

Performance Summaries By Departmental Objective

The following sections of the report describe VA's accomplishments associated with each of the objectives identified in the Department's strategic plan. This information complements and provides additional detail beyond the summaries of performance associated with each strategic goal (refer to the executive summary on pages 7-18).

For each objective, we include the following:

- A summary of performance achievements.
- The resources used during the year in support of the objective.
- A description of any related Program Assessment Rating Tool evaluations conducted.
- A list of any major management challenges identified by VA's Office of Inspector General or the Government Accountability Office that have an impact on this objective.
- Any program evaluations that have been completed or are ongoing.
- An outline of new policies and procedures that were implemented in support of the objective.

Following the summary of accomplishments for each objective, we include brief descriptions of the key performance goals that support the objective. A few objectives do not have key goals although these are under development. For these objectives, we assess our progress by examining the results of supporting measures (see the table of performance measures by strategic goal and objective beginning on page 139).

The key performance goal narratives include the following:

- Bar charts that show:
 - FY 2004 actual level of performance.
 - FY 2004 performance goal.
 - Preliminary FY 2005 performance goal (final FY 2005 goals will be shown in VA's FY 2006 Congressional budget justifications).
 - Long-range strategic target.
 - Up to 5 years of historical data.
- Management efforts and policy issues including means and strategies used to achieve results.
- Where applicable:
 - Explanations of why the FY 2004 performance goal was not achieved.
 - Actions that will be taken to improve performance in the future in those instances in which we fell short of the performance goal for the year.

Taken together, the performance summaries at the strategic goal, objective, and performance goal levels provide a hierarchy of VA's achievements that provide somewhat different, but supporting, views of how well the Department is doing in meeting its mission.

Objective 1.1

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
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.		\$41,459	59.3%
Objective	Performance Results		
1.1 Maximize the physical, mental, and social functioning of veterans with disabilities and be recognized as a leader in the provision of specialized health care services.	<ul style="list-style-type: none"> Increased to 86 percent the score on the Prevention Index II for special populations of veterans (goal was 80 percent) Increased to 79 percent the proportion of homeless veterans discharged from domiciliary or residential care settings to an independent or secured institutional living arrangement (goal was 67 percent) 	\$13,121	18.8%

Performance

VA's principal focus in the delivery of health care services is to provide timely, high-quality care to our core service population—service-connected disabled veterans, veterans with lower incomes, and veterans with special health care needs. During FY 2004 the Department continued to make progress toward achieving Objective 1.1, in part by establishing priority access to health care for veterans with service-connected disabled conditions. VA worked with the Department of Defense (DoD) to ensure that veterans or servicemembers returning from Operation Enduring Freedom or Operation Iraqi Freedom with an injury or illness have timely access to VA's special health care services. This includes treatment for spinal cord injuries, traumatic brain injuries, post-traumatic stress disorder, prosthetics, and rehabilitation of the blind. In addition, VA established six new centers specializing in research, education, and clinical care for Parkinson's disease and

two new centers specializing in studying the treatment of war-related illnesses among active duty military patients and veterans. With a strong emphasis on the provision of high-quality health care, VA raised its score on the Prevention Index II for special populations from 80 percent to 86 percent. This index charts the outcomes of nine medical interventions that measure how well VA follows national primary-prevention and early-detection recommendations for several diseases or health factors that significantly determine health outcomes for veterans with special needs, including those with disabilities. The Department was also successful in placing 79 percent of homeless veterans previously cared for in domiciliaries or other residential settings to independent living, halfway houses, or transitional housing. VA administers three special programs providing outreach, psychosocial assessments, referrals, residential treatments, and follow-up case management to homeless veterans.

Program Assessment Rating Tool (PART) Evaluation

During the development of the FY 2005 budget, the Administration conducted a PART evaluation of the medical care program that relates to the accomplishment of Objective 1.1. This assessment reviewed the combined effectiveness of the legislative and executive branches in designing and implementing the many aspects of VA's medical care program. The PART evaluation for the medical care program resulted in a rating of "Adequate," an improvement from the FY 2004 budget year PART rating of "Results Not Demonstrated." The improvement in the PART evaluation of the medical care program resulted from several factors, including VA's sharpening its focus on providing timely, high-quality health care to our highest priority veterans—those with service-connected disabled conditions, veterans with lower incomes, and those with special health care needs.

Major Management Challenges

VA's Office of Inspector General has identified the following health care issues as major management challenges related to Objective 1.1 (the program's response to each challenge may be found on the pages referenced below):

- Part-time physician time and attendance – implementation of management controls continues to need improvement to ensure that part-time physicians meet their employment obligations (refer to pages 230-231 for more information).
- Staffing guidelines – lack of staffing standards for physicians and nurses continues to impair VA's ability to adequately manage personnel resources (refer to pages 231-232 for more information).
- Quality management – senior hospital managers need to ensure that the quality management process is effectively maintained in all clinical departments (refer to page 232 for more information).
- Long-term health care – challenges remain in the community nursing home program, homemaker/home health aide program, and community residential program (refer to pages 232-234 for more information).

- Security and safety – further work is needed to improve overall security, inventory, and internal controls over biological, chemical, or radioactive agents at VA health care facilities (refer to pages 234-235 for more information).
- Management of violent patients – further steps need to be taken to enhance employee security in the management of violent patient events (refer to page 235 for more information).

The Government Accountability Office has identified the following health care issues as major management challenges related to Objective 1.1 (the program's response to each challenge may be found on the pages referenced below):

- Access – more needs to be done to ensure veterans receive the care they need, when they need it (refer to pages 250-251 for more information).
- Long-term care – improvements are needed in nursing home inspections and increasing access to non-institutional long-term care services (refer to page 251 for more information).
- Hepatitis C – further efforts are needed in screening and testing veterans for hepatitis C, notifying veterans who test positive, and evaluating veterans' medical conditions regarding potential treatment options (refer to pages 251-252 for more information).

Program Evaluations

The Department is currently developing detailed plans for a program evaluation of the services for severely mentally ill patients. Four patient populations have been defined for study: schizophrenia; bi-polar; post-traumatic stress disorder; and major depressive disorder. These populations represent high-volume, high-cost patients. Patient-centered outcomes have been developed for each of the patient populations along a continuum of care from diagnosis and assessment, treatment, and chronic disease management through rehabilitation. In addition to the evaluation of outcomes for each diagnosis group, research questions will address other aspects of mental health treatment. These will include

such areas as variations in availability of services, receipt of care for non-mental health diagnoses, barriers to access for care, and comparison of services and outcomes for non-VA patients.

The statement of work is currently being approved within VA. The evaluation is expected to be contracted to a firm in partnership with a university school of public health or medicine by the end of calendar year 2004. The study will take approximately 2 years to complete.

Booz Allen Hamilton and Northwestern University completed a program evaluation of the services provided by VA's Prosthetics and Sensory Aids Service in 2003. The specific populations studied included veterans at risk for amputations; lower extremity amputees; patients on home oxygen; patients who are legally blind, hearing impaired, or use motorized wheelchairs; and those at risk for additional heart attacks. Outcomes for each of these groups were developed and evaluated. In addition, the study evaluated VA contracts to provide home oxygen, veteran access to some new technologies, the effect of VA's program for those at risk for amputations, and the possibility for accreditation of VA's orthotics and prosthetics laboratories.

A major portion of the study evaluated the Preservation Amputation Care and Treatment Program, a program dedicated to caring for those at risk for amputations and those who already have had amputations. The results showed a program that is a model of care to prevent amputations being implemented differently across facilities, with a high percentage of veterans appropriately screened for risk. However, facilities with highly implemented programs did more amputations. Other results showed that VA is unique in providing

computer access training and computer readers to veterans who show interest and capability, and a full 97 percent of blind veterans receive either a computer reader or a closed circuit television. VA also provides automated implantable cardiac defibrillators and motorized wheelchairs to those needing such devices. The study suggested that VA could do a better job of performing cochlear implants to those who could benefit from them. The study recommended that VA mandate that its orthotics and prosthetics laboratories become accredited.

New Policies and Procedures

Several new policies have been implemented recently that highlight our focus on our core service population in support of Objective 1.1. For example, VA has:

- Moved service-connected disabled veterans rated 50 percent or more to the top of the priority list for outpatient care.
- Provided priority access to medical care for all veterans returning from Gulf War duty, particularly those with service-connected disabled conditions.
- Suspended additional enrollments for new priority 8 veterans in order to ensure sufficient resources are available to care for veterans with military-related disabilities, lower incomes, or needing specialized care.
- Implemented additional programmatic and cost-sharing policies further aimed at focusing resources on the Department's core service population.
- Continued to work closely with DoD and other Federal agencies in such areas as interoperable computerized patient health data, improved data on insurance coverage, and enrollment and eligibility information to improve resource utilization.

Objective 1.2

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
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.		\$41,459	59.3%
Objective	Performance Results		
1.2 Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.	<ul style="list-style-type: none"> Improved to an average of 166 days the timeliness for completing rating-related actions on C&P claims (goal was 145 days) Average days pending for C&P rating-related actions increased to 118 days (goal was to decrease to 80 days) Improved to 87 percent the national accuracy rate for C&P core rating work (goal was 90 percent) 	\$27,299	39.0%

Performance

VA's top priority related to the many benefits programs the Department administers is to process claims in a timely and accurate manner. There are many measures that indicate how well we are doing in meeting Objective 1.2, but the three most important indicators of success are the average number of days it takes to process rating-related compensation and pension (C&P) claims, the average number of days pending for rating-related C&P claims, and the national accuracy rate for C&P claims. While the Department did not meet the FY 2004 performance goal for any of these three measures, we reduced the time required to process claims for compensation and pension benefits, while at the same time improved the high degree of accuracy with which these claims were processed. Entering FY 2004, VA was well positioned to meet our performance goals pertaining to the timeliness of processing claims. However, a September 2003 decision by the Federal

Circuit Court in the case of the *Paralyzed Veterans of America et al. v. the Secretary of Veterans Affairs* required VA to keep veterans' claims open for 1 year before making a decision. As a result, decisions on over 62,000 claims were deferred, many for as much as 90 days or longer. While the President signed correcting legislation in December 2003, the impact of the court decision in the early portion of FY 2004 was substantial. The number of claims pending grew dramatically, and the timeliness of claims processing deteriorated rapidly. VA made significant progress during the last half of the year, but we were not able to fully overcome the negative effects from this court decision on the timeliness of our claims processing.

The Survey of Veterans Satisfaction with the VA Compensation and Pension Claims Process is administered on an annual basis in order to measure veteran satisfaction at the national and regional office levels. In FY 2003 (the most recent annual data

available), 42 percent of all survey respondents receiving compensation benefits felt they were kept informed of the full range of their available benefits. This figure is 2 percentage points higher than the previous year's level. When looking at compensation and pension recipients together, the survey revealed that 59 percent were very or somewhat satisfied with the way their claims were handled. This was 3 percentage points higher than the satisfaction level 2 years earlier. The contract for the next survey was signed in September 2004. Data for 2004 will be available in January 2005.

Program Assessment Rating Tool (PART) Evaluation

During the development of the FY 2004 budget, the Administration conducted a PART evaluation of the disability compensation program that relates to the accomplishment of Objective 1.2. This assessment reviewed the combined effectiveness of the legislative and executive branches in designing and implementing the many aspects of the disability compensation program. The PART evaluation for this program resulted in a rating of "Results Not Demonstrated." The primary reasons for this rating were a determination that the purpose of the disability compensation program is not clear, and that additional work needs to be done to develop sufficient performance measures that address the outcomes of this program.

Major Management Challenges

VA's Office of Inspector General has identified the following benefits issues as major management challenges related to Objective 1.2 (the program's response to each challenge may be found on the pages referenced below):

- Compensation and pension timeliness – VA still needs to address recommendations made by the Office of Inspector General during its review of this program and should fully implement the recommendations made by the Secretary's Claims Processing Task Force (refer to pages 236-237 for more information).

- Compensation and pension program's internal controls – further actions need to be taken to address program vulnerabilities (refer to pages 237-238 for more information).

The Government Accountability Office has identified the following benefits issues as major management challenges related to Objective 1.2 (the program's response to each challenge may be found on the pages referenced below):

- Challenges to improving timeliness – additional work needs to be done in addressing delays in obtaining evidence to support claims, ensuring experienced staff are available for the long term, and implementing information systems to help improve productivity (refer to pages 259-260 for more information).
- Decision accuracy and consistency – further work should be done to fully implement the Training and Performance Support System, and a system needs to be established to regularly assess and measure the degree of consistency across all levels of VA claims adjudication (refer to pages 260-261 for more information).
- Disability criteria – disability criteria need to be aligned with medical and technological advances, and steps need to be taken to ensure disability ratings are based on current information (refer to pages 261-263 for more information).

Program Evaluations

In November 2003, the President signed Public Law 108-136 that established the Veterans' Disability Benefits Commission. This commission will conduct an independent study of the benefits provided to compensate and assist veterans and their survivors for disabilities and deaths attributable to military service. The commission will examine and make recommendations concerning the appropriateness of the benefits, the appropriateness of the level of the benefits, and the appropriate standard(s) for determining whether a disability or death of a veteran should be compensated. A summary of the commission's findings and recommendations will be included in future reports.

New Policies and Procedures

New policies and procedures have recently been implemented in support of Objective 1.2. For example, VA has:

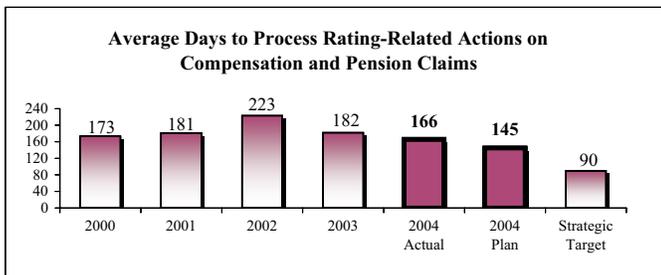
- Expanded the use of the Benefits Delivery at Discharge (BDD) program at military installations around the country. Conducted in close collaboration with the Department of Defense, the BDD program assists active duty military personnel in filing claims for benefits at or near their time of discharge in order to expedite the processing of these claims.
- Identified service center teams within distinct functional areas to allow for greater workload control, development

of expertise by the staff, higher quality decisions, and more efficient and timely processing of claims.

Beginning in FY 2005, VA will track a variety of performance measures relating to the timeliness, accuracy, and quality of compensation claims processing. This will be the first year the Department will collect and report on claims processing data separately for the compensation program. Prior to this, data on the compensation program were combined with claims processing information on the pension program.

Objective 1.2 — Key Performance Goal

Complete processing of Compensation and Pension rating-related actions within 145 days, on average.



Description, Importance, and Results

The timeliness of claims processing is measured from the date VA receives a claim until a decision is rendered. Data are captured by the Benefits Delivery Network as a part of the claims process. Cases are periodically called in for review from the regional offices to ensure the integrity of the data being reported.

Although the goal was not met in FY 2004, an improvement in the average days to process a rating claim was made from FY 2003 performance, reducing the cumulative average by 16 days.

Management and Policy Issues

Our partnership with the Department of Defense (DoD) and our liaison work with the Center for Unit Records Research continue to be major factors in decreasing the average number of days to process a disability compensation claim. Under the Benefits Delivery at Discharge (BDD) program, VBA and VHA developed a joint examination protocol with DoD for servicemembers leaving active military service. As of August 2004, 28 out of 139 BDD sites use the Single Separation Examination Protocol, which meets DoD's discharge requirements and VA's compensation requirements.

VBA is making technological enhancements to current software applications to streamline our claims process, which will assist us in meeting our goal. We continue to prioritize the oldest claims in our inventory as well as claims from our older veteran population. VA has restructured the Veterans Service Centers at all regional offices as well as the Pension Maintenance Centers and redesigned the work flow to reflect the steps in the

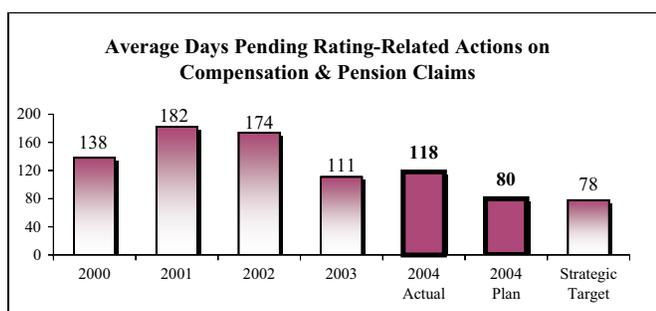
claims process, allowing us to achieve increased efficiencies and reduce our cycle times. As we continue to analyze and make improvements in our processing cycles and work to further reduce our pending inventory, the length of time required to process claims will continue to decline.

Data Quality

Please refer to the Key Measures Data Table on page 130.

Objective 1.2 — Key Performance Goal

Reduce Compensation and Pension rating-related cases pending to 80 days, on average.



Description, Importance, and Results

The timeliness of claims pending is measured from the date VA receives a claim through the current date. Data are captured by the Benefits Delivery Network as a part of the claims process. Cases are periodically called in for review from the regional offices to ensure the integrity of the data being reported.

We did not meet our goal for FY 2004. While we were on track at the end of FY 2003 to make our goal for this year, our workload was severely impacted by the court decision, *Paralyzed Veterans of America et al. v. the Secretary of Veterans Affairs*. Over 62,000 claims were deferred, many for as much as 90 days or longer. Consequently, the effect on the number of claims pending and the timeliness of claims processing was significant. With enactment of correcting legislation, signed by the President in December 2003, VA made significant progress in reducing these numbers.

However, we have not fully recovered from the negative effects of this court decision, and continue to strive to reduce the pending backlog.

Management and Policy Issues

We will continue collaborations with DoD on information data exchange. We are currently working with DoD's Joint Requirements and Integration Office to obtain limited access to active-duty personnel data in order to process claims. Once access is granted, VA will have the ability to query the DoD database to obtain information on servicemembers, including combat history, service dates, reserve status/drill dates, dependency information, and history of exposure to radiation, toxins, etc.

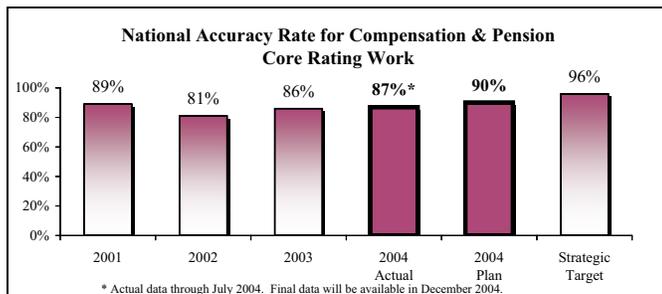
In addition, the Training, Responsibility, Involvement and Preparation of claims program will assist in meeting this goal for FY 2005. This program provides training and certification of skills to veterans service officers on the proper procedures of developing a claim. These skills result in the submission of more complete evidence, which in turn provides for quicker decisions.

Data Quality

Please refer to the Key Measures Data Table on page 130.

Objective 1.2 — Key Performance Goal

Increase to 90% the national accuracy rate for Compensation and Pension core rating work.



Description, Importance, and Results

While the goal was not met, the accuracy rate slightly improved during the course of the year, and finished 1 percentage point above FY 2003. With increased sample reviews and ongoing training, it is anticipated that future accuracy goals will be met.

Management and Policy Issues

Training remains a VBA priority. A variety of mediums are used for centralized training, including satellite

broadcasts, training letters, and computer-assisted training. In addition, local training is conducted based on needs identified through ongoing local individual performance reviews. Particular effort is made to ensure high-quality centralized training for new veterans service representatives and rating veterans service representatives.

We also implemented a national individual performance review plan with standardized review categories, sample size, and performance standards. In order to ensure that quality is a top priority, the regional offices must certify corrective actions for all documented errors.

Data Quality

Please refer to the Key Measures Data Table on page 130.

Objective 1.3

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
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.		\$41,459	59.3%
Objective	Performance Results		
1.3 Provide all service-disabled veterans with the opportunity to become employable and obtain and maintain suitable employment, while providing special support to veterans with serious employment handicaps.	<ul style="list-style-type: none"> Increased to 62 percent the proportion of all veteran participants who exited the vocational rehabilitation program and found and maintained suitable employment (goal was 67 percent) 	\$676	1.0%

Performance

The purpose of VA's vocational rehabilitation and employment program is to provide for all services and assistance necessary to enable veterans with service-connected disabilities to achieve maximum independence in daily living, and to the maximum extent feasible, to become employable and obtain and maintain suitable employment. The key measure that the Department uses to gauge progress toward meeting the purpose of this program, and thus the extent to which we are achieving Objective 1.3, is the rehabilitation rate. During FY 2004, the share of all veteran participants who exited the vocational rehabilitation program and found and maintained suitable employment (i.e., the rehabilitation rate) increased to 62 percent, up from the FY 2003 rate of 59 percent. Program participation and successful attainment of the rehabilitation goal are closely related to the state of the employment market. Our performance improvement, in part, was limited by the challenging job market conditions that persisted throughout much of FY 2004.

Over 55,000 disabled veterans participated in a VA rehabilitation program during FY 2004 and another 15,000

were in the evaluation and planning stages of their program at year's end. Approximately 11,000 disabled veterans were successfully rehabilitated last year, a total 15 percent above the number rehabilitated during FY 2003.

Program Assessment Rating Tool (PART) Evaluation

The PART review of the vocational rehabilitation and employment program that relates to the accomplishment of Objective 1.3 is scheduled to be conducted during FY 2005 as part of the formulation of the FY 2007 budget. The results of this upcoming PART review will be presented in future reports.

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to Objective 1.3.

Program Evaluations

In May 2003 the Secretary of Veterans Affairs approved a charter to create a Vocational Rehabilitation and Employment (VR&E) Task Force. At the initial meeting of

the group, the Secretary directed the members to “. . . give our program an unvarnished, top to bottom independent examination, evaluation and analysis . . . I want to ensure that veterans, and America, receive the maximum return from the dedication and energy invested by VA employees who have dedicated their lives to transforming disabled veterans into productive participants in civilian society.” The Secretary appointed 12 members who represented a diverse group of public and private sector experts from the disability, vocational rehabilitation, clinical, and consulting communities and veterans service organizations. In March 2004 the task force completed its work and released its findings and recommendations. Many of the recommendations on how to improve the program, which directly relate to Objective 1.3, were implemented during FY 2004.

New Policies and Procedures

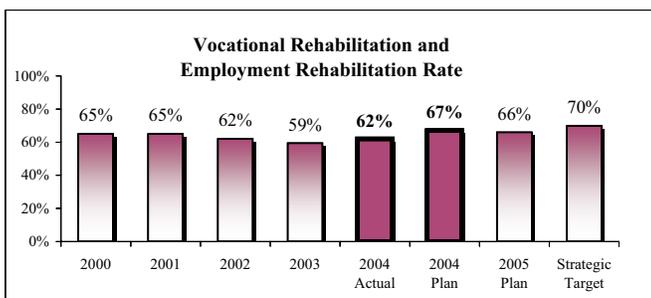
In response to the VR&E Task Force’s recommendations, several new policies and procedures were implemented in support of Objective 1.3 during FY 2004.

These included:

- Reorganizing headquarters staff and establishing new positions, including independent living coordinator, training and outreach supervisor, and senior policy analyst.
- Creating an employment work group to strengthen employment services.
- Increasing training for VR&E officers and counselors.
- Strengthening partnerships with other VA organizations, the Department of Labor, Council of State Administrators of Vocational Rehabilitation, and Commission of Accreditation of Rehabilitation Facilities.
- Conducting a study, in conjunction with VA’s Office of Policy, Planning, and Preparedness, on why veterans drop out of the VR&E Chapter 31 program or interrupt their rehabilitation plans before finding suitable employment. The results of this survey will be used to design and implement a risk mitigation program to improve the VR&E rehabilitation rate.
- Focusing and increasing our outreach efforts to veterans transitioning from military careers to civilian careers through the Transition Assistance Program and Disabled Transition Assistance Program.

Objective 1.3 — Key Performance Goal

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



Description, Importance, and Results

Rehabilitation programs are directed toward service-disabled veterans who have an employment handicap.

The goal of this program is to assist a veteran in obtaining suitable employment within that veteran’s physical and emotional capabilities and consistent with the veteran’s pattern of abilities, aptitudes, and interests.

VBA did not meet its goal of a 67 percent rehabilitation rate for service-disabled veterans exiting a vocational rehabilitation program and acquiring and maintaining suitable employment. Fewer employment opportunities along with a greater number of veterans who chose to leave the program before completion had a negative impact on achieving the targeted rehabilitation rate.

Management and Policy Issues

In 2003, Secretary Principi assembled a task force to evaluate the VR&E program and recommend ways to improve service to disabled veterans. More than 100 recommendations were issued emphasizing a “new, integrated service delivery system based on an employment-driven process.” One of the main recommendations, the Five-Track Employment Process, focuses on finding suitable employment quickly, rather than entering a long-term training or education program.

In FY 2005, VBA will pilot Job Resource Labs in four regional offices. These labs will include the necessary resources to aid VBA staff and veterans to conduct comprehensive analyses of local and national job

outlooks, prepare for interviews, develop resumes, and conduct thorough job searches. Such improved service will make it easier for veterans to search for and find employment.

VBA is conducting a study on why veterans discontinue a program or interrupt their rehabilitation plans before finding suitable employment. The results of this survey will be used to design and implement a risk mitigation program to improve the rehabilitation rate.

Data Quality

Please refer to the Key Measures Data Table on page 130.

Objective 1.4

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
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.		\$41,459	59.3%
Objective	Performance Results		
1.4 Improve the standard of living and income status of eligible survivors of service-disabled veterans through compensation, education, and insurance benefits.	<ul style="list-style-type: none"> Reduced to 125 the average number of days to process claims for dependency indemnity compensation (DIC) (goal was 126 days) 99 percent of DIC recipients were above the poverty level (goal was 75 percent) 80 percent of DIC recipients were satisfied that VA recognized their sacrifice (goal was 50 percent) 	\$363	0.5%

Performance

The primary vehicle through which the Department provides economic assistance to the survivors of veterans who had service-connected disabilities is the dependency and indemnity compensation (DIC) program. DIC is provided for surviving spouses, dependent children, and dependent parents of veterans who died of service-connected causes or while on active duty on or after January 1, 1957. During FY 2004 the Department made significant strides toward achieving Objective 1.4, based largely on the finding that 99 percent of all DIC recipients were above the poverty level. In addition, four of every five DIC recipients indicated they were satisfied that VA recognized their sacrifice. For both of these important measures, the Department exceeded the performance goals established at the beginning of the year. Not only did we largely achieve the intended outcome associated with Objective 1.4, but we also administered the DIC program in an efficient manner. VA reduced the average number of days required to process claims for DIC benefits by 18 percent during FY 2004 (from 153 days to 125 days). During FY 2004 the Department provided DIC benefit payments to more than 340,000 surviving family members.

Program Assessment Rating Tool (PART) Evaluation

During the development of the FY 2004 budget, the Administration conducted a PART evaluation of the disability compensation program that relates to the accomplishment of Objective 1.4. This assessment reviewed the combined effectiveness of the legislative and executive branches in designing and implementing the many aspects of the disability compensation program, both for living veterans as well as their surviving spouses and dependent family members. The PART evaluation for this program resulted in a rating of "Results Not Demonstrated." The primary reasons for this rating were a determination that the purpose of the disability compensation program is not clear, and that additional work needs to be done to develop sufficient performance measures that address the outcomes of this program.

Major Management Challenges

The major management challenges related to this objective are the same as those for Objective 1.2. Please refer to page 61 for more information.

Program Evaluations

In 2001 the Department published the results of an independent study titled "Program Evaluation of Benefits for Survivors of Veterans with Service-Connected Disabilities." This independent evaluation found that several of the expected program outcomes are largely fulfilled, although there are some areas in which program changes or enhancements are required. The study outlines numerous recommendations pertaining to both the DIC and insurance programs administered by VA. Many of the suggested program changes require legislative action for implementation. The Department has thoroughly evaluated these recommendations and will continue to work towards implementing the highest priority considerations.

In November 2003, the President signed Public Law 108-136 that established the Veterans' Disability Benefits Commission. This commission will conduct an independent study of the benefits provided to compensate and assist veterans and their survivors for disabilities and deaths attributable to military service. The commission will examine and make recommendations concerning the appropriateness of the benefits, the appropriateness of the level of the benefits, and the appropriate standard(s) for determining whether a disability or death of a veteran should be compensated. A summary of the commission's findings and recommendations will be included in future reports.

New Policies and Procedures

In support of Objective 1.4, VA conducts outreach visits to family members and has streamlined the application process for DIC benefits. This expedited process includes the electronic exchange of information between the Department's headquarters office in Washington, DC, and the Philadelphia Regional Office and Insurance Center to assist in processing insurance claims.

Objective 2.1

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 2 Ensure a smooth transition for veterans from active military service to civilian life.		\$3,281	4.7%
Objective	Performance Results		
2.1 Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits, and services.	<ul style="list-style-type: none"> • 20 percent of compensation claimants were participants in the Benefits Delivery at Discharge program (goal was 25 percent) • 100 percent of VA medical centers provided electronic access to health information provided by DoD on separated service persons (goal was 100 percent) 	\$641	0.9%

Performance

VA employs numerous approaches to ease the transition of active duty servicemembers to civilian life. One of the most important measures as to how well the Department is progressing toward achieving Objective 2.1 is the extent to which eligible servicemembers that file compensation claims take advantage of the Benefits Delivery at Discharge (BDD) program. Conducted in close collaboration with the Department of Defense, the BDD program assists active duty military personnel in filing claims for benefits at or near their time of discharge in order to expedite the processing of these claims. VA now conducts this program at 139 sites to help servicemembers transition more smoothly to civilian life. Under the BDD program, VBA and VHA, in conjunction with DoD, developed the Single Separation Examination Protocol. This one examination meets the requirements for VA's disability examination and DoD's separation physical. Eventually all BDD sites will be conducting examinations under this protocol. As of August 2004, 28 out of 139 BDD sites have used the Single Separation Examination Protocol. During FY 2004,

VA representatives conducted nearly 1,000 pre- and post-deployment briefings attended by more than 70,000 Reserve/National Guard members. Returning servicemembers can also attend Transition Assistance Program workshops offered by the Department. With regard to health care, all VA medical centers provide electronic access to health information furnished by DoD on separated service members, which helps ensure continuity of care. Last fiscal year the Department provided information and assistance to about 3,000 hospitalized returning service persons who received health care at Walter Reed Army Medical Center in Washington, DC; the National Naval Medical Center in Bethesda, Maryland; and other DoD medical treatment facilities.

Program Assessment Rating Tool (PART) Evaluation

There are no PART evaluations that have been completed, nor are there any planned, that specifically address Objective 2.1.

Major Management Challenges

The Government Accountability Office has identified the following issue as a major management challenge related to Objective 2.1 (the program's response to this challenge may be found on the pages referenced below):

- VA/DoD sharing – a long-term approach to improving the VA/DoD sharing database is required (refer to pages 255-257 for more information)

Program Evaluations

There have not been any independent program evaluations conducted recently that specifically address Objective 2.1.

New Policies and Procedures

Several procedures have recently been implemented in support of Objective 2.1. For example, VA has:

- Worked closely with DoD, through the Seamless Transition Task Force, to ensure that earned services are provided expeditiously to veterans returning from Operation Iraqi Freedom and Operation Enduring Freedom.
- Accelerated initiatives to streamline interagency activities to facilitate the seamless transition of servicemembers to veteran status and ensure continuity of care is maintained for those individuals whose medical care is transferred from the military health care system to VA's health care system.
- Improved coordination and education of staff in all VA benefit facilities regarding returning servicemembers by ensuring that the staff identifies and maintains knowledgeable points of contact and case managers and prominently displays materials to identify such individuals.

Objective 2.2

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 2 Ensure a smooth transition for veterans from active military service to civilian life.		\$3,281	4.7%
Objective	Performance Results		
2.2 Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.	<ul style="list-style-type: none"> • Processed original education claims in 26 days (goal was 24 days) • Processed supplemental education claims in 13 days (goal was 12 days) • Maintained a payment accuracy rate of 94 percent (goal was 94 percent) 	\$2,246	3.2%

Performance

VA continued to move forward in its efforts to meet Objective 2.2. While the Department barely missed meeting its performance goals for the timeliness with which claims for education benefits were processed in FY 2004, the performance levels were comparable to those recorded last fiscal year and were still much improved over the timeliness figures from 2 years ago. VA processed claims for education benefits in an extremely accurate fashion, achieving a payment accuracy rate of 94 percent. These performance levels were achieved despite an ongoing increase in the number of education program participants. VA worked with the Administration and Congress to significantly increase monthly benefits for veterans and dependents training under the Montgomery GI Bill. This resulted in an increase in monthly benefits for veterans and dependents under this education program from \$672 per month in October 2001 to \$1,004 per month in October 2004. This rise of nearly 50 percent in the level of education benefits during the last 3 years has helped ensure that more veterans and servicemembers had the level of financial assistance necessary to assist in achieving their educational and career goals. In addition, the most recent survey data (from FY 2003) revealed that an extremely large share (89 percent) of those filing claims for education benefits were very or somewhat satisfied with the way VA handled their education claims. This continues an improvement trend since 1998 when 78 percent were very or somewhat satisfied.

Program Assessment Rating Tool (PART) Evaluation

During the development of the FY 2005 budget, the Administration conducted a PART evaluation of the education program that relates to the accomplishment of Objective 2.2. This assessment reviewed the combined effectiveness of the legislative and executive branches in designing and implementing the many aspects of the education program. The PART evaluation

for this program resulted in a rating of "Results Not Demonstrated." The primary reason for this rating was the finding that the Department needed to develop better outcome-oriented goals and performance measures.

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to Objective 2.2.

Program Evaluations

In 2000 the Department published the results of an independent program evaluation of VA's education programs. The principal finding of this evaluation was that the Department's primary education programs for veterans and reservists showed some success in meeting the intended purposes of the legislation establishing these programs, and that they returned over \$2 to the economy for every \$1 in taxpayer money funding the 2-year and 4-year degree programs. Compared to those who have not taken advantage of the education program, the men and women who furthered their education with government support have lower unemployment, have increased career and education goals, and enjoy an earnings advantage. In addition, one-half of the users of the education programs believe they could not have pursued their education without the education benefits provided by the Department's programs. This independent evaluation also recommended that the level of VA education program benefits be raised, which the Department has successfully achieved through close collaboration with the Administration and Congress.

New Policies and Procedures

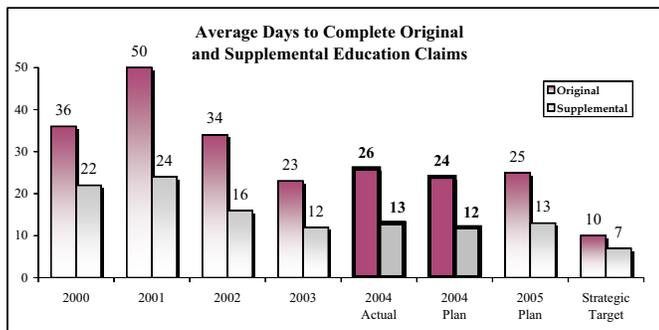
In support of Objective 2.2, VA embarked on an aggressive outreach program to ensure that all potential beneficiaries receive timely information about the VA education programs available to them. This action is in direct response to one of the recommendations from the

program evaluation completed in 2000 which stated that VA should improve its communication of information to beneficiaries and must ensure that this communication is correct, consistent, and coordinated across departments of the federal government. As part of this

effort, VA is now mailing informational brochures to active duty military personnel providing them a description of VA education benefits. These brochures enhance servicemembers' awareness and understanding of these benefits.

Objective 2.2 — Key Performance Goal

Process original and supplemental education claims in 24 and 12 days, respectively.



Description, Importance, and Results

Prompt decisions on education claims assist individuals in securing the financial means to accomplish chosen educational pursuits.

Higher program usage coupled with lower staffing levels early in the fiscal year hindered our ability to meet this goal. With some hiring in the latter part of the year, improvements in timeliness began to occur. We expect this trend to continue as we strive toward next year's goal.

Management and Policy Issues

Overall processing timeliness is affected by the quality of the enrollment and certification information received from school officials. To improve overall processing

time, VA developed an electronic education certification program (VACERT) that allows schools to send enrollment certifications to VA electronically. At this time, over half of all schools use VACERT. VAONCE, an Internet application, will replace VACERT, making the application more attractive to schools. This system was deployed on a limited basis in FY 2003, and will continue to be expanded and improved in FY 2005. In addition, we continued to offer training to school officials in FY 2004 and will continue the training in FY 2005.

Additional ongoing efforts to improve performance include:

- Improvements to the Electronic Certification Automated Processing (ECAP) system.
- Judicious use of seasonal employees and overtime to reduce pending workload during peak enrollment periods.
- On-site visits at each regional processing office, in conjunction with regular quality assurance reviews, to monitor compliance and operational performance.

Data Quality

Please refer to the Key Measures Data Table on page 132.

Objective 2.3

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 2 Ensure a smooth transition for veterans from active military service to civilian life.		\$3,281	4.7%
Objective	Performance Results		
2.3 Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.	Foreclosure Avoidance Through Servicing ratio declined to 44 percent (goal was 47 percent)	\$394	0.6%

Performance

The primary measure of the degree to which the Department is meeting Objective 2.3 is the extent to which VA is able to assist veterans in avoiding foreclosure. During FY 2004, foreclosures would have been 44 percent higher had VA not pursued alternatives to foreclosure. While this share was somewhat below the performance goal for the year, the Department continued to assist numerous veterans in making home ownership a reality. Last year VA guaranteed over 375,000 home loans worth nearly \$50 billion. About 80 percent of the veterans who used the housing program would not have qualified for a conventional loan. VA's home loan program does not require a down payment, and the overwhelming majority (88 percent) of housing program participants cited this as the key reason why they used this program. Even after adjusting for demographic differences related to age and income, veteran home ownership rates exceed those of the general population by 5 percent. This is an excellent indicator of the overall success of the housing program in improving the ability of veterans to purchase a home.

Program Assessment Rating Tool (PART) Evaluation

The PART review of the housing program that relates to the accomplishment of Objective 2.3 is being conducted as part of the formulation of the FY 2006 budget. The results of this review will be presented in future reports.

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to Objective 2.3.

Program Evaluations

An independent evaluation of VA's housing program was completed in 2004. A key conclusion of the study was that the Department successfully and efficiently operates the program to meet legislative requirements for eligibility determination, lender monitoring, and loss mitigation. Over the past decade, significant consolidation of field operations and technology advances have decreased full-time equivalent VA administrative staff from about 1,800 to 900. The consolidation has resulted in greater consistency and accuracy. Dramatic increases in speed of service have complemented the increases in

administrative efficiency. Key recommendations from the final report include the suggestion that VA retain the program's multiple use feature; consider indexing the maximum loan amount based upon the conventional loan limit; and more vigorously use current data systems to routinely report on multiple use, default/foreclosure rates, and cost-efficiency.

New Policies and Procedures

Several procedures have been implemented in the recent past that support the achievement of Objective 2.3. For example, VA has:

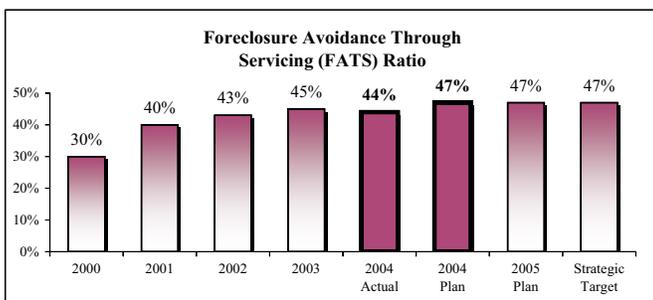
- Consolidated most of its supplemental servicing activities in loan administration sections at nine regional

- loan centers in order to improve the ability to effectively assist veterans who are delinquent on their mortgages.
- Improved customer service by providing veterans with toll-free telephone access and increased hours of operation.
- Implemented several applications to support electronic submission of appraisals, and is now using a new automated application that permits lenders to request a certificate of eligibility online in a matter of seconds.

In FY 2005 and beyond, VA will work to implement many of the policy and technical program recommendations presented in the independent program evaluation completed last year.

Objective 2.3 — Key Performance Goal

Improve the Foreclosure Avoidance through Servicing (FATS) ratio to 47 percent.



Description, Importance, and Results

The Foreclosure Avoidance through Servicing (FATS) ratio represents the extent to which foreclosures would have been greater had VA not pursued alternatives to foreclosure. By lowering the level of foreclosures, the costs to the government are reduced.

The Loan Guaranty Service did not meet its goal for FY 2004. Economic factors such as interest rates, real estate appreciation, and employment levels have impacted on the ability of veterans to purchase a home and avoid foreclosure in the event of default.

Management and Policy Issues

In FY 2003 VBA conducted an internal quality review of the FATS ratio. There are five components of this measure. Four of these are financial transactions that can easily be audited for accuracy. The fifth component is successful interventions, whereby VA staff actively intercedes with lenders to help veterans cure the delinquency on their guaranteed loans. The most common successful intervention is a repayment plan agreed to by all parties involved. VBA quality findings indicated that field offices were misinterpreting the requirements of what is considered a successful intervention. As a result of the review, VBA made a downward adjustment to the final (actual) FATS ratio in FY 2003. VBA issued revised ratios to field offices as well as new instructions on the criteria for successful interventions. The lower figure for FY 2004 reflects the more consistent and stringent requirements established in FY 2003.

At the management and operational levels, we will continue to emphasize the importance of delinquent loan servicing.

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

Data Quality

Please refer to the Key Measures Data Table on page 132.

Objective 3.1

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 3			
Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.		\$23,293	33.3%
Objective	Performance Results		
3.1 Provide high-quality, reliable, accessible, timely, and efficient health care that maximizes the health and functional status for all enrolled veterans, with special focus on veterans with service-connected conditions, those unable to defray the cost, and those statutorily eligible for care.	<ul style="list-style-type: none"> Increased to 77 percent the score on the Clinical Practice Guidelines Index (goal was 70 percent) Increased to 88 percent the score on the Prevention Index II (goal was 82 percent) Increased the percent of primary care appointments scheduled within 30 days of the desired date to 94 percent (goal was 93 percent) Increased the percent of specialist appointments scheduled within 30 days of the desired date to 93 percent (goal was 90 percent) Maintained a score of 74 percent of patients rating VA health care service as "very good" or "excellent" for inpatients (goal was 70 percent); achieved a score of 72 percent for outpatients (goal was 72 percent) Increased to 29,631 the non-institutional long-term care average daily census (goal was 29,631) 	\$17,568	25.1%

Performance

In FY 2004 the Department made good progress toward meeting Objective 3.1 by improving the quality of VA health care and making this high-quality care more easily accessible to veterans. Our two most important measures (Clinical Practice Guidelines Index and Prevention Index II) of health care quality focus on the degree to which we follow nationally recognized guidelines and standards of care that the medical literature has proven to be directly linked to improved health outcomes for patients. Both the Clinical Practice Guidelines Index score of 77 percent and the Prevention Index II score of 88 percent represent performance levels in excess of our performance goals. At the same time that the quality of VA health care continued to reach new heights, the Department made excellent progress in making this care more readily accessible to veterans. For both primary care (94 percent of appointments scheduled within 30 days of the desired date) and specialty care appointments (93 percent of appointments scheduled within 30 days of the desired date), we exceeded our performance goals and moved closer to our ultimate performance level of an average waiting time of 30 days for appointments. Our improvements in quality and timeliness of health care delivery contributed to high percentages of the share of patients who rated VA health care as very good or excellent. In the face of a declining, but aging veteran population, VA is expanding access to non-institutional forms of long-term care with an emphasis on community-based and in-home care. During FY 2004, the Department increased access to non-institutional long-term care (as expressed by the average daily census). All of these performance achievements were accomplished while treating 2.4 percent more patients (5.1 million) in FY 2004 than in FY 2003.

Program Assessment Rating Tool (PART) Evaluation

During the development of the FY 2005 budget, the Administration conducted a PART evaluation of the medical care program that relates to the

accomplishment of Objective 3.1. This assessment reviewed the combined effectiveness of the legislative and executive branches in designing and implementing the many aspects of the medical care program. The PART evaluation for the medical care program resulted in a rating of “Adequate,” an improvement from the FY 2004 budget year PART rating of “Results Not Demonstrated.” The improvement in the PART evaluation of the medical care program resulted from several factors, including VA’s sharpening its focus on providing timely, high-quality health care to our highest priority veterans—those with service-connected disabled conditions, veterans with lower incomes, and those with special health care needs.

Major Management Challenges

The major management challenges related to this objective are the same as those for Objective 1.1. Please refer to page 58 for more information.

Program Evaluations

An independent evaluation of VA’s cardiac care program was completed in 2003. The study found that heart patients treated at VA hospitals have consistently higher mortality rates than patients of similar age and in roughly similar health who are treated at non-VA institutions. A larger proportion of the veterans die in the first month after suffering a heart attack, and a larger proportion of the survivors die over the next 3 years. The program evaluation also found that VA patients undergo cardiac catheterization—a key step in assessing the seriousness of a person’s heart disease—less often than patients treated in non-VA hospitals. In addition, VA patients have only about one-half the likelihood of undergoing angioplasty or bypass surgery, two procedures that can often extend life.

A blue ribbon panel of national experts was commissioned to oversee the quality improvements for VA’s cardiac care program. Among the expected changes are the following: stricter adherence to national clinical guidelines, hiring more cardiologists, upgrading

catheterization lab equipment, reconfiguring access to cardiac care (including expansion of community services), providing reimbursements for emergency care provided in non-VA settings, and conducting additional clinical research to discover the causal effects of VA's higher mortality statistics. All VA hospitals were required to provide detailed plans on how they intended to improve the quality of care at their facility.

The Department has started an independent evaluation of VA's oncology program, and a contract has been awarded. The program evaluation will focus on lung, colorectal, prostate, hematologic, and breast cancers. The results of the program evaluation will help VA determine how well it is meeting the oncology program goals and objectives and will provide a comparison of how VA is performing compared to the private sector. Patient-centered outcomes have been developed for each of the patient populations along a continuum of care from prevention — through screening, diagnosis, treatment, and palliative care. Additional research questions will focus on utilization, availability of services, access, pain management, quality of contracted care, costs, and enrollment in clinical trials. This evaluation is expected to be contracted to a firm in partnership with a university school of public health or medicine. The study will take approximately 2 years to complete.

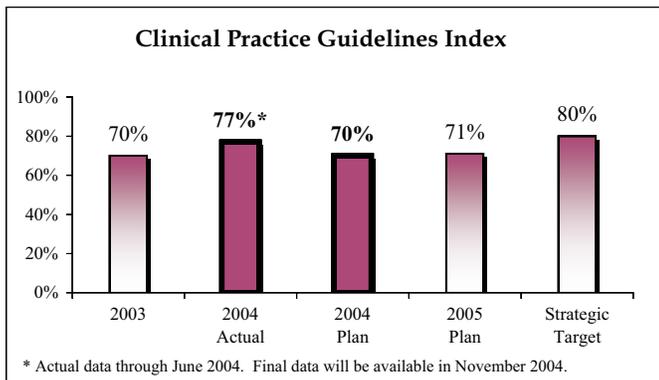
New Policies and Procedures

Several new policies and procedures have been recently implemented that are related to Objective 3.1. Many others are either currently ongoing or are planned for the near future. For example, VA is:

- Continuing to lead the practice of patient safety initiatives through the establishment of an environment of non-punitive reporting and by aggregating and disseminating information for improved safety performance.
- Implementing technology strategies to provide care in the least restrictive environments in order to allow patients and families maximum participation in disease management and health maintenance.
- Applying information technology and other technologies such as telehealth to streamline administrative, business, and care delivery processes in order to improve care provider and patient interface, minimize wait times, and reduce the incidence of errors.
- Implementing pay policies and human resource management practices to facilitate hiring and retaining sufficient health care workers to meet capacity demands across the full continuum of care.
- Creating the appropriate balance between demand and capacity through health care enrollment policies.
- Improving and enhancing home care services and developing an assisted living strategy, including partnering with community organizations.
- Continuing to work closely with DoD and other Federal agencies in such areas as interoperable computerized patient health data, improved data on insurance coverage, and enrollment and eligibility information in order to further the use of resources.

Objective 3.1 — Key Performance Goal

Achieve 70 percent on the Clinical Practice Guidelines Index



Description, Importance, and Results

One of VHA's primary quality measures is the Clinical Practice Guidelines Index, a composite measure comprised of the evidence and outcomes-based measures for high-prevalence and high-risk diseases that have significant impact on overall health status. The index is comprised of various indicators from several clinical practice guidelines including: ischemic heart disease, pneumonia, hypertension, heart failure, diabetes mellitus, major depressive disorder, substance abuse, and tobacco use cessation. The percent compliance is an average of the separate indicators. To ensure the highest quality of care possible, VHA systematically measures and communicates the outcomes and quality of care. This index reflects a change from those individual indicators that have shown sustained improvement over time and adds new indicators that allow VHA to be transformative in its drive to

continuously improve care. We have achieved a score of 77 percent on the index as of June 2004. VA has continued to improve compliance on the index each year.

Management and Policy Issues

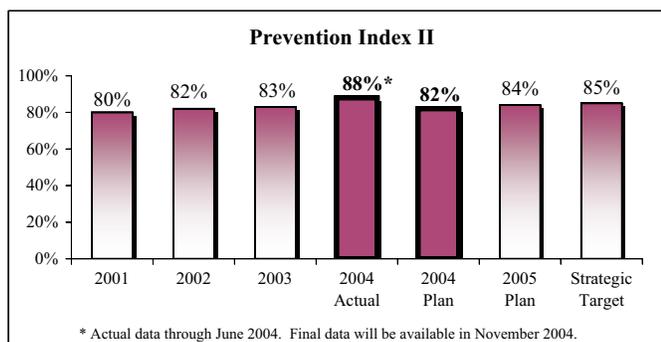
VA's primary strategies to achieve this performance goal include promoting timely and equitable access to health care; continuously improving the quality and safety of health care; emphasizing patient-centered care, especially for our most vulnerable patients; proactively inviting and acting on complaints and suggestions; and equipping patients and staff with practical health information. We will identify high-quality evidence-based medical care and will use interactive technology strategies to provide care in the least restrictive environments to allow patients and families maximum participation in disease management and health maintenance. VA will continue to implement the Health_eVet initiative with automated practice guidelines, clinical reminders, and care management tools to support shared decision-making and patient empowerment. Finally, VA will continue working with DoD to implement and refine clinical practice guidelines.

Data Quality

Please refer to the Key Measures Data Table on page 134.

Objective 3.1 — Key Performance Goal

Achieve 82 percent on the Prevention Index II.



Description, Importance, and Results

One of VHA's primary quality measures is the Prevention Index (PI) II, a composite measure comprised of the interventions that help to improve the overall health status of veterans through early detection of certain common diseases or health factors. The PI II Index includes nationally recognized primary prevention and early detection recommendations for nine diseases or health factors that significantly determine health outcomes including: rate of immunizations for influenza and pneumococcal pneumonia and screening for tobacco consumption, alcohol abuse, breast cancer, cervical cancer, colorectal cancer, prostate cancer education, and cholesterol levels. To ensure the highest quality of care possible, VHA systematically measures and communicates the outcomes and quality of care. This index reflects a change from those individual indicators that have shown sustained improvement over time and adds new indicators that allow VHA to be transformative in its drive to continuously improve care.

We have achieved a score of 88 percent on the Prevention Index II as of June 2004. VA has continued to improve compliance on the index each year.

Management and Policy Issues

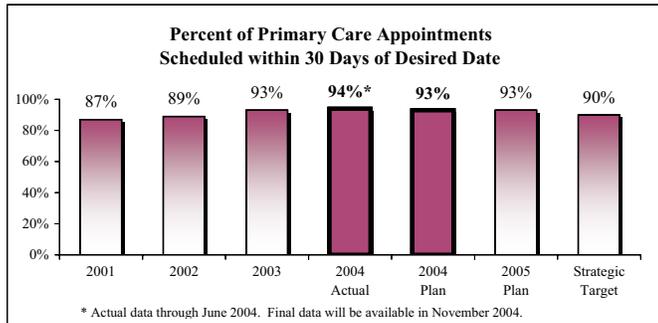
VA's primary strategies to achieve this performance goal include promoting timely and equitable access to health care; continuously improving the quality and safety of health care; emphasizing patient-centered care, especially for our most vulnerable patients; proactively inviting and acting on complaints and suggestions; and equipping patients and staff with practical health information. We will identify high-quality evidence-based medical care. We will lead the advancement of knowledge and the practice of patient safety initiatives through the establishment of an environment of non-punitive reporting and through aggregating and disseminating information for improved safety performance. VA ensures the consistent delivery of health care by implementing standard measures for the provision of preventive care. The prevention measure includes several indicators that allow comparison of VA and private health care outcomes.

Data Quality

Please refer to the Key Measures Data Table on page 134.

Objective 3.1 — Key Performance Goal

Achieve 93 percent of primary care appointments scheduled within 30 days of desired date.



Description, Importance, and Results

VHA is working to improve access to clinic appointments and timeliness of service. Through the Advanced Clinic Access initiative, we continue efforts to develop ways to reduce waiting times for appointments in primary care and key specialty clinics nationwide. Past experience in measuring access has led to the development of a number of new access measures including this one that will provide even more detail regarding waiting times for new patients and for specialty clinic appointments. This measure tracks the time between when the primary care appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled. The percent is calculated using the numerator — appointments scheduled within 30 days of desired date (includes both new and established patient experiences) — and the denominator — all appointments in primary care clinics posted in the scheduling software during the review period. We have achieved a score of 94 percent of primary care appointments scheduled within 30 days of desired date

as of June 2004. VA has continued to improve access to primary care each year.

Management and Policy Issues

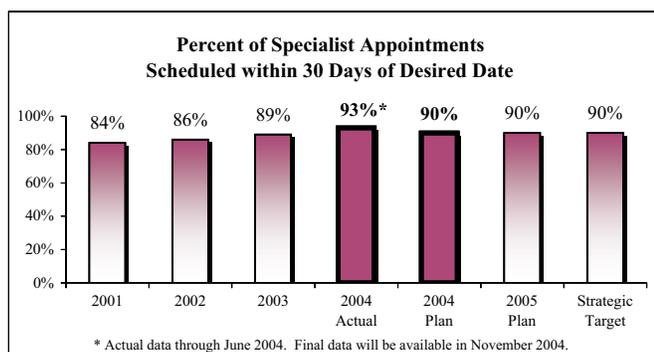
VA's primary strategies to achieve this performance goal include promoting timely and equitable access to health care; continuously improving the quality and safety of health care; emphasizing patient-centered care, especially for our most vulnerable patients; proactively inviting and acting on complaints and suggestions; and equipping patients and staff with practical health information. VHA will continue to redesign health care systems to streamline work and promulgate improved health care practices. Strategies similar to those developed by the Institute for Health Care Improvement, such as open access and group visits, with workload management in all specialties will be implemented. VA will implement pay policies and HR practices to facilitate hiring and retaining a sufficient number of health care workers to meet capacity demands across the full continuum of care. Balance between demand and capacity will be achieved through enrollment policies. VA will work with state agencies, especially in long-term care services, to reduce the redundancies and gaps in veterans' services.

Data Quality

Please refer to the Key Measures Data Table on page 132.

Objective 3.1 — Key Performance Goal

Achieve 90 percent of specialty care appointments scheduled within 30 days of desired date.



Description, Importance, and Results

VHA is working to improve access to clinic appointments and timeliness of service. Through the Advanced Clinic Access initiative, we continue efforts to develop ways to reduce waiting times for appointments in primary care and key specialty clinics nationwide. Past experience in measuring access has led to the development of a number of new access measures including this one that will provide even more detail regarding waiting times for new and established patients for specialty clinic appointments. This measure tracks the number of days between when the specialty appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled. This includes both new and established specialty care patients. The percent is calculated using the numerator — all appointments scheduled within 30 days of desired date — and the denominator — all appointments posted in the scheduling software during the review period in selected high volume/key specialty clinics. We have achieved a score of 93 percent of selected specialty care appointments scheduled within 30 days of desired

date as of June 2004. VA has continued to improve access to specialty care each year.

Management and Policy Issues

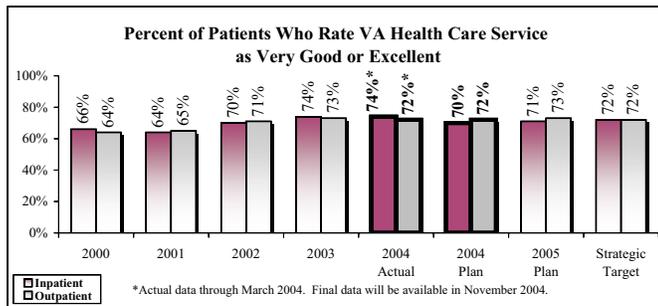
VA's primary strategies to achieve this performance goal include promoting timely and equitable access to health care; continuously improving the quality and safety of health care; emphasizing patient-centered care, especially for our most vulnerable patients; proactively inviting and acting on complaints and suggestions; and equipping patients and staff with practical health information. VHA will continue to redesign health care systems to streamline work and promulgate improved health care practices. Strategies similar to those developed by the Institute for Health Care Improvement, such as open access and group visits, with workload management in all specialties will be implemented. VA will implement pay policies and HR practices to facilitate hiring and retaining a sufficient number of health care workers to meet capacity demands across the full continuum of care. Balance between demand and capacity will be achieved through enrollment policies. VA will work with state agencies, especially in long-term care services, to reduce the redundancies and gaps in veterans' services.

Data Quality

Please refer to the Key Measures Data Table on page 132.

Objective 3.1 — Key Performance Goal

Achieve patient satisfaction rating of 70 percent for inpatient and 72 percent for outpatient



Description, Importance, and Results

VA relies on periodic feedback obtained through surveys as to the level of veterans' satisfaction with service. VHA's Office of Quality and Performance, Performance Analysis Center for Excellence, conducts national satisfaction surveys that allow VHA to better understand and meet patient expectations. The monthly surveys target the dimensions of care that concern veterans the most. The survey consists of a sample of inpatients and outpatients who respond to the question, "Overall, how would you rate your quality of care?" The satisfaction rating includes those patients who respond "very good" or "excellent." We have achieved a score of 74 percent for inpatient satisfaction and 72 percent for outpatient satisfaction through March.

Management and Policy Issues

VA's primary strategies to achieve this performance goal include promoting timely and equitable access to health

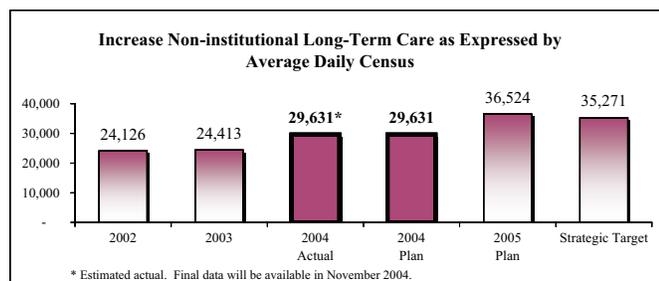
care; continuously improving the quality and safety of health care; emphasizing patient-centered care, especially for our most vulnerable patients; proactively inviting and acting on complaints and suggestions; and equipping patients and staff with practical health information. VA has implemented "service-recovery" with standardized patient satisfaction surveys with real-time results and data aggregation and reporting. VHA will continue to strive to improve patient satisfaction in all areas of service. Surveys are sent to patients who have received care in both inpatient and outpatient settings. Veteran satisfaction will continue to be benchmarked to other large organizations. The inpatient and outpatient survey, the Survey of Health Expectations of Patients, incorporates a sample methodology that allows for monthly data collection with quarterly (outpatient) and semi-annually (inpatient) reporting functions. The VA health care environment will be characterized by courteous and coordinated patient-focused services. VHA will continually assess and improve patients' perceptions of their health care.

Data Quality

Please refer to the Key Measures Data Table on page 132.

Objective 3.1 — Key Performance Goal

Increase to 29,631 the average daily census in long-term care in non-institutional settings.



Description, Importance, and Results

This measure concerns the average daily census (ADC) of veterans enrolled in home and community-based care programs (Home-Based Primary Care, Contract Home Health Care, Adult Day Health Care (VA and Contract), Care Coordination and Homemaker/Home Health Aide Services). In June 2002, VHA published a comprehensive policy document on oversight of Community Nursing Homes (CNHs) that established a national standard for annual reviews of CNHs and monthly visits by VA staff to patients in these homes. This is being certified at a national level. VHA implemented a 25-point plan to further refine its oversight efforts of the community nursing home programs in FY 2004. VA has continued to increase the number of long-term care patients in non-institutional settings each year.

Management and Policy Issues

VA's primary strategies to achieve this performance goal include promoting timely and equitable access to health

care; continuously improving the quality and safety of health care; emphasizing patient-centered care, especially for our most vulnerable patients; proactively inviting and acting on complaints and suggestions; and equipping patients and staff with practical health information. VHA will improve and enhance home care services and continue to refine an assisted living strategy including partnering with community organizations. We will promote the use of care management to facilitate care in the least restrictive and most efficient setting possible. In the face of a declining, but aging veteran population, VA will expand access to long-term care alternatives to institutional care with an emphasis on community-based and in-home care. VA is in the process of establishing a Care Coordination program in every VISN that will allow many veterans to be monitored in their home. The success of achieving this performance goal will partially depend on the availability of community resources that can provide long-term care.

Data Quality

Please refer to the Key Measures Data Table on page 134.

Objective 3.2

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 3 Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.		\$23,293	33.3%
Objective	Performance Results		
3.2 Process pension claims in a timely and accurate manner to provide eligible veterans and their survivors a level of income that raises their standard of living and sense of dignity.	<ul style="list-style-type: none"> Improved to an average of 166 days the timeliness for completing rating-related actions on C&P claims (goal was 145 days) Average days pending for C&P rating-related actions increased to 118 days (goal was to decrease to 80 days) Improved to 87 percent the national accuracy rate for C&P core rating work (goal was 90 percent) 	\$3,501	5.0%

Performance

VA's top priority related to the many benefits programs the Department administers is to process claims in a timely and accurate manner. There are many measures that indicate how well we are doing in meeting Objective 3.2, but the three most important indicators of success are the average number of days to process rating-related compensation and pension (C&P) claims, the average number of days pending for rating-related C&P claims, and the national accuracy rate for C&P claims. While the Department did not meet the FY 2004 performance goal for any of these three measures, we reduced the time required to process claims for compensation and pension benefits, while at the same time improved the high degree of accuracy with which these claims were processed. Entering FY 2004, VA was well positioned to meet our performance goals pertaining to the timeliness of processing claims. However, a September 2003 decision by the Federal

Circuit Court in the case of the *Paralyzed Veterans of America et al. v. the Secretary of Veterans Affairs* required VA to keep veterans' claims open for 1 year before making a decision. As a result, decisions on over 62,000 claims were deferred, many for as much as 90 days or longer. While the President signed correcting legislation in December 2003, the impact of the court decision in the early portion of FY 2004 was substantial. The number of claims pending grew dramatically and the timeliness of claims processing deteriorated rapidly. VA made significant progress during the last half of the year, but we were not able to fully overcome the negative effects from this court decision on our claims processing timeliness.

The Survey of Veterans Satisfaction with the VA Compensation and Pension Claims Process is administered on an annual basis in order to measure veteran satisfaction at the national and regional office levels. In FY 2003 (the most recent annual data

available), 39 percent of all survey respondents receiving pension benefits felt they were informed of the full range of their available benefits. This figure is 1 percentage point higher than the previous year's value. When looking at compensation and pension recipients together, the survey revealed that 59 percent were very or somewhat satisfied with the way their claims were handled. This was 3 percentage points higher than the satisfaction level 2 years earlier. The contract for the next survey was signed in September 2004. Data for FY 2004 will be available in January 2005.

Program Assessment Rating Tool (PART) Evaluation

The PART review of the pension program that relates to the accomplishment of Objective 3.2 is scheduled to be conducted during FY 2005 as part of the formulation of the FY 2007 budget. The results of this upcoming PART review will be presented in future reports.

Major Management Challenges

The major management challenges related to this objective are the same as those for Objective 1.2. Please refer to page 61 for more information.

Program Evaluations

There have not been any recent independent evaluations of VA's pension program that are related to Objective 3.2.

New Policies and Procedures

New policies and procedures have been implemented recently in support of Objective 3.2. For example, VA has:

- Expanded the use of the Benefits Delivery at Discharge (BDD) program at military installations around the country. Conducted in close collaboration with the Department of Defense, the BDD program assists active duty military personnel in filing claims for benefits at or near their time of discharge in order to expedite the processing of these claims.
- Identified service center teams within distinct functional areas to allow for greater workload control, development of expertise by the staff, higher quality decisions, and more efficient and timely processing of claims.

Beginning in FY 2005, VA will track a variety of performance measures relating to the timeliness, accuracy, and quality of pension claims processing. This will be the first year the Department will collect and report on claims processing data separately for the pension program. Prior to this, data on the pension program were combined with claims processing information on the disability compensation program.

Objective 3.3

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 3 Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.		\$23,293	33.3%
Objective	Performance Results		
3.3 Maintain a high level of service to insurance policy holders and their beneficiaries to enhance the financial security for veterans' families.	Reduced to 1.8 days the average days to process insurance disbursements (goal was 2.7 days)	\$1,912	2.7%

Performance

VA made excellent progress during FY 2004 in meeting Objective 3.3 by continuing to improve upon the already high level of service provided to insurance policy holders. The insurance programs administered and supervised by the Department offer benefits to veterans and servicemembers who may not be able to obtain insurance coverage from the commercial insurance industry due to lost or impaired insurability resulting from military service. The most important measure of success is the timeliness of processing insurance disbursements. Last year the Department processed these payments in an average of 2.4 days, a figure much better than the performance goal for the year. The timeliness with which insurance disbursements were processed was 25 percent better in FY 2004 than it was during the previous year. In addition, VA paid 100 percent of claims arising from Operation Enduring Freedom and Operation Iraqi Freedom within 2 days of receipt of the necessary documents. Using several other measures of the efficiency and effectiveness of the Department's insurance program, VA continued to sustain its long-standing record of providing high-quality service to policy holders and their beneficiaries. In response to the Department's ongoing survey concerning policy holders'

and beneficiaries' satisfaction with service delivery, 96 percent gave the program high customer ratings while only 2 percent gave low ratings.

Program Assessment Rating Tool (PART) Evaluation

The PART review of the insurance program that relates to the accomplishment of Objective 3.3 is scheduled to be conducted during FY 2005 as part of the formulation of the FY 2007 budget. The results of this upcoming PART review will be presented in future reports.

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to Objective 3.3.

Program Evaluations

In support of Objective 3.3, VA contracted to have an independent evaluation of four of the insurance programs administered by the Department; the final report was issued in 2001. This evaluation focused on the extent to which the insurance programs were available and affordable to servicemembers and

veterans, regardless of health or disability status. Much of the analysis was based on comparisons to insurance in the private sector. This program evaluation found that VA insurance is generally available when compared to the non-VA sector, regardless of the hazardous nature of certain work in the military or disability status. The VA-administered programs offer coverage that exceeds that typically provided by employers in the private sector. However, the program evaluation concluded that the insurance program for service-disabled veterans is too expensive, that it needs to use a more modern mortality table, and that the maximum basic amount of insurance should be raised substantially. This program evaluation included a variety of other recommendations concerning program and technical changes that the contractors felt VA should consider. The Department has thoroughly evaluated each of these recommendations and continues to work on implementing those that would best improve the effectiveness of this program.

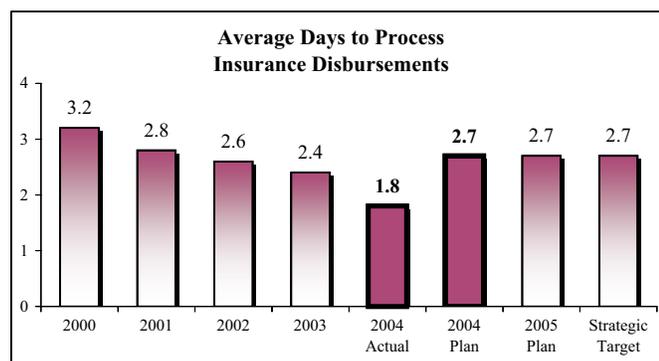
New Policies and Procedures

Several new procedures have been implemented that are improving the efficiency and effectiveness of the insurance program in support of Objective 3.3. For example, VA has:

- Installed a paperless processing system that provides employees with online access to policyholder information; the imaging capabilities of this system have reduced the time required for processing death claims.
- Enhanced access to insurance services through use of an interactive voice response system and a self-service insurance Web site.
- Conducted a special program of telephone and mail outreach to recently separated, severely disabled veterans resulting in about \$84 million in life insurance coverage that would not otherwise have been granted.

Objective 3.3 — Key Performance Goal

Maintain average processing time for insurance disbursements at 2.7 days.



Description, Importance, and Results

A disbursement is an electronic funds transfer (EFT) to veterans or their beneficiaries arising from a death payment, policy loan, or cash surrender of the policy's value. The importance in meeting this goal extends from

the import of providing financial security to a veteran seeking quick access to funds, or to a beneficiary dealing with expenses associated with the loss of a family member, the policy holder.

The insurance program met its performance goal by maintaining an average processing time of 1.8 days for disbursements.

Management and Policy Issues

The single most significant factor impacting this strategic target is the Electronic Workflow (previously called Paperless Processing) initiative. The imaging and workflow capabilities of this initiative reduce the time required for processing disbursements and other services. This workflow automatically routes work to

appropriate staff, thus decreasing processing time. Electronic Workflow for processing death claims is fully operational. In FY 2005, we will add the remaining categories of disbursements, policy loans, and cash surrenders to the system. This should further improve our average processing time.

In addition to the above, we continue to enhance our paperless workflow procedures. Modifications made in FY 2004 included:

- Instantaneous screening of disbursement inputs for adherence to programming specifications.
- The matching of Social Security Administration and Westlaw pro records to obtain current addresses on returned mail.

The achievement of the key measure is not dependent upon any major external factors or major crosscutting activities.

Data Quality

Please refer to the Key Measures Data Table on page 134.

Objective 3.4

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 4 Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.		\$23,293	33.3%
Objective	Performance Results		
3.4 Ensure that the burial needs of veterans and eligible family members are met.	<ul style="list-style-type: none"> • Increased the percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence to 75.3 percent (goal was 75.3 percent) • Maintained the percent of respondents who rated the quality of service provided by the national cemeteries as excellent at 94 percent (goal was 95 percent) 	\$247	0.4%

Performance

The percent of the veteran population served by a burial option and the quality of service provided by the national cemeteries are the primary performance measures relating to Objective 3.4. In FY 2004 VA met its goal to increase to 75.3 percent the proportion of veterans served by a burial option in a national or state veterans cemetery within a reasonable distance of their residence. Ninety-four percent of survey respondents rated the quality of service provided by the national cemeteries as excellent in FY 2004, the same high level as in FY 2003, but falling short of VA's goal by 1 percent.

By the end of FY 2004, 66.6 percent of veterans were served by a burial option in a national cemetery within a reasonable distance (75 miles) of their residence. In FY 2004, VA worked on establishing 11 new national cemeteries to provide service to veterans in the areas of greatest need. VA monitors gravesite usage and projects gravesite depletion dates at open national cemeteries that have land for future development, and ensures that construction to make additional gravesites or columbaria available for burial is completed. Last year, VA completed construction projects to extend burial operations at six national cemeteries. Appropriate land acquisition is also a key component to providing continued accessibility to burial options. For example, as part of the Capital Asset Realignment for Enhanced Services process, approximately 50 acres of land were transferred from the Mountain Home VA Medical Center to the National Cemetery Administration (NCA) for the expansion of Mountain Home National Cemetery. VA will continue to identify national cemeteries that are expected to close due to depletion of grave space and determine the feasibility of extending the service life of those cemeteries by acquiring adjacent or contiguous land or by constructing columbaria. These actions, which depend on such factors as the availability of suitable land and the cost of construction, are not possible in every case.

To complement our system of national cemeteries, VA administers the State Cemetery Grants Program, which

provides grants to states of up to 100 percent of the cost of establishing, expanding, or improving state veterans cemeteries. In FY 2004, 56 operating state veterans cemeteries performed more than 19,000 interments, and grants were obligated to establish, expand, or improve state veterans cemeteries in 8 states. By the end of FY 2004, 8.7 percent of veterans were served by a burial option only in a state veterans cemetery within a reasonable distance (75 miles) of their residence.

In some cases, veterans may be eligible for reimbursement of burial expenses through programs administered by the Veterans Benefits Administration. In FY 2004, the national accuracy rate for burial claims processed was 94 percent, exceeding our goal of 90 percent. The average number of days to process a claim for reimbursement of burial expenses was 48, which did not meet the goal of 40 days.

Veterans and their families have indicated that they need to know the interment schedule as soon as possible in order to finalize necessary arrangements. To meet this expectation, VA strives to schedule committal services at national cemeteries within 2 hours of the request. Seventy-three percent of funeral directors surveyed responded that national cemeteries confirm the scheduling of the committal service within 2 hours.

To further enhance service to veterans and their families, VA will continue to install kiosk information centers at national and state veterans cemeteries to assist visitors in finding the exact gravesite locations of individuals buried there and provide general information. By the end of FY 2004, 60 kiosk information centers had been installed at national and state veterans cemeteries.

The Survey of Satisfaction with National Cemeteries measures our success in delivering service with courtesy, compassion, and respect. We will continue to conduct focus groups to collect data on stakeholder expectations and their perceptions related to the quality of service provided by national cemeteries. The information obtained is analyzed to ensure that VA

addresses those issues most important to its customers. This approach provides data from the customer's perspective, which are critical to developing our objectives and associated measures.

Veterans and their families may experience feelings of dissatisfaction when their expectations concerning the committal service, including military funeral honors, are not met. Dissatisfaction with services provided by DoD (military funeral honors) or the funeral home can adversely affect the public's perceptions regarding the quality of service provided by the national cemetery. VA will continue to work with funeral homes and veterans service organizations to find new ways to increase awareness of benefits and services. Funeral directors and members of veterans service organizations participate in regularly conducted focus groups to identify what information they need and the best way to ensure that they receive it.

Program Assessment Rating Tool (PART) Evaluation

During the development of the FY 2004 budget, the Administration conducted a PART evaluation of VA's burial program that relates to the accomplishment of Objective 3.4. Due to its clear mission and outcome goals, this program received a "Moderately Effective" rating.

The evaluation included findings that VA needed to adopt more performance measures to address all burial benefits and the National Shrine Commitment, and to strengthen methods to link performance, budget, and accountability. VA has addressed these findings by introducing two new burial claims measures and two new measures for the National Shrine Commitment in the President's FY 2005 budget. VA may add additional measures for the National Shrine Commitment in future budgets. During FY 2004, VA collected baseline data for the new measures. In addition, VA has established the Organizational Assessment and Improvement Program for the national cemeteries. The program will strengthen accountability at the national cemeteries by assessing cemetery performance against

operational standards and measures. This program will strengthen the link between budget and performance by identifying improvement opportunities for prioritizing resources and by providing a scorecard for performance reporting at each of the national cemeteries.

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to Objective 3.4.

Program Evaluations

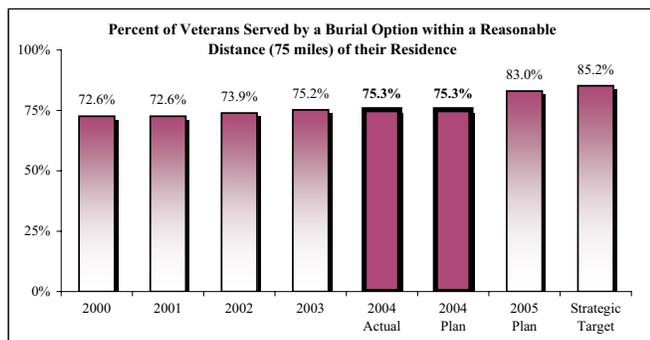
The Veterans Millennium Health Care and Benefits Act, Public Law 106-117, directed VA to contract for an independent demographic study to identify those areas of the country where veterans will not have reasonable access to a burial option in a national or state veterans cemetery, and the number of additional cemeteries required through 2020. Volume 1: Future Burial Needs, published in May 2002, identified those areas having the greatest need for burial space for veterans. VA continues to use this report as a valuable tool for planning new national cemeteries.

New Policies and Procedures

By the end of FY 2006, VA will establish five new national cemeteries in the areas of Atlanta, Georgia; Detroit, Michigan; Pittsburgh, Pennsylvania; South Florida; and Sacramento, California. In addition, the National Cemetery Expansion Act of 2003, Public Law 108-109, directed VA to establish six new national cemeteries in the areas of Bakersfield, California; Birmingham, Alabama; Columbia/Greenville, South Carolina; Jacksonville, Florida; Sarasota, Florida; and Southeastern Pennsylvania.

Objective 3.4 — Key Performance Goal

Increase the percent of veterans served by a burial option in a national or state veterans cemetery within a reasonable distance (75 miles) of their residence to 75.3 percent in 2004.



Description, Importance, and Results

One of VA's primary objectives is to ensure that the burial needs of veterans and eligible family members are met. For the key measure to increase the percent of veterans served by a burial option in a national or state veterans cemetery within a reasonable distance of their residence, VA met its goal of 75.3 percent.

Management and Policy Issues

VA continued the development of five new national cemeteries to provide service to veterans in the areas of Atlanta, Detroit, Pittsburgh, Sacramento, and South Florida. By the end of the year, VA had acquired property, and the development process was underway. As directed by the National Cemetery Expansion Act of 2003, Public Law 108-109, action is underway to establish six new national cemeteries in the areas of Bakersfield, California; Birmingham, Alabama; Columbia/Greenville, South Carolina; Jacksonville, Florida; Sarasota, Florida; and Southeastern Pennsylvania.

VA monitors gravesite usage and projects gravesite depletion dates at open national cemeteries that have land for future development. As cemeteries approach gravesite depletion dates, VA ensures that construction to make additional gravesites or columbaria available for burials is completed. In FY 2004, VA completed construction projects to maintain burial operations at six national cemeteries. VA will continue to identify national cemeteries that are expected to close because of depletion of grave space and determine the feasibility of extending the service life of those cemeteries by acquiring adjacent or contiguous land.

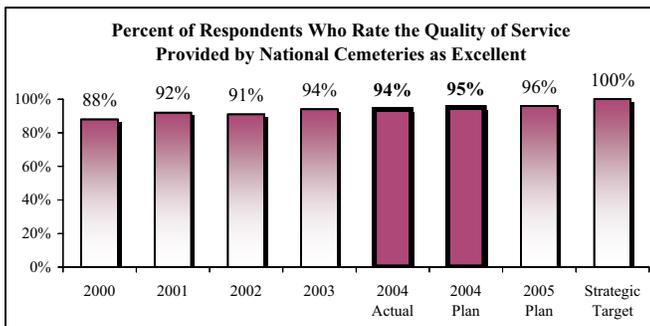
To complement our system of national cemeteries, VA administers the State Cemetery Grants Program, which provides grants to states of up to 100 percent of the cost of establishing, expanding, or improving veterans cemeteries that are owned and operated by the states. In FY 2004, new state veterans cemeteries at Hopkinsville, Kentucky, and WaKeeney, Kansas, began operations, which allowed VA to meet its performance goal. A total of 56 operating state veterans cemeteries performed more than 19,000 interments, and VA obligated grants to establish, expand, or improve state veterans cemeteries in 8 states.

Date Quality

Please refer to the Key Measures Data Table on page 136.

Objective 3.4 — Key Performance Goal

Increase the percent of respondents who rate the quality of service provided by national cemeteries as excellent to 95 percent in 2004.



Description, Importance, and Results

One of VA's primary objectives is to ensure that the burial needs of veterans and eligible family members are met. Cemetery service goals are set high in keeping with the expectations of all visitors. VA strives to provide high-quality, courteous, and responsive service in all of its contacts with veterans and their families. For this key measure, 94 percent of respondents rated the quality of service provided by the national cemeteries as excellent in FY 2004, falling short of VA's goal by 1 percent. NCA is reviewing information provided by survey respondents to identify opportunities for improvement.

Management and Policy Issues

VA will continue to obtain feedback from veterans, their families, and other cemetery visitors to ascertain how they perceive the quality of service provided by national cemeteries. The Survey of Satisfaction with National Cemeteries measures our success in delivering service with courtesy, compassion, and respect. VA will also continue to conduct focus groups to collect data on

stakeholder expectations and their perceptions related to the quality of service provided by national cemeteries. The information obtained is analyzed to ensure that VA addresses those issues most important to its customers. This approach provides data from the customer's perspective, which are critical to developing our objectives and associated measures.

Dissatisfaction with services provided by DoD (military funeral honors) or the funeral home is an external factor that can adversely affect the public's perceptions regarding the quality of service provided by the national cemetery. Veterans and their families have indicated that the provision of military funeral honors for the deceased veteran is important to them. While VA does not provide military funeral honors, VA works closely with components of DoD and veterans service organizations to provide such honors at national cemeteries. Veterans and their families may experience feelings of dissatisfaction when their expectations concerning the committal service, including military funeral honors, are not met.

VA continues to work with funeral homes and veterans service organizations to find new ways to increase awareness and improve delivery of benefits and services.

Data Quality

Please refer to the Key Measures Data Table on page 136.

Objective 3.5

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 3 Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.		\$23,293	33.3%
Objective	Performance Results		
3.5: Provide veterans and their families with timely and accurate symbolic expressions of remembrance.	Increased the percent of graves in national cemeteries marked within 60 days of interment to 87 percent (goal was 78 percent)	\$65	0.1%

Performance

The amount of time it takes to mark the grave after an interment is extremely important to veterans and their families. This is the Department's primary measure used to gauge progress toward achievement of Objective 3.5. The headstone or marker is a lasting memorial that serves as a focal point not only for present-day survivors, but also for future generations. In addition, it may bring a sense of closure to the grieving process to see the grave marked. In FY 2004 VA marked 87 percent of the graves in national cemeteries within 60 days of the interment, a proportion well above both the performance goal as well as the FY 2003 performance level of 72 percent.

VA provides headstones and markers for the graves of eligible persons in national, state, other public, and private cemeteries. VA also provides memorial headstones and markers bearing the inscription "In Memory of" to memorialize eligible veterans whose remains were not recovered or identified, were buried at sea, donated to science, or cremated and scattered. In FY 2004, VA processed nearly 351,000 applications for headstones and markers for placement in national, state, other public, or private cemeteries.

Headstones and markers must be replaced when either the government or the contractor makes errors in the inscription, or if the headstone or marker is damaged during delivery or installation. When headstones and markers must be replaced, it further delays the final portion of the interment process, the placing of the headstone or marker at the gravesite. In FY 2004, 97 percent of headstones and markers were delivered undamaged and correctly inscribed. VA will continue to improve accuracy and operational processes in order to reduce the number of inaccurate or damaged headstones and markers delivered to the gravesite. VA also uses, to the maximum extent possible, automated operational processes to increase the efficiency of the headstone and marker ordering process. Other Federal and state veterans cemeteries ordered 91 percent of their headstones and markers online, and all individual headstone and marker orders are transmitted electronically to contractors.

In FY 2004 VA issued more than 435,000 Presidential Memorial Certificates (PMCs), bearing the President's signature, to convey to the family of the veteran the gratitude of the Nation for the veteran's service. To convey this gratitude, it is essential that the certificate

be accurately inscribed. The accuracy rate for PMCs provided by VA is consistently 98 percent or better.

VA furnishes headstones and markers for national cemeteries administered by the Department of the Army, the Department of the Interior, and the American Battle Monuments Commission; contracts for all columbaria niche inscriptions at Arlington National Cemetery; and furnishes headstones and markers to state veterans cemeteries.

Program Assessment Rating Tool (PART) Evaluation

During the development of the FY 2004 budget, the Administration conducted a PART evaluation of VA's burial program that relates to the accomplishment of Objective 3.5. Due to its clear mission and outcome goals, this program received a "Moderately Effective" rating.

The evaluation included findings that VA needed to adopt more performance measures to address all burial benefits and the National Shrine Commitment, and to strengthen methods to link performance, budget, and accountability. VA has addressed these findings by introducing two new burial claims measures and two new measures for the National Shrine Commitment in the President's FY 2005 budget. VA may add additional measures for the National Shrine Commitment in future budgets. During FY 2004, VA collected baseline data for the new measures. In addition, VA has established the Organizational Assessment and Improvement Program for the national cemeteries. The program will strengthen accountability at the national cemeteries by assessing cemetery performance against operational standards and measures. This program will strengthen the link between budget and performance by identifying improvement opportunities for prioritizing resources and by providing a scorecard for performance reporting at each of the national cemeteries.

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to Objective 3.5.

Program Evaluations

The Veterans Millennium Health Care and Benefits Act, Public Law 106-117, mandated that VA obtain an independent contractor to conduct a comprehensive study of veterans' burial benefits. [An Assessment of Burial Benefits Administered by the Department of Veterans Affairs](#), published in December 2000, assessed the adequacy and effectiveness of burial benefits administered under chapter 23 of title 38, United States Code, and evaluated options to better serve the burial needs of veterans and their families. VA and the Congress have used the information in this study to develop legislative initiatives to enhance services to veterans.

New Policies and Procedures

A new performance measure will help VA ensure timely and accurate symbolic expressions of remembrance are provided to veterans and their families. In FY 2004 (the baseline year), inscription data for 98 percent of headstones and markers ordered by national cemeteries were accurate and complete.

In FY 2004, VA contracted its headstone and marker application mail processing and document imaging functions. Anticipated benefits include improved customer service and timeliness, improved capability to track and measure performance, and improved operational efficiency.

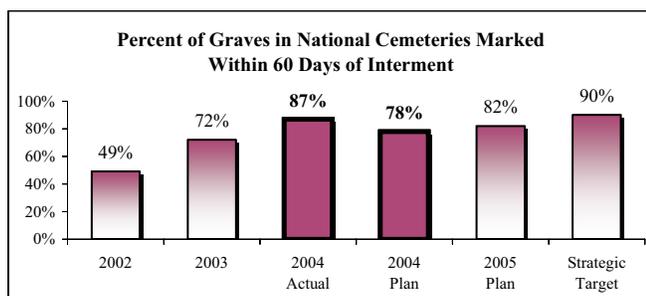
The Veterans Education and Benefits Expansion Act of 2001, Public Law 107-103, as amended by the Veterans Benefits Improvement Act of 2002, Public Law 107-330, allows VA to furnish an appropriate marker for the graves of eligible veterans buried in private cemeteries, whose deaths occur on or after September 11, 2001,

regardless of whether the grave is already marked with a non-government marker. This authority expires on December 31, 2006. However, not later than February 1, 2006, VA shall report to Congress the rate of use of this benefit, assess the extent to which these markers are being delivered to cemeteries and placed on gravesites

consistent with the provisions of law, and recommend an extension or repeal of the expiration date. Information contained in the study, [An Assessment of Burial Benefits Administered by the Department of Veterans Affairs](#), led to this change in the law.

Objective 3.5 — Key Performance Goal

Increase the percent of graves in national cemeteries marked within 60 days of interment to 78 percent in 2004.



Description, Importance, and Results

The amount of time it takes to mark the grave after an interment is extremely important to veterans and their families. The headstone or marker is a lasting memorial that serves as a focal point not only for present-day survivors but also for future generations. In addition, it may bring a sense of closure to the grieving process to see the grave marked. For FY 2004, VA exceeded by 9 percentage points the planned goal of marking 78 percent of graves in national cemeteries within 60 days of the interment.

Management and Policy Issues

To achieve this high level of performance, VA focused on reengineering business processes, such as ordering and setting headstones and markers, and provided monthly and fiscal year-to-date tracking reports on timeliness of marking graves that were accessible online by NCA

employees. NCA also expanded a program for locally inscribing headstones and markers at national cemeteries in order to decrease the time it takes to mark graves after an interment. By performing inscriptions locally using blank headstones and markers stored at the cemetery, VA decreased the number of days between an interment and the subsequent marking of a grave by reducing headstone and marker manufacturing and shipping times. VA will continue to focus on business process reengineering, including improving accuracy and operational processes, in order to reduce delays in marking graves caused by inaccurate or damaged headstones and markers.

Two major external factors influence the timeliness of marking graves in national cemeteries. First, the national cemeteries are dependent upon contractors throughout the country for the manufacturing and shipping of headstones and markers. The performance of these contractors greatly affects the quality of service to veterans and their families. Second, extremes in weather, such as periods of excessive rain or snow, or extended periods of freezing temperatures that impact ground conditions, can cause delays in both the delivery and installation of headstones and markers.

Data Quality

Please refer to the Key Measures Data Table on page 136.

Objective 4.1

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 4 Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.		\$1,039	1.5%
Objective	Performance Results		
4.1 Improve the Nation's preparedness for response to war, terrorism, national emergencies, and natural disasters by developing plans and taking actions to ensure continued service to veterans as well as support to national, state, and local emergency management and homeland security efforts.	<ul style="list-style-type: none"> • 100 percent of Group 1 emergency preparedness officials received training or, as applicable, participated in exercises relevant to VA's COOP plan on the national level (goal was 85 percent) • 42 percent of Group 2 emergency preparedness officials received training or, as applicable, participated in exercises relevant to VA's COOP plan on the national level (goal was 75 percent) 	<\$1M	<0.1%

Performance

The Secretary of Veterans Affairs consolidated the Department's emergency preparedness and security and law enforcement oversight within the Office of the Assistant Secretary for Policy, Planning, and Preparedness. Organizationally, the emergency preparedness functions fall under the Director of Operations and Readiness and the Deputy Assistant Secretary for Security and Law Enforcement. The office ensures that VA has effective emergency preparedness programs and policies in place across the Nation and oversees the development of effective Continuity of Government and Continuity of Operations (COOP) plans for VA. The office acts as the VA liaison on preparedness with other Federal agencies such as the Department of Homeland Security, Federal Emergency Management Agency, Department of Health and Human Services, and the Department of Defense. The office develops, implements, and evaluates preparedness training and exercises. It also assesses the interaction

between VA's preparedness plans and those of other Federal, state, and local governments and relief organizations. In addition, the office manages, directs, and ensures readiness and staffing of VA's operations centers, coordinates VA's staffing at other agencies' operations centers, and supports VA's Crisis Response Team. The office maintains the VA-wide police and security program; trains all newly hired VA police officers; protects veterans, visitors, and employees at VA headquarters; provides personal security for the Secretary and Deputy Secretary of Veterans Affairs commensurate with the threat level; and coordinates security background investigations and determines access eligibility to classified information.

During FY 2004 the following emergency management activities were completed:

- Developed individual contingency plans in case of terrorist attack or other disruption for the Super Bowl,

State of the Union Address, opening of the World War II Memorial, 4th of July, Democratic National Convention, and Republican National Convention.

- Conducted an internal exercise, called COOPx, as an orientation for senior VA leadership.
- Conducted an internal tabletop COOP exercise for staff at the Department's mirror site.
- Participated in Exercise Forward Challenge, a national exercise designed to test continuity of operations plans. The Department deployed almost 100% of its Continuity of Operations team.
- Participated in Exercise Determined Promise and TOPOFF 3 tabletop exercise.
- Completed procurement of 143 pharmaceutical caches located in medical centers.
- Completed decontamination/hazmat training and equipping of the 78 medical centers determined to be the highest priority. Initiated training and equipping for a second group of approximately 50 facilities – expected to be completed by the end of calendar year 2004.

The Department was on track to achieve its goal of training for 75 percent of Group 2 (field) emergency preparedness officials, but the premature departure of senior leaders who had received the training derailed that progress. Permanent replacements are expected to receive the required training in late calendar year 2004.

Program Assessment Rating Tool (PART) Evaluation

There are no PART evaluations that have been completed, nor are there any planned, that specifically address Objective 4.1.

Major Management Challenges

VA's Office of Inspector General has identified the following issue as a major management challenge related to Objective 4.1 (the program's response to the challenge may be found on the pages referenced below):

- Security and safety – research and hospital facilities need to be diligent in maintaining security and physical

access controls for areas storing high risk or sensitive materials (refer to pages 234-235 for more information).

The Government Accountability Office has identified the following issue as a major management challenge related to Objective 4.1 (the program's response to the challenge may be found on the pages referenced below):

- Prepare for biological and chemical acts of terrorism – VA determined that it needs to stockpile pharmaceuticals and improve its decontamination and security capabilities (refer to pages 258-259 for more information).

Program Evaluations

An independent contractor conducted assessments at more than 100 "most critical infrastructure" sites crucial to continuity of Departmental operations or of national importance. These assessments evaluated facility vulnerabilities relating to disaster threats and other major emergencies. Facilities are now addressing some of the vulnerabilities that were identified, and longer term capital improvement projects will help resolve many of the other vulnerabilities.

Another study is underway that will assess the emergency preparedness of VA medical facilities in case of an all-hazards or weapons of mass destruction event. This study is being conducted to provide a comprehensive, independent, and current assessment of our hospital system's capabilities. The study is examining medical center preparation in areas such as pharmaceutical caches, patient capacity, isolation and decontamination, and staffing. The results, expected in 2005, will assist VA in focusing its efforts to improve related policies, programming, and training efforts in our medical centers.

New Policies and Procedures

The Department has re-written its Comprehensive Emergency Management Program to adhere to requirements established in Federal Preparedness Circular 65. This program provides policy and

procedures for developing internal continuity of operations plans. It also governs the headquarters test, training, and exercise program, and sets out responsibilities of the Crisis Response Team, a group of representatives within the Department that meets twice weekly, or more often if the need arises, e.g., during hurricane season.

Policies governing the Department's Line of Succession are in place, as are procedures for the Department's participation in its classified Continuity of Government role. The Department has helped draft the forthcoming National Response Plan, which will govern the Department's role as a support agency in times of emergency.

Objective 4.2

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 4 Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.		\$1,039	1.5%
Objective	Performance Results		
4.2 Advance VA medical research and development programs that address veterans' needs, with an emphasis on service-connected injuries and illnesses, and contribute to the Nation's knowledge of disease and disability.	Increased to 229 the number of Career Development Awardees (goal was 237)	\$452	0.6%

Performance

The mission of the VA Research and Development Program (R&D), which supports Objective 4.2, is to discover knowledge and create innovations that advance the health and care of veterans and the Nation. Today, as in the past, VA is sharing research discoveries with health care providers throughout the Nation. VA R&D pursues collaborative opportunities to be cost efficient and effective in addressing veteran health care needs, and carefully coordinates its research activities with other Federal agencies and non-governmental organizations to ensure the benefits of its research

activities to veterans. In FY 2004, VA designed and implemented a total of 229 career development programs for all four services: Bio-medical Laboratory Science, Health Services Research, Rehabilitation Research, and Clinical Service. The career development program specifically supports clinicians for a period of concentrated research training with limited non-research responsibilities. VA's research program made many discoveries that moved the Department closer to achieving the ultimate aim of Objective 4.2. For example, VA researchers:

- Identified a link between service in the Gulf War and amyotrophic lateral sclerosis.

- Determined that using the anti-convulsive drug, divalproex, in combination with either of two commonly used anti-psychotic drugs, results in decreased suffering and shorter hospital stays for schizophrenia patients.
- Developed a DNA vaccine technology and successfully demonstrated the efficacy of such vaccines against the intracellular bacterial pathogen, *Listeria monocytogenes*.
- Identified a synthetic compound that reverses bone loss in mice without affecting the reproductive system, which may lead to new treatments to prevent osteoporosis for millions of people and lead to safer alternatives than current hormone treatment protocols.

Program Assessment Rating Tool (PART) Evaluation

During the development of the FY 2005 budget, the Administration conducted a PART review of the R&D program, which is essential to the accomplishment of Objective 4.2. The assessment demonstrated that the VA R&D program has a clearly defined purpose and is well managed. In addition, the Administration reiterated the importance of the VA R&D program as the only medical research program focused on veterans' health issues. However, this program received a rating of "Results Not Demonstrated," due mainly to a lack of documented ambitious goals and performance measures that accurately assess the strengths and weaknesses of the program. To address this concern, VA has developed several new performance measures that will be included in future budgets and reports.

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to Objective 4.2.

Program Evaluations

There have not been any independent program evaluations conducted recently that specifically address Objective 4.2.

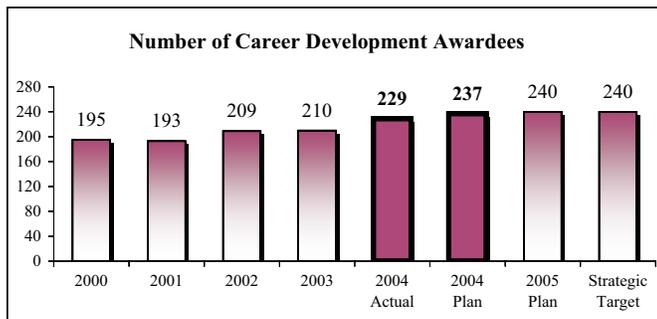
New Policies and Procedures

Several new policies and procedures have been implemented in the recent past that highlight our focus on medical research in support of Objective 4.2. For example, VA:

- Implemented a new technology transfer program that allows the Department to take the lead in disseminating new discoveries and inventions made by VA researchers.
- Developed an inter-institutional agreement giving universities unimpeded access and authority to patent and market intellectual property on VA's behalf as well as theirs.
- Strengthened oversight of human research protocols.
- Completed training for compliance officers in human subjects protection and for administrative officers in finance and administration to ensure that all responsible R&D staff are aware of, and adhere to, VA and other Federal regulations.
- Established a forum with DoD to share best practices in health research and development methods.

Objective 4.2 — Key Performance Goal

Achieve 237 Career Development Awardees.



Description, Importance, and Results

VHA supports the public health of the Nation as a whole through medical research. The objective of the career development program is to build and maintain the number of VA clinicians who can conduct research in areas of high relevance to the health care of veterans. Focusing on career development awardees improves the overall caliber and number of researchers and ensures the continuation of this high-caliber program. The performance measure target is an annual count of all the career development awardees in each of the four services of the VA research and development program: Bio-medical Laboratory Science, Health Services Research, Rehabilitation Research, and Clinical Science. We have achieved 229 career development awardees. VA has continued to increase the number of awardees since 2001.

Management and Policy Issues

VHA's primary strategy to implement this strategic objective will be to focus research efforts on veterans' special health care needs. VA will maintain the

proportion of research funding directed to projects addressing veteran-related issues. VA will conduct medical research that leads to demonstrable improvements in the lives of veterans, their families, and the general public. The established designated research areas on which VA-sponsored research will be conducted include Aging, Chronic Disease, Mental Illness, Substance Abuse, Sensory Loss, Trauma-Related Illness, Health Systems, Special Populations, and Military Occupations and Environmental Exposure. We will incorporate veterans' military history and potential consequences of service into the Clinical Patient Record System (CPRS). VA will develop, distribute, and promote orientation videos for incoming medical house staff and other health care trainees. Much of the research conducted in VA facilities is subject to the regulations of other Federal agencies as well as VA's own regulations. VA works closely with the National Institutes of Health (NIH) and the Department of Health and Human Services on joint studies funded by NIH. Similarly, VA works closely with the Food and Drug Administration on human studies funded by pharmaceutical companies in support of a new drug or device application. Achievement of this performance goal is partly contingent on the cooperation of other government and non-government agencies VA partners with on some research projects.

Data Quality

Please refer to the Key Measures Data Table on page 136.

Objective 4.3

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 4 Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.		\$1,039	1.5%
Objective	Performance Results		
4.3 Sustain partnerships with the academic community that enhance the quality of care to veterans and provide high-quality educational experiences for health care trainees.	On a scale of 0-100, medical residents and other trainees scored their clinical training experience in VA at 83 (goal was 82)	\$493	0.7%

Performance

VA is the largest provider of health care training in the United States. The Department conducts an education and training program for health professions students and residents that enhances the quality of care provided to veteran patients within the VHA health care system.

VA's graduate medical education is conducted through affiliations with university schools of medicine. Each year some 28,000 medical residents and 16,000 medical students receive part of their clinical training in VHA facilities through affiliations with 107 of the Nation's 126 medical schools and over 1,200 educational institutions. VA supports 8,800 physician resident positions in almost 2,000 university programs accredited by the Accreditation Council on Graduate Medical Education.

VA is a leader in the training of associated health professionals. Through affiliations with over 1,200 individual health professions schools and colleges, some 32,000 associated health students receive training in VA facilities each year. Clinical training and fellowships are provided to students in more than 40 professions, including nurses, pharmacists, dentists, audiologists, dietitians, social workers, psychologists, physical therapists, optometrists, nuclear medicine technologists,

physician assistants, respiratory therapists, and nurse practitioners. In FY 2004, physician residents and other clinical trainees gave a score of 83 (on a scale of 0-100) to their VA clinical training experience, which is a good indicator that the Department is moving closer to achieving the primary aim of Objective 4.3.

Program Assessment Rating Tool (PART) Evaluation

The PART evaluation conducted by the Administration during the development of the FY 2005 budget reviewed the medical care program. Medical education is part of the medical care program; however, the PART evaluation did not specifically cover any aspects of medical education as it relates to the accomplishment of Objective 4.3.

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to Objective 4.3.

Program Evaluations

There have not been any independent program evaluations conducted recently that address Objective 4.3.

New Policies and Procedures

VA has conducted a Learners' Perceptions (LP) Survey of physician residents and clinical trainees every year since 2001. New policies and procedures have been established to enhance the process of conducting the survey and disseminating the results to assist in improving the clinical training experience. For example:

- VHA Directive 2003-032, Clinical Trainee Registration, was published on June 17, 2003, which mandated every clinical trainee to be registered via *VistA*, New Person File. This allows VA to contact trainees to complete the LP Survey and improve response rate.

- In FY 2004, the LP Survey questionnaire was changed from a paper to a Web-based questionnaire. This new process reduced survey administration costs and improved the feedback process to VA facilities.
- The results of the survey are e-mailed to each VISN along with facility-specific reports, which include comparative results of the past two surveys by type of trainee. The reports include information about the purpose, background, methodology used, and major learning domains. In addition, facility highlights are provided to assist management in identifying areas for improvements. The reports are also made available on the Web.

Objective 4.4

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 4 Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.		\$1,039	1.5%
Objective	Performance Results		
4.4 Enhance the socioeconomic well-being of veterans and thereby the Nation and local communities, through veterans' benefits; assistance programs for small, disadvantaged, and veteran-owned businesses; and other community initiatives.	Statutory Goal: 23 percent of total procurement dollars to be spent on small business* *Data unavailable due to migration to new reporting system (Federal Procurement Data System—Next Generation)	<\$1M	<0.1%

Performance

The purpose of Objective 4.4 is to fully utilize veterans' benefits and other business assistance programs to enhance the socioeconomic well-being of the Nation and its veterans. The array of benefits and services provided by VA has a direct impact on the lives of veterans and beneficiaries. Each benefit program has

specific outcomes used to assess program results. For example, the housing program assists veterans with purchasing homes and this has a positive impact on the national economy. The delivery of health care benefits and services has a positive effect on the overall well-being of the Nation and can facilitate longer, more productive lives for veterans.

VA's Office of Small and Disadvantaged Business Utilization (OSDBU) administers the Department's small business program and serves as the Secretary's representative on small business issues, ensuring compliance with the Small Business Act, which requires all departments and agencies to establish with the Small Business Administration annual procurement goals for prime contract and subcontract awards to small businesses, small disadvantaged businesses, small women-owned businesses, Section 8(a) small business concerns, HUBZone small businesses, and especially service-disabled veteran-owned small businesses. Although actual data for FY 2004 were unavailable at the time this report was prepared, every indicator suggests VA exceeded the statutory small business goal of 23 percent. OSDBU has responded to many changes in public laws affecting small business programs. Through reorganization, business process reengineering, utilization of information technology resources, and electronic commerce, OSDBU continues to provide high-quality support to the small business community ensuring equitable opportunities. In FY 2004, OSDBU extended its outreach and training programs with the use of video teleconferencing capabilities.

Program Assessment Rating Tool (PART) Evaluation

There are no PART evaluations that have been completed, nor are there any planned, that specifically address Objective 4.4.

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to Objective 4.4.

Program Evaluations

In 2000 the Department published the results of an independent program evaluation of VA's education programs. The principal finding of this evaluation was that the Department's primary education programs for

veterans and reservists showed some success in meeting the intended purposes of the legislation establishing these programs, and that they returned over \$2 to the economy for every \$1 in taxpayer money funding the 2-year and 4-year degree programs. Compared to those who have not taken advantage of the education program, the men and women who furthered their education with government support have lower unemployment, have increased career and education goals, and enjoy an earnings advantage. In addition, one-half of the users of the education program believe they could not have pursued their education without the education benefits provided by the Department's program. This independent evaluation also recommended that the level of VA education program benefits be raised, which the Department has successfully achieved through close collaboration with the Administration and Congress.

New Policies and Procedures

In support of Objective 4.4, VA continues to provide accurate and timely information to the small business community on how, what, when, and where VA purchases goods and services. This is done through print and electronic formats. The Department also participates in procurement conferences and sessions to train small businesses on VA's acquisition process and systems. VA continues to make personnel aware of the Department's responsibilities to support small business through VA's acquisition program.

In an effort to improve accomplishments in the important Service-Disabled Veteran-Owned Small Business socioeconomic category, VA became the first Federal organization to implement provisions of Public Law 108-183, the Veterans Benefits Act of 2003. This law, signed by the President on December 16, 2003, authorizes government contracting officers to limit competition on Federal acquisition to Service-Disabled Veteran-Owned Small Businesses, and in certain situations, to award contracts to Service-Disabled Veteran-Owned Small Businesses on a sole source basis. Contracting officers

now have a set-aside mechanism to aid in achieving the statutory 3 percent goal contained in Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999. On May 5, 2004, the provisions of the Veterans Benefits Act of 2003 were implemented as an Interim Rule in the Federal Acquisition Regulation.

In March 2004, VA implemented an important initiative from the President's Small Business Agenda concerning contract bundling. Contract bundling is the combining of multiple contracts normally awarded to small businesses into larger single contracts that are frequently unsuitable for award to small businesses, thus reducing the number of contract dollars awarded to small businesses. Implementing regulations for this change required executive civilian departments and agencies to conduct contract bundling reviews for all acquisitions of \$2 million or greater to ensure acquisitions are not bundled, and where contract bundling occurs, that it is necessary and justified in terms of measurably substantial benefits. VA set a lower threshold for contract reviews of \$1 million in order to achieve maximum efficacy.

In June 2002, the VA Procurement Executive and the Director of the Office of Small and Disadvantaged Business Utilization established the Veteran-Owned (VO) and Service-Disabled Veteran-Owned (SDVO) Small Business Task Force to develop strategies to help VA attain procurement goals in these two important socioeconomic categories. The task force ultimately identified 5 goals and made 16 recommendations with action steps to improve VA's VO and SDVO small business accomplishments. The Secretary of Veterans Affairs approved the task force's report in March 2003. A number of recommendations were implemented in FY 2004. Chief among them were incorporating VA's goals for VO and SDVO small businesses into the performance plans of executives, managers, and staff who have contracting authority, take part in procurement actions, or oversee employees engaged in these activities, and issuing policy guidance on preference and special procedures to enhance VO and SDVO small business participation in VA acquisitions. (The report may be viewed and downloaded at: <http://www.vetbiz.gov/library/report.pdf>.)

Objective 4.5

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Strategic Goal 4 Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.		\$1,039	1.5%
Objective	Performance Results		
4.5 Ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.	Increased the percent of respondents who rated national cemetery appearance as excellent to 98 percent (goal was 98 percent)	\$94	0.1%

Performance

Our Nation is committed to create and maintain national cemeteries as national shrines that serve as an expression of the appreciation and respect of a grateful Nation for the service and sacrifice of her veterans. Each national cemetery exists as a national shrine and as such provides an enduring memorial to their service, as well as a dignified and respectful setting for their final rest. In FY 2004, VA met its primary performance goal related to Objective 4.5 as 98 percent of survey respondents rated national cemetery appearance as excellent. Cemetery appearance goals are set high in keeping with the expectations of all visitors.

VA will continue to maintain the appearance of national cemeteries as national shrines so that bereaved family members are comforted when they come to the cemetery for the interment, or later to visit the grave(s) of their loved one(s). Our Nation's veterans have earned the appreciation and respect not only of their friends and families, but also of the entire country and our allies. National cemeteries are enduring testimonials to that appreciation and should be places to which veterans and their families are drawn for dignified burials and lasting memorials. The willingness to recommend the national cemetery to veteran families during their time of need is an expression of loyalty toward that national cemetery. In FY 2004, 97 percent of survey respondents indicated they would recommend the national cemetery to veteran families during their time of need.

To ensure the appearance of national cemeteries meets the standards our Nation expects of its national shrines, VA performed a wide variety of grounds management functions, which included raising, realigning, and cleaning headstones to ensure uniform height and spacing and to improve appearance. The appearance of headstones, markers, and niche covers is of paramount importance to the appearance of national cemeteries as national shrines. The rows of pristine, white headstones that are set at the proper height and correct alignment provide the vista that is the hallmark

of many VA national cemeteries. In FY 2004, VA collected baseline data that showed that 64 percent of headstones and/or markers in national cemeteries are at the proper height and alignment, and that 76 percent of headstones, markers, and niche covers are clean and free of debris or objectionable accumulations. National Shrine Commitment projects were initiated at 15 national cemeteries, including 8 that are listed on the National Register of Historic Places. These projects will raise, realign, and clean over 186,000 headstones and markers and renovate gravesites in more than 176 acres. While attending to these highly visible aspects of our national shrines, VA also maintained roads, drives, parking lots, and walks; painted buildings, fences, and gates; and repaired roofs, walls, and irrigation and electrical systems.

VA continued its partnerships with various VA and civic organizations that provide volunteers and other participants to assist in maintaining the appearance of national cemeteries. For example, an interagency agreement with the Bureau of Prisons provides for the use of selected prisoners to perform work at national cemeteries. Under a joint venture with VHA, national cemeteries provide therapeutic work opportunities to veterans receiving treatment in the Compensated Work Therapy/Veterans Industries program. The national cemeteries are provided a supplemental workforce while giving veterans the opportunity to work for pay, regain lost work habits, and learn new work skills.

Program Assessment Rating Tool (PART) Evaluation

During the development of the FY 2004 budget, the Administration conducted a PART evaluation of VA's burial program that relates to the accomplishment of Objective 4.5. Due to its clear mission and outcome goals, this program received a "Moderately Effective" rating.

The evaluation included findings that VA needed to adopt more performance measures to address all burial

benefits and the National Shrine Commitment, and to strengthen methods to link performance, budget, and accountability. VA has addressed these findings by introducing two new burial claims measures and two new measures for the National Shrine Commitment in the President's FY 2005 budget. VA may add additional measures for the National Shrine Commitment in future budgets. During FY 2004, VA collected baseline data for the new measures. In addition, VA has established the Organizational Assessment and Improvement Program for the national cemeteries. The program will strengthen accountability at the national cemeteries by assessing cemetery performance against operational standards and measures. The program will also strengthen the link between budget and performance by identifying improvement opportunities for prioritizing resources and by providing a scorecard for performance reporting at each of the national cemeteries.

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to Objective 4.5.

Program Evaluations

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

In August 2002, Volume 2: National Shrine Commitment was completed. This report identified the one-time repairs needed to ensure a dignified and respectful setting appropriate for each national cemetery. VA is using the information in this report to address repair and maintenance needs at national cemeteries.

New Policies and Procedures

Using the recommendations in Volume 3: Cemetery Standards of Appearance and building on previous efforts, VA has established standards and measures to determine the effectiveness and efficiency of operations at its national cemeteries. These standards and measures identify performance expectations in key operational processes including interments, grounds maintenance, and headstones and markers. VA has established the Organizational Assessment and Improvement Program to identify and prioritize continuous improvement opportunities, and to enhance program accountability by providing managers and staff at all levels with one "scorecard" related to the burial program. As part of the program, assessment teams drawn from national cemeteries, Memorial Service Networks, and VA Central Office staff in Washington, DC, will conduct site visits to all national cemeteries on a rotating basis to validate performance reporting. In FY 2004, the team conducted six site visits.

VA opened the National Cemetery Administration Training Center, establishing the first formal training program for the development of employees who manage and operate VA national cemeteries. The center will provide employees with the training necessary to continue to provide high-quality service to veterans and their families and to maintain our national cemeteries as national shrines. Initially focused on training cemetery directors and assistant directors, the new facility will eventually expand its classes to train foremen, equipment operators, grounds keepers, cemetery representatives, and other employees. As 11 new national cemeteries become operational, the center will ensure consistency in operations throughout the national cemetery system as well as a high-performing workforce and well-trained staff for key positions.

VA is partnering with the National Center for Preservation Technology and Training (NCPTT), an office of the National Park Service (NPS), to conduct research on the methods to clean historic headstones and

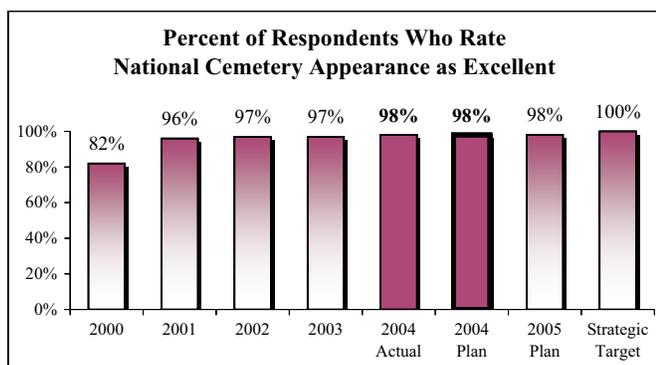
markers. After VA, NPS has the largest number of national cemeteries, including Gettysburg National Cemetery, under its jurisdiction. Under a 2-year interagency agreement, NCPTT will identify alternatives for cleaning historic headstones and markers.

In FY 2004, VA launched a Web-based (Internet) Nationwide Gravesite Locator (NGL) system. This innovation will make it easier for anyone with Internet access to search for the gravesite locations of deceased

family members and friends, and to conduct genealogical research. The nationwide grave locator contains more than 3 million records of veterans and dependents buried in VA's 120 cemeteries since the Civil War. It also has records of some burials in state veterans' cemeteries and burials in Arlington National Cemetery from 1999 to the present. Making burial locations more accessible may bring more visitors to the honored resting places that VA considers national shrines and historical treasures.

Objective 4.5 — Key Performance Goal

Increase the percent of respondents who rate national cemetery appearance as excellent to 98 percent in 2004.



Description, Importance, and Results

Our Nation is committed to create and maintain national cemeteries as national shrines that serve as an expression of the appreciation and respect of a grateful Nation for the service and sacrifice of her veterans. Each national cemetery exists as a national shrine and as such provides an enduring memorial to their service as well as a dignified and respectful setting for their final rest. VA met its goal as 98 percent of survey respondents rated cemetery appearance as excellent.

Management and Policy Issues

To ensure the appearance of national cemeteries meets the standards our Nation expects of its national shrines,

VA performed a wide variety of grounds management functions, which included raising, realigning, and cleaning headstones and renovating turf. VA initiated National Shrine Commitment projects at 15 national cemeteries. These projects will raise, realign, and clean over 186,000 headstones and markers and renovate gravesites in more than 176 acres. VA also maintained roads, parking lots, and walks; painted buildings, fences, and gates; and repaired roofs, walls, and irrigation and electrical systems.

The appearance of national cemeteries is influenced by many different external factors. Over time, cemeteries experience a variety of environmental changes that may require extensive maintenance. Extremes in weather, such as excessive rain or drought, can result in or exacerbate sunken graves, sunken markers, soiled markers, inferior turf cover, and weathering of columbaria.

To ascertain how our customers and stakeholders perceive the appearance of national cemeteries, VA will continue to seek feedback through annual surveys and focus groups. This information is used to determine

expectations for cemetery appearance as well as specific improvement opportunities and training needs.

VA continued its partnerships with various civic organizations that provide volunteers and other participants to assist in maintaining the appearance of national cemeteries. An agreement with the Bureau of

Prisons provided for the use of selected prisoners as a supplemental source of labor to assist in maintaining the national cemeteries.

Data Quality

Please refer to the Key Measures Data Table on page 136.

Objective E-1

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Enabling Goal Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.		\$898	1.3%
Objective	Performance Results		
E-1 Recruit, develop, and retain a competent, committed, and diverse workforce that provides high-quality service to veterans and their families.	<ul style="list-style-type: none"> Increased to 90 percent the proportion of employees who were aware that alternate dispute resolution (ADR) is an option for addressing workplace disputes (goal was 80 percent) Increased to 60 percent the proportion of cases using ADR techniques (goal was 70 percent) 	\$81	0.1%

Performance

Employees are VA's foundation and are the key to our ability to deliver timely and high-quality benefits and services. In support of Objective E-1, the Department has placed a high priority on implementing strategies to ensure VA recruits, retains, and develops a quality and diverse workforce to serve veterans and their families. Our primary roadmap for achieving this objective is the Department's Strategic Human Capital Management Plan, which presents an overview of past and projected workforce trends and summaries of workforce plans

developed by VA's program and staff offices. VA has moved closer to the ultimate aim of Objective E-1 by implementing initiatives covering a multitude of topics outlined in these plans. One indicator of our success is measured by the fact that in FY 2004, 73 percent of employees responded favorably when surveyed about their job satisfaction, a share up markedly from the 57 percent recorded 3 years earlier. VA has hired hundreds of new decision-makers to help reduce the claims backlog and trained these and other employees in proper claims processing procedures. We also developed a legislative proposal, signed into law in

December 2003, to improve our ability to recruit and retain a number of mission-critical health care occupations. The Department created a voluntary VA-wide, online entrance and exit survey with Web-based data access. This valuable information helps guide the Department in improving recruitment and retention activities throughout all organizational levels.

VA recently developed a Web-based tracking system to collect data on ADR that will be analyzed yearly so that benchmarks can be identified and accomplishments measured. In addition, VA will conduct ADR and mediation awareness training sessions for all employees to ensure that employees are aware of the ADR and mediation tools that can be used to effectively resolve workplace conflicts and disputes. From these efforts, VA expects to derive benefits such as improved morale and productivity, reduction in future disputes, repaired relationships, improved customer service, and increased employee trust.

Program Assessment Rating Tool (PART) Evaluation

There are no PART evaluations that have been completed, nor are there any planned, that specifically address Objective E-1.

Major Management Challenges

The Government Accountability Office has identified strategic human capital management as a governmentwide high-risk area, which is related to

Objective E-1. It was also placed at the top of the President's Management Agenda (PMA). Please refer to pages 50-51 in the PMA section regarding VA's progress on strategic human capital management.

Program Evaluations

There have not been any independent evaluations of programs or activities related to Objective E-1.

New Policies and Procedures

VA established several new procedures and initiatives in support of Objective E-1. For example, the Department has:

- Increased internal and external recruitment and retention programs, developed and enhanced education and training programs, and fostered a corporate culture that proactively integrates women, minorities, and people with disabilities into management positions.
- Continued its *One VA* Senior Executive Service Candidate Development Program to develop future candidates for the Senior Executive Service within VA.
- Redesigned the VA Job Opportunities Web site; site visits more than doubled in the last 2 years.
- Devoted increasing attention to implementing employee performance standards that truly measure performance.
- Required all VA organizations to conduct an annual self-assessment of HRM programs to identify best practices and systemic deficiencies.

Objective E-2

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Enabling Goal Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.		\$898	1.3%
Objective	Performance Results		
E-2 Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as the benefits and services VA provides.	<ul style="list-style-type: none"> Increased to 70 percent the participation rate in the monthly Minority Veterans Program Coordinators conference call (goal was 75 percent) Maintained at 30 percent the proportion of funded grants providing services to homeless veterans that are faith-based (goal was 33 percent) 	\$14	<0.1%

Performance

VA took several important steps during FY 2004 to improve communication among employees and with veterans and their families concerning the Department's mission, goals, and current performance. In particular, VA released two key publications that helped move the organization closer to achievement of Objective E-2. First, the Department published the "Strategic Plan for Employees" in December 2003. This document was specifically designed for VA employees to help them better understand the current and future priorities for the Department and to see how employees directly contribute to VA's mission. This plan discusses VA's strategic goals and objectives and identifies the organization's major accomplishments associated with each goal and objective. In addition, the plan presents performance targets for FY 2008 so that employees will have a more complete understanding of what the organization will be striving to accomplish in the next

few years. The second major publication VA published was the "Results Report," which was released in August 2004. Designed primarily for VA employees, but also serving to improve communication with veterans and their families, veterans service organizations, Congress, and other stakeholders, this document highlights the significant accomplishments VA has made over the last 3 years in each of our program areas as well as the improvements the Department has made in results-based management.

During FY 2004 the Department increased its emphasis on reengineering the minority veterans' program coordinators efforts. Streamlining of the Advisory Committee on Minority Veterans and a refocusing of the committee towards more tangible recommendations with renewed emphasis on data gathering will enhance VA's Center for Minority Veterans' ability to identify issues and concerns for minority veterans and provide a better foundation for resolving the issues and concerns. The

center will continue its participation in forums, conferences, and meetings that address minority veterans' issues.

VA implemented a number of faith-based and community initiatives in FY 2004. Notices of Funding Availability published this year clearly identified faith-based organizations as being eligible entities to apply for funding under the VA homeless service providers grant and per diem program. New VA regulations were published in the Federal Register, designed to reduce barriers identified by faith-based representatives as potential impediments to providing services under VA's only grant program to non-profit organizations. VA participated in the White House Faith-Based and Community Initiatives Regional Conferences during FY 2004, distributing fact sheets and benefit information and responding to hundreds of requests for assistance. The aggressive outreach efforts of the Department helped VA maintain at 30 percent the proportion of funded grants providing services to homeless veterans that are faith-based.

Also, VA was successful in developing communication, collaboration, and coordination of Departmentwide programs and activities to address the needs of homeless veterans. The Homeless Veterans Program Office continued to develop and enhance collaborative programs with faith-based and community-based non-profit organizations, veterans service organizations, and state and local governments to serve homeless veterans through national "Stand-Downs" and the establishment of housing and employment services.

Program Assessment Rating Tool (PART) Evaluation

There are no PART evaluations that have been completed, nor are there any planned, that specifically address Objective E-2.

Major Management Challenges

Neither VA's Office of Inspector General nor the Government Accountability Office identified any major management challenges related to Objective E-2.

Program Evaluations

The Department has established the Center for Faith-Based and Community Initiatives that will seek advice from responsible parties within the faith-based and community organizations structure to enhance communication and coordination efforts and optimize resources targeted at the homeless and at-risk veteran populations. The results of the center's efforts will be presented in future reports.

New Policies and Procedures

VA established several new procedures and initiatives in support of Objective E-2. For example, the Department has:

- Instituted a contact initiative to reach all former prisoners of war not currently using VA benefits to inform them of benefits and services that they may be entitled to receive.
- Launched a Web site to provide Gulf-War related medical research information to veterans and their families.
- Continued to expand, update, and improve the Web site that disseminates information about VA programs, benefits, and services for women veterans.

Objective E-3

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Enabling Goal Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.		\$898	1.3%
Objective	Performance Results		
E-3 Implement a <i>One VA</i> information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.	Began the process of transforming business lines to achieve a secure veteran-centric delivery process that enables veterans and their families to register and update information, submit claims or inquiries, and obtain status (goal was 2 business lines transformed)	\$186	0.3%

Performance

Enterprise Architecture

Enterprise Architecture (EA) is the practice of advancing and modernizing VA's information technology operations and investments while also pairing those efforts with business process reengineering and innovation. The "enterprise" is VA and the "architecture" is the complex framework of processes, systems, and programs by which VA provides health care, benefits, and memorial services to veterans and their families. In FY 2004 the Office of the Chief Information Officer (CIO) accomplished the following:

- Restructured the Office of Enterprise Architecture to focus on advancement of the developed and stated architecture as well as the tools and methodologies to integrate all aspects and inputs. A Data Architecture Service is being established, which is fundamental to effective baselining and reference modeling for technology, systems, and business processes. Additionally, a Systems and Integration Service is being implemented to provide for a program management

office in direct support of commitments made to lead the development of Registration and Eligibility and Contact Management (RE/CM) systems development initiatives.

- Initiated and managed several IT initiatives including: Operation Seamless Transition at Walter Reed Hospital in direct support of servicemembers returning from Operation Iraqi Freedom and Operation Enduring Freedom; RE/CM business functions; DoD/VA data sharing and integration; and executive correspondence tracking in the Office of the Secretary.

Telecommunications

VA initiated the Telecommunications Modernization Project (TMP), which implements an enterprise-standard architecture for its wide area network. TMP will provide VA with a centrally managed, secured, and funded national resource that will transport the data communications requirements for all VA business functions.

Information Security Program

The Office of the CIO is responsible for providing services to veterans that protect the confidentiality, integrity, and availability of their private information; for

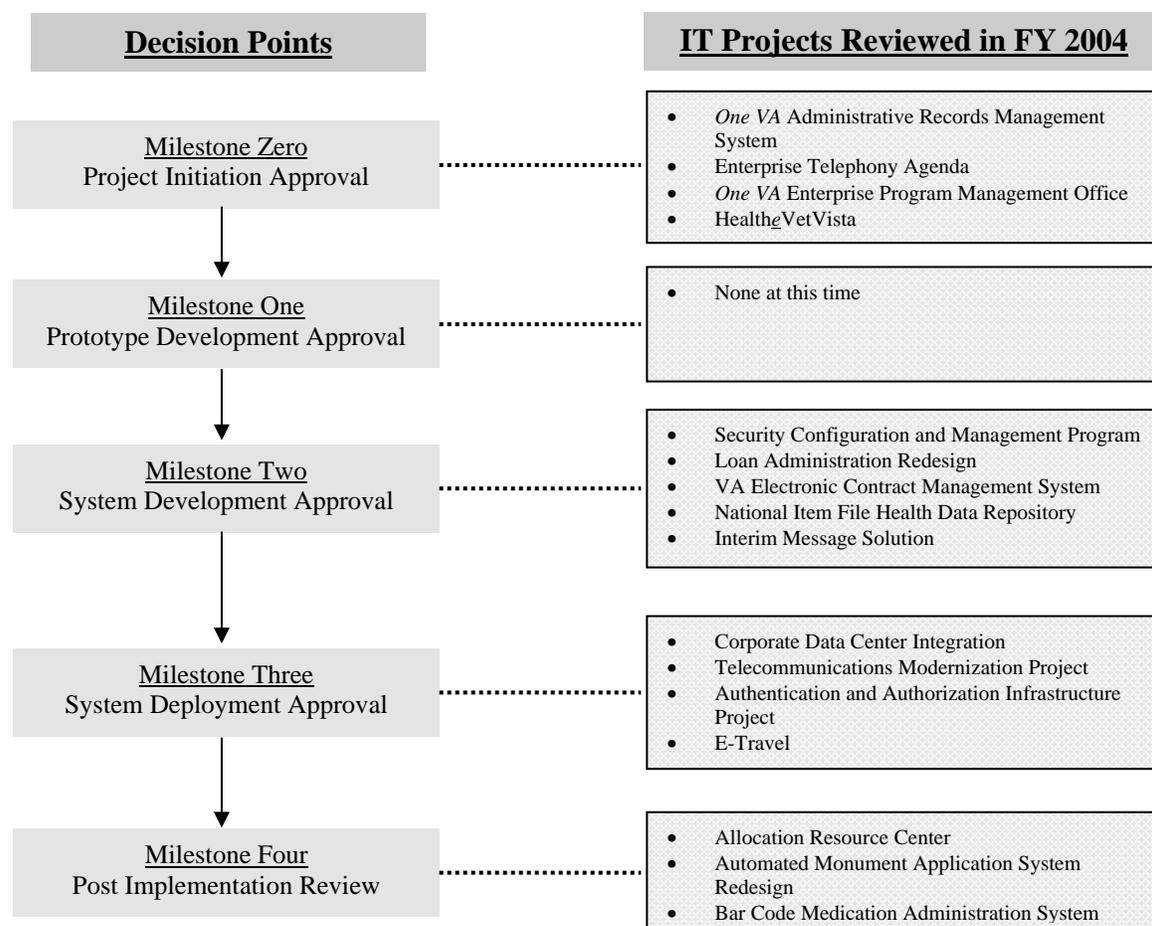
enabling the timely, uninterrupted, and trusted nature of services provided; and for providing assurance that cost-effective cyber security controls are in place to protect automated information systems from financial fraud, waste, and abuse. The Office of the CIO accomplished the following activities during FY 2004:

- Initiated deployment of a security configuration and management program to provide patch management and remediation services on a centralized basis.
- Managed all VA intrusion detection systems and provided real-time analytical incident support, event correlation and analysis, and audit log analyses through a fully functional Network and Security Operations Center (NSOC) that operates 24/7. The NSOC was a significant factor in successfully mitigating the impact of several major computer viruses and worms infecting VA systems and networks in FY 2004.

- Partnered with VA's Employee Education Service to develop and implement a cyber security awareness course for over 250,000 employees, contractors, and volunteers.
- Rolled out an Information Security Officer (ISO) cyber security professionalization program, which included training, certification, and credentialing for 442 of VA's 444 full-time ISOs and Office of Cyber and Information Security staff.

Integrated IT Project Management Process

To properly manage high priority IT projects in terms of budget, schedule, and scope, VA employs an integrated IT project management process that is delineated by five major decision points called milestones. Project managers are required to brief the Department's Enterprise Information Board, which includes the CIO, in order to gain approval to proceed to the next step in the process. Listed below are milestone reviews that were conducted in FY 2004.



Program Assessment Rating Tool (PART) Evaluation

There are no PART evaluations that have been completed, nor are there any planned, that specifically address Objective E-3.

Major Management Challenges

VA's Office of Inspector General has identified the following information technology issue as a major management challenge related to Objective E-3 (the program's response to the challenge may be found on the pages referenced below):

- Information security – information security vulnerabilities still exist, and corrective action needs to be taken to resolve them (refer to pages 248-250 for more information).

The Government Accountability Office has designated protecting information systems supporting the Federal government and the Nation's critical infrastructures as a governmentwide high-risk area, which is related to Objective E-3 (the program's response to the challenge may be found on the pages referenced below):

- Information technology challenges – the computer security management program requires further actions to ensure that the Department can protect its computer systems, networks, and sensitive health and benefits data from vulnerabilities and risks (refer to pages 264-265 for more information).

Program Evaluations

There have not been any independent program evaluations conducted recently that specifically address Objective E-3.

New Policies and Procedures

The *One VA* IT Enterprise Program Management Office (EPMO) initiative is designed to improve and standardize the management and reporting of VA's IT portfolios and projects, as required by the Clinger-Cohen Act. The EPMO is charged with developing a standard set of portfolio and project management policies, processes, procedures, tools, training, and certification across all VA entities to ensure a greater probability of achieving consistent, repeatable project successes in support of VA's mission and goals. The EPMO's mission has three main goal categories: people, processes, and tools.

The goal of the "people" category is to develop and certify qualified, competent project managers, project team members, and portfolio and project oversight staff members to successfully manage VA's IT projects. Through VA's Project Management Training and Certification Program, VA identifies, trains, and certifies project managers with significant project manager responsibilities. Over 850 project managers, team members, and stakeholders have participated in the program. Over 160 employees have been certified at the highest level and have earned a Master's Certificate in project management awarded by a major university. VA currently has 100 percent of its IT project managers for OMB Exhibit 300 initiatives trained and certified.

The "processes" goal is to define and implement repeatable strategic planning, portfolio management, and project management best practices and standardized processes that senior officers, project managers, and oversight staff members can employ to successfully select, manage, control, and evaluate VA's IT projects. In FY 2004, VA developed key documents to enable the improved management and oversight of VA's major IT projects and portfolios. The documents include: *Project Management Guide*, *Revised Milestone Briefing Templates and Instructions*, and *Portfolio Management Guide*.

The “tools” goal is to implement best-of-breed project management tools that project managers, project team members, and oversight staff members will use to facilitate the successful management, reporting, and oversight of VA’s IT projects. VA selected TeamPlay project management software to manage VA projects.

VA uses the Capital Asset Management System (CAMS) to manage VA’s IT portfolio. The system captures, tracks, and evaluates all VA capital asset initiatives within VA. OMB reviewed the Exhibit 300s for our FY 2005 IT portfolio and accepted all 59 of them on the first round, the first 100 percent success level for a Cabinet Department.

Objective E-4

		FY 2004 Obligations (\$ in Millions)	% of Total VA Resources
Enabling Goal Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.		\$898	1.3%
Objective	Performance Results		
E-4 Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.	<ul style="list-style-type: none"> Maintained at 41 percent the ratio of collections to billings (goal was 41 percent) Achieved a dollar value of sharing agreements with DoD of \$120 million (goal was \$116 million) 	\$616	0.9%

Performance

VA recorded a broad array of accomplishments during FY 2004 that demonstrated significant movement toward the ultimate aim of Objective E-4. These achievements covered a wide range of operational processes and management improvement initiatives that will continue to lead to greater efficiency. Many of these efforts are being accomplished largely through centralization of several of our major business processes.

During FY 2004, we moved closer to a realignment of our finance, acquisition, and capital asset management

functions into business offices across the Department. This realignment of business functions is leading to reduction and standardization of field business activities into a more manageable size, provides for more consistent interpretation of policies and procedures, and promotes implementation of performance metrics and data collection related to these business functions. We are significantly strengthening compliance and consistency with finance, acquisition, and capital asset policies procedures.

The Department implemented 19 recommendations of the proposals put forth by the Secretary's Procurement Reform Task Force. Those recommendations promote leveraging our size and purchasing power by establishing more national contracts, standardizing procurement requests, creating a procurement database, and improving organizational effectiveness. These reforms have led to cost avoidances of hundreds of millions of dollars.

VA helps ensure accountability for performance through monthly performance reviews involving senior leadership. These reviews provide the forum for the Department's top leaders to continually review financial and program performance, workload, major construction, and information technology projects. As required, corrective actions are identified and implemented quickly in order to help ensure performance goals are achieved.

With the release of the President's FY 2005 budget and the Department's Congressional budget justifications in February 2004, VA integrated performance information with its request for resources. This was the first time the Department used this approach rather than prepare a separate performance plan. This was a major step toward better integration of strategic planning, budgeting, and performance planning.

VA worked to achieve the goal of collecting 41 percent of all medical care billings to veterans and health insurance companies, thus helping to maximize health care resources to our core service population—service-connected disabled veterans, those with lower incomes, and veterans with special health care needs. In addition, we achieved a dollar value of sharing agreements with DoD of \$120 million. These collaborative efforts between VA and DoD lead to greater efficiency in both departments.

Program Assessment Rating Tool (PART) Evaluation

During the development of the FY 2005 budget, the Administration conducted a PART evaluation of the medical care program that relates to the accomplishment of Objective E-4. This assessment reviewed the combined effectiveness of the legislative and executive branches in designing and implementing the many aspects of the medical care program. The PART evaluation for the medical care program resulted in a rating of "Adequate," an improvement from the FY 2004 budget year PART rating of "Results Not Demonstrated." The improvement in the PART evaluation of the medical care program resulted from several factors, including VA's sharpening its focus on providing timely, high-quality health care to our highest priority veterans—those with service-connected disabled conditions, veterans with lower incomes, and those with special health care needs.

Major Management Challenges

VA's Office of Inspector General identified the following issues as major management challenges related to Objective E-4 (the program's response to each challenge may be found on the pages referenced below):

- Federal Supply Schedule contracts – VA medical centers need to make more effective use of the best purchasing sources (refer to pages 240-241 for more information).
- Contracting for health care services – conflicts of interest exist in the request for approval of contracts, preparation of solicitations, contract negotiations, and contract administration (refer to pages 241-242 for more information).
- Government purchase card activities – systemic management weaknesses exist in the oversight and use of government purchase cards (refer to pages 242-244 for more information).
- Inventory management – systemic problems exist with inventory management caused by inaccurate information, lack of expertise needed to use the electronic inventory management system, and non-use

of the system at some supply points in medical centers (refer to pages 244-245 for more information).

- Financial management and reporting – manual compilations and processes should be automated (refer to pages 245-246 for more information).
- Data validity – data on performance should be thoroughly reviewed to ensure that data validity problems do not exist (refer to pages 246-247 for more information).
- Workers' compensation program – problems exist with inadequate case management and fraud detection (refer to pages 247-248 for more information).

The Government Accountability Office has identified the following issues as major management challenges related to Objective E-4 (the program's response to each challenge may be found on the pages referenced below):

- VA/DoD Sharing – VA needs to continue to work with DoD to address remaining barriers (refer to pages 255-257 for more information).
- Third-party collections – continuing work needs to be done to ensure that VA maximizes its third-party collections and to correct persistent collections process weaknesses (refer to pages 257-258 for more information).
- Financial management material weakness – problems still exist with the ability to produce auditable information after year end (refer to pages 265-266 for more information).
- Federal real property – this is designated as a governmentwide high-risk area (refer to pages 266-269 for more information).

Program Evaluations

There have not been any independent program evaluations conducted that specifically address Objective E-4.

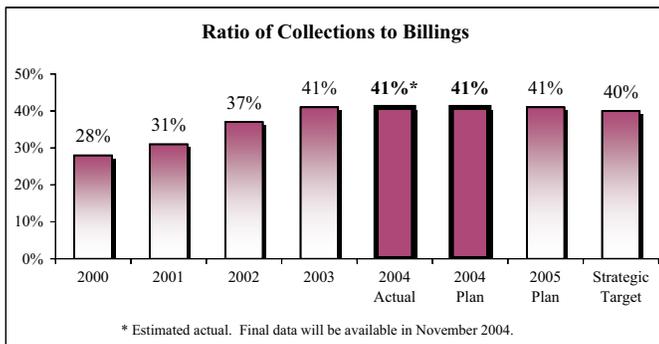
New Policies and Procedures

During FY 2004 VA was involved in a multitude of new efforts that helped bring the Department closer to the ultimate aim of Objective E-4. Some of these included:

- VA began using a new capital asset management system (CAMS), an integrated Departmentwide system that enables VA to establish, analyze, monitor, and manage its portfolio of capital assets.
- Through the Health Executive Council, VA and DoD have adopted a schedule to develop interoperable electronic medical records by FY 2005. This agreement, the VA/DoD Joint Electronic Health Record Plan – HealthPeople (Federal) strategy, calls for joint development of a virtual health record that will be accessible by authorized users throughout both departments.
- Through the Benefits Executive Council, the transition from active military to veteran status has been simplified by the development of a single examination that meets both military services' separation requirements and VA's disability compensation examination criteria. A national memorandum of agreement to codify this policy is scheduled for implementation shortly.
- VA is in the process of developing a baseline for erroneous payments in all programs – data that will assist the Department in reducing the volume of such payments in the future.
- The Department implemented and exceeded aggressive goals for reducing interest penalty payments and increasing discounts earned VA-wide in order to provide additional funds for veterans' programs.
- VA improved its financial processes by centralizing payment of certified invoices at a single center in Austin, Texas.
- VA improved its delivery of financial government services through expanded use of electronic commerce/electronic data interchange transactions.

Objective E-4 — Key Performance Goal

Achieve 41 percent ratio of collections to billings.



Description, Importance, and Results

VHA has developed a number of performance measures relating to space, costs, revenue, and value provided. The collections to billings ratio is a calculation based on the total cumulative fiscal year collections divided by the total cumulative billings. VA cannot collect from Medicare, but must include 100 percent of charges to assert claims to Medicare supplemental carriers. Because of this inability to collect from Medicare, the resulting ratio appears comparatively lower than the private sector standard.

Management and Policy Issues

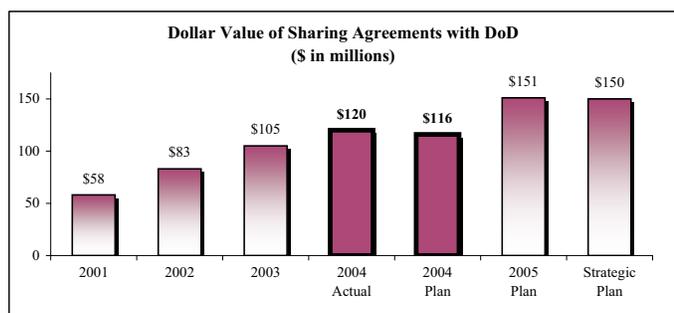
VA's primary strategies to achieve this performance goal include raising awareness of the services VA provides, and increasing revenue and efficiency through sound business practices. VA will assess and align the health care system to enhance cost-effective care for veterans. We will focus on increasing revenue and efficiency through better collections and improved business practices. We will hold managers accountable for performance through performance agreements. Achievement of this performance goal is largely contingent on the willingness of first and third parties to pay their bills.

Data Quality

Please refer to the Key Measures Data Table on page 136.

Objective E-4 — Key Performance Goal

Achieve \$116 million in the value of sharing agreements with DoD.



Description, Importance, and Results

VA has entered into a number of sharing agreements and memoranda of understanding with DoD to share direct medical care and other services, such as laundry and fire protection. VA and DoD also use other contracting authority to jointly procure pharmaceuticals, medical/surgical supplies, and equipment in order to combine purchasing power and eliminate redundancies. This measure is based on the total dollar value of sharing agreements VA has entered into with DoD. We achieved a \$120 million value of sharing agreements with DoD in FY 2004. VA has continued to increase the dollar value of sharing agreements with DoD each year.

Management and Policy Issues

VA's primary strategies to achieve this performance goal include raising awareness of the services VA provides, and increasing revenue and efficiency through sound

business practices. VA and DoD will work collaboratively through the VA/DoD Health Executive Council to drive the sharing process. VA and DoD will work to increase use of the same pharmaceutical and medical products resulting in increased leverage in Federal Supply Schedule or other joint contracting negotiations. VA partners with DoD's Pacific e-Health Center in Honolulu to provide peer consultation and patient care to participants separated by distance. VA and DoD participate in the Alaska Federal Health Care Partnership, with the goal of providing specialized care to isolated or remote patient populations in Alaska. VA's Cooperative Studies Program collaborates with DoD on a number of studies, including an antibiotic treatment trial and an exercise/behavioral medicine treatment trial for Gulf War Syndrome. While efforts are underway to document the value of sharing that is not tabulated in VA's or DoD's accounting systems, the new reimbursement rate—90% of CHAMPUS Maximum Allowable Charges for all clinical services—may actually lead to decreased sharing.

Data Quality

Please refer to the Key Measures Data Table on page 136.

Assessment of Data Quality

The quality of VA data has continued to improve; it supports business planning and day-to-day decision-making activities. Each program office has initiated specific improvement actions. In addition, the Office of the Inspector General (OIG) has conducted audits to determine the accuracy of our data. We consider OIG reviews to be independent and objective. The following discussion describes in detail the actions each VA administration has taken to improve its data quality.

Veterans Health Administration

VHA has focused on data reliability, accuracy, and consistency for the past several years. The principles of data quality are integral to VHA's efforts to provide excellence in health care. In 2001, the Under Secretary for Health commissioned a high-level, cross-cutting task force on data quality and standardization whose membership includes the chief officer from VHA's Office of Quality and Performance, the Assistant Deputy Under Secretary for Health, and officials from the Chief Network Office and the Office of Information. This task force has focused on strategic planning to provide consistent definitions of clinical and business data for more effective clinical and organizational decision support. The members seek collaboration with other parties including DoD, Indian Health Service, private sector health care providers, and standards organizations.

VHA's commitment to quality data was confirmed by the results of an OIG audit of the validity of data collection of the quality measures that VHA tracks – Clinical Practice Guidelines Index and Prevention Index II. The report acknowledged a high degree of accuracy. The OIG made no recommendations. VHA continuously monitors data accuracy to ensure these high standards are maintained.

VHA has long been recognized as a leader in documenting credentials and privileges of VA health care professionals. In 2001, VHA implemented a new electronic data bank, VetPro. This database dramatically improved VHA's ability to ensure timely and appropriate credentialing of health care professionals. VetPro promotes and demonstrates to other Federal and private agencies the value of a secure, easily accessible, valid data bank of health professionals' credentials. In 2004, VHA and DoD launched a study into the merits of integrating DoD's system for credentialing and privileging, Centralized Credentials and Quality Assurance System, with VHA VetPro. The study resulted in recommendations favoring continued collaboration with a goal of accomplishing future integration.

VetPro improves the process of credentialing and privileging by:

- Establishing a secure, accessible, valid electronic database.
- Ensuring appropriate credentials for clinical roles of practitioners.
- Allowing verification of practitioners' track records.

The VHA Data Consortium addresses organizational issues and basic data quality assumptions. The consortium works collaboratively to improve information

reliability and customer access for the purposes of quality measurement, planning, policy analyses, and financial management. The ongoing initiatives and strategies address data quality infrastructure, training and education, personnel, policy guidance, and data systems. The VHA data quality coordinator and data quality workgroups provide guidance on data quality policies and practices. Several initiatives support the integrity and data quality of coding including:

- Development of strategies and standard approaches to help field staff understand the data content and meaning of specific data elements in VHA databases.
- Development of coding resources for field facilities, to include negotiating the purchase of knowledge-based files/edits from Ingenix™ for use within the Veterans Health Information Systems and Technology Architecture (*VistA*).
- Complete revision of *VistA* software to accommodate the requirements of the Health Insurance Portability and Accountability Act for use of those code sets involving health care claims.

To support the need for guidance in medical coding, VHA established the Health Information Management (HIM) Coding Council, comprised of credentialed expert coders with support from VHA HIM Central Office staff to provide research and response to coding questions within 24 hours. The council has completed an update to the national coding handbook, which provides expert guidance to field facilities. Additional initiatives include:

- “*Close Encounters*” and “*Data Quality Highlights*” newsletters for field staff guidance.
- Ongoing, periodic training programs on such topics as national standard code set updates.
- Standardization of electronic encounter forms including documentation templates.

The Patient Financial Service System (PFSS) project is the pilot implementation of a commercial billing and accounts receivable system in VHA. This project is designed to incorporate business process improvements

and commercial information systems that are proven in the private sector. The project will introduce commercial business practices and technology into VA through a VISN pilot project comprised of VA best practices and commercial best practices. The objectives of the pilot are to implement a commercial product and study the effects on collections, improvements to the business process, and information systems in a single test environment. Ultimately, the long-term strategy is to develop a scalable solution, which includes both a commercial solution and VA applications that can be implemented in all networks.

VHA completed the implementation of a national Master Patient Index (MPI). The MPI provides the ability to view clinical data from various VA medical facilities via the remote data view functionality within the Computerized Patient Record System. The MPI provides the mechanism for linking patient information from multiple clinical, administrative, and financial records across VHA health care facilities, enabling an enterprise-wide view of individual and aggregate patient information.

VHA is examining its current health information processing environment to plan how to best implement improvements over the next 5 years. As part of this process, VHA is assessing:

- What a high-performance automated health system needs to provide.
- What the ideal health and information system would look like.
- What the advantages and disadvantages of our current system are.
- How best to use a phased approach for moving from the current to the ideal environment.

Currently VHA is enhancing the *VistA* platform by completing the Decision Support System and implementing *VistA* Imaging. Given funding availability, mid/long-term efforts will include development of a comprehensive health database that will be timely and universally accessible across the full continuum of care

settings. This platform will provide the basis for enhancements to eligibility/enrollment processing packages leading to attainment of *One VA* goals, the reengineering of the *VistA* Scheduling Package, and enhancements/improvements to the billing and fee basis systems.

VHA's Health_eVet-*VistA* project is focused on the replacement of the existing *VistA* legacy health care information system by rehosting, enhancing, and/or reengineering current health information applications on a modern robust technology platform. This effort will enrich the functionality currently available, benefiting veterans, clinical care providers, and the general public by expanding the availability and use of health care information. Health_eVet-*VistA* will provide veterans access to their personal health record through the MyHealth_eVet component and make these data available to the veterans' health care providers, enabling the veterans and health care providers to access and share the health record, access trusted health information, and access key supportive services including prescription drugs and appointments. Health_eVet-*VistA* will provide the transition to a veteran-centered health care system that will establish longitudinal electronic health records and track veteran visit history including their problems, orders, results, and treatments, and documentation across all visits. VA clinical care providers will have immediate access to critical information regardless of which facility the veteran visited.

Veterans Benefits Administration

VBA continues to focus on data reliability, accuracy, and consistency in all facets of its operations from claims processing to FTE hiring patterns. Whether these data are in legacy systems or a data warehouse environment, the output must be accurate and consistent in order to be effective. Managing the accuracy of these data necessitates an ongoing commitment. In 2004, VBA again invested resources in support of this commitment. By using data quality methods and strategies across all

its business lines, VBA continues to show improvements in the quality of its data.

The Office of Performance Analysis and Integrity (PA&I) reports directly to the Under Secretary for Benefits and now performs many of the data quality functions formerly carried out by other VBA components. PA&I assesses data for completeness, validity, consistency, timeliness, accuracy, and appropriateness of use as indicators. These data are extracted from VBA's systems of record (for example, Benefits Delivery Network) and are imported into an enterprise data warehouse. All front-end systems and reports are developed using business rules provided by the respective VBA business lines.

Prior to release, each report is subject to a process to ensure accuracy and adherence to business rules. Specific data validation reviews are conducted throughout the year and data anomalies are routinely investigated and corrected as necessary. Below are several of the projects and approaches used as part of our data quality practices.

- VBA continues to use a "push of a button" application which allows all field offices to download timely and consistent information useful to the operations of that office. The data warehouse integrates the ability to convert large quantities of select information into a spreadsheet format for further analyses.
- The Gulf War Veteran Information System allows for analysis using trend data on population growth for policy and legislation purposes including those dealing with Post Traumatic Stress Disorder and Amyotrophic Lateral Sclerosis. VBA's ongoing efforts to maintain data accuracy include reviews of data definitions and the associated data related to those definitions.
- The Inventory Management System allows Veterans Service Representatives, teams, coaches, and Veterans Services Center managers to plan proactive and systematic, workload or inventory management through timely and accurate access to integrated information. After a review of data reported by this system ascertained that one specific data element

(authorizations) was being omitted, VBA made a modification to ensure the correct level of authorizations was being reported.

- The Fiduciary Beneficiary System automatically generates monthly random samples of claims for national review. This random sample approach allows managers and field staff to review claims systematically, saving both time and resources. A review of the methodology used in calculating the completed and pending cases in this system determined that all data and reports were complete and valid.
- VBA field personnel incorporate data from other systems outside of the administration as part of its workload management practices. One such system, Veterans Appeals' Control and Locator System (VACOLS), is maintained by the VA Board of Veterans' Appeals (BVA). BVA and VBA periodically review the data in this system for consistency. In FY 2004, an in-depth review of various detail and summary reports was undertaken. As a result, modifications will be made to VACOLS reports, which will provide greater detail of individual appellate cases to VBA. This will improve the accuracy of case counts shown in VACOLS and those physically at field offices.
- Corporate WINRS is a comprehensive case management system used to maintain complete case histories, generate forms and letters, control authorizations and payments on behalf of the participants, and assist in scheduling and tracking appointments. Reports are generated regularly to identify invalid and inaccurate data. Business lines use these reports to correct discrepant data.
- Since the mid 1990's, VBA has developed a comprehensive program of customer satisfaction surveys for all of its major business lines. Surveys provide feedback on all aspects of the compensation and pension claims process, education benefits, VA home loans, transactions related to insurance policy holders, and the vocational rehabilitation and employment program. These surveys produce statistically valid performance data at the national and local regional office levels. The surveys are

professionally designed to measure all aspects of the business process as experienced by the veteran or family member. Through extensive use of focus groups, cognitive labs, piloting and pre-testing, the surveys are thoroughly tested and modified, and continue to be improved. These annual mail surveys follow the industry standard for pre-notification and follow-up reminders, resulting in high response rates. Capturing these comparable data within each business line facilitates trend analyses. PA&I conducts special analyses showing key drivers of customer satisfaction and comparisons of performance among regional offices to continue the focus on service improvements.

PA&I also gathers and reviews performance data on a monthly basis. This information is presented in report format as part of the Deputy Secretary's monthly performance review where data generated within VBA as well as provided to VBA are discussed for accuracy and consistency. Decisions for subsequent corrections of problem areas are addressed at the highest managerial levels.

National Cemetery Administration

Experience and recent historical data show that about 80 percent of those interred in national cemeteries resided within 75 miles of the cemetery at the time of death. From this experience, NCA considers eligible veterans to have reasonable access if a burial option (whether for casketed or cremated remains) is available within 75 miles of the veteran's place of residence. NCA determines the percent of veterans served by existing national and state veterans cemeteries within a reasonable distance of their residence by analyzing census data on the veteran population. Arlington National Cemetery, operated by the Department of the Army, and Andrew Johnson National Cemetery and Andersonville National Cemetery, operated by the Department of the Interior, are included in this analysis. In 2000, VA's Office of the Actuary released VetPop2000, the authoritative VA estimate and projection of the number and characteristics of veterans. From 2000

through 2002, actual performance was based on the VetPop2000 model using updated 1990 census data. Since 2003, actual performance and the target levels of performance have been based on a revised VetPop2000 model using 2000 census data. Projected openings of new national or state veterans cemeteries and changes in the service delivery status of existing cemeteries are also considered in determining the veteran population served. (Multiple counts of the same veteran population are avoided in cases of service-area overlap.)

NCA collects data monthly on the timeliness of marking graves through field station input to the Burial Operations Support System. After reviewing the data for general conformance with previous report periods, headquarters staff validates any irregularities through contact with the reporting station.

Since 2001, NCA has used an annual nationwide mail survey to measure the quality of service provided by national cemeteries as well as their appearance. The survey provides statistically valid performance information at the national and regional (Memorial Service Network (MSN)) levels and at the cemetery level for cemeteries having at least 400 interments per year. The survey collects data annually from family members and funeral directors who recently received services from a national cemetery. To ensure sensitivity to the

grieving process, NCA allows a minimum of 3 months after an interment before including a respondent in the sample population. VA headquarters staff oversees the data collection process and provides an annual report at the national level.

In FY 2003, NCA established standards and measures for key operational processes including interments, grounds maintenance, and headstones and markers. NCA established the Organizational Assessment and Improvement (OAI) Program to identify and prioritize continuous improvement opportunities, and to enhance program accountability by providing managers and staff at all levels with one NCA “scorecard.” In FY 2004, as part of the OAI Program, assessment teams drawn from national cemeteries, MSNs, and NCA Central Office began to conduct site visits to all national cemeteries, which will be visited on a rotating basis to validate performance reporting.

Office of Inspector General (OIG) Performance Audits

The OIG made an assessment of the Department’s data quality in the Major Management Challenges section of this report. This information is shown on pages 246-247.

Veterans Benefits Administration Quality Assurance Program (Millennium Act)

VBA maintains a quality assurance program independent of the field stations responsible for processing claims and delivering benefits. The following information about our programs including compensation and pension, education, vocational rehabilitation and employment, housing, and insurance is provided in accordance with title 38, section 7734.

Cases Reviewed and Employees Assigned by Program		
	Cases Reviewed	Employees Assigned
Compensation and Pension	17,110	18.0
Education	1,578	4.0
Vocational Rehabilitation and Employment	3,972	7.0
Housing	7,760	3.0
Insurance	11,640	4.0

Summary of Findings and Trends – Compensation and Pension

Accuracy reviews are accomplished through an outcome-based system, Statistical Technical Accuracy Review (STAR). STAR reports are based on the month that a case was completed, not when it was reviewed. Cases are requested to be submitted for review no later than the end of the following month.

Reviews of rating-related work and authorization-related products have a specific focus:

- **The benefit entitlement review** ensures all issues were addressed, Veterans Claims Assistance Act-compliant claim assistance was provided, and the resulting decision was correct, including effective dates.

- **The decision documentation/notification review** ensures adequate and correct decision documentation and proper decision notification.

The following are results for rating and authorization reviews for the 12-month period ending July 31, 2004:

	Rating		Authorization	
	Reviewed	Accuracy	Reviewed	Accuracy
Benefit Entitlement	6,797	87%	6,200	91%
Decision Documentation & Notification	6,797	90%	6,200	88%

The third type of review pertains to fiduciary work. The fiduciary review in FY 2004 was based on 4,113 cases through July 2004, with an accuracy rate of 81 percent. Most of the errors were found in the area of protection. "Protection" includes oversight of the fiduciary/beneficiary arrangement, analysis of accounting, adequacy of protective measures for the residual estate, and any measures taken to ensure that VA funds are used for the welfare and needs of the beneficiary and recognized dependents. If any of the individual components are in error, the entire case is in error.

Actions Taken to Improve Quality – Compensation and Pension

Regional offices are required to certify, on a quarterly basis, the corrective actions taken for errors documented by STAR. Reports on the corrective actions are submitted to VBA Headquarters, where they are reviewed to determine the adequacy of the corrective actions. Reliability of the reports is monitored during cyclical management site visits. Beginning in FY 2004, formal quality improvement plans were required from all regional offices with rating benefit entitlement accuracy below 80 percent.

Feedback on quality is provided to the field offices for training purposes. The STAR team uses a philosophy of consistency in review and a policy of assigning a dedicated STAR reviewer to specific field stations. Common STAR error findings are used for discussions and training during scheduled site visits and as agenda items for quarterly fiduciary program teleconference calls.

Training remains a priority and is conducted using a variety of mediums including satellite broadcasts, training letters, and computer-assisted training. Particular effort is made to ensure high-quality centralized training for new Veterans Service Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs).

VBA implemented a national individual performance review plan with standardized review categories, sample size, and performance standards for all VSRs and RVSRs.

VBA is continuing to work closely with VHA to improve the quality of examination requests and reports. Efforts include measuring request and report accuracy, developing training materials such as videotapes and satellite broadcasts, and sponsoring quality improvement training sessions for key medical center and regional office staff.

VBA has also initiated a program for out-basing RVSRs to selected VA medical centers to facilitate the examination process. Currently, there are 20

participating locations. These RVSRs are spending a part of their workday reviewing the examinations for quality as a part of a national review, which is the official performance measure for quality in this area. The STAR staff continues to conduct the majority of examination report quality reviews, but the out-based RVSRs' participation has significantly expanded review capacity.

Summary of Findings and Trends – Education

Education Service reviewed 1,578 cases this year. Of these cases, there were 66 decisions with payment errors and 256 with service errors (note: some cases had more than 1 service error). Eligibility and entitlement determinations constituted approximately 0.9 percent of the service errors, while development and due process notification errors were 2.3 and 4.6 percent, respectively. From 2003 to 2004, payment accuracy improved slightly from 93.5 percent to 93.6 percent.

Actions Taken to Improve Quality – Education

As in previous years, the FY 2004 quarterly quality results identified error trends and causes which became topics for refresher training in regional processing offices. In addition, annual appraisal and assistance visits provide recommendations for improving specific quality areas.

Education Service is continuing its project to develop standardized training and certification for employees. The project is expected to have a significant impact in raising quality scores and maintaining them at high levels as the project is fully implemented over the next few years.

Summary of Findings and Trends – Vocational Rehabilitation and Employment (VR&E)

In FY 2004, VR&E conducted quality reviews on 3,972 cases. The reviews were conducted over a 12-month period, with each station reviewed twice during the fiscal year. The goal was to review at least 64 cases from each station.

Accuracy Elements	September 2004
Accuracy of Entitlement Determinations	96%
Accuracy of Evaluation, Planning, and Service Delivery	86%
Accuracy of Fiscal Decisions	89%
Accuracy of Outcome Decisions	95%

Actions Taken to Improve Quality – Vocational Rehabilitation and Employment

There was significant improvement from FY 2003 in the VR&E accuracy scores. These changes are attributed to the following initiatives implemented over the last 2 years:

- The Quality Assurance (QA) Reconsideration Review Board continued to provide resolutions on stations' requests for reconsideration of decisions made during the QA reviews, and provided clarification on VR&E policies and guidelines on cases.
- Local QA reviews were implemented in all regional offices. Each regional office conducts a review of 10 percent of their caseload each year. QA reports for the national and local reviews were made available through an Intranet Web site that provided each regional office an account for their individual quality assessment and training needs.
- QA bulletins were published containing guidelines and clarifications on existing policies.

Summary of Findings and Trends – Housing

The housing program reviewed 7,760 cases under its statistical quality control program in FY 2004. The defect rate equaled 1.89 percent, with the current national accuracy index being 98.11 percent. This is an improvement of a .49 percentage point above 2003.

The housing quality assurance program includes elements beyond the review of cases. The Lender Monitoring Unit

performed 39 on-site audits and 34 in-house audits of lenders participating in VA's home loan program.

The Portfolio Loan Oversight Unit (PLOU) conducts two types of reviews: in-house and on-site. In-house reviews are conducted on a continuous basis; approximately 55,000 reviews were completed in FY 2004. PLOU reviewed billing invoices and completed performance reviews from the portfolio services contractor, Countrywide Home Loans (CHL), in addition to solving problems associated with portfolio loans and properties. Detailed analyses on over 5,700 portfolio loans (regarding loan amortization) were conducted during FY 2004.

Loan Guaranty staff conducted 9 on-site reviews of regional loan centers and eligibility centers identifying 129 strengths, 137 weaknesses, and 35 best practices, and mandating 35 corrective actions. On-site reviews were conducted in January 2004 at the CHL offices in Plano, Texas, covering foreclosure, bankruptcy, and loss mitigation issues. Off-site reviews of other CHL facilities were conducted in August and September 2004, covering customer service, delinquent loan servicing, taxes, insurance, etc., as well as updated reviews of some foreclosure elements.

On-site performance reviews are generally conducted in cooperation with VA's oversight review team, whose members include: Loan Guaranty Service (Loan Management); the Indianapolis RO-based branch of Loan Management (PLOU); the Office of Inspector General (Financial Audit Division); the Office of Financial Policy (Financial & Systems Quality Assurance Service); and the Office of Resource Management (Finance and Administrative Services).

In FY 2004, the reviews by Loan Management/PLOU recovered excessive contractor charges by an estimated \$58,500. Additional amounts identified by PLOU relating to real estate tax penalties on GI loan property conveyances exceeded \$224,000 as of the end of FY 2004. PLOU also discovered 356 real estate owned

(REO) records in CHL's system for properties VA had previously sold or returned to the custody of the loan-servicing provider. This will avoid future annual tax payments of approximately \$178,000. PLOU has identified over \$2.5 million in unwarranted costs resulting from delays or errors by the prior servicing contractor. Actions will be initiated to recover these monies.

VA audits of lenders during FY 2004 amounted to approximately \$1,310,927 in liability avoidance. The Lender Monitoring Unit also recovered approximately \$71,000 in overcharges. These overcharges were refunded directly to veterans.

Actions Taken to Improve Quality – Housing

The Loan Guaranty Service disseminates the results of statistical quality control (SQC) reviews to field loan guaranty divisions on a monthly basis. Loan Guaranty prepares and releases a trend report to field personnel that identifies negative trends and action items found during FY 2004 surveys. The report is published to assist field personnel in identifying frequent problems facing loan guaranty management. Additionally, summaries of best practices employed by individual field stations are distributed quarterly to all field stations with loan guaranty activity.

National training is provided to enhance the quality of service provided to veterans and to increase lender compliance with VA policies. Lenders who significantly failed to comply with policies were either required to enter into indemnification agreements with VA or immediately repay the agency for its losses.

VA awarded the Property Management Service Contract to Ocwen Federal Bank FSB (Ocwen) of West Palm Beach, Florida, on August 27, 2003. Under this contract, Ocwen manages and sells all VA-acquired properties as a result of foreclosure or termination of GI and portfolio loans. These assets are currently worth over a billion dollars. VA began transitioning properties

to Ocwen in early December 2003. Loan Guaranty established the Property Management Oversight Unit (PMOU) in 2004 to monitor the management and marketing of the properties by Ocwen. The PMOU monitors Ocwen's performance by inspecting properties nationwide to ensure compliance with the contract requirements and performs on-site case reviews at Ocwen's Orlando, Florida, operations center on a quarterly basis. The PMOU is also responsible for reviewing and certifying all payments made to Ocwen including reimbursement of out-of-pocket expenses on VA properties as well as the service provider fee due when the property is sold. This requires quality assurance checks to ensure that Ocwen is entitled to the reimbursement being claimed.

Summary of Findings and Trends – Insurance

The insurance program's principal quality assurance tool is the statistical quality control (SQC) review. It assesses the ongoing quality and timeliness of work products by reviewing a random sample of completed or pending work products. These work products are generally grouped into two broad categories based on the operating divisions in which they are performed – Policyholders Services or Insurance Claims Divisions.

Policyholders Services, whose work products deal with the maintenance of active insurance policies, had an overall accuracy rate of 97 percent for FY 2004. Work products included correspondence, applications, disbursements, record maintenance, refunds, and telephone inquiries. Insurance Claims is responsible for the payment of death and disability awards, the issuance of new coverage, and the processing of beneficiary designations. The accuracy rate for insurance claims work products was 98.5 percent. Work products included death claims, awards maintenance, beneficiary and option changes, disability claims, and medical applications. In total, 97.6 percent of all FY 2004 insurance work products were accurate.

Regarding timeliness, 97 percent of the work measured in Policyholders Services and 95 percent of the work measured in Insurance Claims were within accepted timeliness standards. In all, 96 percent of FY 2004 insurance work products were timely.

The insurance quality assurance program also includes internal control reviews and individual employee performance reviews. The internal control staff reviews 100 percent of all employee-prepared disbursements and also reviews insurance operations for fraud through a variety of reports. Reports are generated daily and identify death claims based on specific criteria that indicate possible fraud. Primary end products processed by employees in the operating divisions are evaluated based on the elements identified in the Individual Employee Performance Requirements. As a result of these controls, insurance disbursements have been 99.8 percent accurate.

Actions Taken to Improve Quality – Insurance

The Insurance Service uses SQC and employee performance review programs to measure quality and timeliness on an overall and individual basis. Both programs are valuable as training tools because they identify trends and problem areas. When a reviewer finds an error or discrepancy during a review, he or she prepares an exception sheet that clearly describes how the item was processed incorrectly. The noted item is then reviewed with the person who incorrectly processed the form.

SQC reviews are based on random samples of key work products and evaluate how well these work products are processed in terms of both quality and timeliness.

Exceptions are brought to the attention of the insurance operations division chiefs, unit supervisors, and employees who worked the case.

VBA's Insurance Service evaluates the SQC programs periodically to determine if they are functioning as intended. Currently the Insurance Service is examining error and discrepancy classifications and sample sizes.

Individual performance reviews are conducted monthly. The performance levels – critical and non-critical elements – are identified in the Individual Employee Performance Requirements. These reviews are based on a random sampling of the primary end products turned out by employees in the operating divisions. Those items found to have errors are returned to the employee for correction. At the end of the month, supervisors inform employees of their error rates and timeliness percentages as compared to acceptable standards.

The insurance program implemented a dozen job aids under the initiative called Skills, Knowledge and Insurance Practices and Procedures Embedded in Systems (SKIPPES). This program captures “best practices” for processing various work items and makes them available on each employee’s desktop. It is expected that the SKIPPES job aids will further reduce error rates and improve timeliness.

In addition to the above, the Internal Control Staff records and returns work with any errors they detect while conducting reviews. The records are continuously analyzed, and corrective training and other steps are taken to reduce/eliminate such errors.

Key Measures Data Table

Key Performance Measure	Definition	Data Source	
<p>Objective 1.2 Compensation and Pension: National accuracy rate (core rating work)</p>	<p>Processing accuracy for claims that normally require a disability or death determination. Review criteria include: addressing all issues, Veterans Claims Assistance Act (VCAA)-compliant development, correct decision, correct effective date, and correct payment date if applicable. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed.</p>	<p>Findings are entered in an Intranet database maintained by the Philadelphia LAN Integration Team and downloaded monthly to the PA&I information storage database. C&P Service owns the data.</p>	
<p>Objective 1.2 Compensation and Pension: Rating-related actions - average days to process</p>	<p>The average elapsed time (in days) it takes to complete claims that require a disability decision is measured from the date the claim is received by VA to the date the decision is made including the following types of claims: Original Compensation, with 1-7 issues (End Product (EP) 110), Original Compensation, 8 or more issues (EP 010), Original Service Connected Death Claim (EP 140), Reopened Compensation Claims (EP 020), Review Examination (EP 310), Hospitalization Adjustment (EP 320). For Pension cases, the category includes original pension claims (EP 180) and reopened pension claims (EP 120). The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed.</p>	<p>The source of data for this measure is the Benefits Delivery Network (BDN). The data are manually input by employees during the claims process. Results are also extracted from BDN by VA managers. C&P Service owns the data.</p>	
<p>Objective 1.2 Compensation and Pension: Rating-related actions - average days pending</p>	<p>The measure is calculated by dividing the total number of days recorded, from receipt to the last day of the current month, for all the cases yet to be completed in the specified end product categories, by the total number of cases yet to be completed in the specified categories.</p>	<p>The source of data for this measure is the Benefits Delivery Network (BDN).</p>	
<p>Objective 1.3 Vocational Rehabilitation and Employment Rehabilitation rate</p>	<p>The number of veterans who acquire and maintain suitable employment and leave the program, divided by the total number leaving the program. For those veterans with disabilities that make employment unfeasible, Vocational Rehabilitation and Employment (VR&E) seeks to assist them on becoming independent in their daily living.</p>	<p>VBA balanced scorecard and VR&E management reports</p>	

	Frequency	Data Limitations	Verification and Validation
	Case reviews are conducted daily. The review results are tabulated monthly and annually.	None	GAO has reviewed the process and reliability in detail. Two individuals from the Systematic Technical Staff examine each case reviewed. Any inconsistencies are addressed with training.
	Data are collected daily as awards are processed by employees. Results are tabulated at the end of the month and annually.	None	Data are analyzed weekly and results are recorded quarterly. Compensation and Pension Service calls the cases in for review from the Regional Offices with the highest rates of questionable practices.
	The element is a snapshot of the age of the inventory at the end of each processing month as well as annually.	None	Data are analyzed weekly and results are recorded quarterly by Compensation and Pension Service. Cases are called in for review from the Regional Offices with the highest rates of questionable practices.
	Quality Assurance Reviews evaluate the validity and reliability of data and are conducted twice a month. A review of balanced scorecard data is completed monthly.	None	Quality assurance (QA) reviews are completed by each station and VR&E Service. The QA program was set up to review samples of cases for accuracy and to provide scoring at the RO level. In response to a FY 2000 IG Audit, the following items were undertaken to address the IG recommendations for improving accuracy of data: 1) Quality Assurance Satellite Broadcast was held on May 7, 2003. 2) VR&E Letter 28-03-03, Policies to Improve Accuracy of Data Used to Compute Rehabilitation Rate, was sent out to the field on April 30, 2003. 3) VR&E Letter 28-03-12, Recent Changes to VR&E Quality Assurance Program, confirms that VR&E service reviews 64 cases per station each year and all field stations are conducting local QA Reviews on 10% of their caseload effective November 2002. 4) VR&E Outcome Accuracy measure has been added to the VARO Directors' performance standards. 5) Letter was sent requiring all field VR&E Officers' signature on all outcome cases.

Key Performance Measure	Definition	Data Source	
<p>Objective 2.2 Average days to complete original and supplemental education claims</p>	<p>Elapsed time, in days, from receipt of a claim in the regional processing office to closure of the case by issuing a decision. Original claims are for first-time use of this benefit. Any subsequent school enrollment is considered a supplemental claim.</p>	<p>Education claims processing timeliness is measured by using data captured automatically through VBA's Benefits Delivery Network. This information is generated through the VBA data warehouse generated reports. (Coin-Door 1016).</p>	
<p>Objective 2.3 Foreclosure avoidance through servicing (FATS) ratio</p>	<p>The FATS ratio measures the effectiveness of VA supplemental servicing of defaulted guaranteed loans. The ratio measures the extent to which foreclosures would have been greater had VA not pursued alternatives to foreclosure.</p>	<p>Data are extracted from the Loan Service and Claims (LS&C) System. This system is used to manage defaults and foreclosures of VA-guaranteed loans.</p>	
<p>Objective 3.1 Percent of patients rating VA health care service as very good or excellent: Inpatient and Outpatient</p>	<p>This measure uses a survey that consists of a sample of inpatients and a sample of outpatients who respond to a question on the semi-annual inpatient and the quarterly outpatient surveys. The denominator is the total number of patients sampled who answered the question, "Overall, how would you rate your quality of care?" The numerator is the number of patients who respond 'very good' or 'excellent.'</p>	<p>Survey of Health Experiences of Patients</p>	
<p>Objective 3.1 Percent of primary care appointments scheduled within 30 days of desired date.</p>	<p>This measure tracks the time between when the primary care appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled. The percent is calculated using the numerator, which is those scheduled within 30 days of desired date (includes both new and established patient experiences), and the denominator, which is all appointments in primary care clinics posted in the scheduling software during the review period.</p>	<p>Vista scheduling software</p>	
<p>Objective 3.1 Percent of specialist appointments scheduled within 30 days of desired date.</p>	<p>This measure tracks the number of days between when the specialty appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled. This includes both new and established specialty care patients. The percent is calculated using the numerator, which is all appointments scheduled within 30 days of desired date and the denominator, which is all appointments posted in the scheduling software during the review period in selected high volume/key specialty clinics.</p>	<p>Vista scheduling software</p>	

	Frequency	Data Limitations	Verification and Validation
	Monthly	None	The Education Service staff in VA Central Office confirms reported data through ongoing quality assurance reviews conducted on a statistically valid sample of cases. Dates of claims are reviewed in the sample cases to ensure they are reported accurately. Each year, Central Office staff reviews a sample of cases from each of the four RPOs. Samples are selected randomly from a database of all quarterly end products. The results are valid at the 95 percent confidence level. Reviewers validate dates of claims for all cases reviewed.
	Data are collected on a monthly basis.	There are five components that make up the FATS ratio. The four involving financial transactions are auditable. The fifth component, successful interventions, is based on employee interpretation of established criteria.	Data for the FATS ratio are validated by a review of a sample of case files during survey visits by the Loan Guaranty Quality Control staff to its Regional Loan Centers.
	Surveys are conducted: Inpatient - Semi-annually Outpatient - Quarterly.	None	Routine statistical analysis is performed to evaluate the data quality, survey methodology, and sampling processes. Questions are routinely analyzed to determine the areas where change would have the biggest impact in overall quality perception.
	Monthly	None	The <i>Vista</i> scheduling software requires minimal interpretation from an employee to ensure accuracy of data collection.
	Monthly	None	The <i>Vista</i> scheduling software requires minimal interpretation from an employee to ensure accuracy of data collection.

Key Performance Measure	Definition	Data Source	
Objective 3.1 Clinical Practice Guidelines Index	The Clinical Practice Guidelines Index is a composite measure comprised of the evidence and outcomes-based measures for high-prevalence and high-risk diseases that have significant impact on overall health status. The indicators within the Index are comprised of several clinical practice guidelines in the areas of ischemic heart disease, hypertension, diabetes mellitus, major depressive disorder, schizophrenia, and tobacco use cessation. The percent compliance is an average of the separate indicators.	External contractor reviews statistically valid random sample of medical records.	
Objective 3.1 Prevention Index II	The Prevention Index is an average of nationally recognized primary prevention and early detection recommendations for nine diseases or health factors that significantly determine health outcomes. It consists of 9 separate indicators that include: rate of immunizations for influenza and Pneumococcal pneumonia and screening for tobacco consumption, alcohol abuse, breast cancer, cervical cancer, colorectal cancer, prostate cancer education, and cholesterol levels. Each indicator's numerator is the number of patients in the random sample who actually received the intervention they were eligible to receive. The denominator is the number of patients in the random sample who were eligible to receive the intervention.	External contractor reviews statistically valid random sample of medical records.	
Objective 3.1 Increase non-institutional long-term care as expressed by average daily census	The number is the Average Daily Census of veterans enrolled in Home and Community-Based Care programs (Home-Based Primary Care, Contract Home Health Care, Adult Day Health Care (VA and Contract), and Homemaker/Home Health Aide Services).	This measure is the average daily census of the non-institutional home and community home-based non-institutional care available for eligible veterans.	
Objective 3.3 Average days to process insurance disbursements	Insurance disbursements are death claims paid to beneficiaries, policy loans, and cash surrenders requested by policyholders. Average processing days are a weighted composite for all three types of disbursements based on the number of end products and timeliness for each category. Processing time begins when the veteran's application or beneficiary's fully completed claim is received and ends when the internal controls staff approves the disbursement. The average processing days for death claims is multiplied by the number of death claims processed. The same calculation is done for loans and cash surrenders. The sum of these calculations is divided by the sum of death claims, loans, and cash surrenders processed to arrive at the weighted average processing days for disbursements.	Data on processing time are collected and stored through the Statistical Quality Control (SQC) Program and the Distribution of Operational Resources (DOOR) system.	

	Frequency	Data Limitations	Verification and Validation
	Data are reported quarterly with a cumulative average determined annually.	None	Review is performed by an external contractor to ensure accuracy of findings. In addition, validity and reliability of the collected data are evaluated using accepted statistical methods along with inter-rater reliability assessments that are performed each quarter.
	Data are reported quarterly with a cumulative average determined annually	None	Review is performed by an external contractor to ensure accuracy of findings. In addition, validity and reliability of the collected data are evaluated using accepted statistical methods along with inter-rater reliability assessments that are performed each quarter.
	Quarterly	None	The data are collected and tracked by VHA's Office of Geriatrics and Extended Care (G&EC) Strategic Healthcare Group.
	Monthly	None	The Insurance Service periodically evaluates the SQC Program to determine if it is being properly implemented. The composite weighted average processing days measure is calculated by the Insurance Service and is subject to periodic reviews. Timeliness information is considered to be valid for management of operations.

Key Performance Measure	Definition	Data Source	
<p>Objective 3.4 Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence</p>	<p>The measure is the number of veterans served by a burial option divided by the total number of veterans, expressed as a percentage. A burial option is defined as a first family member interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state veterans cemetery that is available within 75 miles of the veteran's place of residence.</p>	<p>From 2000 through 2002, the number of veterans and the number of veterans served were extracted from the VetPop2000 model using updated 1990 census data. Beginning in 2003, the number of veterans and the number of veterans served were extracted from a revised VetPop2000 model using 2000 census data.</p>	
<p>Objective 3.4 Percent of respondents who rate the quality of service provided by the national cemeteries as excellent</p>	<p>The number of survey respondents who agree or strongly agree that the quality of service received from national cemetery staff is excellent divided by the total number of survey respondents, expressed as a percentage. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.</p>	<p>NCA's Survey of Satisfaction with National Cemeteries</p>	
<p>Objective 3.5 Percent of graves in national cemeteries marked within 60 days of interment</p>	<p>The number of graves in national cemeteries for which a marker has been set at the grave or the reverse inscription completed within 60 days of the interment divided by the number of interments, expressed as a percentage.</p>	<p>NCA'S Burial Operations Support System (BOSS) as input by field stations.</p>	
<p>Objective 4.2 Number of Career Development Awardees</p>	<p>The objective of the Career Development program is to build and maintain the number of VA clinicians who can conduct research in areas of high relevance to the health care of veterans. The performance measure target is an annual count of all the career development awardees in each of the four services of the VA Research and Development Program: Laboratory Science, Health Services Research, Rehabilitation Research, and Clinical Science.</p>	<p>Annual survey of all facilities by the Research Office</p>	
<p>Objective 4.5 Percent of respondents who rate national cemetery appearance as excellent</p>	<p>The number of survey respondents who agree or strongly agree that the overall appearance of the national cemetery is excellent divided by the total number of survey respondents, expressed as a percentage. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.</p>	<p>NCA's Survey of Satisfaction with National Cemeteries</p>	
<p>Objective E-4 Ratio of collections to billings</p>	<p>The collections to billings ratio is a calculation based on the total cumulative fiscal year collections divided by the total cumulative billings. VA cannot collect from Medicare; however, 100 percent of the charges must be included to assert claims to Medicare supplemental carriers. The resulting ratio is comparatively lower than the private sector standard.</p>	<p>The collections and billed data are extracted from the National Data Base in the Allocation Resource Center (ARC).</p>	
<p>Objective E-4 Dollar value of sharing agreements with DoD (Joint Measure with VBA) (\$ in millions)</p>	<p>This measure is based on the total dollar value of sharing agreements VA has entered into with DoD.</p>	<p>Data are collected and reported by the VHA Medical Sharing Office based on information reported by VISNs through the VISN Support Services Center.</p>	

	Frequency	Data Limitations	Verification and Validation
	Recalculated annually or as required by the availability of updated veteran population census data. Projected openings of new national or state veterans cemeteries and changes in the service delivery status of existing cemeteries also determine the veteran population served.	Provides performance data at specific points in time as veteran demographics change.	In 1999, the OIG performed an audit assessing the accuracy of the data used for this measure. Data were revalidated in the 2002 report entitled Volume 1: Future Burial Needs, prepared by an independent contractor as required by the Veterans Millennium Health Care and Benefits Act, P.L. 106-117.
	Annually	None	VA Headquarters staff oversees the data collection process and provides an annual report at the national level. MSN and cemetery level reports are provided to NCA management. The mail-out survey provides statistically valid performance information at the national and MSN levels and at the cemetery level for cemeteries having at least 400 interments per year.
	Monthly	None	VA Headquarters staff oversees the data collection process to validate its accuracy and integrity. Monthly and fiscal-year-to-date reports are provided at the national, MSN, and cemetery levels.
	Annually	None	Program managers track the number of career development applicants as well as new and current awardees and report that information to the VA Research & Development Computing Center where it is compiled.
	Annually	None	VA Headquarters staff oversees the data collection process and provides an annual report at the national level. MSN and cemetery level reports are provided to NCA management. The mail-out survey provides statistically valid performance information at the national and MSN levels and at the cemetery level for cemeteries having at least 400 interments per year.
	Quarterly	None	The data are routinely validated and verified by program personnel and ARC for accuracy.
	Quarterly	Data are self-reported by the VISNs, but felt to be accurate.	The data are validated by the VISNs through their normal accounting system.

Performance Measures Tables

The following tables display our key and supporting measures both by strategic goal and objective, and by organization and program.

For each measure, we show available trend data for 5 years. The actual result is designated as follows:

- Target was met or exceeded (green or G).
- Target was not met, but the deviation did not significantly affect goal achievement (yellow or Y).
- Target was not met, and the difference significantly affected goal achievement (red or R).

For each "red" measure (in the table of measures by program), we provide a brief explanation of why there was a significant deviation between the actual and planned performance level, and we briefly identify the steps being taken to ensure goal achievement in the future. We will publish final data in the FY 2006 Congressional budget and/or the FY 2005 Performance and Accountability Report.

The table showing measures by organization and program includes the total amount of resources (FTE and obligations) for each program. The GPRA program activity structure is somewhat different from the program activity structure shown in the program and financing (P&F) schedules of the President's budget. However, all of the P&F schedules have been aligned with one or more of our programs to ensure all VA program activities are covered. The program costs (obligations) represent the estimated total resources available for each of the

programs, regardless of which organizational element has operational control of the resources. The performance measures and associated data for each major program apply to the entire group of schedules listed for that program.

VA uses the balanced measures concept to monitor program and organizational performance. We examine and regularly monitor several different types of measures to provide a more comprehensive and balanced view of how well we are performing. Taken together, the measures demonstrate the balanced view of performance we use to assess how well we are doing in meeting our strategic goals, objectives, and performance targets.

VA continues working to ensure the quality and integrity of our data. The Key Measures Data Table starting on page 130 provides the definition, data source, frequency of collection, any data limitations, and the method of verification and validation for each key measure. The Assessment of Data Quality beginning on page 120 provides an overall view of how our programs verify and validate data for all of the measures. Definitions for the supporting measures are located in Part IV beginning on page 284.

Strategic Goals, Objectives, and Performance Measures
 (Explanations of performance are found in the Performance Measures by Program table)
 (Key Measures are in bold)
 (G = Green; Y = Yellow; R = Red)

Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
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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.

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

Prevention Index II (Special Populations) (through June)	N/A	N/A	N/A	80%	* 86% G	80%
Percent of veterans who were discharged from a Domiciliary Care for Homeless Veterans (DCHV) Program, or HCHV Community-based Contract Residential Care Program to an independent or a secured institutional living arrangement (through June)	N/A	N/A	65%	72%	* 79% G	67%

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

Average number of days to obtain service medical records (Comp)	N/A	N/A	N/A	N/A	N/A	TBD
Percent of compensation recipients who were kept informed of the full range of available benefits (Comp) (a) Results will not be available until 2005	37%	39%	40%	42%	(a)	40%
Percent of compensation recipients who perceive that VA compensation redresses the effect of service-connected disability in diminishing the quality of life (Comp)	N/A	N/A	N/A	N/A	** TBD	50%
Percent of veterans in receipt of compensation whose total income exceeds that of like circumstanced veterans (Comp)	N/A	N/A	N/A	N/A	** TBD	TBD
National accuracy rate (core rating work) (Compensation & Pension) (through July)	N/A	89%	81%	86%	* 87% Y	90%
Overall satisfaction (Compensation & Pension) (a) Results will not be available until 2005	56%	56%	58%	59%	(a)	70%
Rating-related actions - average days to process (Compensation & Pension)	173	181	223	182	166 R	145
Rating-related actions - average days pending (Compensation & Pension)	138	182	174	111	118 R	80
Non-rating actions - average days to process (Compensation & Pension)	50	55	60	59	58 R	40
Non-rating actions - average days pending (Compensation & Pension)	84	117	96	108	102 R	62
National accuracy rate (authorization work) (Compensation & Pension) (through July)	51%	65%	80%	88%	* 91% G	87%

* These are preliminary or estimated actual data; final data will be published in the FY 2006 Congressional Budget and/or the FY 2005 Performance and Accountability Report.

Strategic Goals, Objectives, and Performance Measures
 (Explanations of performance are found in the Performance Measures by Program table)
 (Key Measures are in bold)
 (G = Green; Y = Yellow; R = Red)

Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
National accuracy rate (fiduciary work) (Compensation & Pension) (through July) (1) Correction	(1) 59%	(1) 68%	(1) 84%	77%	* 81% Y	88%
Telephone activities - abandoned call rate (Compensation & Pension) (through August)	6%	6%	9%	9%	* 7% Y	3%
Telephone activities - blocked call rate (Compensation & Pension)	3%	3%	7%	3%	2% G	3%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (completed) (%) (Compensation & Pension) (1) Correction	(1) 6%	(1) 13%	(1) 9%	11%	12% Y	8%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (pending) (%) (Compensation & Pension)	N/A	N/A	16%	20%	14% Y	12%
Appeals resolution time (Days) (Joint measure with C&P) (BVA)	682	595	731	633	529 Y	520
Deficiency-free decision rate (BVA)	86%	87%	88%	89%	93% G	91%
BVA Cycle Time (Days)	172	182	86	135	98 G	155
Appeals decided per Veterans Law Judge (BVA)	594	561	321	604	691 G	619
Cost per case (BVA)	\$1,219	\$1,401	\$2,702	\$1,493	\$1,302 G	\$1,444
** Pending Program Outcome Study. Study was cancelled in 2004 because of the new Disability Compensation Commission. Study will be conducted in CY 2005. The Commission first met in August 2004 and the results are tentatively expected 15 months thereafter.						

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

Speed of entitlement decisions in average days (VR&E)	75	62	65	63	57 G	60
Accuracy of decisions (Services) (VR&E) (1) Correction	85%	79%	81%	(1) 82%	86% Y	90%
Accuracy of program outcome (VR&E)	N/A	N/A	81%	81%	94% G	92%
Rehabilitation rate (VR&E)	65%	65%	62%	59%	62% Y	67%
Customer satisfaction (Survey) (VR&E) (a) Results will not be available until 2005	74%	76%	77%	N/A	(a)	82%

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Strategic Goals, Objectives, and Performance Measures
 (Explanations of performance are found in the Performance Measures by Program table)
 (Key Measures are in bold)
 (G = Green; Y = Yellow; R = Red)

Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Common Measures						
Percent of participants employed first quarter after program exit (VR&E)	N/A	N/A	N/A	N/A	N/A	TBD
Percent of participants still employed three quarters after program exit (VR&E)	N/A	N/A	N/A	N/A	N/A	TBD
Percent change in earnings from pre-application to post-program employment (VR&E)	N/A	N/A	N/A	N/A	N/A	TBD
Average cost of placing participant in employment (VR&E)	N/A	N/A	N/A	N/A	N/A	TBD

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

Average days to process - DIC actions (Comp) (1) Correction	122	133	172	(1) 153	125 G	126
Percent of DIC recipients above the poverty level (Comp)	N/A	N/A	N/A	N/A	99% G	75%
Percent of DIC recipients who are satisfied that the VA recognized their sacrifice (Comp)	N/A	N/A	N/A	N/A	80% G	50%

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

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

Percent of claimants who are Benefits Delivery at Discharge (BDD) participants (Comp)	N/A	N/A	N/A	22%	20% Y	25%
Percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons (estimated actual)	N/A	N/A	0%	100%	* 100% G	100%

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

Montgomery GI Bill usage rate: All program participants (Education)	57%	58%	56%	58%	59% Y	60%
Montgomery GI Bill usage rate: Veterans who have passed their 10-year eligibility period (Education)	N/A	N/A	N/A	66%	66% G	66%

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Strategic Goals, Objectives, and Performance Measures
 (Explanations of performance are found in the Performance Measures by Program table)
 (Key Measures are in bold)
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Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Compliance survey completion rate (Education) (1) Correction	94%	92%	93%	(1) 93%	94% G	90%
Customer satisfaction-high ratings (Education) (a) Results will not be available until 2005	82%	86%	87%	89%	(a)	87%
Telephone Activities - Blocked call rate (Education)	39%	45%	26%	13%	20% Y	18%
Telephone Activities - Abandoned call rate (Education)	17%	13%	11%	7%	10% Y	8%
Payment accuracy rate (Education)	96%	92%	93%	94%	94% G	94%
Average days to complete original education claims	36	50	34	23	26 Y	24
Average days to complete supplemental education claims	22	24	16	12	13 Y	12

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

Veterans satisfaction (Housing) (1) Correction (a) Results will not be available until 2005	(1) 94%	(1) 94%	(1) 94%	(1) 95%	(a)	96%
Statistical quality index (Housing) (through August) (1) Correction	94%	96%	97%	(1) 98%	* 98% G	97%
Foreclosure avoidance through servicing (FATS) ratio (Housing) (1) Correction	30%	40%	43%	(1) 45%	44% Y	47%
Home Purchase - Percent of active duty personnel and veterans that could not have purchased a home without VA assistance (Housing)	N/A	N/A	N/A	N/A	N/A	N/A

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

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

Percent of patients rating VA health care service as very good or excellent:							
	Inpatient (through March)	66%	64%	70%	(1) 74%	* 74% G	70%
	Outpatient (through March) (1) Correction	64%	65%	71%	(1) 73%	* 72% G	72%
Average waiting time for new patients seeking primary care clinic appointments (in days) (through June)	N/A	N/A	N/A	42	* 37 Y	30	
Average waiting time for patients seeking a new specialty clinic appointment (in days) (through June)	N/A	N/A	N/A	45	* 41 Y	30	

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Strategic Goals, Objectives, and Performance Measures
 (Explanations of performance are found in the Performance Measures by Program table)
 (Key Measures are in bold)
 (G = Green; Y = Yellow; R = Red)

Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Percent of primary care appointments scheduled within 30 days of desired date (through June)	N/A	87%	89%	93%	* 94% G	93%
Percent of specialist appointments scheduled within 30 days of desired date (1) results as of 9/30, (2) reflects cum. for year, (3) 8 clinical areas now included instead of 5 (through June)	N/A	(1) 84%	(1) 86%	(2) 89%	* (3) 93% G	(3) 90%
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities (through March)	N/A	63%	65%	67%	* 69% G	65%
Average waiting time for next available appointment in primary care clinics (in days) (through June)	N/A	37.5	37	25	* 18 G	34
Average waiting time for next available appointment in specialty clinics (in days) (through June)	N/A	N/A	N/A	45	* 27 G	30
Percent of all patients evaluated for the risk factors for hepatitis C (through June)	N/A	51%	85%	95%	* 98% G	90%
Percent of all patients tested for hepatitis C subsequent to a positive hepatitis C risk factor screening (through June)	N/A	48%	62%	84%	* 97% G	85%
Clinical Practice Guidelines Index (through June)	N/A	N/A	Baseline	70%	* 77% G	70%
Prevention Index II (through June)	N/A	80%	82%	83%	* 88% G	82%
Percent of clinical software patches installed on time:						
CPRS (through June)	N/A	67%	70%	96%	* 98% G	72%
BCMA (through June)	N/A	82%	85%	94%	* 96% G	87%
Imaging (through June)	N/A	57%	60%	88%	* 89% G	62%
Increase non-institutional long-term care as expressed by average daily census (estimated actual)	N/A	N/A	24,126	24,413	* 29,631 G	29,631
Percent of outpatient encounters that have electronic progress notes signed within 2 days (through June)	N/A	N/A	N/A	N/A	* 84%	Baseline
Quality - The percentage of diabetic patients taking the HbA1c blood test in the past year (through June)	N/A	N/A	93%	94%	* 95% G	93%

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Strategic Goals, Objectives, and Performance Measures
(Explanations of performance are found in the Performance Measures by Program table)
(Key Measures are in bold)
(G = Green; Y = Yellow; R = Red)

Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
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Objective 3.2: Process pension claims in a timely and accurate manner to provide eligible veterans and their survivors a level of income that raises their standard of living and sense of dignity.

Percent of pension recipients who were informed of the full range of available benefits (Pension) (a) Results will not be available until 2005	39%	40%	38%	39%	(a)	40%
Percent of pension recipients who said their claim was very or somewhat fair (Pension) (a) Results will not be available until 2005	64%	63%	65%	62%	(a)	53%
National accuracy rate (core rating work) (Compensation & Pension) (through July)	N/A	89%	81%	86%	* 87% Y	90%
Overall satisfaction (Compensation & Pension) (a) Results will not be available until 2005	56%	56%	58%	59%	(a)	70%
Rating-related actions - average days to process (Compensation & Pension)	173	181	223	182	166 R	145
Rating-related actions - average days pending (Compensation & Pension)	138	182	174	111	118 R	80
Non-rating actions - average days to process (Compensation & Pension)	50	55	60	59	58 R	40
Non-rating actions - average days pending (Compensation & Pension)	84	117	96	108	102 R	62
National accuracy rate (authorization work) (Compensation & Pension) (through July)	51%	65%	80%	88%	* 91% G	87%
National accuracy rate (fiduciary work) (Compensation & Pension) (through July) (1) Correction	(1) 59%	(1) 68%	(1) 84%	77%	* 81% Y	88%
Telephone activities - abandoned call rate (Compensation & Pension) (through August)	6%	6%	9%	9%	* 7% Y	3%
Telephone activities - blocked call rate (Compensation & Pension)	3%	3%	7%	3%	2% G	3%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (completed) (%) (Compensation & Pension) (1) Correction	(1) 6%	(1) 13%	(1) 9%	11%	12% Y	8%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (pending) (%) (Compensation & Pension)	N/A	N/A	16%	20%	14% Y	12%

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Strategic Goals, Objectives, and Performance Measures
 (Explanations of performance are found in the Performance Measures by Program table)
 (Key Measures are in bold)
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Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
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Objective 3.3: Maintain a high level of service to insurance policy holders and their beneficiaries to enhance the financial security for veterans' families.

High customer ratings (Insurance)	96%	96%	95%	95%	96% G	95%
Low customer ratings (Insurance)	2%	2%	3%	3%	2% G	2%
Percentage of blocked calls (Insurance)	4%	3%	1%	0%	1% G	2%
Average hold time in seconds (Insurance)	20	17	18	17	17 G	20
Average days to process insurance disbursements	3.2	2.8	2.6	2.4	1.8 G	2.7

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

Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence (NCA)	72.6%	72.6%	73.9%	75.2%	75.3% G	75.3%
Percent of veterans served by a burial option in a national cemetery within a reasonable distance (75 miles) of their residence (NCA)	67.5%	66.0%	66.6%	66.6%	66.6% G	66.6%
Percent of veterans served by a burial option only in a state veterans cemetery within a reasonable distance (75 miles) of their residence (NCA)	5.1%	6.6%	7.3%	8.6%	8.7% G	8.7%
National Accuracy Rate for burial claims processed (Data tracked by VBA) (through July)	62%	72%	85%	92%	* 94% G	90%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent (NCA)	88%	92%	91%	94%	94% Y	95%
Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours (NCA)	N/A	75%	73%	73%	73% Y	75%

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Strategic Goals, Objectives, and Performance Measures
 (Explanations of performance are found in the Performance Measures by Program table)
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Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Cumulative number of kiosks installed at national and state veterans cemeteries (NCA)	24	33	42	50	60 G	60
Average number of days to process a claim for reimbursement of burial expenses (Data tracked by VBA)	35	40	48	42	48 Y	40

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

Percent of graves in national cemeteries marked within 60 days of interment (NCA)	N/A	N/A	49%	72%	87% G	78%
Percent of headstones and markers ordered by national cemeteries for which inscription data are accurate and complete (NCA)	N/A	N/A	N/A	N/A	98%	Baseline
Percent of headstones and markers that are undamaged and correctly inscribed (NCA)	97%	97%	96%	97%	97% Y	98%
Percent of headstones and markers ordered online by other federal and state veterans cemeteries using BOSS (NCA)	87%	89%	89%	90%	91% G	90% G
Percent of individual headstone and marker orders transmitted electronically to contractors (NCA)	89%	92%	92%	95%	100% G	97%
Percent of Presidential Memorial Certificates that are accurately inscribed (NCA)	98%	98%	98%	99%	99% G	99%

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

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

Percent of Group 1 emergency preparedness officials who receive training or, as applicable, who participate in exercises relevant to VA's COOP plan on the National level (OPP&P)	30%	60%	60%	75%	100% G	85%
Percent of Group 2 emergency preparedness officials who receive training or, as applicable, who participate in exercises relevant to VA's COOP plan on the National level (OPP&P)	N/A	N/A	60%	65%	42% R	75%

Strategic Goals, Objectives, and Performance Measures
 (Explanations of performance are found in the Performance Measures by Program table)
 (Key Measures are in bold)
 (G = Green; Y = Yellow; R = Red)

Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Objective 4.2: Advance VA medical research and development programs that address veterans' needs, with an emphasis on service-connected injuries and illnesses, and contribute to the Nation's knowledge of disease and disability.						
Number of Career Development Awardees	195	193	209	210	229 Y	237
Sustain 2002 level of partnering opportunities with: Veterans Service Organizations; other Federal Agencies; non-profit foundations, e.g., American Heart Association, American Cancer Society; and private industry, e.g., pharmaceutical companies (estimated actual)	137	139	139	139	* 139 G	139
Objective 4.3: Sustain partnerships with the academic community that enhance the quality of care to veterans and provide high-quality educational experiences for health care trainees.						
Medical residents' and other trainees' scores on a VHA Survey assessing their clinical training experience (through June)	N/A	84	83	83	* 83 G	82
Objective 4.4: Enhance the socioeconomic well-being of veterans, and thereby the Nation and local communities, through veterans' benefits; assistance programs for small, disadvantaged, and veteran-owned businesses; and other community initiatives.						
Attainment of statutory minimum goals for small business concerns as a percent of total procurement (OSDBU) (1) Correction	33%	(1) 32.6%	(1) 31.2%	31.8%	N/A	23%
Objective 4.5: Ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.						
Percent of respondents who rate national cemetery appearance as excellent (NCA)	82%	96%	97%	97%	98% G	98%
Percent of respondents who would recommend the national cemetery to veteran families during their time of need (NCA)	N/A	97%	98%	97%	97% Y	98%
Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment (NCA)	N/A	N/A	N/A	N/A	64%	Baseline
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations (NCA)	N/A	N/A	N/A	N/A	76%	Baseline

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Strategic Goals, Objectives, and Performance Measures
 (Explanations of performance are found in the Performance Measures by Program table)
 (Key Measures are in bold)
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Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
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Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

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

Percent of cases using alternate dispute resolution (ADR) techniques (BCA)	13%	29%	54%	58%	60% Y	70%
Percent of employees who are aware that ADR is an option for addressing workplace disputes (BCA)	70%	75%	80%	85%	90% G	80%

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

Participation rate in the monthly Minority Veterans Program Coordinators (MVPC) conference call (Center for Minority Veterans) (1) Correction	27%	20%	30%	(1) 60%	70% Y	75%
Increase the percent of funded grants providing services to homeless veterans that are faith-based (OPIA)	N/A	N/A	N/A	30%	30% Y	33%

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

Number of business lines transformed to achieve a secure veteran-centric delivery process that would enable veterans and their families to register and update information, submit claims or inquiries, and obtain status (IT)	N/A	N/A	N/A	N/A	0 R	2
Percent increase in the annual IT budget above the previous year's budget (excluding pay raise and inflation increases) (IT)	N/A	N/A	N/A	0%	3.1% Y	0%

Strategic Goals, Objectives, and Performance Measures
 (Explanations of performance are found in the Performance Measures by Program table)
 (Key Measures are in bold)
 (G = Green; Y = Yellow; R = Red)

Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Percent decrease of annual IT budget spent on sustainment, shifting corresponding savings to modernization (zero sum gain) (IT)	N/A	N/A	N/A	5%	1.5% Y	5%

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

Dollar value of 1st party and 3rd party collections:						
1st Party (\$ in millions)	\$176	\$231	\$486	\$685	\$742 Y	\$792
Dollar value of 1st party and 3rd party collections:						
3rd Party (\$ in millions) (1) (Correction)	\$397	\$540	(1) \$690	\$804	\$960 G	\$917
Acute Bed Days of Care (BDOC)/1000 (estimated actual)	1,002	895	900	1,000	* 1,000 G	1,000
Outpatient visits/1000:						
Med/Surg (estimated actual)	2.7	2.4	2.4	2.4	* 2.4 G	2.4
Mental Health (estimated actual)	8.4	8.1	8.1	8.1	* 8.1 G	8.1
Ratio of collections to billings (expressed as a percentage) (estimated actual)	28%	31%	37%	41%	* 41% G	41%
Cost - Obligations per unique patient user	N/A	N/A	\$4,928	\$5,202	\$5,562 Y	\$5,536
Efficiency - Average number of appointments per year per FTE	N/A	N/A	2,719	2,856	2,868 G	2,700
Dollar value of sharing agreements with DoD (Joint Measure with VBA) (\$ in millions)	N/A	\$58	\$83	\$105	\$120 G	\$116
Percent increase of EDI usage over base year of 1997 (OM)	86%	178%	235%	320%	884% G	245%
Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements (OM)	0	0	0	0	0 G	0
Number of material weaknesses identified during the Annual Financial Statement Audit or Identified by Management (OM)	11	12	6	5	4 G	4
Cumulative % of commercially eligible FTE on which competitive sourcing studies are completed (OPP&P)	N/A	N/A	5%	12%	0% R	53%

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Strategic Goals, Objectives, and Performance Measures
(Explanations of performance are found in the Performance Measures by Program table)
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Performance Measures	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Decrease underutilized space from FY 03 baseline of 19,930,244 sq ft (OAEM)	N/A	N/A	N/A	Baseline	28,994,639	TBD
Decrease vacant space from FY 03 baseline of 8,874,544 sq ft (OAEM)	N/A	N/A	N/A	Baseline	8,536,758	TBD
Reduce facility energy consumption relative to a 1985 baseline (OAEM)	N/A	N/A	N/A	N/A	TBD	TBD
(1) Number of indictments, arrests, convictions, administrative sanctions, and pretrial diversions:	1,361	1,655	1,621	1,894	2,016 G	1,950
Number of Arrests	338	401	452	624	741	493
Number of Indictments	280	376	357	349	397	460
Number of Convictions	247	337	331	417	332	422
Number of Administrative Sanctions	496	541	481	484	522	575
Number of Pretrial Diversions	N/A	N/A	N/A	20	24	Baseline
Number of Reports issued:	124	136	169	(2) 182	(3) 223 G	208
Combined Assessment Reviews (CAPs) - -Total	18	26	33	42	52	60
VHA CAPs	18	22	21	34	40	48
VBA CAPs	0	4	12	8	12	12
Audit Reports	35	26	26	24	24	29
Pre-and Post-Award Contract Reviews	40	48	60	65	105	62
Healthcare Inspection Reports	15	22	37	24	26	42
Administrative Investigations	16	14	12	21	11	15
Value of monetary benefits (\$ in millions) from:					(4) \$3,121 G	\$884
IG Investigations	\$28	\$52	\$85	\$64	\$301	\$45
IG audits	\$264	\$4,095	\$730	\$8	\$2,104	\$775
IG contract reviews	\$35	\$42	\$62	\$82	\$661	\$64
Customer Satisfaction:					4.6 Y	4.8
Combined Assessment Program Reviews	N/A	N/A	4.4	4.1	4.5	4.7
Investigations	4.6	4.8	4.8	4.9	4.9	5.0
Audit	4.4	4.2	4.3	4.2	4.6	4.5
Contract Reviews	4.9	4.7	4.9	4.5	4.6	4.9
Healthcare Inspections	4.4	4.2	4.7	4.4	4.4	4.9
<p>(1) In FY 2000, the cumulative figure for this category included the 85 administrative sanctions obtained by the OIG Hotline Division, while the individual figure for administrative sanctions showed only those obtained by the Office of Investigations. (Since FY 2001, the Hotline Division administrative sanctions have been included in both figures.)</p> <p>(2) Includes 5 CAP summary reports that are not counted in the CAP total and 1 joint review with DoD.</p> <p>(3) Includes 3 CAP summary reports that are not counted in the CAP total and 2 joint reviews completed by OIG Offices of Investigation, Audit, and Healthcare Inspections.</p> <p>(4) This figure includes monetary benefits produced by the OIG Office of Healthcare Inspections and OIG Hotline Division. The nature of the activity of these offices does not generally result in monetary benefits significant for separate performance reporting.</p>						

FY 2004 Performance Measures by Program

(Key Measures are in bold)

(G = Green; Y = Yellow; R = Red)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
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Veterans Health Administration

Medical Care

P&F ID Codes: 36-0160-0-1-703; 36-0152-0-1-703;
36-0162-0-1-703; 36-4537-0-4-705 36-8180-0-7-705;
36-4014-0-3-705

Resources	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
FTE	183,396	183,602	184,209	187,049	194,039	193,593
Medical care costs (\$ in millions)	\$20,318	\$22,553	\$24,368	\$27,654	\$30,773	\$30,841

Performance Measures

	Goal Achieved					
Percent of patients rating VA health care service as very good or excellent:						
Inpatient (through March)	66%	64%	70%	(1) 74%	* 74% G	70%
Outpatient (through March)	64%	65%	71%	(1) 73%	* 72% G	72%
(1) Correction						
Percent of primary care appointments scheduled within 30 days of desired date (through June)	N/A	87%	89%	93%	* 94% G	93%
Percent of specialist appointments scheduled within 30 days of desired date (1) results as of 9/30, (2) reflects cum. for year, (3) 8 clinical areas now included instead of 5 (through June)	N/A	(1) 84%	(1) 86%	(2) 89%	* (3) 93% G	(3) 90%
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities (through March)	N/A	63%	65%	67%	* 69% G	65%
Average waiting time for next available appointment in primary care clinics (in days) (through June)	N/A	37.5	37	25	* 18 G	34
Average waiting time for next available appointment in specialty clinics (in days) (through June)	N/A	N/A	N/A	45	* 27 G	30
Percent of all patients evaluated for the risk factors for hepatitis C (through June)	N/A	51%	85%	95%	* 98% G	90%
Percent of all patients tested for hepatitis C subsequent to a positive hepatitis C risk factor screening (through June)	N/A	48%	62%	84%	* 97% G	85%
Clinical Practice Guidelines Index (through June)	N/A	N/A	Baseline	70%	* 77% G	70%
Prevention Index II (through June)	N/A	80%	82%	83%	* 88% G	82%
Percent of clinical software patches installed on time:						
CPRS (through June)	N/A	67%	70%	96%	* 98% G	72%
BCMA (through June)	N/A	82%	85%	94%	* 96% G	87%
Imaging (through June)	N/A	57%	60%	88%	* 89% G	62%
Ratio of collections to billings (expressed as a percentage) (estimated actual)	28%	31%	37%	41%	* 41% G	41%
Acute Bed Days of Care (BDOC)/1000 (estimated actual)	1,002	895	900	1,000	* 1,000 G	1,000

* These are preliminary or estimated actual data; final data will be published in the FY 2006 Congressional Budget and/or the FY 2005 Performance and Accountability Report.

FY 2004 Performance Measures by Program

(Key Measures are in bold)
(G = Green; Y = Yellow; R = Red)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Outpatient visits/1000:						
Med/Surg (estimated actual)	2.7	2.4	2.4	2.4	* 2.4 G	2.4
Mental Health (estimated actual)	8.4	8.1	8.1	8.1	* 8.1 G	8.1
Percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons (estimated actual)	N/A	N/A	0%	100%	* 100% G	100%
Efficiency - Average number of appointments per year per FTE	N/A	N/A	2,719	2,856	2,868 G	2,700
Quality - The percentage of diabetic patients taking the HbA1c blood test in the past year (through June)	N/A	N/A	93%	94%	* 95% G	93%
Dollar value of sharing agreements with DoD (Joint Measure with VBA) (\$ in millions)	N/A	\$58	\$83	\$105	\$120 G	\$116
Dollar value of 1st party and 3rd party collections:						
3rd Party (\$ in millions)	\$397	\$540	(1) \$690	\$804	\$960 G	\$917
(1) Correction						
Percent of outpatient encounters that have electronic progress notes signed within 2 days (through June)	N/A	N/A	N/A	N/A	* 84%	Baseline

	Goal Not Achieved - - Minimal Difference					
Average waiting time for new patients seeking primary care clinic appointments (in days) (through June)	N/A	N/A	N/A	42	* 37 Y	30
Average waiting time for patients seeking a new specialty clinic appointment (in days) (through June)	N/A	N/A	N/A	45	* 41 Y	30
Dollar value of 1st party and 3rd party collections:						
1st Party (\$ in millions)	\$176	\$231	\$486	\$685	\$742 Y	\$792
Cost - Obligations per unique patient user	N/A	N/A	\$4,928	\$5,202	\$5,562 Y	\$5,536

The performance goal for these measures was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

* These are preliminary or estimated actual data; final data will be published in the FY 2006 Congressional Budget and/or the FY 2005 Performance and Accountability Report.

FY 2004 Performance Measures by Program

(Key Measures are in bold)

(G = Green; Y = Yellow; R = Red)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
<i>Special Emphasis Programs</i>	Goal Achieved					
Increase non-institutional long-term care as expressed by average daily census (estimated actual)	N/A	N/A	24,126	24,413	* 29,631 G	29,631
Percent of veterans who were discharged from a Domiciliary Care for Homeless Veterans (DCHV) Program, or HCHV Community-based Contract Residential Care Program to an independent or a secured institutional living arrangement (through June)	N/A	N/A	65%	72%	* 79% G	67%
Medical residents' and other trainees' scores on a VHA Survey assessing their clinical training experience (through June)	N/A	84	83	83	* 83 G	82
Prevention Index II (Special Populations) (through June)	N/A	N/A	N/A	80%	* 86% G	80%

P&F ID Codes: 36-0161-0-1-703; 36-0160-0-1-703;
36-4026-0-3-703 36-0152-0-1-703; 36-0162-0-1-703

<i>Medical Research</i>						
Resources						
FTE	3,014	3,019	6,470	6,575	6,814	6,499
Research cost (\$ in millions)	\$830	\$877	\$964	\$1,022	\$1,067	\$1,068
Performance Measure						
	Goal Achieved					
Sustain 2002 level of partnering opportunities with: Veterans Service Organizations; other Federal Agencies; non-profit foundations, e.g., American Heart Association, American Cancer Society; and private industry, e.g., pharmaceutical companies (estimated actual)	137	139	139	139	* 139 G	139

Goal Not Achieved - - Minimal Difference						
Number of Career Development Awardees	195	193	209	210	229 Y	237

The performance goal for this measure was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

* These are preliminary or estimated actual data; final data will be published in the FY 2006 Congressional Budget and/or the FY 2005 Performance and Accountability Report.

FY 2004 Performance Measures by Program

(Key Measures are in bold)
(G = Green; Y = Yellow; R = Red)

Veterans Health Administration
Medical Care

Dropped Performance Measures ***

	FY 2000	FY 2001	FY 2002	FY 2003 Preliminary	FY 2003 Final	FY 2003 Plan
Chronic Disease Care Index	N/A	77%	80%	80%	81%	78%
Increase the aggregate of VA, state, and community nursing home and institutional LTC as expressed by ADC	N/A	N/A	31,636	33,031	33,408	32,429
Percent of patients with hepatitis C who have annual assessment of liver function	N/A	N/A	95%	96%	97%	92%
Percent of pharmacy orders entered into CPRS by the prescribing clinician	N/A	74%	91%	92%	92%	86%
Cost/patient	\$4,571	\$4,336	\$4,095	\$4,139	\$5,502	\$4,190
Waiting times for new primary care appointments, percent within 30 days	N/A	N/A	Baseline	76%	74%	23%
Waiting times for new specialty care appointments, percent within 30 days	N/A	N/A	Baseline	67%	71%	44%

*** Several of these measures had achieved a high level of success which was sustained for several years, indicating ongoing fulfillment of these requirements. Other measures were replaced with measures that more accurately targeted areas VA identified as needing improvement.

Veterans Benefits Administration

Compensation

P&F ID Codes:

36-0102-0-1-701

36-0134-0-1-701

Resources						
FTE	7,123	8,035	6,985	7,346	7,568	7,092
Benefits cost (\$ in millions)	\$22,035	\$20,255	\$22,453	\$24,822	\$26,472	\$27,205
Administrative cost (\$ in millions)	\$586	\$564	\$603	\$728	\$777	\$770

Performance Measures

	Goal Achieved					
Average days to process - DIC actions (1) Correction	122	133	172	(1) 153	125 G	126
Percent of DIC recipients above the poverty level	N/A	N/A	N/A	N/A	99% G	75%
Percent of DIC recipients who are satisfied that the VA recognized their sacrifice	N/A	N/A	N/A	N/A	80% G	50%
Average number of days to obtain service medical records	N/A	N/A	N/A	N/A	N/A	TBD
Percent of compensation recipients who were kept informed of the full range of available benefits (a) Results will not be available until 2005	37%	39%	40%	42%	(a)	40%

FY 2004 Performance Measures by Program

(Key Measures are in bold)

(G = Green; Y = Yellow; R = Red)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Percent of compensation recipients who perceive that VA compensation redresses the effect of service-connected disability in diminishing the quality of life	N/A	N/A	N/A	N/A	** TBD	50%
Percent of veterans in receipt of compensation whose total income exceeds that of like circumstanced veterans	N/A	N/A	N/A	N/A	** TBD	TBD
** Pending Program Outcome Study. Study was cancelled in 2004 because of the new Disability Compensation Commission. Study will be conducted in CY 2005. The Commission first met in August 2004 and the results are tentatively expected 15 months thereafter.						

Goal Not Achieved - - Minimal Difference

Percent of claimants who are Benefits Delivery at Discharge (BDD) participants	N/A	N/A	N/A	22%	20% Y	25%
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The performance goal for this measure was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

Pension

P&F ID Codes: 36-0154-0-1-701; 36-0143-0-1-701

Resources						
FTE	N/A	N/A	1,791	1,827	1,535	1,699
Benefits cost (\$ in millions)	N/A	\$3,018	\$3,168	\$3,226	\$3,342	\$3,284
Administrative cost (\$ in millions)	N/A	\$142	\$155	\$152	\$153	\$163

Performance Measures

Percent of pension recipients who were informed of the full range of available benefits (a) Results will not be available until 2005	39%	40%	38%	39%	(a)	40%
Percent of pension recipients who said their claim was very or somewhat fair (a) Results will not be available until 2005	64%	63%	65%	62%	(a)	53%

Combined Compensation and Pension measures (These measures will be reported on separately in the 2005 PAR)

National accuracy rate (authorization work) (Compensation & Pension) (through July)	51%	65%	80%	88%	* 91% G	87%
Telephone activities - blocked call rate (Compensation & Pension)	3%	3%	7%	3%	2% G	3%
Overall satisfaction (Compensation & Pension) (a) Results will not be available until 2005	56%	56%	58%	59%	(a)	70%

* These are preliminary or estimated actual data; final data will be published in the FY 2006 Congressional Budget and/or the FY 2005 Performance and Accountability Report.

FY 2004 Performance Measures by Program

(Key Measures are in bold)
(G = Green; Y = Yellow; R = Red)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Goal Not Achieved - - Minimal Difference						
National accuracy rate (core rating work) (Compensation & Pension) (through July)	N/A	89%	81%	86%	* 87% Y	90%
National accuracy rate (fiduciary work) (Compensation & Pension) (through July) (1) Correction	(1) 59%	(1) 68%	(1) 84%	77%	* 81% Y	88%
Telephone activities - abandoned call rate (Compensation & Pension) (through August)	6%	6%	9%	9%	* 7% Y	3%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (completed) (%) (Compensation & Pension) (1) Correction	(1) 6%	(1) 13%	(1) 9%	11%	12% Y	8%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (pending) (%) (Compensation & Pension)	N/A	N/A	16%	20%	14% Y	12%

The performance goal for these measures was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

	Goal Not Achieved - - Significant Difference					
Rating-related actions - average days to process (Compensation & Pension)	173	181	223	182	166 R	145
PVA v. Principi has had a dramatic impact on our ability to achieve this goal. However, since the final court decision, VBA has improved on its processing performance. From the monthly perspective, we have reduced the number of days by approximately 15% from the peak of 189 days in January 2004.						
Rating-related actions - average days pending (Compensation & Pension)	138	182	174	111	118 R	80
PVA v. Principi impacted our ability to achieve this goal. Since the final court decision, VBA improved on its processing performance. From the monthly perspective, we reduced the number of days by approximately 10% from the peak of 134 days in December 2003.						
Non-rating actions - average days to process (Compensation & Pension)	50	55	60	59	58 R	40
PVA v. Principi impacted our ability to achieve this goal. Since the final court decision, VBA improved on its processing performance. From the monthly perspective, we reduced the number of days by approximately 13% from the peak of 66 days in October 2003.						
Non-rating actions - average days pending (Compensation & Pension)	84	117	96	108	102 R	62
PVA v. Principi impacted our ability to achieve this goal. Since the final court decision, VBA improved on its processing performance. From the monthly perspective, we reduced the number of days by approximately 12% from the peak of 112 days in December 2003.						

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FY 2004 Performance Measures by Program

(Key Measures are in bold)
(G = Green; Y = Yellow; R = Red)

FY 2000 FY 2001 FY 2002 FY 2003 FY 2004 Actual FY 2004 Plan

The indicators below are the component end-products for the measure on average days to complete rating-related actions. We do not establish separate performance goals for these indicators. For a detailed discussion of rating-related actions timeliness see the narrative on pages 62-63.

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Claims Completed in FY 2004
Average days to process rating - related actions	173	181	223	182	166	703,254
Initial disability compensation	212	219	256	207	186	169,804
Initial death compensation/DIC	122	133	172	153	125	27,191
Reopened compensation	189	197	242	193	178	401,489
Initial disability pension	115	130	123	93	94	32,851
Reopened pension	111	126	128	101	101	51,446
Reviews, future exams	108	119	127	95	87	13,533
Reviews, hospital	78	91	74	54	54	6,940

P&F ID Codes: 36-0137-0-1-702; 36-8133-0-7-702;
36-0133-0-1-702

Education

Resources	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
FTE	781	852	864	866	841	926
Benefits cost (\$ in millions)	\$1,238	\$1,425	\$1,756	\$2,120	\$2,417	\$2,391
Administrative costs (\$ in millions)	\$66	\$64	\$75	\$69	\$78	\$91

Performance Measures

	Goal Achieved					
Montgomery GI Bill usage rate: Veterans who have passed their 10-year eligibility period	N/A	N/A	N/A	66%	66% G	66%
Compliance survey completion rate (1) Correction	94%	92%	93%	(1) 93%	94% G	90%
Payment accuracy rate	96%	92%	93%	94%	94% G	94%
Customer satisfaction-high ratings (a) Results will not be available until 2005	82%	86%	87%	89%	(a)	87%

FY 2004 Performance Measures by Program

(Key Measures are in bold)
(G = Green; Y = Yellow; R = Red)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
	Goal Not Achieved - - Minimal Difference					
Telephone Activities - Blocked call rate	39%	45%	26%	13%	20% Y	18%
Telephone Activities - Abandoned call rate	17%	13%	11%	7%	10% Y	8%
Average days to complete original education claims	36	50	34	23	26 Y	24
Average days to complete supplemental education claims	22	24	16	12	13 Y	12
Montgomery GI Bill usage rate: All program participants	57%	58%	56%	58%	59% Y	60%

The performance goal for these measures was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

Vocational Rehabilitation and Employment

P&F ID Codes:

36-0135-0-1-702;

36-0132-0-1-702

Resources						
FTE	940	1,061	1,057	1,091	1,105	1,118
Benefits cost (\$ in millions)	\$439	\$427	\$487	\$515	\$552	\$550
Administrative costs (\$ in millions)	\$81	\$109	\$119	\$116	\$123	\$137

Performance Measures

	Goal Achieved					
Speed of entitlement decisions in average days	75	62	65	63	57 G	60
Accuracy of program outcome	N/A	N/A	81%	81%	94% G	92%
Customer satisfaction (Survey) (a) Results will not be available until 2005	74%	76%	77%	N/A	(a)	82%

	Goal Not Achieved - - Minimal Difference					
Accuracy of decisions (Services) (1) Correction	85%	79%	81%	(1) 82%	86% Y	90%
Rehabilitation rate	65%	65%	62%	59%	62% Y	67%

The performance goal for these measures was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

Measures Under Development

Common Measures						
Percent of participants employed first quarter after program exit	N/A	N/A	N/A	N/A	N/A	TBD
Percent of participants still employed three quarters after program exit	N/A	N/A	N/A	N/A	N/A	TBD
Percent change in earnings from pre-application to post-program employment	N/A	N/A	N/A	N/A	N/A	TBD
Average cost of placing participant in employment	N/A	N/A	N/A	N/A	N/A	TBD

* These are preliminary or estimated actual data; final data will be published in the FY 2006 Congressional Budget and/or the FY 2005 Performance and Accountability Report.

FY 2004 Performance Measures by Program

(Key Measures are in bold)
(G = Green; Y = Yellow; R = Red)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
<i>Housing</i>						
	P&F ID Codes:			36-1119-0-1-704;	36-4025-0-3-704	
Resources						
FTE	2,057	1,759	1,718	1,404	1,256	1,390
Benefits cost (\$ in millions)	\$1,844	\$520	\$849	\$1,351	\$235	\$341
Administrative costs (\$ in millions)	\$157	\$162	\$168	\$169	\$158	\$157

Performance Measures

	Goal Achieved					
Statistical quality index (through August) (1) Correction	94%	96%	97%	(1) 98%	* 98% G	97%
Veterans satisfaction (1) Correction (a) Results will not be available until 2005	(1) 94%	(1) 94%	(1) 94%	(1) 95%	(a)	96%
Home Purchase - Percent of active duty personnel and veterans that could not have purchased a home without VA assistance	N/A	N/A	N/A	N/A	N/A	N/A

	Goal Not Achieved - - Minimal Difference					
Foreclosure avoidance through servicing (FATS) ratio (1) Correction	30%	40%	43%	(1) 45%	44% Y	47%

The performance goal for this measure was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
<i>Insurance</i>						
	P&F ID Codes:			36-0120-0-1-701;	36-4012-0-3-701;	
				36-4010-0-3-701;	36-8132-0-7-701;	
				36-8150-0-7-701;	36-8455-0-8-701;	
					36-0141-0-1-701	
Resources						
FTE	525	507	479	493	490	513
Benefits cost (\$ in millions)	\$2,458	\$2,534	\$2,709	\$2,655	\$2,539	\$2,552
Administrative costs (\$ in millions)	\$40	\$41	\$40	\$40	\$42	\$46

Performance Measures

	Goal Achieved					
High customer ratings	96%	96%	95%	95%	96% G	95%
Low customer ratings	2%	2%	3%	3%	2% G	2%
Percentage of blocked calls	4%	3%	1%	0%	1% G	2%
Average hold time in seconds	20	17	18	17	17 G	20
Average days to process insurance disbursements	3.2	2.8	2.6	2.4	1.8 G	2.7

* These are preliminary or estimated actual data; final data will be published in the FY 2006 Congressional Budget and/or the FY 2005 Performance and Accountability Report.

FY 2004 Performance Measures by Program

(Key Measures are in bold)
(G = Green; Y = Yellow; R = Red)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
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National Cemetery Administration

P&F ID Codes: 36-0129-0-1-705; 36-0139-0-1-701

Resources						
FTE	1,399	1,385	1,633	1,655	1,492	1,762
Benefits cost (\$ in millions)	\$109	\$111	\$135	\$143	\$153	\$166
Administrative cost (\$ in millions):						
Operating costs	\$103	\$116	\$137	\$143	\$156	\$157
State cemetery grants	\$19	\$24	\$41	\$26	\$34	\$33
Capital construction	\$30	\$33	\$61	\$36	\$63	\$117

Performance Measures

	Goal Achieved					
Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	72.6%	72.6%	73.9%	75.2%	75.3% G	75.3%
Percent of veterans served by a burial option in a national cemetery within a reasonable distance (75 miles) of their residence	67.5%	66.0%	66.6%	66.6%	66.6% G	66.6%
Percent of veterans served by a burial option only in a state veterans cemetery within a reasonable distance (75 miles) of their residence	5.1%	6.6%	7.3%	8.6%	8.7% G	8.7%
National Accuracy Rate for burial claims processed (Data tracked by VBA) (through July)	62%	72%	85%	92%	* 94% G	90%
Cumulative number of kiosks installed at national and state veterans cemeteries	24	33	42	50	60 G	60
Percent of graves in national cemeteries marked within 60 days of interment	N/A	N/A	49%	72%	87% G	78%
Percent of headstones and markers ordered online by other federal and state veterans cemeteries using BOSS	87%	89%	89%	90%	91% G	90% G
Percent of individual headstone and marker orders transmitted electronically to contractors	89%	92%	92%	95%	100% G	97%
Percent of Presidential Memorial Certificates that are accurately inscribed	98%	98%	98%	99%	99% G	99%
Percent of respondents who rate national cemetery appearance as excellent	82%	96%	97%	97%	98% G	98%
Percent of headstones and markers ordered by national cemeteries for which inscription data are accurate and complete	N/A	N/A	N/A	N/A	98%	Baseline

* These are preliminary or estimated actual data; final data will be published in the FY 2006 Congressional Budget and/or the FY 2005 Performance and Accountability Report.

FY 2004 Performance Measures by Program

(Key Measures are in bold)

(G = Green; Y = Yellow; R = Red)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	N/A	N/A	N/A	N/A	64%	Baseline
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	N/A	N/A	N/A	N/A	76%	Baseline

	Goal Not Achieved - - Minimal Difference					
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	88%	92%	91%	94%	94% Y	95%
Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	N/A	75%	73%	73%	73% Y	75%
Percent of headstones and markers that are undamaged and correctly inscribed	97%	97%	96%	97%	97% Y	98%
Percent of respondents who would recommend the national cemetery to veteran families during their time of need	N/A	97%	98%	97%	97% Y	98%
Average number of days to process a claim for reimbursement of burial expenses (Data tracked by VBA)	35	40	48	42	48 Y	40

The performance goal for these measures was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

Board of Veterans' Appeals

P&F ID Code: 36-0151-0-1-705

Resources						
FTE	468	455	448	451	440	448
Administrative cost (\$ in millions)	\$41	\$44	\$47	\$47	\$50	\$50

Performance Measures

	Goal Achieved					
Deficiency-free decision rate	86%	87%	88%	89%	93% G	91%
BVA Cycle Time (Days)	172	182	86	135	98 G	155
Appeals decided per Veterans Law Judge	594	561	321	604	691 G	619
Cost per case	\$1,219	\$1,401	\$2,702	\$1,493	\$1,302 G	\$1,444

	Goal Not Achieved - - Minimal Difference					
Appeals resolution time (Days) (Joint measure with C&P)	682	595	731	633	529 Y	520

The performance goal for this measure was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2004 Performance Measures by Program

(Key Measures are in bold)

(G = Green; Y = Yellow; R = Red)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
Percent increase in the annual IT budget above the previous year's budget (excluding pay raise and inflation increases) (IT)	N/A	N/A	N/A	0%	3.1% Y	0%
Percent decrease of annual IT budget spent on sustainment, shifting corresponding savings to modernization (zero sum gain) (IT)	N/A	N/A	N/A	5%	1.5% Y	5%
Percent of cases using alternate dispute resolution (ADR) techniques (BCA)	13%	29%	54%	58%	60% Y	70%

The performance goal for these measures was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

	Goal Not Achieved -- Significant Difference					
Cumulative % of commercially eligible FTE on which competitive sourcing studies are completed (OPP&P)	N/A	N/A	5%	12%	0% R	53%
VA's entire OMB-approved Competitive Sourcing plan has been put on hold due to statutory prohibitions in Section 8110 (a) (5) of Title 38 U.S.C. VA senior management is currently discussing legislative strategies, but no imminent relief from the prohibition is anticipated.						
Percent of Group 2 emergency preparedness officials who receive training or, as applicable, who participate in exercises relevant to VA's COOP plan on the National level (OPP&P)	N/A	N/A	60%	65%	42% R	75%
A 42% training rate was achieved for Group 2 officials. An unusual turnover rate among senior officials responsible for emergency preparedness kept the Department from achieving its goal. Permanent replacements for these officials should be in place later in calendar year 2004. Certification and exercises are planned throughout calendar year 2004.						
Number of business lines transformed to achieve a secure veteran-centric delivery process that would enable veterans and their families to register and update information, submit claims or inquiries, and obtain status (IT)	N/A	N/A	N/A	N/A	0 R	2
VA re-baselined the Registration and Eligibility program. The rebaselined initiative seeks to develop a single authoritative source for veteran identification data which would then be used by all business lines. Once completely implemented, the need for a veteran to register in more than one place or for more than one business line will be eliminated. It will also ensure that identical values of the same data are in use across all VA business lines, eliminating considerable costs incurred in reconciling data differences. A one-year requirements determination, data analysis, and design specification phase began in September 2004 and is scheduled to conclude September 2005. The nature of the resulting business transformation is considerably different than the transformation contemplated in the original objective; the current transformation leaves the eligibility determination decision within the business lines. The need to include a requirements determination phase also causes this new transformation to occur in FY 2006 instead of FY 2004.						

FY 2004 Performance Measures by Program

(Key Measures are in bold)
(G = Green; Y = Yellow; R = Red)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
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Resources	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Actual	FY 2004 Plan
FTE	354	370	393	399	434	442
Administrative cost (\$ in millions)	\$45	\$49	\$56	\$58	\$66	\$69

Performance Measures

	Goal Achieved					
(1) Number of indictments, arrests, convictions, administrative sanctions, and pretrial diversions:	1,361	1,655	1,621	1,894	2,016 G	1,950
Number of Arrests	338	401	452	624	741	493
Number of Indictments	280	376	357	349	397	460
Number of Convictions	247	337	331	417	332	422
Number of Administrative Sanctions	496	541	481	484	522	575
Number of Pretrial Diversions	N/A	N/A	N/A	20	24	Baseline
Number of Reports issued:	124	136	169	(2) 182	(3) 223 G	208
Combined Assessment Reviews (CAPs) -- Total	18	26	33	42	52	60
VHA CAPs	18	22	21	34	40	48
VBA CAPs	0	4	12	8	12	12
Audit Reports	35	26	26	24	24	29
Pre-and Post-Award Contract Reviews	40	48	60	65	105	62
Healthcare Inspection Reports	15	22	37	24	26	42
Administrative Investigations	16	14	12	21	11	15
Value of monetary benefits (\$ in millions) from:					(4) \$3,121 G	\$884
IG Investigations	\$28	\$52	\$85	\$64	\$301	\$45
IG audits	\$264	\$4,095	\$730	\$8	\$2,104	\$775
IG contract reviews	\$35	\$42	\$62	\$82	\$661	\$64

	Goal Not Achieved - - Minimal Difference					
Customer Satisfaction:					4.6 Y	4.8
Combined Assessment Program Reviews	N/A	N/A	4.4	4.1	4.5	4.7
Investigations	4.6	4.8	4.8	4.9	4.9	5.0
Audit	4.4	4.2	4.3	4.2	4.6	4.5
Contract Reviews	4.9	4.7	4.9	4.5	4.6	4.9
Healthcare Inspections	4.4	4.2	4.7	4.4	4.4	4.9

The performance goal for this group of measures was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

(1) In FY 2000, the cumulative figure for this category included the 85 administrative sanctions obtained by the OIG Hotline Division, while the individual figure for administrative sanctions showed only those obtained by the Office of Investigations. (Since FY 2001, the Hotline Division administrative sanctions have been included in both figures.)

(2) Includes 5 CAP summary reports that are not counted in the CAP total and 1 joint review with DoD.

(3) Includes 3 CAP summary reports that are not counted in the CAP total and 2 joint reviews completed by OIG Offices of Investigation, Audit, and Healthcare Inspections.

(4) This figure includes monetary benefits produced by the OIG Office of Healthcare Inspections and OIG Hotline Division. The nature of the activity of these offices does not generally result in monetary benefits significant for separate performance reporting.