



FY 2010

Highlights for the Citizen



Honoring America's Heroes
 ★★ ★

Department of Veterans Affairs



Purpose of the Highlights: *What it Contains*



The *Highlights for the Citizen* is based on VA's full Performance and Accountability Report (PAR). The *Highlights* communicates VA's most important performance results, financial statements, and other information in an easy-to-read format.

The PAR, together with its *Highlights for the Citizen* companion, contains performance targets and results achieved during FY 2010. It is VA's report card and communicates to the American people how well VA has done, the tangible public benefits we have produced, the impact VA has had in improving Veterans' quality of life, and the forward-looking strategies we are employing to achieve and maintain excellence.

VA's Mission: *What We are Here to Do*



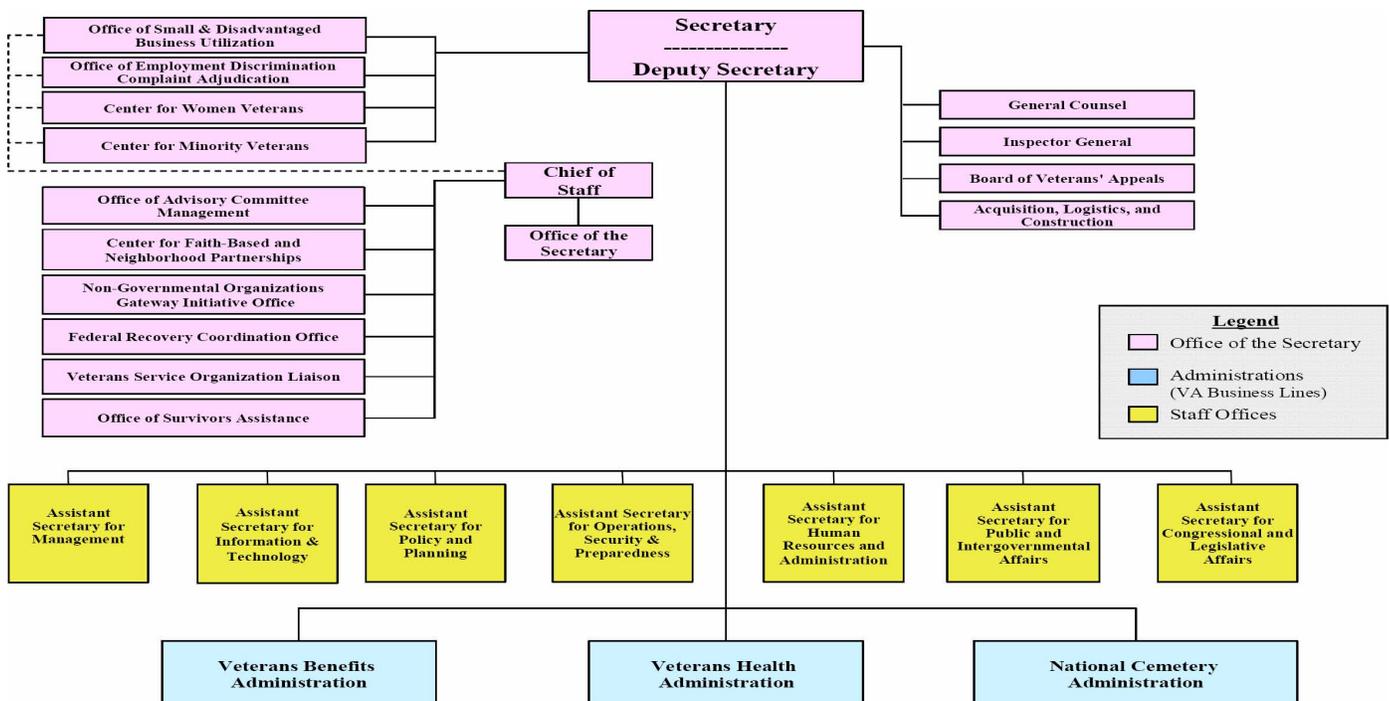
To fulfill President Lincoln's promise – "To care for him who shall have borne the battle, and for his widow, and his orphan" – by serving and honoring the men and women who are America's Veterans.

President Lincoln's immortal words – delivered in his Second Inaugural Address more than 140 years ago – describe better than any others the mission of the Department of Veterans Affairs. We care for Veterans, their families, and survivors – men and women who have responded when their Nation needed help. Our mission is clear-cut, direct, and historically significant. It is a mission that VA's employees are proud to fulfill.

Our Organization: *How We are Structured*



VA is structured around the Office of the Secretary, which develops policy and oversees special programs for Veterans, the three Administrations that operate VA's primary programs, and staff offices that support all organizations.





THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

February 15, 2011

To the American People,

I am pleased to provide you with the *Department of Veterans Affairs (VA) FY 2010 Highlights for the Citizen*. This is a short “user-friendly” summary of our accomplishments in improving the timeliness, accessibility, and quality of health care and benefits service delivery. It also transparently describes the challenges we still face — challenges that we are aggressively tackling in order to further strengthen the delivery of benefits and services to Veterans. Further details on information in this report may be found in VA’s FY 2010 Performance and Accountability Report (PAR).

This past year VA has made significant progress in areas important to America’s Veterans. In an effort to eliminate the claims backlog, we processed more than 1 million compensation and pension claims. To combat Veteran homelessness, we provided more than 21,000 homeless Veterans with permanent housing through our voucher program. To provide timely access to VA health care, we completed 99 percent of primary health care appointments within 30 days of the patient’s desired date. In addition, we increased access to burial benefits with the opening of the new Washington Crossing National Cemetery which will serve approximately 580,000 Veterans in the Philadelphia metropolitan area. VA is also extremely proud to report our progress in financial stewardship of VA resources as evidenced by the receipt of our 12th consecutive unqualified (clean) audit opinion on VA’s consolidated financial statements, and the successful remediation of three of VA’s four material weaknesses, a 75 percent reduction in just one year.

The PAR also contains a summary of the key challenges facing the Department and our strategies to address them — in order to strengthen the quality of our programs, maximize value and efficiency, and enable us to meet the changing needs of Veterans, their families, and survivors.

VA has made remarkable progress on Departmental priorities during FY 2010. We have identified and are implementing fundamental changes to transform VA into a 21st century organization that is people-centric, results-driven, and forward-looking. The Department published a new strategic plan, which will help us sustain our momentum to transform VA into the future, and fulfill our Nation’s commitment to the men and women who have served this country in uniform.

This strategic road map includes a relentless focus on accountability and responsibility for the precious resources entrusted to us. The Department will accomplish this through positive leadership, teamwork, and dedication. We will continue to build on initiatives that address and fix problems — changing the way Veterans are served and creating modern management systems and new business processes to improve services.

VA is passionately committed to providing Veterans and their families with the very best health care and services in the 21st century. We continue to work hard to build trust with Veterans, their loved ones, and the American people.

Sincerely,

A handwritten signature in blue ink, reading "Eric K. Shinseki", is positioned above the printed name. The signature is fluid and cursive.

Eric K. Shinseki



Executive Summary

Introduction

In 2010, with more than \$118 billion in obligations and approximately 280,000 full-time equivalent employees, VA took numerous actions that helped improve the quality of life for America's Veterans and their families. Our major accomplishments are summarized below.

Implementing Major Initiatives

VA identified 16 major initiatives that will serve as a platform to transform VA into a 21st century organization that is people-centric, results-driven, and forward-looking. Each major initiative is designed to solve a key problem facing the Department and/or the Veterans we serve. Information on how well VA is doing on specific initiatives begins on page I-65 in the PAR.

Medical Services: *Delivering High-Quality Health Care*

In FY 2010, VA maintained the largest integrated health care system in America. Throughout the year, VA implemented new innovative practices to improve Veterans' access to health care, such as telemedicine and mobile clinics, to provide care to more than 5.6 million unique patients. Our commitment to delivering timely, high-quality health care to America's Veterans while controlling costs, remains a top priority.

Key performance results for FY 2010 include:

- Patient Access: Ninety-nine percent of primary care appointments were completed within 30 days of desired appointment date.
- Quality of Health Care: VA continues to improve performance on nationally recognized industry standards such as the Clinical Practice

Guidelines Index (CPGI) and the Prevention Index (PI). Compared to last year's ratings, the CPGI increased from 91 percent to 92 percent and PI increased from 89 percent to 93 percent.

- Rural Health: In addition to continuing the Rural Mobile Health Care Clinics pilots, VA supported studies and analyses on a wide range of health care issues relevant to rural and "highly rural" Veterans including studies on telehealth technology and implementation, the unique needs of the Native American population, and older Veterans.
- Suicide Hotline and Suicide Prevention: As a result of further expansion and development of the Veterans Suicide Hotline, more than 245,000 people have called the hotline and over 144,000 of these callers identified themselves as Veterans or family members or friends of Veterans. There have been more than 7,000 rescues of actively suicidal Veterans, and local community rescue services were dispatched to assist them. An online chat service was initiated in July 2009. Since then, over 7,000 "chatters" have worked with VA counselors on a one-on-one basis. VHA has 35,000 *Facebook* fans and more than 3,500 *Twitter* followers. VA monitors *Facebook* for Veterans who express suicidal thoughts, and we reach out and contact them directly to get help when needed.
- Homeless Veterans: Program enhancements under the Homeless Veterans Plan will provide housing, health care, benefits, employment, and residential stability to more than 500,000 Veterans and their families over the next 5 years. In 2010, more than 90,000 Veterans were served by VA outreach initiatives, an 11 percent increase from the previous year. In partnership with the Department of Housing and Urban Development, VA provided more than 18,000 Veterans with permanent housing. These Veterans were also provided with dedicated case managers and access to high-quality VA health care.
- Telehealth Programs: VA's Telehealth program is the largest and most sophisticated in the



Nation. VA experienced a 30 percent expansion in home telehealth services, providing non-institutional care to Veterans with chronic medical and mental health conditions, which contributed to an overall number of 46,000 Veteran patients who are able to live independently in their own homes and local communities through VA's Care Coordination/Home Telehealth programs, and a 27 percent expansion (expansion (by the end of third quarter FY 2010) of clinical video telemental health services to support Veteran patients in their local communities, reduce stigma associated with care, and reduce the need to travel for care. VA also experienced a 20 percent expansion of Telehealth-based clinical services in rural areas, thereby increasing access to care for rural Veteran patients and reducing avoidable travel for patients and clinicians. Telehealth not only involves increasing the number of Veterans accessing VA care through the computer, but also expands the types of services provided such as teleradiology, teledermatology, and telepathology, health promotion for weight management and control, and audiology clinic support.

- Graduate Medical Education (GME) Enhancement: As part of a 5-year expansion effort, VA funded over 1,200 additional physician resident positions with approximately 250 positions added in 2010. Despite predicted shortages in the U.S. physician workforce, VA is currently the only Federal agency that is expanding funded resident positions.

Benefits: Ensuring a High Quality of Life After Military Service

VA is providing compensation and pension benefits to nearly 4 million Veterans and beneficiaries. In FY 2010 through August, VA received almost 1.1 million claims for disability benefits and processed more than 974,000 of these claims. Despite the 10 percent increase in workload from August 2009, VA achieved a number of significant positive performance results in the benefits delivery area:

- Joint VA/Department of Defense (DoD) Integrated Disability Evaluation System (IDES) Program: VA and DoD worked together to increase the number of sites for the IDES program from 21 to 27 in 2010. The six new sites are Fort Riley, Fort Benning, Fort Lewis, Fort Hood, Fort Bragg, and Portsmouth Naval Hospital. IDES simplifies the process for disabled Servicemembers transitioning to Veteran status, improves the consistency of disability ratings, and improves customer satisfaction. An IDES claim is completed in an average of 309 days—43 percent faster than in the legacy system. VA and DoD will continue to expand the IDES program.
- Seamless Transition: VA received more than 54,233 pre-discharge claims in 2010 through the Benefits Delivery at Discharge (BDD) program and the Quick Start program. BDD allows disability benefits to be awarded very soon after discharge.
- Quality: VA increased to 96 percent the national accuracy rate for compensation maintenance claims, compared to 95 percent in 2009.
- Insurance: VA issued life insurance policies to over 39,000 Veterans, many of whom are disabled and would not have been able to purchase life insurance in the commercial insurance industry due to their impaired insurability resulting from military service.
- Education: VA provided education benefits to approximately 663,000 students in 2010. With the implementation of the Post-9/11 GI Bill in August 2009, the number of students receiving education benefits increased by 17 percent over 2009.
- Vocational Rehabilitation and Employment: VA rehabilitated over 10,000 Veterans in 2010, providing more than 8,000 of them with the required tools and skills needed to obtain and maintain employment. More than 2,000 Veterans were provided with assistance in gaining independence in daily living.
- Housing: In 2010, VA guaranteed approximately 314,000 loans to Veterans. Of these, 192,600 were for the purchase of a home and 121,400 were for the reduction of the interest rate on a home loan. In 2010, VA also provided 1,549 Specially Adapted Housing grants to severely disabled Veterans and Servicemembers to



construct an adapted dwelling or modify an existing one to meet their special needs.

Cemeteries: Honoring Veterans for Sacrifices on Behalf of the Nation

VA honors the service and sacrifices of America's Veterans through the construction and maintenance of national cemeteries as national shrines. In 2010, VA maintained more than 3 million gravesites at 164 properties, including 131 national cemeteries and 33 other cemetery installations.

Key performance results for 2010 are as follows:

- **More Veterans Served by Burial Option:** More than 88 percent of Veterans are served by a burial option within a reasonable distance (75 miles) of their residence - up from 87.4 percent in 2009. This increase resulted from the following:
 - **Opening of a New National Cemetery:** VA opened Washington Crossing National Cemetery to serve Veterans in the Southeastern Pennsylvania area. This cemetery is part of the Department's largest expansion of its system of national cemeteries since the Civil War era.
 - **Opening of Four New State Veterans Cemeteries:** VA funded the establishment of three new State Veterans Cemeteries to serve Veterans in the areas of Springvale, Maine; Spokane, Washington; and, Fort Leonard Wood, Missouri.
- **Timeliness:** VA achieved a 94 percent threshold of the proportion of graves in national cemeteries marked within 60 days of interment.
- **Quality:** Ninety-eight percent of survey respondents rated national cemetery appearance as "excellent."

Outreach to Returning Servicemembers

VA is continuously looking for better ways to serve returning Servicemembers. In doing so, VA developed the Seven Touches of Outreach program. The program's goal is to engage Guard and Reserve Veterans at least seven times during the deployment cycle, with targeted messages and face-to-face encounters with VA staff members.

- Touch point 1 is VA's Reserve Component Demobilization Initiative, which ensures that Servicemembers returning from the combat zone are introduced to VA during out-processing at 61 demobilization sites.
- Touch point 2 is VA's Individual Ready Reserve (IRR) Muster initiated in May, to inform IRR members of enhanced VA health and dental benefits.
- Touch point 3 is VA's Combat Veteran Call Center, which contacts returning Servicemembers to ensure they are aware of VA services and benefits.
- Touch point 4 is DoD's Yellow Ribbon Program, where VA staff provides "boots on the ground" for Yellow Ribbon events for each of the services during the 30-60-90 days post-deployment cycle.
- Touch point 5 is DoD's Post-Deployment Health Reassessment (PDHRA). VA supports the health assessment conducted by DoD providers and is able to link Reserve Component Veterans with appointments for VA mental health or other follow-up requirements.
- Touch point 6 is VA's partnership with the National Guard and the training of Transition Assistance Advisors, who work for the Adjutant General in each state.
- Touch point 7 is the new Internet Web page for returning Servicemembers. The site uses blogs and other social media tools to engage a new generation of Veterans. For more information, please visit [Web](http://www.oefoif.va.gov/SevenTouchesOutreach.asp) <http://www.oefoif.va.gov/SevenTouchesOutreach.asp>



VA/DoD Collaboration: *Working Together to Serve our Veterans*

More than 1,000 military and other government health care workers and officials gathered for the 2nd Annual Joint DoD/VA Suicide Prevention Conference. Titled "Building Strong and Resilient Communities," the conference was the largest of its kind for military members and their families geared toward increasing collaboration between the military and VA by raising awareness and sharing best practices in suicide prevention.

Finance: *Ensuring Proper Stewardship of Taxpayer Dollars*

VA is extremely proud to have obtained an unqualified audit opinion on our financial statements for the 12th consecutive year. VA is also proud of its success over the past year in remediating three out of four of its material weaknesses. The three material weaknesses were: "Financial Management System Functionality;" "Financial Management Oversight;" and "Compensation, Pension and Burial Liabilities." VA remains committed to aggressively pursuing improvements in our business processes and the remediation of significant deficiencies and the one remaining material weakness, "Information Technology (IT) Security Controls."

In FY 2010, VA made a major decision regarding its core accounting system. After an extensive re-evaluation of VA's critical financial management needs and available IT resources, the Secretary decided to end the Integrated Financial Accounting System (IFAS) and Data Warehouse projects -- two of the three components of the Financial and Logistics Integrated Technology Enterprise (FLITE) program -- in favor of pursuing several other lower risk and less costly financial management improvement initiatives. The other financial management initiatives being undertaken will

strengthen internal controls and oversight, reduce operating costs, address improper payments, and improve data and analysis. These initiatives will also set the stage for a lower-risk financial management system replacement in the future. The third component of the FLITE program, the Strategic Asset Management (SAM) project, started its pilot phase in 2010 and will continue as a separate IT development effort. The pilot is now scheduled for deployment in March 2011.

VA continued to make substantial progress on its implementation of the American Recovery and Reinvestment Act (Recovery Act) of 2009. VA was provided \$1.8 billion to improve its medical facilities and national cemeteries, provide grants for State nursing home and domiciliary facilities, hire and train temporary claims processors, and pursue information technology systems initiatives. VA also received an additional \$700 million to make one-time payments of \$250 to eligible Veterans and/or beneficiaries. As of September 30, VA obligated 100 percent of its Recovery Act funds and made outlays totaling 57 percent. More than 98 percent of all contract awards for Recovery Act projects are competitively bid. In addition, Veteran-owned small business awards totaled 76 percent of all Recovery Act-awarded contract dollars.

Data Quality: *Assuring Completeness and Reliability*

The financial and performance data presented in this report are complete and reliable. Throughout the year, our senior managers assess the efficiency and effectiveness of their organizations by analyzing financial and program performance data. Management relies on these data to identify control deficiencies and material inadequacies in the financial and program performance areas and to identify corrective tasks needed to resolve them. The Secretary's signed Statement of Qualified



Assurance on Internal Controls may be found on page I-99 in the PAR in the section entitled Management Control, Systems, and Compliance with Laws and Regulations.

Data Security: *Safeguarding Sensitive Information*

VA has completed its Medical Device Protection Plan which includes dedicated Virtual Local Area Networks and associated Access Control Lists for all VA-managed medical devices. This improves access controls by mandating the proper use of Virtual Local Area Networks to appropriately restrict access to sensitive network segments at the Department's medical centers.

In 2010, VA provided specialized, role-based training to 75 percent of its personnel with significant security responsibilities. This increases the proficiency of personnel involved in the implementation of management, operational, and technical security controls associated with VA information and systems. In 2011, VA plans to provide role-based training to all of its personnel with significant security responsibilities.

VA has routed approximately 85 percent of its external network capacity through a Trusted Internet Connection-compliant gateway. This ensures increased security and monitoring of network activities, better management and control of data exchange inflows and outflows, and centralized resolution of deficiencies.

Other Major Accomplishments

Mental Health Summit

VA and DoD hosted a national summit to address the mental health care needs of America's military personnel, their families, and Veterans while harnessing the programs, resources, and expertise of both Departments to deal with the aftermath of the battlefield.

Participants included mental health experts from both Departments and more than 57 non-government organizations. Eliminating the stigma associated with the mental health risks of service in a combat zone is among the priorities of the joint VA-DoD campaign on mental health. Following the summit, VA and DoD prepared a final report summarizing the policies, programs, and practices that show promise in this area.

New GI Bill

In February 2010, VA launched a 2-month, nationwide advertising campaign to assist student Veterans and Servicemembers applying for the Post-9/11 GI Bill.

VA partnered with Richmond International Raceway to present two NASCAR races in which a car featured the Post-9/11 GI Bill and a related VA Web site. During the races, VA representatives staffed information booths to answer questions and provide information.

VA's automated claims processing system will be released in four phases to ensure robustness and stability. VA began deployment in March 2010. The first phase provided the capability to complete original claims; automatically calculate awards for tuition and fees, housing, books and supplies, and Yellow Ribbon, Montgomery GI Bill-Active Duty and Reserve Educational Assistance Program kickers; and automatically calculate awards for overlapping terms and intervals. In June 2010, VA deployed additional functionality for calculating amended enrollments, eligibility and awards for Fry Scholarship participants, awards from a single source for Transfer of Entitlement, and letter generation for awards and disallowances. Phase 3, scheduled for October 2010, will provide automated data feeds into VA's financial processing systems.



On August 1, 2010, payments under the Post-9/11 GI Bill were expanded to include the children of Servicemembers killed while on active duty. The Marine Gunnery Sergeant John David Fry Scholarship is now available for children of an active duty Servicemember who died in the line of duty on or after September 11, 2001. Eligible individuals can receive up to 36 months of entitlement. VA began accepting applications for this program on May 1, 2010.

Claims processing productivity for the 2010 fall enrollment has exceeded expectations. Our goals were to process an average of six Chapter 33 claims and twenty non-Chapter 33 claims per full-time equivalent (FTE), per day. As of September 2010, VA is averaging 7.6 processed Chapter 33 claims, and 20.1 processed non-Chapter 33 claims per FTE, per day. The overall volume of claims being completed per day has drastically improved over last year. During the fall 2009 enrollment, VA processed on average 2,000 claims for all benefits per day. For fall 2010 enrollment, VA is processing over 8,700 claims for all benefits per day.

PTSD Regulation

VA liberalized the evidentiary standards for corroborating a claimed in-service stressor when a Veteran is claiming service connection for PTSD. This modification provides that a Veteran's own statements alone may establish the occurrence of the claimed in-service stressor if it is related to a Veteran's fear of hostile military or terrorist activity and is confirmed as adequate to support a diagnosis of PTSD; if the Veteran's symptoms are related to the claimed stressor in the absence of clear and convincing evidence to the contrary; and provided the claimed stressor is consistent with the place, type, and circumstances of the Veteran's service. The final rule adopting this amendment was published in the Federal Register on July 13, 2010 as 75 FR 39843.

The Veterans Health Administration (VHA) and the Veterans Benefits Administration (VBA) launched a collaboration to identify and address means for revising the manner in which Mental Health compensation and pension examinations and disability decisions are made. With the advent of the Recovery Model as central to treatment of mental health disorders, the current system fails to support and may even create disincentives to recovery. A small workgroup was formed in July 2010 to develop a list of suggested domains and a methodology and conceptual framework for devising new mental health rating criteria. In the second phase, the group will take a closer look at sample rulemakings and how disability ratings are actually conducted.

New Presumptions for Agent Orange

On August 31, 2010, VA published a final rule adding hairy cell leukemia and other chronic B cell leukemias, Parkinson's disease, and ischemic heart disease to the list of diseases associated with herbicide exposure for which service connection is presumed for Veterans with qualifying Vietnam service. The regulation implements a decision of the Secretary of Veterans Affairs that there is a positive association between exposure to herbicides and the subsequent development of the newly added diseases. Due to the regulation's economic implications, it is subject to the provisions of the Congressional Review Act. The act allows Congress 60 days to review the final rule prior to the issuance of any payments associated with the rule.

Homelessness Initiative

VA spent \$534 million in 2010 to help end Veteran homelessness. More than 90,000 Veterans were served by outreach initiatives, an 11 percent increase from the previous year. More than 18,000 Veterans have been provided with permanent housing through the HUD-VASH program with dedicated case managers



and access to high-quality VA health care. VA also allocated \$39 million to fund 2,200 new transitional housing beds through grants to local providers. In 2010, VA created a National Call Center for Homeless Veterans (NCCHV) to 1) provide homeless Veterans with timely and coordinated access to VA and community services and 2) disseminate information to concerned family members and non-VA providers about programs and services available to assist these Veterans. The call center operates conjointly with VA's Suicide Prevention program and uses its information technology infrastructure and the clinical expertise of their call responders. From the inception of the call center on March 1 through July 31, 2010, a total of 7,559 calls were received by the NCCHV.

VLER

On April 9, 2009, President Obama directed the Department of Defense and the Department of Veterans Affairs to establish a Virtual Lifetime Electronic Record (VLER) to provide seamless and efficient access to the information needed to provide services and benefits to our Nation's Veterans. Veteran information must be available whenever and wherever it is needed.

To implement VLER, DoD and VA will exchange information between their different systems and their points of service in the private sector. This approach will create a "system of systems" for the exchange of secure and authorized information from wherever that information exists to wherever it is needed. Moving from concept to implementation, the VLER initiative has been divided into two major lines of business: health and benefits.

The implementation for health information will allow for a standards-based information exchange between the health information systems of the two Departments and the private sector. A series of pilots is underway to

produce a scalable approach that will deliver the initial capabilities required by the end of calendar year 2012. This initial and usable "foundation" for national implementation will eventually be expanded to a mature state.

Benefits information is also undergoing an incremental implementation approach. The health information needed for benefits adjudication will be brought to adjudicators through the VLER health information exchange mechanisms. Additionally, current VA and DoD benefits information-sharing mechanisms are being evaluated and will be developed to provide basic administrative information in a seamless format between the Departments by the end of calendar year 2012, and by the end of calendar year 2014 will establish access to all necessary administrative information between the Departments as well as relevant and accessible information in the private sector.

Open Government

VA's Open Government Initiative is a response to President Obama's memorandum on Transparency and Open Government issued in January 2009 and the subsequent Open Government Directive issued in December 2009 by the Office of Management and Budget. The memorandum calls for a government that is more transparent, participatory, and collaborative. The directive requires VA to develop a specific and actionable plan to be more transparent, participatory, and collaborative.

In developing its plan, VA consulted the public to solicit feedback about what we can do better and how. We included the feedback in crafting our plan, which was published on April 7, 2010. VA's plan was reviewed (and well received) by the White House Office of Science and Technology Policy as well as Citizens for Responsibility and Ethics in Washington.



VA has begun implementation of the plan and we are already seeing results. These include the submission of 30 data sets to Data.gov; the collaborative development and soft launch of the “Blue Button,” which enables Veterans to download their personal health records; and the imminent delivery of the Fast Track system for automated claims processing of presumptively service-connected disabilities.

Many of VA’s transformative initiatives are included in VA’s Open Government Plan, including the Virtual Lifetime Electronic Record (VLER), Veterans Benefits Management System (VBMS), and Veterans Relationship Management (VRM), because these initiatives improve transparency to our Veterans and stakeholders, facilitate collaboration with public and private partners, and foster participation by VA employees, Veterans, and the public.

VAi2

The VA Innovation Initiative (VAi2) is our flagship Open Government program designed to tap the talent and expertise of individuals both inside and outside of government to contribute new ideas that will ultimately produce innovative solutions that advance VA’s ability to meet the needs of Veterans in a 21st-century organization. VAI2 launched in June 2010 to identify, prioritize, fund, test, and deploy the most promising solutions to VA’s most important challenges.

The program invites employees, private sector companies, entrepreneurs, and academic leaders to contribute their best ideas for innovations that increase Veterans’ access to VA services, improve the quality of services delivered, enhance the performance of VA operations, or reduce or control the cost of delivering those services to Veterans and their families.

VAi2 is a multi-year program that involves an annual series of competitions. In 2011, VAI2 will continue to provide oversight to more than 50 projects initiated in 2010 to ensure their implementation and final evaluation are on plan. For more information about how VA innovates, visit [Web www.va.gov/VAi2](http://www.va.gov/VAi2).

Going Green

VA is focusing on becoming more sustainable (“green”) by pursuing energy, environment, and transportation (fleet) management initiatives coordinated through a single Green Management Program under the oversight of VA’s Senior Sustainability Official. The key performance results are as follows:

- In 2009 (the most recent data available), VA reduced energy intensity by 12.3 percent compared to FY 2003 baseline, and water intensity by 7.7 percent compared to the FY 2007 baseline. Also, 5.3 percent of VA’s total electricity consumption was generated with renewable sources.
- Through the American Reinvestment and Recovery Act (Recovery Act) VA invested \$200 million in Recovery Act funds to implement on-site renewable energy generation systems, advanced metering, and energy conservation and water-saving measures.
- VA also invested \$197 million in energy and water infrastructure improvements through Recovery Act, as well as over \$85 million in non-Recovery Act funding to reduce energy consumption and water usage and better manage related costs. Projects include improving lighting, replacing windows and roofs, upgrading existing boilers and chillers to run more efficiently, and installing ventilation control systems.
- VA finalized third-party green building certification for 21 VA medical centers. Over 13 percent of VA facilities are now classified as sustainable buildings (by square footage) representing 6.6 percent of



buildings that are at least 5,000 square feet in size. VA requires all major construction projects to obtain third-party green building certification.

- VA crafted a Strategic Sustainability Performance Plan (SSPP), which received OMB approval. The SSPP provides a blueprint for how VA will achieve sustainability-related goals, such as greenhouse gas emissions reductions, from FY 2010 through FY 2020.

Women Veterans Forum

On July 28, at the historic Women's Memorial at Arlington National Cemetery, the Center for Women Veterans sponsored a 1-day forum for women Veterans and their advocates including Veterans Service Organizations. The theme was *Knowledge is Power*. The purpose of the forum was to highlight enhancements in VA services and benefits for women Veterans and allow participants to build an information toolkit to share with their constituency. Topics included women's health services, benefits, homelessness, and other issues. Over 200 individuals attended. An abbreviated DVD of the forum will be available for distribution.

Acquisition Centers

VA established the Technology Acquisition Center (TAC) in Monmouth, New Jersey. The TAC is a strategic Department asset providing acquisition support for VA's Office of Information Technology. During 2010, TAC personnel awarded over \$478 million in contracts and developed a highly innovative, precedent-setting, effective procurement strategy to support VA's major initiatives.

VA's Acquisition Academy opened a third professional school in 2010, the Program Management School (PMS). The PMS has trained 1,500 employees from across VA in a 3-week Program/Project Management Boot Camp at one of three levels. The curriculum satisfies

the mandated requirements for Federal Acquisition Certification in Program/Project Management. The experiential learning model was designed to include a capstone course to increase practical application and improve VA's management of major projects.

PMAS

The Program Management Accountability System (PMAS) is a performance-based project management discipline mandated for all VA information technology (IT) product delivery projects. The intent of PMAS is to improve the rate of success of VA IT projects through incremental product build techniques and delivery of new functionality in 6-month cycles or less. Projects managed under PMAS are tightly monitored and are subject to being halted if significant deviations to plans occur and insufficient remediation plans are presented.

The principal intent of PMAS is to improve the results of VA investments in IT. Other substantial benefits of PMAS include:

- Eliminates "big bang" project failures.
- Reduces project management and technical risks through incremental functional delivery.
- Enhances business effectiveness through frequent delivery of functionality.
- Re-balances requirements with available staffing.
- Focuses project management efforts by identifying projects with inadequate resources.
- Enables VA to focus on troubled projects early and implement corrective actions quickly through real-time performance indicators.
- Ensures achievement of project goals and objectives through active participation of all project stakeholders in the integrated project teams throughout the System Development Life-Cycle.



ADVANCE

ADVANCE is a new initiative launched by the Office of Human Resources and Administration to invest in people development, workforce engagement, and talent management. Employee wellness programs and professional development training are key areas of emphasis.



VA Online: *Fast and Easy Access to Information*

Several Web sites provide information for and about Veterans and are referenced in the PAR. The table below provides links and shows page locations where they are cited.

What Information do you Need?	Web Site	PAR Location
An Electronic Version of the Highlights	www.va.gov/budget/report	See Page I-17
Health Care in VA	www1.va.gov/health/index.asp	See Page I-20
Managing My Health as a Veteran	www.myhealth.va.gov	See Page I-69
Medical Research in VA	www.research.va.gov	See Page I-20 See Page II-49 See Page II-53 See Page II-81
Clinical Training Opportunities and Education Affiliates	www.va.gov/oaa	See Page II-79
Disability Compensation for Veterans	www.vba.va.gov/bln/21/compensation	See Page I-21
Pension Benefits for Veterans	www.vba.va.gov/bln/21/pension	See Page I-21
Education Benefits for Veterans	www.gibill.va.gov	See Page I-21 See Page I-46
Vocational Rehabilitation and Employment for Veterans	www.vba.va.gov/bln/vre/index.htm	See Page I-21
Home Loans for Veterans	www.homeloans.va.gov	See Page I-21 See Page II-4
Insurance Benefits for Veterans	www.insurance.va.gov	See Page I-22 See Page II-59
Burial Benefits for Veterans	www.cem.va.gov	See Page I-22 See Page II-24 See Page II-44 See Page II-61
Opportunities for Veteran-Owned Small Businesses	www.VetBiz.gov	See Page II-23
American Recovery and Reinvestment Act of 2009	www.va.gov/recovery	See Page I-80
Minority Veterans	www1.va.gov/centerforminorityVeterans	See Page II-49
Women Veterans	www.va.gov/womenvet	See Page II-48
Survivors Assistance	www.va.gov/survivors	See Page II-50
Security and Preparedness	www.osp.va.gov	See Page I-54
Recently Published VA Regulations	www.va.gov/VA_Regulations	See Page I-64
VA's Work With Faith-Based Organizations	www.va.gov/cfbnpartnerships	See Page I-61



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Notes

⁽¹⁾ In this report, with the exception of table and chart titles, references to years (e.g., 2008, 2010) are fiscal years unless stated otherwise.

⁽²⁾ Questions about this report should be directed to VA's Office of Budget at **202-461-6630**. An electronic version is available on the [Web](http://www.va.gov/budget/report/) at www.va.gov/budget/report/.



Performance Scorecard

Color coding for FY 2010 Results
 ● Target Achieved
 ● Target Missed – Small Extent
 ● Target Missed – Great Extent

Integrated Objectives	Key Performance Measures (page references in PAR)	FY 2009 Recap		FY 2010 Recap					
		Targets	Results	Targets	Results	Target Achieved?		Improved From FY 2009? Yes/No/Same	Measure Type
						Yes	No		
Integrated Objective #1 MAKE IT EASIER FOR VETERANS AND THEIR FAMILIES TO RECEIVE THE RIGHT BENEFITS WHILE MEETING THEIR SERVICE DELIVERY EXPECTATIONS	Prevention Index IV (pp. II-5 and II-114)	89%	89%	89%	93%*	Yes		Yes	Outcome
	Clinical Practice Guidelines Index III (pp. II-6 and II-114)	86%	91%	86%	92%*	Yes		Yes	Outcome
	National accuracy rate - compensation entitlement claims (pp. II-7 and II-114)	90%	84%	90%	84%*		No	Same	Output
	Pension maintenance claims - average days to complete (pp. II-8 and II-114)	85	101	82	105		No	No	Output
	National accuracy rate - pension maintenance claims (pp. II-9 and II-114)	94%	95%	95%	96%*	Yes		Yes	Output
	Compensation & Pension disability rating claims - average days to complete (pp. II-10 and II-116)	168	161	165	166		No	No	Output
	Average days to complete Education claims								
	Original claims (pp. II-11 and II-116)	24	26	24	39		No	No	Output
	Supplemental claims (pp. II-12 and II-116)	10	13	10	16		No	No	Output
	Default Resolution Rate (pp. II-13 and II-116) (**) Corrected	56.5%	65.1%**	71.0%	76.3%	Yes		Yes	Outcome
	Percent of graves in national cemeteries marked within 60 days of interment (pp. II-14 and II-116)	95%	95%	95%	94%		No	No	Output
	Percent of applications for headstones and markers that are processed within 20 days for the graves of Veterans who are not buried in national cemeteries (pp. II-26 and II-116)	90%	93%	90%	74%		No	No	Output
	Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence (pp. II-25 and II-118)	86.9%	87.4%	87.8%	88.1%	Yes		Yes	Outcome
Non-institutional, long-term care average daily census (pp. II-36 and II-118)	72,352	72,315	93,935	92,567*		No	Yes	Output	



Performance Scorecard

Color coding for FY 2010 Results
 ● Target Achieved
 ○ Target Missed - Small Extent
 ○ Target Missed - Great Extent

Integrated Objectives	Key Performance Measures (page references in PAR)	FY 2009 Recap		FY 2010 Recap						
		Targets	Results	Targets	Results	Target Achieved?		Improved From FY 2009? Yes/No/Same	Measure Type	
						Yes	No			
	Percent of primary care appointments completed within 30 days of the desired date (pp. II-39 and II-118)	97%	99%	98%	99% ^(a)	Yes		Same	Output	
	Percent of specialty care appointments completed within 30 days of the desired date (pp. II-40 and II-118)	95%	98%	95%	99% ^(a)	Yes		Same	Output	
	Percent of new patient appointments completed within 30 days of the appointment create date (pp. II-41 and II-118)	92%	93%	93%	83% ^(a)		No	No	Output	
Integrated Objective #2	EDUCATE AND EMPOWER VETERANS AND THEIR FAMILIES THROUGH OUTREACH AND ADVOCACY	Progress towards development of one new treatment for post-traumatic stress disorder (2 milestones over 2 years) (pp. II-56 and II-120)	87%	80%	94%	80%		No	Same	Outcome
		Rehabilitation Rate (General) (pp. II-55 and II-120)	76%	74%	76%	76%	Yes		Yes	Outcome
		Percent of respondents who rate the quality of service provided by the national cemeteries as excellent (pp. II-62 and II-120)	98%	95%	98%	95%		No	Same	Outcome
		Rate of high client satisfaction ratings on services delivered (Insurance) (pp. II-66 and II-120)	95%	96%	95%	95%	Yes		No	Outcome
Integrated Objective #3	BUILD OUR INTERNAL CAPACITY TO SERVE VETERANS, THEIR FAMILIES, OUR EMPLOYEES, AND OTHER STAKEHOLDERS	Percent of respondents who rate national cemetery appearance as excellent (pp. II-72 and II-120)	99%	98%	99%	98%		No	Same	Outcome
		Percent of patients rating VA health care as 9 or 10 (on a scale from 0 to 10): - Inpatient (pp. II-90 and II-122) - Outpatient (pp. II-91 and II-122)	Baseline	63%	TBD	64%*			Yes	Outcome
			Baseline	57%	TBD	55%*			No	Outcome

Notes: * Indicates partial or estimated actual data. (a) Office of Inspector General (OIG) reports issued between 2005 and 2007 found reported outpatient waiting times to be unreliable because of data integrity concerns associated with VHA's patient scheduling system.



Department Overview

Our Programs: *What We Do*

Veterans Health Administration

Providing Medical Care

VA operates the largest direct health care delivery system in America. In this context, VA meets the health care needs of America's Veterans by providing a broad range of primary care, specialized care, and related medical and social support services. VA focuses on providing health care services that are uniquely related to Veterans' health or special needs. VA is also the Nation's largest provider of health care education and training for physician residents and other health care trainees. These education and training programs are designed to help ensure an adequate supply of clinical care providers for Veterans and the Nation.

Web: <http://www1.va.gov/health/index.asp>

Conducting Veteran-Centered Research

VA advances medical research and development in ways that support Veterans' needs by pursuing medical research in areas that most directly address the diseases and conditions that affect Veterans. Shared VA medical research findings contribute to the public good by improving the Nation's overall knowledge of disease and disability.

Web: <http://www.research.va.gov>

Veterans Benefits Administration

Delivering Compensation Benefits

The Compensation program provides monthly payments and ancillary benefits to Veterans in accordance with rates specified by law, in recognition of the average potential loss of earning capacity caused by a disability or disease incurred in or aggravated during active military service. This program also provides

monthly payments, as specified by law, to surviving spouses, dependent children, and dependent parents in recognition of the economic loss caused by the Veteran's death during active military service or, subsequent to discharge from military service, as a result of a service-connected disability.

Web: www.vba.va.gov/bln/21/compensation/

Providing Pension Benefits

Pension benefits are monthly payments, specified by law, provided to Veterans with nonservice-connected disabilities who served in a time of war. Veterans must meet specific income limitations and must be permanently and totally disabled or must have reached the age of 65. This program also provides monthly payments, as specified by law, to income-eligible surviving spouses and dependent children of deceased wartime Veterans who die as a result of a disability unrelated to military service.

Web: www.vba.va.gov/bln/21/pension/

Providing Educational Opportunities

VA's education programs provide eligible Veterans, Servicemembers, reservists, survivors, and dependents the opportunity to achieve their educational or vocational goals. VA administers a number of education programs, including the Montgomery GI Bill and the Post-9/11 GI Bill, a new education program which provides financial support to individuals with at least 90 days of aggregate service on or after September 11, 2001, or individuals discharged with a service-connected disability after 30 days.

Web: www.gibill.va.gov



Delivering Vocational Rehabilitation and Employment Services

The Vocational Rehabilitation and Employment program focuses on providing individualized services to Veterans with service-connected disabilities to assist them to achieve functional independence in daily activities, become employable, and obtain and maintain suitable employment.

Web: <http://www.vba.va.gov/bln/vre/index.htm>

Promoting Home Ownership

VA's Loan Guaranty program helps eligible Veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard in purchasing homes. VA also assists these borrowers in retaining their homes through joint servicing efforts with VA-guaranteed loan servicers via foreclosure avoidance services. In addition, VA offers grants to Veterans and Servicemembers who have specific service-connected disabilities for the purpose of constructing an adapted dwelling or modifying an existing one to meet their special needs. The Loan Guaranty program also provides direct loans to Native American Veterans living on Federal trust land.

Web: <http://www.homeloans.va.gov>

Meeting Insurance Needs

VA's Insurance program provides Servicemembers and their families with universally available life insurance (automatically issued to all Servicemembers and their families without underwriting), as well as traumatic injury protection insurance for Servicemembers. It also provides the option for the continuation of insurance coverage after a Servicemember's separation from service. The program continues to provide life insurance coverage to WWII and Korean War-era Veterans, and to Veterans who have lost or impaired insurability resulting from military service and therefore cannot obtain commercial insurance at standard (healthy) rates. In total,

the program insures 7.1 million Veterans, Servicemembers, and their families.

Web: <http://www.insurance.va.gov>

National Cemetery Administration

Delivering Burial Services to Veterans

Primarily through the National Cemetery Administration (NCA), VA honors Veterans with final resting places in national shrine cemeteries and with lasting tributes that commemorate their service to our Nation.

Web: <http://www.cem.va.gov>

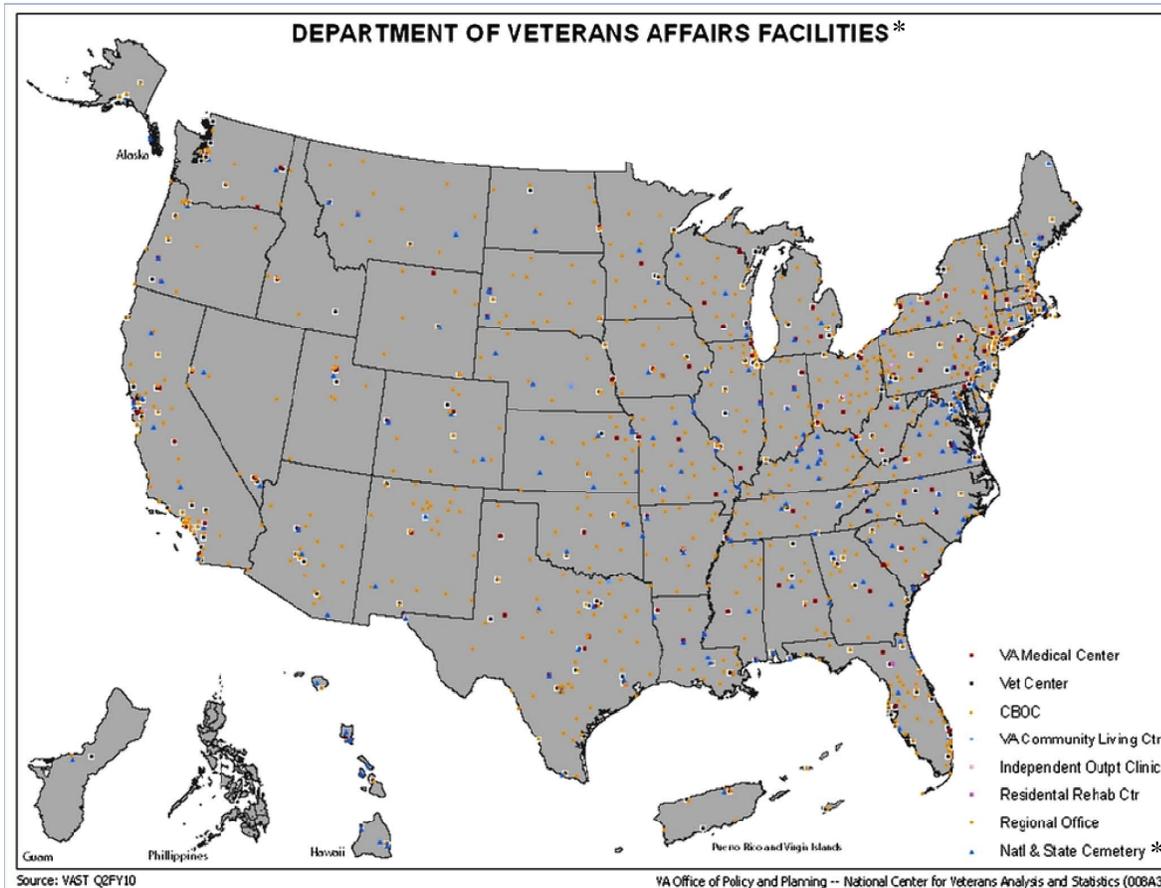
Staff Offices

The Department's staff offices are critical to VA's ability to deliver services to Veterans in a cost-effective manner. These offices provide a variety of services including information technology, human resources management, financial management, acquisition, and facilities management.



Our Programs: *Where We Are Located*

VA provides medical care, benefits, and burial services throughout the Nation. Shown below is a depiction of VA's geographical locations as of March 31, 2010. The map identifies 153 Medical Centers, 232 Vet Centers, 768 Community-based Outpatient Clinics (CBOC), 134 VA Community Living Centers, 6 Independent Output Clinics, 50 Residential Rehabilitation Centers, 208 National and State Cemeteries, and 57 Regional Offices.



* Although State Veterans Cemeteries are included on the above map, they are not VA facilities *per se*. VA provides grants for the establishment of State-operated cemeteries, which provide a burial and memorial benefit to Veterans.



Our Programs: *Who We Serve*

As described on the previous pages, VA programs and services are as varied as the Veterans and family members we serve. From space-age technology used in prosthetic devices that bring mobility to the severely disabled, to the pension benefits paid to three survivors of Civil War Veterans, VA's commitment to those who have "borne the battle" continues. The chart below describes who and how many participants are being served by VA.

Program	Year-to-Year Comparison		
	FY 2009 Participants ⁽¹⁾	FY 2010 Participants ⁽¹⁾	Percent Change
Medical Care			
Unique Patients	5,626,800	5,833,600	3.7
Compensation			
Veterans	3,069,700	3,181,700	3.6%
Survivors/Children	341,300	344,900	1.1%
Pension			
Veterans	314,200	310,200	-1.3%
Survivors	194,100	195,000	0.5%
Education⁽²⁾⁽³⁾			
Veterans/Servicemembers	376,400	574,800	52.7%
Reservists	106,400	97,600	-8.3%
Survivors/Dependents	81,300	127,600	56.9%
Vocational Rehabilitation⁽²⁾			
Program Participants	106,200	107,100	0.8%
Housing			
Loans Guaranteed	325,700	314,000	-3.6
Specially Adapted Housing (SAH) Grants Approved	1,300	1,500	15.4
Insurance			
Veterans	1,541,100	1,450,830	-5.9%
Servicemembers/Reservists	2,380,000	2,433,500	2.2%
Spouses/Dependent Children	3,135,000	3,272,000	4.4%
Burial			
Interments	106,400	111,800	5.1
Graves Maintained	2,988,700	3,065,700	2.6
Headstones/Markers (Processed)	352,000	355,600	1.0
Presidential Memorial Certificates	655,800	803,700	22.6

⁽¹⁾Whole numbers, rounded to nearest hundred.

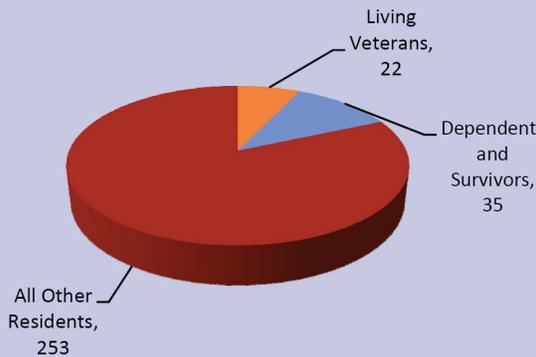
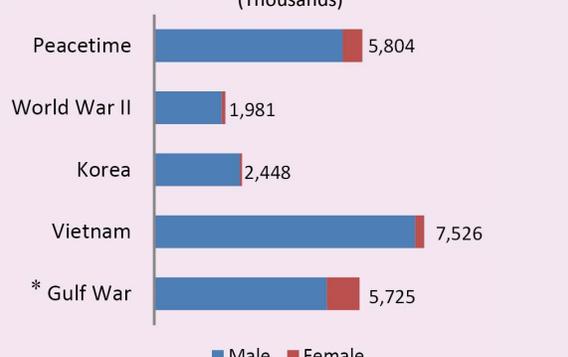
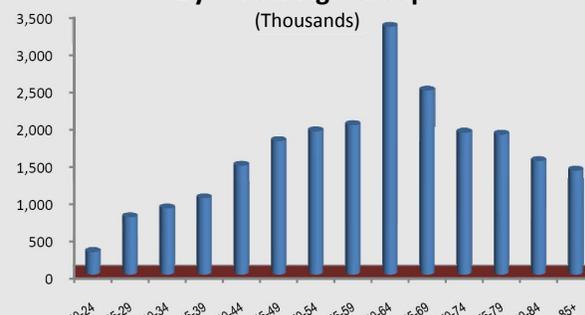
⁽²⁾Figures represent 12-month rolling data through September.

⁽³⁾Does not represent unique participants. Some participants trained under more than one education program.



America's Veterans: A Demographic Profile

Beginning with our Nation's struggle for freedom more than two centuries ago, approximately 45 million men and women have served this country during wartime periods. The charts below provide various social and demographic information on today's Veteran population.

Data	Analysis																														
<p>Veteran Population Compared to Total U.S. Population (Millions)</p>  <table border="1"> <caption>Veteran Population Compared to Total U.S. Population (Millions)</caption> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>All Other Residents</td> <td>253</td> </tr> <tr> <td>Dependents and Survivors</td> <td>35</td> </tr> <tr> <td>Living Veterans</td> <td>22</td> </tr> </tbody> </table>	Category	Value	All Other Residents	253	Dependents and Survivors	35	Living Veterans	22	<ul style="list-style-type: none"> There are about 22.7* million living U.S. Veterans, 8 percent of whom are women. The percentage of women Veterans is expected to increase over time given the increased role of women in the Armed Forces. There are an estimated 35 million dependents (spouses and dependent children) of living Veterans and survivors of deceased Veterans Together, Veterans, dependents, and survivors make up about 19 percent of America's population. <p>* Pie chart shows number of Veterans living in the United States proper.</p>																						
Category	Value																														
All Other Residents	253																														
Dependents and Survivors	35																														
Living Veterans	22																														
<p>Veteran Population by Period of Service* (Thousands)</p>  <table border="1"> <caption>Veteran Population by Period of Service (Thousands)</caption> <thead> <tr> <th>Period</th> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Peacetime</td> <td>5,804</td> <td>0</td> <td>5,804</td> </tr> <tr> <td>World War II</td> <td>1,981</td> <td>0</td> <td>1,981</td> </tr> <tr> <td>Korea</td> <td>2,448</td> <td>0</td> <td>2,448</td> </tr> <tr> <td>Vietnam</td> <td>7,526</td> <td>0</td> <td>7,526</td> </tr> <tr> <td>* Gulf War</td> <td>5,725</td> <td>0</td> <td>5,725</td> </tr> </tbody> </table> <p>■ Male ■ Female</p> <p>*The Gulf War figures include Veterans who have served in Operation Iraqi Freedom and/or Operation Enduring Freedom.</p>	Period	Male	Female	Total	Peacetime	5,804	0	5,804	World War II	1,981	0	1,981	Korea	2,448	0	2,448	Vietnam	7,526	0	7,526	* Gulf War	5,725	0	5,725	<ul style="list-style-type: none"> Nearly 17 million (74 percent) of America's Veterans served during at least one wartime period. *(The sum of period of service will exceed number of all Veterans because Veterans who served in multiple periods are shown in each period.) Vietnam Era Veterans account for the largest segment of the Veteran population. About 76 percent of all women Veterans served during the post-Vietnam Era compared to 37 percent of men. By 2019, the number of women Veterans enrolled in VA's health care system is expected to increase by 43 percent to 739,451 compared to 518,804 in 2010. (Enrollment projections for women Veterans have been revised to reflect gender-specific adjustments to modeling factors. VA still expects significant growth in the enrollment of women Veterans.) 						
Period	Male	Female	Total																												
Peacetime	5,804	0	5,804																												
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<p>Age Distribution of the Veteran Population By 5-Year Age Groups (Thousands)</p>  <table border="1"> <caption>Age Distribution of the Veteran Population (Thousands)</caption> <thead> <tr> <th>Age Group</th> <th>Population (Thousands)</th> </tr> </thead> <tbody> <tr><td>20-24</td><td>~400</td></tr> <tr><td>25-29</td><td>~800</td></tr> <tr><td>30-34</td><td>~1,000</td></tr> <tr><td>35-39</td><td>~1,100</td></tr> <tr><td>40-44</td><td>~1,500</td></tr> <tr><td>45-49</td><td>~1,800</td></tr> <tr><td>50-54</td><td>~2,000</td></tr> <tr><td>55-59</td><td>~2,100</td></tr> <tr><td>60-64</td><td>~3,400</td></tr> <tr><td>65-69</td><td>~2,600</td></tr> <tr><td>70-74</td><td>~2,000</td></tr> <tr><td>75-79</td><td>~1,900</td></tr> <tr><td>80-84</td><td>~1,600</td></tr> <tr><td>85+</td><td>~1,500</td></tr> </tbody> </table>	Age Group	Population (Thousands)	20-24	~400	25-29	~800	30-34	~1,000	35-39	~1,100	40-44	~1,500	45-49	~1,800	50-54	~2,000	55-59	~2,100	60-64	~3,400	65-69	~2,600	70-74	~2,000	75-79	~1,900	80-84	~1,600	85+	~1,500	<ul style="list-style-type: none"> As of September 2010, the median age of all living Veterans was 62 years. Men's median age was 62; women's 48. The number of Veterans 85 and older totaled about 1,393,000, compared to 164,000 in 1990. By 2019, the number of Veterans 85 and older enrolled in VA's health care system is expected to increase by 20 percent to 709,523 compared to 657,477 in 2010.
Age Group	Population (Thousands)																														
20-24	~400																														
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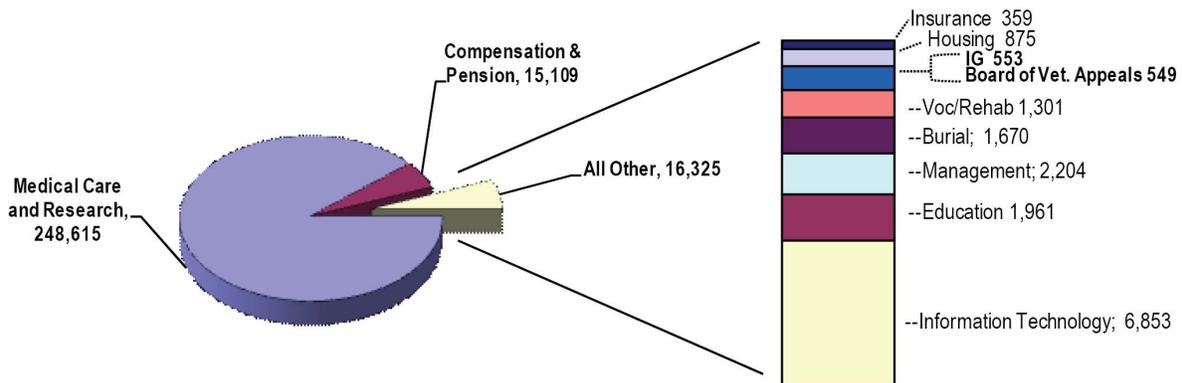
Resources: Our People

As of September 30, 2010, the Department employed about 280,000 full-time equivalent (FTE) employees nationwide. The charts below show the distribution of full-time equivalent employees by program area.

As shown below, more than 248,000 FTE support VA's health care system, one of the largest in the world. Of the remaining FTE, approximately 19,000 are involved with providing compensation and pension as well as other benefits to Veterans and their families. About 1,600 provide burial and memorial services for Veterans and their eligible spouses and children, and about 10,000, located primarily in the Washington, DC area, provide policy, administrative, information technology, and management support to the programs.

Number of Full-Time Equivalent Employees

as of September 30, 2010

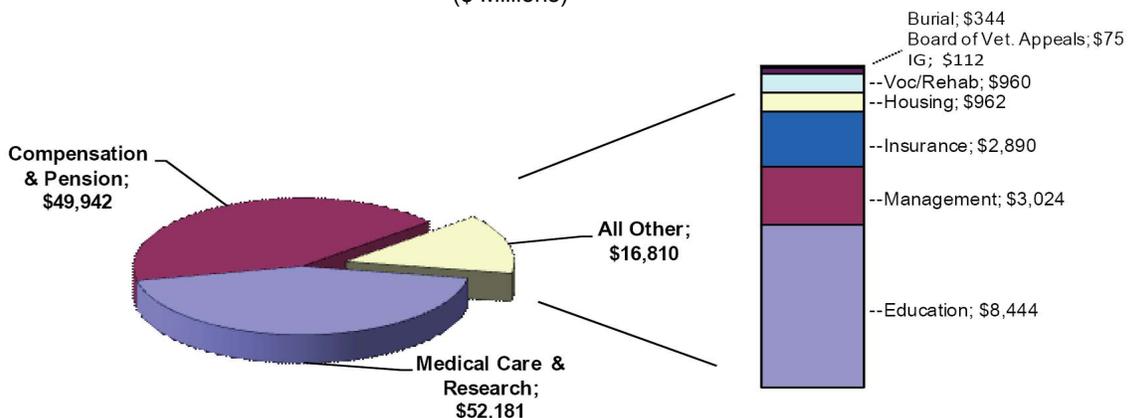


Resources: Our Budget

In 2010 VA obligated approximately \$118.9 billion.* Approximately 97 percent of total funding went directly to Veterans in the form of monthly payments of benefits or for direct services such as medical care. The depictions below show how VA spent the funds with which it was entrusted.

FY 2010 Obligations

(\$ Millions)



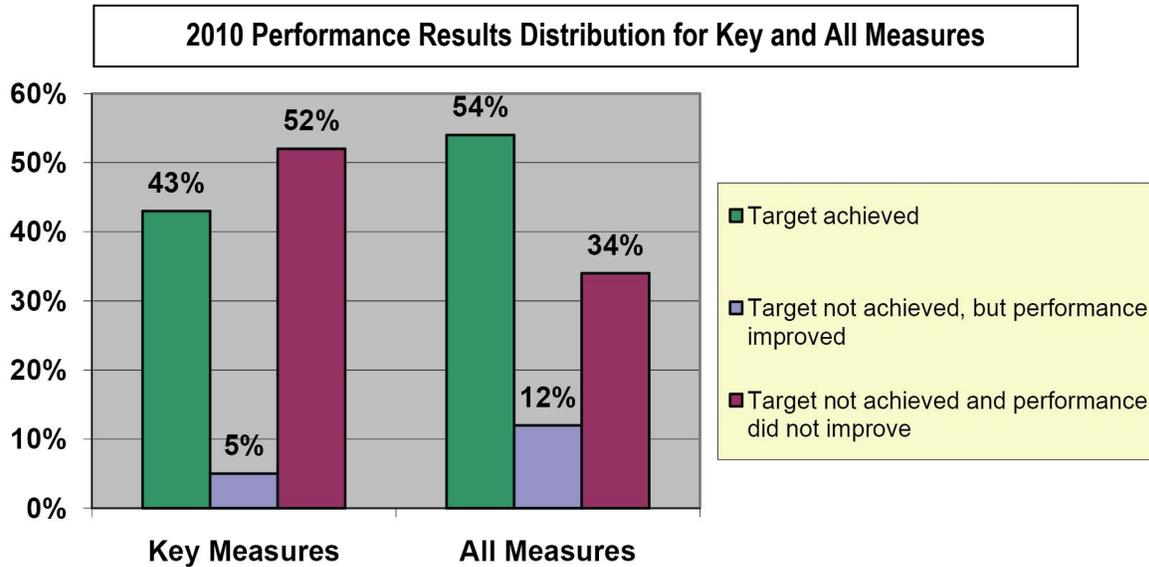
* The obligation information shown above does not tie to the Obligations Incurred amounts shown in the Financial Statements of Part III. The difference includes but is not limited to the fact that adjustments to prior-year expired funds are netted with Obligations Incurred in the Financial Statements.



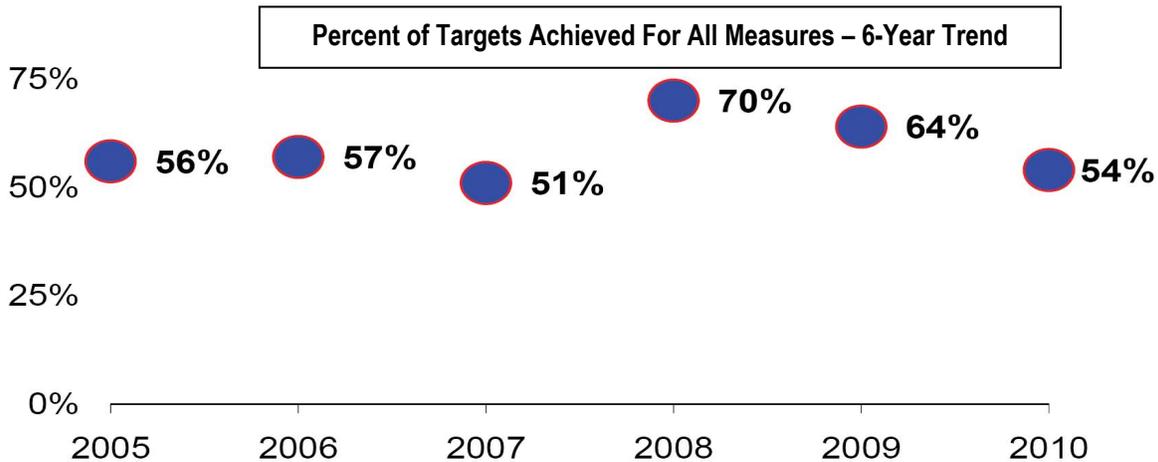
2010 Performance – A Department-Level Summary

Key Measures -- Continuity and Type: Key measures are those that measure mission-critical activities. As of FY 2010, 21 of VA's 23 key measures have been in place for at least 5 years. This provides the Department's leadership with the ability to track significant performance trends over time and to make strategic adjustments when necessary.

Performance Results: Key vs. All Measures: The chart below shows how well VA performed in meeting its performance targets. As shown, VA achieved the target for 43 percent of its key measures and 54 percent of all measures. In addition, for key measures, 5 percent of the targets were not achieved, but performance improved from 2009. Further details on performance by Integrated Objective and Integrated Strategy are provided in Part II of the PAR.



Performance Trends: All Measures: The chart below shows how well VA performed in meeting its performance targets for all of its measures since 2005. Trend analysis should be considered in light of yearly changes to performance targets and, to a lesser extent, changes to the numbers and types of measures.





Integrated Objective Summary

INTEGRATED OBJECTIVE 1

Make it easier for Veterans to receive the right benefits while meeting their service delivery expectations.

Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.

Making a Difference for Veterans

Breaking the Back of the Backlog



Under Secretary for Benefits Walcoff, Secretary Shinseki, and Deputy Secretary Gould visit the Virtual RO in Baltimore. Also pictured is Megan Zuver, Rating Veterans Service Representative from the Lincoln, Nebraska Regional Office.

Upon entering his second year as head of VA, Secretary Shinseki spoke on **reducing the disability claims backlog**. "We are going to break the back of the backlog this year," he said during a news interview in April.

The Secretary is committed to creating a disciplined, high-performing, and transparent organization tailored to being more responsive to Veterans' needs. His vision includes **transforming the disability**

claims processing system, improving business processes, and enabling practices that will best leverage technology.

Some initiatives have been quickly implemented. Claims processing staff now call Veterans to obtain the evidence needed to resolve their claims instead of relying solely on written communications. Four regional offices are testing variations on the concept of an "Express Lane" to expedite claims that involve only one medical condition. To minimize the need for and avoid delays in scheduling and completing VA medical examinations, VA is developing over 60 new medical questionnaires aligned with the VA Schedule for Rating Disabilities for use by VA doctors and Veterans' personal doctors. To make the claims process faster, VA has introduced two new forms for Veterans participating in the Department's new fully developed claim program, which is one of the fastest means to receive a claims decision. Shortened application forms are available on VA's [Web](#) site at www.va.gov/vaforms.

The Secretary's transformation strategy leverages the power of 21st century technologies applied to redesigned business processes. The Virtual Regional Office in Baltimore was completed in May 2010. Our signature program, the **Veterans Benefits Management System (VBMS)**, is applying technology improvements to the new streamlined processes so that the overall service we provide is more efficient, timely, and accurate. The end goal is a rules-based, paperless, IT-driven system that empowers our employees and engages our Veterans. While we work to develop VBMS, we are making immediate changes to improve our business processes and simultaneously incorporating the best of those changes into VBMS.

For additional information, visit the [Web](#) site at www.va.gov or call VA's toll free benefits number at 1-800-827-1000.



Most Important Achievements and Current Challenges

Integrated Objective 1

MAKE IT EASIER FOR VETERANS AND THEIR FAMILIES TO RECEIVE THE RIGHT BENEFITS WHILE MEETING THEIR SERVICE DELIVERY EXPECTATIONS

Most Important Achievements

NEW CEMETERY OPENS: VA began interment operations at Washington Crossing National Cemetery in 2010, providing service to Veterans in the Southeastern Pennsylvania area. Washington Crossing National Cemetery is VA's 131st national cemetery and is part of the largest expansion of VA's national cemetery system since the Civil War.

NEW MEMORIAL BENEFIT: VA unveiled a new memorial benefit for Veterans who are not buried in a VA national or State Veterans cemetery and whose graves do not have a Government headstone or marker. VA now offers a medallion that can be affixed to an existing headstone or marker to commemorate the Veteran's service to the Nation.

22 PERCENT INCREASE IN SPECIALLY ADAPTED HOUSING GRANTS AWARDED: 1,549 severely disabled Veterans and Servicemembers now live in new housing or have adapted an existing dwelling to meet their adaptive housing needs enabling them to live more independently. This is a 22 percent increase from 2009.

COST EFFECTIVE DEFAULT AVOIDANCE: Through August 2010, VA achieved an "Efficiency-Default Resolution Rate" ratio of 55.6 meaning that VA avoided \$55.60 in potential claim payments for every dollar spent on assisting Veterans who were at risk of losing their homes because of foreclosure.

EBENEFITS PORTAL: VA implemented an Appeals Status Tab on the eBenefits portal, allowing registered Veterans to check the status of their appeal in real time.

BETTER HEALTH CARE QUALITY AND SAFETY: VA began developing new models of health care that educate and empower patients and their families and also create a more holistic, Veteran-centered system with improved access and coordination of care. Key initiatives include:

- Implementing Secure Messaging to improve access of care.
- Implementing Patient-Aligned Care Team concept to improve communication, Veteran participation, professional collaboration, and coordination of care.
- Increasing Telehealth services to improve access of care to Veterans in remote areas and for those Veterans requiring scarce specialty care.
- Piloting multiple forms of non-institutional long term care, providing Veterans and families numerous options that allow Veterans to remain their communities near family and friends.

A 24/7 SUICIDE PREVENTION HOTLINE: Veterans are able to call the national suicide prevention hotline number 1-800-273-TALK and then "push 1" to reach a trained VA professional who can deal with any immediate crisis. Since 2007, more than 245,000 callers have called the hotline and about 144,000 of these callers have identified themselves as Veterans or family members or friends of Veterans. There have been over 7,000 rescues of actively suicidal Veterans to date.



HOMELESS VETERANS HOTLINE: VA's National Call Center for Homeless Veterans Hotline ensures that homeless Veterans or Veterans at risk for homelessness have free, 24/7 access to trained counselors. The hotline is intended to assist homeless Veterans and their families; VA medical centers; Federal, state, and local partners; community agencies; service providers; and others in the community. To be connected with a trained VA staff member, call **1-877-4AID VET (1-877-424-3838)**.

ENDING HOMELESSNESS AMONG VETERANS: VA has begun action to eliminate Veteran homelessness. The plan is built upon six strategic pillars: outreach and education, treatment, prevention, housing with supportive services, assistance in securing income through employment or benefits, and community partnerships. More than 90,000 Veterans were served by outreach initiatives, an 11 percent increase from the previous year. More than 18,000 Veterans have been permanently housed through the HUD-VASH program with dedicated case managers and access to high-quality VA health care.

VETERANS HELPING VETERANS: VA received an "A" on the Small Business Administration's Annual Procurement Scorecard for 2009 due to its outreach and education efforts to help Service-Disabled Veteran-Owned Small Businesses and Veteran-Owned Small Businesses engage in VA's contracting opportunities.

TRANSFORMING THE DISABILITY CLAIMS PROCESS: VA set in motion approximately 40 initiatives to streamline the disability claims process, thereby facilitating interaction with Veterans and improving the timeliness of the VA claims process through both business process reengineering and new technology. For example, VA shortened the form used by Veterans applying for disability benefits for the first time from 23 to 10 pages.

LIBERALIZED EVIDENTIARY STANDARDS FOR PTSD: VA published new regulations that liberalized the evidentiary standard for Veterans claiming Post-Traumatic Stress Disorder (PTSD) in July 2010. This simplifies and streamlines the processing of PTSD claims, which will result in Veterans receiving more timely decisions.

90-DAY CLAIMS PROCESSING: VA implemented the Fully Developed Claims (FDC) program at all regional offices and Pension Management Centers in June 2010 to expeditiously process fully developed claims within 90 days after receipt.

GI BILL IMPLEMENTATION: VA took the following actions to continue implementing the Post-9/11 GI Bill:

- On August 1, 2010, payments under the Post-9/11 GI Bill were expanded to include the children of those Servicemembers killed while on active duty. VA began accepting applications for this program on May 1, 2010.
- VA's new IT system, to be released in four phases, began deployment on March 31, 2010 and provided the capability to complete original claims; automatically calculate awards including tuition and fees, housing, books and supplies; and automatically calculate awards for overlapping terms and intervals. On June 30, 2010, VA deployed additional functionality for the calculation of amended enrollments; Phase 3, scheduled for deployment in October 2010, will provide automated data feeds into VA's financial processing systems.
- Claims processing productivity for the 2010 fall enrollment has exceeded expectations. During the fall 2009 enrollment, VA processed on average 2,000 claims for all benefits per day. For fall 2010 enrollment, VA is processing over 10,000 claims for all benefits per day.



FAST PROCESSING OF INSURANCE DISBURSEMENTS: VA accurately processed 99.4 percent of disbursements in 1.5 workdays, exceeding its goal of 2.5 workdays. Disbursements, which are loans, cash surrenders, and death claims awards, provide Veterans with needed cash via policy loans and cash surrenders and beneficiaries with proceeds upon the death of the Veteran.

AGGRESSIVE ACTION TAKEN TO ADDRESS INFORMATION TECHNOLOGY PROGRAM

FAILURES: VA transitioned all IT development projects into the Project Management Accountability System, which incorporates industry best practices relating to software development. The new management process requires all IT development projects to use incremental product build techniques focusing on near-term deliverables (within 6 months) and facilitating frequent delivery of new capabilities to customers.

DEVELOPING AN INTEGRATED OPERATING CENTER FOR EMERGENCY RESPONSE: VA is working on the construction and commissioning of three facilities that will provide a fusion point for unified command, integrated planning, and data analysis to enable integrated emergency response capabilities. Equipment installations are already planned and a contract for video-teleconferencing was awarded in September 2010.

IT DESKTOP SECURITY: VA deployed an enterprise-wide solution that provides visibility into the health and security protection of all VA workstations. The national view produced through this solution includes more than 315,000 VA workstations across 1,400 sites and provides a consolidated status dashboard reflecting patch levels, hardware and software versioning, anti-virus protection, host intrusion protection, port security protection, and presence of the forensics analysis capability tool.

CENTRAL CONFIGURATION/PATCH MANAGEMENT: VA implemented a cost-effective national solution providing centralized configuration management and patch management and monitoring, including patch and versioning compliance reporting at the enterprise level. This solution automatically and efficiently pushes patches and software updates reducing level of effort required at hundreds of local sites, while improving the standardization, security, and performance of systems used for service delivery.

Challenges

HEADSTONE AND MARKER PROCESSING TIMELINESS: In 2010 VA processed 74 percent of applications for headstones and markers for the graves of Veterans who were not buried in national cemeteries within 20 days of the date of receipt. VA has established a long-range performance goal to process 90 percent of these applications within 20 days of receipt.

CONTINUED INCREASE IN HOUSING GRANT WORKLOAD: The number of Specially Adapted Housing (SAH) grants approved increased 52 percent from 2008 levels largely due to the changes in law that increased grant amounts, multiple use provisions, and yearly adjustments to the grant maximums based on a cost-of-construction index. This dramatic increase in SAH workload challenges VA with providing quality and timely service to Veterans.

RISING VOLUME AND COMPLEXITY OF CLAIMS: The volume and complexity of disability claims continue to increase. In FY 2010, VA received almost 1.2 million disability claims resulting in more than 99,000 new disability claims added to the inventory each month. Given the rise in new and more complex claims, VA's pending inventory is nearly 28 percent higher than last year.



EXPANSION OF HOUSING VOUCHERS FOR HOMELESS VETERANS: The Department of Housing and Urban Development (HUD)-VA Supported Housing program is the primary permanent housing with support services resource in the effort to assist in ending homelessness among Veterans. The expansion of the voucher program in years 2011, 2012, and 2013 by an additional 30,000 HUD vouchers along with providing Homeless Veterans with associated VA supportive services are key priorities. Where housing stock is at a premium, VA staff provides case management and supportive services directly or contracts with community partners to assist Veterans with locating and securing safe affordable housing.

COMPLETING CRITICAL IT PROJECTS TO SUPPORT MENTAL HEALTH CARE SERVICES: VA's top IT priorities include completion of projects in the following areas: treatment planning software, enhancements for high-risk patient tracking and referral systems, and monitoring and evaluation systems that provide continuous feedback and technical assistance.

INCREASING MENTAL HEALTH OUTREACH EFFORTS: VA will undertake a number of complex outreach efforts as follows:

- Implement specific services for self-help.
- Develop and evaluate demonstration programs that reach out to Veterans on college and university campuses.
- Conduct feasibility studies to look at ways to collaborate with employers, educational institutions, clergy, and other organizations and agencies to develop practices to meet Veteran needs.
- Develop content for Web-based self-help programs.

VA POINT OF SERVICE (KIOSK): VA has received an official protest of the contract award for the VA Point of Service solution, which will delay implementation of the program.

APPLICATION VERIFICATION BACKLOG: VA is having difficulty processing applications for verification of Service-Disabled and other Veteran-Owned Small Businesses in a timely manner given the influx of initial applications and the current staff levels available to process the claims. All applications must be processed and the inventory cleared prior to January 1, 2012; on that date, any business not verified by VA will not be visible to VA's procurement personnel and will not be eligible to receive VA contracts under the *Veterans First Contracting Program*. Additional staff and contractor support will be hired to assist with clearing the existing inventory of applications.

MORE IT STAFF NEEDED: Currently, there is insufficient IT project management staff to manage the number of projects requested by the VA business community. In part, this is because it is difficult to recruit fully qualified IT project management professionals.

IMPLEMENTING STANDARDIZED IT INFRASTRUCTURE SOLUTIONS: There are significant technical challenges inherent in the design, engineering, and deployment of standardized solutions for a 1,400-site enterprise with multiple lines of business and a prior history of decentralization. Successful implementation of these solutions requires intensive planning and consideration of multiple technical nuances.



INTEGRATED OBJECTIVE 2

Educate and empower Veterans and their families through outreach and advocacy

Educate and empower Veterans and their families through proactive outreach and effective advocacy.

Making a Difference for Veterans

eBenefits: A Personalized Gateway to Benefit Information



eBenefits enables users to check the status of their applications and serves as a gateway to benefits information

The eBenefits portal is breaking new ground in how VA and the Department of Defense (DoD) provide access to military documents, benefit activity, health information, and self-service capabilities online or on mobile devices. Servicemembers, Veterans, dependents, and caregivers can register for an eBenefits account if they are enrolled in the Defense Enrollment Eligibility Reporting System (DEERS).

My eBenefits is a **personalized workspace** that enables **quick access to online tools and personal information**. Users with a basic user account or visitors can view consolidated general

benefit information that can be sorted by the user's interest as well as access a limited set of self-service tools like the Veteran Health Eligibility Check or Facility Locator.

The eBenefits portal is paving the way for capabilities that will provide Servicemembers, Veterans, dependents, and caregivers with greater control of their VA and DoD interactions ranging from status on submitted applications and access to benefit and health records to online delivery of pertinent news and messages. Today with a Premium account, eBenefits users can download their DD-214, check disability claim status or payment history, and obtain a home loan Certificate of Eligibility anytime and anywhere.

Users can access eBenefits on the **Web** site at <https://www.ebenefits.va.gov/> or on mobile devices at **Web** <https://m.ebenefits.va.gov/>.



VA Health Information Technology Improves Quality of Health Care While Reducing Costs



VA has shown that health information technology (IT) provides improved quality of health care and substantial cost savings, according to a recent study in the public health journal *Health Affairs*. The use of **technology lowered costs** while producing **improvements in quality, safety, and patient satisfaction**.

"VA has seen its investment in health information technology pay off for Veterans and taxpayers for many years, and this study provides positive evidence for this correlation," said Secretary of Veterans Affairs Eric K. Shinseki. "The **benefits have exceeded costs**, proving that the implementation of secure, efficient systems of electronic records is a good idea for all our citizens."

The study, which covered a 10-year period between 1997 and 2007, found that VA's health IT investment during the period was \$4 billion, while savings were more than \$7 billion. The authors noted that most of the savings are in areas that also improve quality, safety, and patient satisfaction.

More than 86 percent of the savings were due to **eliminating duplicated tests and reducing medical errors**. The rest of the savings came from lower operating expenses and reduced workload. The authors further noted that these were conservative estimates of net value, based on available literature and published studies.

VA has also begun piloting health record exchanges with the Department of Defense and private-sector providers. These programs are paving the way for a seamless, lifetime exchange of health care records of Veterans, regardless of where they live.

VA has been using health IT systems for more than 20 years to improve medical outcomes and efficiency in delivering care. The use has grown to support the full range of patient care, including computerized patient records, bar-coded medications, radiological imaging, and laboratory and medication ordering.

For more information, visit the **Web** site at <http://content.healthaffairs.org/cgi/content/full/29/4/629>.



Most Important Achievements and Current Challenges

Integrated Objective 2

EDUCATE AND EMPOWER VETERANS AND THEIR FAMILIES THROUGH OUTREACH AND
ADVOCACY

Most Important Achievements

MEDICAL RESEARCH ON STROKE: VA researchers recently engaged in a 3-year study to assess the safety and efficacy of robot-assisted therapy for neurorehabilitation in chronic stroke patients with moderate to severe arm impairment. This study provided crucial results challenging past beliefs that the brain could not “rewire” lost limb function and offering new ways to consider therapeutic approaches to regaining function. Furthermore, the study provided evidence that stroke patients can in fact regain limb function long after a stroke.

VA'S CLINICAL RESEARCH PHARMACY COORDINATING CENTER RECEIVES PRESTIGIOUS

AWARD: In December 2009, the Cooperative Studies Program's Clinical Research Pharmacy Coordinating Center, in Albuquerque, was one of the five recipients of the 2009 Malcolm Baldrige National Quality Award, the Nation's highest honor for organizational excellence. It is only the second time that the award has gone to a Federal agency.

HEALTH OF VIETNAM ERA VETERAN WOMEN'S STUDY: VA's research program launched a Health of Vietnam Era Veteran Women's Study, which represents the most comprehensive examination of a group of women Vietnam Era Veterans to date. The study will include approximately 10,000 women and will evaluate the long-term mental and physical health effects of their military service during the Vietnam era.

AWARD FROM AMERICAN HEART ASSOCIATION: VA's Cooperative Studies Program won the American Heart Association's Best Paper Award in the category of clinical science for the paper “Randomized Trial of Warfarin, Aspirin, and Clopidogrel in Patients with Chronic Heart Failure.” The paper reported the results of a clinical trial which found that overall, aspirin was as safe and effective at preventing strokes and heart attacks as Coumadin (warfarin) and Plavix (clopidogrel).

THIRTY PERCENT EXPANSION OF TELEHEALTH: In 2010, VA expanded home telehealth services by 30 percent thereby providing non-institutional care to Veteran patients with chronic medical and mental health conditions to about 46,000 Veteran patients who are able to live independently in their own homes and local communities.

NATIONAL CONVERSATION ON RESPONSIBLE FATHERHOOD AND HEALTHY FAMILIES: In March 2010, the White House Office of and the VA Center for Faith-based and Neighborhood Partnerships co-hosted a Forum “Promoting Responsible Fatherhood and Healthy Families”. As one of the President's four priorities, the purpose of the Fatherhood Forum was to hear from community leaders, Veterans, military personnel, families including spouses and children and concerned citizens on the ways fathers, families and communities are impacted by service to our country. For more information on how faith-based and secular organizations can participate in VA programs, go to [Web www.va.gov/cfbpartnerships](http://www.va.gov/cfbpartnerships).

HIGHLIGHTING BENEFITS AVAILABLE TO WOMEN VETERANS: VA held a 1-day forum for women Veterans, their advocates, and Veterans Service Organizations (VSOs) to highlight VA services and benefits available to women Veterans and allow participants to build an information toolkit to share with their constituency. More than 200 people attended the forum including VSO representatives, women Veteran bloggers, and women Veterans.



HELPING FAMILIES OF VETERANS THAT WERE KILLED IN THE LINE OF DUTY: VA's Office of Survivors Assistance (OSA) participated in the Military Health Services 2010 Remembrance Ceremony and coordinated bereavement counseling for more than 200 families of DoD medical personnel killed in the line of duty. In addition, OSA serves as a clearinghouse of information regarding benefits for surviving family members.

FILIPINO VETERANS EQUITY COMPENSATION: VA's Center for Minority Veterans established a Web-based information portal on Filipino Veterans Equity Compensation issues that provides monthly updates for WWII-eligible Veterans and family members in the United States and the Philippines.

VIGOROUS OUTREACH TO NATIVE AMERICAN VETERANS: VA established a United South and Eastern Tribe Veterans Committee and facilitated a Veterans Forum to brief VA benefits and services to Native American Veterans.

APPLYING FOR BENEFITS ONLINE: VA, together with DoD, created the eBenefits Web portal ([Web www.ebenefits.va.gov](http://www.ebenefits.va.gov)) to give Servicemembers and Veterans access to on-line tools to apply for benefits, check benefits and appeals status, review payment history, obtain home loan certificates of eligibility, obtain imaged copies of military personnel records, view educational entitlement, and request State benefit information.

VETSUCCESS EXPANDED AND IMPROVED: The VetSuccess initiative now provides more employment tools and functions via [Web http://www.vetsuccess.gov/](http://www.vetsuccess.gov) - a one-stop employment resource Web site. VetSuccess.gov is an interactive resource that shares program and employment information with Veterans, employers, and stakeholders. During FY 2010, there were 694 new employer registrations; 21,250 new Veteran registrations; 3,725 new Veteran resumes posted; and 566 new jobs posted. Through August 2010, VetSuccess.gov has nearly 16 million hits. The new "VetSuccess on Campus" program is being piloted at three sites, providing college-campus support to assist, advise, and provide outreach.

VETERAN COUNSELING VIA VIDEO CONFERENCE TO REACH MORE VETERANS: VA is piloting a remote counseling system at several sites to provide high-quality video conferencing for disabled Veterans and those inconveniently far from a regional office. So far, the pilot has demonstrated that video conferencing is viable for delivering Vocational Rehabilitation Counseling. VA is now determining the technical requirements necessary for national deployment of this critical and proactive Veteran customer service technology.

PROVIDING INSURANCE COVERAGE FOR SEVERELY INJURED VETERANS: VA conducted focused outreach to severely injured Veterans who recently separated from service resulting in \$195 million in life insurance coverage and benefits in 2010, and \$1.8 billion in life insurance coverage and benefits for these Veterans since its inception.

HIGH LEVELS OF CUSTOMER SATISFACTION WITH VA'S INSURANCE PROGRAM: VA's Insurance program continues to maintain a client satisfaction rate of 95 percent. Clients are asked to evaluate different aspects of service delivery on a five-point scale. The results are compiled for analysis with an eye towards making any necessary improvements to maintain the high quality of service provided to Veterans and their families.

ENHANCEMENTS TO SGLI/VGLI CLAIM FORMS: VA's Insurance Service is implementing a number of enhancements to Servicemembers' Group Life Insurance (SGLI)/Veterans' Group Life Insurance (VGLI) claim forms and related written materials. The changes are designed to ensure better clarity of payment options by using a new claim form that requires the beneficiary to affirmatively choose one of three clear payment options and by providing the beneficiary with additional information.

Challenges

PROVIDING INFORMATION TO SURVIVING FAMILIES: In the area of community outreach, VA needs to assess how best to establish and maintain contact with surviving families so that they are educated about relevant benefits issues. In addition, VA needs to make information on survivor benefits more readily available to the public in multiple formats to facilitate ease of use.



NEED FOR BETTER, MORE ACCURATE DEMOGRAPHIC DATA ON VETERANS: Better information on what Veterans are using VA programs and why will help identify areas where more targeted outreach efforts for minority Veterans in certain geographic and rural areas can be deployed.

NEEDED IMPROVEMENTS IN PHYSICAL INFRASTRUCTURE: A comprehensive review of VA's research facilities has found that there is a need for physical infrastructure improvements throughout the system.

POLICY AND COORDINATION FOR GENOMIC STUDIES: For genomic studies, appropriate policies about sharing specimens and data with VA and non-VA researchers need to be developed; in addition, VA needs to develop better coordination mechanisms among the very large number of VA sites—both hospitals and outpatient clinics—that are involved with genomic studies such as the Million Veteran Program.

BETTER OUTREACH NEEDED TO INFORM VETERANS ABOUT INSURANCE BENEFITS: VA needs to identify and provide better outreach to those Veterans who are the least able to obtain life insurance from the private sector due to their service-connected disabilities. In this context, VA authorized an independent evaluation of the conversion process from SGLI to VGLI to increase the percentage of disabled SGLI members who convert their SGLI to VGLI. The evaluation included a review of the types of disabilities and the disability ratings that would prevent a disabled Veteran from obtaining life insurance from the commercial insurance industry due to their impaired insurability resulting from military service. VA is establishing a work unit devoted to outreach to those disabled Veterans who would most benefit from targeted outreach.



INTEGRATED OBJECTIVE 3

Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders

Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.

Making a Difference for Veterans

VA and Kaiser Permanente Invite Veterans to Participate in Health Record Pilot Program



Dr. Divya Shroff, associate chief of staff-informatics at the D.C. VA Medical Center

In November 2009, VA and Kaiser Permanente announced the launch of a pilot program to **exchange electronic health record information** using the Nationwide Health Information Network (NHIN) created by the Department of Health and Human Services.

“The ability to share critical health information is essential to interoperability,” said Secretary of Veterans Affairs, Eric K. Shinseki. “Utilizing the NHIN’s standards and network will allow organizations like VA and the Department of Defense to partner with private sector health care providers to promote better, faster and safer care for Veterans.”

VA and Kaiser Permanente sent a joint letter to Veterans in the San Diego area who receive care from both institutions to invite them to participate in this first-ever pilot program. More than 400 Veterans agreed to participate. They enabled their public and private sector health care providers and doctors to share specific health information electronically --

safely, securely, and privately.

The **pilot program connects Kaiser Permanente HealthConnect® and VA’s electronic health record system, VistA**, two of the largest electronic health record systems in the country. The next phase includes authorized data from DoD’s health care system. The program puts the highest priority on patient privacy and data security, and no exchange of information will occur without the explicit permission of the individual patient. Explicit policies and technologies to safeguard patient information are part of the NHIN. Veterans’ access to care will not be affected if they choose not to participate. Patients who choose to participate will benefit by allowing their doctors at any one of the institutions to obtain key health record information from other participating institutions, ensuring around-the-clock access to critical health information.

For more information, visit the **Web** at: www1.va.gov/opa/pressrel/pressrelease.cfm?id=1824.



VA Participates in National Level Exercise



Eagle Horizon 2010 logo

In May 2010, Secretary Shinseki led VA's participation in a national level exercise, Eagle Horizon 2010. VA exceeded the national exercise requirements by having both a tabletop and full-scale exercise. The full-scale exercise included participation at two continuity sites as well as the Devolution Site. Participation included senior officials, such the Secretary of VA and senior VA leadership from each Administration and Staff Office. The number of overall participants exceeded previous deployment exercises.

The level of VA leadership participation in the exercise demonstrated the value the Department places on continued improvement in the area of preparedness. A variety of Departmental operational capabilities, resources, and functions were tested during the 2-day exercise. Follow-up actions included performing a comprehensive After Action Review

and putting into effect an Implementation Improvement Plan to enhance readiness. Review of VA's Mission Essential Functions (MEF) capabilities was the prominent area of evaluation throughout the exercise.

VA continuity operations were fully tested in the areas of workspace accommodations, security, communications, logistics, and overall functionality. Each participating VA organization initiated a complete review of their continuity plans to assess their mission essential functions, critical systems and vital records. The following capabilities were tested:

- Implementation of Continuity of Operations (COOP) Plans
- Ability of VA to accomplish MEFs
- Crisis communications
- Assess ERG Family Plans
- Integrated operations Center management and operability

Following the exercise an Improvement Plan (IP) was developed. Developed IP recommendations draw on both the exercise Hot Wash and submitted evaluation documentation and resulted in 40 recommendations. Most identified items have been addressed/adjudicated at this time. Evaluation and resolution of unresolved issues is ongoing.

Secretary Shinseki continues to emphasize the importance of preparedness by actively participating in exercises and supporting the Department's Preparedness initiative.

For more information, visit the Office of Operations, Security, and Preparedness [Web](http://www.osp.va.gov) site at www.osp.va.gov.



Most Important Achievements and Current Challenges

Integrated Objective 3

BUILD OUR INTERNAL CAPACITY TO SERVE VETERANS, THEIR FAMILIES, OUR EMPLOYEES, AND OTHER STAKEHOLDERS

Most Important Achievements

MORE EFFICIENT REVENUE COLLECTION: VA deployed two additional Consolidated Patient Account Centers (CPAC), augmenting the existing CPACs and thereby increasing revenue cycle efficiency. VA now has a standardized business model and integrated revenue cycle flow; accountability for results is enforced at all levels; and VA is proactively conducting denials management and payer compliance activities.

REVENUE FORECASTING MODEL DEVELOPED: VA developed an Integrated Collections Forecasting Model (ICFM) to produce fair and reasonable estimates of Medical Care Collections Fund (MCCF) revenues at the local and national levels based on Veteran demographics, case mix, economic conditions, and historic billing and collection patterns. The benefits of this model are as follows: provides multi-year MCCF collection estimates; incorporates impacts of policy and regulatory changes on future collections; and provides national, Veterans Integrated Service Network, and station-level targets based on model variables such as workload, economic conditions, and enrollment patterns.

IMPLEMENTATION OF A NEW CAPITAL INVESTMENT PROCESS: VA implemented a Strategic Capital Investment Process (SCIP) in order to capture the full extent of VA infrastructure and service gaps and to develop both capital and non-capital solutions to address these gaps by 2021. The SCIP process will integrate VA's various capital investment planning efforts for major construction, minor construction, non-recurring maintenance, and leasing into one process and will enable the creation of a Departmentwide 10-year Strategic Capital Plan to address identified gaps.

ACCELERATING THE "GREENING" OF VA: VA took the following actions to become more energy efficient:

- By the end of FY 2009, reduced energy consumption by 12.3 percent vs. the FY 2003 baseline, and water consumption by 7.7 percent vs. the FY 2007 baseline.
- Generated 5.3 percent of VA's total electricity consumption using renewable sources in FY 2009.
- Finalized third-party green building certification for 21 VA medical centers. Over 13 percent of VA-owned square footage is now sustainable, representing 6.6 percent of all buildings (based on buildings of at least 5,000 square feet).
- Developed a Strategic Sustainability Performance Plan (SSPP) (at [Web](http://www4.va.gov/oaem/docs/VA-SSPP_201006.pdf) http://www4.va.gov/oaem/docs/VA-SSPP_201006.pdf) that provides a blueprint for how VA will achieve sustainability-related goals by 2020.
- Established FY 2020 greenhouse gas emissions reduction targets of 30 percent for Scope 1 and 2 emissions (combined) and 10 percent for Scope 3 vs. FY 2008 baseline (to be established in January 2011).

HIGH SATISFACTION WITH CEMETERY APPEARANCE: Ninety-eight percent of respondents to NCA's annual Survey of Satisfaction with National Cemeteries rated the appearance of national cemeteries as excellent. This is the **ninth consecutive year** that VA's national cemeteries have been rated at or above 97 percent in overall appearance by funeral home directors and family members of Veterans interred in a national cemetery.

STRENGTHENED VA'S SECURITY POSTURE: VA completed the Capital Region Readiness Center (CRR): In addition, VA began staffing its Integrated Operations Center 24/7, which will provide the Secretary and other decision-makers with a single point of information on the status of operations across the Department.



ACADEMIC AFFILIATIONS: The Blue Ribbon Panel on VA-Medical School Affiliations issued its final report to the VA Secretary. The recommendations form a road map for more effective, efficient, and collaborative relationships with the Nation's medical schools and teaching hospitals in the domains of clinical care, education, and research. The Blue Ribbon Panel report formed the basis of a detailed implementation plan, the execution of which is expected to take up to five years.

REDUCED TIME TO PROCESS AND ISSUE REGULATIONS: VA reduced the average processing times for regulations by over 50 percent, from 33 months in 2003 to 17 months in 2010. For more information on recently published VA regulations, see the [Web](http://www.va.gov/VA_Regulations) site at www.va.gov/VA_Regulations.

PUBLICATION OF IMPORTANT REGULATIONS FOR VETERANS: VA published a number of regulations of great importance to Veterans including regulations 1) establishing a presumption of service connection for Amyotrophic Lateral Sclerosis (ALS); 2) providing new opportunities and verification procedures for service-disabled Veteran-owned small businesses and Veteran-owned small businesses to increase their Federal contracting; 3) holding down the rising costs of pharmacy co-payments for Veterans; 4) establishing grants for the operation and maintenance of State Veterans Cemeteries; 5) reducing the evidentiary burden for proving an in-service stressor for Veterans with post-traumatic stress disorder (PTSD); and 6) establishing presumptive service connections for Vietnam Veterans suffering from Hairy Cell and other Chronic B Cell Leukemia, Parkinson's Disease, and Ischemic Heart Disease, based upon their exposure to Agent Orange.

LEADING GOVERNMENT IN STRATEGIC SOURCING: VA continues to lead the Federal Government in the use of the **Federal Strategic Sourcing Initiative (FSSI)** contracts for domestic delivery services, saving over \$25 million annually in freight costs. VA's innovative strategic sourcing methodology uses detailed spend and procurement data to craft focused spend reduction hypotheses in the areas of medical-surgical supplies, health care services, information technology, and construction/facilities management. Over the next 3 to 5 years, 11 additional hypotheses will save the Department between \$350 million and \$500 million annually.

Challenges

MEETING GREENHOUSE GAS EMISSIONS REDUCTION TARGETS: VA's size is a serious challenge in the effort to reduce Scope 3 GHG emissions because all Scope 3 emissions except transmission and distribution (T&D) losses are either directly or indirectly dependent on the number of employees at the agency. VA will endeavor to meet its Scope 3 emissions reduction target by relying on a combination of strategies and technology advances that include improving fuel economy based on Corporate Average Fuel Economy (CAFE) standards, implementing innovative commuting strategies, pursuing non-commuting emissions reductions through telework and alternate work schedules, and meeting existing energy intensity and pollution prevention targets.

MAINTAINING CEMETERY APPEARANCE: To meet national shrine standards, VA needs to make continual **improvements** in the **appearance** of burial grounds and historic structures as well as conduct regular **maintenance** and **repair** projects at more than 800 facilities on over 19,000 acres of land contained within 164 cemeterial installations.



Priority Goals

VA has identified six Priority Goals that will serve as key elements in transforming VA into a 21st century organization that is people-centric, results-driven, and forward-looking. Provided below are tables for each of the Priority Goals showing the problem being addressed and a summary of FY 2010 actions and progress.

ELIMINATE VETERAN HOMELESSNESS (PRIORITY GOAL)	
Problem Being Addressed	FY 2010 Actions and Progress
<ul style="list-style-type: none"> • Single male Veterans are disproportionately represented among the homeless population. Based on 2009 data, Veterans make up approximately 13 percent of the homeless population. • Current population estimates suggest that about 107,000 male and female Veterans are homeless at any given time and perhaps up to twice as many experience homelessness at some point during the course of a year. (*) 	<ul style="list-style-type: none"> • In FY 2010, more than 132,000 unique Veterans have been served in VA's continuum of homeless programs. • Beginning in 2010, VA's Five Year Plan to End Homelessness Among Veterans began assisting every eligible homeless or at-risk Veteran willing to accept services. The plan focuses on the prevention of homelessness, permanent supportive housing, mental health and substance abuse treatment, and access to benefits education and employment assistance. • An estimated \$534 million will be spent in direct support of homeless Veterans; \$2.9 billion will be spent in health care treatment cost in 2010 for homeless Veterans. • In December 2009, VA launched the National Call Center for Homeless Veterans (NCCHV). The call center number is 1-877-4AID-VET. <ul style="list-style-type: none"> – As of September 30, 2010, almost 13,000 calls have been received by the NCCHV resulting in 5,500 referrals to medical centers. • As of September 30, 2010, VA housed more than 18,000 Veterans through the HUD-VASH Program since Congress reinstated the program in October 2008. • VA's work programs provide paid work experience and vocational assistance services to approximately 50,000 Veterans each year, including 6,000 Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) Veterans. These services are integrated into the Veteran's overall mental health treatment plan.

(*) Accurately counting and/or calculating the number of homeless Veterans in the United States is understandably difficult. The homeless are usually mobile, generally cannot be contacted by phone or mail and may not be willing to participate in surveys or avail themselves to other data gathering efforts.

Based on a recent U.S. Department of Housing and Urban Development (HUD) report submitted to Congress, homeless Veterans make up approximately 19 percent of all homeless adults who accessed emergency shelters or transitional housing in communities across the United States.

Many other Veterans are considered near homeless or at risk because of their poverty, lack of support from family and friends, and dismal living conditions in cheap hotels or in overcrowded or substandard housing.



**ENABLE 21ST CENTURY BENEFITS DELIVERY AND SERVICES
(PRIORITY GOAL)**

Problem Being Addressed	FY 2010 Actions and Progress
<ul style="list-style-type: none"> • Currently, the average disability claims processing time is 160 days. Veterans and survivors waiting to receive decisions on their compensation and pension claims need timely decisions because they rely on VA benefits that they earned through their military service. • Reducing the length of time it takes to process compensation and pension rating-related claims is an integral part of VA's mission to serve Veterans by providing all possible benefits under the law to eligible claimants in a timely, accurate, and compassionate manner. • VA seeks to eliminate the disability claims backlog by 2015 and ensure no Veteran has to wait more than 125 days for a high quality decision. 	<p>VA is implementing a 21st century paperless claims processing system - the Veterans Benefits Management System (VBMS).</p> <p>Actions and progress made during FY 2010 on VBMS are cited below:</p> <ul style="list-style-type: none"> • <u>Completion of the Virtual Regional Office</u>: Resulted in system specification and business requirements for development and rating work. • <u>Established VBMS Program Management Office</u>: VBMS PMO authorized; comprised of VBA and OIT resources. • <u>Developed Business Requirements</u>: Documented VBMS's business requirements for Pilot 1 deployment.

AUTOMATE GI BILL BENEFITS (PRIORITY GOAL)

<ul style="list-style-type: none"> • VA needs to improve timeliness of Post-9/11 GI Bill claims processing while maintaining the current claims processing timeliness levels for existing benefit programs. 	<p>VA is automating elements of Post-9/11 GI Bill claims processing.</p> <p>During FY 2010, VA took the following actions:</p> <ul style="list-style-type: none"> • Replaced the Interim Solution – (a manual process using a Front End Tool and Job Aids) and <ul style="list-style-type: none"> – Completed the interface with the VA/Department of Defense Identity Repository (VADIR) to extract, validate, and populate military service information. – Converted more than 540,000 records previously created in the Front-End Tool. – Provided the functionality to process and pay scholarship claims.
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**CREATE VIRTUAL LIFETIME ELECTRONIC RECORDS BY 2012
(PRIORITY GOAL)**

Problem Being Addressed	FY 2010 Actions and Progress
<ul style="list-style-type: none"> • Incompatibility between DoD and VA electronic health records systems for Veterans and military Servicemembers. • Inability to interface with third party health care providers to form a complete electronic health care record for Veterans and military Servicemembers. • Safeguarding of Veterans and military Servicemembers' Personally Identifiable Information (PII) woefully inadequate for secure exchange of health-care information over wide Web Networks. 	<ul style="list-style-type: none"> • VLER is a Federal, inter-agency initiative designed to provide portability, accessibility and complete health, benefits, and administrative data for every Servicemember, Veteran, and their beneficiaries. • Progress made in FY 2010 is as follows: <ul style="list-style-type: none"> - VA and DoD improved the exchange of health data for wounded Servicemembers by scanning records and converting them into portable document format (PDF) then transferring them from DoD military treatment facilities to VA polytrauma centers. - The initial VLER Health pilot in January 2010 successfully demonstrated health data exchange at the first point of care site between VA and one private partner utilizing the Nationwide Health Information Network. - The next pilot phase for exchange of additional health information between VA, DoD, and private partner successfully went live in September 2010. This pilot increased both the number of points of care for health information exchange and the health data that are exchanged.



IMPROVE VETERANS MENTAL HEALTH (PRIORITY GOAL)	
Problem Being Addressed	FY 2010 Actions and Progress
<ul style="list-style-type: none"> Nearly 30 percent of the patients VA sees during a given year have a mental health diagnosis. As a result, VA has designed its health system on the basis that mental health is a critical part of overall health care. PTSD, depression, and problem drinking are the three most common mental health conditions afflicting Veterans. The goal of Improving Veteran Mental Health (IVMH) is to continue the transformation of Mental Health that began with the publication of the Handbook on Uniform Mental Health Services in VA Medical Centers and Clinics and continue to evolve. Ensure clinical services in medical centers and clinics are patient-centered and recovery oriented, and address mental health needs that emerge in all medical care settings. 	<ul style="list-style-type: none"> The Uniform Mental Health Services Handbook provides a comprehensive, forward-looking overview of the full range of mental health services that VA Medical Facilities and Community Based Outpatient Clinics must provide. Most VISNs have implemented about 90 percent of the handbook requirements. As a result, VA provides a high level, by any standard, of comprehensive care for mental health problems. Mental health staff members are integrated into primary care clinics throughout the VA system; they assist with education of patients and families; follow up on positive mental health screens to conduct full evaluations; delivery of co-located, collaborative psychosocial mental health care; delivery of Behavioral Medicine interventions for physical health problems; medication management; and consultation for other primary care team staff. August 6, 2010, marked 2 years since the establishment of VA's Suicide Prevention Hotline (1-800-273-TALK (8255) and Chat Service. Details as of July 8, 2010, include the following: <ul style="list-style-type: none"> 293,000 calls and 6,300 "chat" connections. 9,700 rescues of those in immediate suicidal crisis. 8,600 callers directly linked to immediate care. 35,000 callers provided referral to a VA Suicide Prevention Coordinator; VA continues to work with its Substance Abuse and Mental Health Services Administration (SAMHSA) and Lifeline Partners to market the service and increase usage of the Hotline.



BUILD VRM CAPABILITY TO ENABLE CONVENIENT, SEAMLESS INTERACTIONS (PRIORITY GOAL)

Problem Being Addressed	FY 2010 Actions and Progress
<ul style="list-style-type: none"> • The types of client service interactions that are common to Veterans and their families in society are changing rapidly, along with their expectations for service levels. • VA has an obligation to change as well. VA must offer Veterans and their families a higher level of service by leveraging technological advances to learn more about the needs and preferences of our clients and becoming more proactive in serving them in an integrated fashion. Technology is quickly developing to support extensive self-service, and many clients' preferences are evolving toward these interfaces. • It is crucial that VA provide consistent information, access, and service levels across all interfaces that are aligned with our clients' preferences. 	<ul style="list-style-type: none"> • The following actions were completed and/or begun: <ul style="list-style-type: none"> - Aligned VA organizations and partners to support the Virtual Relationship Management (VRM) Program (e.g. VBA, VHA, NCA, BVA, DoD). - Transitioned National Automated Response System (NARS) and Health Resource Center (HRC) from Sprint to Verizon. - Released VA Identity Management Policy to establish a Master Veteran Index (MVI). - eBenefits releases 2.4 and 2.5 enhanced personalized access to benefit information and services delivered through the VA-DOD collaborative portal. Release version 2.4 included: a messaging center, Specially Adapted Housing, Additional check status of claim for Board of Veteran Appeals, and Opt-in to notify State Directors of transitions and interest in state specific benefits. Release version 2.5 included: Insurance SSO integration. - MyHealtheVet Single Sign-on (SSO) integration, and accessibility for mobile devices. eBenefits exceeded the quarterly target of a 10 percent increase in number of unique Veterans served by the portal from 95,000 users in FY10 Q1, to 112,496 users FY10 Q2 (18 percent increase), to 126,650 users FY10, Q3 (12.58 percent increase). For more information on MyHealtheVet, see Web site at www.myhealth.va.gov. - The following three capabilities will be implemented by December 2010: <ul style="list-style-type: none"> - Call recording capability. - National queue capability. - Health Resource Center Phase 1.



The Recovery Act

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided the Department with \$1.8 billion* as part of President Obama's economic recovery plan. VA is using these funds to improve services to America's Veterans.

Current information on VA's efforts to deliver its portion of Recovery Act funds to benefit Veterans can be found on the [Web](http://www.va.gov/recovery) at www.va.gov/recovery. The tables on the following pages recap how the money was spent and what results were achieved in FY 2010.

*Corrected since publication of FY 2010 PAR

MEDICAL FACILITIES NON-RECURRING MAINTENANCE AND ENERGY PROJECTS

FY 2010 Spending Recap	FY 2010 Results and Progress				
<table border="1"> <tr> <td>Planned</td> <td>\$ 738.6 million</td> </tr> <tr> <td>Actual</td> <td>\$ 738.6 million</td> </tr> </table>	Planned	\$ 738.6 million	Actual	\$ 738.6 million	<ul style="list-style-type: none"> • VA's investments were in three main areas: <ul style="list-style-type: none"> - Renewable energy projects including solar photovoltaic, geothermal, wind, and cogeneration systems. - Installation of meters to monitor energy and water use in VA-owned buildings for improved management of consumption and costs. - Correction of building deficiencies to include replacing, upgrading, and modernizing existing infrastructure and utility systems for VA medical centers.
Planned	\$ 738.6 million				
Actual	\$ 738.6 million				

HIRING TEMPORARY CLAIMS PROCESSORS

FY 2010 Spending Recap	FY 2010 Results and Progress				
<table border="1"> <tr> <td>Planned</td> <td>\$123.2 million</td> </tr> <tr> <td>Actual</td> <td>\$123.2 million</td> </tr> </table>	Planned	\$123.2 million	Actual	\$123.2 million	<ul style="list-style-type: none"> • VBA hired approximately 2,600 Compensation, Pension, and Education claims processors on a temporary basis and retained through September 2010. <ul style="list-style-type: none"> - Approximately 2,400 of these were converted to permanent status employees to support reduction of the claims backlog. • Temporary surge claims processors assisted in completing approximately 31,500 more claims than the 2010 target of 1,054,420 compensation and pension claims. • The Education program claims processors helped to mitigate the effects of increased workload associated with the Post-9/11 GI Bill. <ul style="list-style-type: none"> - The temporary claims processors assigned to examine education claims processed approximately 400,000 of the 2.8 million claims completed.
Planned	\$123.2 million				
Actual	\$123.2 million				



MONUMENT AND MEMORIAL REPAIRS

FY 2010 Spending Recap	FY 2010 Results and Progress				
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Planned</td> <td style="padding: 2px;">\$ 27 million</td> </tr> <tr> <td style="padding: 2px;">Actual</td> <td style="padding: 2px;">\$ 27 million</td> </tr> </table>	Planned	\$ 27 million	Actual	\$ 27 million	<ul style="list-style-type: none"> • NCA fully obligated \$50 million in Recovery Act funding for monument and memorial repairs in 2009 and 2010. • Projects were funded to achieve the following: <ul style="list-style-type: none"> - Raise, realign, clean headstones/markers, and repair sunken graves. - Conserve energy and water through the use of wind turbines, solar power, and other measures. - Make repairs to historic monuments and memorials at national cemeteries. - Repair roads, buildings, and other cemetery infrastructure. - Make equipment purchases for cemetery operations.
Planned	\$ 27 million				
Actual	\$ 27 million				

GRANTS FOR STATE EXTENDED CARE

FY 2010 Spending Recap	FY 2010 Results and Progress				
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Planned</td> <td style="padding: 2px;">\$ 150 million</td> </tr> <tr> <td style="padding: 2px;">Actual</td> <td style="padding: 2px;">\$ 150 million</td> </tr> </table>	Planned	\$ 150 million	Actual	\$ 150 million	<ul style="list-style-type: none"> • All funds allocated for State Veterans Home construction projects were obligated as planned. • By the end of FY 2010, the Recovery Act funding will have supported renovations and improvement projects in nearly 40 State Veterans Homes that, matched with funding from the States, resulted in major improvements in these facilities that serve Veterans.
Planned	\$ 150 million				
Actual	\$ 150 million				

VETERAN ECONOMIC RECOVERY PAYMENTS

Spending Recap*	FY 2010 Results and Progress				
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Planned</td> <td style="padding: 2px;">\$ 473 million</td> </tr> <tr> <td style="padding: 2px;">Actual</td> <td style="padding: 2px;">\$ 464.3 million</td> </tr> </table> <p style="font-size: small; margin-top: 5px;">* Includes FY 2009 and FY 2010 economic recovery payments but excludes administrative costs of \$1.4 million.</p>	Planned	\$ 473 million	Actual	\$ 464.3 million	<ul style="list-style-type: none"> • To help mitigate the effects of the economic downturn, in June 2009 VBA issued \$250 economic recovery payments to 1.8 million eligible beneficiaries. • During 2010, the majority of the payments VBA made were to beneficiaries whose payments were initially returned for reasons such as a change of address.
Planned	\$ 473 million				
Actual	\$ 464.3 million				



SUPPORT OF POST-9/11 GI BILL					
FY 2010 Spending Recap	FY 2010 Results and Progress				
<p>IV and V Services</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Planned</td> <td style="text-align: center;">\$2.9 million</td> </tr> <tr> <td style="text-align: center;">Actual</td> <td style="text-align: center;">\$2.8 million</td> </tr> </table>	Planned	\$2.9 million	Actual	\$2.8 million	<ul style="list-style-type: none"> • A contract was awarded to Innovative Management Concepts (IMC) to provide Independent Verification and Validation (IV&V) services for the "Automate GI Bill" project as well as other major IT projects. • VA has hired 6 additional IT FTEs to support field station personnel where payments for Chapter 33 will be administered.
Planned	\$2.9 million				
Actual	\$2.8 million				
<p>Project Infrastructure, configuration management, application development, testing and training</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Planned</td> <td style="text-align: center;">\$43.5 million</td> </tr> <tr> <td style="text-align: center;">Actual</td> <td style="text-align: center;">\$43.5 million</td> </tr> </table>	Planned	\$43.5 million	Actual	\$43.5 million	<ul style="list-style-type: none"> • The following contracts have been procured using the \$43.485 million Recovery Act funds that were transferred to the Department of the Navy's Space and Naval Warfare Systems Center (SPAWAR) via an interagency agreement (IAA): <ul style="list-style-type: none"> - <u>SPAWAR Oversight</u>: Provide the necessary resources and support infrastructure to manage the strategic, tactical, business, and technical components of the program execution. This task also includes providing necessary reports and deliverables required to manage and oversee cost and schedule performance of the program. - <u>SRC Contract</u>: Provide support for application development, data integration, configuration management, and testing. - <u>LM Contract</u>: Provide Chapter 33 infrastructure support, application development and end-user training, operations support, and Chapter 33 program compliance. - <u>Terremark</u>: Provide development and production environment for the long-term solution. - <u>WCI Contract</u>: Provide VA program management support, data integration, and information assurance. - <u>BB Contract</u>: Provide VA program management support. - <u>EMA Contract</u>: Provide VA program management support, data integration, information assurance, engineering management, and requirements and release management support. - <u>GEO Contract</u>: Provide VA implementation and integration support, program management support, and engineering management.
Planned	\$43.5 million				
Actual	\$43.5 million				
<p>Post 9/11 GI Bill Supplemental Support</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Planned</td> <td style="text-align: center;">\$0.833 million</td> </tr> <tr> <td style="text-align: center;">Actual</td> <td style="text-align: center;">\$0.833 million</td> </tr> </table>	Planned	\$0.833 million	Actual	\$0.833 million	<ul style="list-style-type: none"> • VA transferred \$0.833 million Recovery Act funding to SPAWAR via an IAA on July 14, 2010. • These funds have recently been procured by SPAWAR and have not been expended against the SPAWAR Supplemental Support Part B.
Planned	\$0.833 million				
Actual	\$0.833 million				



Major Management Challenges Identified by the OIG

The Department's Office of Inspector General (OIG), an independent entity, evaluates VA's programs and operations. The OIG submitted an update of the most serious management challenges facing VA. Please refer to pages II-139 – II-209 of the PAR for more details.

VA is committed to addressing its major management challenges. Using the OIG's perspective as a catalyst, we will take whatever steps are necessary to help improve services to our Nation's Veterans. We welcome and appreciate the OIG's perspective on how the Department can improve its operations to better serve America's Veterans. The table below shows the estimated resolution timeframe to resolve each challenge.

Major Management Challenge		Estimated Resolution Timeframe (Fiscal Year)
No.	Description	
OIG 1	Health Care Delivery	
1A	Quality of Care	2011
1B	Access to Care	2011
1C	Effective Treatment of New and Significantly Increased Health Problems Associated with OEF/OIF	2011
1D	Health Care Business Processes	2011
1E	Accountability of Pharmaceuticals in VHA Medical Facilities and Consolidated Mail Outpatient Pharmacies (CMOP)	2011
OIG 2	Benefits Processing	
2A	Effectively Managing Disability Benefits Claims Workload	2011
2B	Improving the Quality of Claims Decisions	2011
2C	Hiring and Managing Rapid Growth of Claims Processing Staff	2011
2D	Timely Processing of Post 9/11 GI Bill Benefits Payments	2011
2E	Improving the Management of VBA's Fiduciary Program	2011
OIG 3	Financial Management	
3A	Achieving Financial Management System Functionality	2011
3B	Effective Financial Management Oversight	2011
3C	Improve Financial Management for Compensation, Pension, and Burial Liabilities	2011
OIG 4	Procurement Practices	
4A	Improve Oversight of Procurement Activities	2012
4B	Effective Contract Administration	2011
4C	Compliance with Laws and Regulations	2012
OIG 5	Information Management	
5A	Development of an Effective Information Security Program and System Security Controls	2011
5B	Improve Oversight of Protecting Sensitive Patient Data Accessed by Contractors	2011
5C	Continued Oversight of Active IT Investment Programs and Projects Needed	2011



High-Risk Areas Identified by GAO

The U.S. Government Accountability Office (GAO) evaluates VA's programs and operations. In January 2009, GAO issued an update to its High-Risk Series (GAO-09-271). The GAO-identified High-Risk Areas (HRA) (specific to VA as well as Governmentwide) and other selected reports pertaining to VA are summarized in the PAR. Please refer to pages II-210 – II-229 of the PAR for more details.

The table below shows the estimated resolution timeframe for VA to eliminate its part of each HRA.

High-Risk Area		Estimated Resolution Timeframe (Fiscal Year)
No.	Description	
GAO 1	Improving and Modernizing Federal Disability Programs	2016
GAO 2	Strategic Human Capital Management: A Governmentwide High-Risk Area	2011
GAO 3	Managing Federal Real Property: A Governmentwide High-Risk Area	2011
GAO 4	Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures: A Governmentwide High-Risk Area	2011
GAO 5	Management of Interagency Contracting: A Governmentwide High-Risk Area	2011



Letter from the Chief Financial Officer

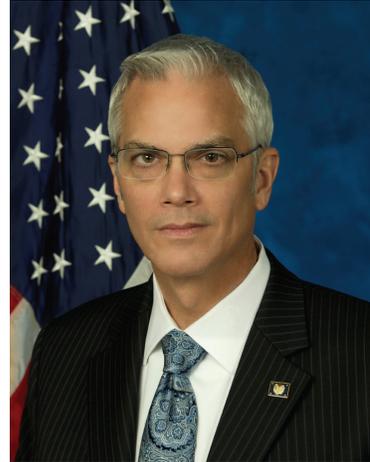
The Department of Veterans Affairs (VA) is very pleased to have received our 12th consecutive unqualified ("clean") audit opinion on the Department's consolidated financial statements.

We are also proud of our success over the past year in remediating three out of four of our material weaknesses. These three material weaknesses were: Financial Management System Functionality; Financial Management Oversight; and Compensation, Pension and Burial Liabilities. This 75 percent reduction in our material weaknesses in just one year is a tremendous accomplishment.

The clean opinion and significant reduction in material weaknesses would not have been possible without the exceptional leadership of VA's financial management senior executive team. Ed Murray, Shirley Pratt, Katherine Palmer, Paul Kearns, Jamie Manker and Ron Walters deserve special thanks for their leadership over the past year.

A special thanks is also given to the Office of Financial Process Improvement and Audit Readiness (FPIAR). FPIAR's focus on internal controls and financial processes, as well as their role in oversight, has significantly aided VA's audit remediation efforts. Finally, our success in 2010 reflects the dedication and hard work of our staff throughout the Department. Congratulations to all who helped make 2010 a year of high achievement in VA financial management.

The one remaining material weakness – Information Technology Security Controls – will be carried forward into 2011. Work continues in 2011 to address this material weakness.



VA's Franchise Fund is expected to receive its 13th successive unqualified audit opinion on its 2010 consolidated financial statements. In addition, the Supply Fund received an unqualified opinion in 2009 and anticipates an unqualified opinion again in 2010.

In 2010, VA invested over \$1.8 billion in American Recovery and Reinvestment Act (Recovery Act) funds for Veteran programs. VA ensured that all Recovery Act transparency, reporting, and accountability goals were met, and that all funds were obligated timely. I am proud to report that by July 31, VA obligated 100 percent of its Recovery Act funding – two months ahead of the deadline. VA was one of the first Federal agencies to accomplish this milestone.

VA is proud of the fact that over 98 percent of Recovery Act contracts were competitively bid, and over three quarters of awarded dollars went to Veteran-owned small businesses, of which 73 percent were service-disabled Veteran-owned small businesses.



Another major accomplishment in 2010 was our reassessment of VA's financial management priorities. Rather than launching a contract costing hundreds of millions of dollars for the replacement of the current core accounting system, we have developed a set of financial management initiatives that will provide greater benefit, at lower cost, and at lower risk. These new financial management priorities will help us meet our financial management goals of: Reducing Operating Costs, Eliminating Improper Payments, Strengthening Internal Controls, and Enhancing Data and Analysis. These initiatives will also set the stage for a lower-risk financial management system replacement at the appropriate time in the future.

In support of Secretarial transformation objectives, in 2010 we successfully migrated all employees (approximately 299,000) from Employee Express (EEX) to myPay. This Web-based employee self-service application, hosted by the Defense Finance and Accounting Service, offers enhanced benefits and significant cost advantages over EEX.

We continued to implement our three-year initiative to update VA financial policies. In 2009 and 2010, we updated 140 chapters (78 percent) of departmental financial management guidance. The remaining 22 percent will be updated in 2011 and all policies will be updated in the future on a three-year cycle.

VA is dedicated to ensuring the proper stewardship of resources entrusted to it by Congress and the American people. We are proud of our many accomplishments, and know that a lot of work remains.

We continually strive to improve our financial stewardship and have set new goals to enhance our performance. We will continue to promote sound business practices and improve accountability while focusing on our core mission of serving our Nation's Veterans.



W. Todd Grams
Acting



Financial Highlights

The principal financial statements have been prepared to report the financial position and results of operations of the Department of Veterans Affairs (VA) pursuant to the requirements of 31 U.S.C. 3515(b). VA is a component of the U.S. Government, a sovereign entity. The statements have been prepared from the books and records of VA in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by OMB.

VA received an unqualified ("clean") opinion on the Department's financial statements for 2010 and 2009 from the external auditing firms of Clifton Gunderson LLP and Deloitte & Touche LLP, respectively. As a result of its audit work, Clifton Gunderson LLP reported one material weakness, a substantial improvement over the four material weaknesses reported for 2009. In addition, the auditors reported five significant deficiencies, two of which were reported as material weaknesses in 2009 and two of which are significant deficiencies repeated from 2009. The remaining significant deficiency is new for 2010 and relates to accounts receivable that resulted from inadequate policies and procedures for processing Post 9/11 GI Bill benefits when emergency measures were implemented in early FY 2010 to process payments resulting in processing errors.

VA programs operated at a net cost of \$333.5 billion in 2010 compared with a net benefit of \$52.5 billion in 2009 or an overall increase in net cost of \$386 billion. Substantially all the increase is due to changes in the actuarial estimate of Veterans' compensation and burial costs of \$373 billion consisting of a net loss of \$223.8 billion in 2010 and a net gain of \$149.2 billion in 2009. This increase in net costs resulted principally from (i) changes in experience assumptions for inclusion of final

regulations on presumptive disability benefit payments for three specific illnesses related to the Agent Orange Act and the increased Veteran count and status changes, and (ii) changes in assumptions for discount rates, cost of living adjustment rates and refinements in valuation techniques due to improved computer software modeling capability and information used in computing the actuarial liabilities.

In addition, VA adopted "SFFAS No. 33, *Pensions, Other Retirement Benefits and Other Postemployment Benefits: Reporting Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*," effective October 1, 2009 as a change in accounting principle. The effect of the change in accounting principle was a decrease to the actuarial liability for Veterans compensation and burial costs by \$66.5 billion with an offsetting increase to the beginning net position balance at October 1, 2009 in the Consolidated Statement of Changes in Net Position. The adoption of the new accounting principle did not result in a restatement of 2009. As a result, neither the 2010 nor the 2009 Consolidated Statements of Net Cost reflect the \$66.5 billion change in accounting principle. The methodology for calculating the actuarial liabilities for compensation and burial costs prescribed by the adoption of the new accounting principle is different than calculations performed in prior years; therefore, the amounts reflected in the Consolidated Statements of Net Cost for the Changes in Actuarial Liabilities costs are not directly comparable for 2010 and 2009.

Substantially all the \$157.4 billion increase in the Federal Employee and Veterans Benefits Liabilities in 2010 relates to the \$223.8 billion in Net (Gain) / Loss from Actuarial Liability



Changes included in the Consolidated Statements of Net Cost for estimates of compensation and burial liabilities partially offset by the \$66.5 billion reduction in the Federal Employee and Veterans Benefits Liabilities as a result of the change in accounting principle.

In the area of debt management, through June 2010, VA referred \$860 million (99 percent) of eligible debt to Treasury for offset under the Treasury Offset Program (TOP). Under the cross-servicing program, VA referred \$214 million (98 percent) of eligible debt to Treasury for collection.

In 2010, VA invested over \$1.8 billion in American Recovery and Reinvestment Act (Recovery Act) funds for Veterans programs. VA ensured that all Recovery Act transparency, reporting, and accountability goals were met, and that all funds were obligated timely. By July 31, VA obligated 100 percent of its Recovery Act funding – 2 months ahead of the deadline. VA was one of the first Federal agencies to accomplish this milestone. By September 30, 2010, VA had made outlays totaling over \$1.08 billion (57 percent) of Recovery Act funds. Over 98 percent of Recovery Act contracts were competitively bid, and over three quarters of awarded dollars went to Veteran-owned small businesses, of which 73 percent were service-disabled Veteran-owned small businesses.

Another financial highlight in 2010 was the reassessment of VA's financial management priorities. Rather than launching a contract for the replacement of the current core accounting system, VA developed a set of financial management initiatives that will provide greater benefit, at lower cost, and at lower risk than would have been provided by the accounting system replacement.

During 2010, VA continued the aggressive use of its Governmentwide purchase card program, processing over 5 million transactions representing \$3.3 billion in purchases which generated over \$70 million in refunds for VA compared to over \$64 million during 2009. VA's daily electronic billing and payment process for centrally billed accounts, along with a higher negotiated refund rate, allow VA to maximize refunds which are returned to VA entities for use in Veterans programs.

Throughout 2010, VA continued to make operational enhancements which resulted in improvements in interest paid, discounts earned, and audit recoveries. Interest penalties paid per million dollars disbursed to commercial vendors improved almost 12 percent from \$73 per million in 2009 to \$64 per million in 2010. At the same time, VA earned nearly 96 percent (\$4.8 million) of its available discounts.

During 2010, the Financial Services Center in Austin, TX collected improper payments and recovered unapplied vendor statement credits totaling nearly \$2.6 million. Since the program's inception in 2001, VA has recovered \$28.5 million and cancelled another \$70.7 million in improper payments before making payment.

VA's audit recovery contractor reviewed past payments for hospital care that resulted in the contractor's identification of 12,065 receivables totaling \$56,310,888 of which VHA has recovered \$44,762,871.



Management Controls, Systems, and Compliance with Laws and Regulations

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) requires agencies to establish management controls over their programs and financial systems. VA managers monitor and improve the effectiveness of management controls associated with their programs and financial system throughout the year. The results of monitoring and conducting other periodic evaluations provide the basis for the Secretary's annual assessment of and report on management controls. VA managers are required to identify material weaknesses relating to their programs and operations pursuant to sections 2 and 4 of the FMFIA as defined:

- Section 2 requires agencies to assess internal controls necessary to ensure compliance with applicable laws and regulations; protect against loss from waste, fraud, and abuse; and ensure receivables and expenditures are properly recorded.
- Section 2 also requires management's assessment of internal control over financial reporting.
- Section 4 requires agencies to assess nonconformance with Governmentwide financial systems requirements.

Management Assurances

During 2010, the Secretary of Veterans Affairs emphasized the importance of managers implementing strong internal controls that will enhance the Department's diligent stewardship and wise application of taxpayers' assets and programs to deliver timely and high quality benefits.

Management conducted its assessment of the effectiveness of internal controls over operations and compliance with applicable laws and regulations in accordance with the Federal

Managers' Financial Integrity Act (FMFIA) and OMB Circular A-123, Management's Responsibility for Internal Control. After reviewing the results of the assessments outlined in the Statements of Written Assurance provided by the Under Secretaries, Assistant Secretaries, and other Key Officials, the Secretary of Veterans Affairs provided a statement of qualified assurance. In 2010, VA remediated three of the four material weaknesses identified under FMFIA in 2009. Remediated weaknesses were "Financial Management System Functionality," "Financial Management Oversight," and "Compensation, Pension and Burial Liabilities." The one remaining material weakness in 2010 is "Information Technology (IT) Security Controls."

VA's initial assessment of internal controls identified and documented 11 key business processes. This assessment also established a baseline metric of the operating effectiveness of key controls. Beginning in 2009, VA identified all key controls associated with material financial statement accounts supported by those business processes. VA tested all controls rated high risk and more than one-third of the controls rated moderate risk. Low risk controls are evaluated on a 3-year cycle through self-assessment procedures conducted by Department managers. In 2010, VA expanded beyond the 11 key business processes to include other processes that directly affect specific financial statements. All controls identified as high risk and one-third of the controls identified as moderate risk were tested. Based on the results of VA's internal control assessment, no additional material weaknesses were identified in 2010.



Condensed Financial Statements

DEPARTMENT OF VETERANS AFFAIRS		
CONDENSED CONSOLIDATED BALANCE SHEETS* (dollars in millions)		
As of September 30,	2010	2009
ASSETS		
Fund Balance with Treasury	\$ 43,155	\$ 27,086
Investments and Other Assets - Intragovernmental	11,613	12,266
Public		
Accounts and Loans Receivable, Net	4,993	4,520
General Property and Equipment, Net	16,730	14,699
Other Assets	302	330
TOTAL ASSETS	\$ 76,793	\$ 58,901
LIABILITIES		
Intragovernmental Liabilities	\$ 3,530	\$ 3,134
Public		
Federal Employee and Veterans Benefits Liability	1,476,662	1,319,235
Insurance Liabilities	11,688	12,161
Other Liabilities	18,131	15,786
TOTAL LIABILITIES	1,510,011	1,350,316
NET POSITION	(1,433,218)	(1,291,415)
TOTAL LIABILITIES AND NET POSITION	\$ 76,793	\$ 58,901
CONDENSED CONSOLIDATED STATEMENTS OF NET COST* (dollars in millions)		
For the Years Ended September 30,	2010	2009
NET PROGRAM COSTS		
Veterans Health Administration	\$ 48,084	\$ 43,990
Veterans Benefits Administration	57,865	49,112
National Cemetery Administration	274	224
Indirect Administrative Program Costs	3,532	3,409
NET PROGRAM COSTS BY ADMINISTRATION BEFORE CHANGES IN VETERANS BENEFITS ACTUARIAL LIABILITIES	109,755	96,735
NET (GAIN) LOSS FROM ACTUARIAL LIABILITY CHANGES	223,800	(149,200)
NET COST (BENEFIT) OF OPERATIONS	\$ 333,555	\$ (52,465)

*For a full set of financial statements and footnotes, see Part III of the FY 2010 PAR at www.va.gov/budget/report



Part III - VA's Financial Position and Management Controls

DEPARTMENT OF VETERANS AFFAIRS

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION*
(dollars in millions)

For the Years Ended September 30,	2010	2009
Cumulative Results of Operations		
Beginning Balance	\$ (1,293,413)	\$ (1,445,952)
Cumulative Change in Accounting Principle	66,500	-
Beginning Balance as Adjusted	(1,226,913)	(1,445,952)
Financing Sources, Primarily Appropriations Used	112,865	100,074
Net Cost/(Benefit) of Operations	333,555	(52,465)
Net Change	(220,690)	152,539
Ending Balance – Cumulative Results	\$ (1,447,603)	\$ (1,293,413)
Unexpended Appropriations		
Beginning Balance	\$ 1,998	\$ 3,994
Appropriations Received	123,922	97,230
Appropriations Used and Other Changes	(111,535)	(99,226)
Total Unexpended Appropriations	14,385	1,998
Total Net Position	\$ (1,433,218)	\$ (1,291,415)

* For a full set of financial statements and footnotes, see Part III of the FY 2010 PAR at www.va.gov/budget/report



DEPARTMENT OF VETERANS AFFAIRS		
CONDENSED COMBINED STATEMENTS OF BUDGETARY RESOURCES* (dollars in millions) for the Year Ended September 30, 2010	Budgetary	Non-Budgetary Credit Program
Budgetary Resources		
Unobligated Balance at the Beginning of the Period	\$ 11,210	\$ 2,580
Net Increase in Budget Authority	132,907	3,886
Total Budgetary Resources	\$ 144,117	\$ 6,466
Status of Budgetary Resources		
Obligations Incurred	\$ 120,326	\$ 4,093
Unobligated Balance Available	21,175	-
Unobligated Balance Not Yet Available	2,616	2,373
Total Status of Budgetary Resources	\$ 144,117	\$ 6,466
Obligated Balance, Net End of Period	\$ 20,068	\$ 279
Net Outlays	\$ 108,562	\$ (316)
For the Year Ended September 30, 2009		
Budgetary Resources		
Unobligated Balance at the Beginning of the Period	\$ 10,559	\$ 3,285
Net Increase in Budget Authority	106,255	2,507
Total Budgetary Resources	\$ 116,814	\$ 5,792
Status of Budgetary Resources		
Obligations Incurred	\$ 105,604	\$ 3,212
Unobligated Balance Available	8,356	-
Unobligated Balance Not Yet Available	2,854	2,580
Total Status of Budgetary Resources	\$ 116,814	\$ 5,792
Obligated Balance, Net End of Period	\$ 16,669	\$ 50
Net Outlays	\$ 96,526	\$ (349)

* For a full set of financial statements and footnotes, see Part III of the FY 2010 PAR at www.va.gov/budget/report



Summary of Financial Statement Audit

The following table provides a summary of the audit-related material weaknesses outlined in the FY 2010 Performance and Accountability Report.

During FY 2010, VA continued its remediation plans to correct the four material weaknesses identified in prior years for “Financial Management System Functionality,” “Information Technology (IT) Security Controls,” “Financial Management Oversight,” and “Compensation, Pension, and Burial Liabilities.”

At September 30, 2010, VA continues to report one material weakness related to “Information Technology (IT) Security Controls.” The material weakness related to “Financial Management Oversight” was resolved during FY 2010. The material weaknesses related to “Financial Management System Functionality” and “Compensation, Pension, and Burial Liabilities” were reported as significant deficiencies at September 30, 2010 and are shown as resolved in the table below.

Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Management Oversight	✓		✓		
IT Security Controls	✓				✓
Financial Management System Functionality	✓		✓		
Compensation, Pension, and Burial Liabilities	✓		✓		
<i>Total Material Weaknesses</i>	4	0	3	0	1



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The Performance and Accountability Report and the Highlights for the Citizen are published by the Department of Veterans Affairs, Office of Management, Performance Analysis Service (041H), Room 619, 810 Vermont Avenue, NW, Washington, DC 20420-1000.

Electronic versions of these reports are available on the [Web](http://www.va.gov/budget/report/) at www.va.gov/budget/report/.

Questions about the reports should be directed to VA's Office of Budget at 202-461-6630.



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