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2004 Departmental Performance Plan

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With the 2004 Performance Plan, we continue our efforts to raise the level of confidence of America's veterans in the Department of Veterans Affairs' (VA) ability to sharpen focus of our health care system to achieve primary care access standards that compliment our quality standards to improve the timeliness and accuracy of claims processing, to ensure the burial needs of veterans are met, and to maintain national cemeteries as shrines.

This plan describes how we will achieve our strategic goals, objectives, and performance goals with the funds we request in the 2004 Budget. Along with the budget submissions covering each VA program, this plan provides information to Congress, veterans service organizations, and the general public concerning not only what we do, but more importantly, how we intend to meet our commitments to the Nation's veterans and their families.

Executive Summary

By the end of 2004, the Department will have made significant progress toward achieving our long-term strategic goals, objectives, and performance targets. This plan describes how we will accomplish it.

The Performance Plan covers several areas. We begin by describing improvements to our performance management system, particularly our increased leadership involvement and deployment of performance management concepts. We briefly discuss our mission, vision, core values, resource requirements, and how our Department benefits the public. Next, we discuss performance relative to our strategic and enabling goals including discussions of key measures. For each objective key measures are discussed in the context of linkage to a strategic goal; current situation; means and strategies; crosscutting activities; external factors; major management challenges; and data sources and validation. Following the strategic goals is a discussion of efforts in support of the Department's Enabling Goal. Enabling activities support the creation of an environment that fosters the delivery of world-class service to veterans and their families through effective management of people, communications, technology, and governance.

The performance plan also includes discussions of the President's Management Agenda, major management challenges identified by VA's

Inspector General and the General Accounting Office, and an assessment of the quality of our data. Finally, data tables are presented that display our performance measures by Departmental goals, objectives, and programs.

Introduction

VA directly touches the lives of millions of veterans every day through its health care, benefits, and burial programs. The 2004 Performance Plan describes how VA will fulfill its obligations to provide high-quality service, to deliver benefits to veterans in a way that satisfies the American public's commitment to honor veterans' service, and to compensate them for their sacrifices. This document presents the performance targets VA is striving to achieve as a means of moving us closer to accomplishing our strategic goals and objectives. This Plan supports the Department's objectives:

- Provide specialized health care services;
- Improve the timeliness and accuracy of compensation claims;
- Focus vocational rehabilitation resources;
- Improve the standard of living of eligible survivors of service-disabled veterans;
- Increase awareness of benefits for new veterans;
- Provide timely education assistance;
- Meet community standards for home loan guaranty benefits;
- Provide high-quality and timely health care;
- Improve timeliness and accuracy of pension claims processing;
- Maintain high level of service to insurance policy holders;
- Ensure burial needs are met;
- Provide symbolic expressions of remembrance;
- Improve preparedness for response to war, terrorism, National emergencies, and natural disasters;
- Focus VA medical research and development programs;
- Sustain partnerships with academic community that enhance the quality of health care;
- Enhance socio-economic well-being of veterans;
- Maintain national cemeteries as shrines;
- Recruit, develop, and retain a committed and diverse workforce;
- Improve communications with veterans, employees, and stakeholders;
- Implement a *One VA* information technology framework;
- Apply sound business principles and ensure accountability.

By the end of 2004, we will improve the timeliness of claims processing so that we complete cases in an average of 100 days, while continuing to improve the quality of our decision-making. Veterans will be able to schedule primary care and specialty appointments at VA health care facilities in an average of 30

days each. Over 81 percent of veterans will have reasonable access to a burial option at a national cemetery or state veterans cemetery. The overall appearance of national cemeteries will continue to provide a dignified and respectful setting for deceased veterans and for those who visit these national shrines.

At VA, we will conduct our operations using sound business principles. The plan describes a number of performance enablers and management reforms, including the President's Management Agenda initiatives, which will allow us to achieve our goals while managing public resources with prudence.

This document provides a synopsis of the more detailed planning, performance, and resource information presented in an integrated fashion throughout Volume 1 (Benefit Programs), Volume 2 (Medical Programs), and Volume 3 (Departmental Management) of our budget submission. Taken together, the Performance Plan and the individual budget volumes present a comprehensive picture of what VA is striving to achieve, how we propose to measure our progress, and the resources required to accomplish our strategic goals and objectives.

Summary of Departmental Performance

Participation in VA Programs

The Department carries out its responsibilities through the following programs:

Medical Care	Pension	Housing
Medical Research	Education	Insurance
Compensation	Vocational Rehabilitation and Employment	Burial

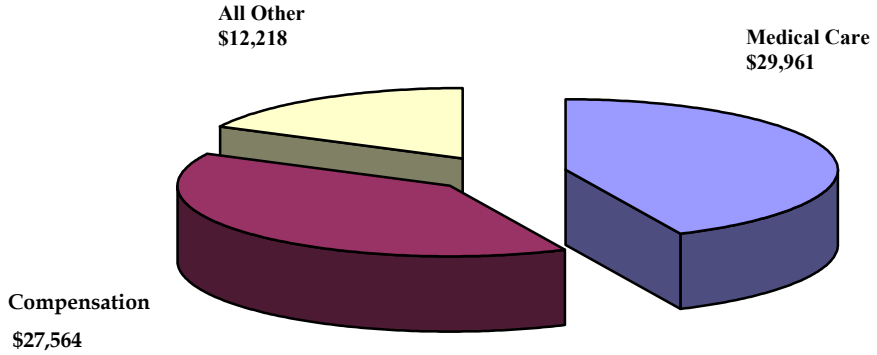
Projected Number of Veterans and Dependents Who Will Participate in VA Programs, 2004

Program	Participants	Program	Participants
Medical Care:		Vocational Rehabilitation:	
Unique Patients	*4,836,298*	Veterans Receiving	
Veterans	*4,361,710*	Services/Subsistence	*73,517*
Non-Veterans	*474,588*		
Compensation:		Housing:	
Veterans	*2,543,600*	Loans Guaranteed	*270,000*
Survivors/Children	*316,747*		
		Insurance:	
Pension:		Lives Insured	
Veterans	*339,905*	Veterans	*1,889,800*
Survivors	*213,648*	Servicemembers	*2,394,000*
		Spouses/Children	*3,007,000*
Education:		Burial:	
Veterans and		Interments	*99,100*
Servicepersons	*332,026*	Graves Maintained	*2,652,300*
Reservists	*94,734*	Headstone and	
Survivors/Dependents	*59,128*	Marker Applications	*370,700*

2004 Obligations

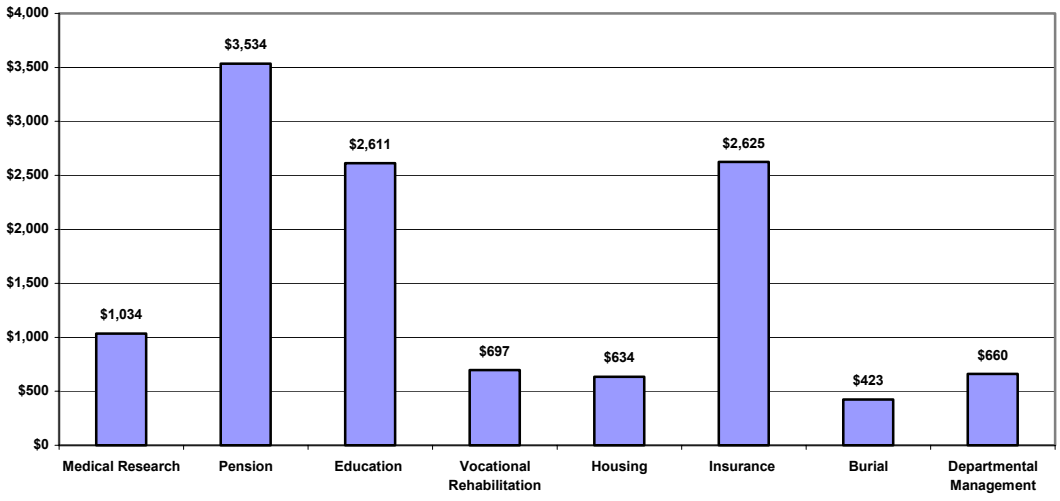
During 2004, VA obligations are projected to total over $69.7 billion for these programs. Approximately 95 percent of this sum will go directly to veterans in the form of monthly payments of benefits or for direct services, such as medical care.

Obligations for VA Programs, 2004
($ in millions)



Total Obligations $69,743 (millions)

Obligations for "All Other," 2004
($ in millions)



Improvements to the Strategic Plan and Performance Plan

Strategic Plan Improvements

VA is currently in the process of revising its strategic plan, which should be published in early calendar year 2003. Only minor changes to VA's strategic goals are anticipated. Those changes are incorporated into this performance plan.

The revised strategic plan will cover the period 2003 to 2008. The objectives have been revised to reflect the Secretary's priorities, and in particular, his strong commitment to reducing the pending backlog of veterans' compensation claims, improving access to health care for our highest priority veterans, and ensuring access to burial benefits.

The revised plan will also demonstrate VA's strong commitment to, and progress in, implementing the President's Management Agenda.

Strategic Management Improvements

Last year, VA initiated a new governance process to provide a systematic approach for developing recommendations for the Secretary and the VA Executive Board regarding policy, planning, and management issues. The Strategic Management Council meets regularly and has demonstrated its effectiveness in assessing policy options and management issues, and providing accountability for meeting VA's key performance targets. In July 2002, the Secretary established the VA Business Oversight Board to review and oversee the performance, efficiency, and effectiveness of Departmental business processes. These processes include procurement, collections, capital portfolio management, and business revolving funds. Through a series of senior-level joint VA/DoD strategic planning meetings, VA and DoD are addressing crosscutting issues of mutual concern, including sharing of medical information and records and easing the transition from active duty to veteran status.

Performance Plan Improvements

- Much greater focus has been placed on linking key performance measures to strategic goals and objectives, benefits to veterans (our customers), and resource requirements.
- We continue to structure the plan around strategic goals and objectives. Key performance measures are those that directly support the objectives. This places the focus of the plan on issues most important to veterans, Congress, and our stakeholders.
- Topics within each major section of the plan have been given standard titles. For example, the title "Discussion of Current Situation" is used throughout the plan. Standardizing subtitles helps to clarify discussions.

Performance Measurement

Each year, we evaluate performance from the previous year, and set new annual performance targets that demonstrate our commitment to continuous improvement. In many instances, the performance improvements we project from one year to the next, as well as the performance advancements we actually achieve, are dramatic. In other cases, the improvement is necessarily more limited. The degree of improvement is due to a variety of factors, such as the availability of resources for each program, the timing associated with implementing initiatives and new strategies, and the priorities established by the Department. Nevertheless, we continuously strive to improve our performance in all programs every year.

As evidence to our ongoing commitment to continuous improvement, the Department achieved 17 of 22 (77 percent) key performance goals for which we had FY 2002 targets, compared with 58 percent achievement in FY 2001. For two of the five performance goals not met, actual performance in FY 2002 was better than reported in FY 2001. We did not set performance goals for one measure but collected baseline data during the year.

While the vast majority of performance measures remain the same from year to year, our list of measures is evaluated annually and does change in response to changing business needs and revisions to program priorities.

How We Choose Measures

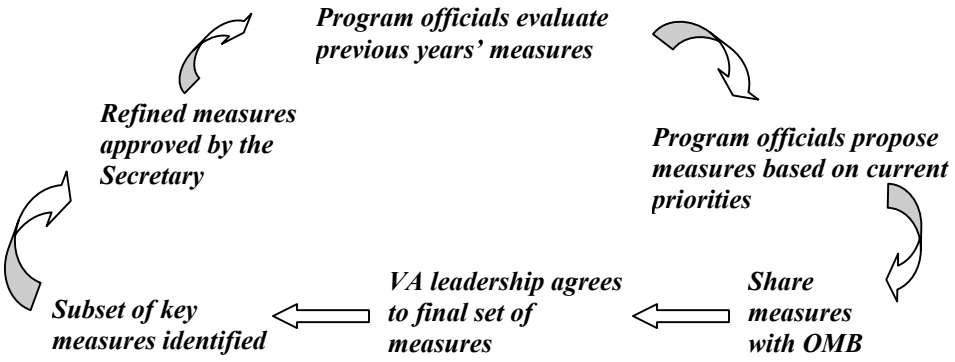
This year the Department utilized a new, more rigorous, process for selecting measures to validate, revise, delete, and develop measures for the FY 2004 budget. Initially, each Administration and Staff office reviewed the measures that were used the previous year in light of the current business focus, operating environment, and overall direction of the organization. This evaluation was conducted using a "top-down" approach beginning with the Department level and progressing down to the operational level.

The process for identifying and approving Departmental measures followed several general steps:

- The set of measures used in the FY 2003 budget was the starting point for Staff offices and Administrations.
- Program officials in each organization reviewed, revised, deleted, and added measures based on priorities set by the Secretary.
- The initial proposed measures were shared with OMB for review and comment.
- VA leadership agreed to a final set of measures.

- Administrations recommended a subset of measures within the list of performance measures to be identified as key.
- Based on discussion by the Strategic Management Council, these measures were refined then approved by the Secretary.

These general steps form a cycle as illustrated below.



Mission

Dating back to the earliest days of our country, support for veterans and their families has been a national priority. Since 1636, when the Plymouth Colony passed a law to provide lifetime support for any soldier who returned from battle with an injury, our Nation has responded to the needs of veterans. Veterans' programs have evolved to the comprehensive set of health care, benefits and services VA provides today. Veterans' programs have four broad purposes:

- To restore the capability of those who suffered harm during their service;
- To ensure a smooth transition as veterans return to civilian life in their communities;
- To honor and serve all veterans for the sacrifices they made on behalf of the Nation;
- To contribute to the public health, socioeconomic well-being, and history of the Nation.

Just as the history of VA has evolved, we can expect that the needs of veterans and the VA will continue to transform. Whatever veterans' needs are, VA will be ready. Today, there are over 25 million living men and women who served in the armed forces. VA currently provides health care, benefits and memorial services to millions of veterans, as well as eligible survivors and dependents of veterans. Veterans count on VA, and VA will be there for veterans.

Our mission is:

"To care for him who shall have borne the battle, and for his widow and his orphan ...."

These words, spoken by Abraham Lincoln during his Second Inaugural Address, reflect the philosophy and principles that guide VA in everything we do in our efforts to serve our Nation's veterans and their families.

President Lincoln's words reflect VA's enduring commitment and responsibility to treat America's veterans and their families with profound respect and compassion; to be their principal advocate in promoting the health, welfare, and dignity of all veterans; and to ensure they receive the medical care, benefits, social support, and lasting memorials they deserve in recognition of their service to America.

The statutory mission authority for VA defines our organizational commitment to America's veterans: "to administer the laws providing benefits and other services to veterans and the dependents and the beneficiaries of veterans." (38 U.S.C. 301(b)) VA exists to give meaning, purpose, and reality to that commitment. The needs, preferences, and expectations of veterans directly shape the benefits and services we provide.

Vision

Veterans and the Nation recognize VA as the leader in the delivery of health care, benefits, and memorial services as a result of our commitment to excellence and the dedication of our workforce.

Core Values

To implement our mission and achieve our strategic goals, we strive to uphold a set of core values representing the basic fabric of our organizational culture. These values transcend all organizational boundaries and apply to everything we do as a Department. Each member of the VA team endeavors to practice the following values when serving veterans and working with others:

Commitment

- Veterans have earned our respect and commitment and their health care, benefits, and memorial services needs drive our actions.

Excellence

- We strive to exceed the service delivery expectations of veterans and their families.
- We perform at the highest level of competence with pride in our accomplishments.

People

- We are committed to a highly skilled, diverse, and compassionate workforce.
- We foster a culture of respect, equal opportunity, innovation, and accountability.

Communication

- We practice open, accurate, and timely communication with veterans, employees, and external stakeholders, and seek continuous improvement in our programs and services by carefully listening to their concerns.

Stewardship

- We will ensure responsible stewardship of the human, financial, information, and natural resources entrusted to us.
- We will improve performance through the use of innovative technologies, evidence-based medical practices, and sound business principles.

Program Descriptions

VA directly touches the lives of millions of veterans every day through its health care, benefits, and burial programs. With facilities in all 50 states, Puerto Rico, the territories, and the District of Columbia, we provide benefits and services through our 163 medical centers, 137 nursing homes, 43 domiciliaries, 880 outpatient clinics, 206 Vietnam Veteran Outreach Centers (Vet Centers), 57 regional offices, and 120 national cemeteries.

Each of the three VA administrations has a field structure to enable it to provide efficient, accessible service to veterans throughout the country. The Veterans Health Administration (VHA) has 21 Veterans Integrated Service Networks (VISNs), integrated networks of health care facilities that provide coordinated services to veterans to facilitate continuity through all phases of health care. The Veterans Benefits Administration (VBA) has 57 regional offices (VAROs) for receiving and processing claims for VA benefits. The National Cemetery Administration (NCA) has five Memorial Service Networks (MSNs), which provide direction, operational oversight, and engineering assistance to the cemeteries located in a specific geographic area.

The Department accomplishes its mission through partnerships among VHA, VBA, NCA, the Board of Veterans' Appeals (BVA), and the Departmental staff organizations by integrating the related activities and functions of the following major programs:

Medical Care

VA meets the health care needs of America's veterans by providing primary care, specialized care, and related medical and social support services. Also included are health care education and training programs designed to help ensure an adequate supply of clinical care providers for veterans and the Nation.

Medical Research

The medical research program contributes to the Nation's knowledge about disease and disability.

Compensation

The compensation program provides monthly payments and ancillary benefits to veterans, in accordance with rates specified by law, in recognition of the average potential loss of earning capacity caused by a disability, disease, or death incurred in, or aggravated during, active military service. This program also provides monthly payments, as specified by law, to surviving spouses, dependent children, and dependent parents, in recognition of the economic loss caused by the veteran's death during active military service or, subsequent to discharge from military service, as a result of a service-connected disability.

Pension

The pension program provides monthly payments, as specified by law, to needy wartime veterans who are over 65 years old or who are permanently and totally disabled. This program also provides monthly payments, as specified by law, to needy surviving spouses and dependent children of wartime veterans who die as a result of a disability not related to military service.

Education

The education program assists eligible veterans, service members, reservists, survivors and dependents in achieving their educational or vocational goals.

Vocational Rehabilitation and Employment

The vocational rehabilitation and employment program assists veterans with service-connected disabilities to achieve functional independence in daily activities. It provides the support and assistance necessary to enable service-disabled veterans to become employable, and to obtain and maintain suitable employment.

Housing

The housing program helps eligible veterans, active duty personnel, surviving spouses, and selected reservists to purchase and retain homes.

Insurance

The insurance program provides veterans, service members, and family members with life insurance benefits, some of which are not available from the commercial insurance industry, due to lost or impaired insurability resulting from military service. Insurance coverage will be available in reasonable amounts and at competitive premium rates comparable to those offered by commercial companies. A competitive, secure rate of return will be ensured on investments held on behalf of the insured.

Burial

Primarily through the National Cemetery Administration, VA honors veterans with a final resting place and lasting memorials that commemorate their service to the Nation.

Public Benefits of Veterans Affairs

VA's inherent responsibility is to serve America's veterans and their families with dignity and compassion, and to be their principal advocate for medical care, benefits, social support, and lasting memorials. VA promotes the health, welfare, and dignity of all veterans in recognition of their service to the Nation. VA positively impacts the lives of veterans and their families, as well as the Nation as a whole. Employees at VA embody our commitment to veterans and, as stewards for the government, we strive to improve the efficiency, effectiveness, and management of all of our benefit programs. The following illustrations are just a few examples of VA innovation and our desire to improve.

Medical Care

In fulfilling our mission to serve the health care needs of veterans, we are an integral part of the Nation's health care system. With the resources we are requesting for 2004, our network of hospitals, outpatient clinics, nursing homes, and domiciliaries will serve over 4.8 million unique patients. We are the Nation's leader in treating spinal cord injuries, patient safety, and have led the industry in developing quality of care measurements.

The 2002 Institute of Medicine (IOM) report entitled *Leadership by Example*, lauded VA's use of performance measures to improve quality in clinical disciplines and in ambulatory, hospital and long-term care. "VA's integrated health care information system, including its framework for using performance measures to improve quality, is considered one of the best in the nation," according to the IOM.

The IOM report also cited VA's National Surgical Quality Improvement Program (NSQIP), which uses performance measurements, reports, self-assessment tools, site visits, and best practices. It develops risk-adjusted

information on surgical outcomes in VA's medical centers. From 1991, when NSQIP data were first collected, to 2000, the impact on the outcomes of major surgeries was dramatic: 30-day post-operative deaths decreased by 27 percent.

Innovation comes in many forms. For a VA nurse in Topeka, Kansas, it sprang from the most unexpected of places, a rental car company. Her idea resulted in the development of a cutting-edge program that received the Pinnacle Award in the health system category in June 2002, a top honor by the American Pharmaceutical Association Foundation. Her inspiration evolved into Bar Code Medication Administration, a program designed to eliminate a host of problems like poor handwriting and lost paper prescriptions. According to the Department of Health and Human Services, medication errors in the Nation's hospitals can be cut by more than two-thirds if doctors enter prescriptions into a computer rather than scribbling on paper. Before dispensing medication at a VA hospital, a nurse scans a patient's wristband with a hand-held device similar to price scanners used in stores-or rental car companies-and then scans a label on the medicine to make sure the proper patient is getting the correct medication in the appropriate dose and at the right time. The Pinnacle Award comes to VA in no small measure because of a VA nurse's foresight and passion more than 10 years ago. This technology is now available in health care facilities across the Nation.

Also in 2002, VA's National Center for Patient Safety received the John E. Eisenberg Award in Patient Safety for System Innovation. The Eisenberg awards are given by the Joint Commission on the Accreditation of Healthcare Organizations and the National Forum for Healthcare Quality and Reporting.

Over 17,000 veterans successfully completed VA's blind rehabilitation program in 2002. As a result of their participation, these veterans became more self-sufficient in their daily activities and achieved a higher level of independence.

VHA emphasizes health promotion and disease prevention to improve the health of the veteran population, and systematically measures and communicates quality of care and patient outcomes. One of two primary quality measures is the Chronic Disease Care Index II (CDCI II), a composite of the evidence and outcomes-based measures for high-prevalence and high-risk diseases. The individual indicators within the index are based on sound evidence-based medicine, a process that identifies specific processes of care, which in turn impact the overall outcomes for individual patients. For example, 85 percent of veterans with chronic lung disease received a pneumoccocal vaccine in 2001, a targeted intervention in the CDCI II. (The Centers for Disease Control and Prevention reported 50 percent of high-risk Americans received this vaccine in 1999.) VA estimates that this measure has reduced the number of veteran deaths by 4,000 nationally over the last five years and reduced the number of admissions for pneumonia by 8,000 from 1999 to 2001, which equates

to about 9,500 fewer bed days of care. Health care providers have readily accessible information regarding their patients through the use of the Computerized Patient Record System (CPRS). The CPRS automatically reminds the provider at the point of patient contact about the interventions and screening indicators that need to be addressed during the veteran's visit. This technology has led to an increase in interventions and improved health for veterans and serves as a benchmark for the healthcare industry.

Veterans make up nearly 25 percent of the homeless population. Many more veterans who live in poverty are at risk of becoming homeless. VA offers a wide array of special programs and initiatives specifically designed to help homeless veterans live as self-sufficiently and independently as possible. In fact, VA is the only Federal agency that provides substantial hands-on assistance directly to homeless persons. Although limited to veterans and their dependents, VA's major homeless-specific programs constitute the largest integrated network of homeless treatment and assistance services in the country. The following are a few examples of our activities:

During 2002, more than 20,000 homeless and at-risk veterans received medical care from VA.

VA's Homeless Providers Grant and Per Diem Program, offered annually as funding permits by VA's Health Care for Homeless Veterans (HCHV) Programs, funds community agencies providing services to homeless veterans. In 2002, VA identified $13.5 million in homeless per diem grants.

Medical Research

VA is the premier research organization leading the Nation's efforts to promote the health and care of veterans. VA seeks to advance medical research and development programs in ways that support veterans' needs and contribute to the Nation's medical and scientific knowledge base. Our budget request for the medical research program will support 2,770 high priority research projects to expand knowledge in areas critical to veterans' health care needs: Gulf War illnesses; diabetes; heart disease, chronic viral diseases; Parkinson's disease, spinal cord injury; prostate cancer; depression; environmental hazards; women's health concerns; and rehabilitation programs. The results of these research projects will benefit not only veterans, but will contribute to improved health outcomes for the nation as a whole. Here are some specific examples of research accomplishments in 2002 and focus areas for the future:

- Two Centers of Excellence were established in 2002 to develop new therapies for veterans with spinal cord injuries. The center at the Bronx VAMC will explore the use of pharmaceuticals to treat the secondary disabilities of spinal cord injury, and the center at the Miami VAMC will

study pain management, recovery of motor and sensory function, and other related issues.

- Maintain an active and growing portfolio in research directed toward understanding the incidence, cost and outcomes of comparative treatments for chronic diseases.
- Establish a "virtual" neuroimaging center from a pool of existing programs. The initial three participating sites will conduct a coordinated research program to investigate deployment health issues, including Gulf War Illnesses.
- Emerging Pathogens Research: The most important clinical advance is the identification of new agents capable of causing human disease such as hantavirus or West Nile virus. The mechanism by which hantavirus cause disease remains unknown. Further research will help elucidate the mechanism of disease production, identify potential targets for prevention and therapy, and increase the nation's ability to respond to bioterrorist attacks.

Benefits Programs

The compensation, insurance, education and training benefits, pension, and housing benefits we provide not only enrich the lives of our Nation's veterans, they also return substantial benefits to the communities in which the veterans live.

VA recognizes that certain veteran populations have unique needs or disabilities based on the circumstances of their service, and the compensation program specifically addresses these populations. Regulations that provide for presumptive service connection ease their burden of showing that certain medical conditions are related to service; these veterans include prisoners of war, those exposed to radiation in service or exposed to herbicides in Vietnam, and Gulf War veterans. As a result, disabled veterans are able to more fully participate in the economic life of their communities.

In addition, the compensation program provides additional allowances for a veteran's dependents if the veteran is at least 30 percent disabled from a service-connected condition. It also provides for the veterans' survivors in its Dependency and Indemnity Compensation (DIC) program, making benefit payments to the eligible parents, unmarried surviving spouses, and children under 18 years of age of veterans who either died of a service-connected disability, or died from a disease or injury incurred or aggravated while on active duty for training, or died from an injury incurred while on inactive training. In certain circumstances, DIC payments may also be authorized for survivors of veterans who were totally disabled from a service-connected disability when they died, even though this disability did not cause their deaths.

The Philadelphia VA Regional Office and Insurance Center was named the recipient of the Department's 2002 Robert W. Carey Quality Award. The award is made to the VA organization that best exemplifies quality service to veterans, dependents and beneficiaries. In FY 2004 we expect to insure the lives of 1,889,800 veterans, 2,394,000 servicemembers, and 3,007,000 spouses/children. The insurance program conducts several outreach efforts to all separating servicemembers, especially severely disabled veterans. These efforts are designed to assist veterans in making an educated choice regarding their life insurance needs. VA hopes that these efforts will ensure the retention of a valuable benefit for those most in need and also raise all veterans' awareness of their earned insurance benefits.

Since its beginning in World War II, VA's education program has been the springboard for improving the economic opportunities for veterans. VA projections indicate that more than 330,000 veterans and servicepersons will be participants in this program. VA's education programs offer veterans who are readjusting to civilian life, the opportunity to obtain affordable higher education. These programs enhance the Nation's competitiveness through the development of a more highly educated and productive workforce. VA's program evaluation demonstrated a positive return on investment of 2 to 1 in the form of increased income taxes for every program dollar spent.

The principal objective of the loan guaranty program is to encourage and facilitate the extension of favorable credit terms by private lenders to veterans for the purchase, construction, or improvement of homes to be occupied by veterans and their families. The program operates by substituting the Federal Government's guaranty for the down-payment that would otherwise be required when a veteran or reservist purchases a home. Eligible individuals are thus able to finance home purchases even though they may not have the resources to qualify for conventional loans. Another critical function of the loan guaranty program is to assist veterans after they receive their benefit. Lenders report to VA when veterans are seriously delinquent on their mortgages. It is VA's responsibility to contact the veteran and offer assistance to help the veteran retain his/her home or resolve the issue at the lowest possible cost to the veteran and VA.

VA's benefits programs also address other quality of life issues for service-connected veterans by providing for specially adapted home grants to eligible veterans. This includes remodeling a home to accommodate special needs arising as a result of certain service-connected disabilities, such as loss of use of lower extremities, or blindness. Grants for adaptive equipment for an automobile are available to qualified veterans, as well as clothing allowances for qualified veterans who use prosthetic or orthopedic appliances as a result of a service-connected disability.

Of critical importance to many low-income veterans is a pension benefit. It is available to veterans with qualifying wartime service who are permanently and totally disabled, and to their survivors. In 2002, VA began paying this income-based benefit to qualifying veterans age 65 or older, regardless of whether they are permanently and totally disabled.

Memorial Affairs

VA provides headstones and markers for the graves of eligible persons in national, state, other public and private cemeteries. Delivery of this benefit is not dependent on interment in a national cemetery. In 2004, we expect to process about 371,000 applications for headstones and markers for the graves of eligible persons in national, state, other public and private cemeteries. We project that we will issue approximately 324,000 Presidential Memorial Certificates, conveying the Nation's gratitude for the veteran's service and bearing the signature of the President of the United States, to veterans' next of kin and loved ones.

Each national cemetery exists as a national shrine and as such serves as an expression of the appreciation and respect of a grateful Nation for the service and sacrifice of her veterans. Each national shrine provides an enduring memorial to their service, as well as a dignified and respectful setting for their final rest. Our Nation is committed to create and maintain these sites as national shrines, transcending the provision of benefits to an individual. As national shrines, VA's cemeteries serve a purpose that continues long after burials have ceased and visits of families and loved ones have ended.

In 2002, NCA initiated its first comprehensive inventory of an estimated 300 memorials located in more than 100 national cemetery properties across the country. Since national cemeteries were established in 1862, they have become the sites of memorials erected to recall distinctive heroics, group burials, and related commemorations. These memorials range from modest blocks of stone, sundials, and tablets affixed to boulders to more sophisticated obelisks and single soldiers on granite pedestals. To complete this inventory, VA is partnering with Save Outdoor Sculpture! (SOS!), a non-profit organization with more than ten years of experience using volunteers to survey public outdoor sculpture nationwide. In addition to gathering historical information about the memorial, volunteers will document materials, dimensions, appearance, evidence of damage, and setting. The inventory will help NCA prioritize conservation needs as well as develop a maintenance plan for all its memorials. When the project is complete, the inventory data will reside at VA as well as being publicly accessible online through another SOS! partner, the Smithsonian American Art Museum.

Resource Requirements by Strategic Goal and Program

The following table estimates the total resources devoted to each strategic goal by program.

Strategic Goal Resources by Responsible Program						
Responsible Program and Goal	**Total Obligations ($ in millions)**	**Restore Disabled Veterans**	**Ensure a Smooth Transition**	**Honor and Serve Veterans**	**Support National Goals**	**Enabling Goal**
Medical Care	$29,961	$15,589	$87	$13,666	$469	$150
Medical Research	$1,034	$558			$476	
Compensation	$27,564	$27,564				
Pension	$3,534			$3,534		
Education	$2,611	$261	$2,350			
Vocational Rehabilitation	$697	$697				
Housing	$634		$634			
Insurance	$2,625	$100	$545	$1,980		
Burial	$423			$339	$84	
Departmental Management	$660	$45		$5	$1	$609
Total ($ in millions)	$69,743	$44,814	$3,616	$19,524	$1,030	$759

Strategic Goal 1

Strategic Goal	Objective	Key Performance Measure
→	→	
Restore the capability of veterans with disabilities to the greatest extent possible and improve the quality of their lives and that of their families	1.1 Maximize the physical, mental, and social functioning of veterans with disabilities and be recognized as a leader in the provision of specialized health care services.	Percent of veterans who were discharged from a Domiciliary Care for Homeless Veterans (DCHV) program, Health Care for Homeless Veterans (HCHV), or Grant Per Diem community-based contract residential treatment program to an independent or secured institutional living arrangement
	1.2 Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disable veterans.	Average days to process rating-related actions on compensation and pension claims
		National accuracy rate for core rating work
		Average days pending to process rating-related actions
		Percent of claimants who are Benefits Delivery at Discharge (BDD) participants
		Number of days to obtain service medical records
	1.3 Provide all service-disabled veterans with the opportunity to become employable and obtain and maintain suitable employment, while providing special support to veterans with serious employment handicaps.	Vocational rehabilitation and employment rehabilitation rate
	1.4 Improve the standard of living and income status of eligible survivors of service-disabled veterans through compensation, education, and insurance benefits.	There are currently no key performance measures associated with this objective.

To achieve this strategic goal, VA needs to maximize the ability of veterans with disabilities, those in special veteran populations (e.g., elderly veterans or those with serious mental illness), and veterans' dependents and survivors to become full and productive members of society through a system of health care, compensation, vocational rehabilitation, life insurance, dependency and indemnity compensation, and dependents' and survivors' education. This

system of benefits and services is aimed toward the broad outcome of restoring the individual capabilities of our Nation's disabled veterans.

The following table identifies estimates of the total resources devoted to this strategic goal and its associated objectives.

Resources by Objective		
	FY 2004 Obligations	**% of Total VA Resources**
Total VA Resources	$69,743	100%
Strategic Goal 1: Restore the capability of veterans with disabilities to the greatest extent possible and improve the quality of their lives and that of their families.	$44,814	64.3%
Objective		
1.1 Maximize the physical, mental, and social functioning of veterans with disabilities and be recognized as a leader in the provision of specialized health care services.	$16,147	23.2%
1.2 Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.	$27,609	39.6%
1.3 Provide all service-disabled veterans with the opportunity to become employable and obtain and maintain suitable employment, while providing special support to veterans with serious employment handicaps.	$697	1.0%
1.4 Improve the standard of living and income status of eligible survivors of service-disabled veterans through compensation, education, and insurance.	$361	0.4%

Provide Specialized Health Care Services

Strategic Goal: Restore the capability of veterans with disabilities to the greatest extent possible and improve their quality of their lives and that of their families.

Objective 1.1: Maximize the physical, mental, and social functioning of veterans with disabilities and be recognized as a leader in the provision of specialized health care services.

Performance Goal

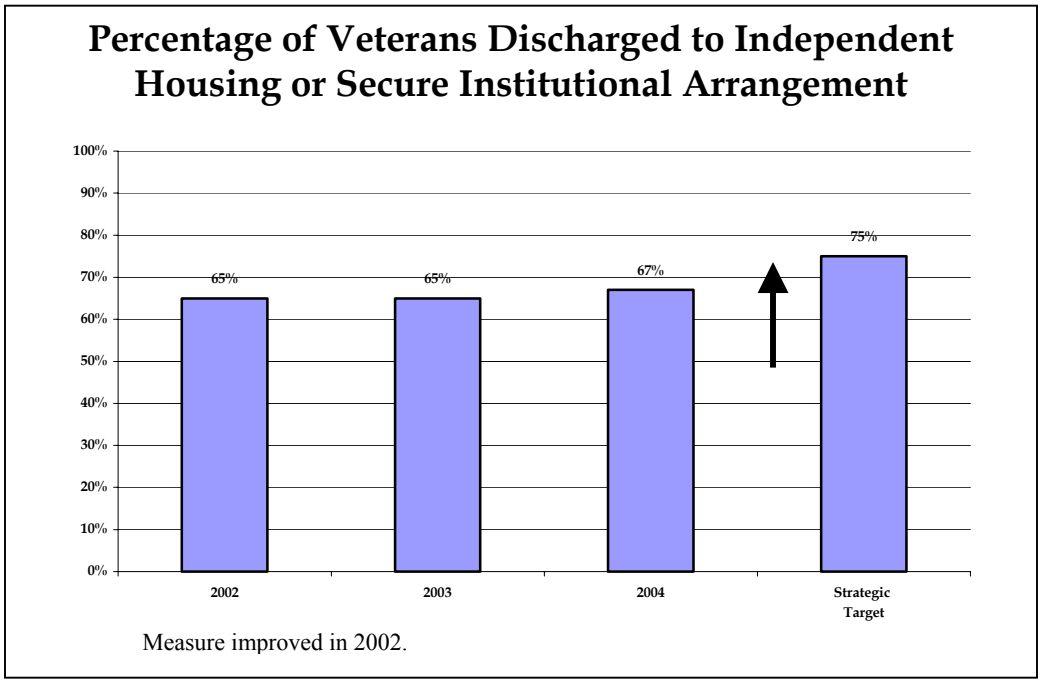
Increase the percentage of veterans discharged from a Domiciliary Care for Homeless Veterans (DCHV) program, Health Care for Homeless Veterans (HCHV), or Grant Per Diem community-based contract residential treatment program to an independent housing or a secure institutional arrangement to 67 percent for FY 2004.

Definition: The numerator for this measure is: All patients whose discharge disposition is to independent housing (i.e., own apartment, room or single-room-occupancy arrangement) or secure institutional living arrangement (including halfway houses, transitional living programs and domiciliary facilities). The denominator is: All patients discharged from a VA DCHV, or a community-based residential care facility under the HCHV program.

Current Situation Discussion

VHA's strategic objective to address the strategic goal and the Secretary's priority is to *Enhance, Preserve and Restore Patient Function*. The Department has adopted several performance measures to help assess the treatment of veterans with special needs and special disabilities. VHA will focus on improving functioning and enhancing outcomes for patients with special needs and special disabilities, and on coordinating acute, chronic, and rehabilitative care to improve patient functioning. In FY 2002, specialized care was provided to veterans in the following categories:

Disability	Number of Patients
Spinal Cord Dysfunction	11,672
Blindness	12,964
Traumatic Brain Injury	225
Amputation	5,507
Seriously Mentally Ill	293,246
Substance Abuse	88,044
Homeless	39,272
Post-Traumatic Stress Disorder	50,046



One of the major goals of VA's DCHV, HCHV and Grant Per Diem programs is to provide treatment and assistance to homeless veterans who have been living on the streets or in emergency shelters. A primary indicator that this has been implemented is that veterans do not return to homelessness following residential treatment. There are an increasing number of residential beds in the community, funded under VA's Homeless Providers and Grant Per Diem Program, that offer continued supervised housing with support services for homeless veterans. The increasing availability of these beds has allowed VA to extend the continuum of care for homeless veterans. As a result, an increasing number of veterans can be placed in a supported housing program where they can continue to work toward self-sufficiency. These veterans are continuing to live in structured, supervised residential programs. They have not returned to homelessness, and their housing status is known. For those veterans, along with those returned to "independent" living, this measure more accurately captures the living situations of all homeless veterans.

Means and Strategies

VHA is focused on promoting the health, independence, quality of life, and productivity of all special populations veterans including homeless veterans. Discharge to non-institutional, community living, or secure institutional living arrangement is a positive health outcome.

VHA will continue to support an increase in the number of residential beds in the community, funded under VA's Homeless Providers Grant and Per Diem

Program and community-based programs. These programs will offer continued supervised housing with support services in a structured, supervised environment to reduce the risk of homelessness.

VHA will provide a continuum of specialized care for homeless veterans that includes: 1) VA outreach and case management services; 2) residential treatment in VA's DCHV; 3) transitional supported housing and supportive service centers provided by faith-based and community-based organizations through VA's Homeless Providers Grant and Per Diem Program; 4) assistance with employment through VA's Compensated Work Therapy (CWT) Program coupled with VA community-based supported housing in CWT/Transitional Residential (CWT/TR) Programs; and 5) assistance with permanent housing through a joint program with the Department of Housing and Urban Development (HUD) in which HUD provides dedicated Section 8 Vouchers for homeless veterans and VA provides ongoing case management services.

VHA has included in this year's plan two new measures of health care outcome for special populations of veterans. Although not key measures, the new measures will focus on the quality of chronic and preventive care for these special populations who have been seen within the last two years.

Crosscutting Activities

VA's Homeless Grant and Per Diem Program provides grants to community-based organizations, state or local governments, or Native American tribes to assist with the construction or renovation of new transitional beds and other supportive services programs.

Under VA's Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) for Homeless Veterans, VA medical centers work with representatives from other Federal agencies, state and local governments, and community-based service providers to identify the unmet needs of homeless veterans and develop action plans to meet these needs.

With DoD and GSA, VA distributes excess property (sleeping bags, blankets, and clothing) for homeless veterans. The Compensated Work therapy (CWT) Program employs formerly homeless veterans in various tasks.

VA and Housing and Urban Development (HUD) jointly sponsor the HUD-VA Supported Housing (HUD-VASH) Program for homeless veterans in 35 locations across the country.

VA clinicians provide ongoing case management for homeless veterans who have received dedicated Section 8 housing vouchers from HUD.

VA serves on the Interagency Council on the Homeless. The Secretary, Department of Veterans Affairs is the Co-Vice Chair. The Interagency Council on

the Homeless serves as a forum for the exchange of information to ensure coordination of Federal efforts to assist the Nation's homeless population.

Department of Labor's Homeless Veterans Reintegration Project (HVRP) grant recipients coordinate their efforts to assist homeless veterans with employment and vocational training with VA's HCHV and DCHV programs.

HCHV and DCHV staffs coordinate outreach and benefits certification at three sites to increase the number of eligible homeless veterans who receive Supplemental Security Income (SSI) and Supplemental Security Disability Income (SSDI) benefits and to otherwise assist in their rehabilitation.

VA collaborates with U.S. Vets, Inc., and the Corporation for National Service to expand AmeriCorps member services to homeless veterans.

External Factors

VA works with a number of government agencies as well as private sector groups to provide services to homeless veterans. Improvements in the overall health of special populations will be affected, in part, by constituencies who influence these programs as well as by other government agencies and private interest groups.

Major Management Challenges

The General Accounting Office (GAO) has identified Treating Veterans with Special Disabilities as a major management challenge. In response to this challenge, a Coordinator for Special Disabilities was appointed in November 2000. A new narrative format was designed for the Capacity Report which places better accountability for interpretation of data for each special disability. A Joint Work Group for each special disability category was created to determine how to better capture all data on clinical care provided to special disability patients. Accomplishments include:

- Workload capacity for special veteran populations has been maintained or improved.
- Appointment of a Clinical Coordinator in Patient Care Services has created a new dialogue and a bi-directional information exchange pathway between VISN and Clinical Managers and VA Headquarters to identify the causes of data differences between and within VISNs.

Data Source and Validation

The source of data for this performance measure is a discharge form that is completed by local clinicians for every homeless veteran who enters a DCHV or community-based residential care contract program. The discharge disposition is contained on this form. The completed forms are sent to the Northeast Program

Evaluation Center (NEPEC). A national and VISN-specific report is produced quarterly.

Improve Timeliness and Accuracy of Compensation and Pension Claims

Strategic Goal: Restore the capability of veterans with disabilities to the greatest extent possible, and improve the quality of their lives and that of their families.

Objective 1.2: Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.

Performance Goals

The Department has adopted a new budget account structure that will allow us to more closely link resources with results and to understand better the full cost of our programs. Previously, compensation and pension programs have been viewed together as part of the overall claims processing activity in VA. As we move forward with implementation of this new budget account structure, we expect to refine performance measures so that compensation and pension will be separate and each linked to the appropriate objective.

- Complete rating-related actions on compensation and pension claims in an average of 100 days.

Definition: Elapsed time, in days, from receipt of a claim in the regional office to closure of the case by issuing a decision by a regional office. Rating-related actions include the following types of claims: original compensation, original disability pension, original dependency and indemnity compensation (DIC), reopened compensation, reopened pension, routine examinations, and reviews due to hospitalization.

- Attain a 90 percent national accuracy rate for core rating work.

Definition: Nationwide, the percentage of original compensation, disability pension, death compensation, and DIC claims; reopened compensation and pension claims; and appellate actions completed and determined to be technically accurate. The accuracy rate for the Nation is a compilation of the C&P Service's review of the 57 regional offices.

- Attain 80 days for average days pending in rating-related actions.

Definition: Average age (in days) of the inventory of claims. The measure is calculated by dividing the total number of days recorded, from receipt to the last day of the current month, for all the cases yet to be completed in the specified claim type categories, by the total number of cases yet to be completed in the specified categories.

- Percent of claimants who are Benefits Delivery at Discharge (BDD) participants.

Definition: Percent of total original disability claims received in a fiscal year that are processed at a BDD site.

- Average number of days to obtain service medical records**.**

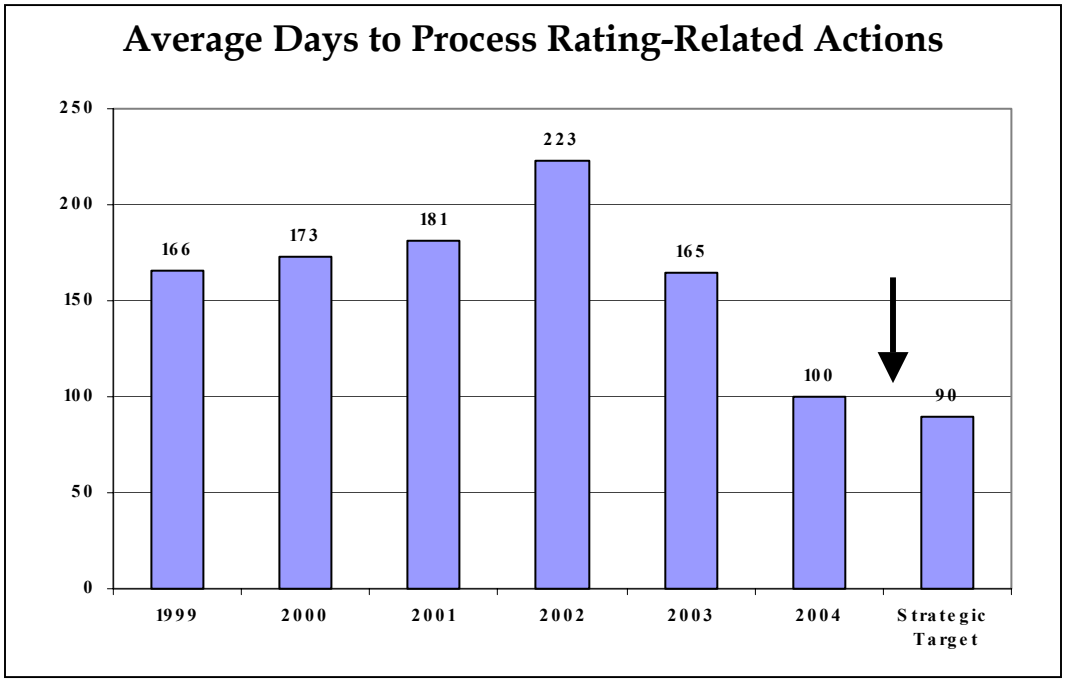
Definition: This measure was recently identified and the specific parameters for end-points are currently under development.

Current Situation Discussion

Timeliness and Quality of Claims Processing

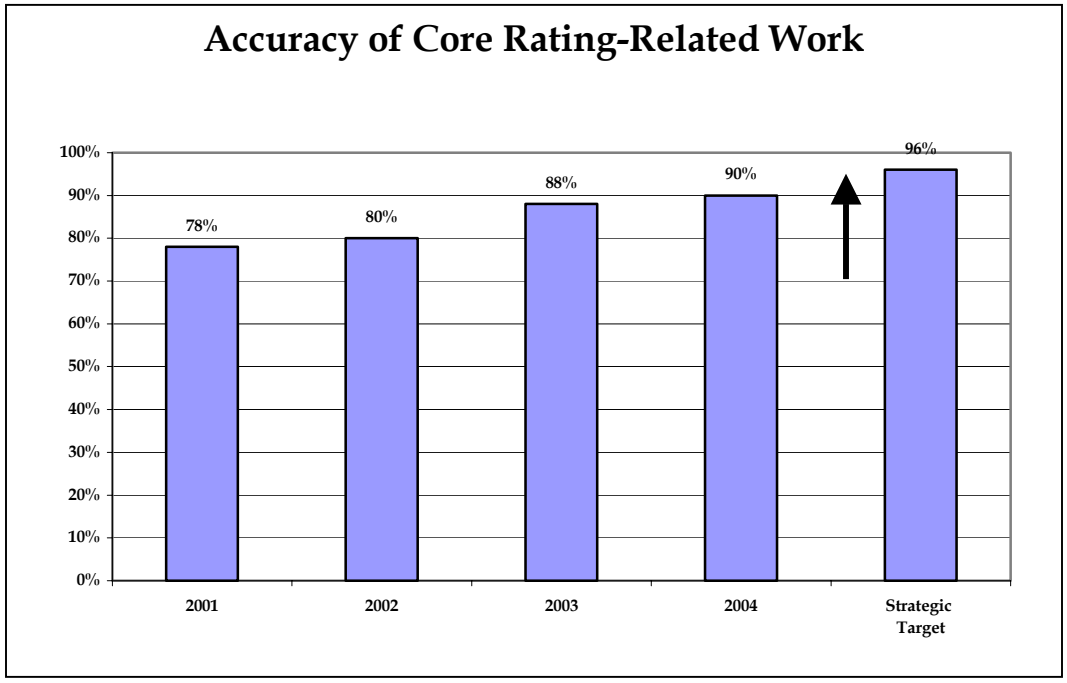
We are beginning to see improvement in processing timeliness. VBA has made great strides on the Secretary's initiative to complete our oldest pending claims: 409,000 of the 797,000 compensation and pension rating-related claims completed in FY 2002 were claims pending more than 6 months. This equates to 51% of our completed work. During FY 2001, approximately 192,000 of the 481,117 compensation and pension rating-related claims were pending more than 6 months. This ratio equaled 40%.

Concentrating on these older claims initially results in the average days to process to lengthen - nationally, we are at 202 days for October and November of 2002. However, the leading indicator for this measure - average days pending - has been steadily decreasing since January of 2002. As of January 2003, the average number of days pending is 161.5. In addition, the number of rating claims pending more than 6 months has steadily decreased, from 172,000 at the end of FY 2001 (41% of the inventory) to approximately 100,000 (31.7% of the inventory) in January 2003.



During this time that we are noticing improvements in our claims processing time, our quality review (STAR) results are showing improvement. At the beginning of the year, findings showed some problems complying with the DTA

(Duty To Assist) requirements, while later findings are showing improvements in compliance.



Note: The method for calculating accuracy of core rating-related work changed in FY 2001. Therefore, values prior to FY 2001 are not shown.

Several key measures are identified which gauge our progress in moving toward the goal of restoring the capability of disabled veterans to the greatest extent possible and improving the quality of life for these veterans and their families.

Improving the timeliness and quality of claims processing is a Presidential priority. The Secretary of Veterans Affairs has set a goal to achieve a monthly average of 100 days to process rating-related claims during the last quarter of FY 2003, and maintain that improved timeliness standard in FY 2004, while continuing to improve quality. This performance plan describes how we are working to achieve that goal.

Timeliness of claims processing, especially rating-related actions, continues to be an important issue for the Department. Over the last several years, VA has developed and implemented major initiatives, established cooperative ventures with other agencies, and used technology and training to address this issue.

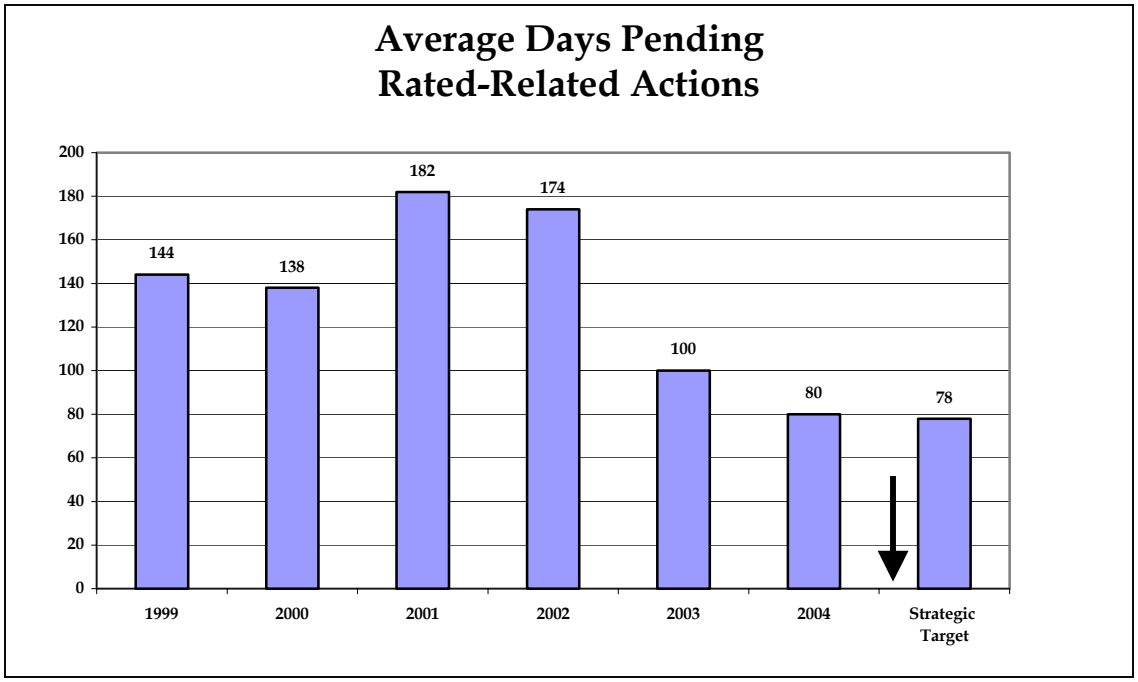
In 2001, the Secretary launched a major initiative to form a special claims processing task unit, known as the Tiger Team, to process VA's oldest pending claims belonging to the nation's oldest veterans. The team, located in Cleveland, became operational in November 2001 and focuses on claims pending over one

year and those belonging to veterans age 70 and over. Concurrent with the Tiger Team formation, the nine VBA Resource Centers began processing long pending claims submitted to other regional offices. Resource Centers were originally established in each Service Delivery Network (SDN) to work rating-related cases, but with the dissolution of SDNs the Resource Centers focused on processing claims with the same criteria that the Tiger Team uses.

From April 2002 to September 2003, the combined goal of the Tiger Team and Resource Centers is to complete 83,000 claims. As of January 2003, the Tiger Team and Resource Centers have exceeded monthly targets each month since the initiative began. Through the end of FY 2002, Tiger Team and Resource Centers completed 51,963 claims. Rating claims expeditiously will help to improve the quality of life for disabled veterans and their families.

Accuracy continues to be a high priority within the Veterans Benefits Administration. Beginning FY 2002, case reviews for quality assurance conducted directly by Compensation and Pension Service staff members were increased by over 11,000 reviews in FY 2002 (from 6,200 to 17,200 reviews). This increase was made to measure regional office accuracy based on nationally conducted independent reviews rather than based on local reviews. This change is consistent with a General Accounting Office (GAO) recommendation calling for independence of the review function. To meet this increased workload, an out-based Compensation and Pension Office was created in Nashville, Tennessee. The staff at this office also supports the Compensation and Pension Examination Project Office located at the VA Medical Center, Nashville by conducting quality reviews of completed C&P examinations.

Workload levels are a contributing factor to both, timeliness and quality of



claims. By the end of FY 2001, with introduction of new legislation such as the Veterans Claims Assistance Act, additional presumptions granted for diabetes, and issues relating to radiation exposure, there were over 532,000 rating and non-rating claims. Almost 202,000 (38 percent) of these claims were pending more than 6 months at the end of FY 2001. Efforts to reduce pending claims began to show positive results in 2002. By the end of September 2002 there were 465,950 total claims pending and 139,603 (30 percent) were pending for over 6 months. In December 2002, total claims pending was 446,695 and 127,476 (29 percent) were pending over 6 months.

The VA Claims Processing Task Force was formed a year ago to assess VBA organization, propose measures and actions to increase the efficiency and productivity of operations, shrink the backlog of claims, and maintain and improve the quality of decisions.

Regarding management and workforce, the VA Claims Processing Task Force also observed that the current work management system in many Regional Offices (ROs) contributes to inefficiency and an increased number of errors. This, coupled with the "first-in-first-out" approach to claims processing, was inconsistent with effective inventory management and was contributing not only to the increasing backlog of claims but to their increasing age. As a result of recommendations listed in the VA Claims Processing Task Force's Report to the Secretary of Veterans Affairs dated October 2001, the Claims Processing Initiative was developed. This initiative encompasses changes to management and workforce, training, and quality using information technology.

These improvements noted over the past few months are in part due to the increased accountability placed on our field offices. In the past, successes were measured at the SDN level, whereas today, every field office is accountable for its performance.

In order to ensure that field offices are aware of their accountability, we have increased the number of site surveys we conduct each year. These surveys assess the performance and efficiencies, or lack thereof, of the claims process at each field office. The findings are presented to the field office's management staff and a report is later sent to them. This report is used by the Under Secretary for Benefits to hold Directors and Veterans Service Center Managers accountable for their efforts to ensure that veterans are receiving timely, accurate service.

On a quarterly basis, VBA also performs data integrity checks of the claims completed by the field offices. These checks allow them to identify trends among the field offices as to whether proper credit is taken for the work done on a claim. These checks also identify whether employees are taking multiple credit for work done on claims. Field offices are also held accountable for any anomalies noted in the data integrity checks.

Appeals Processing

The decision on a claim at a Regional Office is not necessarily the end of the decision-maker's involvement with a veteran's case. If a veteran disagrees with the initial decision, he or she may file a notice of disagreement that starts the appeals process. Although not a key measure, improving appeals resolution time is an important objective of VA. For 2004, our performance goal is to complete appeals in an average of 520 days. Appeals resolution time is the average length of time it takes VA to process an appeal from the date a claimant files a Notice of Disagreement (NOD) until a case is resolved, including resolution at a regional office or a final decision by the Board of Veterans' Appeals (BVA).

Reducing the number of appeals remanded by the Board of Veterans Appeals is a central component of the strategy for reducing appeal resolution time. Remanded cases represent a part of the appellate cycle where individual evidence, medical or otherwise, is needed to satisfy legal requirements. On average, it adds 2 years to the processing time for an appeal and demands additional financial resources. These delays affect not only the individual cases, but, because by law the oldest cases must be processed first, processing of newer appeals is delayed when remanded appeals are returned for re-adjudication.

To reduce the number of cases being remanded to ROs, BVA and VBA began collaboration in February 2002, with a team of eight BVA personnel and three VBA personnel. In November 2002, based on workload in this unit, the BVA number was increased to 32 employees. BVA personnel are developing evidence on appeals, rather than remanding them back to the field stations to be developed. The VBA personnel are doing ratings and awards on appeals at BVA when a partial grant of benefits results from a BVA decision in an appealed case that will require further development. In FY 2002, only 19 percent of the cases being processed by BVA were remanded to the field offices to be developed. This is down from 48.8 percent in FY 2001 when the Board had to remand nearly half of its cases to assure compliance with the Veterans Claims Assistance Act of 2000 (VCAA). In FY 2000 the remand rate was 29.9 percent, the lowest it had been since FY 1991.

Cooperation with BVA concerning remand development should lead to a significant downward trend for the remand rate in the future. The recent change regarding evidence development by the Board will also result in a downward trend in the appeals resolution time. This reduction, however, will not be realized until the volume of cases now in remand status have been worked through the system to final resolution.

Means and Strategies

The Department continues striving toward our vision of improved performance in claims processing. Initiatives dedicated to this effort have been both numerous and diverse, but all with one common goal – enhancement of the

claims process to improve the quality of lives of veterans and that of their families by improving timeliness and accuracy of claims. Our most important initiatives during 2004 include the following:

- **Claims Processing Task Force Improvements (CPI)-** This initiative encompasses changes to management and workforce, training, and quality. Claims work is handled by specialized teams to reduce the variety of tasks each claims processor performs daily, allowing immediate analysis of each claim coming into the team. A number of Rating Veterans Service Representatives (RVSR) are out-based at VA Medical Centers (VAMC) to improve the quality and the timeliness of exams conducted at that facility. The specialized team environment enhances the need for ongoing, effective training. A training infrastructure within VBA will be formed since this is critical to the success of the specialized team concept.
- **Compensation and Pension Evaluation Redesign (CAPER) --** As we head into the 21st century, we are aware of heightened expectations from customers, rapid change in technology, increasing complexity of decisions, extremely tight labor markets, and a VA workforce which will see significant turnover in the skill-intensive Rating Veterans Service Representative (RVSR) position. Current experience documents that the time to fully train an individual for this position can take up to 3 years. The CAPER team will review all phases of the C&P claims process from the initiation of medical evidence development to the point a rating decision is completed. This project will determine what the optimum exam and other medical evidence gathering processing should be and how they can be integrated to improve the overall disability evaluation process. Furthermore, the team will gather and evaluate medical evidence associated with disability claims and construct a revised model for evaluating disabilities. The CAPER prototype is being developed and in 2004 it will be tested at selected pilot sites. Therefore, the impact of this initiative on performance is not anticipated until FY 2005.
- **Training and Performance Support Systems (TPSS) --** This initiative develops four comprehensive training and performance support systems for the core service delivery positions of the reengineered environment. The four systems are for a) basic rating (RVSR); b) veterans service representatives (VSR); c) journeyman level rating specialists to include the Decision Review Officers; and d) field examiners. VSR modules will be redesigned in FY 2003 to accommodate the training needs resulting from a change in the Service Center structure. These revised modules will be released in FY 2004. As scheduled, advanced rating and field examiner modules will be designed, developed, and released in FY 2004 and FY 2005.

- **Virtual VA -** The Virtual VA Project replaces the current paper-based claims folder with electronic images and data that can be accessed and transferred electronically through a web-based solution. It will provide a long-term solution to improving the quality of claims processing for veterans and their dependents through enhanced file management, a reduced dependency on paper, and increased workload management across the business enterprise. In FY 2002, the focus of Virtual VA was primarily on supporting pension processing at the three pension maintenance centers. In 2004, after review of processing effectiveness at the pension centers is completed, Virtual VA will be used for compensation processing at pension centers. The Virtual VA system should be deployed at the three pension centers and 57 compensation processing centers between 2004 and 2008.

VA has taken steps to offset the impact of legislative and regulatory changes on timeliness and accuracy by implementing countermeasures using available resources. In addition to the agreement with BVA concerning remand development and focus on specialized claims processing by the Tiger Team, we have successfully implemented the following measures in FY 2002:

- The centralized processing of pension maintenance workload began in January 2002. VBA established three Pension Maintenance Centers (PMC) located in Philadelphia, St. Paul, and Milwaukee. This effort has significantly streamlined the processing of EVRs (Eligibility Verification Report) and IVMs (Income Verification Match) as well as ensured uniform application of the pension laws. It has also allowed the compensation field offices to focus their efforts on processing compensation claims. Currently the pension centers are processing EVRs in the Virtual VA environment.
- In-service death claims processing was centralized to the Philadelphia Regional Office in August 2002. By centralizing our outreach efforts to this group of beneficiaries, our outreach efforts are more focused to ensure that these beneficiaries receive timely and accurate service during a time of great financial and emotional need.

VBA also expects to successfully implement the following countermeasures in 2003:

- The Modern Award Processing Development (MAP-D), an application designed to facilitate the development phase of claims processing, will be fully deployed in July 2003.
- In August 2002, training for the deployment of Virtual VA began. The Philadelphia PMC began to use VVA in late 2002, while Milwaukee and St. Paul will be using VVA by the end of FY 2003.

- VBA will place full-time homeless coordinators at the 20 regional offices with the largest homeless populations.
- The programming of enhancements to the Rating Board Automation (RBA) 2000 application were completed in December 2002, and testing is currently underway. Full usage of this application is expected by July 2003.

Crosscutting Activities

VA has begun several collaborative efforts with the Department of Defense (DoD) to facilitate our goals of improved accuracy, timeliness, and customer service. In collaboration with DoD, we are working on an electronic data exchange system as well as a joint VA/DoD examination process at the time of separation from service. Our Benefits Delivery at Discharge process, which began in 1995, serves 133 military bases through 42 Regional Offices. The total number of BDD exams completed in FY 2001 was 23,451. The total number of BDD exams completed in FY 2002 was 27,111. The goal of the continental BDD effort to establish a VA presence in the top 20 military transition sites was achieved in FY 2001. The goal of the overseas BDD to reach Korea and Germany was achieved last year.

The FY 2002 national average time for obtaining service medical records was 63.2 days. This value ranged from a high of 97.2 days to a low of 49.0 days. The time needed to obtain service medical records impacts claims processing timeliness. Decreases in the time to retrieve service medical records should positively impact claims processing timeliness.

External Factors

Legislation was recently passed to allow for Combat Related Special Compensation Pay for certain retired veterans with service-connected disabilities. VBA is assessing the effect, if any, of this legislation on its workload.

Major Management Challenges

GAO and IG have identified timeliness and accuracy of claims processing as challenges for VA's compensation and pension programs (more discussion found in Major Management Challenges section of this document). The timeliness and quality of C&P medical examinations also needs improvement.

Accuracy of the Claims Process. Accuracy continues to be a high priority within the Veterans Benefits Administration. A more extensive training program, along with an expanded accuracy review process, has been developed to accomplish the level of accuracy deserved by our external customers.

Claims Processing Timeliness. VA is committed to reducing the time required to process veterans' claims. Technological advancements in our systems as well

as joint endeavors with DoD are expected to aid in attaining our goal of 100 days processing time in the summer of 2003.

Timeliness and Quality of Compensation and Pension Medical Examinations. We continue to integrate initiatives such as pre-discharge centers and the VBA/VHA examination project office to improve the examination process.

Data Source and Validation

Claims Processing Timeliness

The timeliness of claims processing is measured using data captured automatically by the Benefits Delivery Network as part of claims processing.

VA has taken several steps to ensure it has accurate and reliable data in its reports. A database of all end-product transactions is maintained and analyzed on a weekly basis to identify questionable actions by regional offices. The C&P Service reports quarterly on its findings and calls in cases for review from stations with the highest rates of questionable practices. The findings are shared with VBA senior management to ensure accountability of the claims process. Station Directors are asked to explain the reasons for the anomalies. Adjustments to the work effort generated by the field offices may take place.

National Accuracy Rate

VBA's quality assurance program for compensation claims processing has been revised to separately identify benefit entitlement processing accuracy, decision documentation/notification accuracy, and administrative issues.

In October 2001, the STAR program revised the values for the areas contained in the accuracy rate. The national values focused on benefit entitlement issues. For rating-related issues, these areas include issues claimed, effective dates, payment rate, application of VCAA, and proper evidence gathering. For non-rating claims, these areas include effective dates, payment rate, income issues, and dependency issues.

The sample size of claims reviewed by this staff is large enough to ensure a 95 percent confidence level with a sampling error rate of +/- 5 percent for the nation. The regional office sample size will ensure a confidence level of 95 percent with a margin of error range from +/- 6 percent for best performing regional offices to +/- 9 percent for regional offices with the lowest performance rates. The sample size will be increased for the six regional offices with the poorest documented performance in both rating and authorization reducing the margin of error to +/- 6 percent on the subsequent review. The sample will also be increased for the four largest regional offices.

Average Days Pending

Average days pending are measured using data captured automatically by the Benefits Delivery Network as part of claims processing. Data is obtained

from COIN DOOR Reports that show the full range of claims received and the average days pending by claim type.

Benefits Delivery at Discharge

Benefits Delivery at Discharge information is self-reported by regional offices through e-mail that are sent on a quarterly basis. Data validation is achieved through planned, routine, BDD site visits.

Average number of days to receive service medical records

The data source for this measure will probably be the COIN DOOR Reports that show the full range of claims received. Assuming information comes from this source, it will be reasonably accurate.

Focus Vocational Rehabilitation Resources

Strategic Goal: Restore the capability of veterans with disabilities to the greatest extent possible, and improve the quality of their lives and that of their families.

Objective 1.3: Provide all service-disabled veterans with the opportunity to become employable and obtain and maintain suitable employment, while providing special support to veterans with serious employment handicaps.

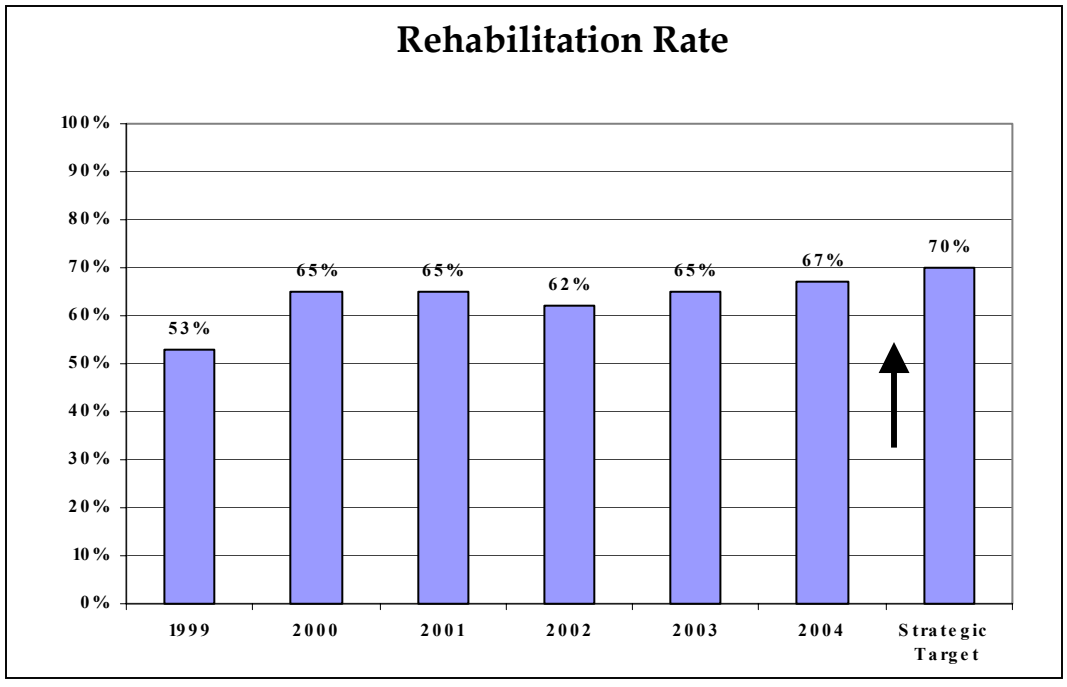
Performance Goal

At least 67 percent of all veteran participants who exit the vocational rehabilitation program will be rehabilitated.

Definition: The percentage of veterans who acquire and maintain suitable employment and leave the program, compared to the total number leaving the program. For those veterans with disabilities that make employment infeasible, Vocational Rehabilitation and Employment (VR&E) seeks to assist them to become independent in their daily living.

Current Situation Discussion

For many disabled veterans, the VR&E program is the best opportunity they have to establish themselves in suitable employment, or achieve the maximum level of functioning in daily living activities. Many circumstances exist that preclude the completion of the rehabilitation goal, such as worsening of disability, or personal/financial hardship. The VR&E program is committed to helping veterans complete their programs successfully. The objective focuses on this commitment and sets goals for all veteran participants and those participants



who meet the additional criteria of a serious employment handicap. The desired outcome is to place service-disabled veterans in suitable employment or facilitate the achievement of independence in daily living, following a program of rehabilitation services.

Improving access to our program will improve our communications capability and help us identify participants' program needs. This will facilitate our on-time case management approach to ensure that our participants will be able to complete their programs and move into suitable employment as quickly and as efficiently as possible.

Our staff will continue to receive employment services training in recruitment and placement, job development, and reasonable accommodations. Our legislatively mandated effort to assure that our staff has the type and level of skills needed to provide excellent service will continue.

Our employment specialist strategy includes establishing relationships with employers to match the developing skills of our veteran participants with market demands for current and future job markets.

Means and Strategies

Vocational Rehabilitation and Employment (VR&E) will continue its succession planning process by changing the skill mix of its staff from Vocational Rehabilitation Specialist and Counseling Psychologist to Employment Specialist and Vocational Rehabilitation Counselor.

VR&E is placing emphasis on the training of employees throughout the program to improve the staff's competency and skill level in support of providing the best possible service to veterans. Training is being offered by several methods including satellite broadcasting, video training programs, in-house training at each office, and researching the future development of computer-based training, which will be available for all VR&E staff, both for new employees as well as refresher training for existing staff.

VR&E has contracted for a longitudinal study with an outcome-based assessment framework for examining the efficacy of the Chapter 31 program for veterans with service-connected disabilities. This framework will then allow for making outcome comparisons according to characteristics of the individual as well as the region of the country in which they reside and the health of the economy at the time the service was provided.

Crosscutting Activities

In support of Public Law 106-50, Veterans Entrepreneurship and Small Business Development Act of 1999, VR&E is focusing on the self-employment needs of disabled veterans by identifying opportunities to improve self-employment assistance, and develop effective partnerships with other federal

agencies serving disabled veterans. VR&E staff will require up-to-date training in best practices in self-employment, access to effective technical assistance, and access to self-employment resources. VA will partner with the Department of Labor (DOL) and Small Business Administration (SBA) to conduct training on self-employment assistance.

Also in 2004, the existing joint VA/DOL/SBA training program will continue to improve and update the skills of our rehabilitation counselors, employment specialists, and other direct service-delivery staff. This cross-agency training helps build networking and partnering links that can speed the employment process. In prior years, employment services training, including job-hunting strategies, marketing techniques, networking, and employment resources, provided to our supervisory staff, case managers, and employment specialists has helped us to reduce the amount of time needed for veterans to move into suitable employment. The training has become an integral part of our long-term improvements.

Major Management Challenges

The Vocational Rehabilitation and Employment program is affected by the current status of the economy as well as the attrition of program participants. The VR&E leadership identified fundamental, systemic issues that must be addressed to create lasting improvements in the VR&E program. They are summarized into the six major areas described below:

Strengthen focus on employment. The program has made significant improvement in the placement of disabled veterans in suitable employment. VR&E implemented an Employment Specialist position that assisted in redirecting the program's emphasis to employment. Within the program's succession planning, recruitment that includes the Employment Specialist position will require personnel to obtain more expertise in employment markets and trends, and job placement strategies. Achieving this will require additional tools and training in the latest rehabilitation and employment services techniques.

Realign customer perceptions and expectations with the program's intent. Many veterans, stakeholders, and partners view the VR&E program as an education program, rather than a program geared toward employment. As a result, many veterans have misconceptions when they apply for the program, leading to frustration and high attrition in the application and evaluation phases of the rehabilitation process.

Improve monitoring of outcomes and feedback to the program. VR&E has undertaken a study to try to determine the risk factors of why a significant percentage of program participants eventually drop out of the program. However, until the full implementation of Phase II of Corporate WINRS and the continued comprehensive collection of data on all new cases, we do not have the

IT infrastructure to provide the longitudinal data to measure long-term success of participants**.**

Improve IT support for the program. National veterans' data and routine automated tasks have been incorporated into Phase I of Corporate WINRS case management and information system. However, some functions will continue to be performed manually until Phase II of Corporate WINRS is fully automated with all existing or projected new and updated IT systems.

Foster coalitions with peer organizations and partners. VR&E conducted joint training with DOL and is working on developing training with the SBA. Still, there are locations that have been unable to complete their comprehensive training at the local level. VR&E is developing a relationship with DoD to provide information on how to convert/utilize education and training from military experience in the civilian workforce. Through more effective networking and partnerships, VR&E will enhance its ability to provide veterans with program information and services to help them achieve their goals.

Improve business process efficiencies. The guiding principles and strategies for the future concentrate on improving personal contacts with veterans so they are actively involved throughout their rehabilitation program. Streamlined business processing will reduce the number of handoffs involved with the veteran's claim and will reduce the potential for errors. From the perspectives of veterans, stakeholders, and VR&E personnel, greater continuity of services enhances veterans' successful completion of their rehabilitation plans.

Data Source and Validation

The corporate WINRS case management and information system is the main source of information for VR&E. Accuracy of data related to the veterans' case is accomplished through the VR&E Quality Assurance Program. The VR&E Quality Assurance process measures work performance at each regional office. A collaborative group consisting of VBA Central Office personnel and field office staff conduct quality reviews on each regional office twice a year. At the conclusion of each review, the regional office receives notification of the results, identification of both successes and deficiencies, and instructions on how to submit cases for re-evaluation. When areas of concern are identified, the review results in additional refresher training for VR&E staff, improved accuracy, and improved services to better meet the needs of disabled veterans.

A team of Central Office personnel will conduct approximately twelve field surveys yearly. Subject matter experts will conduct on-site surveys of the VR&E operations at each regional office. These on-site surveys will ensure consistent management of operations and service delivery practices in a real-world environment. The on-site visits will augment the reviews of casework by analyzing systematic management of resources, data, and fiscal responsibilities;

internal controls which are designed to identify and correct systemic vulnerabilities of fraud, waste, abuse and inconsistent policies and practices; and other program integrity issues. Additionally, the on-site visits will review areas of significant strength so that best practices can be catalogued and deployed to other offices as well as ensure that countermeasures to correct any noted quality or operational deficiencies have been established.

Improve the Standard of Living of Eligible Survivors of Service-Disabled Veterans

Strategic Goal: Restore the capability of veterans with disabilities to the greatest extent possible, and improve the quality of their lives and that of their families.

Objective 1.4: Improve the standard of living and income status of eligible survivors of service-disabled veterans through compensation, education, and insurance benefits.

Performance Goal

There are currently no key performance measures associated with this objective.

Current Situation Discussion

VA's compensation program provides monthly payments to surviving spouses, dependent children, and dependent parents in recognition of the economic loss caused by veteran's death during military service or, subsequent to discharge from military service, as a result of a service-connected disability. Through these payments the Department assisted in improving the economic status of more than 300,000 surviving spouses and family members during 2002. The average annual benefit payment was about $12,500.

The Department also provides education benefits to children and spouses of veterans who died of a service-connected disability or whose service-connected disability is rated permanent and total. These education benefits place the family members in a better position to find suitable employment and ultimately improve their economic standing. During 2002, VA furnished education and training benefits to over 52,000 dependents with an average annual benefit of over $4,100.

VA's insurance program offers life insurance benefits to veterans and servicemembers who may not be able to obtain commercial insurance due to lost or impaired insurability resulting from military service.

Strategic Goal 2

Strategic Goal	Objective	Key Performance Measure
→	→	
Ensure a smooth transition for veterans from active military service to civilian life	2.1 Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits and services.	Percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons
	2.2 Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.	Average days to complete original and supplemental education claims
	2.3 Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.	Foreclosure Avoidance Through Servicing (FATS) ratio

Veterans will be fully reintegrated into their communities with minimum disruption to their lives through transitional health care, readjustment counseling services, employment services, vocational rehabilitation, education assistance, and home loan guaranties.

The following table identifies estimates of total resources devoted to this strategic goal and its associated objectives:

Resources by Objective		
	FY 2004 Obligations	**% of Total VA Resources**
Total VA Resources	$69,743	100%
Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.	$3,616	5.2%
Objective		
2.1 Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits and services.	$632	0.9%
2.2 Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.	$2,350	3.4%
2.3 Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.	$634	0.9%

Increase Awareness of Benefits for New Veterans

Strategic Goal: Ensure a smooth transition for veterans from active military service to civilian life.

Objective 2.1: Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits and services.

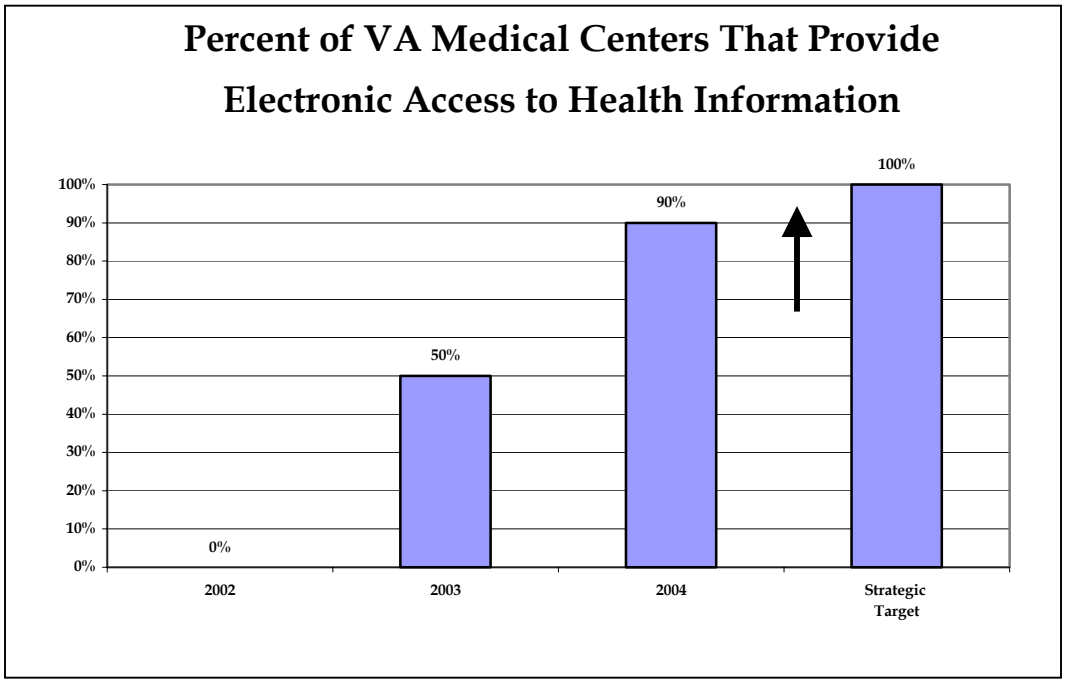
Performance Goal

Increase the percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons.

Definition: The numerator for this measure is the number of facilities that have Federal Health Information Exchange (FHIE)/formerly Government Computerized Patient Record (GCPR) fully installed and functioning. The denominator is All VHA facilities.

Current Situation Discussion

In 2001, President Bush established a top-level VA/DoD Task Force designed to find ways to improve health care in both agencies and to determine the existence of greater opportunities for sharing. The VA/DoD Executive Council has been active. Recently, VA's Deputy Secretary and the Under Secretary for Defense for Personnel and Readiness approved three initiatives including the FHIE, intended to enable the electronic exchange of health information between the Departments' disparate systems as well as with VA and DoD partners who provide health care to federal beneficiaries.



The collaborative partnership between VA and DoD consists of a two-phase effort. The first phase of this plan focuses on DoD providing information to VA clinicians and includes the FHIE, formerly Government Computer-Based Patient Record. The second phase, Health*e*People (Federal), is a joint VA and DoD effort to:

- Improve sharing of health information;
- Adopt common standards for architecture, data, communications, security, technology and software;
- Seek joint procurements and/or building of applications, where appropriate;
- Seek opportunities for sharing existing systems and technology, and
- Explore convergence of VA and DoD health information applications consistent with mission requirements.

Means and Strategies

Veterans will be fully integrated into their communities through transitional health care and readjustment counseling services. VHA's strategic objectives to address the strategic goal and the Secretary's priority are to *Exceed Patient's Expectations* and *Build Healthy Communities.* VHA measures success through the coordination of electronic information on separated service persons with DoD. Full access to this information will enable VA to provide a seamless transition for recently separated service persons enrolling in the VA health care system.

The Interoperable Patient Record – 2004 Milestones are:

- Continue to develop/implement Health*e*Vet-VistA (Veterans Health Information Systems and Technology Architecture)
- Maintain/enhance operational Federal Health Information Exchange (FHIE) near term solution
- Develop/test FHIE long-term solution, enabling 2-way information exchange between CHCS II (DoD's Composite Health Care System) and Health*e*Vista
- Continue to implement common health data standards with Department of Defense (DoD)
- Maintain/enhance use of common standards with DoD
- Continue to identify/develop/implement common software applications through joint build and /or buy/lease decisions with DoD
- Continue to share common software applications with DoD
- Maintain/enhance common software applications with DoD

Crosscutting Activities

VA is working with DoD officials to support claims development and the physical examination process prior to separation.

In conjunction with DoD, VA develops and implements clinical practice guidelines with a long-range view toward assuring continuity of care and a seamless transition for a patient moving from one system to the other.

External Factors

The success of achieving this performance goal will depend on VA and DoD cooperation, not only in implementing this initiative, but in the ability of the two agencies to develop a way for the systems to electronically communicate.

Major Management Challenges

The General Accounting Office (GAO) has identified Health Care Resource Utilization as a major management challenge. One of the ways VA is addressing this challenge is better VA/DoD cooperation. One of the initiatives being developed with DoD is the coordination of electronic information on separated service persons. Full access to this information will enable VA to provide a seamless transition for recently separated service persons enrolling in the VA health care system.

Data Source and Validation

The measure is the cumulative number of VA medical centers where FHIE/GCPR has been implemented. This enhanced functionality provides VHA health care providers with clinical information on recently discharged military personnel. Information is tracked and reported by the Office of Information.

Provide Timely Education Assistance

Strategic Goal: Ensure a smooth transition for veterans from active military service to civilian life.

Objective 2.2: Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.

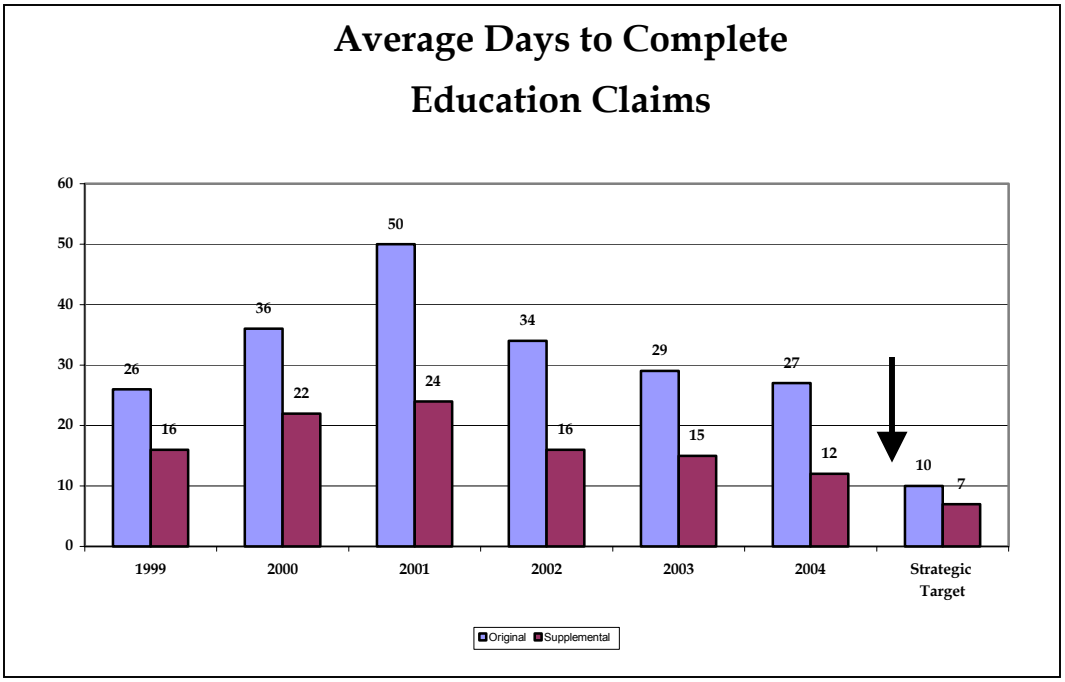
Performance Goal

Process original and supplemental education claims in 27 and 12 days, respectively.

Definition: Elapsed time, in days, from receipt of a claim in the regional office to closure of the case by issuing a decision. Original claims are for first-time use of this benefit. Supplemental claims are for any re-enrollment.

Current Situation Discussion

Timely processing of education claims will facilitate veterans attaining the skills needed to smoothly transition to civilian life. A comprehensive evaluation in 2000, examined the extent to which education programs administered by VA met their statutory intent, the educational needs of beneficiaries, and the expectations of stakeholders. It found that VA education programs continue the success established by the original GI Bill of Rights. Over 1.1 million veterans and service members have taken advantage of the Montgomery GI Bill (MGIB). Compared to those who have not taken advantage of MGIB, veterans who furthered their education under the program have lower unemployment,



increased career and education goals, and enjoy higher earnings. In general, the programs show success in meeting the intended purposes of the legislation while returning over $2 to the economy for every $1 in taxpayer funding.

However, the evaluation also found that VA education benefits did not cover all education costs or reflect the increased diversity in available education and training programs. In addition, VA was not effectively publicizing the availability of its education benefit programs. In response, legislation enacted by the 106th Congress enhanced VA education benefit programs by increasing rates, revising some eligibility criteria, instituting additional tuition assistance to service members, and providing for payment of approved licensing and certification tests. Legislation passed by the 107th Congress increased MGIB benefit rates by 46.6 percent from the October 1, 2001, rate to the October 1, 2003, rate. The 107th Congress also enacted a number of other improvements including:

- Rate increase for the Survivors' and Dependents' Education Benefits;
- More flexible timing of payment to persons taking courses leading to employment in a high technology industry;
- Eligibility to benefits for certain courses offered through the private sector.

Improve Education Claims Processing

A key performance measure used to monitor progress toward achieving this objective is education claims processing timeliness. Claims processing timeliness is directly impacted by the following:

- Volume of work received;
- Resources available to handle the incoming work;
- Efficiency with which work can be completed.

The Education Service is continuing its aggressive outreach program to insure that all potential beneficiaries receive timely information about the VA education programs available to them. A letter and brochure describing VA education benefits is sent to all service members when they reach their first year of active duty. A second letter is sent when they've been in service for two years and are eligible for MGIB benefits. A third letter is being developed to send near the service person's planned discharge date. In addition to written brochures and notices, VBA sends representatives to a variety of conferences and meetings to answer questions and present information about VA education benefit programs.

As a result of the aggressive outreach, legislation improving benefits, and a declining economy, there was a 10% increase in work received during FY 2002 as compared to FY 2001. A total of 464,159 veterans, service members, reservists, and eligible dependents have been in training during FY 2002. This represents over 43,000 more trainees than were in school during FY 2001. In addition, VBA

made over 60,000 tuition assistance top-up payments and 5,000 licensing and certification payments during fiscal year 2002. These two new programs started late in fiscal year 2001. In spite of this increase in workload, the timeliness of claims processing has steadily improved during this same period. The chart below compares the average number of days it took to process a claim during FY 2001 and FY 2002:

	FY 2001	FY 2002
Original Claims	49.7 days	33.9 days
Supplemental Actions	24.2 days	16.0 days

The results of the annual Survey of Veterans' Satisfaction with the VA Education Benefits Claims Process was issued in April 2002. Eighty-six percent of claimants surveyed were very or somewhat satisfied with the way VA has handled their education claim. This is a significant increase over the finding of 82 percent in the previous survey and continues the upward trend since 1999 when 78.8 percent of respondents were satisfied with the way their claims were handled.

Means and Strategies

Several steps are being taken to move us closer toward achievement of our performance goals and ultimately the strategic goal of ensuring a smooth transition to civilian life. These include:

- TEES (The Education Expert System) is a multi-year initiative started in 2000. When fully operational, it will improve timeliness and enhance customer service by automatically processing more claims (up to 90 percent of those received electronically) without human intervention. A proof-of-concept application has been developed and deployed. Some enrollment information received electronically from educational institutions is now processed by a prototype rules-based expert system without human intervention. VBA contracted for and received an assessment of how to successfully process up to 90 percent of all education claims automatically. A capital investment application was then approved and permission granted to proceed with the initiative. Development efforts began in 2001. TEES will be deployed in stages starting in 2004 until fully deployed in 2007.
- New employees, representing almost 40 percent of the 330 decision makers in April 2001, were trained and became more proficient. They

contributed significantly to reducing the number of days to process a claim in FY 2002.

- Up to 1,400 hours of overtime is worked each week during heavy enrollment periods to increase the volume of claims completed as soon after receipt as possible.

Payment accuracy is being improved by:

- Monitoring claims processing results;
- Identifying trends that inhibit accurate processing;
- Providing the necessary training for personnel to improve their decision-making skills.

Two issues hampered customer service improvements after implementation of toll-free telephone service in 1999. First, automated responses have only slightly curtailed the number of callers wanting to talk to an Education Case Manager. Second, call volumes have remained high. 2,947,103 calls were transferred to the RPOs in fiscal year 2001. 2,573,994 calls were transferred to the RPOs in fiscal year 2002. VA examined resource needs. Seasonal employees have supplemented permanent staff during peak periods to improve service. To divert some traffic away from telephones, VA is exploring electronic alternatives that provide services and satisfy education beneficiaries. While there has been an education service web site for several years to provide VA-related information, plans have been developed to enhance usage of the site. In addition to resolving inquiries electronically, the site has been expanded to allow for some veteran self-service. The first application, Web Automated Verification of Enrollment (WAVE), is now accepting monthly self-verifications of enrollment with minimal human intervention. Through WAVE, veterans have the ability to:

- Send a change of address
- Sign up for and change direct deposit information
- Report changes in enrollment status
- Sign up for a monthly e-mail certification reminder

VBA recently moved the processing jurisdiction for the states of Arkansas and Louisiana from the Atlanta region to the Muskogee region. The reason for this move was to better align the workload with stable resources in order to reduce the need for brokering of work between processing offices.

Taken together, the means and strategies we are deploying should significantly improve the level of education services provided to veterans.

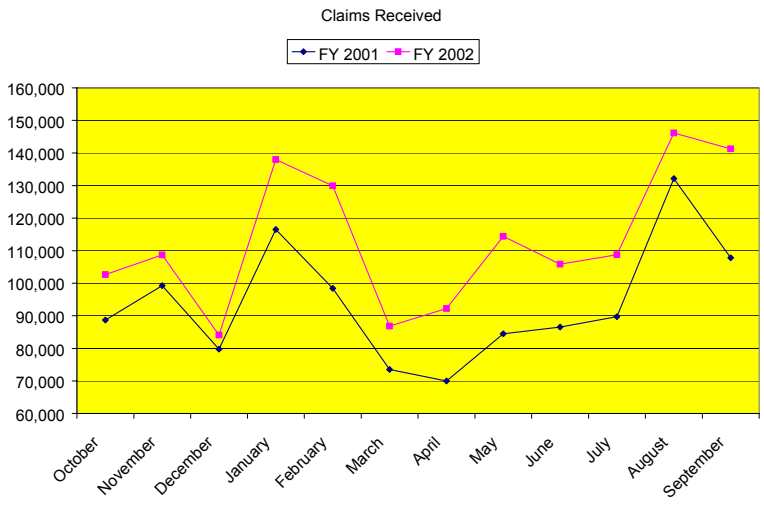
Crosscutting Activities

The quality of the enrollment information received from school officials affects overall processing timeliness. Several years ago, VA tested an initiative with selected school-certifying officials in the electronic transmission of that enrollment data, VACERT, which proved to be successful and was made available to all education institutions. Many began using the application, but for a variety of reasons not all were able to take advantage of VACERT. One common reason for not using VACERT was incompatible computer hardware. As a result, VA developed an Internet application, eCert, to encourage more electronic submissions. Testing of eCert began in November 2002, and will continue until it's fully implemented in June 2003. In addition, we will continue improving relationships with institutions through better liaison and assistance.

Education Case Managers rely on accurate enrollment information from school officials to process claims from veterans and other eligible beneficiaries. Conflicting or confusing information could lead to errors and hinder payment accuracy. We will continue to work with representatives from education and training institutions to assure reliable, accurate enrollment information. For example, in February 2001, VBA began conducting weeklong, on-line training courses for new school-certifying officials. These courses are available to school officials who are new to the job and in need of "just-in-time" training. VBA will develop and install additional on-line training interventions.

External Factors

The chart to the right shows the number of claims received in each month in FY 2001 compared to those received in month in FY 2002. Generally, factors affecting claims processing are internal. However, a slowing economy with more veterans returning to the classroom and improvements in benefits passed by Congress increase the number of people claiming benefits. This will impact VA's ability to improve the claims processing environment.



Major Management Challenges

There are no major management challenges that will affect achievement of the education program performance goals.

Data Source and Validation

Education claims processing timeliness is measured using data captured automatically by the Benefits Delivery Network (BDN) as a part of claims processing. Claim dates are recorded at the time a claim or issue is received. When the claim or issue is resolved, BDN records the number of days it took to resolve the issue. The control in place to ensure data quality is the Education Service's ongoing quality assurance review program. Staff members review a statistically valid sample of cases each fiscal year and issue reports, which include suggested training interventions. The data integrity issues they look for are:

- Date-of-claim errors
- Appropriate control code
- Source documents in file

The number of date-of-claim errors is one indication of timeliness data quality. Quality reviews during fiscal year 2001 found 86.3 percent of the cases reviewed to be free of date-of-claim errors. Quality reviews during fiscal year 2002 showed 91.6 percent of cases to be free of date-of-claim errors. Most errors we find do not dramatically alter the validity of the data.

Meet Community Standards for Home Loan Guaranty Benefits

Strategic Goal: Ensure a smooth transition for veterans from active military service to civilian life.

Objective 2.3: Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.

Performance Goal

Improve the Foreclosure Avoidance Through Servicing (FATS) ratio to 45 percent.

Definition: The FATS ratio measure the effectiveness of VA supplemental servicing of defaulted guaranteed loans. The ratio measures the extent to which foreclosures would have been greater had VA not pursued alternatives to foreclosure.

Current Situation Discussion

To ensure a smooth transition from active military service to civilian life, the VA home loan program enables veterans to purchase homes with little or no down payment, with terms not generally available to non-veterans. More than 16 million veterans have purchased or refinanced homes through the VA home loan program.

One of VA's critical functions is to assist veterans after they receive their housing benefit. Lenders report to VA when veterans are seriously delinquent (a payment is 90 days in default) on their mortgages. The veteran is responsible for repayment of the loan. VA is responsible for contacting the veteran and offering assistance to help retain his or her home, or resolve the issue at the lowest possible cost to the veteran and VA.

VA measures its success in assisting veterans who are facing foreclosure with the FATS ratio. When VA is able to pursue an alternative to foreclosure, the costs to the government are reduced because veterans are able either to save their home or avoid damage to their credit rating. Of particular note is the level of successful interventions in FY 2002. There were 10,564 reinstatements with VA's direct assistance, saving an estimated $252 million. There are four alternatives to foreclosure:

Successful intervention – VA may intervene with the holder of the loan on behalf of the borrower to set up a repayment plan or take other action that results in the loan being reinstated.

Refunding – VA may purchase the loan when the holder is no longer willing or able to extend forbearance but VA believes the borrower has the ability to make mortgage payments, or will have the ability in the near future.

Voluntary conveyance – VA may accept the deed in lieu of foreclosure from the borrower if it is in the best interest of the government.

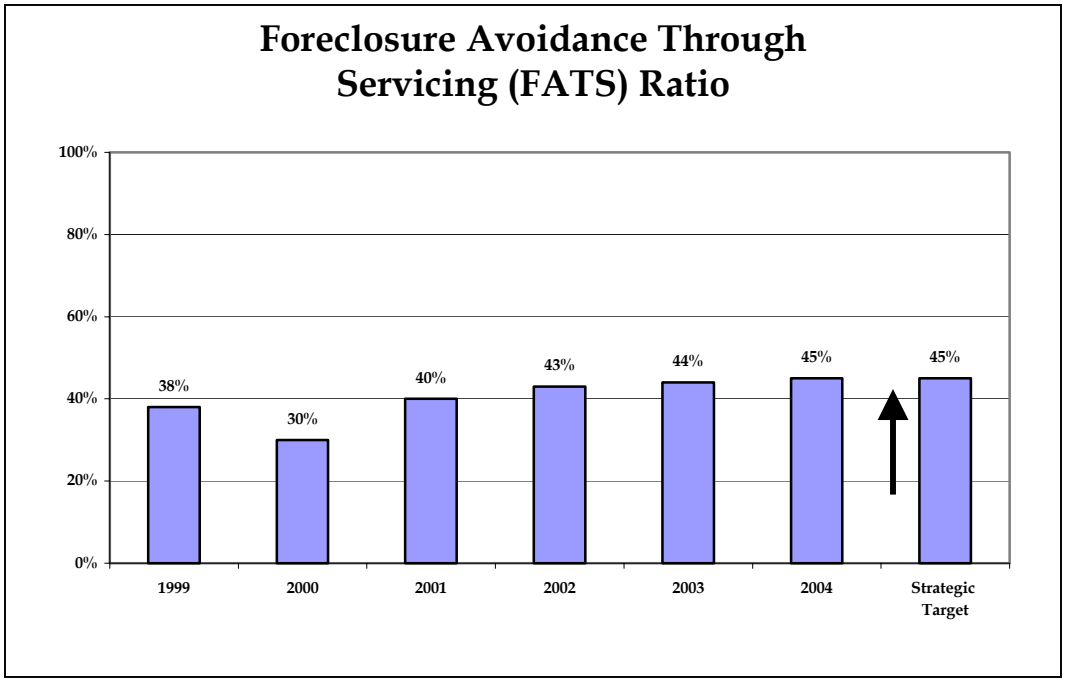
Compromise Claim – If a borrower in default is trying to sell the home, but it cannot be sold for an amount greater than, or equal to, what is owed on the loan, VA may pay a compromise claim for the difference in order to complete the sale.

Beginning in 2000, each of the four components is weighted equally.

Means and Strategies

Some veterans, like other homeowners, experience financial difficulties that may cause them to default on their home loan. When this occurs, VA strives to help veterans retain their homes through loan servicing efforts. Besides counseling, VA may intervene directly on behalf of the veteran to work out a repayment plan. In limited circumstances, VA may buy the loan from the holder and the veteran will make future payments directly to VA.

In fiscal years 2002 and 2003, VA is performing a complete review and redesign of the loan servicing function. The plan is to move VA much closer to performance and operational standards used by large private sector servicers and lenders. The emphasis will be on providing financial incentives and greater flexibility to primary servicers of VA-guaranteed loans to prevent foreclosures that in turn will improve the FATS ratio.



Information technology solutions are critical to providing timely service to our customers at a reduced cost. VA is moving rapidly to paperless processing of eligibility determination, loan originations, and default servicing.

VA loans are delivered along with private sector alternatives. The level of expectations for real estate transactions (VA and private) is similar. As a result, we use private sector benchmarks for quality and efficiency of service as a means for evaluating performance and setting goals.

VA relies heavily on the lending industry to deliver the home loan benefit. Ultimately, the level of veteran satisfaction is directly dependent on how well VA can meet the expectations of lenders, builders, real estate brokers, and appraisers. This means adapting the delivery of our services to industry practices and making timely changes as technology generates improvements in the loan origination process.

For example, VA has recently implemented several applications to support electronic submission of appraisals, electronic data interchange (EDI)-based default status updates, and is expanding use of electronic applications for guaranty. A new Automated Certificate of Eligibility (ACE) application permits lenders to request a Certificate of Eligibility (COE) online in a matter of seconds.

A redesigned funding fee payment system is in production. Lenders no longer need to wait seven to ten days for a receipt to be mailed to them. Creating an easier way to pay the funding fee enhances the attractiveness of the VA guaranteed loan program to lenders. Lenders appreciate the speed and other benefits that Internet technology provides. This system has the ability to generate reports that will improve financial audit/reconciliation.

Current plans call for development of a paperless work environment, supported by web portal technology.

External Factors

Economic factors such as interest rates, real estate appreciation and employment levels impact on the ability of veterans to purchase a home and avoid foreclosure in the event of default.

In addition to its direct impact on veterans and their families, the VA loan program benefits local economies by spurring economic activity for builders, construction workers, realtors, appraisers, and the real estate finance industry.

Crosscutting Activities

Achievement of this performance goal is not directly dependent on other agencies. There is close interaction with the real estate industry.

Major Management Challenges

Restructuring, Service Loss Mitigation, and training have improved delinquent Loan Servicing. However, there is a recognized need to fully review VA's supplemental servicing process. In FY 2003, the Loan Guaranty Program plans a thorough redesign effort to reengineer, standardize, and document work

processes and procedures involved in supplemental servicing and activities related to the lender's primary servicing efforts. This will include specific information technology requirements needed to support a redesigned process.

Data Source and Validation

Data to calculate the FATS ratio are extracted from the Loan Service and Claims (LS&C) System, which is used to manage defaults and foreclosures of VA-guaranteed loans.

Strategic Goal 3

Strategic Goal	Objective	Key Performance Measure
→	→	
Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation	3.1 Provide high-quality, reliable, accessible, timely and efficient health care that maximizes the health and functional status for all enrolled veterans, with special focus on veterans with service-connected conditions, those unable to defray the cost, and those statutorily eligible for care.	Chronic Disease Care Index II
		Prevention Index II
		Percent of patients rating VA health care service as very good or excellent (inpatient and outpatient)
		Average waiting time for new patients seeking primary care clinic appointments
		Average waiting time for next available appointment in specialty clinics
		Increase the aggregate of VA, state and community nursing home and non-institutional long-term care as expressed by average daily census
	3.2 Process pension claims in a timely and accurate manner to provide eligible veterans and their survivors a level of income that raises their standard of living and sense of dignity.	Pension and claims processing measures are combined. These measures will be separated under a new information structure being implemented.
	3.3 Maintain a high level of service to insurance policy holders and their beneficiaries to enhance the financial security of veterans' families.	Average days to process insurance disbursements
	3.4 Ensure that the burial needs of veterans and eligible family members are met.	Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence
		Percent of respondents who rate the quality of service provided by the national cemeteries as excellent
	3.5 Provide veterans and their families with timely and accurate symbolic expressions of remembrance.	Percent of graves in national cemeteries marked within 60 days of interment

Veterans will have dignity in their lives, especially in time of need, through the provision of health care, pension programs, and life insurance; and the Nation will memorialize them in death for the sacrifices they have made for their

country. To achieve this goal, VA needs to improve the overall health of enrolled veterans, provide a continuum of health care (which includes special populations of veterans), extend pension and life insurance benefits to veterans, meet the burial needs of veterans and eligible family members, and provide veterans and their families with timely and accurate symbolic expressions of remembrance.

The Secretary has mandated that Priority 1 veterans on a waiting list for care, e.g., veterans with service-connected disabilities rated 50 percent of more, or veterans seeking care for their service-connected disability, be moved to the front of the waiting list and receive care first.

The Secretary has suspended enrollment for new Priority 8 veterans for 2003. This decision will be reviewed at the end of the fiscal year to determine if it will continue for FY 2004 or if VA will be able to resume enrollment of Priority 8 veterans. Work is underway with HHS to determine how to give Medicare eligible Priority 8 veterans who cannot enroll in VA's health system access to a "VA+Choice" Medicare plan. This could involve VA contracting with a Medicare+Choice organization, and eligible veterans would be able to use their Medicare benefits to obtain care from VA.

The following table identifies estimates of the total resources devoted to this strategic goal and its associated objectives:

Resources by Objective		
	FY 2004 Obligations	**% of Total VA Resources**
Total VA Resources	$69,743	100%
Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.	$19,524	28.0%
Objective		
3.1 Provide high-quality, reliable, accessible, timely and efficient health care that maximizes the health and functional status for all enrolled veterans, with special focus on veterans with service-connected conditions, those unable to defray the cost, and those statutorily eligible for care.	$13,666	19.6%
3.2 Process pension claims in a timely and accurate manner to provide eligible veterans and their survivors a level of income that raises their standard of living and sense of dignity.	$3,539	5.1%
3.3 Maintain a high level of service to insurance policy holders and their beneficiaries to enhance the financial security of veterans' families.	$1,980	2.8%
3.4 Ensure that the burial needs of veterans and eligible family members are met.	$274	0.4%
3.5 Provide veterans and their families with timely and accurate symbolic expressions of remembrance.	$65	0.1%

Provide High-Quality and Timely Health Care

Strategic Goal: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

Objective 3.1: Provide high-quality, reliable, accessible, timely and efficient health care that maximizes the health and functional status for all enrolled veterans, with special focus on veterans with service-connected conditions, those unable to defray the cost, and those statutorily eligible for care.

Performance Goals

- Increase the scores on the Chronic Disease Care Index II (CDCI II) to 79 percent.

Definition: The CDCI II measures how well VA follows nationally recognized clinical guidelines for the treatment and care of patients with one or more of the following high-volume diagnoses: ischemic heart disease, hypertension, chronic obstructive pulmonary disease, diabetes mellitus, major depressive disorder, and tobacco use cessation. The Index is slightly different as new evidence updates the method for testing sensation in the diabetic foot. This change in care delivery will initially impact the overall percent of the Index as this new practice is put into place throughout VHA. Within the Index, each indicator's numerator is the number of patients in the random sample who actually received the intervention they were eligible to receive. The denominator for the calculation is a random sample of the number of patients who are eligible for the intervention. The overall Chronic Disease Index score is comprised of the percent compliance for each indicator summed and divided by the number of individual indicators.

- Increase the scores on the Prevention Index II (PI II) to 82 percent.

Definition: This index charts the outcomes of nine medical interventions that measure how well VA follows national primary-prevention and early-detection recommendations for several diseases or health factors that significantly determine health outcomes: immunizations for both pneumococcal pneumonia and influenza; screening for tobacco and problem alcohol use; cancer screening for colorectal, breast and cervical cancer; screening for hyperlipidemia; and counseling regarding the risks and benefits of prostate cancer screening. Within the Index each indicator's numerator is the number of patients in the random sample who actually received the intervention they were eligible to receive. The denominator for the calculation is a random sample of the number of patients who are eligible for the intervention.

- Maintain at 70 and 71 percent, the percentage of inpatients and outpatients rating VA health care service as "very good" or "excellent."

Definition: The goal to maintain performance at this time is based on changes in methodology. A new and improved patient satisfaction survey was introduced in FY 2002. The initial findings were significantly different with the new survey and it has provided us with only one data point. Therefore, we are limited in out ability to 'project' future performance at this time. This will be adjusted as we gain experience with the new

data collection tool. The numerator consists of a sample of inpatients and a sample of outpatients who, in response to a question on the semi-annual inpatient and the quarterly outpatient surveys, rate their overall quality of care as "very good" or "excellent". The denominator is the total number of inpatients and outpatients in the sample who responded to that question on the survey.

- Reduce the average waiting time for new patients seeking primary care clinic appointments to 30 days.

Definition: Waiting time is the number of days between when the primary care clinic appointment request is made (entered into the computer) and the date for which that the appointment is actually scheduled. The number of days between the appointment request and the appointment schedule date are totaled and divided by all appointments that meet the criteria for "new patient to primary care." New patients are those veterans that have not been seen at a VHA facility within the last two years.

- Reduce the average waiting time for next available appointment in specialty clinics to 30 days.

Definition: Waiting time is the average number of days between when the specialty clinic appointment request is made (entered into the computer) and the date for which that the appointment is actually scheduled. The total number of waiting time days are divided by the number of appointments made. This measure includes all next available requests for appointments in audiology, cardiology, eye care, orthopedics, and urology specialty clinics.

- Increase the aggregate of VA, State and community nursing home, and non-institutional long-term care as expressed by average daily census to 29,981 and 32,694 respectively.

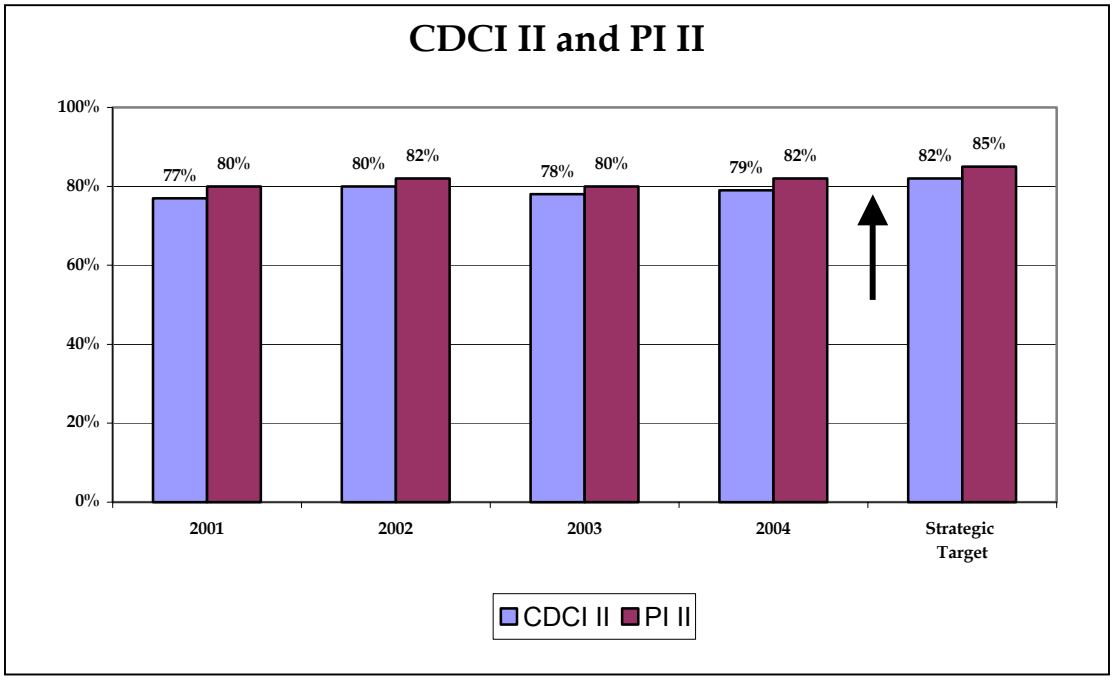
Definition: The number for each subsection is the average daily census of veterans enrolled in institutional care programs (VHA and community nursing homes and State Veteran Homes) and non-institutional programs (Home and Community-Based Care programs, Home-Based Primary Care, Contract Home Health Care, Adult Day Health Care [VA and Contract], and Homemaker/Home Health Aide Services). Average daily census is the total number of patients in the year divided by the number of days in the year.

Current Situation Discussion

VHA's strategy to achieve these goals is to *Put Quality First Until First in Quality* and to *Exceed Patients' Expectations.* To assure the highest quality of care possible, VHA systematically measures and communicates quality of care and patient outcomes. One of two primary quality measures is the Chronic Disease Care Index II, a composite of the evidence and outcomes-based measures for high-prevalence and high-risk diseases. The other is the Prevention Index II, which looks at preventive interventions that can lead to early diagnosis and

prevention of diseases. These both have significant impact on overall health status.

The individual indicators within each Index are based on sound evidence–based medicine, a process that identifies specific processes of care, which in turn impact the overall outcomes for individual patients. For example, in 2002, 86 percent of veterans with chronic lung disease received a pneumoccocal vaccine, one of the targeted interventions in the CDCI II. (The Centers for Disease Control and Prevention reported 50 percent of high-risk Americans received this vaccine in 1999.) VA estimates that this measure has reduced the number of veteran deaths by over 4,000 nationally over the last six years and reduced the number of admissions for pneumonia by 8,000 from 1999 to 2001, which equates to about 9,500 fewer bed days of care. Health care providers have readily accessible information regarding their patients through the use of the Computerized Patient Record System (CPRS). The CPRS can automatically remind the provider at the point of patient contact about the interventions and screening indicators that need to be addressed during the veteran's visit. This technology has led to



an increase in interventions and improved health to the benefit of the veteran.

VA also relies on periodic feedback from veterans, obtained through surveys, as to both the level of their satisfaction with clinical service and other elements of their healthcare experience and utilization. VHA's Performance Analysis Center for Excellence (PACE) conducts a national Survey of Healthcare Experiences of Patients (SHEP) that allows VHA to better understand and meet patient expectations and needs. The satisfaction elements of the SHEP surveys target those dimensions of care that veterans identified as most important to them via

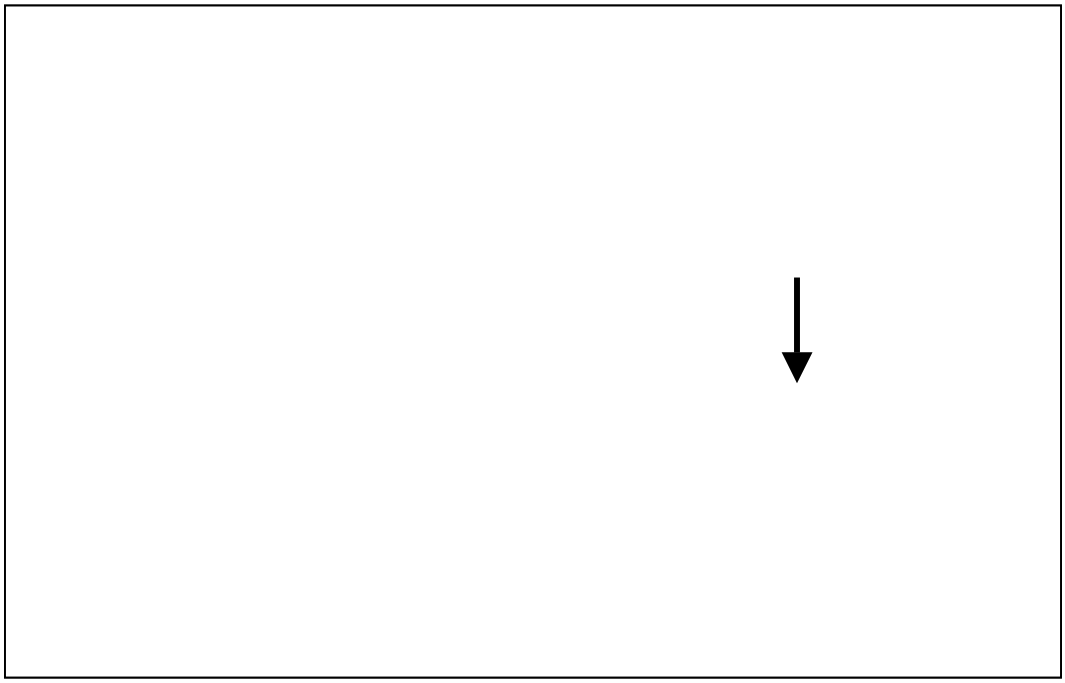
focus group processes. Veteran satisfaction performance is externally compared to other large organizations through use of the National Research Corporation (NRC)/Picker Satisfaction question sets.

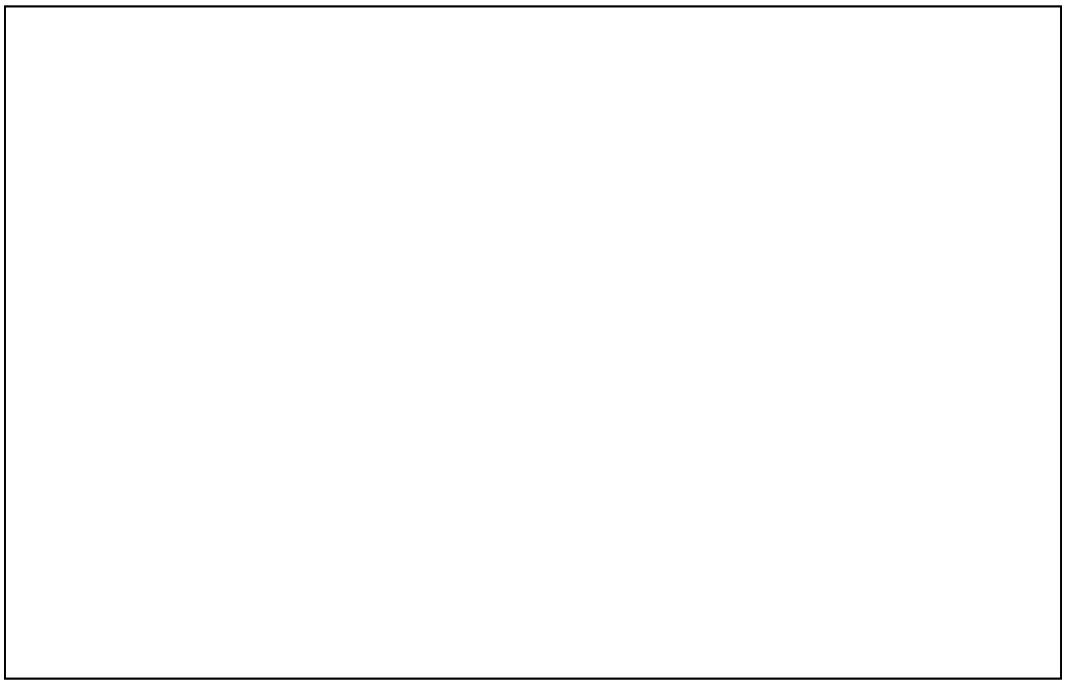
VHA emphasizes health promotion and disease prevention to improve the health of the veteran population. It is a fundamental policy of VA that those veterans who come to us for their health needs will receive the highest quality of health care available.

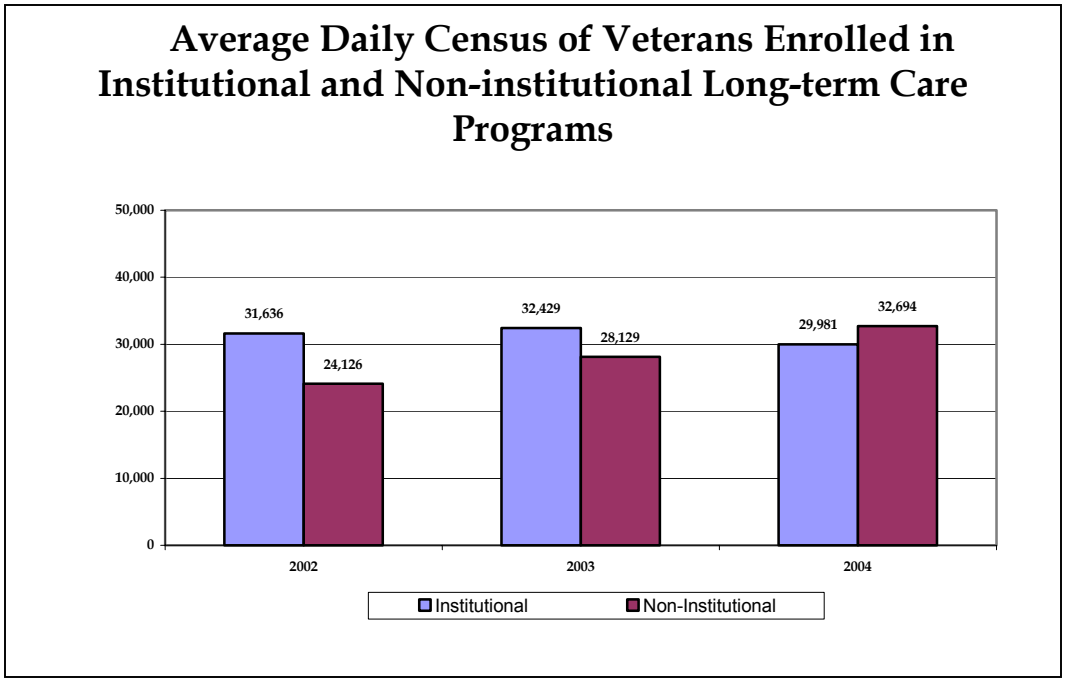
VHA's strategic objective to address the Department's strategic goal and objective is to *Provide Easy Access to Medical Knowledge, Expertise and Care.* VA is working to improve access to clinic appointments and timeliness of service through a number of mechanisms, including the Institute for Healthcare Improvement (IHI) initiative on advance clinic access and a special task force to address those veterans currently waiting to obtain their first appointment. We continue efforts to develop ways to reduce waiting times for appointments in primary care and key specialty clinics nationwide. Past experience in measuring access has led to the development of a number of new data collection options that will provide even more detail on waiting times for new patients and for primary and specialty clinic appointments. As these data collection tools are implemented and tested, VHA will develop additional measures that will allow us to evaluate the outcomes of actions/initiatives taken to reduce waiting times.

VA is also working to expand the use of non-institutional alternatives. Pilots are currently underway to determine the effectiveness of different types of non-

institutional care. Once these pilots are completed and analyzed, VHA will be in position to implement effective programs in non-institutional care.







VA is committed to providing timely access to high quality care for all veterans particularly to our highest priority veterans. The Secretary has mandated that Priority 1 veterans on a waiting list for care, e.g., veterans with service-connected disabilities rated 50 percent or more, be moved to the front of the waiting list and receive care first.

The Veterans' Health Care Eligibility Report Act of 1996 (Public Law 104-262) required VA to enroll veterans for medical care in one of seven distinct priority levels. In general, veterans with service-connected disabilities and low incomes are in the highest priority level for health care while most other veterans are in Priority 8, the lowest priority for care. The following describes how veterans are grouped into priorities:

Priority 1: Veterans with service-connected conditions rated 50 percent or more disabling.

Priority 2: Veterans with service-connected conditions rated 30-40 percent or more disabling.

Priority 3: Veterans who are former prisoners of war, who have service-connected conditions rated 10 to 20 percent disabling, who were discharged from active duty for a disability incurred or aggravated in the line of duty, or veterans awarded special eligibility under 38 U.S.C. 1511.

Priority 4: Veterans who receive aid and attendance or housebound benefits or who have been determined by VA to be catastrophically disabled.

Priority 5: Nonservice-connected veterans and noncompensable service-connected veterans rated zero percent disabled whose annual income and net worth are below the established dollar thresholds.

Priority 6: All other veterans who are not required to make co-payments for care, including World War I and Mexican Border War veterans, veterans solely seeking care for disorders associated with exposure to a toxic substance, radiation or for disorders associated service in the Persian Gulf, or compensable zero percent service-connected veterans.

Priority 7: Zero percent non-compensable service-connected and nonservice-connected veterans with income and/or net worth above the VA Means Test threshold and income below the HUD geographic index.

Priority 8: Zero percent non-compensable service-connected and nonservice-connected veterans who agree to pay specified copayments with income and/or net worth above the VA Means Test threshold and the HUD geographic index.

Each year, the Secretary of Veterans Affairs must determine what priority levels of veterans are eligible to receive care given the level of available resources provided by Congress. Since 1996, the Secretary has declared that all veterans are eligible to receive the full basic benefit package of health care services.

Because of the past and anticipated future increases in the number of Priority 7 veterans who are seeking VA health care, VA cannot continue to provide quality health care to all enrolled veterans (including service-disabled, lower-income veterans, and veterans with special health care needs) within the current direct appropriations. In order to meet the needs of these highest priority veterans, the Secretary has suspended enrollment for new Priority 8 veterans for FY 2003. Work is underway with HHS to determine how to give Medicare eligible Priority 8 veterans who cannot enroll in VA's health care system access to a "VA+Choice" Medicare plan. This could involve VA contracting with a Medicare+Choice organization, and eligible veterans would be able to use their Medicare benefits to obtain care from VA.

Means and Strategies

VA ensures the consistent delivery of health care by implementing standard measures for the provision of evidence-based care by focusing on the use of a Chronic Disease Care Index (CDCI) II. This index is based on the performance of specific processes, provision of certain clinical services, or achievement of certain (proxy) outcomes for which the medical literature has documented evidence of a relationship to good health outcomes. A large percentage of veterans have one or more chronic diseases and the improved management of chronic diseases results in improved health outcomes.

Many of the high prevalence diseases that cause disability or death among Americans could be prevented or delayed through screening, education, and

counseling aimed at risk-factor identification and behavior modification. Through its education programs and screening tests in the Prevention Index II (PI II), VA health care providers urge veterans to become aware of ways in which health can be enhanced, and encourages each person to assume individual responsibility to achieve this goal. The goals of preventive medicine are to maintain health and achieve early detection of disease, thereby easing the burdens associated with cost, suffering, and resource availability in chronic disease management.

VHA will continue to strive to improve patient satisfaction in all areas of service. Surveys are sent to substantial samples of patients who have recently received care in all provider-run (medical doctor, nurse practitioner, physician's assistant) clinics and inpatient settings. The satisfaction elements of the SHEP are in turn compared to comparable care settings of other large healthcare organizations to identify potential areas requiring action. These external comparisons are based on the NRC/Picker comparison pool. VHA is also participating in the Agency for Healthcare Research and Quality-led effort to develop new, standardized satisfaction question sets, which will serve as a proposed national standard.

VHA is working to improve access, convenience, and timeliness of VA health care services. Data on all current waiting times measures includes all patient users except those pending scheduling of their first appointment and, therefore, are showing an incomplete picture. As a result, VA is developing new clinic wait time measures to quantify the wait times of new enrollees. VA is also developing a new survey to assess the experiences of new enrollees in requesting appointments. The data from the new measures, other VHA wait time measures, and the survey will provide more timely and relevant data for decision-making as it relates to the increase in numbers of new enrollees. VA is also recommending the development of a standardized entry process for new enrollees. This process will assist in the automated collection of relevant wait time information at the time that the veteran enrolls in the system. VHA is also optimizing the use of health care information and technology for the benefit of the veteran.

In the face of a declining but aging veteran population, VA will expand access to non-institutional long-term care alternatives and continue to work within VHA and community organizations to provide access to institutional care.

In order for VA to continue to provide high quality care to all enrolled veterans, particularly disabled veterans, those with lower incomes, and veterans with special health care needs, VA must either reduce demand to the level of existing capacity, increase capacity to meet demand, or a combination of both factors. A number of steps will be taken to reduce demand including limiting enrollment and increasing co-payments that would have the effect of reducing

demand. Increasing capacity requires increasing resources either through increased appropriations, achieving cost savings that can be applied to direct medical care, increasing 1st and 3rd party collections, and Medicare subvention or a combination of any or all of these factors.

The proposed policy actions will help narrow the widening gap between demand for services and the capacity to provide those services. They include:

- Stop new enrollment of new Priority 8 veterans as of January 17, 2003.
- For Priority 7 and Priority 8 veterans, effective October 1, 2003, increase pharmacy co-payments from $7 to $15 for a 30-day supply of medication. This will require legislation allowing VA to charge a co-payment greater than the cost of the prescription for some medications. Also, increase outpatient primary care co-payments from $15 to $20.
- Broaden the Millennium Bill language on the long-term care VA capacity requirement to include VA, State and contract average daily census.
- Charge an Enrollment Veterans Health Access fee of $250 to non-service connected Priority 7 and all Priority 8s. Legislation has been proposed in the FY 2004 budget.
- Submit legislation ending the crediting of insurance towards veteran co-payments.
- Achieve management savings in the amount of $316 million in FY 2003 and $950 million in FY 2004 and apply the savings to direct medical care.

VA believes these actions are reasonable and necessary for the VA health care system to survive.

External Factors

Such things as access and waiting times will affect achievement of both the patient satisfaction elements of SHEP and the two Index performance goals.

The success of achieving increased access to long-term care facilities will partially depend on the availability of community resources that can provide long-term care.

Major Management Challenges

Both the General Accounting Office (GAO) and the VA Inspector General (IG) have identified health care quality and patient safety as a major management challenge. The Office of Quality and Performance provides expertise in accreditation programs, Baldrige-based self-assessment and awards, credentialing and privileging, evidence-based clinical guidelines decision support, functional status assessment and analysis, managerial epidemiology, outcomes surveillance and analysis, patient satisfaction assessment and analysis, and performance measurement development and implementation. VHA is

increasingly recognized as a model system for achieving improved, even benchmark-setting outcomes for our patients. Recent findings show that veterans using VA healthcare facilities are receiving comparable and often higher quality care than their private sector counterparts.

The GAO has also identified access as a major management challenge. Access includes how long veterans wait to get an appointment for primary or specialty care after one has been requested. Access also includes how long a veteran with a scheduled appointment waits to be seen. VA has improved access to care by creating hundreds of community-based outpatient clinics (CBOC) in the past several years. VA has developed several new performance measures to further stratify waiting times. VA has entered into short-term contracts with consultants to help reduce backlogs of specialty appointments.

Crosscutting Activities

VA works with DoD regarding prevention, although the actual areas measured may be different. Indicators and identification of at-risk populations are routinely coordinated with the DoD via a process similar to the clinical practice guidelines process.

Data Source and Validation

Data are collected through chart abstraction for the CDCI II and PI II performance measures. The sampling methodology relies upon "established patients," defined as being seen within the last two years and who have been seen at least once in one of eleven main clinics during the current study interval. The External Peer Review Program (EPRP), a contracted, on-site review of clinical records, is the source for both the chronic disease care and prevention index. The EPRP serves as a functional component of VHA's quality management program. The contractor evaluates the validity and reliability of the data using accepted statistical methods. Ongoing inter-rater reliability assessments are performed quarterly for each abstractor in the review process. A random sampling protocol is used to select individual patient charts. Abstractors then review the charts to determine if appropriate data are included. The resulting data are aggregated into appropriate indices. A report is produced quarterly that is available to each VISN.

The source of the patient satisfaction data is VHA's inpatient and ambulatory care respective veteran surveys. The survey consists of a sample of inpatients and a sample of outpatients who, in response to a question on the semi-annual inpatient and the quarterly outpatient surveys, rate their overall quality of care as "very good" or "excellent." The surveys use recognized statistically valid sampling techniques. Regular reports, semi-annual for inpatient and quarterly for outpatient, are available on VISN performance.

The measure that addresses the average new patient waiting time for those patients seeking primary care clinic appointments is calculated using the Veterans Health Information Systems and Technology Architecture (VistA) scheduling software. A new patient is defined as a patient not seen in the prior 24 months at the facility where the appointment is being scheduled and who is in the primary care Decision Support System stop series. The assumption that every new patient wants the next available appointment may overstate waiting times to some degree but not significantly.

The measure that addresses the actual waiting time experienced by all patients needing a next available appointment type in a specialty clinic includes specialties in this calculation that are high volume clinics with histories of long wait times (i.e., audiology, cardiology, eye care, orthopedics, and urology). Although outliers can skew the average, it does more accurately reflect actual individual patient experience. There is a limitation to this indicator in that it is dependent on clerks accurately relaying when the next available appointment is desired. To that end, training has been accomplished and the computer software is set up to encourage correct classification of an appointment into next available or routine. This data is available on a monthly basis.

The long-term care measure is the average daily census of home and community nursing home and home-based care (institutional and non-institutional) beds available for eligible veterans. The data are collected and tracked by VHA's Office of Geriatrics and Extended Care Strategic Healthcare Group. The strategic target figure is based upon the recommendations of the Federal Advisory Committee on Long-Term Care, which called for VA to triple the current proportion of its health care budget for home and community-based care, and to increase the share of Long-Term Care services provided by VA in those VISNs that are below the national average.

Improve Timeliness and Accuracy of Pension Claims Processing

Strategic Goal: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

Objective 3.2: Process pension claims in a timely and accurate manner to provide eligible veterans and their survivors a level of income that raises their standard of living and sense of dignity.

Performance Goals

The Department has adopted a new budget account structure that will allow us to more closely link resources with results and to understand better the full cost of our programs. Previously, compensation and pension programs have been viewed together as part of the overall claims processing activity in VA. But as we move forward with the implementation of this new budget account structure, we expect to refine our performance measures so that they are more specifically linked to the two programs separately.

Current Situation Discussion

Refer to page 32 for a discussion of the timeliness and accuracy of claims processing, which includes both compensation and pension claims.

Maintain High Level of Service to Insurance Policy Holders

Strategic Goal: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the nation.

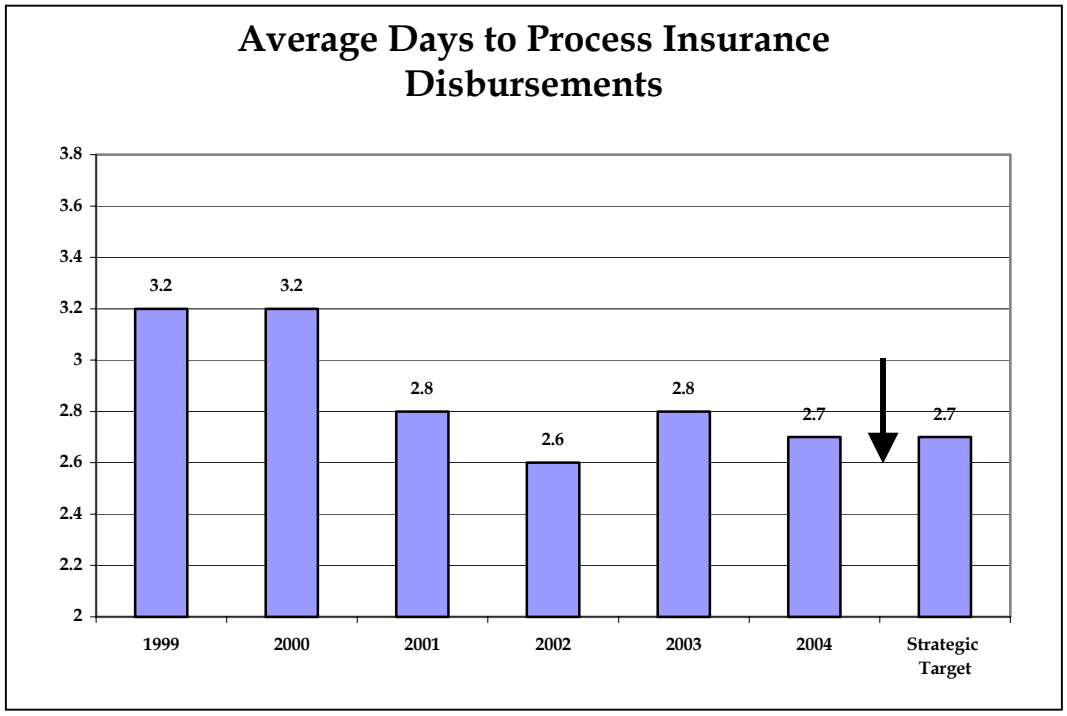
Objective 3.3: Maintain a high level of service to insurance policy holders and their beneficiaries to enhance the financial security of veterans' families.

Performance Goal

- Improve average processing time for insurance disbursements to 2.7 days.

Definition: The weighted composite average processing days for all disbursements, including death claims and applications for policy loans and cash surrenders.

Current Situation Discussion



Our strategic goal is to improve average processing time to 2.7 days, which is below the industry average of 4.9 processing days. Disbursements are considered the most important services provided by the insurance program to veterans and beneficiaries. The indicator for this measure is the weighted composite processing days for all three types of disbursements: death claims, loans, and cash surrenders. Weighted composite average processing days means the volume of end products processed in each category is taken into account in the calculation of the average in order to make it more representative of the group.

We realized a better than expected improvement in average processing days in 2002, due to the installation of the first phase of the paperless processing

system. This initiative will provide Insurance employees with on-line access to policyholder information, allowing them to perform their work in a more efficient manner. We have completed a three-year effort of updating and establishing an electronic image of critical beneficiary information for nearly 1.7 million policyholders. We installed an imaging system that provides electronic storage of insurance records and on-line access to those records. The creation of the large database of imaged insurance records (4.5 million images as of December 2002) allowed for the massive retirement of over two million insurance folders. This has eliminated the need for maintaining and accessing these folders, thereby achieving an estimated savings of $1.2 million annually. The next (and final) phase of the imaging system will come with the installation of the Paperless Processing System. This electronic workflow will be completed in two stages, a pilot test system in one unit of the Insurance Claims Division with full installation to be accomplished in multiple stages. The pilot test system began in July 2002.

Means and Strategies

The insurance program has undertaken various actions to improve the timeliness of disbursements including special post office boxes, improvements in how we process returned mail and the elimination of data processing days. The single most significant factor impacting average processing days for disbursements is the paperless processing initiative, discussed above. The imaging capabilities from the initiative will reduce the time required for processing disbursements and other services.

Crosscutting Activities

Achievement of this goal is not directly dependent on other agencies.

Enhance Insurance Programs

Cooperation from the following stakeholders would possibly be required to implement some of the study's remaining recommendations. These stakeholders include, veterans' service organizations, Congress, and the Office of Management and Budget (OMB).

Major Management Challenges

There are no major management challenges that will affect achievement of this goal.

Data Source and Validation

Processing time begins when the veteran's or beneficiary's application or request is received and ends when the Internal Controls Staff approves the disbursement. Average processing days are a weighted composite for all three types of disbursements, based on the number of end products and timeliness for each category. The average processing days for death claims is multiplied by the

number of death claims processed. The same calculation is done for loans and cash surrenders. The sum of these calculations is divided by the sum of death claims, loans, and cash surrenders processed to arrive at the weighted average processing days for disbursements. Data on processing time are collected and stored through the SQC Program and the DOOR system. The Insurance Service is charged with periodically evaluating the SQC Program to determine if it is being properly implemented. The composite weighted average processing days measure is calculated by the Insurance Service and is subject to periodic reviews.

Ensure Burial Needs are Met

Strategic Goal: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

Objective 3.4: Ensure that the burial needs of veterans and eligible family members are met.

Performance Goals

- Increase the percent of veterans served by a burial option in a national or state veterans cemetery within a reasonable distance (75 miles) of their residence to 81.6 percent in 2004.

Definition: The measure is the number of veterans served by a burial option divided by the total number of veterans, expressed as a percentage. A burial option is defined as a first family member interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state veterans cemetery that is available within 75 miles of the veteran's place of residence.

- Increase the percent of respondents who rate the quality of service provided by the national cemeteries as excellent to 97 percent in 2004.

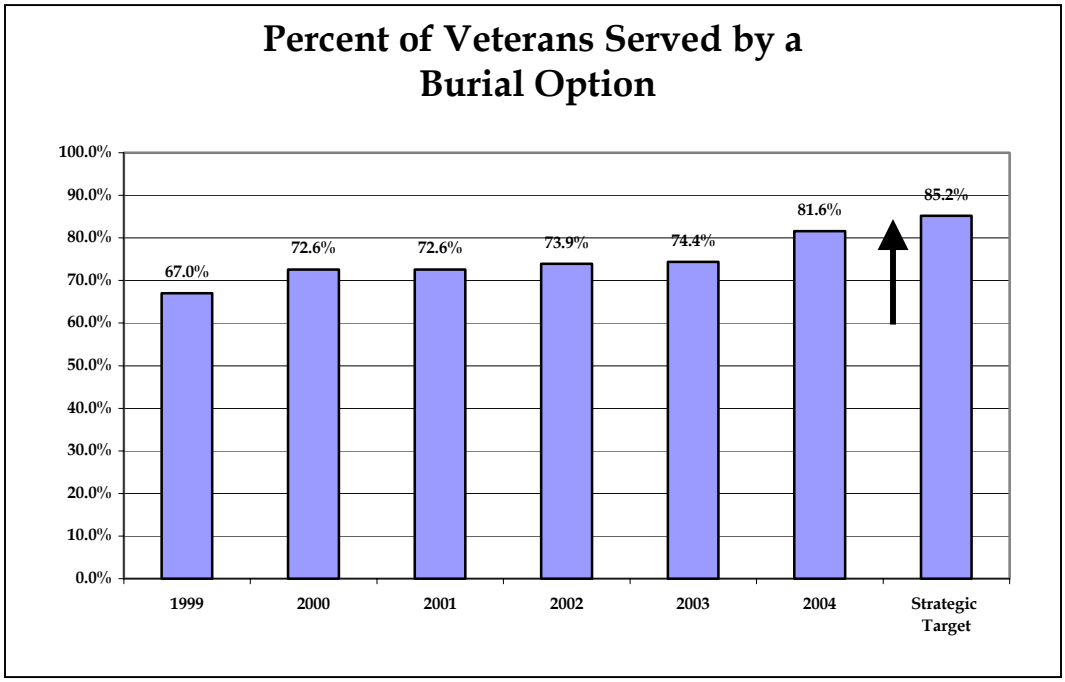
Definition: The measure is the number of survey respondents who agree or strongly agree that the quality of service received from national cemetery staff is excellent divided by the total number of survey respondents, expressed as a percentage.

Current Situation Discussion

The mission of the National Cemetery Administration (NCA) is to "honor veterans with a final resting place and lasting memorials that commemorate their service to our Nation." As veteran deaths continue to increase and new national cemeteries are established throughout the planning time frame, NCA projects increases in the number of annual interments from 89,329 in 2002 to over 109,000 in 2008, an increase of 22 percent.

As annual interments and total gravesites used increase, cemeteries deplete their inventory of space and are no longer able to accept casketed or cremated remains of first family members for interment. This reduces the burial options available to veterans. At the end of 2003, of the 120 existing national cemeteries, 60 will contain available, unassigned gravesites for the burial of both casketed and cremated remains; 24 will accept only cremated remains and remains of family members for interment in the same gravesite as a previously deceased family member; and 36 will perform only interments of family members in the same gravesite as a previously deceased family member. By the year 2008, ten national cemeteries will exhaust their supply of available, unassigned gravesites. Because of overlapping service areas, veterans served by five of these cemeteries will continue to have reasonable access to a burial option at a national or state

veterans cemetery. Overlapping service areas will also reduce the potential number of veterans losing reasonable access to a burial option because of the closings of Beverly, Cypress Hills, New Albany, and Rosenburg National Cemeteries. These cemeteries will continue to accept the remains of family members for interment in the same gravesite as a previously deceased family member.



VA strives to provide high-quality, courteous, and responsive service in all of its contacts with veterans and their families and friends. These contacts include scheduling the committal service, arranging for and conducting interments, and providing information about the cemetery and the location of specific graves.

Means and Strategies

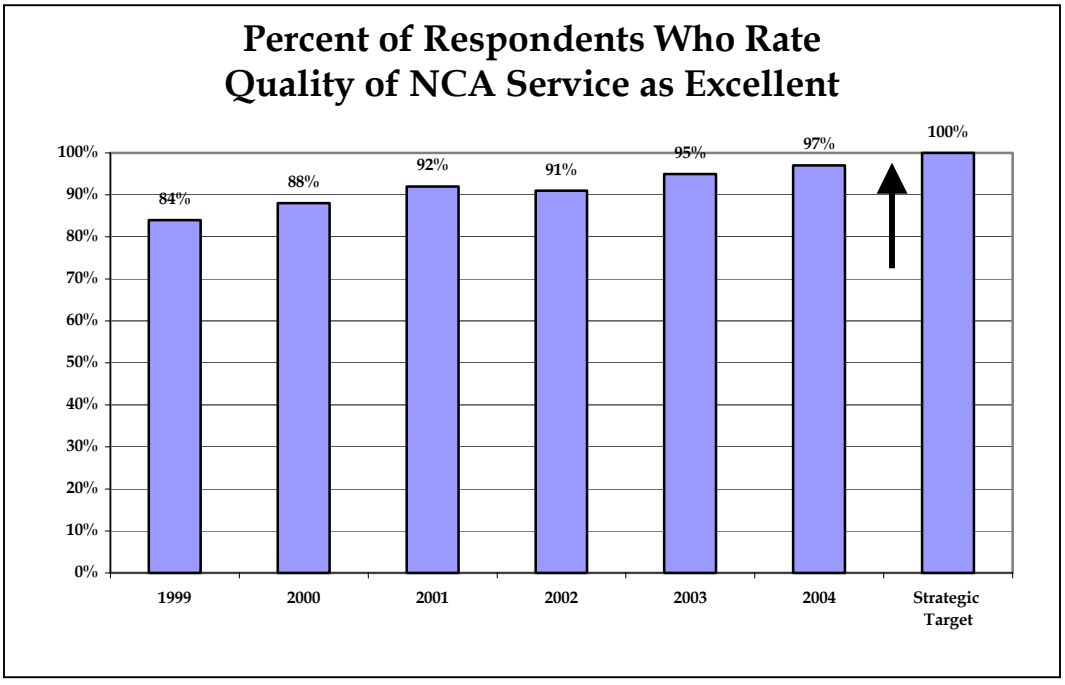
In order to achieve the performance goal of increasing the percentage of veterans served by a burial option in a national or state veterans cemetery within 75 miles of their home, VA needs to increase access by developing additional national cemeteries in under served areas; expanding existing national cemeteries to continue to provide service to meet projected demand, including the development of columbaria and the acquisition of additional land; developing alternative burial options consistent with veterans' expectations; and encouraging states to develop state veterans cemeteries through the State Cemetery Grants Program.

In 2004, interment operations will begin at new national cemeteries in the areas of Atlanta, Georgia; Detroit, Michigan; South Florida; and Pittsburgh,

Pennsylvania, providing reasonable access to a burial option to over 1.6 million veterans. NCA is also planning the development of a new national cemetery to serve more than 314,000 veterans in the area of Sacramento, California.

NCA will expand existing national cemeteries by completing phased development projects in order to make additional gravesites or columbaria available for interments. Phased development in 10-year increments is a part of the routine operation of an open national cemetery. It is the practice of NCA to lay out and sub-divide a cemetery by sections or areas so that it may be developed sequentially as the need approaches. National cemeteries that will close due to depletion of grave space are identified to determine the feasibility of extending the service period of the cemetery by the acquisition of adjacent or contiguous land, or by the construction of columbaria.

NCA will continue to obtain feedback from veterans, their families, and other cemetery visitors to ascertain how they perceive the quality of service provided. NCA's Survey of Satisfaction with National Cemeteries provides a measure of success in delivering service with courtesy, compassion, and respect. NCA will also continue to conduct focus groups to collect data on stakeholder expectations and their perceptions related to the quality of service provided by national cemeteries. The information obtained is analyzed to ensure that NCA addresses those issues most important to its customers. This approach provides data from the customer's perspective, which are critical to developing our objectives and associated measures.



Veterans and their families have indicated that they need to know the interment schedule as soon as possible in order to finalize necessary arrangements. To meet this expectation, NCA strives to schedule committal services at national cemeteries within two hours of the request.

In order to accommodate and better serve its customers, NCA has designated Jefferson Barracks National Cemetery in St. Louis as the primary cemetery to provide weekend scheduling of an interment in a national cemetery for a specific time in the ensuing week.

To increase awareness of benefits and services provided, NCA conducts outreach and education activities for the veteran community and the general public through the use of news releases, articles appearing in veterans service organization publications, public service announcements, and presentations to schools and community organizations.

To further enhance access to information and improve service to veterans and their families, NCA will continue to install kiosk information centers at national and state veterans cemeteries to assist visitors in finding the exact gravesite locations of individuals buried there. In addition to providing the visitor with a cemetery map for use in locating the gravesite, the kiosk information center provides such general information as the cemetery's burial schedule, cemetery history, burial eligibility, and facts about NCA. By the end of 2004, 56 kiosk information centers will be installed at national and state veterans cemeteries.

Crosscutting Activities

VA partners with the states to provide veterans and their eligible family members with burial options through the State Cemetery Grants Program, which provides grants to states for establishing, expanding, or improving state veterans cemeteries, including the acquisition of initial operating equipment. NCA works closely with all State Directors of Veterans Affairs and meets regularly with delegations from states and cities to facilitate the partnership to meet the burial needs of veterans. VA has an active outreach program, and, at the request of state officials, NCA meets with governors and legislators and testifies at state hearings.

NCA is also developing a planning model to encourage and help individual states in establishing state veterans cemeteries through the State Cemetery Grants Program. Two components of the model, an "applicant information kit" and a "standard pre-design briefing," are now in use. Additional modules, to give applicants more information about costs, size and style of buildings, and other development guidelines, will also be included.

NCA and the State of Missouri co-sponsored the first national conference for directors of state veterans cemeteries. The conference, held in the fall of 2001,

provided state cemetery directors with the latest information on best practices in operating Federal veterans cemeteries, and afforded directors the opportunity to share information and build networks that will result in better service to veterans and their families. Plans are underway for another conference to be held in 2003.

NCA works closely with components of DoD and veterans service organizations to provide military funeral honors at national cemeteries. While NCA does not provide military funeral honors, national cemeteries facilitate the provision of funeral honors ceremonies and provide logistical support to funeral honors teams. Veterans and their families have indicated that the provision of military funeral honors for the deceased veteran is important to them.

NCA continues to work with funeral homes and veterans service organizations to find new ways to increase awareness of benefits and services. Funeral directors and members of veterans service organizations participate in regularly conducted focus groups to identify not only what information they need but also the best way to ensure that they receive it.

External Factors

Through the State Cemetery Grants Program, VA has established partnerships with states to provide veterans and their eligible family members with burial options. It is difficult to project future activity for this program because requests for grants are generated from individual states. A state must enact legislation to commit funding to a project that will serve a clearly defined population and require state funds for operations and maintenance in perpetuity.

Veterans and their families may experience feelings of dissatisfaction when their expectations concerning the committal service (including military funeral honors) are not met. Dissatisfaction with services provided by DoD (military funeral honors) or the funeral home can adversely affect the public's perceptions regarding the quality of service provided by the national cemeteries.

Major Management Challenges

There are no major management challenges that will affect achievement of this performance goal.

Data Sources and Validation

Experience and recent historical data show that about 80 percent of those interred in national cemeteries resided within 75 miles of the cemetery at the time of death. From this experience, NCA considers eligible veterans to have reasonable access if a burial option (whether for casketed or cremated remains) is available within 75 miles of the veteran's place of residence. NCA determines the percentage of veterans served by existing national and state veterans cemeteries within a reasonable distance (75 miles) of their residence by analyzing census data on the veteran population. Arlington National Cemetery, operated by the

Department of the Army, and Andrew Johnson National Cemetery and Andersonville National Cemetery, operated by the Department of the Interior, are included in this analysis. Since 2000, actual performance and the target levels of performance have been based on the VetPop2000 model developed by the Office of the Actuary. VetPop2000 is the authoritative VA estimate and projection of the number and characteristics of veterans. It is the first revision of official estimates and projections since 1993. The VetPop2000 methodology resulted in significant changes in the nationwide estimate and projection of the demographic characteristics of the veteran population. These changes affected the individual county veteran populations from which NCA determines the percentage of veterans served. Projected openings of new national or state veterans cemeteries and changes in the service delivery status of existing cemeteries are also considered in determining the veteran population served. (Multiple counts of the same veteran population are avoided in cases of service-area overlap.)

From 1996 to 2000, the source of data used to measure the quality of service provided by national cemeteries was the NCA Visitor Comment Card. Since 2001, an annual nationwide mail survey, Survey of Satisfaction with National Cemeteries, has been NCA's primary source of customer satisfaction data. The survey collects data annually from family members and funeral directors who have recently received services from a national cemetery. To ensure sensitivity to the grieving process, NCA allows a minimum of three months after an interment before including a respondent in the sample population. The measure for quality of service is the percent of respondents who agree or strongly agree that the quality of service received from cemetery staff is excellent. The survey provides statistically valid performance information at the national and Memorial Service Network (MSN) level, and at the cemetery level for cemeteries with at least 400 interments per year. VA headquarters staff oversees the data collection process and provides an annual report at the national level. MSN and cemetery level reports are provided for NCA management's use.

Provide Symbolic Expressions of Remembrance

Strategic Goal: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

Objective 3.5: Provide veterans and their families with timely and accurate symbolic expressions of remembrance.

Performance Goal

Increase the percent of graves in national cemeteries marked within 60 days of interment to 75 percent in 2004.

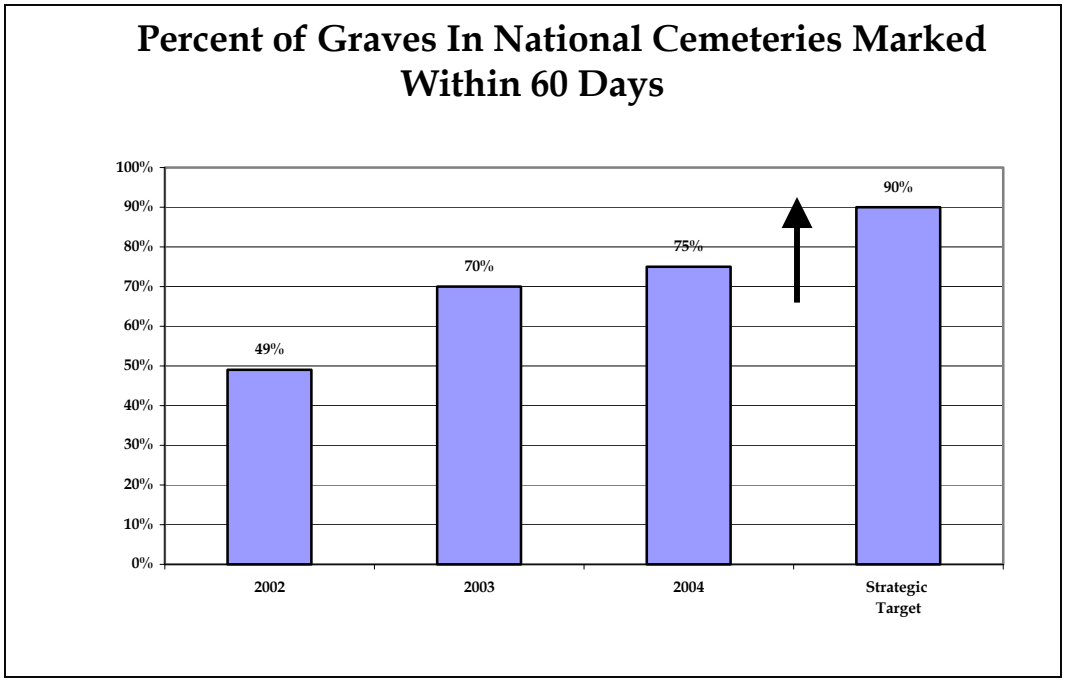
Definition: The measure for timeliness of marking graves in national cemeteries is the number of graves in national cemeteries for which a marker has been set at the grave, or the reverse inscription completed, within 60 days of the interment divided by the number of interments, expressed as a percentage.

Current Situation Discussion

NCA provides headstones and markers for the graves of eligible persons in national, state, other public, and private cemeteries. The amount of time it takes to mark the grave after an interment is extremely important to veterans and their family members. The headstone or marker is a lasting memorial that serves as a focal point not only for present-day survivors but also for future generations. In addition, it may bring a sense of closure to the grieving process to see the grave marked. Delivery of this benefit is not dependent on interment in a national cemetery. In 2002, NCA provided 378,000 applications for headstones and markers for placement in national, state, other public, and private cemeteries. The number of headstone and marker applications processed is expected to be about 379,000 in the year 2004.

NCA developed a data collection instrument to measure the timeliness of marking graves at national cemeteries. A report is distributed to NCA headquarters managers and Memorial Service Network (MSN) directors each month providing monthly and fiscal year-to-date performance for each cemetery and MSN.

To further support this strategic goal, NCA will continue to provide Presidential Memorial Certificates (PMCs) to families of deceased veterans, recognizing and memorializing the veteran's contribution and service to the Nation. A PMC conveys to the family of the veteran the gratitude of the Nation for the veteran's service. To convey this gratitude, it is essential that the certificate be accurately inscribed. NCA issued 289,915 Presidential Memorial Certificates in 2002, and expects this number to increase to 324,400 in 2004.



Means and Strategies

NCA is reengineering business processes, such as ordering and setting headstones and markers, to improve performance. Monthly and fiscal year-to-date tracking reports on timeliness of marking graves can be accessed online by NCA field and headquarters employees. Increasing the visibility and access of this information further reinforces the importance of marking graves in a timely manner.

NCA will continue to improve accuracy and operational processes in order to reduce the number of inaccurate or damaged headstones and markers delivered to the gravesite. Headstones and markers must be replaced when either the Government or the contractor makes errors in the inscription, or if the headstone or marker is damaged during delivery or installation. When headstones and markers must be replaced, it further delays the final portion of the interment process, the placing of the headstone or marker at the gravesite.

NCA will also continue to improve operational efficiencies and reduce costs through its reverse inscription program. In this program, the second inscription is added *in situ* (i.e., at the gravesite) to the currently existing headstone following the death and interment of a subsequent family member. In FY 2002, NCA contracted for over 6,600 reverse inscriptions.

NCA will use, to the maximum extent possible, modern information technology to automate its operational processes. Online ordering using NCA's Automated Monument Application System – Redesign (AMAS-R) and electronic transmission of headstone and marker orders to contractors are improvements

that increase the efficiency of the headstone and marker ordering process. NCA is also increasing its efficiency by encouraging other federal and state veterans cemeteries to place their orders for headstones and markers directly into NCA's AMAS-R monument ordering system. In 2002, 34 other federal and state veterans cemeteries had the capability to order headstones and markers online.

Crosscutting Activities

NCA provides headstones and markers for national cemeteries administered by the Department of the Army, the Department of the Interior (DOI), and the American Battle Monuments Commission. Arlington National Cemetery, which is administered by the Department of the Army, and Andrew Johnson National Cemetery and Andersonville National Cemetery, which are administered by DOI, order headstones and markers directly through NCA's AMAS-R monument ordering system. NCA also contracts for all niche inscriptions at Arlington National Cemetery.

NCA also provides headstones and markers to state veterans cemeteries. State veterans cemeteries are encouraged to place their orders for headstones and markers directly into NCA's AMAS-R monument ordering system. NCA also extends its second inscription program to state veterans cemeteries. In order to participate, state cemeteries must use upright headstones and have the capability to submit requests electronically.

NCA administers the White House program for Presidential Memorial Certificates (PMCs). A PMC is an engraved paper certificate, bearing the President's signature, to honor the memory of honorably discharged deceased veterans. Eligible recipients include the deceased veteran's next of kin and loved ones.

External Factors

Headstones and markers are supplied by outside contractors throughout the United States, whose performance greatly affects the quality of service provided to veterans and their families. The timeliness of delivery of headstones and markers is dependent not only on the performance of the manufacturer but also on the performance of the contracted shipping agent. Extremes in weather, such as periods of excessive rain or snow, or extended periods of freezing temperatures that impact ground conditions, can also cause delays in the delivery and installation of headstones and markers.

Major Management Challenges

There are no major management challenges that will affect achievement of this performance goal.

Data Source and Validation

Workload and timeliness of marking graves data are collected monthly through field station input to the Burial Operations Support System (BOSS) and AMAS-R. The measure for timeliness of marking graves in national cemeteries is the percent of graves in national cemeteries for which a marker has been set at the grave, or the reverse inscription completed, within 60 days of the interment.

The number of headstones and markers provided includes markers ordered by the NCA Centralized Contracting Division (CCD), such as the mass purchase of columbaria niche covers. The total number of PMCs issued, which includes those issued to correct inaccuracies, is reported monthly. Headquarters staff reviews the data for general conformance with previous report periods, and any irregularities are validated through contact with the reporting station.

When headstones or markers are lost, damaged, or incorrectly inscribed, it is important to determine both the cause and the party responsible for the expense of a replacement. NCA developed new codes for ordering replacement headstones or markers and published a users' guide showing definitions for all codes, including the replacement reasons. Use of these new codes has enhanced the BOSS and AMAS-R databases so that these systems produce reliable and accurate data on replacement actions and provide management with an effective tool for improving the overall business process.

Strategic Goal 4

Strategic Goal	Objective	Key Performance Measure
→	→	
Contribute to the public health, emergency management, socioeconomic well-being and history of the Nation.	4.1 Improve the Nation's preparedness for response to war, terrorism, national emergencies, and natural disasters by developing plans and taking actions to ensure continued service to veterans as well as support to national, state, and local emergency management and homeland security efforts.	There are currently no key performance measures associated with this objective.
	4.2 Advance VA medical research and development programs that address veterans' needs, with an emphasis on service-connected injuries and illnesses, and contribute to the Nation's knowledge of disease and disability.	Percent of research projects devoted to the Designated Research Areas
	4.3 Sustain partnerships with the academic community that enhance the quality of care to veterans and provide high quality education experiences for health care trainees.	There are currently no key performance measures associated with this objective.
	4.4 Enhance the socioeconomic well-being of veterans, and thereby the Nation and local communities, through veteran's benefits; assistance programs for small, disadvantaged, and veteran-owned businesses; and other community initiatives.	There are currently no key performance measures associated with this objective.
	4.5 Ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.	Percent of respondents who rate national cemetery appearance as excellent

VA supports the public health of the Nation as a whole through conducting medical research, offering medical education and training, and serving as a resource in the event of a national emergency or natural disaster. VA supports emergency management for the Nation by performing critical activities to improve the Nation's preparedness for response to war, terrorism, national emergencies, and natural disasters. VA supports the socioeconomic well being of the Nation through the provision of education, vocational rehabilitation, and home loan programs. VA preserves the memory and sense of patriotism of the Nation by maintaining our national cemeteries as national shrines, and hosting patriotic and commemorative events.

The following table identifies estimates of the total resources devoted to this strategic goal and its associated objectives:

Resources by Objective

	FY 2004 Obligations	**% of Total VA Resources**
Total VA Resources	$69,743	100%
Strategic Goal 4: Contribute to the public health, emergency management, socioeconomic well-being and history of the Nation.	$1,030	2.1%
Objective		
4.1 Improve the Nation's preparedness for response to war, terrorism, national emergencies, and natural disasters by developing plans and taking actions to ensure continued service to veterans as well as support to national, state, and local emergency management and homeland security efforts.		0%
4.2 Advance VA medical research and development programs that address veterans' needs, with an emphasis on service-connected injuries and illnesses, and contribute to the Nation's knowledge of disease and disability.	$476	0.7%
4.3 Sustain partnerships with the academic community that enhance the quality of care to veterans and provide high quality education experiences for health care trainees.	$469	0.7%
4.4 Enhance the socioeconomic well-being of veterans, and thereby the Nation and local communities, through veteran's benefits; assistance programs for small, disadvantaged, and veteran-owned businesses; and other community initiatives.	$1	0.0%
4.5 Ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.	$84	0.1%

Improve Preparedness for Response to War, Terrorism, National Emergencies, and Natural Disasters

Strategic Goal: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

Objective 4.1: Improve the Nation's preparedness for response to war, terrorism, national emergencies, and natural disasters by developing plans and taking actions to ensure continued service to veterans as well as support to national, state, and local emergency management and homeland security efforts.

Performance Goals

Emergency Response measures are not "key" measures but are used for assessing progress in this area.

- In 2004, at least 90 percent of VA Central Office-based top management officials, other key personnel, and emergency planners receive training or, as applicable, participate in exercises relevant to VA's Continuity of Operations (COOP) plan on the national level.
- In 2004, at least 85 percent of VA field-based top management officials, other key personnel, and emergency managers receive training or, as applicable, participate in exercises relevant to VA's COOP plan on the national level.

Current Situation Discussion

In response to the events of September 11, 2001, and the subsequent report of the Secretary's Preparedness Review Working Group, the Department is focusing on enhancing its capabilities in the area of emergency preparedness, operational readiness, security of VA facilities, and continuity of operations. Within this area, the Department is responsible for the following:

- Continuity of Operations Plans;
- Continuity of Government;
- VA-Department of Defense Contingency Hospital System;
- Federal Response Plan Emergency Support Functions (four);
- National Disaster Medical System;
- Radiologic Emergency Support;
- Homeland Security interagency coordination and support.

Many of these objectives enhance the Department's internal capabilities and its ability to ensure continuity of services to veterans and their families. These

objectives also improve VA's capacity as a force multiplier for the Federal response.

Means and Strategies

The first step in achieving this goal was the establishment of the Office of Operations, Security, and Preparedness (OSP). It plays the leading role in ensuring that VA is prepared to handle any emergency situation and will be able to continue its operations and services to veterans and their families. This organization works with the Administrations to ensure the safety and security of veterans, employees, and visitors at VA facilities. It ensures continuity of services (except for continuity of IT services, which is under the purview of the VA CIO) while integrating, improving, and increasing VA's operational readiness and ability to support security and law enforcement, emergency responses, Department of Defense contingency hospital support, Federal Response Plan, and Homeland Security support missions.

Responsibilities of OSP include:

- Ensuring that operational readiness and emergency preparedness activities enhance VA's ability to continue its ongoing services (Continuity of Operations).
- Coordinating and executing emergency preparedness and crisis response activities both VA-wide and with other Federal, State, local, and relief agencies.
- Ensuring enforcement of the law and overseeing the protection of employees and veterans using VA facilities.
- Ensuring the security of VA's physical infrastructure and the security of classified/sensitive information in VA facilities (as opposed to cyber security of classified/sensitive information, which is the responsibility of the Office of Cyber Security).
- Developing Department-wide training programs that enhance VA's readiness, conducting exercises, and evaluating programs' preparedness.
- Developing and maintaining an effective working relationship with the U.S. Department of Homeland Security (DHS), Department of Defense (DoD), Federal Emergency Management Agency (FEMA), Department of Health and Human Services (HHS), Department of Justice, and other Federal agencies involved in emergency response, continuity of government, counter-terrorism, homeland defense, and National Security activities.

Crosscutting Activities

VA works with DHS, DoD, FEMA, and HHS in carrying out its responsibilities in responding to national emergencies and providing contingency hospital support to DoD.

Management Challenges

There are no significant management challenges that would impact achievement of this performance goal.

Data Source and Validation

Performance data are derived from training and exercise data, which will be collected on a periodic basis from the three Administrations. They are responsible for primary data collection.

Focus VA Medical Research and Development Programs

Strategic Goal: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

Objective 4.2: Advance VA medical research and development programs that address veterans' needs, with an emphasis on service-connected injuries and illnesses, and contribute to the Nation's knowledge of disease and disability.

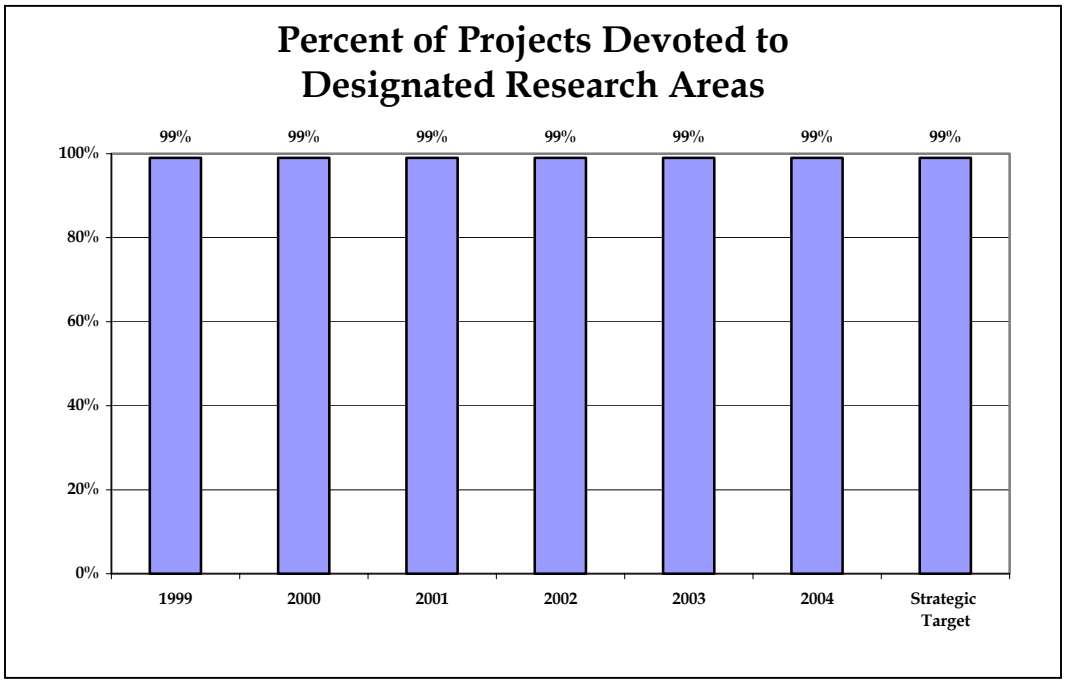
Performance Goal

The percentage of research projects devoted to the Designated Research Areas (DRAs) will equal or exceed 99 percent.

Definition: The numerator for the target is the number of VA funded research projects devoted to DRAs. The denominator is the total number of VA funded research projects.

Current Situation Discussion

In meeting its mission, the Office of Research and Development (ORD) has capitalized on the unique opportunities provided by the veterans health care system. ORD has realigned its priority areas to more appropriately target research projects that address the special needs of veteran patients. The program is also striving to balance research resources among basic and applied research to ensure a complementary role between the discovery of new knowledge and the application of these discoveries into medical practice.



VA's research portfolio of more than 2,200 funded projects has produced numerous discoveries that have improved the quality of health care for veterans and the American public. Virtually all of VA's research projects are directed toward health conditions relevant to the veteran population. While all VA research is relevant to veterans, the Designated Research Areas represent areas of particular importance to VA's veteran patient population. The DRAs are: Aging, Acute and Traumatic Injury, Sensory Loss, Health Systems, Special Populations, Military and Environmental Exposures, Emerging Pathogens/Bio-Terrorism, Mental Illness, Substance Abuse, Cancer, Heart Diseases, Lung Disorders, Kidney Diseases, Diabetes and Major Complications, Digestive Diseases, Infectious Diseases, and Other Chronic Diseases.

Significant research results include new or improved treatments, enhanced prosthetic devices, the discovery of genes that play key roles in the development of diseases, and improvements in the delivery of medical care.

For example, VA researchers in Iowa City are studying a form of a hepatitis virus that may prolong the life of patients with HIV. VA researchers in Seattle are developing new prosthetic limbs that will reduce patient fatigue and produce greater propulsive forces for walking. Clinician-investigators found that colonoscopy offered significant advantages over sigmoidoscopy and fecal blood tests in identifying colon cancer or serious precancerous growths. In a potentially major breakthrough for understanding and treating multiple sclerosis (MS), VA researchers in West Haven performed the first transplant of nerve cells in a patient suffering from that disease. The study may show whether cells from the body's peripheral nerves can safely repair MS-damaged cells in the brain and spinal cord. A study led by investigators in Minneapolis found that raising levels of high-density lipoproteins (HDL), the so-called "good" cholesterol, substantially reduces the incidence of stroke for some patients.

Means and Strategies

DRAs constitute the organizing principle for VA research and are defined as:

"…those areas of research in which VA has a particularly strong strategic interest because of the prevalence of conditions within the VA patient population, the uniqueness of a specific patient population and its disease burden to the VA system or the importance of the question to health care delivery within VA."

In other words, individual DRAs are the *subject areas* deemed most appropriate for VA research and, collectively, the set of DRAs defines the scope of VA's comprehensive research program. Because DRAs identify the major, rather broad categories of inquiry that are central to VA's research mission, they are expected to remain fairly stable over time; although scientific or other developments (including future strategic plans) will certainly lead to their periodic re-examination. Also, while the adoption of DRAs makes clear where

the vast majority of resources are to be directed, it does not rule out limited VA-sponsored research in other selected areas.

DRAs are conceptualized in a way that emphasizes the common interests and the synergy of VA's established research services. To accomplish this, ORD has developed a modified list of DRAs and has defined each in a way that is broad enough to encompass the disparate perspectives of biomedical and social scientists, clinicians, engineers, and others involved in VA research. Finally, to put VA's multiple research priorities into sharper focus, ORD has identified and defined a set of *Designated Research Elements* (DREs) and has adopted them as the *second dimension* of the conceptual framework.

"DREs are alternative approaches to studying VA-relevant subjects. They indicate the nature of the questions being addressed or the perspective from which the research questions are formulated and approached. They suggest the purpose of the research and the kind of information likely to result. Like DRAs, DREs mandate priorities for VA research."

DRAs and DREs form the conceptual framework for a unified program of VA research. Together, DRAs and DREs organize VA research and provide a:

- Comprehensive description of the kinds of research VA intends to support;
- System for describing research programs and projects already underway;
- System for identifying areas where more research may be needed.

The new conceptual framework illustrates the depth and breadth of VA research, its dependence on many disciplines and professions, and its grasp of the full continuum of basic to applied research. VA's support of biomedical, clinical, epidemiological, methodological, and behavioral research, as well as management studies and technology development and assessment, provides all the elements for a fully integrated research program. The new conceptual framework highlights VA's capacity for intradisciplinary research as well as capacity for exploring *connections* that are more difficult to study in other contexts (e.g., connections between basic biological processes and clinical manifestations, the interactions between physical and mental conditions, the link between discovery and implementation).

Crosscutting Activities

VA conducts an intramural research program. VA allocates appropriated funds to its facilities on the basis of nationally competitive scientific merit review to conduct research under the supervision of VA employees on high priority health care needs of veterans. Unlike the National Institutes of Health (NIH), VA does not make grants to universities, cities or states, or any other non-VA individuals or organizations. However, VA does carefully coordinate its research

activities with other Federal agencies and non-governmental organizations to leverage the benefits of its research portfolio to the nation's veteran population. For example, VA established a Research Working Group with the Departments of Defense and Health and Human Services to develop and execute an objective-oriented plan to research the health problems that some Gulf War veterans have experienced. Similarly, ORD coordinates research initiatives with the National Institutes of Health (NIH), and VA investigators obtain more than $400 million annually in research grants from NIH and other agencies.

Major Management Challenges

There are no major management challenges that will affect achievement of this performance goal.

External Factors

External factors will not affect the achievement of this performance goal. Changes in Medical and Prosthetic Research appropriations affect only the magnitude of VA research; DRAs and selection criteria remain unchanged.

Data Source and Validation

The source of the data collection is analysis and self-reporting by VA medical centers.

Sustain Partnerships with Academic Community that Enhance the Quality of Health Care

Strategic Goal: Contribute to the public health, emergency management, socioeconomic well-being and history of the Nation.

Objective 4.3: Sustain partnerships with the academic community that enhance the quality of care to veterans and provide high quality education experiences for health care trainees.

Performance Goal

There are currently no key performance measures associated with this objective.

Current Situation Discussion

VA supports the public health of the Nation through medical education and training. One of the VA health care system's strategic objectives is to *Build Healthy Communities* by partnering with the academic community to provide clinical education experiences for medical residents and other health care trainees who successfully meet their learning objectives and enhance the quality of care provided to veterans within the VA health care system. VA has affiliations with over 100 medical schools and over 1,200 educational institutions.

Enhance Socioeconomic Well-Being of Veterans

Strategic Goal: Contribute to the public health, emergency management, socioeconomic well-being and history of the Nation.

Objective 4.4: Enhance the socioeconomic well-being of veterans, and thereby the Nation and local communities, through veteran's benefits; assistance programs for small, disadvantaged, and veteran-owned businesses; and other community initiatives.

Performance Goal

There are currently no key performance measures associated with this objective.

Current Situation Discussion

VA promotes business ownership through its Transition Assistance Program (TAP) and the recently created Center for Veterans Enterprise. VA's program evaluation of the educational assistance programs demonstrated a positive return on investment of 2 to 1 in the form of increased income taxes for every dollar spent.

Maintain National Cemeteries as National Shrines

Strategic Goal: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

Objective 4.5: Ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.

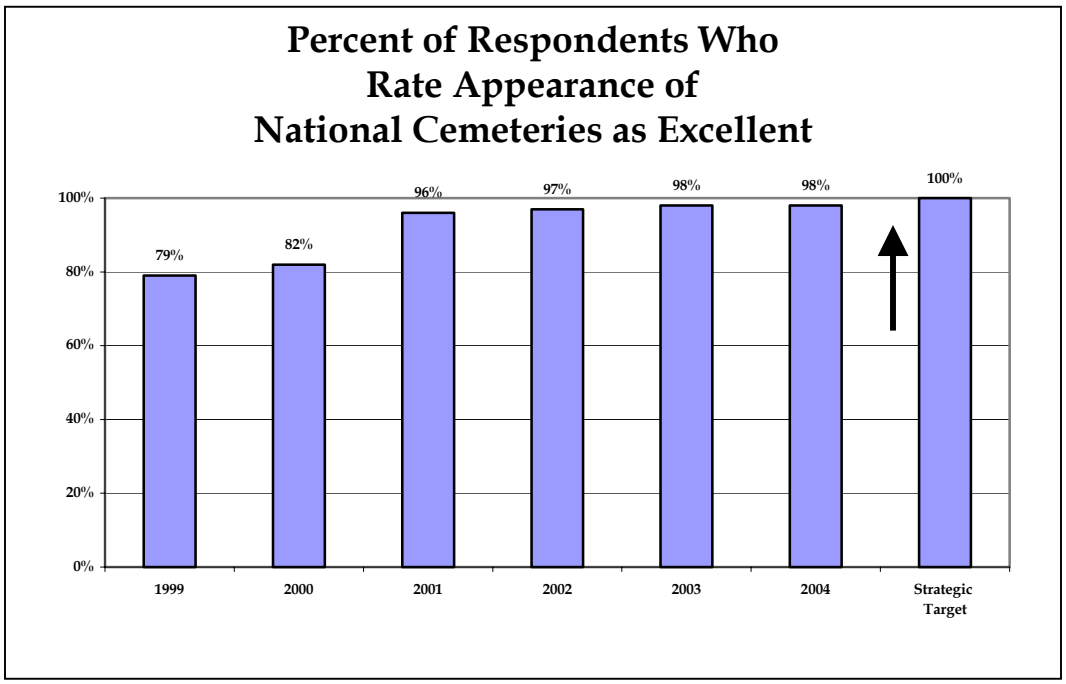
Performance Goal

The percent of respondents who rate national cemetery appearance as excellent will be 98 percent in 2004.

Definition: The measure is the number of survey respondents who agree or strongly agree that the overall appearance of the national cemetery is excellent divided by the total number of survey respondents, expressed as a percentage.

Current Situation Discussion

NCA will continue to maintain the appearance of national cemeteries as national shrines so that bereaved family members are comforted when they come to the cemetery for the interment, or later to visit the grave(s) of their loved one(s). Our Nation's veterans have earned the appreciation and respect not only of their friends and families but also of the entire country and our allies. National cemeteries are enduring testimonials to that appreciation and should be places to which veterans and their families are drawn for dignified burials and lasting memorials.



Each national cemetery exists as a national shrine and as such serves as an expression of the appreciation and respect of a grateful Nation for the service and sacrifice of her veterans. Each national shrine provides an enduring memorial to their service, as well as a dignified and respectful setting for their final rest.

National cemeteries also carry expectations of appearance that set them apart from private cemeteries. Our Nation is committed to create and maintain these sites as national shrines, transcending the provision of benefits to an individual. As national shrines, VA's cemeteries serve a purpose that continues long after burials have ceased and visits of families and loved ones have ended.

A national shrine is a place of honor and memory that declares to the visitor or family member who views it that within its majestic setting each and every veteran may find a sense of serenity, historic sacrifice, and nobility of purpose. Each visitor should depart feeling that the grounds, the gravesites, and the environs of the national cemetery are a beautiful and awe-inspiring tribute to those who gave much to preserve our Nation's freedom and way of life.

Means and Strategies

In order to achieve this performance goal, NCA must maintain occupied graves and developed acreage in a manner befitting national shrines. Improvements in the appearance of burial grounds and historic structures are necessary for NCA to fulfill the National Shrine Commitment. In-ground gravesites (casket and cremain) require maintenance to correct ground sinkage and to keep the headstones and markers aligned. Maintenance of columbaria includes cleaning stains from stone surfaces, maintaining the caulking and grouting between the units, and maintaining the surrounding walkways. Cemetery acres that have been developed into burial areas, as well as land that is no longer in a natural state, require regular maintenance. To assist in achieving this goal, NCA will continue its participation in a joint venture with VHA, under which national cemeteries provide therapeutic work opportunities to veterans receiving treatment in the Compensated Work Therapy/Veterans Industries program. In return for giving veterans the opportunity to work for pay, regain lost work habits, and learn new work skills, the national cemeteries are provided a supplemental work force that is valuable to maintaining national cemeteries as national shrines.

The Veterans Millennium Health Care and Benefits Act, Public Law 106-117, directed VA to contract for an independent study to look at various issues related to the National Shrine Commitment and its focus on cemetery appearance. Volume 3: Cemetery Standards of Appearance, was published in March 2002. This report will serve as NCA's planning tool and as a reference guide to assist MSN directors, cemetery directors, and program managers in the task of reviewing and refining NCA operational standards and measures. This

work has already begun. When complete, the directory of standards will be published and linked to statements of policy and operational descriptions of processes through directives and handbooks.

In August 2002, Volume 2: National Shrine Commitment was completed. This report identified the one-time repairs needed to ensure a dignified and respectful setting appropriate for each national cemetery. Recommendations to address deferred maintenance issues or preventive steps to minimize future maintenance costs were also identified. NCA will use the information to address repair and maintenance needs at its national cemeteries.

All national cemeteries are important locations for patriotic and commemorative events. NCA will continue to host ceremonies and memorial services at national cemeteries to honor those who made the supreme sacrifice. To preserve our Nation's history, NCA will continue to conduct educational tours and programs for schools and civic groups.

Crosscutting Activities

NCA will continue its partnerships with various other federal and civic organizations that provide volunteers and other participants to assist in maintaining the appearance of national cemeteries. For example, an interagency agreement with the Bureau of Prisons provides for the use of selected prisoners to perform work at national cemeteries.

In spring 2002, NCA initiated its first comprehensive inventory of memorials located in more than 100 national cemetery properties across the country. Since national cemeteries were established in 1862, they have become the sites of memorials erected to recall distinctive heroics, group burials, and related commemorations. These memorials range from modest blocks of stone, sundials, and tablets affixed to boulders to more sophisticated obelisks and single soldiers on granite pedestals. To complete this inventory, NCA is partnering with Save Outdoor Sculpture! (SOS!), a non-profit organization with more than 10 years of experience using volunteers to survey public outdoor sculpture nationwide. In addition to gathering historical information about memorials, volunteers will document materials, dimensions, appearance, evidence of damage, and setting. The inventory will help NCA prioritize conservation needs as well as develop a maintenance plan for all its memorials. When the project is complete, the inventory data will reside at NCA as well as being publicly accessible online through another SOS! partner, the Smithsonian American Art Museum.

External Factors

Maintaining the grounds, graves, and grave markers of national cemeteries as national shrines is influenced by many different factors. As time goes by, cemeteries experience a variety of environmental changes that may require extensive maintenance. Extremes in weather, such as excessive rain or drought,

can result in or exacerbate sunken graves, sunken markers, soiled markers, inferior turf cover, and weathering of columbaria. For example, the 230-pound upright headstones and the 130-pound flat markers tend to settle over time and must be raised and realigned periodically. The frequency of this need varies depending on soil conditions and climate.

Major Management Challenges

There are no major management challenges that will affect achievement of this performance goal.

Data Source and Validation

From FY 1996 to FY 2000, the source of data used to measure the appearance of national cemeteries was the NCA Visitor Comment Card. Since 2001, an annual nationwide mail survey, Survey of Satisfaction with National Cemeteries, has been NCA's primary source of customer satisfaction data. The survey collects data annually from family members and funeral directors who have recently received services from a national cemetery. To ensure sensitivity to the grieving process, NCA allows a minimum of three months after an interment before including a respondent in the sample population. The measure for cemetery appearance is the percent of respondents who agree or strongly agree that the overall appearance of the national cemetery is excellent. This information provides a gauge to assess maintenance conditions at individual cemeteries as well as the overall system. The information obtained is analyzed to ensure that NCA addresses those issues most important to its customers. This approach provides data from the customer's perspective, which are critical to developing our objectives and associated measures.

The survey provides statistically valid performance information at the national and Memorial Service Network (MSN) level, and at the cemetery level for cemeteries with at least 400 interments per year. VA headquarters staff oversees the data collection process and provides an annual report at the national level. MSN and cemetery level reports are provided for NCA management's use.

The Enabling Goal

Enabling Goal	Objective	Key Measure/Activity
→	→	
Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance	E.1 Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families	**Activity** Enhancing Accountability for Performance
	E.2 Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as benefits and services VA provides.	**Activity** Communications
	E.3 Implement a *one VA* information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.	**Activity** Enterprise Architecture
		Activity Information Security Program
		Activity Telecommunications Modernization Project (TMP)
	E.4 Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.	**Key Measure** Ratio of collections to billings
		Key Measure Dollar value of sharing agreements with DoD
		Activity Program Evaluation
		Activity Budget Account Restructuring
		Activity Capital Asset Management

VA's enabling goal is different from our four strategic goals. This goal and its corresponding objectives represent crosscutting activities that enable all organizational elements to carry out the Department's mission. VA's functions and activities focus on improving communication, enhancing the work force assets and internal processes, and furthering an integrated Department approach to providing service to veterans and their families. As such, many of these functions and activities are not apparent to veterans and their families. However, they are critical to our stakeholders, VA managers and employees who implement our programs.

The Procurement Reform Task Force report of May 2002 recommended the establishment of a comprehensive corporate-level function to oversee VA's business processes. To support that recommendation, the Secretary of Veterans Affairs established the Business Oversight Board (Board) on August 14, 2002. The Board serves as the Department's senior management forum on business activities and is chaired by the Secretary of Veterans Affairs. The Board's mission is to review and oversee performance, efficiency, and effectiveness of Departmental business processes. The business processes include, but are not limited to, procurement, collections, capital portfolio management, and business revolving funds. Activities currently being reviewed by the Board include procurement reform, medical care collection fund, consolidated mail outpatient pharmacy, and capital asset management. The Board will identify, monitor, and manage key business issues facing VA; review and approve the Department's business activities planning, performance planning, and performance reporting documents; monitor the processes of the Supply Fund Board, VHA Acquisition Board, and Franchise Fund Board; and monitor business processes efficiency, effectiveness and goal attainment.

The following table identifies estimates of the total resources devoted to this strategic goal and its associated objectives:

Resources by Objective		
	FY 2004 Obligations	**% of Total VA Resources**
Total VA Resources	$69,743	100%
Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.	$759	1.1%
Objective		
E.1 Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families	$130	0.2%
E.2 Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as benefits.	$19	0.0%
E.3 Implement a *one VA* information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.	$81	0.1%
E.4 Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.	$529	0.8%

Recruit, Develop, and Retain a Committed and Diverse Workforce

Enhancing Accountability for Performance

Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E.1: Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families.

Situation Discussion

VA employees recently provided their view on workplace issues by participating in the VA Employee Survey. At the direction of VA's Strategic Management Council (SMC), a VA Employee Survey Action Team is expected to lay out specific proposed initiatives with time lines and dedicated resource requirements for various action items. These proposed initiatives will provide leadership and guidance in using the results of the employee survey to enable VA to be an employer of choice and provider of world-class service to our Nation's veterans. The Action Team has benchmarked public and private sectors on employee survey metrics and best practices for action planning and improving employee satisfaction. Team members are developing short- and long-term strategies to address the most critical Department-wide issues that arose from the survey, as well as developing a plan and time lines to: identify actions taken Department-wide; measure change over time; and assess the success of implemented interventions.

The FY 2001-2006 VA Strategic Plan includes a performance measure on the VA Employee Survey. The FY 2006 performance target is an increase of 10 percent in employee satisfaction from the FY 2001 baseline. The implementation of action plans with performance measures and the next administration of the survey will provide the Department with data on how effective the actions have been in improving employee satisfaction, retention, and customer satisfaction. The next VA Employee Survey will occur in FY 2003.

Means and Strategies

Information on the results of the survey will be available on the OHRM Web site and on Administration sites. Administrations will be encouraged to commit resources to follow-up and action planning; hold management accountable for meeting with employees and acting on results; and ensure that employees are aware of results and are given the opportunity to participate in work groups.

The Action Team will recommend that best practices of public and private sector companies be followed. Successful organizations choose themes to work on, develop action plans, and report on progress in implementing actions on a

quarterly basis. A communication plan has been developed and managerial communication will be key to engaging employees and unions in interventions to increase service to veterans. Supervisors will be provided with tools to interpret results and conduct action planning.

The training initiative will include evaluation of current training programs and services at the facility, network, and national levels to determine a centralized policy yet, whenever possible, a decentralized approach for "enhancing the quality and timeliness of everything we do" in meeting Departmental priorities. Department-wide initiatives to continually improve the knowledge and skills needed to serve the veteran, use incentives to link performance to results, and encourage employee empowerment are also planned.

External Factors

Employee satisfaction may be affected by external factors such as the state of the economy and the availability of other employment; more job mobility due to more employees being covered by FERS rather than CSRS; and changes to demographics of the workforce, especially the retirement of older employees and the entry of more young employees.

Veterans Health Administration

VHA annually develops a 5-year strategic plan for the provision of care to eligible veterans through each of its 21 coordinated networks of medical facilities operating within prescribed geographic service-delivery areas. Such plans include provision of services for the specialized treatment and rehabilitative needs of service-disabled veterans, those with low incomes, and veterans with special health care needs.

VHA's strategic planning process renders VA's mission, strategic goals and objectives into strategic objectives, with associated strategies and targets, to guide the daily operations of the health care system and its future direction. The 21 networks use these Strategic Objectives as the framework for their planning activities as well as the structure for their strategic plans. This framework supports VHA's comprehensive performance management system aligning VHA's vision and mission with quantifiable performance measures to track progress in meeting those objectives, holds management accountable through performance agreements for achieving established strategic targets, and advances quality in the context of patient-centered care while maintaining sound resource management.

Much of the information for VA's performance report, VA's strategic plan, numerous Congressional reports, and VHA performance and program analyses are derived from the annual VISN or Network strategic plans.

Beginning late in fiscal year 2002, the planning process began being overseen by a committee of the VHA National Leadership Board (NLB), known as the Strategic Planning Committee (SPC). The SPC is comprised of senior VHA leaders from the field and central office and its purpose is to recommend policies and plans, and to provide oversight for the VHA strategic planning process and initiatives. This includes overseeing the VHA strategic planning process and providing input into the VISN or Network planning process, and ensuring linkage with the requirements of the Government Performance Results Act and the Secretary's priorities.

In the fall of each year, following completion of the annual update of strategic objectives, strategies, measures and associated targets, central office staff will prepare the next Strategic Planning Guidance to initiate the VISN or Network planning cycle. Draft guidance, developed under the direction of the National Leadership Board's SPC, will be shared with both field and central office organizations to ensure that final guidance reflects leadership's priorities, strategic directions, and field concerns. The Networks will develop plans based on this guidance and on additional direction from the VHA offices responsible for fiscal and human resources, information technology, and capital assets.

This planning system enables the networks to address the unique health care needs of the local veteran population. That permits each Network to develop its own strategic plan, budget, and capital plan, all in response to the mission and services associated with the geography, customer segment, business opportunities, operating barriers and other factors specifically present in the Network. The central office role is to enable this process by providing planning guidance.

Although each plan will address similar problems, the individual plans will be unique to each Network and will provide a vast array of actions designed to accomplish the strategic objectives and associated strategies. Additionally, Networks may expand the scope of their strategies and resulting actions in response to unique local issues that go beyond central office's planning guidance and strategic objectives.

Submission of the final VISN or Network strategic plans will be overseen by the SPC, submitted to central office for review and analysis by VHA's Office of Policy and Planning and other Chief Officers. Each plan will be provided to the Deputy Under Secretary for Health for Management and Operations for final evaluation before subsequent approval by the NLB. Clarifications/revisions will be obtained at the time of this review. The process will conclude with feedback from both central office and the field concerning the planning process and its products, strengths and weaknesses, and recommendations for issues to be addressed in the next strategic planning cycle.

An example of VHA's enhancement of accountability for performance includes the Under Secretary for Health chartering the VHA Workforce Strategy Team and the VHA Steering Committee for Succession Planning at the end of 2000 and assigning both groups to develop plans for a comprehensive strategy for work force recruitment, retention, and development by the middle of fiscal year 2001. The final report, as approved by the Under Secretary for Health in December 2001, includes over 100 action items that prescribe a comprehensive succession plan for VHA. These are the six major components of that plan:

- Implement a comprehensive leadership development program based on VHA's High Performance Development Model. To ensure successful implementation, performance standards for senior leaders include the expectation that each facility and VISN will establish leadership development programs using established program criteria.
- Ensure that Workforce and Diversity Planning is integrated into VHA's annual strategic plan. Network Director performance contracts include the requirement to develop annual workforce plans as a component of their strategic plans.
- Ensure that we continually assess and develop instruments that consistently measure, analyze and improve employee satisfaction.
- To ensure VHA is able to recruit, retain and motivate staff, the quality of VHA's supervisory staff needs to be continually developed and enhanced. Specific recommendations from the succession plan are being woven into all supervisory training programs.
- Sixty-three initiatives that require either legislative and/or policy changes have been identified for action and efforts are underway to implement these as rapidly as possible. These initiatives are in the area of: classification, pay and benefits, incentives, performance management, recruitment and staffing, tours of duty, travel and relocation, and leave administration.
- Technical Development Programs that focus on specific disciplines will be implemented in FY 2003. These programs are designed to meet the dynamic changes occurring in VHA and will fund approximately 100 internships each year in a variety of disciplines reflecting the job category priorities established in our workforce/diversity strategic plans. Recruitment and employee development strategies, along with employee retention strategies, are being developed and implemented to ensure that VHA has an effective, diverse workforce to accomplish its mission as our older employees retire. A VHA recruiters' web site will be established to facilitate cooperative efforts for all local recruitment programs. VHA will

partner with other elements in VA to improve public knowledge of and access to VA employment and career opportunities.

To ensure success of the succession efforts, performance contracts for the Network Directors include the requirement to conduct annual workforce assessments and develop plans to meet workforce needs as a component of their annual strategic plans. The success of all these efforts is evaluated and tracked by a Succession Deployment Group, that reports to the National Leadership Board's Human Resource Sub-Committee.

Veterans Benefits Administration

The Secretary chartered the VA Claims Processing Task Force to make recommendations for reducing the claims processing backlog and improving performance and accountability in the Veterans Benefits Administration. In its report to the Secretary, the Task Force provided 34 recommendations for improvements. These recommendations are the basis for VBA's plan to improve performance and accountability and achieve a greater level of consistency in our operations and in the delivery of VA benefits. Implementation of the recommendations is a priority at all levels of the organization and is being given VBA's full attention.

VBA has restructured its headquarters and field management organization in line with recommendations of the Claims Processing Task Force. The purpose of the new structure is to facilitate communications, provide for effective change management, improve span of control, and increase accountability at all levels of the organization. As part of the reorganization, four area directors are established with direct line authority over the regional offices, thereby reducing the span of control over VBA's field operations. This area structure brings more uniformity of operations to the field and assigns specific responsibility for ensuring compliance and accountability for performance. The resource distribution process for our field operations has been revised to link more directly to performance. Resources are no longer distributed to stations based solely on their workload. Performance factors, such as productivity, timeliness, and quality are important variables in the formula now used to distribute resources to regional offices

Under VBA's restructuring, a new Office of Strategic Planning is established in order to centralize VBA's planning efforts. The office will be primarily responsible for coordination of VBA's activities involving national strategic planning, development of long-range strategic plans, and analyzing strategic data to guide future planning efforts. A more focused approach to strategic planning will facilitate VBA's efforts to provide specific and measurable performance targets for the field. It is anticipated that the Office of Strategic Planning will be staffed and operational early in FY 2003.

VBA's new organizational structure also includes the Office of Performance Analysis and Integrity, whose mission is to ensure that the data utilized in evaluating performance is readily available, verifiable and reliable. This new office will analyze data to identify trends and aberrations. This will add a proactive element to VBA's performance management systems. Continued improvement of data collection and reporting systems and more effective analysis of the data will further provide both VBA and its stakeholders with consistent, accurate, and reliable performance information.

VBA continues to use the balanced scorecard as the composite approach to measuring performance. The scorecard has been enhanced to include an additional element, which identifies more discrete, operational measures that contribute to performance improvements. Focus on these operational measures will facilitate identification of processing vulnerabilities and rapid development of management corrections. Comparison back to the corporate scorecard measures will validate management successes.

New performance standards for senior executives in headquarters as well as in the field have been written to build in greater accountability for achieving service/staff and organizational performance goals and objectives. Performance requirements for directors are tied directly to the Secretary's priorities. Specific service delivery goals have been set in accordance with production and accuracy standards. The directors' performance plan also states that if any of the service delivery goals are not met, the director is required to submit compelling mitigating reasons why the goal was not met and identify actions that are being taken to improve the performance.

Another element of the VBA strategy for enhancing accountability is the creation of national performance plans for Rating Veterans Service Representatives and Veterans Service Representatives. VBA believes that these standards will assure that all offices address workload and performance issues in a similar manner. The plans address both production and accuracy standards. Directors are expected to establish complementary performance requirements for all of their managers and their supervisors that support the organizations' ability to meet its goals. National performance standards are also being developed for other positions in VBA, including the decision review officers, loan specialists, and vocational rehabilitation counselors. Implementation of national standards for all positions will help to ensure nationwide consistency in business processes, thereby increasing accountability in all business lines.

National Cemetery Administration

The National Cemetery Administration (NCA) employs a strategic planning model that ensures that strategic goals are linked throughout the organization. Strategic goals are consistent at the national, Memorial Service Network, and cemetery levels. Measurable progress toward meeting NCA's strategic objectives

is reported on a regular basis and communicated to all top-level managers. In addition, NCA has developed and is using consistent performance standards for all cemetery directors that are linked to NCA's strategic goals. These performance standards address specific accountability in the areas of customer service and stewardship, employee and self-development, and cemetery operations.

Improve Communications with Veterans, Employees, and Stakeholders

Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E.2: Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as benefits and services VA provides.

Situation Discussion

Communication with Veterans

VA conducts outreach and education activities for the veteran community and the general public. We produce benefit booklets, news releases, articles that appear in veterans service organization (VSO) publications, and public service announcements. We also give presentations to schools and community organizations. We will develop a Veterans Benefits Learning Map that will be made available to VSO facilities and state VA offices to help veterans better understand the benefits and services they are eligible to receive.

VA responds to requests from local and national media, veterans and their families, and the public for information on VA benefits, services, and policy. To ensure timely response to veteran inquiries and complaints, VA has developed and currently maintains an Internet access page that allows direct e-mail contact with veterans. The Secretary established field-based regional VSO liaison officers to provide a direct conduit from veterans, veterans service organizations, and state government veterans officials to the Secretary.

VA facilities within specific geographic areas are creating comprehensive directories for veterans and employees that include names and telephone numbers of VA employees, community care providers, and other Federal government service providers. Many facilities develop credit card-size pocket cards that include their important local telephone numbers and/or national 800 numbers.

VA will convene a National Minority Veterans Conference to identify issues facing minority and women veterans and ensure that a comprehensive and effective process is initiated to respond to these issues. The Secretary will also receive periodic counsel from the Advisory Committee on Minority Veterans and the Advisory Committee on Women Veterans.

To increase minority veterans' use of benefits, programs, and services to which they are entitled, VA will use data and information compiled from site visits, annual reports, and studies on its benefits and health care programs to develop initiatives. VA will continue to assess minority veterans program coordinators' activity to educate minority veterans, increase their participation in

VA programs, and minimize barriers to their ability to access health care and benefits. VA will design and publish a fact sheet that will inform thousands of minority veterans and their family members about VA programs, benefits, and services. VA will increase its focus on minority, specialty, and grassroots media as part of its strategic communications effort to reach minority veterans as well as women veterans and those veterans living in rural areas.

VA will conduct town hall meetings and community-based forums to discuss VA programs and benefits for women veterans at different locations across the country and work with field personnel to ensure outreach activities are incorporated into the performance plans of the Women Veteran Coordinators.

Communication with Employees

One key aspect of the Department's One VA initiative is to enhance communications with employees. As part of this initiative, VA held a series of five One VA regional conferences and events to promote increased understanding of VA-wide programs. We have created One VA state councils to oversee collaborative initiatives and improve communication with employees and veterans' advocates.

The Department has also developed the One VA Employee Strategic Plan as a companion document to the strategic plan. This document communicates the Department's strategic framework to all employees. It assists VA staff at all levels to identify how their work contributes to achieving VA's overall mission and goals, thereby improving their line-of-sight connection with the strategic direction of the Department. VA also uses other communication vehicles including VAnguard magazine, the Internet, and videos to communicate the VA strategic direction to employees.

The Office of Public Affairs has implemented an approved VA Communications Plan for the Department. With a focus on strategic communications, the plan provides a coordinated approach to ensure that clear and consistent information is provided to both employees and the public on VA concerns and issues. These communications goals will then be supported throughout VA, with subordinate managers shaping their communications goals accordingly.

The Office of Public Affairs produces a weekly internal information video, "VA News," for broadcast over the VA digital satellite network to all VA facilities. The office continues to produce the quarterly "VA Report" internal information video, extending its length and expanding it into a video news magazine format. All video products will be made available to VA employees and stakeholders groups via the World Wide Web through Internet streaming technology. The Office of Public Affairs, in coordination with Employee

Information Service, will produce a regular internal video focused on developing management skills among VA leaders at all levels. The program will feature interviews of management experts, both within VA and elsewhere, and be available by satellite broadcast and on-demand at employees' desktops.

Communication with Stakeholders and the Public

VA will provide timely and accurate delivery of service and information to all stakeholders including members of Congress and their staffs regarding the results of VA programs, as well as veterans' concerns, including constituent casework. VA will provide more frequent briefings to members and their staffs on VA benefits and services and initiate new member orientations and casework conferences. VA will also ensure that VISN Directors meet at least twice a year with their respective delegations to inform them of progress made in key areas, issues, and veterans' concerns.

VA will use its strategic planning process, including Four Corners strategic planning meetings, to increase internal and external understanding of its strategic direction and priorities. Public service announcements supporting specific VA outreach priority goals (covering homeless veterans, women veterans, Gulf War veterans, and minority veterans) will also be produced for broadcast across the country to help increase public awareness of VA activities and results.

Implement a *One VA* Information Technology Framework

Enterprise Architecture

Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E.3: Implement a *One VA* information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.

Situation Discussion

The *One VA* Enterprise Architecture (EA) performs a key enabling function by assuring that all new information technology (IT) initiatives are aligned with VA strategic objectives and the President's e-government initiatives. This is accomplished by the Chief Information Officer's review and approval process for all IT capital investments, supported by staff assessments for compliance with the enterprise architecture and capital investment planning and oversight. The EA supports the VA mission by:

- Improving and enhancing VA's delivery of service to veterans;
- Eliminating unnecessary redundancy in systems and information across VA's organizational levels;
- Improving IT accountability and cost containment;
- Ensuring that the developing information technology asset base is built upon widely accepted industry standards and best practices.

The *One VA* EA is the primary authoritative resource to inform, guide and manage decisions within VA for enterprise IT throughout the entire life cycle of planning, programming, budgeting, developing, integration, test/certification, deployment and in-service support. It addresses the entire spectrum of IT across VA. And, by using a business-focused, top-down approach in the development of the *One VA* EA, it acts as a key enabler for optimizing the program/business value and mission performance of the Department's systems.

On April 4, 2001, the Secretary of Veterans Affairs testified before the House Veterans' Affairs Subcommittee on Investigations and Oversight and promised to reform the current out-of-date information technology architecture in use at VA. He pledged to identify a new Enterprise Architecture that will end the current practice of maintaining "stovepipe" systems designs that use incompatible systems development, and he pledged to end the collection of data that does not yield useful information.

In September 2001, the Secretary signed the *One VA* EA Strategy, Governance and Implementation document, establishing a governance structure within VA and assigning roles and responsibilities for the development and maintenance of the *One VA* EA. It assigns approval authority for the *One VA* EA to the Secretary himself through the VA Executive Board (VAEB). Review authority is assigned to the Strategic Management Council (SMC), chaired by the Deputy Secretary. Authority to direct the development of the *One VA* EA is assigned to the Enterprise Information Board (EIB), chaired by the Department CIO. The Enterprise Architecture Council (EAC) is also established and chaired by the Chief Architect to develop and maintain the *One VA* EA. Following the implementation of that governance structure and establishment of the EAC, a *One VA* EA Implementation Plan for FY 2002 was developed by the EAC and approved by the EIB (formerly called the Information Technology Board) on April 22, 2002, specifying the approach to be taken in the development of the initial version of the *One VA* EA, and how it would support the development of the Department's FY 2004 budget submission. The *One VA* EA Directive was also issued, requiring compliance across the entire Department with three documents: the EA Strategy, Governance and Implementation document; the *One VA* EA Implementation Plan document; and the *One VA* EA itself. This Directive also requires that the Implementation Plan be updated annually to reflect the specific priorities to be undertaken each year in the further development and maintenance of the *One VA* EA. Version 1.0 represents the initial effort in a continuing process of establishing and maintaining the *One VA* EA, and was developed by the EAC, approved by the EIB and SMC, and in September 2002 was signed by the Secretary.

Version 1.0 of the *One VA* EA establishes the Enterprise Business Functions (EBF) and Key Enabling Functions (KEF) to organize the top-level views from a business-focused, top-down perspective as follows:

<u>Enterprise Business Functions</u>

- Compensation
- Pension
- Vocational Rehabilitation & Employment
- Education
- Insurance
- Home Loan Guaranty
- Memorials & Burial
- Medical Care

<u>Key Enabling Functions</u>

- Finance and Accounting
- Acquisition & Materiel Management
- Information Technology
  - Telecommunications
  - Cyber Security
  - Data Center COOP
- Human Resources
- Training & Education
- Registration & Eligibility

- Contact Management
- Medical Research

Version 1.0 of the *One VA* EA also decomposes selected areas within these EBFs and KEFs beyond the top-level functional decomposition. The focuses of further development are areas that pertain to significant new project initiations or rebaselines in the FY 2004 budget submission. These areas include Telecommunications (rebaseline), Cyber Security (rebaseline), Data Center COOP (rebaseline), the Supplier Management within Finance and Accounting (rebaseline), Registration & Eligibility (new), Contact Management (new) and the Health Data Repository component of Medical Care (new). These areas have been the subject of a more detailed functional decomposition, identification of process threads (where appropriate), reconciliation of redundancies and integration points (both within VA, and with other Federal Departments and/or Agencies), along with the establishment of an allocated functional baseline.

Version 1.0 of the *One VA* EA also establishes detailed requirements for compliance and mechanisms for validation of that compliance at multiple events and in multiple Departmental processes including the Capital Planning and Investment Control process, the Project Management Oversight process, and the overall budget submission preparation process. Specific requirements for validation of *One VA* EA compliance within the Project Management Oversight process under the authority of the formally appointed Project Decision Authority (PDA) are listed in Section 2 of the *One VA* EA (Scope and Applicability), along with specific requirements for validation of *One VA* EA compliance within the Capital Planning process. During the overall preparation of the annual Department budget submission, all IT systems (including existing systems in sustainment mode) must identify their tie to the *One VA* EA by at least identifying the EBFs and KEFs along with the sub-functions from the perspective of the "*Planner's View; Top Level Scope*" and the "*Business Owner's View; Functional Decomposition and Allocation.*" The VA CIO and Deputy CIOs will validate compliance, as appropriate.

Means and Strategies

VA will maintain the *One VA* Enterprise Architecture that encompasses a vision of how current and emerging technologies can be used to meet the Department's *One VA* world-class service goals and objectives. VA's senior level staff, representing both business and information technology viewpoints from the three Administrations and the staff offices, worked together with IT and management experts and developed the *One VA* Enterprise Architecture and a structure for governing it. The resulting architecture document is a long-term roadmap for using IT to support the core business processes to achieve the Department's mission.

VA will utilize the review and oversight mechanisms established in the *One-VA* EA to ensure that all IT projects being initiated and executed fully

comply with the *One VA* EA. Over time, this provides an intrinsic capability for ensuring integration of enterprise data and processes in support of business functions and will prevent proliferation of vertical silos of information and processes. Milestone (MS) Reviews, particularly MS 0 Project Initiation, MS 1 Approval for Prototype Development and MS 2 Approval for Full Scale Development, provide opportunities to ensure that the Allocated Functional Baseline established in the *One VA* EA, is being appropriately executed. These reviews also provide opportunity for ensuring developmental projects exploit integration opportunities wherever possible.

In addition, Version 1.0 of the *One VA* EA specifies the transformation of key infrastructure across the Department as a necessary enabler for Enterprise integration. It specifies the transformation of the telecommunications infrastructure through the Telecommunications Modernization Project (TMP), the transformation of the Cyber Security posture of the Department through the Enterprise Cyber Security Infrastructure Project (ECSIP) and the transformation of the Department's computing infrastructure through the Corporate Data Center Integration (CDCI) project, as well as the establishment of a Regional Computing initiative. Beyond these initiatives, several key opportunities for functional consolidation and integration are identified to include Registration and Eligibility, and Consolidated National Contract Management. Registration and Eligibility has been identified as an opportunity for consolidation not only within VA, but also in the interaction between VA and the Department of Defense. Both of these opportunities are being established as new initiatives within the FY 2004 budget submission and will be pursued vigorously.

Implement a *One VA* Information Technology Framework

Information Security Program

Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E.3: Implement a *One VA* information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.

Situation Discussion

The purpose of the Department's Information Security Program is to provide services to the veteran that: 1) protect the confidentiality, integrity, and availability of their private information; 2) enable the timely, uninterrupted, and trusted nature of services provided; and 3) provide assurance that cost-effective cyber security controls are in place to protect automated information systems from financial fraud, waste, and abuse.

From a historical perspective, VA has encountered significant obstacles in attempting to develop an effective IT Security Program. IT programs within the Department were decentralized, and the core missions of VA were greatly diverse and conducted at over a thousand geographic locations. The Veterans Health Administration (VHA), which provides medical services to veterans, maintained IT systems at 163 medical centers, 137 nursing homes, 43 domiciliaries, 880 outpatient clinics, and 206 Vietnam Veteran Outreach Centers (Vet Centers). The Veterans Benefits Administration (VBA), which administers programs for compensation, pension, education, loan guaranty, vocational rehabilitation, and insurance, maintained IT systems at 57 regional offices. The National Cemetery Administration (NCA), which administers burial benefits, maintained IT capabilities at over 120 cemeteries. The Office of Management (OM) and VA Central Office (VACO) provided financial, personnel, and general administrative support for VA operations through data processing centers. These five Department components owned, operated, and/or used almost 900 IT systems and major applications, with those assets being managed by each respective component's CIO.

The diverse culture of each component, the geographical dispersion of their IT assets, and their associated decentralized management techniques contributed to inconsistent security policies and associated controls. Although VA had a central management group that issued security policies, the group lacked authority to provide oversight or monitor compliance with existing mandates. Independent and internal audits repeatedly cited significant, Department-wide IT security weaknesses.

By 1998, the Department acknowledged that insufficiencies in IT security controls had resulted in a reportable Material Weakness under the Federal Managers Financial Integrity Act (FMFIA). During the next few years, the lack of appropriate security controls for Department IT assets have been repeatedly emphasized by internal and external audits, as well as the subject of intense Congressional scrutiny and criticism.

During the past 18 months, aggressive action has been taken to ameliorate this adverse situation through effectively integrating IT security into all aspects of Department operations. At the core of this effort is VA's Office of Cyber Security (OCS), which was established in March 2001. The office is serving as the much-needed focal point for overall IT security planning and management activities, effective leveraging of existing resources, and implementation of security initiatives on a global basis within the Department.

OCS resources are authorized through a central fund. Each VA component contributes to this effort through the 'shared risk' concept, which is targeted toward achieving economies of scale through centralized security management of the Department's almost 900 IT systems and major applications.

It is anticipated the Secretary will approve a Department-wide IT centralization in FY 2003. Once approved, resources from the security groups of each of the Administrations and Staff Offices should be consolidated under OCS and staffing level and resources would be adjusted accordingly. This consolidation of personnel and funding does not represent an increase in the Department's overall IT spending, but will afford opportunities to enhance management control and accountability, streamline activities, eliminate duplicative efforts, and develop and apply global countermeasures to improve security.

Since 2001, VA has used the provisions of the Government Information Security Reform Act (GISRA) to sponsor annual Department-wide IT security assessments. The assessments involve an in-depth survey of the effectiveness of security policies, procedures, and implemented controls for each VA IT system. In coordination with Department components, OCS has developed an extensive Cyber Security Remediation Plan to address the deficiencies identified in the GISRA surveys, as well as findings from prior audits and independent reviews. This effort has included identification of those key weakness areas that should take immediate precedence for remediation in order to maximize resources and make the most significant improvement in the Department's overall security posture in the near-term. Priority activities include implementing a Department-wide Intrusion Detection System (IDS) to secure VA's data systems from deliberate external attack; fielding of a global anti-virus capability to better prevent and contain virus outbreaks; and, upgrading security features on the Department's external internet connections to mitigate peripheral threats.

Means and Strategies

Significant progress has already been accomplished in these areas. In February 2002, the Department's Strategic Management Council approved the Enterprise Cyber Security Infrastructure Project (ECSIP). ECSIP merges VA's actions to implement a Department-wide IDS capability and, concurrently, upgrade IT security controls on Internet Gateways.

ECSIP includes a methodology to systematically collapse the over 1,600 existing Internet gateways in VA into a more manageable number and efficient structure, as well as incrementally deploy IDS capability on a strategic basis to provide significantly increased security protections for these gateways on a cost-effective basis. As envisioned, the IDS effort will include a 24/7 Strategic Operations Center (SOC) to provide real-time analytical incident support, event correlation and analysis, audit log analysis, vulnerability scanning, and penetration scanning. Additionally, the SOC will provide a global "early warning" information-sharing network, in cooperation with homeland defense, law enforcement, Federal agency, vendor, university and international emergency response teams.

The first phase of the ECSIP pilot project, which entails the installation of a fully-configured gateway at the Austin Automation Center (AAC), has been concluded. The second phase, which involves operational testing and final cut-over of all AAC Internet traffic to the gateway, is anticipated to be completed in February 2003. Concurrent with this effort, the first SOC will become operational, and will provide management and monitoring capabilities for the Gateway. The final ECSIP gateway installation is scheduled for completion by late summer, 2004, with all VA external connections to the Internet passing through the limited number of ECSIP gateways by October 1, 2004. Design and implementation of this standardized architecture and configuration will better protect VA's information systems and internal critical information repositories from attack, and demonstrates the effectiveness of a single Department focal point for identifying, planning, and coordinating global efforts to rapidly improve VA's overall IT security posture on a cost-effective basis.

Also during the past year, VA established one of the largest single entity anti-virus capabilities in the world. This capability provides automated anti-virus scans for 150,000 IT desktops connected to VA's Intranet. These scans are conducted at least on a daily basis, with more frequent updates to virus signature files during critical periods. Automated records maintained by this capability indicate that VA's anti-virus program has detected, contained, and/or eradicated nearly one-half million viruses since its inception.

To ensure the continued success of this program, Department personnel are being afforded additional role-based training relating to associated equipment operating characteristics and maintenance requirements; servers are being

hardened consistent with optimized site configuration; and, an anti-virus analytical and warning capability is being established. This capability represents a central repository of all known virus signatures, and uses an automated tool which, within minutes of a virus attack on a VA machine, can identify the incident by virus type, version, and specific location of the equipment under attack. A warning is concurrently sent to the VA's Central Incident Response Capability, which issues a Department-wide Anti-virus alert. Fielding of this capability demonstrates VA's commitment to ensuring that, where possible, implementation of IT security controls are planned and managed to a "best in class" standard.

The overall schedule for implementation of VA's agency-wide cyber security program, which is targeted toward bringing the Department into full compliance with the provisions of GISRA, as well as eliminating the FMFIA Material Weaknesses, is as follows:

	Start		**Complete**	
Milestones	**Planned**	**Actual**	**Planned**	**Actual**
Establish and maintain a VA-wide security planning and management capability	Mar 01	Apr 01	Nov 01	Nov 01
Revamp security policies into a usable framework	Jun 01	Jun 01	July 02	May 02
Enhance security on Internet gateways and field a Department-wide intrusion detection system	Jan 02	Feb 02	Oct 04	
Establish an anti-virus capability	Jun 01	Aug 01	Dec 01	Feb 02
Institute a professionalization program for cyber security practitioners	May 02	Jul 02	Sep 03	
Develop an IT system certification and accreditation program	Dec 01	Mar 02	Jan 03	Dec 02
Submit an IT Security Capital Investment Application to the Strategic Management Council	May 01	May 01	May 02	Jun 02
Submit GISRA reports and corrective action plans to the Office of Management and Budget	Nov 01	Nov 01	Oct 02	Oct 02

Implement a *One VA* Information Technology Framework

Telecommunications Modernization Project (TMP)

The Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E.3: Implement a *One VA* information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.

Situation Discussion

In 2002, $2 million was reprogrammed for Department-wide telecommunications modernization design and planning. The Telecommunications Modernization Project (TMP) optimizes the existing wide-area network (WAN) into a national integrated services platform capable of supporting all business functions. The TMP is consistent with VA's enabling goal to create a One VA IT Framework, and it makes more efficient use of network capacity through enhanced optimization and integration planning. Investment in TMP is self-supporting through continued capitalization of reductions in telecommunications sustaining costs as the project successfully completes each phased milestone. The new TMP network will provide the scalability and flexibility to support overall VA business decisions and operational processes. The project is implemented according to the optimization portion of the FTS2001 capital investment plan, approved by the SMC.

Means and Strategies

The TMP is divided into four project phases, each facilitating the evolution of the existing VA WAN infrastructure into the optimized WAN platform. The four project phases include:

Phase I – Transfer operations and maintenance of WAN to vendor – Complete

Phase II – Optimize current backbone topology – Complete

Phase III – Migrate to a three-tiered hierarchal backbone architecture, focus on core and distribution layer design and optimization – Design completed in Phase II

Phase IV – Implement access layer design and optimization to extend TMP to all VA facilities – Design to be complete during Phase III.

The current TMP effort centers on Phase III design and migration. Network design was brought in-house and a TMP Design Team was established to develop the core and distribution layer design and implementation approach.

The Design Team is made up of VA and contractor representatives who are familiar with existing VA business and data center requirements, WAN technology, national VA application platforms, and overall VA operations.

The Design Team concluded that the existing six-node WAN core layer would require re-engineering to a fully meshed four-node core backbone. The core nodes will be co-located at the current service provider ISPs sites to facilitate circuit provisioning and peripheral networking and security requirements. The team further defined the distribution layer using specific evaluation criteria to select distribution node locations, based on existing networking resources, business and regional data center requirements, and regional tenet requirements for WAN services.

Phase IV of the TMP will address specific access layer design and optimization.

Once in place, VA's enterprise network will require consistent oversight, project management and contract administration. This will ensure the network is kept current, accurate and fulfills its goals and requirements in serving the agency, its employees, stakeholders and most important its business base -- veterans and their families.

Schedule and Goals

FY 2003

Optimize the core of the One-VA TMP network to support regional service

Support Service Level Agreements (SLA)s for every service delivery point

Establish an 7X24X365 Network Coordination Center to continually monitor the health of the network and take action to resolve service delivery problems

FY 2004

- Extend service delivery from the optimized core to all VA facilities to complete the project

FY2005

- Operations and network sustainment.

Apply Sound Business Principles and Ensure Accountability

Ratio of Collections to Billings

Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

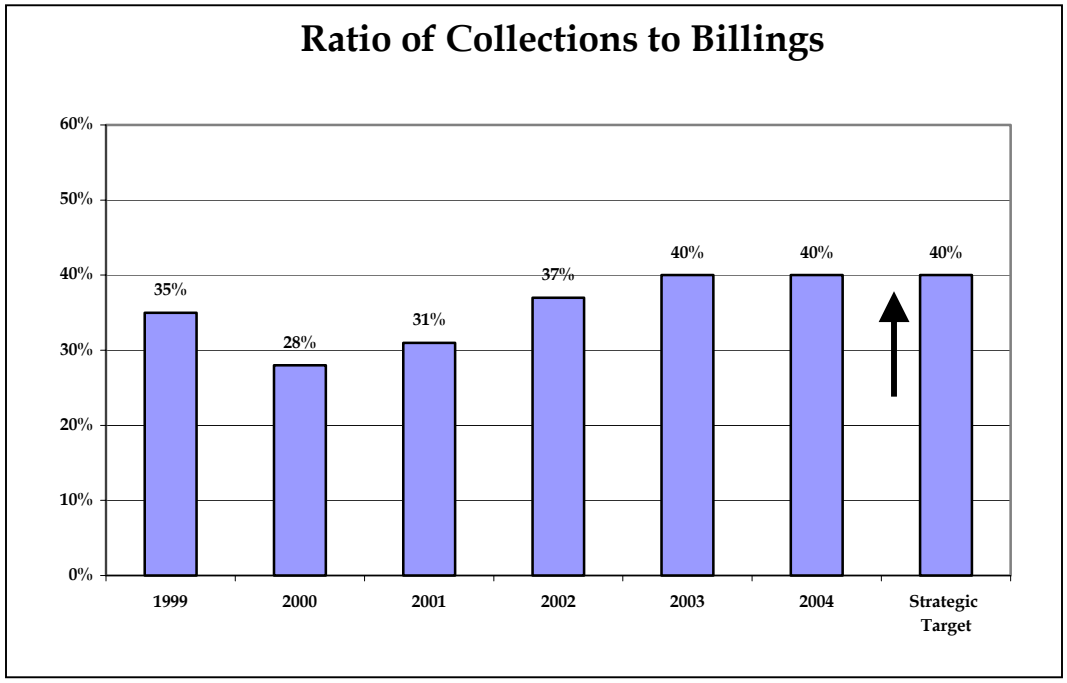
Objective E.4: Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.

Performance Goal

- Maintain the ratio of collections to billings at 40%.

Definition: The calculation of the ratio of collections to billings is total cumulative collections divided by total cumulative billings to get the percent of collections to billings ratio.

Current Situation Discussion



VHA's strategic objective to address the strategic goal and the Secretary's priority is to *Maximize Resource Use to Benefit Veterans.* VHA has developed a number of performance measures relating to space, costs, revenue, and value provided to monitor its progress in achieving this objective. One of the areas VHA is concentrating its efforts is in improving collections of 1st and 3rd party billings. The billings to 1st parties are to individuals and billings to 3rd parties are

to insurance companies. VHA has recently reorganized this function creating the Revenue Office to develop and implement a revenue cycle improvement plan that describes the vision of the VHA Revenue Program, outlines an action plan for improved performance, and defines performance measures and goals that stress standardization of policy, technology, data capture, measurement, training and education, accountability, and achievement. The plan outlines recommended actions required to improve the core business processes of the revenue cycle.

Means and Strategies

VHA will fully implement the revenue cycle improvement plan to maintain the ratio of collections to billings. Specific actions underway include implementing an electronic insurance identification and verification system to improve efficiency and accuracy. VHA is creating comprehensive education programs for veterans, and clinical and administrative staff to assure understanding of the program. The use of encoder and claims analyzer software has been mandated to standardize procedures. Follow-up of 3rd party accounts receivable will be consolidated and outsourced to improve the effectiveness of follow-up activities. VHA will enforce existing national documentation policy.

VHA will work with the Center for Medicare/Medicaid Services (CMS) contractors for the purpose of providing VA with a Medicare-equivalent remittance advice (MRA) for veterans using VA services and are covered by Medicare. The MRAs will reflect the deductible and coinsurance amounts that Medicare supplemental insurers will use to reimburse VA for health care services VA provides to veterans for non-service connected treatment.

External Factors

The success in maintaining the ratio of collections to billings will depend in part on the cooperation of veterans and private insurance companies to pay their bills.

Major Management Challenges

Both GAO and the IG have identified medical care collections as a major management challenge. Problems cited included missed billing opportunities, billing backlogs, and minimal follow-up on accounts receivable. The newly formed Revenue Office is implementing a revenue cycle improvement plan that addresses these issues.

Data Source and Validation

The collections and billed data come from the National Data Base in the Allocation Resource Center (ARC), which includes data from the FMS data. These data are routinely validated for accuracy.

Apply Sound Business Principles and Ensure Accountability

Dollar Value of Sharing Agreements With DoD

Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E.4: Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.

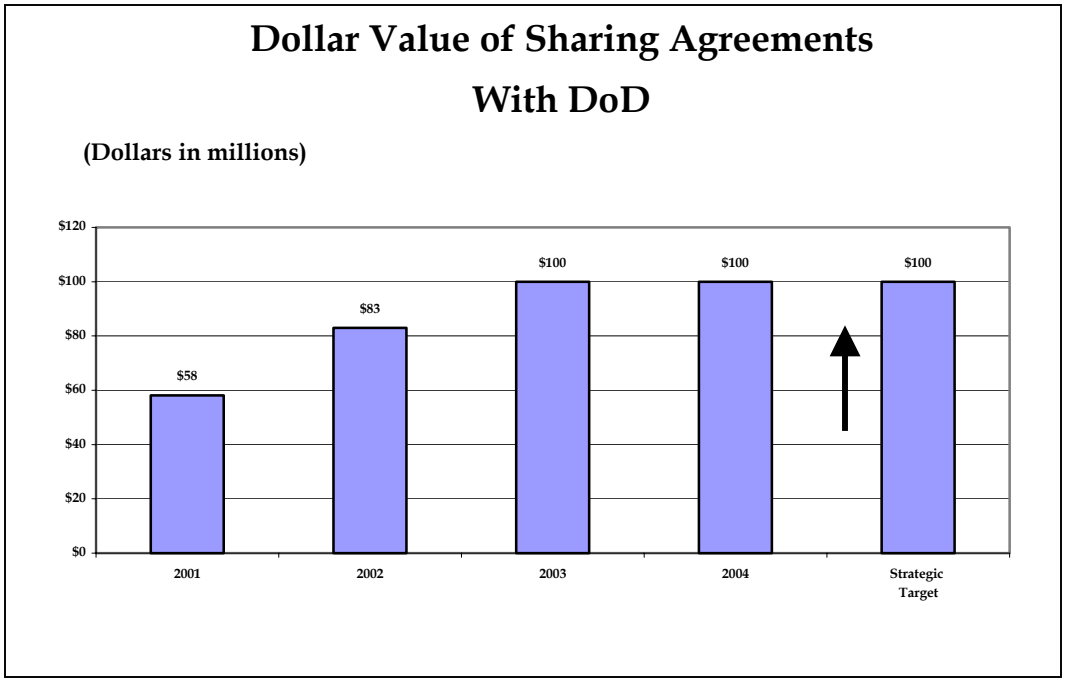
Performance Goal

- Maintain the dollar value of sharing agreements with DoD at 100 million dollars per year.

Definition: This measure is based on the total dollar value of sharing agreements VA has entered into with DoD.

Current Situation Discussion

VHA's strategic objective to address the strategic goal and the Secretary's priority is to *Maximize Resource Use to Benefit Veterans.* VA has entered into a number of sharing agreements with DoD ranging from joint purchasing of supplies and equipment to providing direct medical care. VA and DoD also use other contracting authority to jointly procure pharmaceuticals, medical/surgical supplies and equipment.



Means and Strategies

VHA and DoD work collaboratively through the VA/DoD Health Care Executive Committee to drive the sharing process. Performance is monitored by the Executive Committee. Large local initiatives such as the proposed North Chicago sharing agreement with the Navy and national collaboration on the T-Nex (Tricare Next Generation) RFP (Request for Proposals) will also drive increases. VBA has an Interagency Service Agreement with DoD at selected overseas military bases to perform disability examinations at discharge and provide support services to VBA personnel. The VBA portion of the total dollar value of VA/DoD sharing agreements in FY 2004 is less than 3 percent.

In support of the ongoing work of the VA/DoD Joint Executive Council, the two Departments are currently developing a strategic plan that will identify opportunities for greater coordination and collaboration. Six draft strategic goals have been developed: leadership commitment and accountability; high-quality health care; seamless coordination of benefits; integrated information sharing; efficiency of operations; and joint contingency/readiness capabilities. Officials from both Departments are meeting on a regular basis to refine the strategic goals as necessary, and to develop objectives, strategies, and performance measures to support each goal.

DEERS is a computerized enrollment and eligibility database of military sponsors, families and others worldwide who are entitled under the law to TRICARE benefits. DEERS registration is required for TRICARE eligibility. VA and DoD submitted a joint IT business case to develop an integrated, shared registration and eligibility system that leverages DEERS with the *One*-VA Registration and Eligibility solution. During FY 04, VA plans to test an integration solution that creates a VA data repository with an electronic connection to DEERS.

The VA has seven (7) Consolidated Mail Outpatient Pharmacies (CMOPs) that mail out prescriptions to our veterans. VA mail prescription workloads are usually processed through the CMOP in 24 hours and received by the patient within 3 days of mailing from the CMOP. The Department of Defense (DoD) has Medical Treatment Facilities (MTF) that dispense prescriptions for military personnel, their families and military retirees. Prescription workloads at the MTFs have increased due to Tricare for Life benefits. The Pharmacist shortage and the inability to recruit affects both the VA and DoD. The CMOP program can be a cost-effective method of providing mail prescription benefit to both VA and DoD.

Crosscutting Activities

VA and DoD work to increase utilization of the same pharmaceutical and medical products resulting in increased leverage during Federal Supply Schedule or other joint contracting negotiations.

Four traumatic brain injury (TBI) lead centers have been jointly established and cooperatively funded by VA and DoD to receive and screen all TBI patients and maintain a national registry of TBI patients.

VA, by Public Law 97-174, has the added mission to serve as principal health care backup to DoD in the event of war or national emergency. VA, at the request of DoD, may authorize DoD to use its medical facilities (hospital and nursing home care), medical services, office space, supplies, and administrative support.

VA partners with DoD's Pacific e-Health Center in Honolulu, HI, to provide peer consultation and patient care to participants separated by distance.

VA and DoD participate in the Alaska Federal Health Care Partnership, with a goal of providing specialized care to isolated or remote patient populations in Alaska.

The Cooperative Studies Program collaborates with DoD on a number of studies, including an antibiotic treatment trial and an exercise/behavioral medicine treatment trial for Gulf War Syndrome.

Major Management Challenges

The General Accounting Office (GAO) has identified Health Care Resource Utilization as a major management challenge. To expand care to more veterans and respond to emerging health care needs, VA must continue to pursue opportunities to use its health care resources more wisely. VA needs to pursue additional opportunities with DoD to determine cost-effective ways to serve both veterans and military personnel, including sharing services and facilities. VA has responded through an active VA/DoD Executive Council. Recently VA's Deputy Secretary and the Under Secretary for Defense for Personnel and Readiness approved three initiatives, i.e., a single reimbursement rate for all direct VA/DoD clinical sharing agreements; a joint strategic planning initiative which is designed to develop a common vision and set of objectives for interdepartmental sharing for the future; and the Federal Health Information Exchange which is intended to enable the electronic exchange of health information between the Departments' disparate systems as well as with VA and DoD partners who provide health care to federal beneficiaries.

Data Source and Validation

Data are collected and reported by the VHA Medical Sharing Office based on information in VHA's accounting system or actual collections or obligations. The dollar value for pharmaceuticals and medical supplies is based on annual estimates of procurements based on historical procurement patterns. Data in VBA are collected and reported by the Compensation and Pension Service based on information in VBA's accounting system.

Apply Sound Business Principles and Ensure Accountability

Program Evaluation

Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E.4: Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.

Current Situation Discussion

Program evaluations are used to assess, develop, and/or update program outcomes, goals, and objectives and to compare actual program results with established goals. Program evaluations assess the accomplishment of general goals and objectives included in the Department's Strategic Plan and contribute to the revision of such goals and objectives. The VA Strategic Plan includes a description of how program evaluations impact the Department's goals and objectives, along with a schedule for future evaluations. Outcome measures identified or enhanced during the conduct of program evaluations are included in annual performance plans and will be used to continually refine the Strategic Plan. VA's goal is to re-evaluate programs on a 10-year cycle.

Program evaluations assess the:

- Extent to which program outcome goals are being met and the extent to which current performance affects program outcomes;
- Interrelationships between VA programs and other Federal programs to determine how well these programs complement one another;
- Needs and requirements of veterans and their dependents in the future to ensure the nature and scope of future benefits and services are aligned with the changing needs and expectations of veterans and their dependents;
- Adequacy of outcome measures in determining the extent to which the programs are achieving intended purposes and outcomes.

In addition, program evaluations fill existing data gaps, particularly relating to outcome information that can only be obtained directly from veterans and beneficiaries. These studies also provide an opportunity to objectively and independently analyze VA programs and yield information useful in developing policy positions. Proposals for future benefit packages and improvement in existing programs evolve from the process of evaluating programs.

Means and Strategies

Consistent with legislative intent and 38 CFR §1.15, the Office of Policy and Planning, an organizational entity not responsible for program administration, is responsible for the operational aspects of program evaluation providing an unbiased, third-party perspective. Within VA, most program evaluations are conducted through contracts, which further enhances third-party objectivity. In all cases, the evaluations are managed using a team approach that includes program officials. For each evaluation, an evaluation team develops the statement of work and oversees the execution of the contract. Pre-evaluation planning and post-evaluation discussion of results and related recommendations involve our major stakeholders including OMB, Congressional staff, and veterans service organizations.

Status

The following is a list of planned program evaluations, by strategic goal:

Strategic Goal: Restore the capability of disabled veterans to the greatest extent possible and improve their quality of life and that of their families.

- Disability Compensation (scheduled to start in 2004)
- Vocational Rehabilitation (scheduled to start in 2005)

Strategic Goal: Ensure a smooth transition for veterans from active military service to civilian life.

- Home Loan Program (started in 2002 and planned for completion in 2004)
- Readjustment Counseling (scheduled to begin in 2003)

Strategic Goal: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

- Diabetes (scheduled to begin in 2003)
- Seriously Mentally Ill and Post Traumatic Stress Disorder (scheduled to begin in 2004)
- Prosthetic (scheduled for completion in 2003)
- Cardiac (scheduled for completion in 2003)

Apply Sound Business Principles and Ensure Accountability

Capital Asset Management

Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E.4: Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.

Situation Discussion

Capital asset management is one of the business processes under the Business Oversight Board (BOB). This year has been one of change for capital asset management. The process was created in June 1997 to foster a Departmental approach to the use of capital funds and to ensure all major capital investment proposals, including high risk and/or mission-critical projects, are based upon sound economic principles and are fully linked to strategic planning, budget, and performance goals. The Department has demonstrated excellent progress in implementing both the principles and practices of performance-based acquisition management. VA was the first civilian agency to develop an agency-wide capital planning process which allows for investment trade-offs, both among and between, categories of assets, i.e., medical and non-medical equipment, information technology, infrastructure, and leases.

Means and Strategies

VA continues to move forward in capital asset management with a focus on portfolio management. This includes instituting a comprehensive business approach to portfolio management and long-range planning, defining an optimal portfolio system, and defining portfolio performance goals and measures. The building of a comprehensive portfolio system requires a phased methodical approach for implementation with a clearly defined structure, goals, measures, and benchmarks. Once validated and analyzed, the data report performance and ultimately identify opportunities to leverage VA assets and maximize VA's portfolio value.

High-level portfolio goals are to decrease operational costs, reduce energy utilization, decrease underutilized capacity, increase intra/inter-agency and community-based sharing, increase revenue opportunities, and increase the highest and best use of VA assets while safeguarding them. While all of these goals do not apply to each administration, collectively they demonstrate VA's desire to manage VA assets from a corporate perspective with a focus on service delivery, maximizing the functional and financial value of the assets.

As indicated, the 2004 cycle has been one of change including how projects were evaluated for inclusion in the budget. For medical care, except for one project in VISN 12 (which has completed a CARES study), we are submitting a funding methodology in lieu of specific projects. The following projects have been approved and submitted as part of the budget request for 2004.

Detroit National Cemetery

Project Description: This project will develop approximately 15,468 gravesites (16 net acres), of which 2,711 will be for cremated remains. This project will include a Fast Track to expedite service to veterans and their families and provide a small area to accept full casket burials approximately a year in advance of the Phase 1 dedication. Phase 1 development will provide for approximately 4-5 years of burials by developing approximately 20 acres to include the design and construction of numerous elements and features.

2004 Budget Request: $8.7 million

Fort Snelling National Cemetery Expansion

Project Description: This project will construct for a 10-year capacity including 15,000 full casket gravesites; 10,000 columbarium niches; a new equipment storage building; and supporting infrastructures for the new development. Also, it will include renovation of the existing administration building to include functioning as a public information center, renovation of maintenance buildings, expansion and renovation of the existing irrigation system, road improvements, curbs, and perimeter fencing renovations.

FY 2004 Budget Request: $24.8 million

Barrancas National Cemetery Expansion

Project Description: This project will develop expanded burial areas on newly acquired land of 45 acres to include approximately 6,300 full-casket gravesites with 5,000 pre-placed crypts and development of approximately 2,500 in-ground and columbaria niches. Quantities will be sufficient to support a 10-year projection of burial needs. The project will include supporting infrastructure such as roads and utilities, a new satellite maintenance facility, two new committal shelters, a new public restroom, an automated information kiosk, and new boundary fencing installed in coordination with existing boundary walls.

2004 Budget Request: $12 million

Chicago, Illinois – New Inpatient Bed Building

Project Description: project will consolidate the two-inpatient sites of care, Lakeside and West Side, which are located in 50-year old facilities approximately five miles apart. Construction includes a new bed tower to house all inpatient bed and operating rooms, at the West Side Division. The building will be

connected to Building 1, the existing hospital where ancillary support and diagnostic functions will remain. Building 1 will provide for consolidated renovated inpatient support services. The typical floor area for this structure has been assumed to be 43,000 gross square feet.

2004 Budget Request: $98.5 million. This project may be funded by enhanced-use lease revenues.

President's Management Agenda
Strategic Management of Human Capital
Competitive Sourcing
Improving Financial Performance
Expanding Electronic Government
- Making Greater Use of Performance-Based Contracts
- Expanding On-Line Procurement and E-commerce
Budget and Performance Integration
- Budget Account Restructuring
- Common Measures
- Program Assessment Rating Tool (PART)
Improved Coordination of VA and DoD Programs and Systems
- Medical Centers Providing Electronic Access to Health Information
- Dollar Value of Sharing Agreements With DoD
Faith-based/Community

President's Management Agenda

Introduction

The President's Management Agenda is the Administration's strategy that focuses on improving the management and performance of the Federal government. The agenda contains five government-wide and two VA-specific initiatives to improve federal management and deliver results using a scorecard approach. The Office of Management and Budget (OMB) uses the scorecard to track how well the department is executing theses initiatives:

Initiative	2002 Status	2003 Status	Progress in Implementing
Human Capital	R	R	G
Competitive Sourcing	R	R	G
Financial Management	R	R	G
E-Government	R	Y	G
Budget and Performance Integration	Y	Y	G
VA-specific (Improved coordination of VA/DoD programs and systems)	Not rated		

The scorecard follows this scoring system:

G = Green for success

Y = Yellow for mixed results, and

R = Red for unsatisfactory

The following narratives describe our plans for making progress in each of the President's Management Agenda (PMA) initiatives.

Strategic Management of Human Capital

Performance Goals

- Establish a systematic process to identify VA's workforce needs and identify workforce planning activities and successes, and then communicate this information to VA organizations.
- Enhance recruitment and marketing efforts at the Departmental level through use of technology, HR flexibilities, and broader outreach. By the end of 2004, VA will have a state-of-the-art Web site with links to vacancies in VA's Administrations and Central Office.

Current Situation Discussion

VA is facing extremely high retirement eligibility rates over the next 3-10 years. VA has taken many steps over the past year to address this issue.

VA completed a Restructuring Plan in support of the President's Management Agenda. The plan includes a workforce analysis of physicians, nurses, and compensation and pension veterans service representatives, including past, current, and projected workforce needs; drivers of change; workforce gaps; and strategies to address the gaps.

VA is making information, tools, and data available to decision makers. VA redesigned its HR Intranet site so managers have the tools to answer their HR questions. VA established a new system of HR policies that is streamlined, user-friendly, and Intranet accessible. VA established a workforce planning Web site that provides planning tools, best practices, and data. Additionally, VA developed an Intranet site that provides customized workforce reports that can be drilled down to the facility level.

VA's Childcare Subsidy Program has been cited as the most comprehensive program in government with the highest number of program participants. At the beginning of FY 2003, about 1,300 employees (with over 1,800 children) were enrolled in the program, and 89 percent of eligible employees indicated in a recent survey that this program is a factor in their "decision" to remain at VA.

To date, VA has agreed upon a universal definition of TeleWork; established a reporting mechanism to capture employee participation rates; conducted a preliminary assessment of employee participation rates and completed a Departmental TeleWork Plan.

Revisions to the existing telecommuting policy have been made to reflect the endorsed participation of Title 38 employees on a case-by-case basis.

A TeleWork Web site that provides an assortment of information on the program has been launched.

In April 2002, VA conducted an in-depth study on the use of recruitment and retention HR flexibilities and is in the process of identifying strategies to improve use of these flexibilities.

Means and Strategies

VA will enhance its focus on Department-wide recruitment and marketing by redesigning its recruitment Web site, identifying outreach efforts to expand applicant pools, establishing a VA-brand, and examining recruitment process impediments to hiring.

VA established a Department-wide Senior Executive Service Candidate Development Program (CDP). In November 2002, VA announced the selection of the first 25 participants in the CDP. The program will train, develop, and certify employees who exhibit outstanding executive potential for SES positions, and deploy them across organizational lines.

The Administrations are moving toward competency-based frameworks that define the core competencies required of every VA employee and the technical competencies required for specific occupations. Each core competency has been extensively researched and behavioral indicators prepare at tiered levels to encompass all levels of employees. Competencies are being mapped to training opportunities and on-the-job developmental experiences. Stratified leadership training programs are being established to provide more uniform learning opportunities for employees at their local, regional, and national levels.

VA is strengthening its focus on diversity management through on-line diversity management tools, monitoring diversity trends VA-wide and briefing them to senior management, and increasing partnerships with minority organizations to attract qualified, diverse candidates.

VA reconstituted its Workforce Planning Council to ensure a better level of coordination among VA leaders on resource requirements and a more corporate approach to implementing workforce and succession planning initiatives.

The National Veterans Employment Program (NVEP) is actively engaged in promoting the use of veterans preference. Through this program, VA has participated in numerous job fairs and career conferences. During last fiscal year, VA provided information on job opportunities to over 1500 veterans. Efforts are currently underway to expand outreach to separating military personnel by actively recruiting them at military transition centers around the country. Marketing and recruitment brochures and posters are being developed for deployment at over 1500 military transition centers around the country and overseas. VA has developed and launched a web based job site that allows applicants to complete applications for jobs using on-line automated technology. VA's on-line job site has been linked to the website for each military service's career alumni programs. NVEP has been most successful in developing a *One VA*

recruitment that includes representation from the three Administrations and staff offices. Team members interview potential candidates and discuss the availability of career options in VA. A pool of highly qualified veteran candidates has been created—these candidates are being assisted in applying for critical positions throughout the agency. As a new initiative, NVEP's goals have been expanded to include the promotion of employment opportunities in science, health, allied health, and other professional areas. Five tribal-governmental agencies have been identified for the pilot—The Navajo, Sioux, Pueblo, Southern Ute, and the Five Civilized Tribes (in Oklahoma). Since the inception of NVEP, VA's employment of veterans has increased from 26 percent to almost 30 percent.

External Factors

The economy, competitive salary issues, rapid changes in technology, an increasingly diverse labor pool, and different work expectations are forces that affect VA's ability to recruit and retain a high quality workforce.

Veterans Health Administration

The Veterans Health Administration (VHA) faces a leadership crisis unprecedented in its history. With 98 percent of our senior executives eligible to retire in three years and most other key occupations facing a similar horizon, a comprehensive workforce succession plan was fundamental to our continued ability to provide quality care for our Nation's veterans. Recognizing this crisis, in August 2000, the Under Secretary for Health established a broad-based steering committee to develop a comprehensive strategy to meet the challenge.

The committee benchmarked best practices, assessed our current workforce, analyzed drivers of employee satisfaction, and examined statutes, regulations and policies. The final report, approved by the Under Secretary for Health in December 2001, includes over 100 action items that lay out a comprehensive succession plan for VHA. There are six major components to the Plan:

Implement a *comprehensive leadership development program* based on VHA's *High Performance Development Model.* High potential employees will continually be identified at the local, network, and national levels. In a structured program, these high potential employees will be provided a mentor, a Personal Development Plan, and both formal and informal learning experiences and opportunities. These employees will be selected competitively each year and tracked as they progress through the organization. *Knowledge transfer and retention* strategies will be an integral component of all workforce succession efforts including both personal and Web-based/e-learning coaching and mentoring programs. Increasingly, *retired employees* will be invited to serve in mentoring and teaching roles with compensation provided for time, travel and other expenses.

Ensure that *Workforce and Diversity Planning* is integrated into VHA's *annual strategic plan.* Specific Web-based workforce and diversity assessment tools have been developed to assist managers in this process. A formal workforce strategic planning template has been established and used for the FY 2003 planning cycle. Veterans Integrated Services Networks (VISNs), the VHA operational organizations responsible for geographical service areas, completed a comprehensive and detailed workforce and diversity assessment, developed workforce/diversity strategies and plans to support current and future programs, and submitted their workforce/diversity plan as a component of their overall annual strategic plan. A multi-disciplinary team is developing the national VHA workforce/diversity plan based on the VISN plans. This national workforce/diversity plan will be the update to VHA's original Succession Plan and this strategic workforce planning process will continue as a part of VHA's annual strategic planning process.

Ensure that we continually assess and develop instruments that consistently measure, analyze, and improve *employee satisfaction.* Focusing on reducing or minimizing dissatisfies and accentuating motivators is key to our succession efforts. VHA established the National Center for *Organizational Development* (NCOD) to provide the expertise and support to management to continually improve our working environment and increase productivity. To date, in partnership with other VHA expert staff, comprehensive organizational profiles have been developed using information from two all-employee surveys combined with information on organizational culture and other information reflecting employee satisfaction and morale. These profiles are being presented to VISN management teams along with recommended strategies. This information will be made available to all employees through VA's Intranet. VISNs and VHACO offices will develop and implement action plans, which will be incorporated into their annual strategic workforce plans in the next planning cycle. Progress will be tracked through recurring employee assessments along with monitors of other indicators of employee satisfaction such as number of EEO cases, Unfair Labor Practice complaints, occupational injuries, etc. Information will be accessible through the Intranet and an automated, Web-based system for conducting employee surveys and assessments has been implemented.

To ensure we are able to recruit, retain, and motivate staff the quality of VHA's *Supervisory Staff* needs to be continually developed and enhanced. Recommendations from the succession plan are being woven into all supervisory training programs. Recognizing that the relationship between employee and supervisor is the most important factor in employee satisfaction and retention, VHA is partnering with other elements of VA to implement an *employee exit survey* process as an additional tool in our workforce succession program. In addition, workforce succession and workplace improvement *performance*

measures have been incorporated in all senior executive performance plans. VHA's five-level senior executive *performance assessment* process is being implemented down through the organization with the goal of replacing the current pass/fail performance system for all employees and establishing a more effective *performance recognition* program including increased monetary and other awards in recognition of demonstrated performance excellence.

Sixty-three initiatives that require either *legislative and/or policy changes* have been identified for action and efforts are underway to implement these as rapidly as possible. These initiatives are in the areas of: Classification, Pay and Benefits, Incentives, Performance Management, Recruitment and Staffing, Tours of Duty, Travel and Relocation, and Leave Administration. A VHA *Succession Planning Web site* was developed and contains information on all VHA succession planning programs and efforts, a library of HR Tools and Practices to communicate to and assist management in fully utilizing HR tools and policies that are currently available, and a library of succession planning-related information including links to related Web sites.

Technical Development Programs that focus on specific disciplines will be implemented in FY 2003. These programs are designed to meet the dynamic changes occurring in VHA and will fund approximately *100 internships* each year in a variety of disciplines reflecting the job category priorities established in our workforce/diversity strategic plans. *Recruitment and employee development* strategies along with *employee retention strategies* are being developed and implemented to ensure that VHA has an effective, diverse workforce to accomplish its mission as our older employees retire. To this end, VHA is establishing a Web-based *recruitment data base* containing the numbers of graduates, by diversity category and degree or certificate awarded, from institutions of higher learning across the country. This data base will be updated periodically from information obtained from the Department of Education and will allow local VHA recruitment efforts to target graduates in needed disciplines while ensuring we maintain our richly diverse workforce. A VHA *recruiters Web site* will be established to facilitate cooperative efforts for all local recruitment programs. VHA will partner with other elements in VA to improve public knowledge of and access to VA employment and career opportunities.

Workforce succession is the responsibility of all managers in VHA. Program oversight is provided by the VHA National Leadership Board that is chaired by the Under Secretary for Health and whose membership is comprised of all senior VHA line and staff executives along with senior executives from other VA Administrations and staff offices. The VHA Management Support Office and the Employee Education System are the principal staff offices in VHA that administer and conduct the VHA workforce succession program.

Workforce planning continues to be an important area of focus so that VBA has the talent required to serve veterans and to lead and support employees. Current initiatives that support this focus and ensure that VBA is able to recruit and retain a diverse, talented pool of candidates include:

- Implement a Human Resources Information System. VBA has undertaken design and development of a prototype data analysis tool for field and headquarters managers, analysts and human resources professionals. The prototype is being used for on-going analysis of the most effective ways to present usable data to support workforce decision-making. This system is still in the evaluation phase. VBA anticipates a decision on implementation during the first quarter of fiscal year 2003.
- Implement a leadership competency system for use in the workplace as part of human resources and training systems. An ongoing effort has involved senior leadership and managers across VBA in the development of competencies and job-related behaviors. A validation study has been completed, providing the competency system with a strong foundation for additional tools supporting self-assessment, selection, evaluation, and career guidance. The competency system will support mission accomplishment by providing employees with a clear guide for development of skills needed for success in VBA. This system will complement the Veterans Health Administration High Performance Development Model while addressing VBA organizational goals. VBA leadership is considering the options associated with implementing this system. Decision will be by the end of the calendar year.
- A new Assistant Director Development Program (ADDP) has been designed to address anticipated leadership turnover and opportunities. The curriculum design includes assessment of candidates, followed by a one-year course of experiential and didactic modules on competencies, leadership styles, organizational understanding, and mentoring. The ADDP is a *One-VA* effort, with joint training sessions being conducted for VBA's ADDP participants and participants in similar Veterans Health Administration and National Cemetery Administration programs. The ADDP, which is aligned with the executive core qualifications (ECQs), is part of a developmental leadership pyramid in VBA. Candidates apply to participate in the program. Selected individuals will receive extensive training and, upon successful completion of training, are considered qualified candidates for promotion and/or reassignment to Assistant Director positions in Regional Offices throughout the country. The first class of Assistant Director trainees will include 15 VBA employees participating in the 18-month program. Additionally, recently appointed

VBA Assistant Directors will have the opportunity to participate in the experiential modules. VHA and NCA will have a number of participants who will attend various modules contained in the curriculum.

- To address the anticipated loss of experience and the challenge of a competitive marketplace, VBA has developed aggressive outreach marketing strategies to reach diverse, talented candidate pools. Included in these strategies are recruitment training efforts, supported by a website for applicants, handbooks for trainers, and an assessment tool for candidates from the private sector. Additional efforts, such as employee exit interviews, are being pursued to further address retention issues.

National Cemetery Administration

The National Cemetery Administration (NCA) continues efforts to enhance and develop a fully trained and competent cadre of cemetery directors ready to lead NCA in the 21st Century. Two successful efforts can be reported. The first is the introduction of the Cemetery Director Intern Program whose first six interns began in January 2002. The second is the re-description of the specialized experience used for qualifying cemetery directors, in which we broadened the definition to include managerial and leadership experience as qualifying. This continues to provide NCA with the intended results of higher quality, diversity, and quantity from which to make selections for this mission-critical occupation.

NCA continues to recognize the need for a defined strategy to human capital issues including Workforce Planning. In this regard, the following initiatives have been taken:

- The announcement for the second class of the Cemetery Director Intern Program has closed. It is expected that the class will begin early in 2003. Lessons learned during the first session have formed the basis for program improvements, particularly in the monitoring and evaluation areas.
- NCA is partnering with VBA to offer a developmental program to top performers at the GS-11 through 14 and WS-8 through 12 levels. This program is the Leadership Development Program (LDP). The one-year program focuses on the development of the SES Core Competencies and includes, but is not limited to, training modules; development of an Individual Development Plan (IDP); Mentor-Mentoree relationship development; Community of Practice membership, and detail assignments. Three NCA employees were selected to participate in the first class.
- The scope of the original Workforce Planning group has been expanded to include not only a cemetery director focus but also the broader issues

of recruitment, diversity, other key positions, and employee development. Specific strategies have been identified in each area. Subcommittees composed of VA Central Office and field facilities will develop these strategies to produce workable products for implementation.

- NCA has developed a 40-hour supervisory training course for new NCA supervisors. The first session will be in October 2003, and NCA anticipates that the class will be offered twice yearly.
- NCA has developed and implemented of a balanced scorecard for SES employees and included measures in the performance standards of all service directors.

Competitive Sourcing

Performance Goal

Increase the cumulative percent of competitive sourcing to 25 percent of commercial activities by the end of 2004.

Definition: OMB issued guidance to the heads of agencies providing a competitive sourcing performance target for 2002. This performance target requires that agencies complete competitions, or directly convert to performance by the private sector, of not less than 5 percent of their Federal Activities Inventory Reform (FAIR) Act inventories of ***commercial*** *activities performed by federal employees by the end of 2002, and increase that to 15 percent by the end of 2003 and 25 percent by the end of 2004. Commercial activities are those conducted by the Federal Government to provide goods or services that could be obtained from a commercial source in the private sector. While VA has a total 190,000 commercial FTE within the Department, VA has submitted a competitive sourcing plan to OMB to make 52,000 (more than 25 percent) commercial FTE eligible for competitive sourcing studies.*

Current Situation Discussion

In response to the OMB Directive M-01-15 on competitive sourcing, VA intends to support the Administration's goals through a variety of approaches. VA has been actively pursuing several avenues over the last few years to improve both the efficiency and effectiveness of our operations.

Over each of the past six years, VA as a whole has steadily increased its contractual services spending while decreasing the number of full-time employees within the Department. In addition, VA's 2002 FAIR Act inventory identifies approximately 86 percent of VA's workforce as being engaged in commercial activities. This continues to be by far the highest percentage of a total agency workforce deemed to be commercial within the President's Cabinet.

Means and Strategies

VA utilizes competitive sourcing and the FAIR Act as part of its basic business management approach, which is predicated on VA's efforts to deliver timely and high-quality service to our Nation's veterans and their families. As part of its normal business operations and as part of the Secretary's priority of applying sound business principles, VA continuously assesses the demand for benefits and services from veterans and ensures that it has the capabilities to meet these needs. This market-based analysis often results in contracts for medical care and other services in specific geographical areas when it is determined to be more cost effective to obtain the services from the private sector than to hire doctors, nurses, cemetery maintenance workers, and other skill sets. It should be noted that this approach does not focus on moving a certain established number of jobs from the public sector to the private sector -- but rather on providing veterans and taxpayers the best value possible.

We are committed to continuing this current approach of strategically identifying opportunities for competitive sourcing. The Office of Policy and Planning led an intra-departmental team, the Competitive Sourcing Working Group, which developed a new streamlined competitive sourcing process. The process was reviewed and approved by the Secretary in June 2001. OMB, on April 4, 2002, approved the use of the newly developed 3-Tier streamlined process for cost comparison studies by the Department. This process focuses more on cost-benefit analysis and less on the solicitation to make the management decision about whether to contract out or retain in-house.

The following reflects an overview of the three tiers that comprise VA's competitive sourcing process and their specific objectives:

Tier 1 competitive sourcing process focuses on cost-benefit analysis for the day-to-day make-or-buy decisions at the local level for 10 or fewer FTE;

Tier 2 focuses on a more detailed and rigorous but internal cost analysis using market research for competitive sourcing for 11 or more FTE; and

Tier 3 requires a formal A-76 study based on the premise that a federal agency must rely on a formal procurement process in order to make a decision about whether to contract out an activity or conduct it in-house.

The newly designed Tier 2 process retains the most effective features of the A-76 process, namely the Performance Work Statement (PWS) and the Most Efficient Organization (MEO). The MEO may include benchmarking with the private sector and business process reengineering.

VHA expects to study the 52,000 FTE prescribed in the competitive sourcing plan by 2008. VHA has identified its laundry function as the first national study to be completed by the end of 2003.

Under VA Directive 7100, and as part of its new tracking system, VA has compiled projections for all competitive sourcing to be conducted during 2003. VA is establishing a new Office of Competitive Sourcing and Management Analysis to provide the leadership necessary to carry out its competitive sourcing strategy and directive.

Improving Financial Performance

Performance Goal

- Implement a new financial management system, CoreFLS,
- Achieve a clean audit opinion.

Current Situation Discussion

An important element of the President's management agenda outlines financial management improvements. Over the past several years, VA has made significant progress in improving financial management and accountability, as evidenced by the "clean" opinion of its FY 1999, FY 2000, FY 2001, and FY 2002 Annual Financial Statements. However, in addition to addressing identified material weaknesses and other areas requiring improvement, the Department faces challenges in maintaining the unqualified opinion, which currently requires a number of manual compilations and extraneous processes that the financial management system should perform. These processes require extraordinary administrative efforts by Department program, financial management, and audit staff. The audit report on VA's FY 2001 and 1998 annual financial statements cited the lack of integrated financial management systems and information technology (IT) security control as material weaknesses.

Means and Strategies

VA has committed resources in both VA staff and contract support to correct material weaknesses. Significant resources are devoted to the development and implementation of coreFLS, a state-of-the-art, fully integrated replacement for VA's core financial and logistics systems, that will improve our ability to produce timely, useful and reliable information and eliminate many manual processes supporting our current systems. In order to correct the IT controls weakness, VA's leadership team initiated cross-organizational funding and established individual and collective IT security requirements and accountability. A new Office of Cyber Security will implement and monitor the correction of this material internal control weakness. Until these internal control material weaknesses and other areas are corrected, additional reporting or audit requirements are needed to meet the challenge of maintaining an unqualified opinion.

New challenges include issuing the annual audited financial statements more timely, developing audited financial statements for VA's major components, and producing quarterly financial statements. These new requirements must be implemented over the next several years, concurrent with correction of the internal control material weaknesses and the implementation of coreFLS. VA is committed to improving its underlying systems and developing

quality human resource capital, enabling it to systematically produce timely, useful and reliable financial statements and information.

External Factors

The difficulty in attracting and hiring qualified financial management personnel presents the greatest challenge. The Department and Administrations have to compete with the private sector to attract potential candidates into the federal government. Among other factors, the private sector offers favorable salaries that are difficult to match.

Expanding Electronic Government

Performance Goal

Complete the plans to develop VA's large-scale foundational systems that provide electronic access to veteran services and information. Increase the number of VA's high-priority transactions and applications to be made electronically available.

Current Situation Discussion

VA has developed an agency-wide Enterprise Architecture (EA). Our goal is to use this architecture to develop the common infrastructure and systems development environment necessary to build and support systems that allow a comprehensive approach to expanded electronic government. These new systems, and as possible, updates to existing legacy systems, will allow for integrated, comprehensive, consistent, veteran-centric, and universally available electronic access to all veteran services and information. It is essential that the foundational infrastructure and architectural disciplines be developed and instituted Department-wide before large-scale applications are fielded to ensure that a common approach to electronic government is achieved. The foundational systems that are currently under development include:

- Telecommunications Infrastructure
    - Telecommunications Modernization Project (TMP)
- Cyber Security Infrastructure
    - Enterprise Cyber Security Infrastructure Project (ECSIP)
    - Authentication and Authorization Infrastructure (AAI) Project,
- Corporate and Regional Data Processing with Continuity Of Operations (COOP)
    - Corporate Data Center Integration (CDCI) Project.

Successful completion of these system initiatives will allow for the implementation of VA's expanded electronic government

VA's Enterprise Architecture is a business line-oriented approach that seeks to understand and capture the major business processes that are required to provide America's veterans with the benefits they have earned in a consistent, timely, efficient, comprehensive, well-managed, and cost-effect environment. The EA will allow for a single, shared database for all veteran information. It will also allow for a common interface for each user category for a consistent look and feel and for a customer application profile that only requires an end user provide necessary information on a one-time basis. Finally, it will allow for a standardized *One VA* approach to electronic government across the spectrum of

government to citizen, government to government, government to business, and internal government efficiencies.

Examples of major business processes that are under development using VA's architectural approach to electronic government include:

- *One VA Registration and Eligibility Project,*
- *One VA Contact Management Project,*
- ***V**ist**A** Health**e**Vet Health Data Repository (HDR) Project, and*
- *Core Financial and Logistics System (CoreFLS) Project.*

In addition, VA is working with at least five managing partners on cross-agency electronic government projects including e-authentication, e-payroll, e-benefits, e-vital, and Project SafeCom, and is participating in planning of an additional 10 other federal e-government initiatives. While an architectured approach is VA's preferred solution for these management initiatives and other congressionally mandated requirements for electronic government, some requirements have a more aggressive timeline than VA's EA process can accommodate. In situations that require a short-term solution, VA will strive to meet related requirements in as compatible and efficient a manner as possible.

VA has established a comprehensive governance process that enables the Department to comply with the various mandates for internal inefficiencies such as the Government Paperwork Elimination Act, as well as the strict requirement for financial and management oversight of information technology dictated by the Clinger-Cohen Act and the Government Information Security Reform Act. This governance process, along with the strict management disciplines imposed by the Enterprise Architecture review process, enable VA to efficiently develop, field, and support information systems that meet the requirements of various stakeholders within and outside VA, while at the same time comply with the challenge of the President's Management Agenda to "…champion citizen-centered electronic government that will result in a major improvement in the federal government's value to the citizen."

Making Greater Use of Performance-based Contracts

Performance Goal

Award contracts over $25,000 using performance-based contracting for not less than 20 percent of the total eligible service contracting dollars for FY 2004.

Current Situation Discussion

This management reform strives to convert service contracts that are awarded and administered using traditional specifications into an acquisition process that utilizes performance-based contracting. The use of performance-based contracts permits the government to receive an enhanced level of service at a reduction in overall costs. This enhancement occurs as the result of increasing the flexibility of the contractor to perform the work, while reducing the administrative costs of operating such contracts.

VA has made progress in terms of converting existing and new service contracts at both the field station and national contract levels into performance-based service contracts. In addition, the Department demonstrates continued support for performance-based contracting by providing ongoing continuing education on this subject to its contracting officers and allied acquisition professionals.

Means and Strategies

To more fully monitor the Department's level of success in converting to this performance-based contract approach, a cyclical reporting mechanism has been established through the Federal Procurement Data System (FPDS). Through this FPDS process, which began in 2001, the Department will be able to analyze the types of conversions, the dollars obligated, and the level of conversion to performance-based contracts. We are providing training for our contracting officers and also tracking the service contracts and the percentage (represented by dollars) that have been converted to performance-based service contracts.

External Factors

The Office of Federal Procurement Policy has been working with all of the departments and agencies to implement this program of performance-based contracts. Using input from all of the participants the goals have been adjusted so that this program can be implemented throughout the Federal Government. Based upon the success of all of the departments and agencies the goals have been adjusted to reflect the progress being made. This will insure that the goals being set are the same for all.

Expanding On-line Procurement and E-commerce

Performance Goals

Increase the number of Federal Supply Schedule (FSS) contractors' product information available on-line to 300,000 items.

- Increase the use of EC/EDI by 250 percent over the base year of 1997.
- Post 100 percent of the synopses for acquisitions valued at over $25,000 for which widespread notice is required and all associated solicitations, unless covered by an exemption in the Federal Acquisition Regulation, on the government-wide point of entry Web site (www.FedBizOpps.com).

Current Situation Discussion

VA's Office of Acquisition and Materiel Management (OA&MM) has formed an alliance with the General Services Administration (GSA) to maintain product data in GSA's on-line electronic ordering system, *GSA Advantage!* Today, the VA/GSA partnership makes it possible for VA medical centers and other Government agencies to shop and order health care products and services via the Internet. As of January 2, 2003, VA had all 984 FSS contractors listed and 140 FSS contractors have 99,954 line items on-line at the *GSA Advantage!* Web store. Future plans include the addition of more FSS contractors' catalogs and a broader selection of items that will make *GSA Advantage!* and FSS a primary source for fulfilling buyers' procurement needs. OA&MM has also developed applications to post contract solicitations on the Web and to generate purchase orders to vendors utilizing the 850 Electronic Data Interchange (EDI) transaction set.

VA is in the midst of advancing the configuration and testing of an enterprise resource planning (ERP) information solution, which will enhance and enable significant improvements in VA's e-commerce and e-procurement capabilities. This enterprise level financial and logistics information solution is scheduled to be deployed during 2003 and 2004.

Means and Strategies

The deliverables associated with VA's financial and logistics initiative (designated as "CoreFLS") will include deployment of a fully integrated Web-based information solution that will create the opportunity for VA to accommodate a broad based set of on-line procurement and e-commerce applications. In the area of e-contracting, reform will include the expansion and proliferation of processing standards in the development of contract solicitations, contract milestone tracking, electronic solicitation and task order posting, near real-time receipt of electronic offers and proposals from the vendor community, automated contract award, knowledge-based contract management, and the generation and maintenance of electronic vendor and other catalogs. VA on-line

procurement and e-commerce initiatives in the e-procurement arena will include expanded interaction and use of electronic shopping malls, portals, data warehousing, and data mining to support procurement and acquisition business analysis, planning, and development. This information solution will also be designed to support strategic, functional, and operational information management at every level of VA for a truly dynamic on-line procurement capability that will accommodate, change, and innovate with as minimal difficulty as possible.

External Factors

The implementation of each of these performance goals is dependent upon the support of our business partners in the private sector. The first performance goal depends upon our FSS contractors providing their catalogs and price lists so that we can have GSA put this information into GSA Advantage.

Budget and Performance Integration

The Department has made significant progress in the integration of budget and performance in support of the President's Management Agenda. Each year, the budget has presented better, higher-quality performance information for all program activities, and we are continuing to develop the tools and skills necessary to more effectively link resources with results. This plan describes different approaches designed to emphasize budget and performance integration--budget account restructuring, use of government-wide common measures, and the Program Assessment Rating Tool (PART).

Budget Account Restructuring

VA is submitting its FY 2004 budget using a new account structure that focuses on nine major programs—medical care, research, compensation, pension, education, housing, vocational rehabilitation and employment, insurance, and burial. Medical education, which previously was identified as a separate program, is included as a subset of the medical care program.

As VA implements this new budget account structure, we will be better positioned to:

- More readily determine the full cost of each of our programs;
- Shift resource debates from inputs to outcomes and results;
- Make resource decisions based on programs and their results rather than on other factors;
- Improve planning, simplify systems, enhance tracking, and focus on accountability;
- Prioritize capital investments against recurring expenditures.

The major features of the revised budget account structure are:

- Simplifying the structure by significantly reducing the number of accounts;
- Requesting mandatory and discretionary funding within each program while ensuring the Department fully complies with all provisions of the Budget Enforcement Act;
- Distributing all capital costs (including construction and information technology) among the nine major program accounts;
- Maintaining some non-appropriated accounts (revolving and trust funds) as separate budget accounts to meet government-wide requirements.

During the execution of the FY 2004 budget, VA will coordinate use of the new budget account structure with the existing Financial Management System (FMS). As the Department migrates to the new Core Financial and Logistics

System (CoreFLS), which will replace FMS and up to 20 other legacy systems, the new budget account structure will be utilized. Operational testing of CoreFLS is expected to occur at the beginning of 2004. Full deployment of CoreFLS is anticipated by March 2006.

The implementation of this new account structure is the culmination of a multi-year project. VA and OMB jointly developed and implemented this new set of budget accounts, and we will continue to work closely together on a variety of budget formulation and budget execution activities related to this project. VA officials conducted numerous briefings and meetings with our appropriations and authorizing committees of Congress prior to implementing this new account structure. In order to ensure the transition to the new account structure occurs as smoothly as possible, we will continue to coordinate our efforts with the appropriate Congressional committees.

Common Measures

In support of the President's commitment to a results-oriented government, VA is working with OMB and a number of other federal agencies to develop common measures in the areas of health care, and job training and employment. Agency programs across the government that share similar goals will participate in this effort to gain a better understanding of how these programs operate using a limited set of metrics.

The Veterans Health Administration is collaborating with representatives from the Department of Defense, the Department of Health and Human Services' Indian Health Service and Community Health Centers, and OMB to refine the proposed measures that will allow for comparisons of cost, efficiency, and quality. The challenge is to develop measures that will truly represent the commonalities among the programs that differ in patient mix, disease severity, data availability, and delivery of care in order to compare these programs.

The Veterans Benefits Administration is participating with the Departments of Labor, Housing and Urban Development, Education, and Interior, as well as OMB in defining appropriate job training and employment measures. The proposed measures will address outcomes and efficiency with the goal of understanding which programs are successfully assisting their participants in obtaining employment.

Common Measure	VA Program
Cost – Average cost per unique patient (total federal and other obligations)	Medical Care
Efficiency – Annual number of outpatient visits per medical worker	Medical Care
Quality - Total percentage of diabetic patients taking the HbA1c blood test in the past year	Medical Care
Percent of participants employed first quarter after program exit	Vocational Rehabilitation and Employment
Percent of participants still employed three quarters after program exit	Vocational Rehabilitation and Employment
Percent change in earnings from pre-application to post-program employment	Vocational Rehabilitation and Employment
Average cost of placing participant in employment	Vocational Rehabilitation and Employment

Program Assessment Rating Tool (PART)

Another component of the President's initiative to better integrate budget and performance is the Program Assessment Rating Tool (PART). The PART is an analytical tool comprised of a series of questions designed to provide a consistent approach to rating programs across the Federal government. During the development of the FY 2004 budget, the Administration conducted assessments of about 20 percent of Federal programs using the PART. These program evaluations focused on four areas—program purpose and design; strategic planning; program management; and program results. Because it represents a broad, overall assessment of program effectiveness, the PART includes factors over which agencies have little or no direct control.

During the development of the FY 2004 budget, the PART was used to evaluate three VA programs—medical care; compensation; and burial. These are the Department's most vital and highly visible programs, and they account for about 80 percent of all VA resources. For both medical care and compensation, the overall PART assessment was "results not demonstrated," while the burial program received a rating of "moderately effective."

Future assessments of the medical care program will likely result in a more definitive PART evaluation as VA continues to focus on providing timely,

high-quality health care to our highest priority veterans—those with service-connected conditions, veterans with lower incomes, and those with special health care needs. Additional evaluations of the compensation program will become clearer as the Department continues to work with Congress and other key stakeholders to clarify program outcomes. The PART results for the burial program clearly demonstrate that VA continues to ensure that the burial needs of veterans and eligible family members are met, and that the Department maintains national cemeteries as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.

Improved Coordination of VA and DoD Programs and Systems

Medical Centers Providing Electronic Access to Health Information

Performance Goal

Increase the percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons.

Definition: The numerator for this measure is the number of facilities that have Federal Health Information Exchange (FHIE)/formerly Government Computerized Patient Record (GCPR) fully installed and functioning. The denominator is All VHA facilities.

Current Situation Discussion

This is a key performance measure in the VA. The narrative associated with this measure is located under objective 2.1.

Dollar Value of Sharing Agreements with DoD

Performance Goal

Increase the dollar value of sharing agreements with DoD.

Definition: This measure is based on the total dollar value of sharing agreements VA has entered into with DoD.

Current Situation Discussion

This is a key performance measure for the VA. The narrative associated with this measure, including a discussion of the DEERS initiative, is located under the Enabling Goal, objective E.4.

Faith-based/Community Initiatives

Performance Goal

Increase the percentage of faith-based and community organizations providing services to homeless veterans by 20 percent from the FY 2002 baseline.

Current Situation Discussion

On January 29, 2001, President Bush signed two executive orders establishing federal offices to promote his faith-based and community organizations initiatives. One of the orders created an Office of Faith-Based and Community Initiatives in the White House to take the lead in enhancing current efforts and promoting the government's efforts to partner with faith-based and community organizations. His second order established a Center for Faith-Based and Community Initiatives in five federal agencies. That order did not include VA; however, the Department established a Task Force to assess current programs and activities, identify barriers and initiate actions to allow full participation by faith-based and community organizations.

The Office of Public and Intergovernmental Affairs (OPIA) was assigned the oversight and coordination role for this Task Force and the Director, Office of Homeless Veterans Programs, serves as the Department's point of contact. VA's Homeless Programs and the entire VA have a long tradition of working closely with faith-based and community organizations. There are a number of areas where VA programs may provide an opportunity for increased participation by faith-based and community organizations. The Task Force is charged with reviewing each of these programmatic areas.

The VA Task Force and the White House Office of Faith-Based and Community Initiatives will work closely together to:

- Continue to audit our existing policies and practices Department-wide;
- Continue to identify existing barriers to participation by faith-based and other community organizations in providing the delivery of social services;
- Continue to coordinate Department effort to incorporate faith-based organizations in departmental efforts and initiatives.

Propose initiatives to remove barriers:

- Propose pilot programs to increase participation of faith-based organizations;
- Develop and coordinate Department outreach efforts to disseminate information to faith-based organizations with respect to programming changes, contracting opportunities, and other initiatives (including Internet).

Means and Strategies

The Task Force created a baseline survey to establish the level of active involvement by each of VA's Administrations, the attitude of the quality of faith-based and community providers and the suggestions of areas where greater collaboration might occur. That survey was completed in late FY 2002.

VA is working with the National Center for Neighborhood Enterprise (NCNE) and BETAH Associates. A working group of members of the Task Force and representatives from faith-based community service providers are meeting to develop a plan to enhance the delivery of social services.

VA has already proposed to modify an existing regulation that is believed to be a barrier to faith-based service providers.

External Factors

The Task Force is working with NCNE and BETAH Associates to identify ways to improve access to benefits and promote the delivery of social services to veterans provided by faith-based and community organizations. VA will develop strategies to encourage and enhance more effective relationships with these organizations.

Major Management Challenges

Each year, VA's Office of Inspector General (OIG) and the General Accounting Office (GAO) separately identify what they consider to be the major performance and accountability challenges facing the Department. This section of the performance plan presents each of these challenges and outlines what steps VA has taken to resolve them. Material presented in this section is taken from the FY 2002 Performance and Accountability Report.

Major Management Challenges Identified by VA's Office of Inspector General

The following is an update prepared by VA's Office of Inspector General (OIG) summarizing the most serious management problems facing VA, and assessing the Department's progress in addressing them. (On these pages, the words "we" and "our" refer to the OIG.)

1. Health Care Quality Management and Patient Safety

One of the most serious challenges facing VA is the need to maintain a highly effective health care quality management program. Although Veterans Health Administration (VHA) managers are vigorously addressing the Department's quality management and patient safety procedures in an effort to strengthen patients' confidence, health care system delivery issues remain. In our ongoing review of VAMC quality management programs, we found that recommended action items resulting from internal investigations or reviews were not always implemented. Without resolution of identified deficiencies, unsafe or improper conditions can continue to pose risks to patients. Local resource issues often compete for priority in developing vigilant quality of care monitoring and performance improvement.

Current Status: In several areas reviewed this year, we found that VHA guidance has lagged behind identified quality management concerns and that guidance issued has not been sufficiently clear and/or implemented. For example, in our April and June 2002 reports titled *Controlled Substances Prescribed to Patients in VHA Mental Health and Behavioral Sciences Programs* (Report No. 01-00026-18) and *VHA Pain Management Initiative* (Report No. 01-00026-101), we found that consistency in pain management has improved; however, the VHA pain management initiative was not implemented across the system for all categories of patients. Similarly, in our February 2002 report titled *Evaluation of VHA Coding Accuracy and Compliance Program* (Report No. 01-00026-68), we found that while adherence to the compliance program has improved, full implementation of all aspects across the system continues to lag. This results in ongoing problems with timely and accurate coding and billing. Functional and resource disparities continue to impede the Department's ability to assess and

control clinical practices, and to devise procedures to correct or eliminate problems.

In addition to VA facility monitoring, concerns exist for the care provided to veterans in the private sector, e.g., on a VA contract or fee basis. Patients, their family members, and members of Congress are concerned about patient safety and the quality of care provided in VA contract nursing homes. During our recently completed national review of contract nursing home quality, we found that VA has taken years to fully implement standardized inspection procedures for monitoring contract nursing home activities and for approving homes for participation in the program. We concluded that contract nursing home inspections were not sufficient to ensure that patient safety and quality of care equaled that provided in VA nursing homes. We also found that VA medical center contract nursing home review teams did not use available sources of information such as the Centers for Medicare and Medicaid Services' list of homes with various problems; as a result, veterans had been placed in several of these homes. We also found that contract nursing home review teams did not meet annually with Veterans Benefits Administration (VBA) fiduciary field examiners to discuss the problems of veterans who are of concern both to VHA and VBA.

In the aftermath of the September 11 terrorist attacks, we reviewed the adequacy of security and inventory controls over selected biological, chemical, and radioactive agents owned by or controlled at VA facilities. In our March 2002 report titled *Review of Security and Inventory Controls Over Selected Biological, Chemical, and Radioactive Agents Owned by or Controlled at Department of Veterans Affairs Facilities* (Report No. 02-00266-76), we found that security measures to limit physical access to research facilities, clinical laboratories, and other high-risk or sensitive areas varied significantly. VHA's inventories of sensitive materials were incomplete and inadequate. In addition, while most facilities had complied with requirements for disaster planning, many had not updated their plans to include terrorist activities. This review also emphasized the ongoing challenge of obtaining adequate and timely credentials and background checks for employees and contractors. In March 2002, the VA Deputy Secretary requested that VHA and Office of Policy and Planning staff implement the recommendations in this report by September 30, 2002. As of September 2002, VHA, in conjunction with the Office of Policy and Planning, had implemented 2 of the 16 recommendations in the report.

The OIG conducted a nationwide assessment of VHA's policies and practices for evaluating and managing violent and potentially violent psychiatric patients. Our March 1996 report titled *Evaluation of VHA's Policies and Practices for Managing Violent and Potentially Violent Psychiatric Patients* (Report No. 6HI-A28-038) recommended that VHA managers explore network flagging systems that would ensure employees at all VAMCs are alerted when patients who have a

history of violence arrive at a medical center for treatment. VHA concurred that VISN-level/national databases are needed to support information sharing; however, this recommendation has not been implemented.

VA's Program Response

The VA pain management strategy has been implemented across the system for all categories of patients. The External Peer Review Program (EPRP) data have steadily improved over the past 2 years and monitors have been revised to be more comprehensive. The Joint Commission on Accreditation of Healthcare Organizations' (JCAHO) findings for fiscal years 2000 through 2002 are being tracked to determine pain compliance problem areas that can be addressed. Educational opportunities, media and print materials, toolkits, and clinical practice guidelines are provided to facilities to assist in bringing the entire system into full compliance.

Progress continues in implementing the Coding Accuracy and Compliance Program across the system. The VHA Handbook for Coding Guidelines was published in June 2002. The Web-based Coding Initiative was deployed for use by VA staff in April 2002; current enrollment exceeds 3,000. Electronic encounter forms for primary care and mental health were released in July 2002, and clinical education aids were distributed nationally in August 2002. Additional coding activities under development include revision of the VHA Health Information Management (HIM) Handbook planned for completion in December 2002. Nationally developed documentation templates, additional nationally developed electronic encounter forms, and physician documentation education tools, all were released in September 2002. A satellite broadcast education series, HIM Coding and Documentation for Compliance, is scheduled throughout FY 2003, along with expanded enrollment in the Web-based Coding Initiative to exceed 4,000 VA learners, to meet the continuing education needs of existing coding staff and the educational needs of new coding staff.

A revised Handbook for Community Nursing Home (CNH) Procedures was issued in June 2002 to address oversight of patient safety and quality of care for patients being provided care in community nursing homes. The handbook specifies instructions for the initial and annual review of both regional and local CNH contracts, and instructions for ongoing monitoring and follow-up visits for veterans placed in both regional and local CNH contract homes. VHA leadership is currently considering additional recommendations from the Inspector General on further improvement to the oversight process. A report and final action by the Under Secretary for Health is anticipated by year's end.

In response to the OIG report, *Review of Security and Inventory Controls Over Selected Biological, Chemical, and Radioactive Agents Owned by or Controlled at Department of Veterans Affairs Facilities*, VHA noted it had issued the *Emergency Management Program Guidebook* in February 2002. This was followed by a

memorandum in August 2002, from the then Assistant Deputy Under Secretary for Health, requesting that all field facility management programs be updated to include mitigation/preparedness actions and response/recovery plans for terrorist threats and events according to the Guidebook; that facilities conduct hazard vulnerability analyses (HVA) to ensure that hazardous chemical and biological agents stored in the clinical and research labs or elsewhere at facilities are secure; that all facilities have developed and implemented appropriate mitigation/preparedness activities and plans for response/recovery activities designed specifically for clinical and research labs, or areas in facilities that would house or contain hazardous substances or agents; and that the evaluation and updating of all facility operation plans be conducted annually as required by JCAHO. The annual evaluation includes reviewing and updating standard operating procedures for terrorist threats and events, controlling access to facilities, and conducting an HVA for clinical research labs.

The Office of Research and Development (ORD) has received responses for their request for proposals, dated February 8, 2002, for supplemental funding needed to purchase and install necessary security equipment. ORD is spending more than $2 million to upgrade laboratory security at more than 50 sites, and will systematically review all research sites over the next 3 years as part of its infrastructure program to identify and fund equipment needs that include security devices. ORD issued a memorandum to medical facility directors on security training. Additional guidance is anticipated in the Office of Security and Law Enforcement Handbook 0730, currently being revised. A joint security memorandum, dated July 29, 2002, from VHA and the Office of Security and Law Enforcement in the Office of Policy and Planning, addressed security issues identified in the OIG report recommendations. Guidance from the ORD on procurement, handling, and destruction of high-risk materials, *Control of Hazardous Materials in VA Research Laboratories*, was published November 20, 2002. It should be noted that this guidance directs that clinical laboratories follow this guidance as well. A draft handbook has already been posted on ORD's Web site. Following the publication of the handbook, ORD will evaluate the effectiveness of and compliance with the policy by using security assessments system-wide to address the OIG's findings. In addition, on September 17, 2002, the Deputy Under Secretary for Operations and Management and the Acting Deputy Under Secretary for Health jointly issued a memorandum advising all facilities with Biosafety Level (BSL) 3 laboratories of the Under Secretary for Health's directive that affected facilities conduct a security self-assessment of their BSL 3 laboratories using a specifically provided checklist by mid-October 2002. Sites that fail to meet standards in the checklist will be reinspected within 30 days. BSL 3 laboratories that fail the reinspection will suspend operations until they fulfill the specified security requirements. The memorandum also announced that ORD and the Director of Safety and Technical Services (10NB)

will conduct periodic announced and unannounced inspections of BSL 3 facilities at least once per year, beginning in January 2003.

In response to the OIG's report, *Evaluation of VHA's Policies and Practices for Managing Violent and Potentially Violent Psychiatric Patients*, VHA considered a number of ways to address the recommendation on patient flagging systems, none of which were fully responsive. Planning for an automated system that will implement the remaining open report recommendation began in August 2002 and is scheduled for completion in July 2003. A directive on the patient flagging system will be developed, and satellite training on the system will follow completion of the software.

2. Resource Allocation

In 1997, Congress required VA to address resource inequities nationwide. Public Law 104-204 mandated that VA develop a plan to improve the distribution of medical care resources and ensure that veterans had an equitable access to health care across the United States. As a result, VA developed the Veterans' Equitable Resource Allocation (VERA) system.

Prior to FY 1997, VA used three different resource allocation systems.[1] They were designed to improve certain functions of each preceding funding allocation system. VAMCs received and managed their own budgets, and annual incremental increases were based on prior year allocations. Funds allocated through each of these systems were based on historic funding imbalances, which perpetuated inequitable allocations of resources and unequal access to care. The inequities that resulted were caused by a shift in the veteran population demographics without an accompanying shift in resource allocations.

The VERA system is a capitation-based allocation methodology that moves funds among the VISNs based on patient workload. The allocation methodology provides incentives for achieving cost efficiencies and increased funding to serve more veterans. VISNs maintain responsibility for allocating resources among the facilities in their prescribed geographic areas. Over the last 5 years, allocations based on VERA have resulted in the shifting of significant amounts of resources to VISNs that were previously under-funded; however, resource allocation issues remain unresolved.

Current Status: In August 2001, the OIG issued a report titled *Audit of Availability of Healthcare Services in the Florida/Puerto Rico Veterans Integrated Service Network 8* (Report No. 99-00057-55). The report recommended that the VERA model include Priority 7 veterans (the majority of whom are currently excluded) so that the total number of veterans enrolled and treated is appropriately considered in funding decisions.

[1] (A) prior to 1985 -- Incremental Funding, (B) 1984-1985 -- Resource Allocation Model, and (C) 1984-1997 -- Resource Planning and Management Model.

VHA is evaluating proposed changes to the FY 2003 VERA methodology to include Priority 7 veterans in the allocation methodology as the OIG and the General Accounting Office (GAO) recommended (*GAO Report - VA Health Care: Allocation Changes Would Better Align Resources with Workload* [GAO-02-338]). We note that VHA remains concerned with uncontrolled growth if Priority 7 veterans are included in the VERA allocation model.

VA's Program Response

On November 20, 2002, the Secretary announced an overhaul of the VERA methodology. The changes to VERA are taken from recommendations made by GAO and the RAND Corporation. The latest changes will allow VA to: (i) more accurately tie VA funding for networks to the complexity of care received by patients with per-patient funds ranging from about $263 to more than $60,000; (ii) provide more funding to networks for the most severely ill patients; (iii) eliminate the need for special mid-year funding supplements for networks by addressing the issues that previously led to such requests; and, (iv) contain and manage workload growth. In 2003, the changes will result in a minimum increase of 5 percent and a maximum increase of 12.6 percent for VISNs above the final 2002 VERA allocations. The Secretary decided not to include Priority 7 veterans in the VERA model as proposed by the OIG and GAO. Although the inclusion of nonservice-connected/noncomplex care Priority 7 veterans in the VERA Basic Vested Care category would be a step toward better aligning the VERA allocation model with VA's actual enrollment experience, including these veterans in the VERA model would create financial incentives to seek out more of these veterans instead of veterans with service-connected disabilities, those with incomes below the current income threshold, or special needs patients (e.g., the homeless), who comprise VA's core health care mission. VA experienced uncontrolled growth in the Priority 7 veterans when they were not included in the VERA model, and we do not want to encourage unmanageable growth by including them in the VERA model.

Allocation of resources is a zero sum game. Increased resources for Priority 7 veterans would come at the expense of veterans who are service-connected, poor, or who require specialized services. Allocation of resources to areas with a disproportionate percentage of Priority 7 veterans would come at the expense of veterans who live in areas with disproportionately higher numbers of service-connected and low-income veterans.

3. Compensation and Pension (C&P) Timeliness and Quality

For the past quarter century, VBA has struggled with timeliness and quality of claims processing; it continues to face significant problems. A large backlog of compensation claims continues to build as a result of an unacceptably long time to process the claims. As of July 30, 2002, VBA reported an inventory of more

than 482,000 cases. In FY 2002, VBA reported that C&P rating-related actions took an average of 223 days to process.

Current Status: In December 1997, the OIG issued a report titled *Summary Report on VA Claims Processing Issues* (Report No. 8D2-B01-001) that identified opportunities for improving the timeliness and quality of claims processing and veterans' overall satisfaction with VA claims services. In our September and October 1998 reports titled *Audit of Data Integrity for Veterans Claims Processing Performance Measures Used for Reports Required by the Government Performance and Results Act* (Report No. 8R5-B01-147) and *Accuracy of Data Used to Measure Claims Processing Timeliness* (Report No. 9R5-B01-005), we reported that three key C&P timeliness measures lacked integrity and that actual timeliness was well above reported timeliness. The OIG closed these three reports after VBA actions. Recent Combined Assessment Program (CAP) reviews[2] found C&P claims processing was untimely at all 10 facilities where we reviewed claims processing timeliness; we did not review data quality.

In October 2001, the Claims Processing Task Force issued a report to the VA Secretary recommending measures and actions to increase the efficiency and productivity of VBA operations, shrink the backlog of claims, reduce the time it takes to decide a claim, and improve the validity and acceptability of decisions. The task force report made 34 recommendations (20 short-term and 14 medium-term). VBA has defined 62 actions they can take to fully accomplish the 34 recommendations. VBA has pursued implementation of the recommendations and reports 10 of the action items are completed.

VA's Program Response

Since the Claims Processing Task Force Report was released to the VA Secretary in October 2001, significant improvement has been shown in the area of claims processing timeliness. The backlog of the total number of claims and claims pending over 6 months continues to diminish as VBA implements the recommendations outlined in the report. VBA's accomplishments in 2002 are outlined below.

	Date	Peak	As of Sept 30
Total claims pending		601,237	465,950
Rating cases pending	1/02	432,659	344,183
Total claims pending over 6 months	1/02	230,796	139,603
Rating cases pending over 6 months	1/02	204,475	120,900
Non-rating cases pending over 6 months	9/01	23,147	13,556

[2] Through this program, auditors, investigators, and health care inspectors collaborate to assess key operations and programs at VA health care systems and VA regional offices on a cyclical basis.

Average days to complete for rating cases	3/02	233.5	208.8
Average days pending for rating cases	1/02	202.7	174.2
Average days to complete non-rating cases	11/01	75.2	53.6
Average days pending for non-rating cases	12/01	126	95.7

VBA recognizes that continued improvement in the area of claims processing needs to be shown. As a result, the Claims Processing Improvement Task Team developed implementation strategies to move from a case management approach to a work-processing model based on specialized claims processing teams. All offices began operating under this new model on September 30, 2002. Hiring and training is expected to be completed in 2003. VBA believes the new claims processing model will significantly improve claims processing through uniformity in decision-making, specialization, and standardization in regional office organization structure.

4. Erroneous and Improper Payments

OIG audits and investigations found that improper payments are a significant problem in the Department. Improper payments have been attributed to poor oversight, monitoring, and inadequate internal controls. As a result, improper payments have occurred because of payments to ineligible veteran beneficiaries, fraud, and other abuses. VA has not disclosed the monetary value of improper payments on its financial statements. The risk of improper payments is high given the significant volume of transactions processed through VA systems and the complex criteria often used to compute veterans' benefits payments. Without systematic measurement of the extent of improper payments, VA will not be in a position to target mitigation strategies.

Current Status: In FY 2002, the OIG completed a review of all one-time C&P payments valued at $25,000 or more, made since 1995, to determine if the payments were valid. The VA Secretary requested this review in September 2001, following the discovery that an employee at the VARO in Atlanta, GA, had bypassed controls and generated fraudulent payments. We determined that most one-time payments reviewed were valid; however, we found there were unacceptable, high rates of noncompliance with internal control requirements related to one-time payments and C&P claims processing. The OIG is investigating 316 cases associated with veterans' claims files that could not be located during our review.

VA needs to develop and implement an effective method of identifying inappropriate benefit payments. Recent OIG audits summarized below found that the appropriateness of VBA payments has not been adequately addressed.

VA needs to report "Improper Payments" dollar figures on four of its programs in the Department's budget submissions in accordance with the OMB Circular No. A-11, Section 57 reporting requirements. The four programs include Compensation, Dependency and Indemnity Compensation, Pension, and Insurance.

In late FY 2002, the OIG began work to evaluate the validity and reasonableness of current and former VBA employees' compensation ratings and awards. We are assessing whether VBA has adequate controls to prevent fraud and ensure that favoritism does not influence the ratings and awards to VBA employees.

We also have issued a report addressing the accuracy of reported unreimbursed medical expenses of pensioners. Results showed that submissions from pensioners are significantly impacting the level of their benefits. VBA's processing of these submissions is not being handled effectively, resulting in processing errors and program fraud, with benefit overpayments of about $125 million and underpayments totaling as much as $20 million annually.

We continue to focus our efforts on leveraging audits and investigations to produce systemic improvements and procedural reforms that reduce erroneous and improper payments in VA and limit future opportunities for fraud and other abuses to occur. Below, we have highlighted some of our major audits and investigations where significant improper payments were identified.

VA's Program Response

The Department of Veterans Affairs Financial Services Center (FSC) uses monthly performance measures to review the accuracy and timeliness of various payments processed through the Financial Management System (FMS). The FSC systematically reviews daily payments to identify potential duplicate payments for further analysis and validation. The GAO cited our audit recovery process in their Executive Guide to Managing Improper Payment Report (GAO-02-69G) as a "Best Practice."

In fiscal Year 2002 (through August), the FSC collected $3.4 million in improper payments (both billable and non-billable) and prevented an additional $1.6 million in potential improper payments. The FSC continues to pursue outstanding balances.

Description	*Amount Collected*
Duplicate Payments	*$2.4 Million*
Outstanding Credits from Vendor Statements	*$1.0 Million*
*Duplicate Payments Cancelled Before Treasury Issuance**	*$1.6 Million*
Total	*$5.0 Million*

*Duplicate payments cancelled prior to Treasury issuance represent a cost avoidance for VA by preventing duplicate vendor payments and the resulting collection efforts.

Recently, the FSC analyzed the outstanding duplicate payment backlog and solicited the assistance of the Chief Financial Officers of VHA and VBA in validating and collecting old, outstanding duplicate payments. As a result, in August 2002, the FSC collected $547,000 (of the combined billable and non-billable collections) versus the prior 3-month average of $413,000. Also, continuous process improvements enabled the FSC to reduce its duplicate payments by an average of 15 percent per month since March 2002.

In addition to the recovery audit effort and the identification of potential duplicate payments, the FSC created a new FMS training course that specifically addresses FSC-made payments. This course targets risk areas identified by quarterly performance measure reviews, special analyses, and other FSC-specific transactions.

Currently, the FSC reviews payments within a 90-day period. During FY 2003, they expect to increase the review period to approximately 1 year to expand their oversight capability. The FSC will also expand its audit recovery reviews to include purchase card payments.

VBA has consolidated pension claims processing activities into three pension maintenance centers. Key goals of the consolidation include enhanced performance of program integrity as well as consistency and improved quality in administration of the pension program. One of the performance measures for the pension centers will be their program integrity efforts. Processing claims for unreimbursed medical expenses is a vital part of this effort.

4.A. OIG ISSUE - FRAUDULENT ONE-TIME RETROACTIVE BENEFITS PAYMENTS

Criminal charges of conspiracy, theft of Government property, and a violation of principles against the United States were filed on 12 individuals involved in a major theft against VA. The charges also seek forfeiture of certain properties identified as purchased by the subjects with illegally obtained VA money. An ongoing investigation has disclosed that a VA employee accessed and

falsified numerous VBA files to generate hundreds of fraudulent benefits payments under the accounts of veterans who had died and had no beneficiaries. Subsequently, large retroactive benefits checks were disbursed or electronically deposited into accounts belonging to accomplices. The investigation disclosed that individuals defrauded VA of approximately $11.2 million between 1993 and August 2001.

VA's Program Response

Regional office directors are now required to verify the propriety of all retroactive Compensation and Pension payments of $25,000 or more. They must (1) review the claims folder, (2) verify there is a rating decision in the folder with an award printout or other documentation that supports a retroactive payment of $25,000 or greater, (3) verify the payment was properly issued to the veteran or beneficiary, and (4) ensure there is evidence to justify the award action. VBA's Office of Performance Analysis and Integrity monitors compliance weekly; to date, no additional instances of fraud have been found. In addition, the C&P Service's program support staff site visit reviews of regional offices includes: compliance with the $25,000 certification process; large monthly compensation payments; and payments to veterans over 100 years old.

4.B. OIG ISSUE - PHILIPPINES BENEFIT REVIEW

During April and May 2002, the OIG and VARO Manila staff worked together on an international review at the request of the Director, VARO Manila to identify and suppress erroneous benefit payments and stop "claims fixers." This project found $2.5 million in overpayments and identified $21 million in 5-year cost savings. This project has developed several criminal investigations that will continue to be pursued during the next fiscal year. As a result of the success of this project, the OIG intends to expand international reviews.

VA's Program Response

In December 2002, the OIG sent VBA a summary of the findings from the Philippines Benefit Review, along with suggestions to reduce the number of future deceased payee and false claims cases. Upon receipt of this summary, VBA will take appropriate steps.

4.C. OIG ISSUE - DEATH MATCH PROJECT

The OIG death match project is being conducted to identify individuals who may be defrauding VA by receiving VA benefits intended for beneficiaries who have passed away. Investigations to date have resulted in the actual recovery of $5.4 million and a 5-year projected cost savings to VA of $16 million. There have been 42 arrests on these cases with several additional cases awaiting judicial action. This project will be updated on an annual basis with new information. The death match project continues to be a priority project of the OIG.

VA's Program Response

A new Death Match file is released to VA Regional Offices every month. The monthly file averages approximately 5,000 new cases. Regional offices submit annotated copies of Death Match listings for all cases that are 4 or more months old to the Compensation and Pension Service. This process has been in place for several years.

4.D. OIG ISSUE - FUGITIVE FELON PROGRAM

On December 27, 2001, Public Law 107-103 was enacted to prohibit veterans who are fugitive felons, or their dependents, from receiving specified veterans benefits. In addition, the law requires the Secretary to furnish law enforcement personnel, upon request, the most current address of a veteran who is determined to be a fugitive felon. A pilot research study was conducted, prior to enactment of the law, with the U.S. Marshals Service (USMS) and the States of California (CA) and Tennessee. The study produced 5,874 matches between fugitive felon warrants and beneficiaries in various VA databases. There was approximately $20 million in total benefit value associated with these fugitive matches. A memorandum of understanding (MOU) was signed with USMS in April 2002, and an agreement with the State of California was signed in July 2002, to electronically match their fugitive felon warrant files with various VA databases. An MOU was signed in December 2002 with the National Crime Information Center (NCIC). Agreements with additional states will be negotiated over the next 2 years. Based on the pilot study and the first match with USMS, the OIG anticipates that between 1 and 2 percent of all the fugitive felony warrants submitted will involve veteran beneficiaries. Savings in FY 2003 are expected to be in the millions of dollars.

VA's Program Response

The OIG is responsible for the front end of the fugitive felon program. At any given time, more than 100,000 individuals are on a fugitive felon list maintained by the Federal government and/or State and local law enforcement agencies. Gaining access to these listings requires an MOU between the VA OIG and the owner of the listing. The OIG has conducted matches of fugitive felon data received from the USMS and CA against eight VA files. The OIG referred 70 VA beneficiaries identified as fugitive felons to the USMS. They are currently preparing the data referral for CA. The OIG has also developed an Oracle database application to track referrals to law enforcement as well as VBA and VHA. The OIG is working to get an MOU with NCIC, a component of the Department of Justice. Currently there are in excess of 575,000 felony warrants in the NCIC system.

4.E. OIG ISSUE - PAYMENTS TO INCARCERATED VETERANS

In February 1999, the OIG published a report titled *Evaluation of Benefit Payments to Incarcerated Veterans* (Report No. 9R3-B01-031). The review found that VBA officials did not implement a systematic approach to identify incarcerated veterans and adjust their benefits as required by Public Law 96-385. The evaluation included a review of 527 veterans randomly sampled from the population of veterans incarcerated in 6 states. Results showed that VAROs had not adjusted benefits in over 72 percent of the cases requiring adjustments, resulting in overpayments totaling $2 million. Projecting the sample results nationwide, we estimated that about 13,700 incarcerated veterans had been, or will be, overpaid about $100 million. VBA recently implemented the final open recommendations in the report by forwarding instructions to the VAROs to review state and local prison matches.

VA's Program Response

An agreement was reached with the Social Security Administration (SSA) that allows VA to use the State Verification and Exchange System (SVES) to identify claimants incarcerated in State and local facilities. The initial output of that agreement produced over 44,000 beneficiaries in the first 25 digits of our current awards processing payment system, the Benefits Delivery Network (BDN). Programming has been rewritten and we are now processing both Bureau of Prisons match and SSA prison match cases on a monthly basis. The first output was produced on June 17, 2002, for terminal digits 00-24; the second run was dated July 8, 2002, for terminal digits 25-49; a third file was run on August 17, 2002, for terminal digits 50-74. The total number of generated hits was over 12,000. Reports continue to be run monthly.

4.F. OIG ISSUE - BENEFIT OVERPAYMENTS DUE TO UNREPORTED BENEFICIARY INCOME

Our November 2000 report titled *Audit of VBA's Income Verification Match Results* (Report No. 99-00054-1) found that opportunities exist for VBA to: (i) significantly increase the efficiency, effectiveness, and amount of potential overpayments that are recovered; (ii) better ensure program integrity and identification of program fraud; and (iii) improve delivery of services to beneficiaries.

The audit found that VA's beneficiary income verification process with the Internal Revenue Service resulted in a large number of unresolved cases. The monetary impact of these potentially erroneous payments totaled $806 million. Of this amount, we estimated potential overpayments of $773 million associated with benefit claims that contained fraud indicators such as fictitious Social Security numbers or other inaccurate key data elements. The remaining

$33 million was related to inappropriate waiver decisions, failure to establish accounts receivable, and other process inefficiencies. We also estimated that $300 million in beneficiary overpayments involving potential fraud had not been referred to the OIG for investigation.

VBA has implemented seven of eight recommendations from the November 2000 OIG report; however, the recommendation to complete necessary data validation of beneficiary identifier information contained in C&P master records to reduce the number of unmatched records with the Social Security Administration remains unimplemented. This recommendation was a repeat recommendation from our 1990 report.

VA's Program Response

In 2001, VBA began the process of consolidating the pension maintenance activities from all 57 ROs to 3 sites in Philadelphia, Milwaukee, and St. Paul. The impetus for the consolidation was the deterioration of service and quality in administering the complex, labor-intensive pension programs. Through this consolidation, VBA will develop a specialized expertise in pension maintenance processing, which will lead to greater uniformity in decision-making and more efficient processes.

In 2002, the Pension Maintenance Centers assumed responsibility for Income Verification Match (IVM) processing. The IVM is performed by running VA records against files from the Social Security Administration (SSA) containing earned income data and files from the Internal Revenue Service (IRS) containing unearned income data. The SSA and IRS matches were conducted in May and August 2002, respectively, and identified more than 30,000 cases, which are now being reviewed and verified. This process will continue to be performed on an annual basis.

VBA is actively working to address the remaining open recommendation -- the validation of beneficiary identifier information contained in the C&P master record with SSA data. In July 2002, VBA conducted an initial run of the social security number (SSN) verification process. Upon analyzing the results, the C&P Service determined that additional programming changes were required to clean up the unverified SSN listing and to add spouses to the verification process. The installation of the new process is expected by the end of December 2002.

4.G. OIG ISSUE - DISABILITY COMPENSATION BENEFITS FOR ACTIVE MILITARY RESERVISTS

In May 1997, the OIG conducted a review to determine whether VBA procedures ensure that disability compensation benefits paid to active military reservists are offset from training and drill pay as required by law. The OIG report titled *Review of VBA's Procedures to Prevent Dual Compensation* (Report No. 7R1-B01-089) reported that VBA had not offset VA disability compensation to 90

percent of the sampled active military reservists receiving military reserve pay. We estimated that dual compensation payments of $21 million were made between FY 1993 and 1995. If the procedures were not corrected, we estimated $8 million in annual dual compensation payments would continue to be made. Dual payments occurred because procedures established between VA and the Department of Defense (DoD) were not effective or were not fully implemented. In September 2002, VBA implemented the final recommendation by forwarding drill pay waiver forms to all reservists/guardsmen who received both drill pay and VA benefits during the fiscal year.

VA's Program Response

VA and DoD have worked to correct procedures and processes to ensure dual compensation benefits are properly offset. During September 2002, VBA released approximately 28,000 VA Forms 21-8951, *"Notice of Waiver of VA Compensation or Pension to Receive Military Pay and Allowances"* for FY 2001. The forms have been mailed to veterans, asking them to return theirs to the RO of jurisdiction. As these waiver forms are received at the ROs, benefits will be offset accordingly.

4.H. OIG ISSUE - BENEFIT OVERPAYMENT RISKS DUE TO INTERNAL CONTROL WEAKNESSES

In FY 1999, the Under Secretary for Benefits asked for OIG assistance to help identify internal control weaknesses that might facilitate or contribute to fraud in VBA's C&P program. The request followed the discovery that three VBA employees had embezzled over $1 million by exploiting internal control weaknesses in the C&P program. This occurred at the St. Petersburg, FL. and New York regional offices.

To test the existence of the control weaknesses identified in the vulnerability assessment, we conducted an audit at the VARO in St. Petersburg, FL. That VARO was selected for review because it was one of the Department's largest VAROs, accounting for 6 percent of C&P workload, and was the location where two of three known frauds took place. The July 2000 report titled *Audit of the C&P Program's Internal Controls at VARO St. Petersburg, FL* (Report No. 99-00169-97) confirmed that 16 of 18 categories of vulnerability reported in our vulnerability assessment were present at the VARO. VBA agreed to address the 18 internal control weaknesses identified in the vulnerability assessment and the 15 multi-part recommendations identified in the St. Petersburg audit. Implementation action on these recommendations is currently in progress.

VA's Program Response

The OIG audit of the C&P Program's internal controls at the St. Petersburg Regional Office identified 15 multi-part recommendations comprised of 26 actionable items. To date, fifteen of the 26 action items have been closed. Four of

the open OIG recommendations are contingent upon full deployment of our new award processing system. The final stage of this deployment is scheduled to be completed by the end of the fourth quarter of FY 2004. Two other recommendations require no additional VBA action and will be closed by the OIG following Combined Assessment Program (CAP) reviews. VBA is currently working toward implementing the remaining five recommendations outlined in the audit.

5. Government Performance and Results Act (GPRA) - Data Validity

Successful implementation of GPRA, including performance-based budgeting, requires that information be accurate and complete. VA has made progress implementing GPRA, but additional improvement is needed to ensure that stakeholders have useful and accurate performance data. Management officials continue to refine performance measures and procedures for compiling data. Performance data are receiving greater scrutiny within the Department, and procedures are being developed to enhance data validation. However, we continue to find significant problems with data input, and Departmentwide weaknesses in information systems security limit our confidence in the quality of data output.

Current Status: At the request of the Assistant Secretary for Policy and Planning, we initiated a series of audits to assess the quality of data used to compute the Department's key performance measures. During the period FY 1998 through FY 2001, OIG reported on the following six performance measures:

Average days to complete original disability compensation claims – at the time of the audit, 34 percent of the records reviewed contained inaccurate or misleading data.

Average days to complete original disability pension claims – the audit found 32 percent of the records reviewed contained inaccurate or misleading data.

Average days to complete reopened compensation claims – The number of reopened claims was inflated by 18 percent. Of the records reviewed in the audit, 53 percent contained inaccurate or misleading data.

Percent of the veteran population served by the existence of a burial option within a reasonable distance of place of residence – VA could not recreate population projections used to calculate this measurement because essential data no longer existed.

Foreclosure avoidance through servicing ratio – The OIG was unable to attest to the accuracy of the reported ratio because VBA did not maintain necessary documentation at that time.

Unique patients – VHA overstated the number of unique patients by 6 percent.

VBA, VHA, and NCA have taken action to correct the deficiencies we identified and have implemented all the recommendations in the OIG reports related to these deficiencies. For example, to improve the data used to measure claims processing timeliness, VBA clarified related policies and procedures, added a data integrity segment to the training package for veterans service representatives, began collecting and analyzing transaction data to identify questionable transactions, and resumed site visits to regional offices to monitor compliance.

The Office of the Assistant Secretary for Management identified the following management challenges to the successful implementation of GPRA: (i) better alignment of budget accounts with GPRA programs; (ii) improvement of financial management systems report structure and timeliness; and (iii) improvement of cross-cutting activities between VA and the Department of Defense.

Audits of three key performance measures -- VBA's vocational rehabilitation and employment program rehabilitation rate, VHA's chronic disease care index, and VHA's prevention index -- are in process. Draft audit results indicate the OIG will not be able to attest to the accuracy of the rehabilitation rate because personnel in VBA regional offices inappropriately classified about 16 percent of the veterans in the audit sample as rehabilitated. Results of the audit assessing the chronic disease care index and prevention index measures are not yet available.

VA's Program Response

Data reliability, accuracy, and consistency have been targeted focuses of VHA for the past several years. The principles of data quality are integral to their efforts to provide excellence in health care. VHA's Data Consortium addresses organizational issues and basic data quality assumptions, working collaboratively to improve information reliability and customer access for the purposes of quality measurement, planning, policy analyses, and financial management. The ongoing initiatives and strategies address data quality infrastructure, training and education, personnel, policy guidance, and data systems.

VHA implemented all of the recommendations identified regarding over-reporting the number of unique patients by 6 percent, and is waiting for the release of the OIG's audit of the chronic disease care and prevention indexes.

To better align budget accounts with GPRA programs, VBA has aligned the FY 2004 budget submission by benefit programs (e.g., compensation and pension) and completed separate narratives for each program. In regard to

crosscutting activities between VA and DoD, VBA has entered into a number of interagency agreements with DoD to improve and expedite the claims process. One such agreement will link the Personnel Information Exchange System with the Center for Unit Records Research to obtain information in support of claims for Post Traumatic Stress Disorder. Additionally, we have entered into agreements to expand the Benefits Delivery at Discharge program to include the development of one VA/DoD physical examination protocol to satisfy both VA and DoD requirements.

The OIG originally issued this finding: "OIG was unable to attest to the accuracy of the reported ratio because VBA did not maintain necessary documentation at that time," in its report entitled, "*Accuracy of Data Used to Compute the Foreclosure Avoidance Through Servicing (FATS) Ratio"* on November 16, 2000. An audit was conducted between April 1999 and July 2000 and focused primarily on the old Liquidation Claims System, which did not retain servicing notes longer than 60 days following the reinstatement (cure) of a delinquent loan. Thus, the OIG was able to verify only a portion of the successful VA interventions included in the FATS ratio during that period because some cases did not involve the establishment of paper files. Thus, the OIG had neither paper nor electronic files to review. VBA now maintains all data needed for the OIG to attest to the accuracy of current FATS ratios. The Loan Service and Claims (LS&C) system, which was rolled out in August 1999, retains servicing notes on cases indefinitely. For all cases handled in LS&C since August 1999, electronic records are maintained and are now available for review.

In response to the OIG's draft audit report findings and recommendations, Vocational Rehabilitation & Employment (VR&E) made plans to take the following actions in 2003:

The number of cases for review in the new Quality Assurance (QA) process will be increased.

The new QA process will require review of cases at both the local and headquarters levels.

The VR&E field survey staff will visit 12 stations within the fiscal year.

Cases declared rehabilitated and discontinued will require approval and signature of the VR&E manager.

6. Security of Systems and Data

VA faces significant challenges in addressing Federal information security program requirements and establishing a comprehensive integrated VA security program. Information security is critical to ensure the confidentiality, integrity, and availability of VA data and the assets required to support the delivery of health care and benefits to the Nation's veterans. VA is highly dependent on automated information systems in the delivery of these services. However, the

lack of management oversight at all levels has contributed to inefficient practices and to weaknesses in safeguarding electronic information and physical security of assets.

Current Status: Previous OIG audit reports have identified weaknesses in information security throughout VA. With passage of the Government Information Security Reform Act (GISRA) as part of the FY 2000 Defense Authorization bill, the OIG is required to complete an independent assessment of VA's compliance with the Act. Limited information developed by VA on existing information security vulnerabilities precluded establishment of a baseline on the adequacy of VA's information security. Therefore, the OIG performed vulnerability assessments and penetration tests of selected segments of the Department's electronic network of operations to identify vulnerabilities that place sensitive data at risk of unauthorized disclosure and use. Our October 2001 audit, titled *Audit of the Department of Veterans Affairs Information Security Program* (Report No. 00-02797-1), reported that information security weaknesses exist and, as a result, require the continuing designation of information security as a Department material weakness under the Federal Managers' Financial Integrity Act.

Our FY 2002 GISRA audit found that VA systems continue to be vulnerable to unauthorized access and misuse of sensitive automated information and data. The Department started efforts to correct these weaknesses and work toward compliance with the GISRA requirements.

Key accomplishments by the Department include: (i) establishment of an enterprise-wide security plan, policies, procedures, and guidelines as required by GISRA; (ii) implementation of a Departmentwide anti-virus protection application; (iii) appointment of information security officers; (iv) establishment of priorities for remediation of key security weakness areas; and (v) installation of sensor devices at selected sites to enhance protection of network resources from external attacks.

Results of the 2002 GISRA audit identified significant information security vulnerabilities that continue to place the Department at risk of: (i) denial of service attacks on mission-critical systems; (ii) disruption of mission-critical systems; (iii) unauthorized access to and disclosure of data subject to Privacy Act protection and sensitive financial data; and (iv) fraudulent payment of benefits.

The audit identified the following key issues:

VA is not making sufficient progress to correct information security vulnerabilities that continue to place the Department's programs and sensitive data at risk to potential destruction, manipulation, and inappropriate disclosure. VA requires a better coordinated and focused security program to address its significant information security weaknesses.

Many information system security weaknesses reported in our 2001 GISRA audit remain unresolved, and additional security weaknesses were identified. Milestones established for eliminating key security weakness areas will take too long to complete, and will prevent the Department from effectively strengthening its overall security posture in the near-term. As a result, VA's systems and data will continue to be at risk and its security program will not be in compliance with GISRA.

Internal penetration tests verified that VA systems could be exploited to gain access to sensitive veteran benefit and health care information.

VA's Program Response

In a memorandum dated August 6, 2002, the Secretary directed that all IT personnel and resources be centralized under the Office of Information and Technology. This action is targeted toward countering the Department's historical legacy of diverse and inconsistent IT management practices, as well as an inherent cultural resistance to headquarters-level programmatic direction. The Secretary mandated that the VA Chief Information Officer provide a conceptual framework of this new command structure with an associated implementation schedule. The plan was submitted to the Secretary on November 1, 2002. This consolidation will reinvigorate the Department's progress toward developing an enterprise architecture and ensuring the inclusion of a dynamic security baseline in that architecture. Additionally, it will eliminate redundancies, leverage existing resources to preclude duplicative efforts, and establish a coordinated and focused security program to address VA's significant information security vulnerabilities on an expedient basis, while at the same time ensuring appropriate attention to component-specific security issues.

VA, while not in complete compliance with GISRA, appropriately identified IT security control deficiencies in both the 2001 and 2002 GISRA self-assessment surveys, initiated a process to correct those deficiencies on a priority basis, and has instituted an effective agency-wide security program planning and management capability in the Office of Cyber Security.

However, analysis of information contained in the Department's GISRA database indicates that some self-reported progress may be overly optimistic or may not accurately reflect the current security status of some IT systems. Therefore, during FY 2003, the Department will establish an independent compliance capability to validate the accuracy of self-reported information in the database, as well as conduct external and internal penetration testing to ensure that previously identified vulnerabilities have been adequately remediated. These processes will ensure the integrity of GISRA-related information as the Department moves rapidly forward in efforts to improve its overall IT security posture.

The Enterprise Cyber Security Infrastructure Project (ECSIP) merges VA's actions to implement a Departmentwide intrusion detection system (IDS) and, concurrently, upgrade Internet Gateway Security. This project, which was approved by the Department's Strategic Management Council in February 2002, coincides with VA's telecommunications transition to a performance-based network. A plan has been developed to systematically collapse the over 200 existing Internet gateways in VA into a more manageable number and efficient structure. Concurrent with this effort, Departmentwide IDS capability will be incrementally deployed on a strategic basis to provide significantly increased security protections for these gateways. The IDS effort includes establishment of two Security Operations Centers to provide real-time analytical incident support, as well as information-sharing capabilities with appropriate public and private organizations regarding emerging threats and vulnerabilities. Design and implementation of this standardized architecture and configuration will better protect VA's internal critical information repositories from attack. This project is an essential component of VA's approach to implementing a secure enterprise architecture.

7. Federal Financial Management Improvement Act (FFMIA) and VA's Consolidated Financial Statements (CFS)

Since FY 1999, VA has achieved unqualified CFS audit opinions. However, continuing material weaknesses, such as information technology security controls and noncompliance with the Federal financial management system requirements, were identified. Corrective actions needed to address noncompliance with financial system requirements are expected to take several years to complete. There were four additional material weaknesses reported in FY 2001 on loan guaranty application systems, reliance on independent specialists, management legal representations, and management ownership of financial data. These weaknesses are addressed below.

7.A. OIG ISSUE - INTEGRATED FINANCIAL MANAGEMENT SYSTEM MATERIAL WEAKNESS

The material weakness concerning the Department's financial management systems underscores the importance of acquiring and implementing a replacement integrated core financial management system. Achieving the success of an unqualified CFS opinion currently requires a number of manual compilations and extraneous processes that the financial management system should perform. These processes require extraordinary administrative efforts by the program, financial management, and audit staffs. As a result, the risk of materially misstating financial information is high. Efforts are needed to ensure adequate accountability, and reliable, useful, and timely information needs to be available to help Department officials make well-informed decisions and judgments.

The February 2002 OIG CFS report noted continuing difficulties related to the preparation, processing, and analysis of financial information needed to support the efficient and effective preparation of VA's CFS. Significant efforts are made at the component and consolidated level to assemble, compile, and review necessary financial information for annual reporting requirements; however, VA has not yet completed its transition to a fully integrated financial management system. Examples include: (i) general ledgers for some smaller funds were maintained outside the existing core financial management system; (ii) unreconciled differences between the general ledgers and the property management system subsidiary ledger existed; and (iii) a significant number of manual adjustments were used during the year-end closing process.

VA's Program Response

VA has remediation plans in place to address the FFMIA weaknesses as well as additional weaknesses identified in the annual financial statements audit. Progress in implementing corrective actions is being monitored by top management on a monthly basis. We expect to resolve three of the six weaknesses before the end of this calendar year. These three weaknesses include Reliance on Independent Specialists, Management Legal Representations, and Management Ownership of Financial Data. Corrective actions for the remaining three weaknesses (Integrated Financial Management System; Loan Guaranty Application System; and Information Technology Security Controls) are being implemented, but the completion of these actions is long-term, requiring significant staff and resources to complete.

CoreFLS staff is engaged in ongoing meetings with OIG staff responsible for the audit of the Department's consolidated financial statements as well as meeting with OIG staff responsible for the audit of VBA systems. The purpose of these meetings is to document how CoreFLS will contribute to correcting many of the findings in the OIG audit report and management letter listing Departmental reportable conditions and additional observations. The outcome of these meetings with OIG staff will produce a CoreFLS document that details the contributions CoreFLS will make to resolve OIG concerns. The CoreFLS document, "Resolving OIG Concerns," was completed in November 2002. For each reportable condition and management observation, the role CoreFLS plays in mitigating the concern is being defined. CoreFLS alone may not remedy an OIG reportable condition or management observation, and some reportable conditions and management observations are clearly outside the scope of CoreFLS. This document will include the degree to which CoreFLS will mitigate each OIG concern that is in scope. For all OIG concerns that are in scope, the gains to be realized from CoreFLS will not be evident until after full system implementation in 2006.

Information Technology Security Controls

Since 1998, inadequate implementation of appropriate controls has resulted in information system security being identified as a material weakness in VA's annual FFMIA report. To remove this designation, VA has used the GISRA process to prioritize and remediate those deficiencies that will have the most significant impact on the Department's overall security posture in the near term. Performance in this area is measured through compliance with Federal Information System Controls Audit Manual (FISCAM) control areas, which indicates that VA has increased compliance with FISCAM objectives by 25 percent this year. Although the material weakness still exists for FY 2002, additional activities targeted toward remediation of VA's priority weakness areas are anticipated to remove this designation by FY 2004, concurrent with full implementation of the ECSIP.

The ECSIP merges VA's actions to implement a Departmentwide IDS capability (priority one) and, concurrently, upgrade IT security controls on Internet gateways (priority six). During its initial phase, a plan will be developed to systematically collapse the over 200 existing Internet Gateways in VA into a more manageable number and efficient structure. Concurrent with this effort, Departmentwide IDS capability will be incrementally deployed on a strategic basis to provide significantly increased security protections for these gateways. Design and implementation of this standardized architecture and configuration will better protect VA's information systems and internal critical information repositories from attack on a cost-effective basis.

7.B. OIG ISSUE - LOAN GUARANTY APPLICATION SYSTEM MATERIAL WEAKNESS

The FY 2001 audit identified material control weaknesses in critical loan guaranty system applications security and process controls due to a lack of accountability and definition of responsibility for implementing consistent security administration standards, and the lack of appropriate reconciliation processes and procedures. These weaknesses increase the risk of inappropriate system access, unauthorized or erroneous data transfer, and modification of production programs and data. This results in unreliable loan and property information being input into VA's core financial management system. Additionally, the lack of appropriate reconciliation of loan guaranty data among systems does not permit VBA the ability to detect unauthorized or erroneous data. Such weaknesses include:

Unneeded access to common security administration manager functions; these control access to automated loan production system/loan servicing and claims system functions/data.

Lack of accountability and responsibility for security administration and oversight of user access to the property management system and the guaranty/insured loan system.

Lack of clearly defined responsibility for monitoring powerful user activities and transactions within the loan guaranty system applications.

Inadequate business continuity planning and testing for systems infrastructure supporting the loan guaranty system.

Inconsistent application development and change management standards, and compliance with established standards for application changes, testing, acceptance, and quality assurance.

VA's Program Response

The Office of the VA Deputy CIO for Benefits has lead reporting responsibilities for this material weakness. The Office of Information Management (OIM) and Loan Guaranty (LGY) have drafted a Management Accountability and Control Remediation Plan that has identified the following tasks for corrective action:

Limit access to the Common Security Administration Manager System to three security managers (i.e., Common Security System team).

Assign accountability and responsibility for security administration and oversight of access to the Property Management System and the Guaranteed and Insured Loan System.

Establish policies and procedures for oversight of loan guaranty application systems.

Establish and implement a development activity checklist identifying all components of the life cycle, responsibilities, and appropriate references for all application development.

Establish and implement procedures for automated testing scripts.

Define disaster recovery requirements for LGY.

Develop LGY disaster recovery plan to include IBM, UNIX, and Internet/Intranet platforms.

Pilot test and refine LGY recovery procedures.

Incorporate LGY disaster recovery into the VA enterprise disaster planning and testing.

These corrective actions have varying start and completion dates. The earliest start date was March 2002, and the final completion date for disaster recovery tasks is February 2004. This plan is updated on a monthly basis regarding the current status of the OIM and LGY tasks.

7.C. OIG ISSUE - RELIANCE ON INDEPENDENT SPECIALISTS MATERIAL WEAKNESS

VA relies on the use of actuarial consultants and other specialists for various financial statement assertions including compensation, pension, and burial

liabilities; liabilities for loan guarantees; medical malpractice; and other liabilities. There were a number of instances during the FY 2001 audit that questioned the effectiveness of controls over outside actuarial and expert calculations. In FY 2002, the Office of the Actuary began reviewing the actuarial studies and providing results to management.

VA's Program Response

The Office of Policy and Planning has agreed to take on the following tasks identified by VA's auditor for corrective action:

Provide independent verification of the work provided by specialists for the financial statements.

Conduct experience studies to test management's assumptions used in various estimates.

Conduct actuarial audits and independent recalculations to validate the models used and their application.

7.D. OIG ISSUE - MANAGEMENT LEGAL REPRESENTATIONS MATERIAL WEAKNESS

Management did not provide an adequate legal representation on pending litigation and contingent liabilities. The inadequate responses to support management's assertions on contingencies in the financial statements introduce the risk that material claims will not be properly reported and disclosed. During FY 2002, management and the auditors held further discussions with the General Counsel on what information is needed in the legal representation.

VA's Program Response

The Office of General Counsel (OGC) provided the OIG an interim legal representation letter in September 2002, which is responsive to the requirement.

7.E. OIG ISSUE - MANAGEMENT OWNERSHIP OF FINANCIAL DATA MATERIAL WEAKNESS

During the FY 2001 audit, VBA management in the compensation and pension and loan guaranty business lines provided insufficient review of accounting data and transactions. Management did not review the data prior to submission to the auditor nor provide information timely. During FY 2002, VBA management established an audit liaison function responsible for reviewing information prior to submission to the auditor to determine if amounts were accurate.

VA's Program Response

VBA management established a dedicated liaison responsible for clarifying and tracking all data requests and submissions to ensure accurate and timely data submissions. Data requests and response submissions are reviewed and

discussed to ensure accuracy and a clear understanding by both parties. The VBA CFO has reemphasized the importance of timeliness and accuracy with the field stations as well as the business lines. Meetings are held regularly with the auditors at all levels to maintain clear lines of communication.

8. Debt Management

Debts owed to VA result from home loan guaranties; direct home loans; life insurance loans; medical care cost fund receivables; and compensation, pension, and educational benefits overpayments. As of June 2002, debts owed to VA totaled over $3.3 billion, of which active vendee loans comprise about 57 percent. Over the last 4 years, the OIG has issued reports addressing many facets of the Department's debt management activities. We reported that the Department should: (i) be more aggressive in collecting debts; (ii) improve debt avoidance practices; (iii) streamline and enhance credit management and debt establishment procedures; and (iv) improve the quality and uniformity of debt waiver decisions. VA has addressed many of the concerns reported over the last few years. However, our most recent audits continue to identify areas where debt management could be improved.

Current Status: The Department has reported performing considerable work in the area of debt referral to the Department of the Treasury. VA has reported it met or exceeded the Department of the Treasury goals for debt referral in 2002.

The OIG report titled *Evaluation of VHA's Income Verification Match Program* (Report No. 9R1-G01-054) issued in March 1999, found that VHA could increase opportunities to enhance MCCF collections by $14 million, and put resources valued at $4 million to better use, by requiring VISN directors to establish performance monitors for means-testing activities as well as billing and collection of program referrals. Additionally, to further ensure these monetary benefits are achieved, VHA management needed to implement previous recommendations, and the VHA Chief Information Officer needed to increase oversight of the Health Eligibility Center activities. VHA also needed to expedite action to centralize means testing activities at the Health Eligibility Center. VHA has not implemented 7 of 13 recommendations from this March 1999 report. Additional management attention is needed to ensure improvements in debt management occur.

In February 2002, we issued a report titled *Audit of the MCCF Program* (Report No. 01-00046-65) that found VHA could enhance MCCF revenues by requiring VISN and VA medical facility directors to better manage MCCF program activities. Many problems identified in FY 1998 are continuing to hinder VHA's ability to maximize collections. From FY 1997 through FY 2001, MCCF collections totaled $3 billion. VA is authorized by Public Law 105-33 to use all MCCF collections after June 1997 to increase VA's medical care budget. As a

result, there are significant benefits to be recognized from improving MCCF collections.

By effectively implementing our previous recommendations, we projected that VHA could have increased collections by about $135 million in FY 2000 (24 percent). Additionally, clearing the backlog of un-issued medical care bills (that totaled over $1 billion as of September 30, 2001) would have resulted in additional collections of about $368 million. Our FY 2002 audit also reported that VA's average number of days to bill for services had increased to 95 days, in contrast to our FY 1998 audit that reported VAMCs averaged 48 days to bill for services. We also found that 77 percent of the related medical accounts receivable had no telephone follow-up, an increase of 12 percent in the number of accounts receivable that had no telephone follow-up in 1998.

Recommendations made in our July 1998 review of the MCCR program titled *Audit of the Medical Care Cost Recovery Program* (Report No. 8R1-G01-118) were not adequately implemented. Conditions identified during that audit, including missed billing opportunities, billing backlogs, and inadequate follow-up on accounts receivable, persist.

VA's Program Response

Over the past few years, the OIG issued several reports addressing VA's debt management activities. The OIG reported that VA should be more aggressive in collecting debts, improve debt avoidance practices, and streamline and enhance credit management and debt establishment procedures.

VA has made substantial progress in addressing the concerns reported by the OIG. For example, VA will meet its goals for referral of delinquent debt to the Department of the Treasury for administrative offset (TOP) and cross-servicing. Following are specifics as of June 2002:

			Percentage
TOP	Eligible for referral	244,041,144	
	Referred	239,300,437	98%
Cross-Servicing	Eligible for referral	180,251,605	
	Referred	172,607,493	96%

VA plans to reactivate the Income Verification Match (IVM) program in early FY 2003, with additional software enhancements anticipated in the third quarter. A directive will be published once the program is reactivated to provide specific performance requirements for staff responsible for billing activities; provisions for monitoring of Health Eligibility Center (HEC) referrals for means testing, billing, and collection activities; and evaluation of compliance with billing referrals within 60 days. The new VHA Business Office, established in May 2002,

will monitor the IVM project and HEC's performance; however, not all referred cases are billable to insurance carriers. Regarding the means test process, the new Chief Business Officer has ordered a full review of this process. Significant changes are anticipated, which could make centralization of means testing unnecessary. Work on the centralized means testing has been suspended pending the results of the review and redesign of the process.

VA is taking action to implement the recommendations in the OIG's report on the MCCF program as well as to improve billing, collection, and follow up on accounts receivable. In September 2001, VHA published a revenue cycle improvement plan to serve as a comprehensive guide in defining VHA's vision in recognizing the key role that third-party collections play in overall systems operations. To assist in performance assessment, four different diagnostic measures reports are compiled on a monthly basis and reviewed by VHA's National Leadership Board (NLB). The reports provide comparative network profiles of completed registration percentages, insurance verification status updates, outpatient billing lag times, and inpatient billing lag times. Other monthly reports are prepared for the NLB that focus on specific billing and collection activities. These reports are also made available to network and facility directors to assess how each facility compares in program-specific collection activities. The VHA Health Information Management Handbook is planned for completion in December 2002 and addresses all issues related to medical records and documentation. In addition, nationally developed documentation templates, additional nationally developed electronic encounter forms, and physician documentation education tools were released in September 2002.

MCCF/Revenue collections from FY 1997 through FY 2001 totaled $3 billion. The FY 2001 collections of $771 million is a 35 percent increase over the FY 2000 collections of $573 million. The FY 2002 original budgeted collections goal was $1.050 billion; current cumulative collections are now projected to be $1.070 billion, 20 percent more than the budgeted goal. The end of year 2002 cumulative collections ($1.176 billion) are 53 percent over the FY 2001 collections.

When reasonable charges were implemented in September 1999, VHA Revenue and Health Information Management Systems (HIMS) staff had to confront additional requirements for identifying, documenting, and coding episodes of care. Claims are now prepared for separate professional services as well as facility services, resulting in multiple claims being generated for inpatient stays and outpatient visits. Although much progress has been made, the Revenue Office, now part of VHA's Business Office, and many field organizations believe that significant amounts of revenue have yet to be captured.

The VHA Revenue Office entered into a contract for a study to examine the performance of hospital processes associated with third-party revenues generated from inpatient professional services. The study makes a detailed

examination of the revenue operations in one network for the purpose of identifying and documenting reasons that billing for professional services is below expectations. This research focuses on the critical link between revenues and whether professional services have been adequately documented, coded, and then captured by billing staff for preparation of third-party claims.

The Revenue Office estimates that potential revenues from inpatient professional services are $71.4 million for FY 2001. Of this amount, $20.9 million had been billed and collected at the time of the study, leaving $50.6 million unbilled. Of that potential total unbilled amount across all 21 networks, $36.7 billion (73 percent) was estimated to be unbillable for lack of appropriate documentation or other reasons. Insufficient documentation is the most significant reason that otherwise billable professional services cannot be claimed.

The Under Secretary for Health released a memorandum, dated May 22, 2002, to VHA facilities that directed them to contract out all aged receivables over 60 days old to a collection agency. This memorandum also recommended that facilities report actions being taken to implement this direction and report back to the Network Chief Financial Officer within 60 days of the memorandum.

9. Procurement Practices

The Department spends about $6 billion annually for pharmaceuticals, medical and surgical supplies, prosthetic devices, information technology, construction, and services. VA faces major challenges to implement a more efficient, effective, and coordinated acquisition program. High-level management support and oversight are needed to ensure VA leverages its full buying power and maximizes the benefits of competitive procurements. VA supply inventory practices must ensure that adequate quantities of medical and other supplies are available to meet operating requirements while avoiding excess inventories that tie up funds and other resources that could be used to meet other VA needs.

In June 2001, the Secretary established a procurement reform task force to review VA's procurement programs, address concerns about acquisition practices, and develop recommendations for improvement. The task force recommended 60 specific reforms to achieve the goals of: (i) leveraging the Department's purchasing power by requiring VA facilities and networks to make purchases under a prescribed hierarchy of nationally negotiated contracts; (ii) expanding joint purchases with the DoD; (iii) increasing standardization of commonly used commodities; (iv) improving the usefulness of procurement systems and data; (v) increasing top management oversight of VA procurement activities; (vi) improving Government purchase card controls; and (vii) improving acquisition workforce training, recruitment and retention. The reforms recommended by the task force were implemented at the direction of the Secretary.

The OIG reviews have continued to identify ongoing problems with Federal Supply Schedule purchases, pre-award and post-award contract reviews, inventory management, purchase cards, scarce medical specialist/sharing contracts, and the fee-basis program. We continue to conduct contract audit and drug pricing reviews to detect defective and excessive pricing.

9.A. OIG ISSUE - FEDERAL SUPPLY SCHEDULE PURCHASES

Federal Supply Schedule (FSS) contracts are awarded non-competitively by VA's National Acquisition Center to multiple vendors for like or similar commercial off-the-shelf products. The Government's negotiation strategy is to obtain most favored customer pricing or better.

During the past few years, the effectiveness and integrity of the FSS program have deteriorated because FSS is no longer a mandatory source for these commercial products. The May 2002 Procurement Reform Task Force report recommended that VA establish a contract hierarchy that mandates the use of FSS for procurement of certain groups of health care supplies.

Current Status: OIG CAP reviews have identified non-competitive open-market purchases at higher prices than comparable items offered on FSS contracts. Our reviews have also identified sole source contracts that lack adequate business analyses, justifications, or cost/benefit assessments. Many contract proposals are not being audited and may not have been subjected to legal and technical reviews when required. Management attention is also needed to develop clear and useful policies that will ensure fair and reasonable prices, consistency in the use of VA's statutory authority, and proper oversight of such activities.

Because FSS contracts are not mandatory sources of supply, the number of VAMC open market purchases has increased. In many cases, these purchases were made without seeking competition or negotiating prices, or determining the reasonableness of the prices offered by vendors. In addition, some vendors have withdrawn high-volume or high-cost medical supply items from FSS contracts, refused to negotiate contract terms in good faith, canceled existing contracts, or declined to submit proposals to acquire FSS or VA national contracts.

Although these vendors do not have contracts, they continue to maintain their VA market share by selling open market to individual VAMCs, avoiding offering most favored customer prices, and shielding themselves from pre-award and post-award reviews.

VA's Program Response

The Office of Acquisition and Materiel Management (OA&MM), working closely with VHA's Clinical Logistics Office, has taken the lead in implementing the recommendations of the Secretary's Procurement Reform Task Force.

OA&MM established a project tracking system to monitor the status/progress of the recommendations. Each recommendation has been assigned to a lead agent, who is responsible for implementing an action plan. Progress is monitored on a weekly basis by management officials in the Office of Management.

9.B. OIG ISSUE - PRE-AWARD AND POST-AWARD CONTRACT REVIEWS

Since FY 1993, the OIG has conducted pre-award and post-award reviews to provide contracting officials with insight into each vendor's commercial sales and marketing practices as well as buying practices. These reviews provide contracting officers with information needed to strengthen the Government's pricing position during negotiations.

Current Status: The OIG continues to perform pre-award and post-award contract audits and drug pricing reviews to detect defective pricing in proposed and existing contracts. During the period October 2001 through March 2002, pre-award reviews of three FSS proposals resulted in OIG recommendations that could lead to cost savings of about $3 million. The manufacturers did not offer most favored customer prices to the FSS customers when those prices were extended to commercial customers purchasing under similar terms and conditions as the FSS. During the same period, post-award reviews of FSS vendors' contractual compliance resulted in recoveries of $21 million.

VA's Program Response

The Office of Acquisition and Materiel Management (OA&MM), working closely with VHA's Clinical Logistics Office, has taken the lead in implementing the recommendations of the Secretary's Procurement Reform Task Force. OA&MM established a project tracking system to monitor the status/progress of the recommendations. Each recommendation has been assigned to a lead agent, who is responsible for implementing an action plan. Progress is monitored on a weekly basis by management officials in the Office of Management.

9.C. OIG ISSUE - INVENTORY MANAGEMENT

The OIG conducted a series of five audits to assess inventory management practices for various categories of supplies. These audits found that VA medical centers maintained excessive inventories and made unnecessary large quantity purchases. Additionally, inventory security and storage deficiencies were found. An FY 1998 audit of medical supply inventories at five VAMCs found that at any given time the value of VHA-wide excess medical supply inventory was $64 million, 62 percent of the $104 million total inventory. An FY 1999 audit of pharmaceutical inventories at four VAMCs found that about 48 percent of the $2 million inventory exceeded current operating needs. An FY 2000 audit at five VAMCs concluded that 47 percent of the $3 million prosthetic supply inventory was not needed. An FY 2001 audit at five VAMCs concluded that 67 percent of

the $5 million engineering supply inventory used for maintaining and repairing buildings, equipment, furnishings, utility systems, and grounds was not needed.

The main cause of the excess inventories was that the Generic Inventory Package, an inventory management system, was not used or was not used effectively to manage the inventories. VAMCs relied on informal inventory methods and cushions of excess stock as a substitute for structured inventory management.

Current Status: The last of the five OIG audits was completed in FY 2002 and assessed VA medical center management of miscellaneous supply inventories that included operating supplies (mainly housekeeping and dietetic items), office supplies, employee uniforms, and linens. The VAMCs reviewed had combined miscellaneous supply inventories valued at $3.5 million, $2.7 million (77 percent) of which was excess. Four VHA recommendations remain unimplemented in the FY 2000 report.

VA's Program Response

VHA Handbook 1761.2, *VHA Inventory Management,* was issued in response to the OIG's recommendations from the series of five audits conducted on inventory management. It requires each facility to implement an inventory management plan. Plans have been received from all of the networks, and VHA's Clinical Logistics Office is monitoring inventory management at each medical facility. To provide further instruction for reducing engineering supply inventories, VHA issued Information Letter 17-2002-001, *Engineering Inventory*. VHA's Pharmacy Benefits Management staff has worked diligently to educate field staff on the value and advantage of implementing a commercially supplied inventory package adopted by VHA's primary drug source vendor. Amended VHA Handbook 1761.2 was published on September 25, 2002, and provides guidance for further improvement in pharmacy inventory management.

9.D. OIG ISSUE - GOVERNMENT PURCHASE CARD USE

OIG audits and CAP reviews have identified significant vulnerabilities in the use of Government purchase cards. Purchases have been split to circumvent competition requirements, and goods and services have been acquired at excessive prices. Our reviews of purchase card records, invoices, purchase orders, procurement history files and other related records also lead us to believe that VHA is purchasing health care items on the open market in amounts greater than the 20 percent maximum allowed under Title 38 U.S.C. §8125(b)(3)(A).

Current Status: During the period February 1999 through March 2002, the OIG issued 58 reports, covering in part, Government purchase card program activities. Systemic issues were identified including deficiencies in: (i) account reconciliation and certification; (ii) competition and split purchases; (iii) Government purchase card use; (iv) accounting reviews and audits; (v)

segregation of duties; and (vi) training and warrants. These conditions are a result of the widespread and essentially unmonitored use of Government purchase cards in conjunction with the decentralization of purchasing authority to VAMCs.

VA's Program Response

All procurements are posted to the Financial Management System (FMS), VA's accounting system, on a daily basis. This allows cardholders and program officials to closely monitor expenditures and to immediately identify items in dispute. Audits are routinely conducted on the program, including random statistical sampling conducted between the Financial Services Center transaction records and individual facility. The Financial & Systems Quality Assurance Service (FSQAS) provides oversight coverage of the purchase card program through financial management reviews. Local audits, conducted with finance and procurement managers, and numerous fiscal quality and OIG reviews are held throughout the year. Specifically, responsibilities of key participants are outlined in VA's Purchase Card Procedures Guide, dated February 1996, and VHA Purchase Card Handbook 1730.1, dated June 2000.

Additionally, a variety of management reports, which detail expenditures and card usage within an agency, are available to monitor use of the card. Program coordinators may also access transaction information online using VA's contracted electronic card management system, or, in the case of VHA coordinators, through the Integrated Funds Distribution, Control Point Activity, Accounting and Procurement (IFCAP).

Training on procurement and internal control procedures is mandatory for all cardholders and approving officials and must be conducted prior to issuance of the card. Additionally, with newly trained cardholders, approving officials and the instructor must verify the cardholder participation in the training session and sign a certification form, which may be used to designate spending limits for the card. The Head of Contracting Activity approves or disapproves card limit increase requests. Only the Agency/Organization Program Coordinator or designate is authorized to make changes in the contract bank electronic system.

The following are specific enhancements and initiatives taking place to improve the purchase card program –

VA intends to hire a consultant to perform data mining on all purchase card transactions that have been split to circumvent competition requirements and cost threshold.

VA's new purchase card policy directive will provide a single consistent guide for purchase card use.

The OIG has begun an audit to evaluate the effectiveness and efficiency of VA's purchase card program and is continuing to review purchase card activities on CAP reviews at VA facilities.

VHA is revising both the VHA Quality Assurance Review Handbook (1730.2) and the VHA Purchase Card Handbook (1730.1) to strengthen facility level quality reviews in order to detect violations of the purchase card and evaluate the responses of local management to these violations. Each month, card coordinators provide information on payment and order reconciliations, which are collected and widely distributed in a national spreadsheet with red/yellow/green indicators for the information and action of local and network management. All the cited OIG issues are due to the lack of adherence to policies in the current purchase card handbook, such as annual joint fiscal/logistics reviews of cardholders. Highlighting the performance of local management in surfacing and correcting violations should improve adherence to policy.

9.E. OIG ISSUE - SCARCE MEDICAL SPECIALIST CONTRACTS

OIG reviews of scarce medical specialist contracts have identified costs that were not fair and reasonable; conflict of interest issues; sole source contracts that lack adequate business analyses, justifications or cost/benefit assessments; and the lack of cost or pricing data in noncompetitive contracts. We also found that VAMCs were using Intergovernmental Personnel Act assignments and commercial items contracts inappropriately as a substitute for scarce medical specialist contracts. Use of these purchasing methods, in lieu of contracts, has resulted in higher prices for these services. Management needs to improve oversight to ensure that, when applicable, properly negotiated contracts are used. Furthermore, in order to obtain reasonable prices, management needs to develop and/or enforce policies that ensure consistent compliance with VA's statutory authority.

Current Status: From October 2000 through July 2002, we completed contract reviews of 21 health care resource contract proposals involving scarce medical specialist services. We concluded that VA contracting officers should negotiate reductions of over $7.5 million to the proposed contract costs.

Our CAP program reviews also conducted during this same period found that VAMCs did not have adequate assurance that contract prices were reasonable, some contract price negotiation memorandums were missing or never prepared, and other contracts did not ensure that a measurable statement of work was developed. Controls over contract documentation and justifications need to be strengthened, conflict of interest situations need to be eliminated, and adequate contract administration procedures should be implemented for service contracts.

VA's Program Response

With regard to OIG reviews of scarce medical specialist contracts, the Medical Sharing Office is developing a new policy to address issues identified during the reviews. An updated directive -- VHA Handbook 1660.3, *Conflict of Interest Aspects of Contracting for Scarce Medical Specialist Services, Enhanced Use Leases, Health Care Resource Sharing, Fee Basis and Intergovernmental Personnel Act Agreements* -- was issued in July 2002. A draft of the new directive for purchasing under enhanced sharing authority (38 USC § 8153) will be issued for concurrence by December 2002.

9.F. OIG ISSUE - CONTROLS OVER THE FEE-BASIS PROGRAM

We conducted an audit to determine if VHA had established effective internal controls to ensure that payments for fee-basis treatment were appropriate. Fee-basis treatment is inpatient care, outpatient care, or home health care provided by non-VA health care providers at VA expense. In June 1997, the OIG issued a report titled *Audit of Internal Controls over the Fee-Basis Program* (Report No. 7R3-A05-099) that found VHA could reduce fee-basis home health care expenditures by at least $1.8 million annually and improve the cost effectiveness of home health services by: (i) establishing guidelines for contracting for such services, and (ii) providing contracting officers with benchmark rates for determining the reasonableness of charges.

Current Status: VHA has not implemented the OIG recommendations in the June 1997 report to establish guidelines for contracting and provide contracting officers with benchmark rates.

VA's Program Response

In response to the OIG's report on the fee-basis program, VHA is considering two reimbursement policies. One policy allows for Best Value contracts. The other is a proposed Federal regulation (Common Payer Platform) that would adopt Medicare rates as VA rates for all health care services, including contract home health care. VA is still examining the proposed regulation in light of its potential effect on reimbursement rates in certain geographic locations. In anticipation that Best Value contracts will be in place in most metropolitan areas and the Common Payer Platform in rural areas or areas with a low density of veterans, VHA is formulating policy to implement these provisions and developing templates and statements of work for programs under the umbrella of Home and Community-Based Care with the Office of Clinical Logistics. VHA is also working on an expanded reimbursement policy for Homemaker/Home Health Aide for those low-density areas not covered by Best Value contracts. Pricing guidance for non-Medicaid States is also under development and VA is working with the Centers for Medicare and Medicaid Services on these issues.

10. Human Capital Management

Human capital management (HCM) is a major challenge for the Department. Given the significant size of VA's workforce and the high number of employees projected to become retirement eligible over the next 5 years, there is urgency to address this challenge effectively.

Current Status: The VA Office of Human Resources Management (HRM) reported in FY 2001 that registered nurses are the largest segment of health care workers within the Department. VA employs approximately 35,000 registered nurses and nurse anesthetists. VAMCs are having difficulty recruiting nurses in specialty fields. Some VAMCs find it difficult to recruit and retain licensed practical nurses and nursing assistants. According to HRM, 12 percent of the VA nursing population is eligible to retire now and approximately 4 percent more will be eligible to retire each year thereafter. Also, current recruitment processes do not provide sufficient flexibility to make timely employment offers to fill many critical positions.

As part of the Department's FY 2003 budget, VA reported that close to 50 percent of the Department's workforce and over 90 percent of the senior executives will be eligible for optional or early out retirement by FY 2005. The *Department of Veterans Affairs Workforce and Succession Plan* identifies cross-cutting issues in need of focus at the Department level and will complement the work being done at the administration and staff office levels.

VHA formed a national succession planning task force to address their changing workforce. According to the task force's August 2001 draft report, "VHA faces a leadership crisis unprecedented in its history. It is paramount that we quickly focus on both developing our new leaders as well as replacing key employees throughout our organization." The task force's draft report lists recommendations in seven major categories: (i) benchmarking; (ii) workforce assessment; (iii) employee morale and satisfaction; (iv) short-term steps; (v) progression planning; (vi) legislative initiatives; and (vii) organizational infrastructure.

The OIG has not issued recent national audits on HCM; however, we have identified resource shortages in CAP reviews.

VA's Program Response

A VHA Nursing Workforce Workgroup was chartered in September 2000. Their report, "A Call to Action," provides a comprehensive summary of current and future trends for VA nursing, with multiple recommendations in the areas of utilization, recruitment, retention, and outreach. This report provides a strong framework for addressing a nursing workforce agenda for VHA. Additionally, Public Law 107-135 established the National Commission on VA Nursing. This commission has met twice. It will exist for 2 years and is mandated to study and recommend legislative and organizational changes to enhance recruitment and

retention of nurses. It will also assess the future of nursing within VA. "A Call to Action" is a sound foundation for the Commission's work.

The Title 38 employment system for healthcare professionals offers significant improvements in timeliness of hiring compared to the Title 5 system. The Title 38 excepted hiring authority applies to healthcare occupations such as nurses, physicians, pharmacists, and licensed practical nurses, but not to nursing assistants and many other healthcare occupations such as radiology technicians, medical machine technicians, and technologists. Additional actions that are being taken include:

Integration of workforce and succession planning into VISNs' (the VHA operational organizations responsible for geographical service areas) annual strategic planning process to ensure that key issues are integrated into VHA's annual strategic plan. A formal Web-based workforce strategic planning template was established and used for the FY 2003 planning cycle. VISNs completed a comprehensive and detailed workforce and diversity assessment, developed workforce/diversity strategies and plans to support current and future programs, and submitted their workforce/diversity plans as a component of their overall annual strategic plan. A multi-disciplinary team is developing the national VHA workforce/diversity plan based on VISN plans. This national workforce/diversity plan will update VHA's original succession plan and will continue as a part of VHA's annual strategic planning process.

Strategies to act on the results of the 2001 all-employee survey. VHA will continually assess and develop instruments that consistently measure, analyze, and improve employee satisfaction. Focusing on reducing or minimizing areas of dissatisfaction and accentuating motivators is key to our succession efforts. VHA established the National Center for Organizational Development to provide the expertise and support to management to continually improve the working environment and increase productivity. To date, in partnership with other VHA expert staff, comprehensive organizational profiles have been developed using information from two all-employee surveys combined with information on organizational culture and other information reflecting employee satisfaction and morale. These profiles are being presented to VISN management teams along with recommended strategies. This information will be made available to all VHA employees through VA's Intranet. VISNs and VHA headquarters offices will develop and implement action plans that will be incorporated into their annual strategic workforce plans in the next planning cycle. Progress will be tracked through recurring employee assessments along with monitors of other indicators of employee satisfaction such as number of EEO cases, Unfair Labor Practice complaints, and occupational injuries. An automated, Web-based system for conducting employee surveys and assessments has been implemented.

VHA developed a Succession Planning Web site; it contains information on all VHA succession planning programs and efforts, a library of HR tools and practices to communicate to and assist management in fully utilizing HR tools and policies currently available, and a library of succession planning-related information including links to related Web sites.

Implemented a comprehensive leadership development program based on VHA's High Performance Development Model. Under this program, high potential employees will continually be identified at the local, network, and national levels. In a structured program, these high potential employees will be provided a mentor, a personal development plan, and both formal and informal learning experiences and opportunities. These employees will be selected competitively each year and tracked as they progress through the organization. Knowledge transfer and retention strategies will be an integral component of all workforce succession efforts including both personal and Web-based/e-learning coaching and mentoring programs. Increasingly, retired employees will be invited to serve in mentoring and teaching roles with compensation provided for time, travel, and other expenses. VHA continues to expand its leadership program offerings.

VA submitted a Restructuring Plan to the Office of Management and Budget (OMB) in September 2002. In response to the plan, OMB gave VA a score of "green" for progress in implementing the President's Management Agenda item, Human Capital Planning, on their scorecard. The plan contains a series of strategies that identify a corporate approach to workforce planning, and the Office of Human Resources and Administration is working closely with VA's Administrations and key VACO senior officials to implement the strategies. In addition, VA established a Workforce Planning Council to ensure that workforce planning at all organizational levels links to VA's strategic planning process. The council also affords an opportunity to identify cross-cutting workforce planning issues and develop appropriate strategies to address them at the Department level. VA is also working to improve its recruitment and marketing efforts through expanded outreach programs and a redesign of the VA recruitment Web site.

Management Challenges Identified by the General Accounting Office

In January 2001, GAO issued its special series of reports entitled the *Performance and Accountability Series: Major Management Challenges and Program Risks (GAO-01-241),* which described major management challenges and high-risk areas facing Federal agencies. The following is excerpted from the October 2002 report entitled *Performance and Accountability: Reported Agency Actions and Plans to Address 2001 Management Challenges and Program Risks (GAO-03-225)* in which GAO examined Federal agency 2001 performance reports and 2003

performance plans to determine how they addressed the high-risk areas and major management challenges identified in the January 2001 series of reports. The report can be viewed in its entirety at the GAO Web Site: http://www.gao.gov/cgi-bin/getrpt?GAO-03-225.

1. Strategic Human Capital Management **-** a GAO-designated governmentwide high risk

GAO has identified shortcomings at multiple agencies involving key elements of modern strategic human capital management, including strategic human capital planning and organizational alignment; leadership continuity and succession planning; acquiring and developing a staff whose size, skills, and deployment meet agency needs; and creating results-oriented organizational cultures.

We found that VA faces a potential shortage of skilled nurses, which could have a significant effect on VA's quality of care initiatives. VA also needs to be vigilant in its human capital strategies to ensure that it maintains the necessary expertise to process claims as newly hired employees replace many experienced claims processors over the next 5 years.

Current Status and Future Plans: Progress in resolving major management challenges as discussed in agency's FY 2001 performance report:

In response to the President's Management Agenda, VA reported that it has developed a human capital workforce and succession plan, which articulates specific strategies to address recruitment, retention, and development issues. For example, to help retain a skilled and competent workforce, VA developed a childcare tuition assistance program for lower-income employees.

In addition, VA reported that it is engaged in multiple efforts to assess its current nursing workforce and plan for the future. For example, a workgroup reported on the effect of the nursing shortage and barriers to recruitment and retention of nurses. The report contains a reference guide for the optimal use of hiring and pay authorities and recommends legislative and non-legislative initiatives to address the nursing shortage.

Finally, VA reported that it launched a centralized training initiative—the standard for training future hires—for veterans service representatives, who request and obtain information on and evaluate veterans claims and assign a disability rating.

Applicable goals, measures, and strategies as discussed in agency's FY 2003 performance plan:

VA reported that the overall goal of its workforce planning initiative is to create an ongoing process—integrated with VA's strategic and budget planning cycles—to predict future workforce trends and avert potential workforce crises.

VA has developed an "interim" objective—and related performance measures and targets—to recruit, develop, and retain a competent, committed, and diverse workforce that provides high-quality service to veterans and their families.

VA reported that the national nursing shortage continues to be a priority for the health care industry, although there is no indication that the quality of care in VA medical centers has been adversely affected by this shortage. VA plans to maintain an active recruitment process, and legislation authorizing higher salaries for VA nurses should help these efforts. However, VA does not describe other strategies for addressing this shortage.

VA also reported that it plans to test national performance standards for claims processors.

2. Information Security - a GAO-designated governmentwide high risk

Our January 2001 high-risk update noted that agencies' and governmentwide efforts to strengthen information security have gained momentum and expanded. Nevertheless, recent audits continue to show federal computer systems are riddled with weaknesses that make them highly vulnerable to computer-based attacks and place a broad range of critical operations and assets at risk of fraud, misuse, and disruption. Further, the events of September 11, 2001, underscored the need to protect America's cyberspace against potentially disastrous cyber attacks—attacks that could also be coordinated to coincide with physical terrorist attacks to maximize the impact of both.

Current Status and Future Plans: *Progress in resolving major management challenges as discussed in agency's FY 2001 performance report:*

VA continues to report information security controls as a material weakness on its Federal Managers Financial Integrity Act (FMFIA) report for 2001. Similarly, the VA Office of Inspector General (OIG) reported widespread weaknesses in computer security.

To improve the Department's information security program, VA reported that it met its 2001 target to have 20 percent of the Departmentwide information security program implemented. VA reported that the Office of Cyber Security undertook numerous efforts, including

developing and issuing a revised VA Information Security Management Plan, which identified security enhancement actions,

establishing a central security fund to consistently pursue Departmentwide security efforts,

implementing an enterprise-wide integrated antivirus solution that will facilitate the rapid distribution of antivirus updates to more than 150,000 VA desktops and servers at over 800 locations,

initiating a contract to develop a certification and accreditation program to bring discipline, formality, and technical excellence to the security planning activities of VA offices during the design of systems and applications,

providing VA facilities access to a single security incident response service to which they can report security incidents and receive advice related to scope, effect, and suggested remedies,

establishing a national program in security training and education of computer professional staff,

beginning to revamp security policies into usable frameworks, and

developing and submitting to OMB the Government Information Security Reform Act (GISRA) report and corrective action plans.

Applicable goals, measures, and strategies as discussed in agency's FY 2003 performance plan:

For 2003, VA's information security measure and target is to have 100 percent of GISRA reviews and reporting completed. Further, VA reported that its efforts to revamp security policies into a usable framework is still ongoing.

However, this measure may not specifically gauge the effectiveness of information security and the agency's progress in implementing corrective actions. The National Institute of Standards and Technology (NIST) developed a security assessment framework and related tools that agencies can use in determining the status of their information security programs. Also, the Office of Management and Budget (OMB) guidance for 2002 reporting under GISRA requires agencies to use tools developed by NIST for evaluating the security of unclassified systems or groups of systems. In addition, OMB's GISRA reporting guidance requires specific performance measures, as well as corrective action plans with quarterly status updates.

3. Ensure timely and equitable access to quality VA health care – a GAO-designated major management challenge

VA cannot ensure that veterans receive timely care at VA medical facilities. Nor can it ensure that it has maintained the capacity to provide veterans who have spinal cord injuries, serious mental illnesses, or other special needs the care that they require, as mandated by the Congress. VA must also assess its capacity to provide long-term care for its aging veteran population and respond to emerging health care needs, such as treating veterans for hepatitis C.

Current Status and Future Plans: *Progress in resolving major management challenges as discussed in agency's FY 2001 performance report:*

In 2001, VA reported that it established baselines for two of its waiting time performance goals: scheduling patients for non-urgent primary care and specialty care visits within 30 days. VA's third waiting time goal—to have 73 percent of patients seen within 20 minutes of their scheduled appointment—was not met overall, but half of VA's 22 networks exceeded the goal. (Early in 2002, VA combined two networks and now has 21.)

VA reported that it exceeded its goal to maintain at 95 percent the proportion of discharges from spinal cord injury centers to noninstitutional settings. VA also reported that it met its goal to have 63 percent of homeless veterans with mental illness receive follow-up mental health outpatient care or admission to a work, transitional, or rehabilitation program. VA did not establish a target for its one hepatitis C measure, but it said that it did not achieve its hepatitis C goal. Regarding long-term care, VA is conducting a 3-year pilot study of assisted living and plans to report the outcomes to the Congress in 2004.

Applicable goals, measures, and strategies as discussed in agency's FY 2003 performance plan:

VA set the performance goal to increase the percent of primary care and specialty care appointments scheduled within 30 days of desired date to 89 percent and 87 percent (from 87 and 84 percent), respectively. For its third waiting time goal, VA established a 2003 target of 72 percent. Efforts described focus on improving the quality of the data used to measure performance.

VA's 2003 performance target related to care for veterans with spinal cord injuries remains at 95 percent. Its performance target for caring for homeless veterans with mental illness also remains at the 2001 target of 63 percent; however, its strategic target for this goal is 68 percent. VA established three new measures for caring for veterans with hepatitis C as well as targets for two of these measures: the 2003 performance target for percentage of all patients screened and percentage of all patients tested for hepatitis C is 61 percent and 65 percent, respectively, with strategic targets set at 80 percent and 82 percent. The 2003 performance target and strategic target for the third measure—percentage of patients with hepatitis C who have annual assessment of liver function—are to be determined. While VA acknowledges GAO's concern regarding long-term care, its strategy for ensuring adequate capacity is not addressed in its 2003 performance plan.

4. Maximize VA's ability to provide health care within available resources – a GAO-designated major management challenge

VA must continue to aggressively pursue opportunities to use its health care resources. VA could achieve more efficiencies by further modifying its

infrastructure to support its increased reliance on outpatient health care services, expanding its use of alternative methods for acquiring support services, and pursuing additional opportunities with the Department of Defense (DoD) to determine cost-effective ways to serve both veterans and military personnel. In addition, VA must ensure that it collects the money it is due from third-party payers.

Current Status and Future Plans: *Progress in resolving major management challenges as discussed in agency's FY 2001 performance report:*

VA's report addresses two of these concerns—capital asset management and procurement reform—under its "enabling goal," which aims to create an environment that fosters the delivery of "world-class" VA services. The enabling goal has no key performance measures. VA reported that its Capital Asset Realignment for Enhanced Services (CARES) program is ongoing. VA reported that its Procurement Reform Task Force, formed in July 2001, established five major goals: leverage purchasing power, standardize commodities, obtain comprehensive VA procurement information, improve VA procurement organizational effectiveness, and ensure sufficient and talented acquisition workforce.

VA also reported that in May 2001, the President's Task Force to Improve Health Care Delivery for Our Nation's Veterans was established. The task force's mission is to identify ways to improve benefits and services for DoD military retirees who are also VA beneficiaries, review barriers and challenges that impede VA and DoD coordination, and identify opportunities for improved resource utilization through partnerships.

In addition, VA reported that its Revenue Enhancement Work Group and Steering Committee identified 24 major recommendations that require action in order to bring VA's revenue operation to the next level of success in improving third-party collections.

Applicable goals, measures, and strategies as discussed in agency's FY 2003 performance plan:

In its 2003 plan, VA established a performance goal of attaining a 30 percent cumulative reduction in excess capacity as a result of the implementation of CARES. The national CARES plan will identify total excess capacity. VA reports that this first phase of CARES, implementing the program in the Network 12, will take 5 years or more.

VA established the performance goal of increasing the number and dollar volume of sharing agreements with DoD by 10 percent over the previous year. This sharing includes joint procurement activities as well as sharing resources. The 2003 plan reiterates the creation of the President's task force but does not provide an update on the task force's progress.

While VA's 2003 plan notes that it has undertaken several initiatives to address third-party collections weaknesses, it does not have a performance measure for third-party collections. Moreover, it does not report on the status of the Revenue Enhancement Work Group and Steering Committee's 24 recommendations.

5. Process veterans' disability claims promptly and accurately – a GAO-designated major management challenge

VA has had longstanding difficulties in ensuring timely and accurate decisions on veterans' claims for disability compensation. Veterans have also raised concerns that claims decisions are inconsistent across VA's regional offices. VA needs better analyses of its processes in order to target error-prone types of cases and identify processing bottlenecks—as well as determine if its performance goals are realistic.

Current Status and Future Plans: *Progress in resolving major management challenges as discussed in agency's FY 2001 performance report:*

VA reported that it exceeded its 2001 timeliness goal of 202 days on average to complete rating-related actions on compensation and pension claims. The actual performance was 181 days; however, this performance was less than the previous year's—a trend VA characterized as "unacceptable." VA also reported exceeding its goal of a national accuracy rate of 72 percent. The 2001 rate of 78 percent was significantly better than the 2000 rate of 59 percent. A key factor in not achieving the timeliness goal was due to the focus on completing older claims first. The percent of rating-related claims over 180 days old in inventory dropped significantly in 2002. This is a leading indicator of timeliness. The average days to process rating-related claims decreased each month from April 2002 through September 2002.

Applicable goals, measures, and strategies as discussed in agency's FY 2003 performance plan:

VA set its 2003 timeliness target at 165 days, and its strategic target at 74 days. (The Secretary set a goal of an average of 100 days processing time for the last quarter of 2003.) However, for 2002, VA projected that it would take an average of 208 days to process rating-related actions. This represents a 27-day increase in average processing time from 2001. Conversely, the accuracy rate for VA's claims processing was expected to continue to improve. For 2002, VA projected that the rate would be 85 percent. VA's 2003 target is 88 percent, and its strategic target is 96 percent.

VA has numerous initiatives planned for 2003 aimed at improving claims processing. These initiatives focus on automation, training, performance assessment, and program evaluation.

6. Develop Sound Agency-Wide Management Strategies to Build a High-Performing Organization – a GAO-designated major management challenge

VA must revise its budgetary structure—to link funding to performance goals, rather than program operations—and develop long-term, agency-wide strategies for ensuring an appropriate IT infrastructure and sound financial management.

Current Status and Future Plans: *Progress in resolving major management challenges as discussed in agency's FY 2001 performance report:*

VA reported that it and OMB jointly developed a proposal to restructure and simplify VA's budget accounts and to base its budgeting on performance. VA plans to implement the proposal with the 2004 budget.

In 2001, VA also reported that it made numerous advances regarding its enterprise architecture, including creating the Office of the Chief Architect, developing and issuing the *One VA* enterprise architecture strategy and implementation plan, and organizing and developing the Information Technology Board.

In addition, VA reported that it received an unqualified opinion on the consolidated financial statements for 2002, continuing the success first achieved in 1999. VA also made progress in correcting material weaknesses in numerous areas, closing three previously identified by the auditor and one reported under FMFIA.

Applicable goals, measures, and strategies as discussed in agency's FY 2003 performance plan:

Discussions of the details of the new structure for the budget accounts are ongoing with OMB and congressional appropriations committees. The 2003 plan states that VA intends to implement the new account structure with the 2004 budget. However, VA continues to work with OMB and has yet to delineate specific measures for this goal.

VA's 2003 plan identifies milestones for its IT approach and implementation—part of VA's enabling goal. VA also set one IT measure and target: 100 percent of Chief Information Officer-designated major IT systems conform to the *One VA* enterprise architecture.

VA's plan acknowledges the significant material weaknesses identified by its OIG and by GAO, such as noncompliance with FFMIA requirements, but does not have goals, measures, or strategies for addressing these weaknesses. Corrective actions needed to address noncompliance are expected to take several years to complete. In addition, the risk of materially misstating financial information remains high because of the need to perform extensive manual compilations and extraneous processes.

Assessment of Data Quality

Due to continued efforts to improve data quality VA data are good and considered very usable in support of business planning and day-to-day decision-making activities. Each program office has initiated specific improvement actions. In addition, the Office of the Inspector General (OIG) has conducted audits to determine the accuracy of our data. The following discussion describes, in detail, the actions each VA administration has taken to improve its data quality.

Veterans Health Administration

VHA uses multiple approaches for establishing and maintaining data integrity in its strategic planning process. Electronic databases, medical records review, customer feedback surveys, and self-reporting are some of the instruments employed to ensure that performance data are reliable and valid. VHA intends to customize and expand the application of these tools, leading to further improvements in the performance measures.

With respect to the above instruments, VHA has made significant strides in testing and validating the data associated with each tool. The validity of the electronic database has been assessed in a number of studies by researchers, with adequate validity being found for most data elements. VHA has taken corrective action, where necessary, to assure the validity of all data elements is adequate. Medical record reviews are performed with computerized algorithms to enhance their reliability. In addition, the abstractors receive intensive training in the application of the criteria prior to abstraction and have a "Help Desk" available to them during abstraction to answer questions about difficult charts. Inter-rater reliability is routinely assessed utilizing exhaustive and sophisticated statistical analysis processes. External auditing agencies have also reviewed the chart abstraction process and found it to be reliable and accurate. Extensive psychometric testing of the customer feedback instruments has been performed to establish their reliability and validity. In addition, validity has been enhanced by risk adjusting facility data for age, gender, and health status, and by using painstaking survey procedures to obtain high response rates. The validity of the self-report measures has been considerably enhanced through on-site visits for randomly selected facilities.

To support continued focus on performance improvement a Web-based feedback process is being developed in two areas:

- An Executive Briefing Book is being established for leadership within VHA. This Web-based process will provide a "dashboard" look at all performance measures for a fiscal year while also allowing for measure specific analyses at the Netwrok and facility level. The Web will also identify those facilities and Networks that are national

leaders in each area. Leadership will have facility, Network and national results at their fingertips to assist in making appropriate managerial decisions.

- In the area of patient satisfaction, another real-time tool to assist leadership will be a Web-based reporting process that will allow facilities to see ongoing results of the patient satisfaction surveys as the questionnaires are returned. A quarterly or semi-annual report that provides trend analyses will also be provided but this Web-based tool will allow facilities to have a preliminary ability to assess actions taken to improve patient satisfaction.

Data reliability, accuracy, and consistency have been a targeted focus of the Veterans Health Administration (VHA) for the past several years. The principles of data quality are integral to VHA's efforts to provide excellence in health care. VHA's Data Consortium addresses organizational issues and basic data quality assumptions, working collaboratively to improve information reliability and customer access for the purposes of quality measurement, planning, policy analyses, and financial management. The ongoing initiatives and strategies address data quality infrastructure, training and education, personnel, policy guidance, and data systems. The results of this group's work as well as others has resulted in publication of Handbook's with specific guidance, increased training opportunities, and improved electronic-based references that support accuracy, Eg., electronic access to coding assistance.

Another example of real-time resources to increase data quality is the Meta Data Registry (MDR).

The MDR contains data from 49 VHA databases and includes definitions, business rules, names of database stewards, and descriptive information about the data elements contained in VistA databases.

Veterans Benefits Administration

In support of the Department's strategic goals, the Veterans Benefits Administration (VBA) identified several key work endeavors in fulfillment of those objectives. These endeavors typically rely on data or other information generated from the many information technology systems supporting VBA benefits delivery programs for veterans and their families. These data and information serve as a point of reference by the VBA managers when executing decisions affecting the VBA business lines. Reliance that the data and information is sound and accurate is of critical importance if VBA is to expect its managers to make competent decisions. To this end, VBA has created a new organization, the Office of Program Analysis and Integrity, whose purpose are four-fold:

- Ensure data integrity and reliability of reportable statistics across all levels of the administration
- Perform data analyses identifying key trends and issues for all levels of the organization
- Manage comprehensive data collection & reporting systems to support corporate decision making (performance measurement, resource needs, forecasting)
- Ensure new or emerging systems have information and reporting systems that provide consistent, accurate, and reliable information for decision makers

This organizational structure is consistent with the Compensation and Pensions' Task Force recommendation on the restructuring of VBA management. The new organization builds onto the many successes already accomplished by the former Data Management Office. These existing substantive report capabilities will be enhanced through the addition of program analytical and program integrity functionalities. The combined efforts of this group will serve to provide VBA's internal and external users now and in the future with improved data quality and integrity practices. With such improved practices, VBA is confident that the decisions made through use of these data, will go far in further improving the delivery of benefits and services to veterans and their families.

The various report modules developed in the Data Warehouse or Operational Data Store environments lend substantive support towards implementing a successful data integrity strategy. A report module will often require extensive requirements sessions between the developers and the business line personnel. As the module is developed, various data fields are uncovered which appear to be incongruous with expected results. These select data will go through a cleansing process before the information is migrated into the module. Once cleansed, greater confidence can be placed in the quality of the information used in support to the VBA corporate decision-making process. Two examples of how this information then is used in the decision-making process are found in the balanced scorecard and the Operations Center.

The balance scorecard provides VBA employees, managers, and executives with a better understanding of organizational strengths and areas for improvement in a timely and consistent manner. The balance scorecard promotes information sharing and cooperation within VBA, which directly improves the delivery of benefits to veterans. Results from the balance scorecard are shared with external stakeholders such as Congress and veterans service organizations during quarterly briefings.

As a result of the Compensation and Pensions Task Force findings, additional complex performance measures and goals were established with the purpose of developing greater accountability across the VBA business lines. These additional measurements will complement the balance scorecard and provide a 'line-of-sight' accountability for both the Central Office and Field operations.

Another on-going project to facilitate data-driven decision-making is VBA's Operations Center, an Intranet portal supported by user-friendly analytical tools, where the balanced scorecard and other core business information are made available for review and analysis. The Operations Center provides all levels of employees and managers with the same data used in decision-making and performance reporting. This wide dissemination of data ensures that constant review and analysis take place, facilitating improved data validation, and ultimately, improved service to veterans. VBA's data warehouse and operational data store support the Operations / Center. Both these technology environments, and their accessibility to end-users via the Intranet, dramatically improve the reliability, timeliness, and accuracy of core business information. Data collection and dissemination that once took weeks are now completed inexpensively and efficiently and are available on-line for review and analysis. Because the data are so accessible, anomalies or inconsistencies are readily noted and corrective action can be taken.

While limited data cleansing supports credibility to the data presented in reports and other decision-making modules, a more systemic effort is being undertaken. This endeavor will provide a systematic and effective approach for looking at the internal controls of the information systems used by VBA as well as develop a quantifiable methodology for presenting the data's integrity. Suspect data will be corrected or excluded from future reports or decision-making models.

Additionally, VBA will focus attention on the many of the performance measurement criteria it uses. The Claims Processing Task Force in its recommendations to VBA cited the importance of providing meaningful information to both internal and external stakeholders. VBA, however, is not limiting the implementation of these corrections to the Compensation and Pensions business lines; performance improvement efforts will be an across-the-board effort.

National Cemetery Administration

National Cemetery Administration (NCA) workload and timeliness of marking graves data are collected monthly through field station input to the Management and Decision Support System, the Burial Operations Support

System (BOSS), and the Automated Monument Application System-Redesign (AMAS-R). After reviewing the data for general conformance with previous reporting periods, headquarters staff validates any irregularities through contact with the reporting station.

NCA determines the percent of veterans served by existing national and state veterans cemeteries within a reasonable distance of their residence by analyzing census data on the veteran population. Since 2000, actual performance and the target levels of performance have been based on the VetPop2000 model developed by the Office of the Actuary. VetPop2000 is the authoritative VA estimate and projection of the number and characteristics of veterans. The VetPop2000 methodology resulted in significant changes in the nationwide estimate and projection of the demographic characteristics of the veteran population. These changes affected the individual county veteran populations from which NCA determines the percentage of veterans served.

Since 2001, NCA has used a nationwide mail survey to measure the quality of service provided by national cemeteries as well as their appearance. The survey provides statistically valid performance information at the national and Memorial Service Network (MSN) levels and at the cemetery level for cemeteries with at least 400 interments per year. The annual survey collects data from family members and funeral directors who have recently received services from a national cemetery. To ensure sensitivity to the grieving process, NCA allows a minimum of three months after an interment before including a respondent in the sample population. VA headquarters staff oversees the data collection process and provides an annual report at the national level.

When headstones or markers are lost, damaged, or incorrectly inscribed, it is important to determine both the cause and the party responsible for the expense of a replacement. NCA developed new codes for ordering replacement headstones or markers; use of these new codes produces reliable and accurate data on replacement actions and provides management with an effective tool for improving the overall business process.

Office of Inspector General (OIG) Performance Audits

The OIG continued its assessment of the accuracy and reliability of VA's key performance measures in accordance with the Government Performance and Results Act (GPRA). Audits of the Chronic Disease Care Index (CDCI), the Prevention Index (PI), and the Vocational Rehabilitation and Employment Rehabilitation Rate were performed during FY 2002. We are proceeding with the audit assessing the chronic disease care index and prevention index measures. We anticipate issuing this audit report in FY 2003.

VA has made progress implementing GPRA, but additional improvement is needed to ensure that stakeholders have useful and accurate performance data. Performance data is receiving greater scrutiny within the Department, and

procedures are being developed to enhance data validation. Preliminary audit results indicate the Vocational Rehabilitation and Employment Service is erroneously reporting the rehabilitation rate because personnel in VA regional offices inappropriately classified about 16 percent of the veterans in the audit sample as rehabilitated. We anticipate issuing this audit report in FY 2003.

Overall, we continue to find significant problems with data integrity, and Department-wide weaknesses in information systems security limit our confidence in the quality of data output.

Crosscutting Activities

To assist us in achieving our goals and objectives, VA has formed numerous partnerships and alliances with other Federal agencies, state and local governments, and private sector organizations. These crosscutting activities have the potential for providing improved delivery of service to our veterans through administrative simplification, reduction of barriers, better allocation of limited resources, and achievement of cost savings. They provide a clear focus on measurable outcomes. In addition, VA anticipates working with other agencies and Departments in crosscutting activities such as data sharing with Centers for Medicare and Medicaid Services (CMS) and DoD.

Department	*VA Business Line and Activity*
Commerce	***Insurance*** • In conjunction with the Dept. of Commerce, VA coordinates and monitors SGLI/VGLI activities for NOAA. VA receives and monitors SGLI premium payments and monitors death claims against SGLI.
Defense	***Medical Care*** • In conjunction with DoD, VA develops and implements clinical practice guidelines with a long-range view toward assuring continuity of care and a seamless transition for a patient moving from one system to the other. • VA's Office of Environmental Hazards works with DoD to address war-related medical issues. The two agencies participate jointly in the following standing committees: Gulf War Program; Veterans Health Coordinating Board on Gulf War Illnesses; and the Canadian and UK Gulf War Veterans Advisory Committee. • VA's AIDS Service works with The Office of the Secretary of Defense (OSD)/Force Management and Readiness Committee to understand and interpret disability ratings for active military personnel with HIV. • With DoD and GSA, VA distributes excess property (sleeping bags, blankets, and clothing) for homeless veterans. The Compensated Work Therapy (CWT) Program at the VA New Jersey Health Care System employs formerly homeless veterans to unload, inventory, and ship these goods across the country. • Four traumatic brain injury (TBI) lead centers have been jointly established and cooperatively funded by VA and DoD to receive and screen all TBI patients and maintain a national registry of TBI patients. • VA, by Public Law 97-174, has the added mission to serve as principal health care backup to DoD in the event of war or national emergency. VA, at the request of DoD, may authorize DoD to use its medical facilities (hospital and nursing home care), medical services, office space, supplies, and administrative support. • VA partners with DoD's Pacific e-Health Center in Honolulu, HI, to provide peer consultation and patient care to participants separated by distance.

Department	*VA Business Line and Activity*
Defense (cont'd)	peer consultation and patient care to participants separated by distance. • VA and DoD participate in the Alaska Federal Health Care Partnership, with a goal of providing specialized care to isolated or remote patient populations in Alaska. • VHA's Office of Public Health and Environmental Hazards works with DoD in the development and subsequent changes to smoking cessation guidelines. This is being done to standardize smoking cessation practices for active military personnel as well as for veterans. ***Medical Research*** • The Cooperative Studies Program collaborates with DoD on a number of studies, including an antibiotic treatment trial and an exercise/behavioral medicine treatment trial for Gulf War Syndrome. • DoD participates in a nationwide study assessing the rate of amyotrophic lateral sclerosis (ALS), or Lou Gehrig's disease, among veterans who were on active duty during the Gulf War. ***Compensation and Pension*** • VA is working with DoD officials to support claims development and the physical examination process prior to separation. VA encourages national, state, and county VSOs to be an integral part of the execution in this effort. • VA is working with DoD and National Personnel Records Center (NPRC) to develop the electronic control and exchange of military records, medical service records, and service verification. • VA is working to expand its relationship with the Defense Manpower Data Center (DMDC) to interface and use more of their data. This will provide the opportunity for potentially reducing overpayments caused by dual benefit payments using on-line matches against DMDC databases. ***Education*** • VA works with DoD to provide educational assistance to veterans and servicemembers. These benefits are an important DoD recruiting tool. ***Insurance*** • VA coordinates and monitors SGLI/VGLI activities for the Army, Air Force, Marines and Navy. VA receives and monitors SGLI premium payments, monitors death claims against SGLI and monitors the maximum coverage limit. VA receives data on recently separated reservists and recently discharged seriously disabled retirees for VGLI outreach efforts. • VA monitors NSLI/SDVI activities by establishing and monitoring allotments from retired pay and assuring that addresses are correct. ***Burial*** • VA works closely with components of DoD and veterans service organizations to provide military funeral honors at national cemeteries. • VA provides headstones and markers for national cemeteries administered by the Department of the Army. • Arlington National Cemetery, which is administered by the Department of the Army, orders headstones and markers directly through VA's AMAS-R monument ordering system. VA also contracts for all niche inscriptions at

Department	*VA Business Line and Activity*
	Arlington National Cemetery.
Interior	***Burial*** VA provides headstones and markers for Andrew Johnson National Cemetery and Andersonville National Cemetery, which are administered by the Department of the Interior. In addition, these cemeteries order headstones and markers directly through VA's AMAS-R monument ordering system.
Agriculture	***Medical Care*** VA works with Agriculture's National Rural Development Council to identify how VA's Telemedicine capability may be utilized to provide specialized patient care to rural populations. VA participates in joint design and construction projects.
FEMA	***Medical Care*** • The Federal Response Plan outlines how agencies will implement the Robert T. Stafford Disaster Relief Act that stipulates the Federal Government will provide assistance to state and local governments during times of disasters or terrorist attacks. VA is responsible for providing support under four of twelve functional areas of the Plan. VA is most often called upon to provide medical assistance.
HHS	***Medical Care*** • VA works with HHS to develop non-VA benchmarks for bed days of care, which are obtained from a CMS database. VA obtains data on ambulatory procedures from the National Center for Health Statistics. • VA participates with the National Cancer Institute, DoD, and the American Diabetes Association on the Joslin Diabetes Telemedicine Project. • Improving mammography and cervical cancer screening rates includes collaboration with the National Center for Health Promotion and liaisons with other private and public health care agencies involved in women's health. • VA's AIDS Service is working closely with HHS' Health Resources and Services Administration (HRSA) to develop collaboration in the Ryan White CARE Act related provision of services to veterans with HIV. • VA collaborates with HHS' HRSA to create credentialing and privileging guidelines for clinicians providing patient care through use of telemedicine technology when participants are separated by distance. • An Interagency Agreement with the National Institutes of Health/National Library of Medicine provides for information kiosks to be placed in selected VA medical centers to enhance the capabilities of VA patients and their caregivers to have immediate access to current information about HIV disease. • VA participates in joint design and construction projects with HHS and specifically the U.S. Public Health Service and the Indian Health Service. ***Medical Education*** • VA works with the American Diabetes Association, the Centers for Disease Control and Prevention, and other organizations in the education of providers and persons with diabetes in the prevention of foot problems

Department	*VA Business Line and Activity*
HHS (cont'd)	through the "Feet Can Last a Lifetime" Project. • VA's National Center for Patient Safety is working with the Department of Health and Human Services' Patient Safety Task Force and is collaborating with the Centers for Disease Control and Prevention, the Food and Drug Administration, the Agency for Healthcare Research and Quality, and the Health Care Financing Administration to implement new initiatives in Patient Safety, based on VA and joint VA/NASA experience. ***Medical Research*** • VA disseminates results from the National Institute on Aging (NIA) Collaborative Studies of Dementia Special Care Units and from VA-sponsored research on dementia care. VA also explores areas of research collaboration on Alzheimer's and related dementia, including medical, rehabilitation, and health services research. • VA and NIDA are working together to evaluate new pharmacological treatments for substance abuse. This partnership conducts clinical trials of possible treatments for abuse of alcohol and other drugs. • VA has entered collaborations with the NCI and the Southwest Oncology Group to study whether selenium and Vitamin E, alone or in combination, prevent prostate cancer. • VA is now working with the National Institute of Allergy and Infectious Disease to determine if a vaccine can prevent shingles. Approximately 37,000 volunteers will help study whether the vaccine offers protection against the painful skin and nerve infection that is common among the elderly. • HSR&D met with CDC in July to discuss opportunities to collaborate on projects. "Translating Research into Action for Diabetes" (TRIAD) was identified as a project that will allow the benchmarking of VA diabetes care with the care of diabetics in the private sector. The proposal was submitted by VA's Diabetes QUERI where it was approved and will start immediately. • HSR&D and CMS continue to work together toward a merging of the VA patient database with CMS's database. • VA's Cooperative Studies Program is collaborating with CMS to evaluate the economic differences between different means of erythropoiten administration to dialysis patients. ***Insurance*** • VA coordinates and monitors SGLI/VGLI activities for the Public Health Service. VA receives and monitors SGLI premium payments and monitors death claims against SGLI. ***Emergency Preparedness*** • National Smallpox Vaccination Program (NSVP). HHS requested VA to provide teams across the country to conduct vaccinations of health care workers and others who would be among the first to encounter victims of smallpox, should there be an attack. An operational plan has been developed that would call for approximately 115 12-person teams. Discussions have also taken place to include a member of the Public

Department	*VA Business Line and Activity*
HHS (cont'd)	Health Service (PHS) on each team. VA teams would also be involved in training state and local personnel in vaccination procedures. HHS would cover VA's costs. Currently, an MOU between the two agencies is nearing the final draft stage before coordination. The degree of VA involvement in the NSVP is predicated on several factors: a new law that confers legal protection for non-federal health care workers who perform vaccinations may decrease state's request of VA vaccinators; some states may be opting out of using their public health infrastructure to conduct vaccinations, thereby placing greater reliance on VA to conduct vaccinations within the state; and a change in the number of persons to be vaccinated may signal a greater or lesser need for VA participation. • Federal Response Plan (FRP). HHS is the lead agent for Emergency Support Function (ESF) #8 of the FRP. At the request of HHS, VA has provided medical personnel, supplies, equipment, facilities, and assistance in management of casualties, provision of health-related services, and human remains identification and handling in declared disasters over the past 10 years. These requests have been made based upon mission taskings from FEMA to HHS, who has subsequently requested VA support in meeting the FEMA requirement. • National Disaster Medical System (NDMS). VA, along with DoD and FEMA are partners with HHS in the NDMS (current MOU dated 1997). VA manages 43 of the 69 Federal Coordinating Centers (FCCs) across the country that coordinate the voluntary participation of private sector hospitals in the system. (The remaining FCCs are managed by DoD.) • The National Pharmaceutical Stockpile program. Memorandum of Agreement (MOA) between HHS' Office of Emergency Response (OER), the Centers for Disease Control (CDC), and VA for "*…the purchase, storage, quality control, maintenance, and contingency deployment of supplies or antibiotics, vaccines and pother medical material.*" • NDMS/WMD Caches. MOA between OER and VA for "*…the contingent deployment of supplies of pharmaceutical and other medical products, in support of the National Medical Response Teams (NMRTs).*" There are five caches—one to support each of four NMRTs and one "special events" cache used for pre-positioning for special events such as the Olympics and other major events that pose a high potential for terrorist attack. The caches are designed to meet the 12-hour demand after an incident.
Homeland Security	***Emergency Preparedness*** • VA serves on Policy Coordinating Committees under the auspices of the Department of Homeland Security.
HUD	***Medical Care*** • VA and HUD jointly sponsor the HUD-VA Supported Housing (HUD-VASH) Program for homeless veterans in 35 locations across the country. VA clinicians provide ongoing case management and other needed assistance to homeless veterans who have received dedicated Section 8

Department	*VA Business Line and Activity*
	housing vouchers from HUD.
Interagency	***Medical Research*** • VA serves on the Interagency Council on the Homeless. The Secretary, Department of Veterans Affairs is the Co-Vice Chair. The Interagency Council on the Homeless serves as a forum for the exchange of information to ensure coordination of Federal efforts to assist the Nation's homeless population. ***Insurance*** • VA meets annually with the SGLI Advisory Council, which is made up of representatives of the Departments of Treasury, Defense, Commerce, HHS, Transportation and OMB to review the operations of the SGLI program. The group discusses potential legislative changes to the program such as the spousal and dependent coverage and the maximum coverage increase added this year. ***Compensation and Pension*** VA is a participating member of NRC's Federal Facilities Council, a cooperative organization of 19 Federal agencies with interests and responsibilities related to all aspects of facility design, acquisition, management, and evaluation. ***Emergency Preparedness*** • VA meets monthly with its Federal Partners (HHS, DoD, FEMA, American Red Cross) in the area of emergency management to discuss emerging issues and facilitate coordination.
Justice	***Medical Care*** • VA and DoJ's Bureau of Prisons (BoP) are creating a model to use VA's telemedicine capability to provide specialized health care to BoP's population. ***Burial*** • An interagency agreement with the Bureau of Prisons provides for the use of selected prisoners to perform work at national cemeteries. This agreement provides a supplemental source of labor to assist in maintaining the national cemeteries.
Labor	***Medical Care*** • DOL's Homeless Veterans Reintegration Project (HVRP) grant recipients coordinate their efforts to assist homeless veterans with employment and vocational training with VA's Health Care for Homeless Veterans (HCHV) Programs and Domiciliary Care for Homeless Veterans (DCHV) Programs. ***Education*** • With Commerce and Agriculture, DOL helps VA by conducting approval and oversight activities for job training programs. ***Vocational Rehabilitation and Employment*** • VA partners with DOL to conduct training on employment assistance and techniques including referrals of job-ready veterans to DOL's America's Job Bank Internet site.

Department	*VA Business Line and Activity*
NASA	***Medical Care*** • VA's National Center for Patient Safety is working with NASA to develop and implement an external, voluntary, identified adverse event and close call reporting system for VHA nationally.
National Academy of Sciences	***Medical Research*** • VA Research Service is collaborating with other agencies in the Institute of Medicine's Pathophysiology and Prevention of Adolescent and Adult Suicide initiative to develop strategies and research designs for the study of suicide and its prevention. VA is particularly interested in suicide among the elderly.
NRC	***Medical Education*** • VA is among the 17 Federal agencies participating in the Federal Radiological Emergency Response Plan (FRERP). The purpose of the FRERP is to establish and organize an integrated capability for a timely and coordinated response by Federal agencies to peacetime radiological response. Authorities for this Plan are P.L. 96-295 and E.O. 12241. ***Medical Research*** • VA's Office of Public Health and Environmental Hazards works with NRC and the Institute of Medicine on research concerning herbicides, Agent Orange exposure, and the health status of Vietnam era veterans. ***Medical Education*** • VA's Office of Public Health and Environmental Hazards supports the NRC's medical education on Gulf War veterans.
SSA	***Medical Care*** • Health Care for Homeless Veterans (HCHV) Programs staff and Domiciliary Care for Homeless Veterans (DCHV) Programs staff coordinate outreach and benefits certification at three sites to increase the number of eligible homeless veterans who receive SSI and SSDI benefits and to otherwise assist in their rehabilitation. ***Compensation and Pension*** • VA is a participating member of NRC's Federal Facilities Council, a cooperative organization of 19 Federal agencies with interests and responsibilities related to all aspects of facility design, acquisition, management, and evaluation. ***Insurance*** In conjunction with Social Security, VA obtains assurances of correct addresses of NSLI and SDVI policyholders and beneficiaries, obtains dates of death from Social Security's Death Master File and verifies social security numbers.
DOT	***Insurance*** • VA coordinates and monitors SGLI/VGLI activities for the Coast Guard. VA receives and monitors SGLI premium payments and monitors death claims against SGLI.

Department	*VA Business Line and Activity*
International	***Medical Research*** • The Cooperative Studies Program works with the Medical Research Councils of the United Kingdom and the Canadian Institutes for Health Research in planning a study designed to determine the optimal anti-retroviral therapy for AIDS and HIV infection.
State/Local	***Medical Care*** • VA's Homeless Grant and Per Diem Program provide grants to community-based organizations, state or local governments, or Native American tribes to assist with the construction or renovation of new transitional beds and other supportive services programs. Grant recipients may receive per diem payments to help offset operational expenses for their programs for homeless veterans. • VA maintains community-based Vet Centers through continued outreach contacts with all aspects of the veterans' community and local service providers. • VA's State Home Program provides a grant to states to assist with the construction or renovation of nursing home, domiciliary or adult day health care facilities. Following completion of construction, VA recognizes these facilities as State Veterans Homes and provides four different per diem grants related to the provision of nursing home, domiciliary, adult day health care or hospital care to eligible veterans. • VA's National Center for Patient Safety is providing training and advice in human factors, adverse event and close call reporting and analysis systems to staff from Baylor University, Dartmouth University, Thomas Jefferson University, the University of Michigan, the University of Pennsylvania and the University of Texas. • VA's NCPS is providing advice on how to develop and use error reporting systems for Michigan health care systems as guided by Michigan Peer Review and Michigan's "Leap Frog" group. • Under VA's Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) for Homeless Veterans, VA medical centers work with representatives from other Federal agencies, state and local governments and community-based service providers to identify the unmet needs of homeless veterans and develop action plans to meet these needs. ***Burial*** • VA partners with the states to provide veterans and their eligible family members with burial options in a national or state veterans cemetery. VA administers the State Cemetery Grants Program, which provides grants to states for establishing, expanding, or improving state veterans cemeteries, including the acquisition of initial operating equipment. • VA encourages state veterans cemeteries to place their orders for headstones and markers directly into NCA's AMAS-R monument ordering system. • VA extends its second inscription program to state veterans cemeteries. In order to participate, state cemeteries must use upright headstones and have

Department	*VA Business Line and Activity*
	the capability to submit requests electronically.
White House	***Medical Care*** • VA has close liaison with the Office of National Drug Control Policy, whose national drug strategy significantly informs VA's addictive disorders treatment goals. ***Burial*** • VA administers the White House program for issuing Presidential Memorial Certificates to the deceased veteran's next of kin and other loved ones, conveying the Nation's gratitude for the veteran's service.
Veterans Service Orgs.	***Medical Research*** • Eastern Paralyzed Veterans Association: EPVA provides support for meritorious career development candidates and has just begun a new initiative to fund small projects proposed by spinal cord clinicians. • VA has established an MOU with the American Legion to share workload data to facilitate American Legion reviews of VA medical centers. Similar sharing with other service organizations is under study. • VA has a liaison agreement with the Paralyzed Veterans of America to partner in developing the functional design of spinal cord injury (SCI) facilities to ensure SCI service centers best meet customer needs.
Private	***Medical Care*** • VA will continue to work with the Paralyzed Veterans of America and other concerned veterans service organizations to ensure VHA continues to improve its excellent spinal cord-injured care. • VA works closely with the Joint Commission for the Accreditation of Healthcare Organizations (JCAHO) in regard to general accreditation issues as well as specific patient safety programs. • VA works with the National Academy of Sciences' Institute of Medicine to provide strategic direction for the clinical, research, education, and outreach programs for veterans who have health problems, possibly as a result of exposure to Agent Orange and other herbicides used in Vietnam. • VA works together with nonprofit organizations, including VSOs, to enhance assistance to homeless veterans. VA collaborates with U.S. Vets, Inc., and the Corporation for National Service to expand AmeriCorps member services to homeless veterans. • VA's Chaplain Service partners with religious organizations to help re-establish community support systems for homeless veterans. • VA medical centers and VA regional offices collaborate with community service providers, including VSOs, to hold Stand Downs for homeless veterans. At Stand Downs, homeless veterans receive clothing, haircuts, food, health screening, benefits assistance, information about housing and employment opportunities and access to longer-term treatment programs. • Under sharing agreements and enhanced use lease agreements, VA medical centers are making underutilized properties available to nonprofit organizations to develop supported housing programs for homeless veterans.

Department	*VA Business Line and Activity*
Private (cont'd)	***Medical Research*** • VA's Medical Research Service and the Juvenile Diabetes Foundation (JDF) have established a partnership against diabetes. Special centers in Iowa City, Nashville, and San Diego are devoted to research in diabetes, one of the leading causes of illness and death among veterans. • VA and the National Parkinson Foundation have joined forces to seek a cure and improve treatments for Parkinson's disease, a major health problem among veterans and the general population. The Alliance to Cure Parkinson's Disease has initiated a variety of activities designed to enhance both organizations' work. • VA is in the process of developing an affiliation with the George Washington (GW) University School of Public Health that will enable VA to jointly recruit new staff to the HSR&D central office in Washington. Initially VA and GWU will jointly recruit a director of the Management Consultation Program. The affiliation will allow faculty appointments, teaching opportunities, opportunities to participate in research and possibly funding supplements. Training opportunities would also be made available for graduate students. • VHA has issued a contract for external accreditation of human subjects programs to the NCQA, an independent, not-for-profit accrediting organization that is nationally renown for it objective evaluations of health care organizations. • VA's National Center for Patient Safety is providing training and advice in adverse event reporting systems to staff from the American Hospital Association, Joint Commission on the Accreditation of Healthcare Organizations, and Kaiser Permanente. ***Housing*** • VA executes the housing program through the private home building and mortgage lending industries. Most home loans are based on the automatic approval process that does not require VA underwriting approval before loan closure. • VA uses private sector management and sales brokers to manage and sell homes that VA acquires after foreclosure. ***Insurance*** • VA partners with the Prudential Insurance Company in administering and managing the SGLI/VGLI programs. VA meets with Prudential quarterly to discuss the performance of the SGLI/VGLI programs. VA works with Prudential in formulating new initiatives to help improve the programs. ***Burial*** • VA continues its partnerships with various civic associations that provide volunteers and other participants to assist in maintaining the national cemeteries. • VA works with funeral homes and veterans service organizations to increase awareness of burial benefits and services.

Department	*VA Business Line and Activity*
American Battle Monuments Commission	***Burial*** • VA provides headstones and markers for national cemeteries administered by the American Battle Monuments Commission.

Communication

VA is committed to open, accurate, and timely communication with veterans, employees, and external stakeholders. We listen to their concerns to bring about improvements in the benefits and services we provide. The 2004 Performance Plan represents the roadmap that will guide the day-to-day operations and activities of VA staff throughout the country as we pursue the Secretary's priorities to improve claims processing, increase access to high quality health care, expand access to burial options, and maintain the national cemeteries as shrines. This plan identifies strategic goals, objectives, and performance goals specifically focusing on VA's key policy issues. For this to be an effective management tool, however, veterans, VA employees, and stakeholders must know about it and understand it.

To ensure we make our plan available to the widest possible audience, we use a combination of techniques to communicate it. Specifically, staff will be informed through our electronic mail system; in VA's publication, VAnguard; and in the Office of Management Bulletin. A press release will be issued to the general public informing them of the Performance Plan's availability. Anyone will be able to access the Performance Plan through VA's Internet Web site.

Tax Expenditure and Regulation

The Department of Veterans Affairs does not rely on tax expenditures or regulations to achieve program or policy goals.

Preparation of Departmental Performance Plan

This plan was prepared entirely by employees of the Department of Veterans Affairs. VA's Office of Management – in partnership with Veterans Health Administration, the Veterans Benefits Administration, the National Cemetery Administration, and selected staff offices – developed this plan. No contractor support was involved in the preparation of the plan.

Performance Measures by Departmental Goals and Objectives

The following two tables present the full set of performance measures by which VA evaluates its success. The first table identifies performance measures and associated target levels of performance according to the strategic goal and objective they support. The second table shows the same set of measures and targets grouped by program. The performance targets presented in these tables represent the basis upon which our Performance Report will be prepared.

VA uses the balanced measures concept to monitor program and organizational performance. Rather than focusing attention solely on one or two types of performance measures, we examine and regularly monitor several different types of measures to provide a more comprehensive and balanced view

of how well we are performing. While each of our major program elements uses the balanced scorecard approach, the specific measures comprising the scorecard vary somewhat from organization to organization, and thus, from program to program. The components of the scorecard for each organization have been tailored to fit the strategic goals of the programs for which each organization is responsible.

The following tables demonstrate the balanced view of performance the Department uses to establish performance targets and to assess how well we are doing in meeting our strategic goals, objectives, and performance targets.

Performance Measures	1999	2000	2001	2002	2003	2004	Strategic Target

Strategic Goal: Restore the capability of veterans with disabilities to the greatest extent possible and improve the quality of their lives and that of their families.

Objective: Maximize the physical, mental, and social functioning of veterans with disabilities and be recognized as a leader in the provision of specialized health care services.

Chronic Disease Care Index II (Special Populations)	N/A	N/A	78%	78%	Under Development	Under Development	82%
Prevention Index II (Special Populations)	N/A	N/A	79%	79%	Under Development	Under Development	85%
Percent of veterans who were discharged from a Domiciliary Care for Homeless Veterans (DCHV) Program, or Community-based Contract Residential Care (HCHV) Program to an independent or a secured institutional living arrangement	N/A	N/A	N/A	65%	65%	67%	75%
Proportion of discharges from SCI Center bed sections to non-institutional settings	93%	97%	98%	97%	95%	95%	95%

Objective: Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.

National accuracy rate (core rating work)	N/A	N/A	78%	80%	88%	90%	96%
Percent of Claimants who are Benefits Delivery at Discharge (BDD) participants	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Average number of days to obtain service medical records	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Overall satisfaction	57%	56%	56%	56%	67%	70%	90%
Rating-related actions - Average days to process	166	173	181	223	165	100	90
Rating-related actions - Average days pending	144	138	182	174	100	80	78
Non-rating actions - Average days to process	44	50	55	60	43	40	17

Performance Measures	1999	2000	2001	2002	2003	2004	Strategic Target
Non-rating actions - Average days pending	94	84	117	96	66	62	44
National accuracy rate (authorization work)	63%	51%	62%	79%	82%	85%	96%
National accuracy rate (fiduciary work)	48%	60%	68%	82%	85%	88%	96%
Telephone activities - Abandoned call rate	9%	6%	6%	9%	4%	3%	3%
Telephone activities - Blocked call rate	27%	3%	3%	7%	4%	3%	2%
Deficiency free decision rate	84%	86%	87%	88%	92%	93%	95%
Appeals resolution time (Days) (Joint measure C&P and BVA)	745	682	595	731	590	520	365
BVA Cycle Time	140	172	182	86	250	300	270
Appeals decided per FTE	78.2	72.7	69.3	38.4	55	55	55
Cost per case (BVA)	$1,062	$1,219	$1,401	$2,702	$2,081	$2,048	$2,368

Objective: Provide all service-disabled veterans with the opportunity to become employable and obtain and maintain suitable employment, while providing special support to veterans with serious employment handicaps.

Speed of entitlement decisions in average days	88	75	62	65	60	60	60
Accuracy of decisions (Services)	86%	86%	79%	81%	90%	90%	96%
Accuracy of program outcome	N/A	N/A	N/A	81%	90%	92%	95%
Rehabilitation rate	53%	65%	65%	62%	65%	67%	70%
Customer satisfaction (Survey)	N/A	76%	74%	76%	81%	82%	92%
Common Measures							
Percent of participants employed first quarter after program exit	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Percent of participants still employed three quarters after program exit	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Percent change in earnings from pre-application to post-program employment	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Average cost of placing participant in employment	N/A	N/A	N/A	N/A	TBD	TBD	TBD

Objective: Improve the standard of living and income status of eligible survivors of service-disabled veterans through compensation, education, and insurance benefits.

Measures associated with this objective are currently under development by the Department.

Performance Measures	1999	2000	2001	2002	2003	2004	Strategic Target

Strategic Goal: Ensure a smooth transition for veterans from active military service to civilian life.

Objective: Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits and services.

Percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons	N/A	N/A	N/A	0%	50%	90%	100%
Percent of veterans using Vet Centers who report being satisfied with services, and responding "yes," they would recommend the Vet Center to other veterans	100%	100%	99%	100%	95%	95%	95%

Objective: Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and service-members' ability to achieve educational and career goals.

Montgomery GI Bill usage rate	56%	57%	58%	59%	59%	60%	70%
Compliance survey completion rate	98%	94%	92%	93%	90%	90%	90%
Customer satisfaction-high ratings (Education)	78%	78%	82%	86%	86%	87%	95%
Telephone Activities - Blocked call rate (Education)	16%	39%	45%	26%	20%	15%	10%
Telephone Activities - Abandoned call rate (Education)	N/A	17%	13%	11%	11%	8%	5%
Payment accuracy rate	94%	96%	92%	93%	95%	97%	97%
Average days to complete original education claims	26	36	50	34	29	27	10
Average days to complete supplemental education claims	16	22	24	16	15	12	7

Objective: Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.

Veterans satisfaction	93%	93%	93%	93%	95%	96%	95%
Statistical quality index	N/A	94%	96%	97%	97%	97%	98%
Foreclosure avoidance through servicing (FATS) ratio	38%	30%	40%	43%	44%	45%	45%

Strategic Goal: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

Objective: Provide high quality, reliable, accessible, timely and efficient health care that maximizes the health and functional status for all enrolled veterans, with special focus on veterans with service-connected conditions, those unable to defray the cost, and those statutorily eligible for care.

Performance Measures	1999	2000	2001	2002	2003	2004	Strategic Target
Percent of patients rating VA health care service as very good or excellent:							
Inpatient	65%	66%	64%	70%	70%	70%	72%
Outpatient	65%	64%	65%	71%	71%	71%	72%
Average waiting time for new patients seeking primary care clinic appointments (in days)	N/A	N/A	N/A	Baseline 51	45	30	30
Average waiting time for patients seeking a new specialty clinic appointment (in days)	N/A	N/A	N/A	Baseline	142	96	30
Percent of primary care clinic appointments scheduled within 30 days of desired date	N/A	N/A	87%	89%	87%	88%	90%
Percent of specialist clinic appointments scheduled within 30 days of desired date	N/A	N/A	84%	86%	80%	81%	90%
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	N/A	N/A	63%	65%	63%	63%	90%
Average waiting time for next available appointment in primary care clinics (in days)	N/A	N/A	37.5	37	35	34	30
Average waiting time for next available appointment in specialty clinics (in days)	N/A	N/A	N/A	Baseline	60	30	30
Waiting time for new primary care appointments, percent within 30 days	N/A	N/A	N/A	Baseline	23%	50%	90%
Waiting time for new specialty care appointments, percent within 30 days	N/A	N/A	N/A	Baseline	44%	47%	90%
Percent of all patients evaluated for the risk factors for hepatitis C	N/A	N/A	51%	85%	80%	83%	90%

Performance Measures	1999	2000	2001	2002	2003	2004	Strategic Target
Percent of all patients tested for hepatitis C subsequent to a positive hepatitis C risk factor screening	N/A	N/A	48%	62%	82%	85%	90%
Percent of patients with hepatitis C who have annual assessment of liver function	N/A	N/A	N/A	95%	92%	92%	92%
Chronic Disease Care Index II	N/A	N/A	77%	80%	78%	79%	82%
Prevention Index II	N/A	N/A	80%	82%	80%	82%	85%
Percent of clinical software patches installed on time:							
CPRS	N/A	N/A	67%	70%	70%	72%	99%
BCMA	N/A	N/A	82%	85%	85%	87%	99%
Imaging	N/A	N/A	57%	60%	60%	62%	99%
Increase the aggregate of VA, state, and community nursing home and non-institutional long term care as expressed by average daily census:							
Institutional	N/A	N/A	N/A	31,636	32,429	29,981	TBD
Non-Institutional	N/A	N/A	N/A	24,126	28,129	32,694	42,600
Percent of pharmacy orders entered into CPRS by the prescribing clinician	N/A	N/A	74%	91%	86%	87%	90%
Percent cumulative reduction in excess space as a result of CARES	N/A	N/A	N/A	10%	30%	TBD	TBD
Increase 1st and 3rd Party collections:							
1st Party ($ in millions)	$138	$176	$244	$316	$815	$990	$990
3rd Party ($ in millions)	$437	$397	$527	$664	$760	$1,109	$1,109
Quality-Access-Satisfaction / Cost VALUE Index	5.12	5.36	6.31	6.7	6.55	5.86	5.86
Balanced Scorecard: Quality-Access-Satisfaction-Cost	88%	90%	98%	101%	100%	98%	100%
Cost/patient	$4,645	$4,571	$4,336	$4,095	$4,190	$4,715	$4,715
Acute Bed Days of Care (BDOC)/1000	1,136	1,002	895	900	1,000	1,000	1,000
Outpatient visits/1000 - subdivided by:							
Med/Surg	2.9	2.7	2.4	2.4	2.4	2.4	2.4
Mental Health	8.9	8.4	8.1	8.1	8.1	8.1	8.1

Performance Measures	1999	2000	2001	2002	2003	2004	Strategic Target
Common Measures							
Cost - Average cost per unique patient (total federal and other obligations)	N/A	N/A	N/A	$4,928	$5,149	$5,862	Under Development
Efficiency - Annual number of outpatient visits per medical worker	N/A	N/A	N/A	2,719	2,809	2,824	Under Development
Quality - The percentage of diabetic patients taking the HbA1c blood test in the past year	N/A	N/A	N/A	93%	93%	93%	Under Development

Objective: Process pension claims in a timely and accurate manner to provide eligible veterans and their survivors a level of income that raises their standard of living and sense of dignity.

Measures associated with this objective are currently combined with compensation measures shown under strategic goal #1 or under development by the Department.

Objective: Maintain the high level of service to insurance policy holders and their beneficiaries to enhance the financial security of veterans' families.

High customer ratings (Insurance)	96%	96%	96%	95%	95%	95%	95%
Low customer ratings (Insurance)	1%	2%	2%	3%	2%	2%	2%
Percentage of blocked calls (Insurance)	6%	4%	3%	1%	3%	2%	1%
Average hold time in seconds	20	20	17	18	20	20	20
Average days to process insurance disbursements	3.2	3.2	2.8	2.6	2.8	2.7	2.7

Objective: Ensure that the burial needs of veterans and eligible family members are met.

Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	67.0%	72.6%	72.6%	73.9%	74.4%	81.6%	85.2%
Percent of veterans served by a burial option in a national cemetery within a reasonable distance (75 miles) of their residence	56.7%	67.5%	66.0%	66.6%	66.6%	74.1%	72.6%
Percent of veterans served by a burial option only in a state veterans cemetery within a reasonable distance (75 miles) of their residence	10.3%	5.1%	6.6%	7.3%	7.8%	7.5%	12.6%

Performance Measures	1999	2000	2001	2002	2003	2004	Strategic Target
Cumulative number of kiosks installed at national and state veterans cemeteries	14	24	33	42	48	56	80
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	84%	88%	92%	91%	95%	97%	100%
Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	N/A	N/A	75%	76%	78%	81%	91%

Objective: Provide veterans and their families with timely and accurate symbolic expressions of remembrance.

Percent of graves in national cemeteries marked within 60 days of interment	N/A	N/A	N/A	49%	70%	75%	90%
Percent of monuments ordered online by other federal and state veterans cemeteries using AMAS-R	65%	87%	89%	89%	90%	90%	90%
Percent of individual headstone and marker orders transmitted electronically to contractors	88%	89%	92%	92%	93%	94%	95%
Percent of Presidential Memorial Certificates that are accurately inscribed	98%	98%	98%	98%	98%	98%	98%
Percent of headstones and markers that are undamaged and correctly inscribed	95%	97%	97%	96%	97%	98%	98%

Strategic Goal: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

Objective: Improve the Nation's preparedness for response to war, terrorism, national emergencies, and natural disasters by developing plans and taking actions to ensure continued service to veterans as well as support to national, state, and local emergency management and homeland security efforts.

Percent of VA Central Office-based top management officials, other key personnel, and emergency planners who receive training or, as applicable, who participate in exercises relevant to VA's COOP plan on the National level	30%	30%	60%	70%	80%	90%	100%

Performance Measures	1999	2000	2001	2002	2003	2004	Strategic Target
Percent of VA field-based top management officials, other key personnel, and emergency managers who receive training or, as applicable, who participate in exercises relevant to VA's COOP plan on the National level	N/A	N/A	N/A	N/A	Baseline	85%	95%

Objective: Advance VA medical research and development programs that address veterans' needs, with an emphasis on service-connected injuries and illnesses, and contribute to the Nation's knowledge of disease and disability.

Percent of research projects devoted to the Designated Research Areas	99%	99%	99%	99%	99%	99%	99%

Objective: Sustain partnerships with the academic community that enhance the quality of care to veterans and provide high quality educational experiences for health care trainees.

Medical residents and other trainees' scores on a VHA Survey assessing their clinical training experience	N/A	N/A	84	83	82	82	85

Objective: Enhance the socioeconomic well-being of veterans, and thereby the Nation and local communities, through veterans' benefits; assistance programs for small, disadvantaged and veteran-owned businesses; and other community initiatives.

Percent of statutory minimum goals met for small business concerns	37%	33%	23%	30%	23%	23%	23%

Objective: Ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.

Percent of respondents who rate national cemetery appearance as excellent	79%	82%	96%	97%	98%	98%	100%
Percent of respondents who would recommend the national cemetery to veterans' families during their time of need	N/A	N/A	97%	97%	98%	98%	100%

Performance Measures	1999	2000	2001	2002	2003	2004	Strategic Target

Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective: Recruit, develop, and retain a competent, committed and diverse workforce that provides high quality service to veterans and their families.

Percent of cases using alternate dispute resolution (ADR) techniques	12%	13%	29%	54%	60%	65%	70%
Percent of employees who are aware of ADR as an option to address workplace disputes	N/A	N/A	50%	65%	70%	80%	100%

Objective: Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as benefits and services VA provides.

Participation rate in the monthly Minority Veterans Program Coordinators (MVPC) conference call	40%	27%	20%	30%	60%	75%	80%
Increase the number of faith-based/community organizations providing services to homeless veterans	N/A	N/A	N/A	Baseline	10%	10%	40%

Objective: Implement a *One VA* information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.

Maintain VA IT Enterprise Architecture	N/A	N/A	N/A	N/A	N/A	50%	100%
Maintain FY2004 IT Budget at the same level as the rebaselined FY2003 budget plus inflation	N/A	N/A	N/A	N/A	N/A	100%	100%
Decrease IT maintenance spending by 5% and increase modernization spending by 5%	N/A	N/A	N/A	N/A	N/A	100%	100%
Percent of the Government Information Security Reform Act Security Reviews and Reporting Requirements completed	N/A	N/A	80%	100%	100%	100%	100%

Strategic Goals, Objectives, and Performance Measures

Performance Measures	1999	2000	2001	2002	2003	2004	Strategic Target
Objective: Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.							
Ratio of collections to billings	35%	28%	31%	37%	40%	40%	40%
Dollar value of sharing agreements with DoD (Joint Measure with VBA) ($ in millions)	N/A	N/A	$58	$83	$100	$100	$100
Percentage increase of EDI usage over base year of 1997	48%	86%	178%	235%	240%	245%	250%
Percent of cases processed in less than 180 days after filing (HRA)	41%	67%	87%	89%	91%	93%	99%
Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements	0	0	0	0	0	0	0
Cumulative percent of competitive sourcing of commercial activities	N/A	N/A	N/A	5%	15%	25%	50%
Number of indictments, arrests, convictions, and administrative sanctions	696	938	1,655	1,621	1,675	1,789	1,800
Number of reports issued	162	108	136	169	176	192	200
Value of monetary benefits ($ in millions) from:							
IG Investigations	$24	$28	$52	$85	$31	$33	$35
IG audits	$610	$254	$4,088	$730	$656	$660	$696
IG contract reviews	$47	$35	$42	$62	$50	551	$60
Customer Satisfaction:							
Combined Assessment Program Reviews	N/A	N/A	N/A	TBD	4.4	4.5	5.0
Investigations	4.7	4.6	4.8	4.9	4.9	5	5
Audit	4.3	4.4	4.2	4.3	4.4	4.5	5
Contract Reviews	4.6	4.9	4.7	4.8	4.9	5	5
Healthcare Inspections	4.5	4.4	4.2	4.5	4.7	4.8	5

Performance Measures by Program

Veterans Health Administration
Medical Care

P&F ID Codes: 36-5287-0-1-703; 36-4048-0-3-703; 36-0111-0-1-703; 36-0181-0-1-703; 36-0160-0-1-703; 36-4032-0-3-703; 36-4138-0-3-703; 36-4013-0-3-703; 36-0152-0-1-703; 36-5358-0-1-703; 36-0110-0-1-703; 36-4538-0-3-703;

	1999	2000	2001	2002	2003	2004	Strategic Target
Resources							
FTE	186,595	183,396	186,832	184,209	186,782	**191,600**	
Medical care costs ($ in millions)	$18,762	$20,318	$22,551	$24,368	$27,467	**$29,962**	
Performance Measures							
Percent of patients rating VA health care service as very good or excellent:							
Inpatient	65%	66%	64%	70%	70%	**70%**	72%
Outpatient	65%	64%	65%	71%	71%	**71%**	72%
Average waiting time for new patients seeking primary care clinic appointments (in days)	N/A	N/A	N/A	Baseline 51	45	**30**	30
Average waiting time for patients seeking a new specialty clinic appointment (in days)	N/A	N/A	N/A	Baseline	142	**96**	30
Percent of primary care clinic appointments scheduled within 30 days of desired date	N/A	N/A	87%	89%	87%	**88%**	90%
Percent of specialist clinic appointments scheduled within 30 days of desired date	N/A	N/A	84%	86%	80%	**81%**	90%
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	N/A	N/A	63%	65%	63%	**63%**	90%
Average waiting time for next available appointment in primary care clinics (in days)	N/A	N/A	37.5	37	35	**34**	30
Average waiting time for next available appointment in specialty clinics (in days)	N/A	N/A	N/A	Baseline	60	**30**	30
Waiting time for new primary care appointments, percent within 30 days	N/A	N/A	N/A	Baseline	23%	**50%**	90%
Waiting time for new specialty care appointments, percent within 30 days	N/A	N/A	N/A	Baseline	44%	**47%**	90%
Percent of all patients evaluated for the risk factors for hepatitis C	N/A	N/A	51%	85%	80%	**83%**	90%

Performance Measures by Program

	1999	2000	2001	2002	2003	2004	Strategic Target
Percent of all patients tested for hepatitis C subsequent to a positive hepatitis C risk factor screening	N/A	N/A	48%	62%	82%	85%	90%
Percent of patients with hepatitis C who have annual assessment of liver function	N/A	N/A	N/A	95%	92%	92%	92%
Chronic Disease Care Index II	N/A	N/A	77%	80%	78%	79%	82%
Prevention Index II	N/A	N/A	80%	82%	80%	82%	85%
Chronic Disease Care Index II (Special Populations)	N/A	N/A	78%	78%	Under Development	Under Development	82%
Prevention Index II (Special Populations)	N/A	N/A	79%	79%	Under Development	Under Development	85%
Percent of clinical software patches installed on time:							
CPRS	N/A	N/A	67%	70%	70%	72%	99%
BCMA	N/A	N/A	82%	85%	85%	87%	99%
Imaging	N/A	N/A	57%	60%	60%	62%	99%
Percent of pharmacy orders entered into CPRS by the prescribing clinician	N/A	N/A	74%	91%	86%	87%	90%
Percent cumulative reduction in excess space as a result of CARES	N/A	N/A	N/A	10%	30%	TBD	TBD
Increase 1st and 3rd Party collections:							
1st Party ($ in millions)	$138	$176	$244	$316	$815	$990	$990
3rd Party ($ in millions)	$437	$397	$527	$664	$760	$1,109	$1,109
Ratio of collections to billings	35%	28%	31%	37%	40%	40%	40%
Quality-Access-Satisfaction / Cost VALUE Index	5.12	5.36	6.31	6.70	6.55	5.86	5.86
Balanced Scorecard: Quality-Access-Satisfaction-Cost	88%	90%	98%	101%	100%	98%	100%
Cost/patient	$4,645	$4,571	$4,336	$4,095	$4,190	$4,715	$4,715
Acute Bed Days of Care (BDOC)/1000	1,136	1,002	895	900	1,000	1,000	1,000
Outpatient visits/1000 - subdivided by:							
Med/Surg	2.9	2.7	2.4	2.4	2.4	2.4	2.4
Mental Health	8.9	8.4	8.1	8.1	8.1	8.1	8.1
Dollar value of sharing agreements with DoD (Joint Measure with VBA) ($ in millions)	N/A	N/A	$58	$83	$100	$100	$100
Percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons	N/A	N/A	N/A	0%	50%	90%	100%

Performance Measures by Program

	1999	2000	2001	2002	2003	2004	Strategic Target
Common Measures							
Cost - Average cost per unique patient (total federal and other obligations)	N/A	N/A	N/A	$4,928	$5,149	$5,862	Under Development
Efficiency - Annual number of outpatient visits per medical worker	N/A	N/A	N/A	2,719	2,809	2,824	Under Development
Quality - The percentage of diabetic patients taking the HbA1c blood test in the past year	N/A	N/A	N/A	93%	93%	93%	Under Development
Special Emphasis Programs							
Increase the aggregate of VA, state, and community nursing home and non-institutional long term care as expressed by average daily census:							
Institutional	N/A	N/A	N/A	31,636	32,429	29,981	TBD
Non-Institutional	N/A	N/A	N/A	24,126	28,129	32,694	42,600
Percent of veterans who were discharged from a Domiciliary Care for Homeless Veterans (DCHV) Program, or Community-based Contract Residential Care (HCHV) Program to an independent or a secured institutional living arrangement	N/A	N/A	N/A	65%	65%	67%	75%
Percent of veterans using Vet Centers who report being satisfied with services, and responding "yes," they would recommend the Vet Center to other veterans	100%	100%	99%	99.7%	95%	95%	95%
Proportion of discharges from SCI Center bed sections to non-institutional settings	93%	97%	98%	97%	95%	95%	95%
Medical Education							
Medical residents and other trainees' scores on a VHA Survey assessing their clinical training experience	N/A	N/A	84	83	82	82	85

Medical Research P&F ID Codes: 36-0161-0-1-703; 36-0160-0-1-703

Resources							
FTE	2,974	3,014	3,019	6,470	6,601	6,528	
Research cost ($ in millions)	$779	$830	$877	$964	$1,020	$1,034	
Performance Measure							
Percent of research projects devoted to the Designated Research Areas	99%	99%	99%	99%	99%	99%	99%

Performance Measures by Program

Veterans Benefits Administration

Compensation and Pension

Compensation

P&F ID Codes: 36-0102-0-1-701; 36-0200-0-1-701; 36-0137-0-1-702; 36-0151-0-1-705; 36-0110-0-1-703; 36-0111-0-1-703

	1999	2000	2001	2002	2003	2004	Strategic Target
Resources							
FTE	6,841	7,123	8,035	6,752	6,834	6,834	
Benefits cost ($ in millions)	$21,112	$22,054	$23,277	$22,738	$25,229	$27,564	
Administrative cost ($ in millions)	$549	$586	$706	$637	$621	$624	

Pension

P&F ID Codes: 36-0154-0-1-701; 36-0102-0-1-701; 36-0151-0-1-705; 36-0110-0-1-703; 36-0111-0-1-703

Resources							
FTE	N/A	N/A	N/A	1,791	1,752	1,752	
Benefits cost ($ in millions)	N/A	N/A	N/A	$3,168	$3,291	$3,382	
Administrative cost ($ in millions)	N/A	N/A	N/A	$155	$156	$152	
Performance Measures							
National accuracy rate (core rating work)	N/A	N/A	78%	80%	88%	90%	96%
Percent of Claimants who are Benefits Delivery at Discharge (BDD) participants	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Average number of days to obtain service medical records	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Overall satisfaction	57%	56%	56%	56%	67%	70%	90%
Rating-related actions - Average days to process	166	173	181	223	165	100	90
Rating-related actions - Average days pending	144	138	182	174	100	80	78
Non-rating actions - Average days to process	44	50	55	60	43	40	17
Non-rating actions - Average days pending	94	84	117	96	66	62	44
National accuracy rate (authorization work)	63%	51%	62%	79%	82%	85%	96%
National accuracy rate (fiduciary work)	48%	60%	68%	82%	85%	88%	96%
Telephone activities - Abandoned call rate	9%	6%	6%	9%	4%	3%	3%
Telephone activities - Blocked call rate	27%	3%	3%	7%	4%	3%	2%

Performance Measures by Program

	1999	2000	2001	2002	2003	2004	Strategic Target
Education	P&F ID Codes: 36-4113-0-1-702; 36-0151-0-1-705;		36-0137-0-1-702; 36-4118-0-1-702; 36-0110-0-1-703;		36-8133-0-7-702; 36-1118-0-3-702; 36-0111-0-1-703		
Resources							
FTE	849	781	852	864	952	969	
Benefits cost ($ in millions)	$1,193	$1,181	$1,371	$1,691	$2,232	$2,511	
Administrative costs ($ in millions)	$70	$66	$64	$75	$100	$100	
Performance Measures							
Montgomery GI Bill usage rate	56%	57%	58%	59%	59%	60%	70%
Compliance survey completion rate	98%	94%	92%	93%	90%	90%	90%
Customer satisfaction-high ratings (Education)	78%	78%	82%	86%	86%	87%	95%
Telephone Activities - Blocked call rate (Education)	16%	39%	45%	26%	20%	15%	10%
Telephone Activities - Abandoned call rate (Education)	N/A	17%	13%	11%	11%	8%	5%
Payment accuracy rate	94%	96%	92%	93%	95%	97%	97%
Average days to complete original education claims	26	36	50	34	29	27	10
Average days to complete supplemental education claims	16	22	24	16	15	12	7

Vocational Rehabilitation and Employment	P&F ID Codes: 36-4112-0-1-702; 36-0151-0-1-705;		36-0135-0-1-702 36-4114-0-1-702; 36-0110-0-1-703;		36-0137-0-1-702; 36-1114-0-3-702; 36-0111-0-1-703		
Resources							
FTE	972	940	1,061	1,057	1,205	1,204	
Benefits cost ($ in millions)	$412	$439	$427	$487	$525	$561	
Administrative costs ($ in millions)	$72	$81	$109	$119	$133	$135	
Performance Measures							
Speed of entitlement decisions in average days	88	75	62	65	60	60	60
Accuracy of decisions (Services)	86%	86%	79%	81%	90%	90%	96%
Rehabilitation rate	53%	65%	65%	62%	65%	67%	70%
Customer satisfaction (Survey)	N/A	76%	74%	76%	81%	82%	92%
Accuracy of program outcome	N/A	N/A	N/A	81%	90%	92%	95%

Performance Measures by Program

	1999	2000	2001	2002	2003	2004	Strategic Target
Common Measures							
Percent of participants employed first quarter after program exit	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Percent of participants still employed three quarters after program exit	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Percent change in earnings from pre-application to post-program employment	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Average cost of placing participant in employment	N/A	N/A	N/A	N/A	TBD	TBD	TBD

Housing

P&F ID Codes: 36-1119-0-1-704; 36-4127-0-3-704; 36-4129-0-3-704; 36-4025-0-3-704; 36-4124-0-3-704; 36-1120-0-1-704; 36-4130-0-3-704; 36-0128-0-1-704; 36-4130-0-3-704; 36-0151-0-1-705; 36-0110-0-1-703; 36-0111-0-1-703 36-0137-0-1-702

Resources							
FTE	2,108	2,057	1,759	1,718	1,519	1,446	
Benefits cost ($ in millions)	$1,811	$1,866	$540	$873	$1,195	$427	
Administrative costs ($ in millions)	$160	$157	$162	$168	$170	$207	
Performance Measures							
Veterans satisfaction	93%	93%	93%	93%	95%	96%	95%
Statistical quality index	N/A	94%	96%	97%	97%	97%	98%
Foreclosure avoidance through servicing (FATS) ratio	38%	30%	40%	43%	44%	45%	45%

Insurance

P&F ID Codes: 36-0120-0-1-701; 36-0151-0-1-705; 36-0110-0-1-703; 36-0111-0-1-703; 36-4012-0-3-701; 36-4010-0-3-701; 36-4009-0-3-701; 36-8132-0-7-701; 36-8150-0-7-701; 36-8455-0-8-701

Resources							
FTE	548	525	507	479	519	515	
Benefits cost ($ in millions)	$2,559	$2,458	$2,534	$2,709	$2,709	$2,582	
Administrative costs ($ in millions)	$40	$40	$41	$40	$43	$43	
Performance Measures							
High customer ratings (Insurance)	96%	96%	96%	95%	95%	95%	95%
Low customer ratings (Insurance)	1%	2%	2%	3%	2%	2%	2%

Performance Measures by Program

	1999	2000	2001	2002	2003	2004	Strategic Target
Percentage of blocked calls (Insurance)	6%	4%	3%	1%	3%	2%	1%
Average hold time in seconds	20	20	17	18	20	20	20
Average days to process insurance disbursements	3.2	3.2	2.8	2.6	2.8	2.7	2.7
Favorable IG audit opinion (Insurance)	Y	Y	Y	Y	Y	Y	Y

National Cemetery Administration

P&F ID Codes: 36-0102-0-1-701; 36-0129-0-1-705; 36-0151-0-1-705; 36-0110-0-1-703; 36-0111-0-1-703; 36-0183-0-1-705; 36-8129-0-3-705

Resources							
FTE	1,357	1,399	1,385	1,633	1,694	1,765	
Benefits cost ($ in millions)	$106	$109	$111	$134	$157	$163	
Administrative cost ($ in millions):							
Operating costs	$92	$103	$116	$137	$144	$156	
State cemetery grants	$5	$19	$24	$41	$32	$33	
Capital construction	$21	$30	$33	$61	$94	$71	
Performance Measures							
Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	67.0%	72.6%	72.6%	73.9%	74.4%	81.6%	85.2%
Percent of veterans served by a burial option in a national cemetery within a reasonable distance (75 miles) of their residence	56.7%	67.5%	66.0%	66.6%	66.6%	74.1%	72.6%
Percent of veterans served by a burial option only in a state veterans cemetery within a reasonable distance (75 miles) of their residence	10.3%	5.1%	6.6%	7.3%	7.8%	7.5%	12.6%
Cumulative number of kiosks installed at national and state veterans cemeteries	14	24	33	42	48	56	80
Percent of graves in national cemeteries marked within 60 days of interment	N/A	N/A	N/A	49%	70%	75%	90%
Percent of headstones and markers that are undamaged and correctly inscribed	95%	97%	97%	96%	97%	98%	98%
Percent of monuments ordered online by other federal and state veterans cemeteries using AMAS-R	65%	87%	89%	89%	90%	90%	90%

Performance Measures by Program

	1999	2000	2001	2002	2003	2004	Strategic Target
Percent of individual headstone and marker orders transmitted electronically to contractors	88%	89%	92%	92%	93%	94%	95%
Percent of Presidential Memorial Certificates that are accurately inscribed	98%	98%	98%	98%	98%	98%	98%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	84%	88%	92%	91%	95%	97%	100%
Percent of respondents who rate national cemetery appearance as excellent	79%	82%	96%	97%	98%	98%	100%
Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	N/A	N/A	75%	76%	78%	81%	91%
Percent of respondents who would recommend the national cemetery to veterans' families during their time of need	N/A	N/A	97%	97%	98%	98%	100%

Board of Veterans' Appeals P&F ID Code: 36-0151-0-1-705

Resources							
FTE	478	468	455	448	451	448	
Administrative cost ($in millions)	$40	$41	$44	$47	$49	$50	
Performance Measures							
Deficiency free decision rate	84%	86%	87%	88%	92%	93%	95%
Appeals resolution time (Days) (Joint measure C&P and BVA)	745	682	595	731	590	520	365
BVA Cycle Time	140	172	182	86	250	300	270
Appeals decided per FTE	78.2	72.7	69.3	38.4	55	55	55
Cost per case (BVA)	$1,062	$1,219	$1,401	$2,702	$2,081	$2,048	$2,368

Departmental Management P&F ID Codes: 36-0151-0-1-705; 36-0110-1-703; 36-0111-0-1-703

Resources							
FTE	2,483	2,564	2,674	2,825	2,770	2,805	
Administrative costs ($ in millions)	$357	$416	$449	$515	$550	$545	
Performance Measures							
Percent of statutory minimum goals met for small business concerns	37%	33%	23%	30%	23%	23%	23%

Performance Measures by Program

	1999	2000	2001	2002	2003	2004	Strategic Target
Percent of employees who are aware of ADR as an option to address workplace disputes	N/A	N/A	50%	65%	70%	80%	100%
Percent of cases using alternate dispute resolution (ADR) techniques	12%	13%	29%	54%	60%	65%	70%
Percent of cases processed in less than 180 days after filing (HRA)	41%	67%	87%	89%	91%	93%	99%
Maintain VA IT Enterprise Architecture	N/A	N/A	N/A	N/A	N/A	50%	100%
Percentage increase of EDI usage over base year of 1997	48%	86%	178%	235%	240%	245%	250%
Percent of the Government Information Security Reform Act Security Reviews and Reporting Requirements completed	N/A	N/A	80%	100%	100%	100%	100%
Maintain FY2004 IT Budget at the same level as the rebaselined FY2003 budget plus inflation	N/A	N/A	N/A	N/A	N/A	100%	100%
Decrease IT maintenance spending by 5% and increase modernization spending by 5%	N/A	N/A	N/A	N/A	N/A	100%	100%
Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements	0	0	0	0	0	0	0
Cumulative percent of competitive sourcing of commercial activities	N/A	N/A	N/A	5%	15%	25%	50%
Participation rate in the monthly Minority Veterans Program Coordinators (MVPC) conference call	40%	27%	20%	30%	60%	75%	80%
Increase the number of faith-based/community organizations providing services to homeless veterans	N/A	N/A	N/A	Baseline	10%	10%	40%
Percent of VA Central Office-based top management officials, other key personnel, and emergency planners who receive training or, as applicable, who participate in exercises relevant to VA's COOP plan on the National level	30%	30%	60%	70%	80%	90%	100%

Performance Measures by Program

	1999	2000	2001	2002	2003	2004	Strategic Target
Percent of VA field-based top management officials, other key personnel, and emergency managers who receive training or, as applicable, who participate in exercises relevant to VA's COOP plan on the National level	N/A	N/A	N/A	N/A	Baseline	85%	95%

Office of Inspector General P&F ID Codes: 36-0170-0-1-705; 36-0110-0-1-703; 36-0111-0-1-703

Resources							
FTE	342	354	370	393	411	442	
Administrative cost ($ in millions)	$38	$45	$49	$56	$59	$65	
Performance Measures							
Number of indictments, arrests, convictions, and administrative sanctions	696	938	1,655	1,621	1,675	1,789	1,800
Number of reports issued	162	108	136	169	176	192	200
Value of monetary benefits ($ in millions) from:							
IG Investigations	$24	$28	$52	$85	$31	$33	$35
IG audits	$610	$254	$4,088	$730	$656	$660	$696
IG contract reviews	$47	$35	$42	$62	$50	$51	$60
Customer Satisfaction:							
Combined Assessment Program Reviews	N/A	N/A	N/A	TBD	4.4	4.5	5.0
Investigations	4.7	4.6	4.8	4.9	4.9	5.0	5.0
Audit	4.3	4.4	4.2	4.3	4.4	4.5	5.0
Contract Reviews	4.6	4.9	4.7	4.8	4.9	5.0	5.0
Healthcare Inspections	4.5	4.4	4.2	4.5	4.7	4.8	5.0