

EXECUTIVE SUMMARY

In FY 2000, with resources of \$50.9 billion in obligations and nearly 203,000 full-time equivalent (FTE) employees, the Department of Veterans Affairs (VA) recorded significant accomplishments that brought us closer to attaining our long-term strategic goals. To help us gauge our progress, we established 116 performance goals at the beginning of the fiscal year, 29 of which were identified as critical to the success of the Department by VA's senior leadership.

VA's Performance Scorecard for FY 2000, shown on page IV, summarizes how well we did in meeting the key performance goals directly associated with each of the strategic goals. This approach allows us to examine performance from a Departmental, or *One VA*, perspective.

Some of the most important successes attained in FY 2000 include:

- VA provided health care to more patients than at any other time in our history of service to veterans and their families.
- The quality of health care provided by VA continued to improve, as the Department expanded its use of nationally recognized clinical guidelines for treating patients with chronic diseases.
- At the same time that more patients were provided high-quality health care, the cost (per patient) of that care continued to decline.
- Among both inpatients and outpatients, the percentage rating VA health care service as "very good" or "excellent" remained at a high level, particularly as compared to satisfaction levels among patients treated by the private sector.
- The Department made progress in improving access to health care, as a higher percentage of patients were seen within 20 minutes of their scheduled appointment at a VA health care facility.
- For the third consecutive year, the Department maintained at an extremely high level the proportion of medical research projects related to the health care of veterans or to fulfilling critical VA missions.
- VA continued to enhance the quality of care through an extensive education and training program involving health care students and residents.
- For the second year in a row, VA registered dramatic improvement in telephone service, as evidenced by the low abandoned call and blocked call rates.
- VA reduced the average length of time it takes to process veterans' appeals of the Department's decisions on compensation and pension claims.
- For the second year in a row, VA exceeded its annual target for rehabilitating disabled veterans by returning them to employment.
- The Department made significant progress in developing program outcomes for the compensation, pension, and insurance programs.
- The percentage of veterans served by a burial option in a national or state veterans cemetery within a reasonable distance of their residence continued to grow.

- An increasing share of respondents rated the quality of service provided by national cemeteries as “excellent.”
- Satisfaction with the appearance of national cemeteries remained at a very high level.
- The Department received an unqualified opinion from the Office of Inspector General (OIG) on the FY 2000 consolidated financial statements.



Performance remained noticeably off track in the timeliness and accuracy of processing claims for compensation and pension benefits. Claims processing has become increasingly complex because of new legislation and regulatory changes. The Department remains committed to improving the timeliness and accuracy of claims processing and has developed strategies for accomplishing future performance goals.

Summary of Performance on Key Performance Goals

VA’s senior leadership identified 29 performance goals considered critical to the success of the Department. Some of these deal with program outcomes; others pertain to the management of our programs. FY 2000 data are available for all but five of these key performance goals.

The Department achieved 11 of the 24 key performance goals for which we had FY 2000

data. For 3 of the 13 performance goals we did not meet, actual performance in FY 2000 was better than that reported in FY 1999.

We were not able to collect data in a format that provided information on the percent of patients able to obtain a primary care appointment or specialty appointment within 30 days. We are still refining the data collection vehicles to capture the information in an appropriate format. We expect to have data on these two performance measures during FY 2001.

We are still in the process of identifying the desired outcomes and supporting performance measures for three of our programs—compensation, pension, and insurance. We are working jointly with our key stakeholders in Congress, at the Office of Management and Budget (OMB), and among veterans service organizations in developing this information.

Key Performance Results by Strategic Goal

Strategic Goal 1: Restore the capability of disabled veterans to the greatest extent possible and improve the quality of their lives and that of their families.

We use eight key performance goals to gauge our progress toward achieving this strategic goal, which focuses on benefits and services for disabled veterans. FY 2000 data for one of these key performance goals—compensation program outcomes—are being developed. Of the remaining seven key performance goals, we achieved three.

For issues related to compensation and pension, telephone service to veterans continued to improve during FY 2000. We reduced the abandoned call rate (caller gets through but hangs up before speaking with a VA representative) from 9 percent to 6 percent. Also, we dramatically improved the blocked call rate (caller gets a busy signal) from 27 percent to 3 percent.

During FY 2000, the number of veterans who were rehabilitated was over 10,600; 65 percent of service-disabled veterans who exited a vocational rehabilitation program acquired and maintained suitable employment, a 12 percent increase over FY 1999. In FY 2000, the VA program responsible for helping veterans with service-connected disabilities to achieve suitable employment, or to enhance their ability to function independently in the home or community, was renamed the Vocational Rehabilitation and Employment program. This change more clearly states the program's focus on employment.

During FY 2000, the national accuracy rate in processing the Department's most important types of claims for compensation and pension benefits (i.e., rating-related actions) fell to 59 percent, a figure well below the target level of 81 percent. To reduce accuracy problems, the Department is

working to improve how it shares best practices throughout VA's regional offices.

VA measures satisfaction with the way claims for compensation and pension are handled. FY 2000 customer satisfaction data show that only 56 percent of claimants were "very satisfied" or "somewhat satisfied," a figure below the performance target of 65 percent. There has been very little change in performance on this measure during the last 5 years, due at least in part to challenges associated with improving the timeliness with which these claims are processed.

Our current performance in the timeliness of claims processing, especially rating-related actions, is unacceptable (*see page 24*). For FY 2000, the average for processing rating-related actions was 173 days, 13 days higher than the target level of performance. Rating-related actions, including claims for original compensation and original pension benefits, represent the most complicated and time-consuming work confronting regional office staffs. Due to new legislation and complex regulatory changes affecting the manner in which compensation and pension claims are processed, we expect performance to worsen during FY 2001.

We also fell short of meeting our FY 2000 performance target for appeals resolution time, which measures the overall length of time it takes VA to handle all types of claims, including cases that are appealed to the Board of Veterans' Appeals (*see page 28*). Although we missed our target by 12 days, this performance reflects an improvement of 63 days, or 8.5 percent, from our FY 1999 performance.

Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.

We did not meet the four key performance goals relating to achievement of this strategic goal in FY 2000. The Montgomery GI Bill (MGIB) usage rate remained about the same, at 55 percent (*see page 34*).

Veterans use their VA education benefit as one important means of readjusting to civilian life. The MGIB allows them the opportunity to achieve educational or vocational objectives that might not have been attained had they not entered military service.

The timeliness of processing education claims deteriorated during FY 2000. While our plan was to process original education claims in no more than 26 days, it took an average of 36 days. The

average number of days needed to process supplemental education claims was 22 days, or 5 days longer than the performance target.

Although we did not meet our goal to assist veterans who are in default on a VA-guaranteed home mortgage, as measured by the Foreclosure Avoidance Through Servicing (FATS) ratio, the variance from plan is not as great as it might appear. The actual level of achievement (30 percent) reflects a modification in the method of calculating the ratio, without changing the performance target (39 percent). Prior to FY 2000, the different means to avoid foreclosure were weighted to favor some means over others. Each of the means is now given equal weight.

Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

VA uses several key performance goals to determine how well we are achieving this strategic goal. FY 2000 data are not available for 4 of these goals—the percentage of patients able to obtain a primary care appointment or specialty appointment within 30 days (*see page 46*); and outcomes for VA's pension and insurance programs (*see pages 60 and 61*).

We achieved 5 of the other 10 key performance goals; for 2 of the 5 key performance goals we did not meet, performance during FY 2000 was better than that reported in FY 1999.

During the last 4 years, the share of inpatients and outpatients rating VA health care service as “very good” or “excellent” has remained stable at about two-thirds. The inpatient and outpatient satisfaction levels recorded during FY 2000, although below the performance target of 67 percent, still indicate a very high level of satisfaction with VA health care. This is supported by results from a National Partnership for Reinventing Government (NPR) study using the American Customer Satisfaction Index (ACSI) as a national indicator of customer evaluations of

the quality of goods and services. The FY 2000 ACSI for VA outpatient care is 78 on a scale of 0 to 100. For the second consecutive year, VA outpatient care ranks above private sector hospitals, whose ACSI score is 71. In addition, the VA score is higher than the ACSI of 72 recorded by all Americans rating their health care services.

Although the Department did not meet its FY 2000 target—that 75 percent of patients would be seen within 20 minutes of their scheduled appointment at VA health care facilities—the actual performance level of 70 percent was an improvement over the 68 percent registered during FY 1999.

VA uses two key performance measures to assess the quality of health care delivery—the Chronic Disease Care Index (CDCI) and the Prevention Index (PI). These indices measure the degree to which the Department follows nationally recognized guidelines for the treatment and care of patients.

The CDCI focuses on the care of patients with ischemic heart disease, hypertension, chronic obstructive pulmonary disease, diabetes mellitus, and obesity. During FY 2000, VA improved its score by one point on the CDCI to 90 percent.

The PI focuses on primary-prevention and early-detection recommendations for eight diseases or health factors that significantly determine health outcomes: pneumococcal pneumonia, influenza, tobacco consumption, and alcohol consumption; screenings for colorectal cancer, breast cancer, cervical cancer, and prostate cancer. Although VA did not meet

the performance target of 89 percent, the PI of 81 percent was the same as last year, and has more than doubled since 1996.

We achieved another of our key performance goals by improving our efficiency in providing health care services to patients (both veterans and non-veterans). Using constant dollars, the average cost (obligations) per patient was \$4,470, which is 2.5 percent below the FY 1999 figure of \$4,585. In addition, we succeeded in providing health care to more patients. VA treated 3,817,300 unique patients (including 3,505,000 veterans) in FY 2000—6.8 percent above the number for FY 1999 and an increase of 21.5 percent over the last 3 years.

VA did not meet its performance goal to increase the proportion of the medical care operating budget derived from medical cost recoveries and other sharing revenues. The rate of recovery in FY 2000, 3.4 percent, fell just short of the FY 2000 target of 3.7 percent and was slightly behind last year's rate of 3.8 percent.

The percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence increased to 75.2 percent in FY 2000. This increase reflects the opening of three new national cemeteries and four new state veterans cemeteries.

VA uses visitor comment cards to obtain feedback from customers on their satisfaction with the quality of service provided by national cemeteries. In FY 2000, VA increased to 88 percent the number of respondents who rated the quality of service provided by national cemeteries as “excellent.”

Strategic Goal 4: Contribute to the public health, socioeconomic well being and history of the Nation.

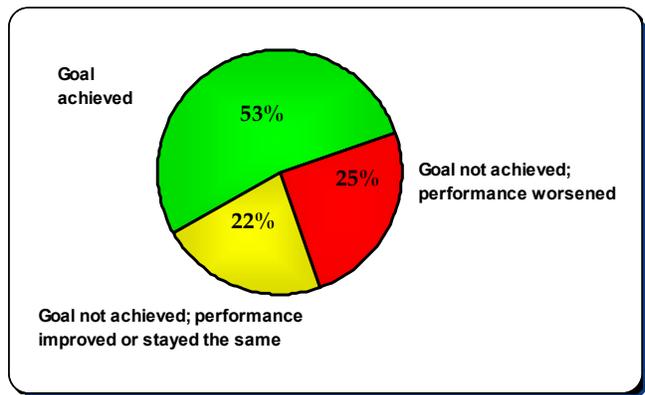
VA met all three key performance goals relating to this strategic goal in FY 2000. Since FY 1998, VA has maintained at 99 percent the proportion of medical research projects demonstrably related to the health care of veterans or to other Departmental missions. All research proposals are submitted through a peer review process. Those projects with VA health care relevance were consistently selected for funding before projects that lacked demonstrable relevance. In keeping with our tradition, VA's research program benefits not only veterans, but also the entire Nation and the international community.

VA conducts an extensive education and training program to enhance the quality of care provided to veterans within the VA health care system. FY 2000 marks the third consecutive year in which VA has exceeded its performance goal to increase the percent of residents trained in primary care.

In FY 2000, satisfaction with the appearance of national cemeteries remained at a very high level, as 82 percent of respondents completing visitor comment cards rated cemetery appearance as "excellent."

All Performance Goals

In addition to the key performance goals identified by VA's senior leadership as critical to the success of the Department, program managers established other performance goals at the beginning of FY 2000. Collectively, these performance goals demonstrate the full scope of the Department's programs and operations. A total of 116 performance goals were set at the start of the fiscal year. VA met 53 percent of the performance goals for which we had data. For another 22 percent, the Department's performance was equal to, or better than, that recorded last year. For more detailed information on the full range of performance goals, refer to the tables shown on pages 105 to 116.



ALTERNATIVE WAYS OF VIEWING PERFORMANCE

To meet the varied needs of Congress, OMB, veterans service organizations, the general public, and internal VA program managers, we have examined performance in several different ways. Most of our analysis focuses on the key performance goals and measures considered critical to the success of the Department.

The Performance Scorecard for FY 2000, shown on page IV, is structured around VA's strategic goals. The scorecard summarizes how well we did in meeting the limited number of key performance goals directly associated with each of the strategic goals. This approach allows us to

examine performance from a Departmental, or *One VA*, perspective.

While the *One VA* point of view is important, this is not the only way in which we analyze performance. We want to know how well we did in meeting the goals established for each of our programs, and we are interested in information on how well each of our major organizations performed. The following chart demonstrates the interrelationship between these alternative ways of viewing performance related to our key performance goals.

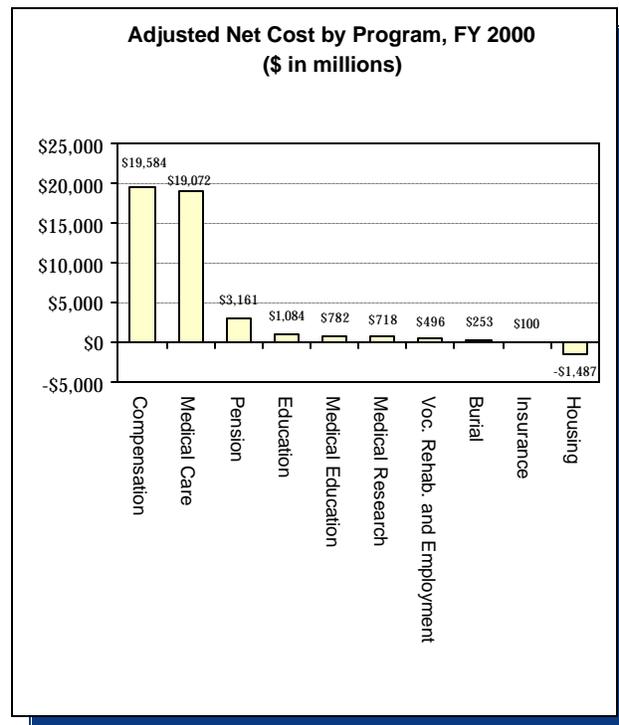
Key Performance Measures by Responsible Organization and Program

Responsible Organization and Measure	Program									
	Medical Care	Medical Research	Medical Education	Compensation	Pension	Education	Housing	Vocational Rehabilitation	Insurance	Burial
Veterans Health Administration										
Percent of patients who rate VA health care service as very good or excellent										
Inpatient	X									
Outpatient	X									
Percent of patients who are able to obtain a non-urgent appointment with a specialist within 30 days of referral	X									
Percent of patients who are able to obtain a primary care appointment within 30 days	X									
Percent of patients seen within 20 minutes of scheduled appointment at VA health care	X									
Chronic disease care index	X									
Prevention index	X									
Percent reduction in average cost (obligations) per patient	X									
Percent increase in number of unique patients treated	X									
Percent of medical care operating budget derived from alternative revenue streams	X									
Research projects relevant to VA's health care mission		X								
Percent of residents trained in primary care			X							
Veterans Benefits Administration										
National accuracy rate for core rating work				X	X					
Percent of compensation and pension claimants who are satisfied with the handling of their claims				X	X					
Average days to process rating-related actions				X	X					
Abandoned call rate for compensation and pension				X	X					
Blocked call rate for compensation and pension				X	X					
Appeals resolution time				X	X					
Compensation and dependency and indemnity compensation (DIC) program outcomes				X	X					
Pension program outcomes					X					
Montgomery GI Bill usage rate						X				
Average days to complete original education claims						X				
Average days to complete supplemental education claims						X				
Foreclosure avoidance through servicing (FATS) ratio							X			
Vocational rehabilitation and employment rehabilitation rate								X		
Insurance program outcomes									X	
National Cemetery Administration										
Percent of veterans served by a burial option within a reasonable distance (75 miles) from their residence										X
Percent of respondents who rate the quality of service provided by national cemeteries as excellent										X
Percent of respondents who rate the appearance of national cemeteries as excellent										X

FINANCIAL HIGHLIGHTS

➤ Pursuant to the requirements of 31 U.S.C. 3515 (b), VA's financial statements have been prepared to report the financial position and results of operations of the Department. The audit of the statements was performed by Deloitte & Touche, LLP, under the direction of the Office of Inspector General (OIG). The financial statements received an unqualified opinion from the auditors in FY 2000, continuing the success first achieved in FY 1999. While the statements have been prepared from the books and records of the Department in accordance with the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources prepared from the same books and records. The statements are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so. For more information on VA's financial statements, refer to the [FY 2000 Annual Accountability Report](#).

➤ VA's 10 major programs operated at a net cost of \$106.2 billion in FY 2000, compared with a net cost of negative \$50.6 billion in FY 1999. The calculation of the actuarial liability for future years' veterans compensation and burial benefits, which decreased by \$95 billion in FY 1999 and increased by \$62.5 billion during FY 2000, heavily impacts each year's cost. This estimate is influenced by fluctuations in the discount rate used to compute the present value of this liability. Excluding the change in this actuarial liability from the net cost would result in an adjusted net cost for VA's 10 programs of \$43.8 billion for both fiscal years.



➤ The assets on VA's balance sheet have changed very little over the years. Veterans benefits programs, principally home loans and veterans' life insurance policy loans, dominate receivables. A change in VA policy for Property, Plant and Equipment (PP&E), which raised the dollar threshold for the capitalization of personal property, caused a decrease in the capitalized value reported for PP&E. In addition, the amounts reported for patient and third-party insurers' medical debt increased because of changes in billing. VA now bills for medical services based on "reasonable charges" rather than "reasonable cost." Amounts collected under this program are retained by VA and used for medical care.

Financial Highlights

- The Department has continued its aggressive use of the government-wide commercial purchase card program. Purchase card disbursements for FY 2000 were over \$1.3 billion, covering 2.2 million transactions and earning VA credit card refunds from Citibank totaling over \$13 million.
- For the period January through September 2000, \$3.65 million in benefit offsets were made for debts delinquent over 90 days, and \$5.85 million was collected through the Treasury Offset Program.
- Through the use of a private contractor, \$8.9 million, with a \$6.9 million benefit to VA, was recovered during the period June 1997 through March 2000.