



# EXECUTIVE SUMMARY

The Department of Veterans Affairs' mission is to ensure America's veterans and their families receive timely, compassionate, high-quality care and benefits. VA's strategic goals, objectives, and performance measures clearly express our commitment. Our goals are veteran-focused and represent the outcomes and results that we will achieve to meet the needs of our Nation's veterans and their families, as well as our broader responsibilities to meet national needs.

In FY 2002, with resources of \$58.9 billion in obligations and nearly 209,000 full-time equivalent (FTE) employees, VA achieved significant accomplishments that brought us closer to attaining our long-term strategic goals. To help us gauge our progress, we established 124 performance goals at the beginning of the fiscal year, 23 of which were identified by VA's senior leadership as critical to the success of the Department.

VA's Performance Scorecard for FY 2002 summarizes how well we did in meeting the key performance goals directly associated with each of the strategic goals. This allows us to examine performance from a Departmental, or *One VA*, perspective.

The Department made significant advances during FY 2002, but continued to have challenges in certain areas. We are implementing the recommendations from the Secretary's Claims Processing Task Force. While these efforts are bringing us closer to our goal for timeliness of processing compensation and pension claims, we did not meet our key goals in this area. However, we significantly reduced the age of the pending inventory and greatly reduced the number of

claims in our inventory, including our oldest cases; (those over 6 months old). The Department remains committed to improving the timeliness of claims processing and has developed strategies for accomplishing future performance goals.

Some of the most important successes attained in FY 2002 include:

- Continued health care quality improvements, as measured by the Chronic Disease Care Index and the Prevention Index. VA's health care program continues to receive national recognition for its quality as cited in the Institute of Medicine's 2002 report, "Leadership by Example." VA also received the "Pinnacle Award" from the American Pharmaceutical Association Foundation in June 2002 for its creation of a bar code medication administration system. This initiative ensures that the correct medication is administered to the correct patient.
- We completed 797,387 rating-related claims in 2002. Our compensation and pension claims inventory was reduced by more than 15 percent and the age of the inventory was reduced significantly from what it was at the beginning of the fiscal year.
- We produced 66 percent more disability ratings in 2002 than in 2001.
- The foreclosure avoidance rate improved due to VA's restructuring of field operations and approval of additional lenders to assist veterans whose mortgages are in default.
- The average number of days to complete both original and supplemental educational claims

improved and the Montgomery GI Bill usage rate continued to increase due to improved benefits.

- The VA insurance program continued its excellent service as evidenced by improved timeliness in processing disbursements. The Philadelphia Regional Office and Insurance Center was recognized with the Secretary’s 2002 Robert W. Carey Award. This annual award acknowledges the VA organization that best exemplifies quality service to veterans, dependents and beneficiaries.
- VA increased the percentage of veterans served by a burial option within a reasonable distance of their residence and exceeded the goal for improving the appearance of the national cemeteries. VA is also improving operational efficiencies to reduce the time it takes to mark a grave after interment.
- VA acquired property to establish new national cemeteries in South Florida and the Detroit area and completed construction projects to

extend burial operations at nine other national cemeteries. Two new State veterans cemeteries were opened through the State Cemetery Grants Program.

### **Summary of Performance on Key Performance Goals**

Some of the 23 key performance goals deal with program outcomes; others pertain to the management of our programs. FY 2002 data for all of these key performance goals are listed in the “performance actual” column of the performance scorecard on page 4.

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



## KEY PERFORMANCE RESULTS BY STRATEGIC GOAL

Performance measurement in this report is structured around the objectives established by the Secretary. Within the narratives, we have incorporated the key measures that support these objectives. (*In this report, years are fiscal years unless stated otherwise.*)

### STRATEGIC GOAL

#### 1 *Restore the capability of veterans with disabilities to the greatest extent possible and improve the quality of their lives and that of their families.*

We use four key performance goals to gauge our progress toward achieving this strategic goal, all of which focus on benefits and services for disabled veterans. We achieved one of these key performance goals.

The Department exceeded the 95 percent goal for the proportion of discharges from spinal cord injury (SCI) center bed sections to non-institutional settings goal; we achieved 97 percent in 2002.

Because of increased statutory duties placed on VA, we failed to meet our timeliness goal of 208 days; actual timeliness for the year was 223 days. The previous year's level was 181 days. However, despite new congressionally mandated steps in the claims process, we decreased the claims backlog from 420,603 rating claims at the end of 2001 (excluding appeals) to 345,516 claims at the

end of 2002 (excluding appeals). In addition, the percentage of claims over 6 months old was reduced from 41 percent to 35.3 percent, and the age of our pending inventory was reduced from 181.6 to 174.2 days.

During 2002, the national accuracy rate in processing the Department's most important types of claims for compensation and pension benefits (i.e., rating-related actions) improved to 80 percent from 78 percent in 2001; however, we did not attain our goal of 85 percent.

We did not meet our goal of a 67 percent rehabilitation rate for service-disabled veterans who exited a vocational rehabilitation program and acquired and maintained suitable employment. Rather, we achieved 62 percent, which is less than the 65 percent reported in 2001.

### STRATEGIC GOAL

#### 2 *Ensure a smooth transition for veterans from active military service to civilian life.*

We met all four key performance goals relating to achievement of this strategic goal in 2002. The Montgomery GI Bill (MGIB) usage rate improved from 56 percent in 2001 to 59 percent in 2002. 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 improved during 2002. The processing of both original and supplemental education claims

surpassed the goals set for 2002. Our plan was to process original education claims in no more than 38 days; it took an average of 34 days compared with 50 days in 2001. The average number of days needed to process supplemental education claims was 16 days, 5 days less than the performance target of 21 days. This is an improvement over 2001 when we reported 24 days.

We met our goal to assist veterans who are in default on a VA-guaranteed home mortgage, as measured by the foreclosure avoidance through servicing ratio. The foreclosure avoidance rate improved from 40 percent in 2001 to 43 percent in 2002 due to VA's aggressive proactive servicing program to assist these veterans.

## STRATEGIC GOAL

### **3** *Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.*

VA achieved 10 of the 13 key performance goals for this strategic goal. For one of the three key performance goals we did not meet, performance in 2002 improved over that reported in 2001. One key measure was new and baseline data were collected.

VA uses two key performance measures to assess the quality of health care delivery -- the Chronic Disease Care Index II (CDCI II) and the Prevention Index II (PI II). These indices measure the degree to which the Department follows nationally recognized guidelines for the treatment and care of patients. The CDCI II focuses on the care of patients with ischemic heart disease, hypertension, chronic obstructive pulmonary disease, diabetes mellitus, major depressive disorder, and tobacco cessation. During 2002, VA surpassed its CDCI II target of 78 percent by achieving an 80 percent score. The PI II focuses on primary-prevention and early-detection recommendations for nine diseases or health factors that significantly determine health outcomes: pneumococcal pneumonia, influenza, tobacco consumption, and alcohol consumption, and screenings for colorectal cancer, breast cancer, cervical cancer, prostate cancer, and cholesterol levels. VA surpassed its PI II target of 80 percent by achieving an 82 percent score.

During 2002, the share of inpatients and outpatients rating VA health care service as "very good" or "excellent" improved, surpassing the targets by 4

percent. The inpatient and outpatient satisfaction levels recorded during 2002, at 70 percent and 71 percent respectively, indicate a very high level of satisfaction with VA health care.

For 2002, the Department surpassed its goals by 1 percent for two other performance measures related to the timeliness of providing health care: the percent of non-urgent primary care appointments scheduled within 30 days of the desired date and the percent of non-urgent specialist appointments scheduled within 30 days of the desired date. We achieved 89 percent and 86 percent for these goals, respectively.

The Department did not meet its 2002 target that 70 percent of patients would be seen within 20 minutes of their scheduled appointment at VA health care facilities. The actual performance level of 65 percent reflected the increase in patient volume. VA is exploring and implementing ways to provide scheduled appointments in a timely fashion.

The Department is committed to continuously improving the culture of patient safety in its health care facilities. An important aspect of this is to develop a good understanding of the causes of safety concerns. The 2002 safety measure was having bar code medication administration contingency plans in place and tested annually; we met the target of 100 percent.

We achieved our target for the Balanced Scorecard of Quality-Access-Satisfaction-Cost of 101 percent. The balanced scorecard tracks the four domains of quality, access, patient satisfaction, and cost, which are given equal weight and expressed in terms of how close actual performance is relative to established target levels of performance.

VA surpassed its target of 3.2 days for average days to process insurance disbursements and improved from the 2001 actual of 2.8 with a 2002 actual of 2.6 days.

VA met the goal to increase the percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence to 73.9 percent by the end of 2002. This is the Department’s primary measure of the degree to which we are providing access to burial services.

VA did not meet its 93 percent target for 2002 in the percent of survey respondents who rate the quality of service provided by the national cemeteries as excellent. The actual of 91 percent was less than the 92 percent rating in 2001.

## STRATEGIC GOAL

### 4 *Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.*

VA succeeded in surpassing both of the key performance goals relating to this strategic goal in 2002. We exceeded the 10 percent goal for Institutional Review Board compliance with National Committee for Quality Assurance (NCQA) accreditation and maintenance, as appropriate, of Association for the Assessment and Accreditation of Laboratory Animal Care (AAALAC) or the Nuclear Regulatory Commission

(NRC) accreditation or certification. All appropriate AAALAC and NRC accreditation/certifications were maintained nationally and 15 percent of VHA’s research programs received NCQA accreditation.

Ninety-seven percent of survey respondents rated national cemetery appearance as “excellent” in 2002 as compared to 96 percent in 2001. This was 1 percent above the 2002 goal.

## THE CHALLENGES AHEAD

As we strive to provide the highest quality benefits and services to our Nation’s veterans, we realize we have many program and management challenges to overcome. The VA Office of Inspector General (OIG) and the General Accounting Office (GAO) have provided the most succinct description of our major challenges.

The OIG challenges include:

- Health care quality management and patient safety

- Resource allocation
- Compensation and pension timeliness and quality
- Erroneous and improper payments
- Government Performance and Results Act (GPRA) – data validity
- Security of systems and data
- Federal Financial Management Improvement Act (FFMIA) and VA’s consolidated financial statements

- Debt management
- Procurement practices
- Human capital management

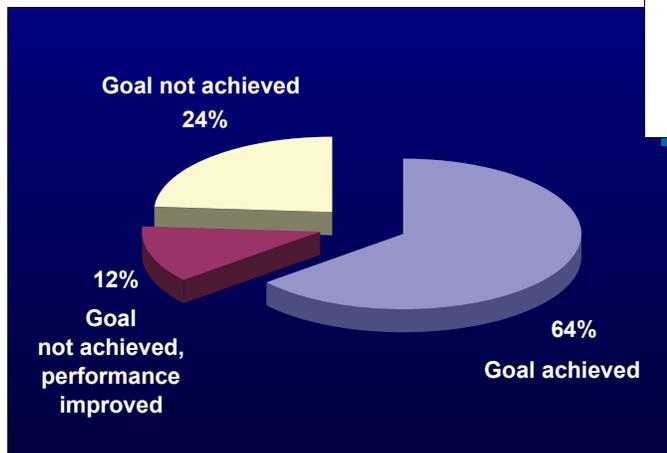
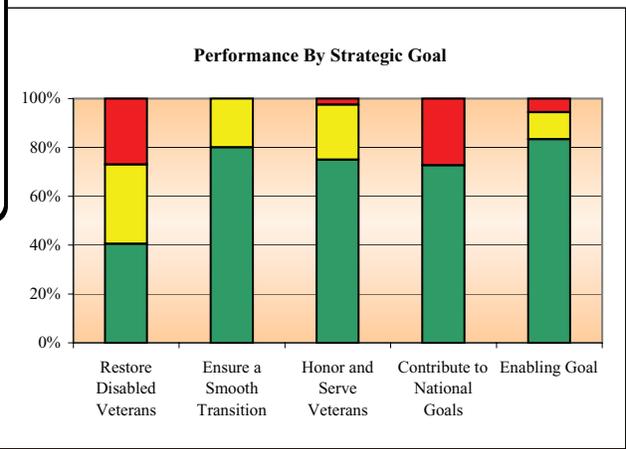
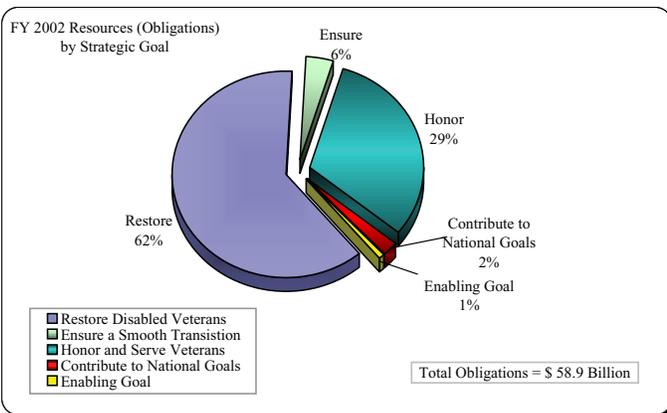
The GAO challenges include:

- Strategic human capital management
- Information security
- Access to quality health care
- Health care resource utilization
- Disability claims processing
- Management strategies to build a high performing organization

For a thorough discussion of these challenges, see the section on Major Management Challenges, which begins on page 193.

### 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 2002. Collectively, these performance goals demonstrate the full scope of the Department’s programs and operations. A total of 124 performance goals were set at the start of the fiscal year. VA met 64 percent of the performance goals for which we had data. (We did not have data for 1 measure.) For those measures not achieved, 12 percent showed that the Department’s performance improved over that reported in 2001. For more detailed information on the full range of performance goals, refer to the tables shown on pages 121 to 137.



# 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 our objectives and the key performance goals and measures considered critical to the success of the Department.

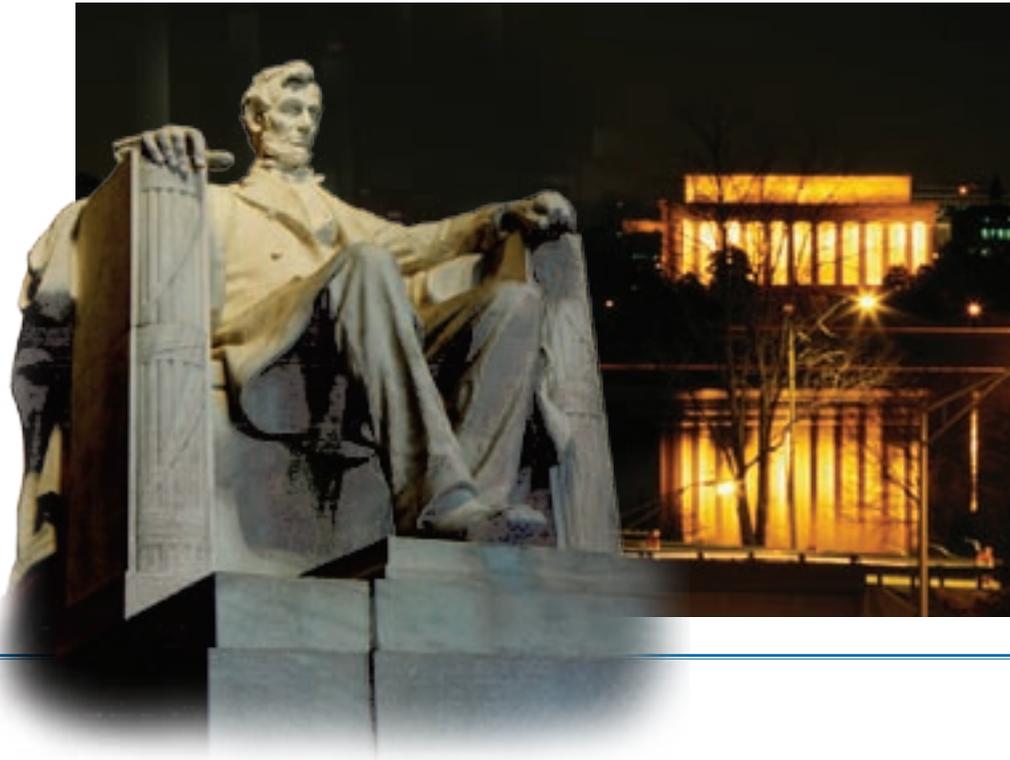
The Performance Scorecard for 2002, shown on page 4, summarizes how well we did in meeting the limited number of key performance goals

directly associated with each of VA's strategic goals, a *One VA* perspective. While this point of view is important, we also want to know how well we did in meeting the goals established for each of our programs, and we focus on the resources each of our major organizations invested in efforts to achieve each strategic goal. The following chart demonstrates the interrelationship between these alternative ways of viewing performance related to our key performance goals. During 2002, there was no key measure for the Medical Education program.

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
<b>Veterans Health Administration</b>										
Proportion of discharges from spinal cord injury (SCI) center bed sections to non-institutional settings	X									
Percent of patients who rate VA health care service as very good or excellent										
Inpatient	X									
Outpatient	X									
Percent of primary care appointments scheduled within 30 days of desired date	X									
Percent of specialist appointments scheduled within 30 days of desired date	X									
Percent of patients who report being seen within 20 minutes of scheduled appointment at VA health care facilities	X									
Chronic disease care index II	X									
Prevention index II	X									
Bar Code Medication Administration (BCMA) contingency plan and conduct test of plans annually	X									
Balanced Scorecard: Quality-Access-Satisfaction-Cost	X									
Institutional Review Board compliance with NCQA accreditation and maintenance, as appropriate, of AAALAC or NRC accreditation certification		X								
<b>Veterans Benefits Administration</b>										
Average days to process rating-related actions				X	X					
National accuracy rate for core rating work				X	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		
Average days to process insurance disbursements									X	
<b>National Cemetery Administration</b>										
Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence										X
Percent of respondents who rate the quality of service provided by national cemeteries as excellent										X
Percent of graves in national cemeteries marked within 60 days of interment										X
Percent of respondents who rate the appearance of national cemeteries as excellent										X

# MISSION

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



*These words, spoken by Abraham Lincoln during his Second Inaugural Address, reflect the philosophy and principles that guide our efforts in serving the Nation’s veterans and their families.*

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

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