by programs that address the risk for suicide directly. VA's strategy for suicide prevention requires ready access to high quality mental health (and other health care) services supplemented by programs designed to help individuals and families engage in care and to address suicide prevention in high-risk patients.

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

Other than Honorable Expansion

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

Closing

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

making bold changes to improve our ability to serve Veterans. I look forward to your questions.