

**MILITARY CONSTRUCTION AND VETERANS
AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2010**

THURSDAY, JUNE 11, 2009

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 1:30 p.m., in room SD-124, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.

Present: Senators Johnson, Murray, Reed, Nelson, Pryor, Hutchison, and Murkowski.

DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF HON. ERIC K. SHINSEKI, SECRETARY

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OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. The meeting will come to order. I welcome Secretary Shinseki and those accompanying him to the subcommittee. The leadership has announced that there will be a conference meeting regarding the supplemental at 3 o'clock, so we had to start this hearing early. I want to thank the secretary for accommodating this change. We are going to have to compress the hearing today, so I would like to waive all opening statements from members and go straight to the secretary's testimony. This will allow more time for senators to ask questions. The secretary's statement will be made part of the record as any member wishing to submit theirs. I request that our members limit their questions to 6 minutes. Again, thank you Secretary Shinseki for appearing before the committee today.

Senator Hutchison, do you have any comments you would like to make?

Senator HUTCHISON. Mr. Chairman, let's go forward. I think you're right to try to compress the hearing.

Senator JOHNSON. Secretary, you may proceed.

STATEMENT OF ERIC K. SHINSEKI

Secretary SHINSEKI. Thank you Chairman Johnson, Ranking Member Hutchison, other distinguished members of the committee. Thank you as always for this opportunity to discuss the President's budget for the Department of Veterans Affairs.

I'm pleased to be joined today by VA's senior leadership, and I'd like to take a few seconds just to introduce them. Beginning on my far left Under Secretary Pat Dunne, who takes care of our benefits administration. Next to me is Acting Assistant Secretary for Health, Dr. Gerald Cross. To my right Acting Assistant Secretary for Management, Rita Reed. To her right Acting Under Secretary for Memorial Affairs, Steve Muro, and then to the far right Assistant Secretary for Information and Technology, Roger Baker.

Let me also acknowledge the presence of leaders of our veterans service organizations in the audience today. We, in fact, are partners as advocates for our Nation's veterans.

In my short tenure as Secretary, every Member of Congress who has welcomed me back to Government has almost in the same breath asked me to do more, better, faster for our veterans long-standing needs that they face and need help on. I guess I would tell you that your individual and your collective devotion to our veterans is clear to me from my visits with you. Clear, comprehensive, and unwavering. And so, Mr. Chairman, to you and the members of this committee I want to express upfront my thanks for your support of VA, first to care for those veterans, and most especially for the generous appropriations in some years past when budgets were lean. You ensured that we were able to meet mission for those veterans.

PREPARED STATEMENT

Veterans are our sole reason for existence. In today's challenging economic environment we must be diligent stewards of every dollar if we are to deliver timely, high quality benefits and services to the men and women we serve. The growth in funding for fiscal year 2010 is significant, I will say that upfront. We accept the responsibility for being accountable and showing measurable returns on this investment that we've been entrusted with. I will do everything possible to ensure the funds Congress appropriates will be used to improve the quality of life for veterans and the efficiency of our operations. So with those comments, Mr. Chairman, thank you for this opportunity, and I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. ERIC K. SHINSEKI

Mr. Chairman, Senator Hutchison, distinguished members of the Committee: Thank you for this opportunity to present the President's 2010 budget for the Department of Veterans Affairs (VA). The President's vision for the Department is to transform VA into a 21st Century organization that is Veteran-centric, results-driven, and forward-looking. This transformation is demanded by new times, new technologies, new demographic realities, and new commitments to today's Veterans. It requires a comprehensive review of the fundamentals in every line of operation the Department performs.

VA's budget request for 2010 provides the resources for this transformation that will take more than one year to complete. It provides the resources to move the Department closer to achieving the President's vision for VA, and will help ensure that Veterans—our clients—receive timely access to the highest quality benefits and

services we can provide and which they earned through their sacrifice and service to our Nation.

Some have complained that, in the past, VA has been seen as difficult and bureaucratic in providing for our Nation's Veterans. Change requires strong leadership amidst finite resources to improve access, quality, safety, timeliness, and advocacy for the care and services we provide to our Veterans. This is not about nibbling around the edges of change.

The President's budget request for 2010 provides the Department with resources needed to become a 21st Century organization as the Department's leadership develops further the individual investments currently in the Budget to better align with evolving Departmental priorities.

The President has requested that I do two things—first, transform VA into a 21st Century organization, and second, to ensure that we approach Veterans care as a lifetime initiative, from the day the oath is taken until they are laid to rest. With this budget, the transformation begins.

At present, the budget request contains four major categories of transformational activity collectively designed to initiate the process of creating a 21st Century VA. These transformational initiatives include creating a reliable management infrastructure, delivering ongoing services, making progress on Departmental priorities, and instituting important new initiatives to meet the needs of Veterans today and tomorrow.

VA's request for 2010 is nearly \$113 billion—an increase of over \$15 billion, or 15.5 percent, from the 2009 enacted budget. This is the largest 1-year percent increase for VA requested by a President in over 30 years.

I would like to take this opportunity to highlight how this budget will help VA begin the transformation in these four areas.

First, Management Infrastructure. In order to transform VA, we must begin with ourselves. Transformation must start within our own doors. VA will create a reliable management infrastructure that expands or enhances corporate transparency at VA, centralizes leadership and decentralizes execution, invests in leader training, and focuses on research and development on 21st Century requirements. This infrastructure also is a key to dramatically improved client services and enhanced responsiveness to the needs of Veterans and all VA stakeholders. Examples include increasing investment in training and career development for the VA career civil service; improving capacity to manage IT services and major programs; employing a suitable financial management system to track expenditures; and achieving significant realignment of VA's acquisition processes for improved transparency of and accountability for spending across the VA.

Second, delivering and maintaining ongoing services. Transformation does not mean throwing out the baby with the bath water. What it does mean is that we must identify the things that work best and improve upon them. Some of the services that we can improve upon, and must improve upon, are our ongoing services provided to Veterans on a daily basis, such as care for polytrauma, substance abuse, mental health, and preventive health care. Such activities include access to the highest quality care, delivered at best-in-class facilities, and powered by excellence in medical research. These also encompass fair, consistent, and rapid processing of benefits claims, memorial services that honor service to the Nation, and evolving needs, such as rural care and outreach, care for homeless Veterans, Veterans' families, and women's health care.

Third, the 2010 budget will provide VA with sufficient resources to continue to make progress on Departmental priorities. VA will assess and revitalize core programs that have already been recognized by the VA and Congress as important to improving quality and access to services for Veterans. These programs provide access for additional Priority 8 Veterans; improve interoperability and coordination between the Department of Defense (DOD) and VA; increase investment in mental health and telemedicine; and continue the development and implementation of the Post-9/11 GI Bill. Progress on these initiatives, begun in 2009, will be sustained in 2010 to ensure that VA follows through on its existing commitments.

Lastly, transformation is about making bold moves to introduce entirely new concepts of best business practices that lead the organization into the 21st Century. The fiscal year 2010 budget request will enable new approaches to meet emerging needs that change the way VA serves Veterans. The on-going work of the VA's Transformation Task Force will further inform the development of these elements. And while these four areas of transformation represent the opportunities presented by the 2010 budget, below are specific examples to demonstrate how these funds will help our Veterans thorough their entire service lifetime, beginning at the day they take their oath.

THE TRANSFORMATION FROM WITHIN—INCREASING INVESTMENT IN TRAINING, CAREER DEVELOPMENT AND OTHER ORGANIZATIONAL REFORMS

In order to transform VA, we must begin with a commitment to critically assess ourselves. Transformation must start within our own doors. The transformation of VA will require many organizational reforms to better unify the Department's efforts on behalf of Veterans. These will take time and may even result in up-front costs within our overall budget, but all are designed to save taxpayer dollars over time while ensuring VA successfully accomplishes its mission. Lastly, where we can save costs to our Veterans, without impacting quality of care, or diminishing our core mission, we will be sound stewards of the taxpayer dollar. Some of these key reforms are presented below.

Increasing Investment in Training and Career Development

The 2010 budget will help ensure that VA's workforce will remain leaders and standard-setters in their fields. The Department will continue to grow and retain a skilled, motivated, and client-oriented workforce. Training and development (including a leader development program), communications and team building, and continuous learning will all be components of reaching this objective.

Establishing an Office of Analysis and Evaluation

The Department will establish an office with robust program analysis and evaluation capability. This office will conduct in-depth reviews of VA programs and operations, and will assess their return on investment. These independent evaluations will help inform program and budget decision-making.

Enabling Improved Communications

The Department will invest in a virtual forum and related services to enable better communications with Veterans, Veterans Service Organizations, Congress, and other government agencies.

Implementing Management Control Systems for Acquisitions

This initiative will allow VA to gather and use information to assist senior leadership in steering the Department toward its strategic objectives. This will involve allocating resources, motivating employee behavior, and evaluating performance.

Improving Medical Collections

The Department expects to receive nearly \$2.9 billion from medical collections in 2010. About \$8 of every \$10 in extra collections will come from increased third-party insurance payments, with the vast bulk of the remaining collections growth resulting from rising pharmacy workload. The 2010 budget supports the establishment of additional consolidated patient account centers (CPACs) that help maximize the efficiency and effectiveness of VA's medical collections program through standardized processes, accountability for results, improved decision support capabilities, and more stringent internal controls. The implementation of six more centers from 2009 to 2011 will generate approximately \$1.7 billion in additional revenue during the next decade.

In addition to investing in VA to provide the best quality of care to our Veterans, we are rededicating ourselves to improving our VA infrastructure, construction and logistics, to provide Veterans with the comfort in knowing that they will always have a place to go to seek their care that they can call their own.

NEW CONSTRUCTION AND FUNDING THE NEW OFFICE OF THE ASSISTANT SECRETARY FOR ACQUISITION, CONSTRUCTION, AND LOGISTICS

Establishment of a New Office of Acquisition, Construction, and Logistics

The President's 2010 budget request is so firmly committed to this goal, that it includes funding for the establishment of a new Office of the Assistant Secretary for Acquisition, Construction, and Logistics. The necessity of this new office is highlighted by the \$1.921 billion in capital funding for VA in the 2010 budget. Our request for appropriated funds includes \$1.194 billion for major construction projects, \$600 million for minor construction, \$85 million in grants for the construction of State extended care facilities, and \$42 million in grants for the construction of State Veterans cemeteries.

The 2010 request for construction funding for our health care programs is \$1.584 billion—\$1.077 billion for major construction and \$507 million for minor construction. All of these resources will be used to further renovate and modernize VA's health care infrastructure, provide greater access to high-quality care for more Veterans, closer to where they live, and help resolve patient safety issues.

- Major Construction Initiatives. Within our request for major construction are resources to continue five medical facility projects already underway:
 - Orlando, Florida (\$371.3 million)—complete a new medical center consisting of a hospital, medical clinic, community living center, domiciliary, and full support services;
 - Denver, Colorado (\$119.0 million)—replacement medical center on the same campus as the University of Colorado Hospital complex in Aurora, consisting of an inpatient medical center, spinal cord injury and community living center, and research building;
 - Bay Pines, Florida (\$96.8 million)—inpatient and outpatient facility improvements;
 - San Juan, Puerto Rico (\$42.0 million)—seismic corrections to the main hospital building; and
 - St. Louis, Missouri (\$19.7 million)—medical facility improvements and cemetery expansion at Jefferson Barracks.
- New Facilities. Major construction funding is also provided to begin seven new medical facility projects:
 - Livermore, California (\$55.4 million)—design and land purchase for new community-based outpatient clinic in East Bay, expanded community-based outpatient clinic and new community living center in the Central Valley, and minimally invasive procedure center at the Palo Alto VA Medical Center;
 - St. Louis, Missouri (\$43.3 million)—design new inpatient bed tower, emergent response unit, spinal cord injury beds, intensive care unit beds, and clinical expansion at the John Cochran Division;
 - Canandaigua, New York (\$36.6 million)—design new community living center and new domiciliary/residential rehabilitation facility;
 - Long Beach, California (\$24.2 million)—design new mental health center and community living center;
 - Brockton, Massachusetts (\$24.0 million)—design new long-term care spinal cord injury unit;
 - San Diego, California (\$18.3 million)—design new spinal cord injury building and renovations to provide a community living center and hospice unit; and
 - Perry Point, Maryland (\$9.0 million)—design new community living center.
- Minor construction.

Minor Construction is an integral component of our overall capital program. In support of the medical care and medical research programs, minor construction funds permit VA to realign critical services; make seismic corrections; improve patient safety; enhance access to health care; increase capacity for dental care; enhance patient privacy; improve treatment of special emphasis programs; and expand research capability. Further, minor construction resources will be used to comply with energy efficiency and sustainability design requirements.

We are requesting \$162.9 million in construction funding to support the Department's burial program—\$112.2 million for major construction and \$50.7 million for minor construction. Within the funding we are requesting for major construction are resources for gravesite expansion and cemetery improvement projects at two national cemeteries—Abraham Lincoln (\$38.3 million) and Houston (\$35.0 million).

VA is requesting \$25.5 million for land acquisition in the major construction account. These funds will be used to purchase land as it becomes available in order to quickly take advantage of opportunities to ensure the continuation of a national cemetery presence in areas currently being served. All land purchased from this account will be contiguous to an existing national cemetery, within an existing service area, or in a location that will serve the same Veteran population center.

VA's commitment to our clients does not end at building a world-class, 21st Century Veterans healthcare and benefits organization. We also have an obligation to ensure that America never forgets their sacrifices. The 2010 Budget assures that the legacy of honoring our Veterans continues.

Although the foundation of transformation is laid first internally, by focusing on our own transformation within the walls of VA, at the end of day, we are judged by our performance, not our promises. The President has charged VA with providing for our Veterans for their entire lifetime. The President's 2010 Budget allows VA to focus on this continuity of care earlier than ever before.

ONE LIFE CONTINUITY OF CARE

One of VA's highest priorities is to ensure that active and Reserve component Veterans returning from service in Operation Enduring Freedom and Operation Iraqi Freedom receive everything they need to effortlessly make their transition from active military service to civilian life. The Department will take all measures nec-

essary to provide them with timely benefits and services, to give them complete information about the benefits they have earned through their military service, and to implement streamlined processes that simplify their interactions with VA.

Early Transition Initiatives

The most effective way to ensure servicemembers receive continuous care from military service to civilian life is to begin the transition process at the time they are sworn in for active duty. VA will continue to collaborate with DOD to facilitate the transition of military personnel into civilian status through a uniform approach of both registering into VA and accessing electronic records data. This will involve the development and implementation of a Joint Virtual Lifetime Electronic Record that will contain both administrative and medical information, resulting in improved delivery of benefits and assuring the availability of medical data to support the care of patients shared by VA and DOD. This will be achieved while maintaining the privacy and security of servicemembers' and Veterans' personal information.

Developing and New Partnerships with DOD

The Department will continue to partner with DOD to establish and administer programs to support this continuity of care, including participation in demobilization events, the Yellow Ribbon Reintegration Program, the Center of Excellence in Psychological Health and Traumatic Brain Injury, and others. Our facility-to-facility collaborations foster improved care coordination and delivery at the local level and I will continue to work with Secretary Gates to ensure this continuum of care is supported and addressed at the highest levels. To this end, I am establishing a new VA/DOD Collaboration Office with dedicated staffing to support our efforts at the Departmental level.

As our Veterans move from DOD to VA as their principal care provider, we must ensure that we are poised to address their specific needs. This requires that VA look at the most effective ways to meet the needs of this latest generation of Veterans. We will strive not to repeat the mistakes of the past, and ensure that once Veterans are fully under our care, we are poised to deliver the specialty health care and services that they need and that this budget will provide.

Meeting Emerging Needs of All Veterans Across All Generations

In addition to this newest generation of veterans, we must ensure that the budget addresses the needs of all Veterans, across all emerging demographics. This includes funding initiatives for women Veterans, the growing elderly population of Veterans, and Veterans living in rural areas. VA's request for 2010 provides the resources required to treat nearly 6.1 million patients as they enter our system of care. This is 474,000 (or 9 percent) above the patient total in 2008 and is 122,000 (or 2 percent) higher than the projected number in 2009.

Advance Appropriations for VA Medical Care

The President and I share the concern that the care our Veterans receive should never be hindered by budget delays. The Administration plans to work with the Congress to develop a specific advance appropriations proposal for the VA Medical Care program.

FUNDING CARE FOR A NEW AND CHANGING VETERAN DEMOGRAPHIC

Meeting the Medical Needs of Women Veterans

The 2010 budget provides \$183 million to meet the gender-specific health care needs of women Veterans, an increase of \$15 million (or 9 percent) over the 2009 resource level. The delivery of enhanced primary care for women Veterans is one of VA's top priorities. The number of women Veterans is growing rapidly and these women are increasingly reliant upon VA for their health care. More than 450,000 women Veterans have enrolled for care and this number is expected to grow by 30 percent in the next five years. We will soon have 144 full-time Women Veterans Program Managers serving at VA medical facilities. They will function as advisors to and advocates for women Veterans to help ensure their care is provided with the appropriate level of privacy and sensitivity.

Expanding Care for Veterans in Rural Areas

The Department appreciates the additional resources provided by Congress for rural health care initiatives. Using some of these 2009 funds as well as additional resources we are requesting in 2010, VA's budget includes \$440 million to implement the President's initiative to continue improving access to medical care for Veterans in rural and highly rural areas, including use of rural health resource centers, mobile clinics, rural health consultants, and outreach. VA will also continue to ex-

pand its telehealth program which is the largest of its kind in the world. Where appropriate, the Department will provide fee-basis access to mental health professionals when VA services are not reasonably close to Veterans' homes.

Emerging Elder and Long-term Care

VA's budget for 2010 contains more than \$5.9 billion for long-term care, a rise of \$663 million (or 13 percent) over the 2009 resource level. About 60 percent of the additional resources will support institutional care while 40 percent will be devoted to expanding non-institutional long-term care services. We anticipate increased demand for long-term care services resulting from severe injuries, such as TBI and polytrauma.

The Department's 2010 request includes \$1.2 billion for non-institutional long-term care, an increase of \$265 million (or 28 percent) over 2009. By enhancing Veterans' access to non-institutional long-term care, VA can provide extended care services to Veterans in a more clinically appropriate setting, closer to where they live and in the comfort and familiar settings of their homes. These services include adult day health care, home-based primary care, purchased skilled home health care, homemaker and home health aide services, home respite and hospice care, and community residential care. During 2010 we will increase the number of patients receiving non-institutional long-term care, as measured by the average daily census, to nearly 91,000. This represents a 25 percent rise above the level we expect to reach in 2009.

Funding Care for Newly Qualified Veterans (Priority 8)

Building on the resources provided by Congress in 2009 for VA to begin a gradual expansion of health care eligibility for non-service-disabled Veterans earning modest incomes (Priority 8 Veterans), the President's Budget includes funds to expand eligibility to this group for the first time since 2003. This year, VA will open enrollment to Priority 8 Veterans whose incomes exceed last year's geographic and VA means-test thresholds by no more than 10 percent. We estimate that 266,000 more Veterans will enroll for care by the end of 2010 due to this policy change. Furthermore, the budget includes a gradual expansion of health care eligibility which will enable over 500,000 Veterans who were previously not eligible for VA medical care to enroll by 2013. This expansion of health care eligibility will be accomplished while improving the timeliness of care and maintaining the quality of VA health care that already sets the national standard of excellence.

Funding Care for OEF/OIF Veterans

The number of patients who served in Operations Enduring Freedom and Iraqi Freedom will rise to over 419,000 in 2010. This is 61 percent higher than in 2008 and 15 percent above the projected total this year. In 2010 we are requesting \$2.1 billion to meet the health care needs of Veterans who served in Iraq and Afghanistan. This is an increase of \$463 million (or 29 percent) over our medical resource requirements to care for these Veterans in 2009. The treatment of this newest generation of Veterans has allowed us to focus on and improve treatment for PTSD as well as TBI, including new programs to reach our Veterans at the very earliest stages of these conditions.

ENHANCING OUTREACH AND SERVICES FOR MENTAL HEALTH CARE AND TBI

VA's 2010 budget includes nearly \$4.6 billion for mental health care, an increase of \$288 million, or 7 percent, above the 2009 resource level. These resources will allow the Department to expand inpatient, residential, and outpatient mental health programs. A key element of VA's program expansion is integrating mental health services with primary and specialty care. Veterans receive better health care when their mental and physical needs are addressed in a coordinated and holistic manner.

PTSD and TBI Commitments

This budget allows us to continue our effort to improve access to mental health services across the country. We will continue to place particular emphasis on providing care to those suffering from post-traumatic stress disorder (PTSD) as a result of their service in Operations Enduring Freedom and Iraqi Freedom. The Department will increase outreach to these Veterans as well as provide enhanced readjustment and PTSD services. Our strategy for improving access includes expanding our tele-mental health program, which allows us to reach thousands of additional mental health patients annually, particularly those living in rural areas.

To better meet the health care needs of recently discharged Veterans, the 2010 budget enables VA to expand its screening program for depression, PTSD, TBI, and substance use disorders. The Department will also enhance its suicide prevention

advertising campaign to raise awareness among Veterans and their families of the services available to them.

VA's 2010 budget contains \$298 million for the care of Veterans with TBI, an increase of \$41 million (or 16 percent) over the 2009 resource level. TBI and polytrauma are serious conditions that Veterans injured as a result of their service in Operations Enduring Freedom and Iraqi Freedom experience, and we must find even more ways to address their needs. While VA's Polytrauma System of Care is unique in its expertise and capabilities, we are learning more every day about effective treatments. The additional resources in 2010 will help ensure these Veterans receive the specialized care they require.

Investments in New Vet Centers to Address Unique Mental Health Challenges of Combat

In 2010, VA will open 28 new Vet Centers providing readjustment counseling services to Veterans, including those suffering from PTSD. The Department will also improve access to mental health services through our community-based outpatient clinics. Where appropriate, we will provide fee-basis access to mental health providers when VA services are not reasonably close to Veterans' homes. We will also expand use of Internet-based mental health services through "MyHealtheVet," which provides an extensive degree of health information to Veterans electronically. These steps are critical to providing care to Veterans living in rural areas.

In addition to identifying and funding care for the evolving Veteran demographic, VA must commit adequate resources to addressing the needs of today's Veteran, and that can only be accomplished with adequate funding for research. The President's 2010 budget allows us to commit dramatically increased resources to research.

INCREASING INVESTMENTS IN RESEARCH AND OTHER HEALTH CARE INITIATIVES

The 2010 budget provides \$580 million for medical and prosthetic research, an increase of \$70 million (or 14 percent) over the 2009 resource level. Our request will fund nearly 2,400 high-priority research projects to expand knowledge in areas critical to Veterans' health care needs, most notably in the areas of mental illness (\$74 million), aging (\$51 million), acute and traumatic injury (\$46 million), military occupations and environmental exposures (\$43 million), and cancer (\$41 million).

Groundbreaking Research Initiatives

Some of this research will focus on TBI and polytrauma, including studies on blast force-related brain injuries, enhancing diagnostic techniques, and improving prosthetics. We will strengthen our burn injury research to improve the rehabilitation and daily lives of Veterans who have suffered burns. VA will also enhance research on chronic pain, which afflicts approximately two of every five recently discharged and enrolled Veterans. And the Department will also advance research on access to care, particularly for Veterans in rural areas, by studying new tele-medicine efforts focused on mental health and PTSD.

One of our highest priorities in 2010 will be to continue our aggressive research program aimed at improving the lives of Veterans returning from service in Operations Enduring Freedom and Iraqi Freedom. The President's budget request for VA contains \$299 million devoted to research projects focused specifically on Veterans returning from service in Afghanistan and Iraq, an increase of \$20 million (or 7 percent) over the 2009 resource level. The new research initiatives will focus on post-deployment mental health, spinal cord injury, sensory loss, TBI and other neurotrauma, and pain.

The President's request for research funding will help VA sustain its long track record of success in conducting research projects that lead to clinically useful interventions that improve the health and quality of life for Veterans and the general population. Recent examples of VA research results that have direct application to improved clinical care include the successful use of tele-medicine to improve Veterans' mental health status, quality of life, and satisfaction with care; better understanding the specific factors leading to the development of osteoporosis; delineating the critical brain structures involved in components of learning and memory that are important for improving care for Veterans with brain injury and memory disorders; improving treatment for Veterans suffering from the combined effects of hepatitis C and depression; and utilizing deep-brain stimulation to improve the quality of life for patients suffering from advanced Parkinson's disease.

The 2010 budget for medical care provides funds for VA to strengthen its focus on critical ongoing programs and new initiatives that will improve care and clinical outcomes for Veterans. Certain new initiatives that support overall transformation include:

Patient Centered Care

The Veterans Health Administration (VHA) will deploy a patient-centric care model called Veteran Centered Care, based on best practices in private sector health care, which will result in a fully engaged prevention partnership between Veteran, family, and health care team, established through healing relationships and provided in optimal healing environments in order to improve health outcomes and the Veteran's experience of care.

Medical Home and Care Coordination

The patient centered medical home is a team based model of care that provides continuous, first contact, comprehensive care to maximize health and functionality. The model focuses on preventive health care and emphasizes a holistic approach that addresses the medical, psychological, and social needs of the patient. These teams consist of medical professionals, mental health providers including behaviorists, nurses, nutritionists, and care coordinators. These models can be adapted to meet the specific needs of unique patient populations such as those with advanced heart disease.

Leveraging Technology in Health Care Services

As part of our continued operation and improvement of the Department's electronic health record system, VA is seeking \$360 million for development and implementation of the Veterans Health Information Systems and Technology Architecture (HealtheVet) program. Facets of the program have already received national accolades as a model for improving online accessibility of health records. This is \$47 million (or 15 percent) above the estimated resource commitment for this key project in 2009. HealtheVet will equip our health care providers with the modern technology and tools they need to improve the safety and quality of care for Veterans.

Until HealtheVet is operational, we need to maintain the VistA legacy system. This system will remain operational as new applications are developed and implemented. This approach will mitigate transition and migration risks associated with the move to the new architecture. Our budget provides \$116 million in 2010 for the VistA legacy system.

Health Care Spending Summary

In total, the President's 2010 request includes total budgetary resources of \$47.4 billion for VA medical care, an increase of \$4.6 billion (or 11 percent) over the 2009 resource level (which excludes \$1 billion for non-recurring maintenance projects, including renewable energy and efficiency projects, supported through resources from the American Recovery and Reinvestment Act). Our total medical care request is comprised of funding for medical services (\$34.7 billion), medical support and compliance (\$5.1 billion), medical facilities (\$4.7 billion), and resources from medical care collections (\$2.9 billion).

As we focus on the new medical care services and delivery mechanisms needed to transform VA care, we must ensure that we do not repeat the mistakes of the past, and disassociate the injuries from the full social and economic impacts of those left untreated, or whom we simply cannot reach. This budget allows us to address some of the social and economic impacts that we cannot address with health care alone, such as addressing homelessness and providing other economic benefits.

COMBATING HOMELESSNESS

The President has committed to expanding proven programs and launching innovative services to prevent Veterans from falling into homelessness. The 2010 budget provides more than \$3.2 billion for homeless Veterans programs. This includes \$2.7 billion to furnish health care to homeless Veterans and \$500 million for other programs providing supportive services, which help to break the cycle of homelessness among the estimated 131,000 Veterans who are homeless on any single night.

Joint Initiatives

The budget provides \$26 million for VA to work with the Departments of Housing and Urban Development, Labor, Education, Health and Human Services, and the Small Business Administration, in partnership with non-profit organizations, to reduce homelessness. This pilot project coordinates VA's efforts with programs of partner agencies and non-profits to target Veterans who are most at risk of becoming homeless. It aims to maintain stable housing for Veterans while continuing to provide them with support services and ongoing medical care.

In addition, this historic budget allows us to set our Veterans up for success well into the future by investing now in their education and in the future financial stability of America by educating the next greatest generation of Veterans.

AUTOMATING THE APPLICATION FOR AND DELIVERY OF EDUCATION BENEFITS

The Department is on target to implement the Post-9/11 Veterans Educational Assistance Act starting August 1, 2009, and began signing up Veterans online for this program on May 1, 2009. VA is pursuing two parallel strategies to successfully implement this new education program, both of which are fully supported by the resources presented in the 2010 budget.

Short Term Strategy

The short-term strategy relies upon a combination of traditional claims processing and modifications to existing IT systems. Until a modern eligibility and payment system can be developed, VA will adjudicate claims manually and use the existing Benefits Delivery Network to generate benefit payments to schools and program participants. This budget includes funds to hire and maintain the additional staff required.

Long Term Strategy

The long-term strategy is the development and implementation of an automated system for claims processing. The Department has teamed with the Space and Naval Warfare Systems Command to address the necessary IT components of this strategy. They are the premier systems engineering command for the Department of the Navy. The automated solution will be available by the end of calendar year 2010, by which time full operational control of the automated system will be in VA's hands.

Dramatic Increase in the Number of Educational Beneficiaries

As a result of the Post-9/11 Veterans Educational Assistance Act, we expect the number of education claims to rise dramatically. We anticipate in excess of 2 million education claims in 2010, a total 8 percent higher than the number we projected for 2009 and 25 percent above the 2008 total. Despite this significant growth in workload, the resources provided in the President's 2010 budget will allow us to maintain our program performance for two key measures. The timeliness of processing original education claims will be at least as good as the level (24 days) we estimated for 2009, while the average time it takes to process supplemental claims will be no higher than the estimated level (10 days) for 2009.

Of import, this program will invest in knowledge and education for our latest generation of Veterans.

PROVIDING ADDITIONAL ECONOMIC STABILITY TO VETERANS

Providing Greater Benefits to Veterans Who Are Medically Retired from Service

In addition, the President's 2010 budget provides for the first time concurrent receipt of disability benefits from VA in addition to DOD retirement benefits for disabled Veterans who are medically retired from service. Presently, only Veterans with at least 20 years of service, who have service-connected disabilities rated 50 percent or higher by VA, are eligible for concurrent receipt. Receipt of both VA and DOD benefits, for all who were medically retired from service, will be phased in starting in 2010. The estimated VA costs in 2010 are \$47 million.

Improving Compensation and Pensions

A major challenge in improving the delivery of compensation and pension benefits is the steady and sizeable increase in workload. The volume of claims receipts is projected to reach 972,000 in 2010—a 5 percent rise from the 2009 level and a 23 percent increase since 2005.

The number of Active Duty service members as well as Reservists and National Guard members who have been called to active duty to support Operations Enduring Freedom and Iraqi Freedom is one of the key drivers of new claims activity. This has contributed to an increase in the number of new claims, and we expect this pattern to persist, at least for the near term. An additional reason that the number of compensation and pension claims is climbing is the Department's commitment to increased outreach. We have an obligation to extend our reach as far as possible and to spread the word to Veterans about the benefits and services VA stands ready to provide.

Disability compensation claims from Veterans who have previously filed a claim comprise about 55 percent of the disability claims received by the Department last year. Many Veterans now receiving compensation suffer from chronic and progressive conditions, such as diabetes, mental illness, cardiovascular disease, orthopedic problems, and hearing loss. As these Veterans age and their conditions worsen, VA experiences additional claims for increased benefits.

Increasing Number of Beneficiaries Receiving Compensation

The growing complexity of the claims being filed also contributes to our workload challenges. For example, the number of original compensation cases with eight or more disabilities claimed increased from 43,700 in 2005 to 61,600 in 2008. Nearly 27 percent of all original compensation claims received last year contained eight or more disability issues. In addition, we expect to continue to receive a growing number of complex disability claims resulting from PTSD, TBI, environmental and infectious risks, complex combat-related injuries, and complications resulting from diabetes. Claims now take more time and more resources to adjudicate. Additionally, as VA receives and adjudicates more claims, a larger number of appeals are filed from Veterans and survivors, which also increases workload in other parts of the Department, including the Board of Veterans' Appeals and the Office of the General Counsel.

Addressing Innovative Ways to Decrease Waiting Time for Benefits

VA will address its ever-growing workload challenges in several ways. For example, we will enhance our use of IT tools to improve claims processing. In particular, our claims processors will have greater online access to DOD medical information as more categories of DOD's electronic records are made available through the Compensation and Pension Records Interchange project. We will also strengthen our investment in a paperless claims processing infrastructure, to reduce our reliance upon paper-based claims folders and enable accessing and transferring electronic images and data through a Web-based application. This infrastructure will also dramatically increase the security and privacy of Veteran data. The existing Virtual VA repository will be sustained until the more robust enterprise paperless infrastructure is developed and deployed. The Department will continue to move work among regional offices in order to maximize our resources and enhance our performance. Also, the Department will demonstrate improved timeliness and quality of service resulting from the recent expansion of the Benefits Delivery at Discharge program at all regional offices, demobilization sites, military installations, and VA health care facilities.

As a result of staffing increases, more efficient claims processes, and enhanced use of IT tools, we expect to lower the average number of days to complete rating-related compensation and pension claims to 150 days in 2010. This represents a 29-day improvement (or 16 percent) in processing timeliness from 2008 and an 18-day (or 11 percent) reduction in the estimated amount of time required to process claims this year.

In addition, we anticipate that our pending inventory of disability claims will fall to about 302,000 by the end of 2010, a reduction of more than 78,000 (or 21 percent) from the pending count at the close of 2008. At the same time we are improving timeliness, we will also increase the accuracy of the compensation rating decisions we make, from 86 percent in 2008 to 90 percent in 2010.

As we press to build momentum on our forward leaning initiatives, it is with the sense that, every day we stand still, we face irrelevancy. The future moves at the pace of the micro-chip processor, and we must invest in technology to remain relevant. This budget provides a serious down-payment on leveraging technology to transform VA into a 21st Century Organization.

PROCESSING BENEFITS CLAIMS IN A PAPERLESS ENVIRONMENT AND OTHER CRITICAL IT INVESTMENTS

Leveraging information technology (IT) is crucial to achieving the President's vision for transforming VA into a 21st Century organization that meets Veterans' needs. Key concepts of the transformation include creating an electronically based benefits system to speed processing and address the backlog; integrating service member information from DOD with all VA information about a Veteran to create a seamless transition from warrior to Veteran; using Customer Relationship Management (CRM) techniques to work proactively with Veterans and provide them with a view of all of their VA benefits; ensuring continued innovation of the award winning Computerized Patient Record System and VISTA medical records systems; and creating "anywhere, anytime" access to VA by developing multiple access channels for information and transactions.

IT is an integral component of VA's health care and benefits delivery systems.

VA depends on a reliable and accessible IT infrastructure, a high-performing IT workforce, and modernized information systems that are flexible enough to meet both existing and emerging service delivery requirements. Only in this way can we ensure system-wide information security and the privacy of our clients.

Meeting Vital IT Needs

The President's 2010 budget for VA provides more than \$3.3 billion to meet these vital IT requirements. This is \$559 million (or 20 percent) above the 2009 resource level (which excludes \$50 million made available through the American Recovery and Reinvestment Act). Almost all of the Recovery Act funds will be used to develop IT solutions associated with the implementation of the Post-9/11 Veterans Educational Assistance Act.

The 2010 budget provides \$144 million to continue moving toward the President's goal of reforming the benefits claims process to make VA's claims decisions timely, accurate, and consistent through use of automated systems. VA's paperless processing initiative expands on current paperless claims processing already in place for some of our benefits programs. It will strengthen service to Veterans by providing them the capability to apply for and manage their benefits on-line. It will also reduce the movement of paper files and further secure Veterans' personal information. The initial features of the paperless processing initiative will be tested in 2010, and by 2012, we expect to implement an electronically based benefits delivery system.

Funding for New Technology

The Department is requesting \$86 million for the Financial and Logistics Integrated Technology Enterprise (FLITE) system. This is an increase of \$38 million (or 78 percent) from the 2009 resource level. FLITE is being developed to address a long-standing internal control material weakness and will replace an outdated, non-compliant core accounting system that is no longer supported by industry.

We recently completed an in-depth analysis of our patient scheduling program. I have directed a similar review of all our major IT programs to evaluate program performance against cost and schedule milestones. Changes in how we manage IT projects include use of standard templates to ensure completeness and consistency of development and testing processes, initiation of an IT competency assessment, and formation of integrated project teams, such as the Post-9/11 GI Bill team to ensure close collaboration between IT and education program experts.

In total, within VA's total IT request for 2010, nearly \$2.4 billion (or 72 percent) will be for IT investment (non-payroll) costs, while the remaining \$939 million (or 28 percent) will provide for payroll and administrative requirements.

Benefits Spending Summary

In summary, the Department's 2010 resource request for General Operating Expenses (GOE) is just over \$2.2 billion. Within this total GOE funding request, more than \$1.8 billion is for the management of the following non-medical benefits administered by the Veterans Benefits Administration (VBA)—disability compensation; pensions; education; vocational rehabilitation and employment; home loan guaranty; and insurance. Our request for GOE funding also includes \$394 million to support General Administration activities.

Funding for VBA in 2010 will be \$364 million (or 25 percent) higher than the 2009 resource level (which excludes \$157 million from the American Recovery and Reinvestment Act). Almost all of the resources provided to VBA through the Recovery Act will be used to hire 1,500 additional staff to support the processing of compensation and pension claims; 500 of these will be permanent employees who will replace staff losses through attrition while the other 1,000 will be temporary employees hired under term appointments. The temporary employees will conduct follow-up actions to expedite claims development and perform other administrative activities to free up claims decision-makers to handle more complex claims processing tasks.

SERVICE TO THE LAST BREATH AND BEYOND—FUNDING THE MEMORIALS TO OUR
HEROES

The President has charged me with caring for our Veterans until they take their last breath. The VA's commitment, however extends beyond the last solemn ceremony and last note of Taps. We are committed to continuing the memories of our heroes with the dignity and respect they deserve. The Recovery Act funds available to the National Cemetery Administration (NCA) will be used for national shrine projects, energy projects, monument/memorial repairs and other non-recurring maintenance activities, and equipment purchases.

Increasing Memorial Services

The resources requested for 2010 will allow us to meet the growing workload at existing cemeteries by increasing funding for contract maintenance, supplies, and equipment, continuing the activation of new national cemeteries, and maintaining our cemeteries as national shrines. VA expects to perform 111,500 interments in

2010, or 4 percent above the estimate for this year. The number of developed acres (8,015) that must be maintained in 2010 is 3 percent greater than the 2009 estimate.

Improving Memorial Services

Our budget request includes an additional \$1.6 million to continue daily operations and to begin interment activities at the last three of the six new national cemeteries established by the National Cemetery Expansion Act of 2003. Burial operations at Bakersfield National Cemetery in California, Alabama National Cemetery in the Birmingham area, and Washington Crossing National Cemetery in southeastern Pennsylvania are expected to begin by the end of calendar year 2009.

Expanding Memorial Services and Access for Veterans

The President's resource request for VA provides \$38 million in cemetery operations and maintenance funding to address gravesite renovations as well as headstone and marker realignment. When combined with another \$26 million in minor construction, \$2 million in non-recurring maintenance, and \$1 million for monument and memorial preservation, VA is requesting a total of \$67 million in 2010 to improve the appearance of our national cemeteries which will help us maintain cemeteries as shrines dedicated to preserving our nation's history and honoring Veterans' service and sacrifice.

With the resources requested to support NCA activities, we will expand access to our burial program by increasing the share of Veterans served by a burial option within 75 miles of their residence to 90 percent in 2010. This is 3.1 percentage points above our expected performance level for 2009.

In addition, we will maintain the level of service to our clients that resulted in VA's national cemetery system receiving the highest rating in customer satisfaction for any Federal agency or private sector corporation ever surveyed as part of the American Customer Satisfaction Index (95 out of a possible 100 points). We expect that 98 percent of our survey respondents in 2010 will rate the quality of service provided by national cemeteries as excellent and 99 percent of survey respondents will rate the appearance of national cemeteries as excellent. These performance levels will reinforce that the Department's cemetery system is a model of excellence in providing timely, accessible, and high-quality service to Veterans and their families.

Memorial Spending Summary

The President's 2010 budget request for VA includes \$242 million in operations and maintenance funding for the NCA. This is \$12 million (or 5 percent) above the 2009 resource level (which excludes \$50 million provided through the American Recovery and Reinvestment Act).

SUMMARY

At the end of the day, none of these reforms can be implemented by money alone without investments in our own internal growth and development. As a people-centric organization, investments in training recruiting, and educating the best workforce for our Veterans will take a priority in my tenure as the Secretary of the Department of Veterans Affairs. If we make those investments, and commit to true organizational change, we will succeed, if we do not, we will fall short of major transform.

CLOSING

Veterans are VA's sole reason for existence and my number one priority. In today's challenging fiscal and economic environment, we must be diligent stewards of every dollar and apply them wisely to deliver timely, high-quality benefits and services to Veterans whom we serve. While we recognize the growth in funding that we are requesting in 2010 is significant, we also acknowledge the responsibility, accountability, and importance of showing measurable returns on that investment. You have my pledge that I will do everything possible to ensure that the funds Congress appropriates to VA will be used to improve both the quality of life for Veterans and the efficiency of our operations.

Organizational transformation is a challenging task that requires changes in culture, systems, and training. This will require resources, but it will also demand commitment and teamwork. The entire Department is dedicated to serving the needs of Veterans in the 21st Century and every VA employee has a stake in transformation to meet those needs.

Leadership will continually assess and re-assess the necessary funding resources for transformation. It should be expected that these bold new initiatives will result

in adjustments to the budget request within the 2010 topline during the next several months. The results of this ongoing management decision-making process—in partnership with the Congress—will be a budget that starts the VA down a path toward becoming a model for 21st Century governance.

I am confident that Congress and VA can work together to achieve a common goal on Veterans.

Senator JOHNSON. Mr. Secretary, as you know, we are likely to provide advance appropriations for fiscal year 2011 medical care. We will need to know very quickly what the VA's estimates for 2011 are if we are to include them in this year's bill. When do you expect to be able to give this committee an fiscal year 2011 estimate for the medical care accounts?

Secretary SHINSEKI. Mr. Chairman, I am, in fact, in meetings with OMB as I was preparing to come over here to do just that. I hope to have some numbers this week that I would like to share with you as soon as those negotiations are complete.

Senator JOHNSON. Mr. Secretary, I was pleased to see that the VA has requested \$250 million in the fiscal year 2010 budget to continue the Rural Health Initiative that was started in 2009. How do you plan to use the funding requested in the fiscal year 2010 budget?

Secretary SHINSEKI. Well, Mr. Chairman, actually as it turns out, the \$250 million that was provided to us in 2009 about \$90 million of that will actually be executed, and so there will be a carryover of about \$190 million. So in 2010 we are looking at a \$440 million set of funds to disperse. We will be looking at mobile rural health clinics, and four pilot sites, outreach clinics, three regional rural health resource centers, and a host of other initiatives pilot as well as programs put into place that I'd be very happy to provide you some more detail on for the record.

Senator JOHNSON. What process do you have to evaluate the success of projects funded under this initiative?

Dr. CROSS. Sir, for our projects we have built in an evaluation component to make sure that from the very beginning we collect data to ensure that over time we can tell if the project is successful.

We're doing some very innovative work in this rural health initiative. Some of them may not turn out to be successful. We want to know that, and we want to discontinue those and focus on the ones that are. So we decided to build that into the program from the very beginning, capture the data, monitor it closely, and then make some decisions over time as to what really works best.

Senator JOHNSON. Secretary Shinseki, the VA has requested an increase of more than a half billion dollars for IT. How much of this increase is for staffing and administrative expenses, and how much is for system development?

Secretary SHINSEKI. Mr. Chairman, I'm going to let Mr. Baker pick up on that initially, and I'll play clean up to him.

Mr. BAKER. Thank you, sir.

There are substantial staffing increases in that increase, primarily in the field working in the hospitals and the regional offices providing customer support to the administrations and their efforts to work with the veterans. There's \$182 million according to my sheet here for staffing increases. Again, primarily in the field as well as increases for key items like interoperability with the Department of Defense from an information standpoint, the FLITE

Financial System so that we have good strong financial management, and increases in medical IT and benefits IT, both to support staff increases in those areas, and to support improvements in the process of speed of response, network speed, those sort of things. Again, most of the increases aimed at supporting the folks in the field doing the real work, working with the veterans.

Senator JOHNSON. This past year the VA has had to put the replacement of the scheduling system on hold due to failures in the development process. This is very disappointing to say the least. What are your plans to improve the way IT systems are developed to ensure that we don't repeat this failure, and how do you plan to improve oversight of development projects?

Secretary SHINSEKI. Mr. Chairman, I don't think there's anybody more disappointed in the fact that we had to put in place a strategic pause with the scheduling replacement project than I was. We have put in place a set of procedures that are going to govern us going forward, everything from oversight boards to how we set projects up for success. I'll let Mr. Baker, Assistant Secretary Baker talk about the details of that, but what I've asked that we do is to go through and look at every program that we have in our IT projects, and subject them all to the same level of scrutiny that we've just gone through with scheduling, and out of which we have gotten significant learning on how to do this better.

Mr. BAKER. Thank you, sir.

We are looking at a substantial change in the way that we manage information technology programs at Veterans Affairs, and plan on briefing your staff on the details of this in the coming week.

We've reviewed approximately 282 ongoing development programs at the department, and that initial review was on analyzing certain aspects such as were they on schedule, were they on budget, did they have sufficient staff to complete the project successfully. Although it's preliminary, the results of that review is fairly clear that we need a substantial change. And as I said, we will bring that forward next week, but we have to make certain that we implement for our programs clear decision criteria, better control of the programs, decreased infusion of new requirements in the middle of the program, clear participation of the internal customer that will be receiving the new system, and the success of the program, clear attention from the vendor that's working on this and their participation and success, and most fundamentally important we need to increase the probability of success for these programs. We do not have a good track record now as Secretary Shinseki said. It is one of the first things that I felt I needed to focus on, and it will be one of the first things that we bring forward to tell you about how we're going to fix that problem.

Senator JOHNSON. Time is running out but I want to raise the issues of problems in the coordination between the VA and the Indian Health Service. Mr. Secretary as you get settled in at the VA, I want to work with you to see how coordination can be improved.

Senator HUTCHISON.

Senator HUTCHISON. Thank you, Mr. Chairman. Mr. Chairman, I would just say to the Secretary and the Assistant Secretary that I too am very concerned about the IT situation, so I would like to ask that we have a report back to the committee on what you are

doing, both in the management governance structure, which was mentioned in the Inspector General's report, and also the project management plan for the implementation of the subprojects, just the whole thing obviously needs to be pretty much turned upside down I think. So I'm hoping that you would report back to us specifically on that. I know you're aware of it, so that's something we would look at.

And then I want to say I'm very pleased that we are doing so much in the areas of research and mental health. I do believe that the Veterans Administration is giving the proper emphasis on mental health now, and also medical research, and I hope, General Shinseki that we will be able to work the problems out with the gulf war syndrome research so, that can go forward. It's mid-process, and I think it is very important that we continue that research.

Secretary SHINSEKI. Senator, I just want to assure you we are in dialogue. It's my interest that this goes forward, and we have some technical contract details here to work out, and I think with cooperation on both sides we can get there.

I just want to reinforce for you that we have significantly, we've invested in mental illness, mental health issues with dollars this year and 2010, and I'm comfortable we're doing more and better in terms of TBI and the relationship with poly-trauma, other aspects of the mental health portfolio.

Senator HUTCHISON. I'm very pleased about the investment that you're going to make in the fifth poly-trauma center in our country that will be in the veteran's facility that's already a great one, but I think this will add so much in San Antonio.

I wanted to ask you about another issue, and that is the transfers from the medical services account. Since fiscal year 2005, Congress has provided more than \$12 billion above the Department's request, much of which has gone into our medical services accounts. However, during the last 3 fiscal years the Department has requested significant transfers out of that account into other accounts that the VA has chosen. In fiscal year 2008 it was \$1 billion out of medical services. In fiscal year 2009, the Department submitted \$260 million request less than 2 months into the fiscal year. And I guess my concern is that this sort of undermines the appropriations process where we want to know that the money we're putting in is being used, and this year the Department is requesting \$3.7 billion more in medical services. So my question would be are you satisfied that \$3.7 billion increase is needed for medical services and will be used for medical services, and can you tell the committee that we will not be seeing transfers out of that account into other accounts outside of our process?

Secretary SHINSEKI. The amount of money going into medical services is needed, Senator. I would like to assure the committee that I will do everything possible not to have to come up with another request for funds transfer. I think in 5 months I've been able to get to the bottom of most of the issues that I needed to be educated on. This one regarding funds transfers out of medical services into the IT account has a history that goes back probably a couple of years ago when we centralized IT and we took all these assets from various places. We didn't clean up the accounts and ensure

that funding was aligned with it. I'm comfortable that we have done a better job this year, and I do not intend to request funds transfer again this year, but I still have some things to discover.

Senator HUTCHISON. Thank you, Mr. Secretary. One more question, and that is I had written you this year after meeting a veteran in a wheelchair in Houston, Texas and he had been able to acquire a service dog through private donations, and I wrote you a letter and said that this is an authorization that you have for veterans, especially veterans in spinal cord injuries, not blindness related but spinal cord injury related. And the service dogs apparently are very helpful in maneuvering these people and helping them. My question—you had written me back, and you had said that you would look into it, and I just wondered if there was any report about the capability of providing service dogs for this particular type of injury.

Dr. CROSS. Yes, ma'am. At the direction of the Secretary we have looked at this closely. We're moving forward. The key thing that we're doing at this time is developing a directive that describes what the requirements would be, what the scope of the program would be. We're even putting information in when we do this, and when we put the directive out we'll put out information on our website relative to this as well as to guide dogs, which, of course, we've been using for decades very successfully. And so there is work underway on this. It's moving forward through the staffing and evaluation process right now, but progress is being made in that regard.

Senator HUTCHISON. Okay.

Secretary SHINSEKI. Senator, I owe you a response that describes the program, and I will do that.

Senator HUTCHISON. Okay.

Secretary SHINSEKI. We've just begun the preliminaries to see what a requirement is, what it takes to train a dog to that standard, and how do we ensure that the patient to whom we've assigned the dog is capable of caring for the dog as well as being cared for by the dog, so we have some details to work out. I think there's good experience here. We ought to be able to put a program together.

Senator HUTCHISON. Okay. I understand that would be certainly something that would have to be flushed out because it's a new type of help, but I appreciate your looking into it, and we'll look forward to hearing more from you. Thank you very much.

Thank you, Mr. Chairman.

Senator JOHNSON. Senator Nelson.

Senator NELSON. Thank you, Mr. Chairman, and thank you Mr. Secretary for being here today, and for the courtesy of our visit earlier this year. Congratulations. Thanks to all of your colleagues who are here as well.

As we've discussed, I've worked with past Secretaries to highlight the deterioration and infrastructure deficiencies that the current Omaha VA Medical Center, and while you and your staff have been very helpful to us year after year in the past, VA personnel have told me that Omaha didn't meet a certain priority in one area, and then told me the next year that it didn't meet criteria in another area, and so I was frustrated to see this year that 11 facilities

freshly appeared as higher priorities than Omaha in the President's budget. And one reason is that Midwest facilities do not have access to 32 out of the 100 possible points used for scoring VA construction projects because they don't have special emphasis or seismic risk. We do have earthquakes in Nebraska. Just recently we had one in the northern part, but here we are in a race to the goal line, but we seem stopped at the 32 yard line. And so Secretary Peek last year commissioned a study of the Omaha VA's deficiencies, and apparently the review was completed but the report as you mentioned is not available to you as of right now. Can you tell me what consideration will be given to that report, and how the findings might be used to correct any problems?

Secretary SHINSEKI. Senator, I understand that the report has just arrived in the VA. I haven't had a chance to look at it. I've got people vetting it.

Senator NELSON. Uh-huh.

Secretary SHINSEKI. I understand that there is a series of criteria for scoring and that results in a standing of various projects. I have an appreciation for why those criteria. I mentioned that the seismic criteria is there because in our case several years ago a catastrophic failure of one of our hospitals left a number of people killed and injured, so it has been introduced since 2000 or shortly thereafter. What I can't explain today is why it carries the weighting it does in relation to others. I'd like to do that. I'd like to get in there and study it for myself, understand it and I'd like get your insights and share with you what I've learned as we look at the project list.

Senator NELSON. I appreciate that, and I'll be looking forward to getting together.

Maybe you can help me with this. Have the Department personnel decided that last year's rankings were inaccurate, or should we see the budgets, the President's budget and understand that the VA facility needs have changed dramatically from last year? You may not be able to answer that either until you've had the report, but to see 10 or more facilities jump ahead on the basis of last year's report is cause for some concern. It seems like either the playing field is not quite level with the criteria, or that it's certainly tilted a different way. So I'm anxious to get your response on that.

Secretary SHINSEKI. I'll be happy to respond.

Senator NELSON. And I really am frustrated in that prioritization model that seismic risks rank higher than the entirety of the facility's actual condition, and whether it's a specialized center of excellence, which is again located in population centers, is worth nearly double the condition of the facility. So I hope that as you review the report you will also perhaps deal with the question of who really should develop the criteria, and with the question of whether Congress needs to have some responsibility here for approving at least reviewing and/or approving the criteria because it does seem to raise serious questions of fairness and consistency. If you can't know what the criteria are going to be next year because it changed since last year, I don't know how you can plan ahead with your facility. So I look forward to working with you. I know that

you will do an excellent job of reviewing the report and we'll have that chance to sit down and go through that.

Secretary SHINSEKI. Thank you, Senator.

Senator NELSON. Thank you, Mr. Chairman.

Senator JOHNSON. Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Mr. Secretary, I want to thank you for the time that you spent with me in my office several weeks ago. I appreciated the conversation, and just the very good discussion that we had. I also am pleased to report, I don't know if you are aware but the vacant decision review officer position that we had talked about has now been filed, so we greatly appreciate that, and we're looking forward to moving with that.

During the visit that we had in late May, we spent a fair amount of time talking about the challenges that Alaska veterans who live off the road system, who live in the bush in the very rural areas, the challenges that they have in accessing their VA healthcare benefits, and we talked about those who are diagnosed with PTSD really having to dip into their own pockets \$1,000 for an airplane ticket to get into town to visit a counselor and the concerns. At that time we discussed the scope of the problem, and I'm sure that within this short time period you have not, you haven't figured out the solutions to it, and I can appreciate that but I guess I just want the assurance that you recognize that we have a problem and a situation that is more than a bit unique up there, and that you and your staff are working to help us as we try to help those veterans.

Secretary SHINSEKI. Senator, as I said earlier in my opening comments, and as I indicated to you in your office, caring for veterans is our primary mission, that's veterans wherever they live. I also mentioned that geography in the United States by definitions used in the VA have three categories. There are urban, rural, highly rural, and then I'm not sure what category we use for those areas where there are no roads and you can't get into them. I know that's a part of the geography you're dealing with.

I've asked our VHA to start thinking about how we take care of veterans in those areas, and let me just ask Dr. Cross to provide just some insight, some of which will seek out partnerships with the tribal healthcare program.

Dr. CROSS. Senator, I think it's fair to say that we need to adapt our services to meet the environment that they're provided in, and to meet the needs of those veterans. I think certainly the Alaska environment provides unique challenges for us, so we have to be especially innovative. I notice that some of the things that we're doing in our rural health initiatives, and some of the things that we were doing anyway I think will be of some benefit in this direction. Specifically in regard to the kind of things what we now call outreach clinics, very small clinics that we can adapt to small, more rural environments as I believe that we're putting in Juneau, and I think we're working on one for Homer as well. Also, the new C Block in—correct me on my pronunciation, Mat-Su?

Senator MURKOWSKI. Yes.

Dr. CROSS. Mostly we have to look at other things, and that means where the individual can receive the service, perhaps without traveling at all. And that's where I think the total health ini-

tatives come in to play very much because without regard to weather, without regard to location, we can make those work in more environments even where there are no roads perhaps. Also, just getting the kind of service so the individual does not have to come see us, so our mechanism to provide medication by mail or through other delivery mechanisms so they don't have to actually come and visit the pharmacy I think is uniquely beneficial in that environment. I think we have much to learn and much to be innovative, much innovation to bring forward in regard to our veterans in Alaska, and I look toward to working on that.

Senator MURKOWSKI. I appreciate that, not only your comments but, Mr. Secretary, your acknowledgment that perhaps we need to look at Alaska as a unique and different situation, a different set of facts, and we need to be a little more creative, a little more nimble in how we approach, how we deliver these benefits because our veterans should not be denied benefits just because of where they chose to live. We want to work with you on that. I would extend the offer again to come up to Alaska and see for yourselves. We have been doing some great things within the IHS system, and we'd like to see how we can integrate that within the VA.

You mention some of the opportunities for pilots. When we spoke, Mr. Secretary, we talked about the rural healthcare pilot, which was supposed to roll out on the first of June, it hasn't rolled out yet. I understand it's going to be coming out on the 11th, but I had written to you expressed some concerns about some of the things that we didn't see in that. There was a lack of involvement with the provider community, exclusion of southeast Alaska, and exclusion of behavioral health from the pilot. I know that is something that you are looking at to address those concerns. I don't know if you have any update at this point in time, but when we look to the pilots I think it is important that we're making sure that this is not just something that somebody has thought of back in their office, whether it's in Anchorage or Seattle, or back here in Washington, but they're actually working within those local communities, within those regions to make them work. If you care to comment on that I'd appreciate it, but again I extend that offer to come north and work with us up there as well.

Secretary SHINSEKI. I'm happy to visit in the summertime, Senator.

Senator MURKOWSKI. He has already said he has no interest to come up in the winter, I don't understand.

Secretary SHINSEKI. But before then we'll be sure to get to these issues.

Senator MURKOWSKI. Thank you. I appreciate it.

Thank you, Mr. Chairman.

Senator JOHNSON. Senator Reed.

Senator REED. Thank you very much, Mr. Chairman. Thank you, Mr. Secretary and ladies and gentlemen, and thank you Mr. Secretary for your visit to the Providence VA. It was a wonderful trip, and it shows your commitment to our veterans, and your constant effort to get out and walk the front lines, so I thank you for that. That's something that you've done for a long, long time, sir.

Let me focus just a moment on veterans homelessness. I'll say parenthetically I had the occasion to have supper along with col-

leagues, along with Admiral Mullen the chairman, and we spent a long, long time talking about this because as someone who is responsible for these young men and women in uniform, he feels a continuing responsibility to the veterans who have fought and served, and too many are on the streets. In the fiscal year 2009 funding bill, there was an inclusion of \$10 million for a demonstration program under HUD to prevent homelessness among veterans, and HUD was directed to be the leader on the project, but to coordinate with the Veterans Administration and Labor Department. I simply want to hear from you or your colleagues whether this coordination is ongoing, what might be the status of the project.

Secretary SHINSEKI. Senator, it's ongoing. In fact, the number of vouchers have been doubled with Secretary Donovan's assistance out of HUD, so that program continues. He and I have sat on a committee, coalition that deals with homelessness. This is something that he and I are both working in conjunction with other department heads. We've described homelessness as sort of the last step in opportunities to solve some problems, and so we do have this one and we are linking it to other actions that have to do with healthcare, substance abuse, mental health, jobs, education, all the things that could interrupt the cycle.

Senator REED. As always, sir, you've anticipated my next question which is in the fiscal year 2010 budget the President has requested \$26 million for the VA to work in partnership with HUD, Labor, Education, HHS, Small Business and nonprofits to reduce homelessness. You will be in charge of that for the Veterans Administration, is that the way the concept is?

Secretary SHINSEKI. That's my contribution to the work effort, and I know that other departments have money set aside to work.

Senator REED. In terms of the structure, you know, the chairman of the board if you will, will that be you, Mr. Secretary?

Secretary SHINSEKI. It's about to change. I am the current chair, and it's about to turn over to Secretary Donovan, and so between the two of us we will continue working on the committee.

Senator REED. You will be, I presume given the nature of the agency, trying to leverage both VA programs, and HUD programs, and other programs—that's the whole essence of it.

Secretary SHINSEKI. Right.

Senator REED. Let me do this, let me invite you to, and your colleagues to give us any ideas you believe that are necessary to further reduce the problem of veterans homelessness. Again, we could stand here and make long speeches, we all could, about what a remarkable shame it is to have men and women who serve with distinction now not finding a place. In fact, Admiral Mullen was talking about young veterans of Iraq and Afghanistan in their 20's in California who are essentially homeless.

Secretary SHINSEKI. Right.

Senator REED. So this is something we've got to do, and I want to work with you and I'm sure all my colleagues do and the chairman to address this issue.

Secretary SHINSEKI. Senator, I would tell you that about 6 years ago the number of homeless veterans on the streets was about 195,000; 200,000. Today it's 131,000 and a year after, they've been taken off the street, put through our program of 18 months to two

years, and then a year after they graduate with pretty good results on being employed, and living independently. 131,000—I just spoke to a gathering of the coalition here a couple weeks ago, and I said five years at zero, we’re moving to zero now. I’m not naive, I know there are no absolutes here, and I know that there will be, you know, more homeless veterans generated in the meantime, but my sense is if I didn’t put zero as a target, we’d be somehow far off, further off the mark rather than giving it our best efforts. That hasn’t been cleared by the folks who look at budgets yet, so I’m a little out ahead of them, but that’s the intent.

Senator REED. I thought that was Chairman Hutchison and Johnson. I thought those were the ones.

Secretary SHINSEKI. I just had to qualify my statement.

Senator REED. Very good. Thank you, Mr. Secretary.

Senator JOHNSON. Senator Pryor.

Senator PRYOR. Thank you, Mr. Chairman. Thank you, Mr. Secretary, and thank you for making yourself available to me recently. Thank you for changing your schedule.

Let me ask something that is interesting to me, and something you talk about as transforming the VA and changing the mindset there, and I think what you’re talking about is really changing the culture in the VA. Would you give us your thoughts on how you plan to go about doing that?

Secretary SHINSEKI. Senator, I think changing any large organization is pretty challenging, and I think any organization that has a long and proud history of contributions to the country like the VA has is also challenged to hear someone like me come in and talk about change, but I do think that looking at where we are, where we need to go that’s an appropriate time that we talk about transforming ourselves.

The President has asked us to do this for the 21st century, and so we are looking at new approaches and new outcomes for the VA, engraining new ways of thinking and acting, practicing new ways of working with each other, delivering services better than we ever have before.

This is a work in progress. We’re putting together a plan, but it talks about changing the climate at the VA, instilling in our folks the sense of advocacy for veterans. It’s a slight change in our approach to our duties, but when you advocate for something, you tend to respond differently and you clearly send signals that are vastly different to the people, your clients that you’re serving. So that requires a training program that touches all of our civil servants, talks about electronic health records that we’ve committed to upgrading, and along with DOD agreed that we’re going to create a virtual electronic record that will govern youngsters from the time they serve in uniform until the time they arrive in our ranks as veterans, to the time that we lay them to final rest. A lot of good movement in that particular category. The President had both Secretary Gates and I stand up with him and announce we were going to do it, so we’re moving in that direction.

Centralization oversight of contracting, \$13 billion to contract in the VA, and it’s divided up in a number of different areas, and what lacks is synergy, discipline, and oversight, and so we’re moving to bring that into order.

Senator PRYOR. Can I interrupt here, because I did want to ask that specifically.

Secretary SHINSEKI. Okay.

Senator PRYOR. You envision that as being a separate office within VA where all the purchasing and acquisitions office, how is that going to be?

Secretary SHINSEKI. Well, I'm looking for authorization, in fact, in this budget to establish a new office with an Assistant Secretary for Acquisition, Logistics, and Construction. We created an office less than a year ago, bringing together disparate contracting authorities. What I need to do is elevate this to Assistant Secretary level to provide the oversight that is needed to get us the efficiencies that we need.

Senator PRYOR. One of the concerns there, I think you're on the right track, and I like everything you've said, but one of the concerns there would be by creating a new office are you creating another layer of bureaucracy or another little section of the maze there, or are you really cutting through some of that and streamlining your operations?

Secretary SHINSEKI. The intent is for it to be smaller than larger, and it's to bring together assets that are already significantly disbursed, and get some efficiency out of it so we have discipline and oversight.

Senator PRYOR. Let me ask you about an area that we get some complaints on sometimes in our office. As you can imagine like a lot of other senators, we have a person in our Little Rock office that that's pretty much all they do is work on VA cases, and try to help veterans through the system. One of the complaints we hear is this kind of a, I guess I'd call it a proof of service requirement where often times when a person goes in it's up to the veteran to prove that they served, but these records could be decades old.

Secretary SHINSEKI. Sure.

Senator PRYOR. That can get very, very difficult if not impossible. I'm seems to me that between the VA and the DOD we would have all, you the Government, we would have all the records that we could somehow produce and verify the records if we needed to do that. We have those resources and not the veterans. Can we talk about that?

Secretary SHINSEKI. It's a little bit of—I'm going to turn it over to Admiral Dunne here in a bit because he over watches our benefits administration, but it's a little bit of what I mentioned earlier here about advocacy. If we're advocating for veterans, our approach is going to be just different. Another aspect of this is the virtual electronic record that both DOD and VA have agreed on, and what that means is a youngster puts on a uniform, automatically is enrolled in the VA, and therefore this search for records at some time later is precluded because all those records are, in fact, in place, electronically shared, and available when the disability claim is initiated. This is a little harder than just talking about it, and so we are hard at work with DOD to come to those common protocols and let me turn to Admiral Dunne here.

Admiral DUNNE. Senator, in the meantime until we can get electronic records, we are first exercising what's considered our duty to assist, and so whenever we do get a claim from a veteran, we will

take on the responsibility to work with DOD and track down those records.

One of the things which we've accomplished recently as a result of our collaboration with DOD is to establish points of contact at each of the services so that when a regional office is trying to find a specific record, and often times the Guard and Reserve records are the most difficult ones to find, then we can go straight to the relevant service and identify this specific record that we need for a veteran, and get their assistance in providing it, but we will if there is any record or piece of evidence which a veteran needs for their claim, we will take on the responsibility of doing the search to find their records.

Senator PRYOR. Thank you. Thank you, Mr. Chairman.

Senator JOHNSON. Senator Murray.

Senator MURRAY. Thank you very much Chairman Johnson and Senator Hutchison for having this hearing today. General Shinseki welcome, it's good to see you as well, and to all of your folks who are working so hard.

I recently came across a VA report that was called "Provision of Primary Care to Women Veterans," which highlighted a number of problems preventing the highest quality of primary care being provided to women veterans in the VA. This report found that women veterans are underserved at the VA, that primary care delivery for women veterans at the VA is fragmented, that women receive lower quality care than their male counterparts, that there are an insufficient number of clinicians in the VHA with specific training and experience in women's health issues, and that the VA's policy for women's health is inconsistent.

While the challenges that are outlined in that report are concerning, I do want to commend you, Mr. Secretary, and the members of the work group that prepared that report including Dr. Patricia Hayes, for really putting together a very thorough report on the VA's commitment to providing quality comprehensive healthcare for our women veterans. I wanted to ask you today can you tell this committee what concrete steps the VA is taking now that they have this report to eliminate those disparities?

Secretary SHINSEKI. I'm going to let Dr. Cross fill in some of the details that go to the technical issues, but as we've discussed before and as I've indicated, there is a major change coming in our population in veterans. In the next 10 years, 15 percent will be women, and so I am looking for the opportunity to put in place programs, to begin putting in place programs today that are going to be in place 10 years from now. We just need to do that.

Senator MURRAY. It is the fastest growing population in the VA, so I appreciate that.

Secretary SHINSEKI. It is, and a larger percentage of our women veterans coming out of OIF/OEF are, in fact, coming to us for care, 44 percent of that population. Whatever the population overall, the population today of veterans in this country is something around 23 million, that will adjust over time, but whatever that number is, whether it's 20 million or 18 million, 15 percent is going to be a huge percentage, and we need to do things that, that report is outlining for us as corrections that need to be made, and that's part of the reason we asked for that report.

Senator MURRAY. I'd just like to know what you're doing now to address those concerns.

Dr. CROSS. Senator Murray, with your permission I'll mention a couple of the things that we're doing, and then I'll be frank about a couple of the challenges that I'm concerned about. There's a lot going on in regard to advancing the cause for women's health within the VA. You certainly know about the women's health coordinators, the program managers that we put in 143 sites already, and I think I have one site to go, and then several more sites where we're going to put points of contact as well. You know that we're interested in outreach, and so we are concerned that some women have not yet used our services or come to see us, so we are making arrangements to—we did this with the OEF/OIF we set up a contract with someone to call OEF/OIF veterans and say how are you doing, can we be of any help to you, have you tried the VA, are you aware of our services. We're going to do this specifically now for women, specifically targeted with information, specifically targeted with the type of questions that we ask to engage them. We're supporting legislation, or we have testified on this for newborn care, the training, the environment of care. Patti and I have talked about a program to move that forward, to make sure that our environment of care in our primary care clinics especially is as well-adapted for privacy and all the needs of women veterans.

Senator MURRAY. Are you doing one stop primary care visits for women veterans at all of our VA facilities?

Dr. CROSS. At each of our primary care sites we want to have the capability to provide most of their needs in that regard. I think what you're referring to is GYN exams and those kinds of things.

Senator MURRAY. Correct.

Dr. CROSS. That's where we're going.

Senator MURRAY. We're going there. Okay.

Dr. CROSS. I really dislike the idea of you get this service at this place, and that service at this place, even if it's within the same hospital, particularly if you have to come back for another appointment. That's not the design that I'm interested in. We looked at quality in regard to women's healthcare, and we monitor this very closely. We also compared with our civilian sector. There's still a gap, and even in our system where cost may not be an issue and we provided even such things as flu shots where women don't get them quite as frequently as we think they should.

Senator MURRAY. Right.

Dr. CROSS. Having said that, we're doing better than our civilian colleagues on those same measures. That doesn't give me much comfort. I need to do better within our own system, so those are the kinds of things that we are pushing forward to make a difference in regard to women's healthcare.

Senator MURRAY. Okay. Well, I want to continue to work on this issue. Senator Hutchison and I and other women senators are pushing hard on a women's health bill that we hope to get out—

Senator HUTCHISON. Yes.

Senator MURRAY [continuing]. At some point. And we will continue to push you on this, just so you know, and we expect to hear progress on a lot of the work, but I'm glad we're finally together and focused on it. That is a major step forward.

Mr. Secretary, as you know, State veterans homes are an integral part of our VA's long-term care system, and according to the GAO they provide more than 50 percent of the VA's patient workload in nursing homes. Under current law the VA can provide up to 65 percent of the cost of constructing or renovating one of these State veterans homes through the account which includes grants for State extended care facilities. We included \$150 million in the economic recovery package for the construction of additional State veterans homes through this program. And as you know, a number of States now have either withdrawn or deferred their applications for this Federal funding because of their large budget deficits. That lack of State matching funds is especially problematic in areas where the VA is closing down longterm care facilities, and I am now working on legislation to give the VA authority to provide grants that cover a larger proportion of these construction costs in certain emergency situations. For example, if a State is facing a massive budget shortfall, and the proposed State veterans home is intended to replace a closed VA operated facility. Do you have any thoughts about that?

Secretary SHINSEKI. Not at the moment, Senator. Let me get into the details of what you're describing here,——

Senator MURRAY. Yes.

Secretary SHINSEKI [continuing]. And provide you a better answer for the record.

Senator MURRAY. Okay. I'm very concerned about this, and I know it's impacting my State and a number of other States, and as a result we're working on this legislation. And I'd like to work with you and whoever you tell us so we can move that forward.

Secretary SHINSEKI. Absolutely. I'm dealing with a situation like this in at least one other State and trying to figure out what options we have.

Senator MURRAY. Okay. Good.

Secretary SHINSEKI. I'll work with you on that.

Senator MURRAY. Great. And I am also interested in the issue of veterans unemployment. I know you talked about working with the Department of Defense and Department of Labor to address that problem, so I look forward—my time is up at this point, but I look forward to having more conversations with you about that.

Secretary SHINSEKI. Absolutely.

Senator MURRAY. I'm very concerned about these men and women who are coming home and don't have a job, and where we've left them. So I appreciate dialogue with you about that in the future. And finally, Mr. Chairman, before I turn the mike back over, I know you're coming up to Spokane, in my home State in a little over a month for the VA wheelchair games that are occurring there. You should know that every one from the veterans to the community members, all the Spokane VA employees, to their medical center director, Sharon Hellman: they've all been working very, very hard to make those games a success, so we look forward to seeing you out in our State for that very important event.

Secretary SHINSEKI. Thank you, Senator.

ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSON. Senator Pryor, do you have any additional questions?

Secretary Shinseki, I want to thank you and your colleagues for appearing before this subcommittee today. I look forward to working with you this year.

For the information of members, questions for the record should be submitted by the close of business on June 16.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

Question. Secretary Shinseki, could you please provide me with some information regarding Project Hero? I am concerned about the size and scope of the pilot program. The program is supposed to augment care by the VA, not replace it. My understanding is that one of these pilots is currently operating in South Dakota. Can you provide me with the annual cost of that specific program?

Answer. Project Healthcare Effectiveness through Resource Optimization (HERO) is a pilot program that augments VA care and helps Veterans access the local health care they need when the medical expertise or technology is not readily available within the Department of Veterans Affairs. The ultimate goal of Project HERO is to ensure that all health care delivered by VA, either through VA providers or community partners, is of comparable quality and consistency for Veterans. All care is still managed by VA.

Project HERO contracts do exist in South Dakota as part of VISN 23's involvement in the demonstration effort. The two VAMCs in South Dakota that are part of Project HERO are the Sioux Falls VA Medical Center and the VA Black Hills Health Care System in Fort Meade and Hot Springs. Thus far in fiscal year 2009, Sioux Falls expended \$222,209 and Black Hills expended \$104,427 for the health care and associated services involved in the provision of that care. This represents only 7.9 percent of the total purchased care expenditures in Sioux Falls and 1.4 percent in Black Hills.

Question. How much is the VA spending annually on this program?

Answer. Project Hero contract expenditures for the four VISNs where the contracts are operational (VISNs 8, 16, 20, and 23).

DISBURSED DOLLAR AMOUNT

Timeframe	Project HERO Disbursements	VISN Budgets (8, 16, 20 & 23)	Project HERO percent
Fiscal year 2008 ¹	\$7,797,071	\$8,973,617,617	0.09
Fiscal year 2009 ²	26,370,526	9,470,719,115	0.28

¹ Project HERO Disbursements Jan-Sep 2008, VISN Budgets are obligations as of Sep 30, 2008.

² Project HERO Disbursements through May 2009, VISN Budgets (VERA allocation, reimbursements and collections) are as of May 31, 2009.

Question. How does the VA, both at the local level and at headquarters, oversee the quality of care provided through Project HERO?

Answer. The Project HERO Program Management Office (PMO) ensures Veterans receive VA-comparable care through a clinical quality management program. The Project HERO Governing Board, comprised of leaders from VA, Veterans Health Administration (VHA) and participating VISNs, oversees quality, reports on Project HERO activities, and approves changes in terms, quantities, or conditions of the Project HERO contracts.

- The PMO tracks patient safety events, accreditation/credentialing status, clinical information returned to VA for continuity of care, and timely access to care.
- Humana Veterans Healthcare Services (HVHS) and Delta Dental track and trend quality and safety events, as well as complaints and grievances, and provide peer review oversight.
- The PMO surveys Project HERO patients and compares the results with the VA Survey of Healthcare Experiences of Patients (SHEP). Overall satisfaction with HVHS providers is 73 percent and overall satisfaction with Delta Dental services is 91 percent.

Question. What procedures are in place to ensure that contract providers make proper referrals to the VA or outside the VA when veterans need specialty care or other referrals?

Answer. VA providers determine when referrals are needed and whether or not non-VA care is appropriate. When care is referred outside VA, whether through Project HERO, another contract vehicle or through Fee care, VA remains responsible for reviewing recommendations for further care and determining the appropriate venue.

Question. Where else are pilots operating—both by VISN and by health care system?

Answer. Project HERO operates within four Veterans Integrated Service Networks (VISNs): 8, 16, 20 and 23.

VISN 8: VA Sunshine Health Care Network.—Includes southern Georgia and most of Florida. It does not include Puerto Rico or the U.S. Virgin Islands. The stations included in this VISN are: Bay Pines, Miami, West Palm Beach, Gainesville/N.FL/S.G.A. and Tampa/Orlando.

VISN 16: South Central VA Health Care Network.—Includes Oklahoma, Arkansas, Louisiana, Mississippi and portions of the States of Texas, Missouri, Alabama, and Florida. The stations included in this VISN are: Alexandria, Gulf Coast (Biloxi), Fayetteville, Houston, GV Montgomery (Jackson), Central AR HCS (Little Rock), Muskogee, New Orleans, Oklahoma City, and Overton Brooks (Shreveport).

VISN 20: Northwest Network.—Includes Washington State, Oregon, most of the State of Idaho, and one county each in Montana and California. It does not include Alaska. The stations included in this VISN are: Boise, Portland, Roseburg, Puget Sound, Spokane, Walla Walla, and South Oregon Rehab Center (White City).

VISN 23: VA Midwest Health Care Network.—Includes Iowa, Minnesota, Nebraska, North Dakota, South Dakota, and portions of northern Kansas, Missouri, western Illinois, western Wisconsin, and eastern Wyoming. The stations included in this VISN in addition to Sioux Falls and Black Hills are: Fargo, Fort Meade, Minneapolis, Nebraska-Western Iowa (Omaha/Grand Island/Lincoln), Central Iowa, Iowa City, and St. Cloud.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. Has the Department finalized the design and cost estimate for the New Orleans VA Hospital? If so, could you please provide me that cost and what it includes? Did you eliminate aspects of the design to reduce cost? If so, is the design scalable to allow for later additions with additional funds?

Answer. Schematic design has been completed for the New Orleans project, and design development is underway. The Department's Five Year Capital Plan submitted along with the fiscal year 2010 budget identifies the cost as \$925 million. The total cost of the project will be dependent upon whether LSU can commit to a joint energy and utility plant feeding both hospitals. As the design progresses, VA is considering changes to aspects of the design to reduce cost, but maintain the capacity to meet the health care needs of Veterans that will be served by the new facility. The project is being designed to accommodate future expansion, and construction will be phased to allow it to start as soon as design is complete. Additional funding will be requested in a future budget to complete later phases of the project.

Question. Will the delay with the LSU facility have an impact on the timeline for the VA Hospital?

Answer. VA's design and construction timeline can proceed independent of the LSU facility. The cost of VA's facility, however, depends upon LSU committing to a joint energy and utility plant feeding both hospitals. If a decision on a combined plant cannot be reached by the time VA concludes the design development phase in December 2009, VA will have to move forward with building its own utility plant.

Question. The notion of using electronic medical records and enhanced IT tools to serve the veterans is a good step in the right direction. My office has received many letters detailing how difficult it has been for certain veterans to file claims and receive benefits simply because the process is disorganized and inefficient. How long do you believe it will take to implement these electronic processes? And once implemented, how long until we see a positive turnaround on processing claims?

Answer. The Veterans Benefits Administration (VBA) is currently working to transform its benefits delivery model to a paperless environment. A key benefit of this transformation is a common method for Veterans' self-service, which will greatly enhance access to both general and claim-specific information and allow Veterans to directly submit evidence in support of their claims.

VBA will enhance its technical capabilities through a phased deployment strategy to facilitate continuous improvements in benefits delivery and claims processing. Coupled with technology, VBA is implementing a comprehensive business transformation strategy supported by an industry leader in business transformation and organizational change management. The business transformation contractor assists VBA in maximizing the capabilities of planned technology. VBA's goal is to be processing in a substantially paperless environment by the end of 2012.

Question. Coming from a State that is consistently under threat from with hurricanes and flooding, one of my primary concerns is care of our elderly citizens' and disabled veterans' during these natural disasters. When veterans are displaced due to these natural disasters, does the VA have solid emergency plans for their VA facilities treating veterans at the time of the disaster? If a veteran cannot return to his or her home immediately, how do you provide them instructions for how to receive medical care in displaced locations?

Answer. Yes, VHA does have solid emergency plans for VA facilities treating Veterans at time of disasters. The Veterans Health Administration plans, organizes, equips, trains and exercises for disasters and emergencies common to their environment and in accordance with both The Joint Commission standards for Emergency Management and the National Incident Management System. VHA has developed a Comprehensive Emergency Management Program (CEMP) that ensures all VA medical centers develop, update, test and evaluate their emergency operations plans and programs on a continuous basis. VHA facility plans encompass extension facilities, such as outpatient clinics, community living centers, domiciliary units and home-based primary care programs.

During a disaster, VHA medical center executives determine whether to shelter in place or evacuate their facility, based primarily on the safety of Veterans and employees. Utilizing a decision support system that weighs the disaster risk to the facility against the need to safely move Veteran patients, the VHA medical center director's decision is coordinated with the Veterans Integrated Service Network (VISN) Director and the VA Corporate Operations Center in consultation with the Deputy Under Secretary for Health for Operations and Management (DUSHOM).

Question. As you know, there is a huge crisis in our country concerning homeless veterans. What sort of ideas or programs do you have concerning States, such as Louisiana, for when natural disasters strike and the homeless veterans are left behind or displaced?

Answer. There has been a long term effort to provide services for Veterans and families in need of homeless services. Our latest effort, the Housing and Urban Development—Veterans Affairs Supported Housing (HUD-VASH) Program, has already shown great results in serving Veterans families including women Veterans and Veterans with children. A total of 315 Housing Choice Vouchers (section 8) HUD-VASH vouchers have been allocated to provide permanent housing resources for Veterans and families in Louisiana over the last 2 years. We know based upon our transitional housing program that these programs address the conditions you describe regarding displaced homeless Veterans. The VA's Homeless Providers Grant and Per Diem Program has a total of 348 (223 post Katrina) authorized beds at 14 locations with community non-profit providers in Louisiana.

Question. Speaking about creating an environment of advocacy and change within the Department of Veterans Affairs is a positive idea. Perhaps there could be more jobs created within the Department for veterans to act as advisers during this process of change? Going further, perhaps homeless veterans could be identified and trained to give support to the new program and use their knowledge of veterans needs to teach those who are creating policy? Have you considered such an approach?

Answer. The Department of Veterans Affairs is very committed to achieving a high ratio of Veterans among its workforce. Your suggestion to identify new ways of reaching out to Veterans—including homeless Veterans—is a welcome one that can help further the effort to employ Veterans. I also agree that the VA will be successful only if it listens to our Veterans to better understand their needs and to better serve them in the future.

There are some ways in which the VA currently works with homeless Veterans to help them gain employment. These include the Compensated Work Therapy Program and Recovery Model programs. As we undergo development of new efforts to meet new Veteran needs in the 21st Century, we will explore how to enhance our effort to train Veterans to work at the VA. I welcome your suggestions in this ongoing effort.

Further expanding on the idea of the importance of Veteran experience, I would note VA's Office of Mental Health Services has developed Recovery Model programs focusing on peer to peer support for Veterans helping Veterans. Homeless Veterans

Programs and Psychosocial Programs have embraced the recovery model. VA has hired Veterans as peer support positions in recovery programs. VA has hired Veterans discharged from the Compensated Work Therapy Program. VA will explore the feasibility of having homeless and formerly homeless Veterans from the CWT program assist with the development of services and program policy.

Question. Last year VA was directed to establish an office for survivors, a desk that would have staff focused on survivor issues. When will that office be operational?

Answer. The Office was created on December 22, 2008 and set up under the Office of the Secretary. Four employees were immediately detailed to the Office to start working on the mission as defined by Congress. A Director and one permanent employee have been selected and the remaining personnel will be chosen soon. The Office has been gathering baseline data to see what VA offers for survivors and dependents. We've been evaluating various programs, such as comparing CHAMPVA to TRICARE. The law States CHAMPVA needs to offer the same or similar benefits as TRICARE. We've finished with our analysis and are evaluating recommendations for improvement in CHAMPVA.

QUESTION SUBMITTED BY SENATOR MARK PRYOR

Question. The DOD and VA have taken crucial steps toward creating a Joint Lifetime Electronic Record (VLER), as announced by President Obama on April 9, 2009. (The vision for this initiative is for all current and future service members, Veterans, and eligible family members to have a VLER that will encapsulate all data necessary to uniquely identify them and ensure the delivery of care and benefits for which they are eligible).

What do you think about VLER and where are we in the funding process to begin to implement its collaboration with in the Services?

Answer. The Virtual Lifetime Electronic Record is extremely important to Veterans, VA and our service providers. We have moved quickly to assign staff to aggressively develop VA's vision, plan and approach for delivering a VLER capability. VLER is a critically important endeavor that will incorporate not only collaboration between VA and DOD but also include other Federal agencies and private industry. Current activities include development, review and acceptance of VA's VLER Strategic Vision by the JEC, redrafting of the Interagency Program Office's operating charter to mitigate issues regarding its functions and authority, extensive outreach to HHS, assessment of integration opportunities within the existing IT investment portfolio to ensure the effectiveness and efficiency of resourcing for VLER initiatives, and drafting and development of the master plan for VLER demonstrations that would leverage existing IT investments and initiatives. With respect to the specific question of funding, initial start-up funding will be provided to support a program office for VLER. Because the 2010 budget request had already been prepared prior to VLER start-up, 2010 funds will need to be identified within existing resources to proceed with VLER. Assessment of the IT investment portfolio is also required in order to evaluate whether or not current investments might be leveraged directly to support VLER.

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. Mr. Secretary, it is everyone's goal to leverage information technology to have veterans seamlessly transition from the DOD to the VA. However, an Inspector General's audit of VA IT projects revealed that 40 are on OMB's Management Watch List, and 37 are on OMB's High Risk IT Project List. The Inspector General cited those projects as being poorly planned and poorly performing and singles out the HealthVet Project as "not having a comprehensive project management plan to guide the development and integration of sub-projects." One of these sub-projects, a scheduling application, recently failed during its deployment at the cost of 8 years and \$167 million. The report also States that the HealthVet program "lacks a fully implemented governance structure." As a result, the project completion date has slipped from 2012 to 2018. Mr. Secretary, the VA plans to invest \$360 million in 2010 and \$11 billion overall into a project that is said to be poorly planned and poorly performing. This project is of great importance to our veterans, and I do not want it to fail.

Given the recent failure of the scheduling application and last month's Inspector General reports, how do you justify a 30 percent increase in Information Technology spending to \$3.3 billion when so many of your projects and programs seem to lack

basic IT project management oversight? How will you fix this management capability?

Answer. The actual increase in information technology spending requested for 2010 is 20 percent and supports a number of high priority development projects such as Chapter 33, FLITE, and the Paperless Delivery of Benefits Initiative. A large part of the requested increase is to hire more IT staff, directly addressing cited weaknesses in IT project management oversight. Another significant increase is to maintain and strengthen our IT infrastructure.

The VA has taken strong steps and a proactive approach towards addressing IT project management weaknesses. The Department has directed that IT projects be managed using incremental development methodologies. This approach requires close collaboration between developers and business owners to produce substantive deliverables on a 6-month schedule to achieve near-term, incremental successes. This approach provides more transparency to management, ensuring potential risks and failures are identified and effectively addressed earlier in the development life cycle. All new VA IT projects must utilize incremental development methodology and be compliant with the VA's newly implemented Program Management Accountability System (PMAS), while existing IT projects must adopt both incremental development and PMAS compliance within one calendar year.

Question. To improve the oversight role of this subcommittee, can you please provide us with additional details relating to all IT projects and programs, including HealthVet, that will receive proposed funding in fiscal year 2010? Specifically, will the Department produce a list of defined requirements, a detailed cost schedule, and a timeline on a project-by-project basis.

Answer. The Office of Information and Technology is in the process of collecting information relative to your questions and will provide a response to the Committee not later than July 31, 2009.

[The information follows:]

The Department of Veterans Affairs (VA is in the process of reworking its existing Guide and Service Dog program. As part of this effort, VA has already drafted new regulations that are currently undergoing review prior to their submission to the Federal Register. After an opportunity for public response to these regulations, VA will then review the public comments, edit the regulations as may be necessary, and then submit the regulations for final publishing.

During this process, Guide and Service Dogs will continue to be provided to eligible Veterans whose attending physicians have documented an individual Veteran's identified need. Pending implementation of our new program and publication of the new regulations, VA will continue to work with accredited organizations to provide dogs to Veterans at no charge. VA will also continue to support the payment of the dogs' veterinary care and supportive hardware as required assistive devices.

Subject to the number of public comments resulting from the public comment period, VA anticipates that the final version of the Guide and Service Dogs regulations will be published in the Federal Register prior to December 30th, 2009.

BACKGROUND

- VA IT Consolidation initiate in 2007
- Primary purpose is to improve the results of VA IT investments
- Replacement Scheduling Application Failure
- VA commitment to review all ongoing development programs
- New Secretary/Deputy Secretary/CIO confirmed
- Significant Senate questioning on how to address program issues

ANALYSIS OF ONGOING PROGRAMS

- 280+ programs reviewed to date
- 8 program attributes analyzed
- Many programs exhibit signs of trouble
 - Greater than 13 months behind schedule
 - Greater than 50 percent over initial cost estimate
 - Decrease in software quality between releases
 - Inadequate skills to complete program
- Substantial change is required

INCREMENTAL DEVELOPMENT

- All new VA IT projects/programs must use an incremental development approach
 - Frequent customer delivery milestones

- At most every 6 months
- Customer must test and accept functionality
- To be approved for investment, a program or project must have:
 - An identified customer sponsor
 - Program plan that documents frequent delivery milestones
 - Documented, agreed to requirements for initial milestones
 - Clear plan for necessary program disciplines
 - Clear access to necessary program resources
 - Customer, program, and vendor acceptance of PMAS
 - Jointly established success criteria

PROGRAM MANAGEMENT ACCOUNTABILITY SYSTEM (PMAS)

- All incremental development programs will be managed rigorously to schedule
 - A program/project will be halted on its third missed customer delivery milestone
- Once halted, substantial changes must be made before the program can restart
 - Need for program/project will be re-assessed
 - Program approach will be re-assessed
 - Make/buy and program design decisions will be re-assessed
 - New Program Manager will be assigned (rotational/training assignment)
 - A portion of the government program staff will be reassigned (rotational/training)
 - All service contracts will be re-visited
 - New program plan must be approved
- Flexibility can be earned
 - Multiple successful milestones between strikes
 - Clear improvement in management between first and second strike
 - Significant advance warning of missed milestone provided to CIO

PROGRAM MANAGER BENEFITS

- Clear decision criteria
 - Impact on schedule will drive program choices
- Better program control
 - Success factors must be in place before program start
- Decreased requirements creep
 - Impact on schedule will force hard decisions
 - New requirements factored into later release schedules
- Clear customer participation
 - Must test and approve each release
 - Clearly impacted by program halt
- Clear vendor attention and participation
 - Motivated to help program meet milestones
- Increased probability of successful program

VA BENEFITS

- Eliminate “big bang” program/project failures
- Near-term visibility into troubled programs
 - Able to provide help if possible
 - Avoid long-term failures
- Better insight into scarce resources
- Frequent deliveries to customer ensures program/project functionality, quality, response, etc.
- Increased probability of successful programs

IMPLEMENTATION

- Incremental development is required for all new IT programs/projects starting as of 6/15/2009
- All incremental development programs will be managed by PMAS effective 6/15/2009
- VA will pause a number of Programs/projects identified as in jeopardy
 - Program plan re-cast for incremental development
 - New plan must be PMAS compliant
 - New program plan must be approved by CIO before program resumes
- Within one year, all VA IT programs and projects will be incremental development/PMAS compliant

—Programs that remain within 10 percent of original program plan (schedule, cost, function) may be excepted

Question. Mr. Secretary, you have mentioned your plans to “transform the VA into a 21st Century organization.” We would like to work with you as you embark on such a large undertaking.

Can you please clarify what these new initiatives are and from what appropriations account you intend to fund them?

Answer. Transformation of the VA into a 21st century organization will take more than one year, but the fiscal year 2010 budget is the first real opportunity for VA and the Congress to move out on this important mission. Our review of the VA fundamentals is still in process. We have heard from stakeholders, and will continue to partner with them at every opportunity to improve our service to Veterans. Much of our review is informed by Congressional input and I greatly value those contributions.

VA is focusing its transformation efforts to more efficiently and effectively deliver care and benefits, enhance the Veteran experience in all interactions with the VA, and improve awareness and access to VA services. Our work to date has already identified a number of opportunities to change VA in fundamental ways that will benefit our client—the Veteran—while doing things smarter and more effectively.

As part of an ongoing review of all VA programs and spending, the VA leadership is developing new initiatives to be implemented in fiscal year 2010 that improve quality, increase access, and enhance performance while controlling costs. These build upon the efforts already in the fiscal year 2010 request and augment several major new initiatives already underway, including the implementation of the Post 9/11 GI Bill, the most extensive educational assistance program authorized since the original GI Bill, and the extension of care to 265,000 Priority 8 Veterans. In addition, VA and The Department of Defense have partnered to create a Virtual Lifetime Electronic Record to ensure that soldiers leaving the Armed Services are quickly and easily transitioned into the VA.

We are in the process of identifying additional opportunities to adjust our investment portfolio for the benefit of Veterans. These new initiatives will not change the fiscal year 2010 budget top line.

Question. Mr. Secretary, Congress’s 2010 Budget Resolution includes a provision that would allow for advance appropriations for the VA’s medical care accounts, meaning fiscal year 2011 funding could be provided during the 2010 appropriations cycle. I know you have publicly supported the idea of advance appropriations, but it was not included in the President’s fiscal year 2010 budget request. If Congress decides to provide an advance appropriation, I want to be sure the Department can provide us with an accurate estimate so we can properly budget for the health care network that supports our Nation’s veterans.

Does the Department have the ability to provide the Congress with an accurate estimate of its fiscal year 2011 requirements during this year’s appropriations cycle, or do you need more time to work on it?

Answer. Yes, VA provided the request for advance appropriations for fiscal year 2011 to Chairman Johnson in a letter from Secretary Shinseki on June 12, 2009, as a result of Chairman Johnson’s request for this information during the June 11, 2009, Appropriations Hearing.

Advance appropriations will help support a reliable and timely resource stream to support the delivery of accessible and high-quality medical services to our Veterans. It also builds on the solid foundation set in the President’s fiscal year 2010 budget as we take the early first steps to transform VA into a 21st century organization.

VA is seeking support for a request for advance appropriations for fiscal year 2011 of \$48.183 billion for the three medical care appropriations to support estimated growth to 6.1 million patients. This would represent an increase of 8.3 percent over the President’s fiscal year 2010 appropriation request of \$44.498 billion. The fiscal year 2011 total is comprised of \$37.136 billion for Medical Services, \$5.307 billion for Medical Support and Compliance, and \$5.740 billion for Medical Facilities. In addition to the appropriated resource level we anticipate collections in the amount of \$3.355 billion, for a total advance appropriations resource level of \$51.538 billion.

This estimate is based in part on the VA Enrollee Health Care Projection Model (VA model) using fiscal year 2008 as the base year, which is the most recent actual data available. The model continues to support the initiative of providing additional enrollment access for over 500,000 previously ineligible Priority Group 8 Veterans by 2013. Our estimate also includes resources for programs that are not projected by the VA model. These programs include long-term care, the Civilian Health and Medical Program of the Department of Veterans Affairs, Vet Centers, and the State home per diem program.

The advance appropriations estimate will ensure timely funding at the beginning of fiscal year 2011 for VA's three medical care appropriations. We have made significant improvements over the past years in calculating and monitoring our resource needs. The Department and the Office of Management and Budget are in agreement on this request. We will continue to jointly monitor medical care cost and performance indicators on a monthly basis and will make any needed adjustments to the requested fiscal year 2011 advance appropriation level during the regular process of formulating the President's fiscal year 2011 Budget this fall. In addition, funding for new medical care program initiatives will be considered in the formulation of the President's Budget later this year. It is during this process that we will also identify the resources needed to support medical information technology and capital construction program budgets.

Question. Do you intend to include more than "Health Care" in your estimate of the financial need for 2011.

If yes, why not just include the "Health Care" needs in your estimate and submit the new initiatives and other accounts for the normal appropriations review process?

Answer. VA included only the three medical care appropriations in the request we sent to Congress on June 12, 2009, for fiscal year 2011 advance appropriations.

Question. Does OMB plan to submit an estimate for 2011?

Answer. VA submitted a request for fiscal year 2011 advance appropriations to Congress on June 12, 2009, for the three medical care appropriations. VA and OMB are in agreement on this request.

Question. Mr. Secretary, the Department has a significant unfunded liability on its major construction projects. Currently in 2009, the Department has 14 ongoing projects that are partially funded, with a cumulative remaining need on those projects of more than \$2.8 billion. Despite this need, the Department is proposing to start 7 new projects in its fiscal year 2010 request. This would increase the Department's unfunded liability to nearly \$4.5 billion for ongoing projects.

Does the Department have a Five-Year Capital Plan to guide its major construction projects that often span several fiscal years? If so, will the Department please provide that Five-Year Capital Plan to the subcommittee?

Answer. While the Department does submit a Five Year Capital Plan with its Congressional Justifications each year, it is important to note that this plan will most likely change in the out-years based upon various factors including: the actual annual major construction funding appropriation provided; schedule changes for any current partially-funded projects, and the incorporation of additional new projects added and scored during the capital investment process in future budget cycles. That said, it is the Department's policy to prioritize partially funded projects from previous years, provided those projects are ready to execute within the budget year.

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. The proposed VA hospital in Louisville is currently stalled.

In addition to the project in Louisville, what other VA hospital construction projects have a pending site selection process?

Answer. Other than Louisville, VA is not in the site selection phase related to the construction of new or replacement hospitals at any other location.

Question. How long have these other projects been awaiting site selection? When can we expect the VA to select a site in Louisville?

Answer. The Department has contracted with the architectural firm selected to design the new facilities to conduct a feasibility study to further explore the potential for locating the facilities at the site of the existing VA medical center on Zorn Avenue. The study will also evaluate the location near the University of Louisville in downtown Louisville and consider the potential of an unidentified green field site elsewhere in the metropolitan area. This study is scheduled to be completed in October of this year. It is expected that before the end of the calendar year, the Department will select the preferred location of the facilities. At that time, environmental due diligence in accordance with the National Environmental Policy Act will be conducted which will then permit the final decision on the site to be made.

QUESTIONS SUBMITTED BY SENATOR LISA MURKOWSKI

Question. The Alaska Legislature recently authorized Governor Palin to seek VA funding to establish Alaska's first State Veterans Cemetery which will be sited in Interior Alaska. However, I understand that VA funding for projects like this may not be immediately available due to a shortfall in Veterans Cemetery funding which places new projects on a waiting list. How much funding would the VA require to

eliminate this shortfall? Based upon expected funding levels for the State Veterans Cemetery program how long would you have to expect that the State of Alaska would have to wait between the date upon which it submits its application for the cemetery and the date it would actually receive VA grant funding?

Answer. The State of Alaska submitted a preapplication for the Fairbanks Veterans Cemetery on March 23, 2009, and was assigned Federal Application Identifier (FAI) AK-09-01. On March 27, 2009, State Cemetery Grants Service notified Mr. Jerry Beale, Director, Alaska Veterans Office that the project was viable and would be ranked with all other pending preapplications in the fiscal year 2010 Priority List. The priority list is annually developed, is approved by the Secretary, and is the basis for providing grant opportunities during the fiscal year. To be ranked in the highest group, States and tribal governments must submit legislation authorizing the project and the certification that funds for architectural and engineering fees are available to begin the project by the August 15 deadline. These fees are reimbursable to grant recipients. We have been in recent contact with Mr. Verdie Bowen, Administrator, Office of Veterans Affairs, requesting the signed legislation and funds certification. It is expected to be submitted by the State prior to the deadline. The project would be developed to serve the 10,800 veterans in the Fairbanks/North Star area.

Until the August 15, 2009, deadline is reached and the fiscal year 2010 Priority List is approved, it is not possible to estimate the funds needed to offer the State of Alaska a grant opportunity.

Projects are ranked in accordance with Title 38 CFR 39.7. The Alaska project would be ranked in Priority Group 2 with 10,800 unserved Veterans. The priority groups are defined as follows:

- Priority Group 1.*—Projects needed to avoid disruption in burial service that would otherwise occur at existing Veterans' cemeteries within 4 years of the date of the preapplication. Such projects would include expansion projects as well as improvement projects (such as construction of additional or replacement facilities) when such improvements are required to continue interment operations.
- Priority Group 2.*—Projects for the establishment of new Veterans' cemeteries.
- Priority Group 3.*—Expansion projects at existing Veterans' cemeteries when a disruption in burial service due to the exhaustion of existing gravesites is not expected to occur within 4 years of the date of the preapplication.
- Priority Group 4.*—Other improvement projects to cemetery infrastructure such as building expansion and upgrades to roads and irrigation systems that are not directly related to the development of new gravesites.

It is anticipated that 32 projects in priority groups 1 and 2 will be on the fiscal year 2010 Priority List. The value of those projects is \$170 million. It is anticipated that not all projects in priority groups 1 and 2 will submit the documentation and will not rank high enough to receive a fiscal year 2010 grant opportunity. In fiscal year 2009, there were 11 such projects with a value of \$44 million.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. The Departments of Defense and Veterans Affairs are moving forward with jointly operated hospitals and clinics in several areas where existing facilities are co-located. One such facility is in my State of Mississippi.

After Hurricane Katrina, Keesler Medical Center and the Biloxi VAMC used a "centers of excellence" approach to identify the best services at each of the two facilities and consolidate those services when possible and practical. Some activities are completely consolidated, with staffs working side-by side with one another, and other services have a partnership where they have the capability to "trade" doctors and nurses when required. In 2007, Keesler Medical Center and the Gulf Coast Veterans Health Care System in Biloxi were granted official joint-venture status.

Currently, DOD and VA are working towards complete consolidation between the North Chicago VAMC and the Naval Great Lakes Health System in Chicago. They are finding many obstacles along the way regarding funding mechanisms, facilities ownership, personnel transfer, and information technology. For example, one of the biggest issues impacting all future joint venture sites is the lack of a common medical record between the Department of Defense and the Department of Veterans Affairs. Consequently, staff must learn both systems when working at a joint venture facility, which is neither time- nor cost-efficient.

Joint cooperation has provided great benefit to veterans and service members in the Gulf Coast region. However, the Air Force Surgeon General expressed concerns

that complete consolidation between Keesler and Biloxi VAMC could be a detriment to the Air Force mission.

Question. Secretary Shinseki, can you comment on the current relationship between Keesler and Biloxi VAMC, and give me your thoughts on the impacts of complete consolidation there?

Answer. The Keesler Air Force Medical Center (81st Medical Group) and the Biloxi VA Medical Center (VA Gulf Coast Veterans Health Care System) have maintained a supportive and collaborative relationship for decades. Hurricane Katrina inflicted heavy damage on both medical centers. Following Katrina, TRICARE Management Activity and VA developed a strategy to maximize sharing/joint services. In 2007, developing Centers of Excellence (COE) became the preferred strategy. Although sharing between the facilities has a long history, complete consolidation of Keesler/Biloxi is not the goal. The two medical centers are in close proximity. This offers each the flexibility to meet their core mission requirements while sharing services where and when appropriate. The COE model is clinically focused. It emphasizes joint communication and planning. Meetings are conducted at all levels to maintain the day-to-day management structure of each medical center.

Question. Is the VA moving forward with complete consolidation at Keesler or any other joint venture sites?

Answer. The current focus is consolidation where it makes sense rather than consolidation of all services. Both medical centers will retain independent management and operations. They will share oversight of all joint activities. Because of challenges based on differences in medical records, business rules and regulations, each COE will, by necessity, be carefully evaluated prior to the implementation of new sharing agreements. In June 2008, Keesler/Biloxi developed a COE Concept of Operations to evaluate progress towards consolidation based on a domain-based level of interface matrix that tracks nine domains that includes: clinical services, facilities, staffing, business processes, management/governance, information management and information technology, logistics, education and training, and research.

Each domain is evaluated based on movement along a five-element continuum—(1) separated, (2) coordinated, (3) connected, (4) integrated and, (5) consolidated. Not all nine domains will end at the consolidated state depending on the circumstances and the feasibility of doing so. The process is measured and deliberate. Joint Incentive Funds (JIF) were used to develop and refine the COE concept. JIF funds in fiscal year 2007 provided resources for a Joint Magnetic Resonance Imaging (MRI) Center and a Joint Cardiovascular Care Center at Keesler. In fiscal year 2008 the JIF provided funding to administratively support the COE implementation. Pending JIFs would fund the renovations of space for joint use at Keesler, and establish infrastructure for Joint Business Operations. Joint initiatives currently include a Sleep Lab on the Biloxi Campus and a Joint Women's Health Clinic. Other sharing initiatives are in various stages of planning and development.

Question. Has the VA considered duplicating the model at Keesler/Biloxi VAMC at other joint venture sites?

Answer. An Executive Management Team at Keesler/Biloxi meets bi-monthly to set priorities and provide oversight on the sharing or realignment of services. This group quickly realized there are overlapping areas of responsibilities along the Gulf Coast. The team expanded and now includes: the Commander, 81st Medical Group, Keesler AFB; the Director, VA Gulf Coast Veterans Health Care System; the Commanding Officer, Naval Hospital Pensacola, Florida; and the Commander, 96th Medical Group, Eglin AFB, Florida. The Under Secretary of Defense (Personnel and Readiness) met with the Deputy Secretary of Veterans Affairs in March 2008 to discuss developing model programs for Joint Ventures that included the domain-based levels of interface. Four locations were selected: Biloxi, Mississippi; Las Vegas, Nevada; Denver, Colorado; and Honolulu, Hawaii. A Joint Market Opportunities Work Group provides assistance and assesses progress at each site using the domain-based levels of interface tool. They report to the VA/DOD Joint Executive Council.

CONCLUSION OF HEARINGS

Senator JOHNSON. This hearing is recessed.

[Whereupon, at 2:23 p.m., Thursday, June 11, the hearing were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]