

# DEPARTMENT OF VETERANS AFFAIRS



## FY 2020 PRESIDENT'S BUDGET REQUEST

March 11, 2019

VA



U.S. Department  
of Veterans Affairs

# FY 2020 VA Budget Request

**The FY 2020 Budget demonstrates the Administration's strong ongoing commitment to providing Veterans more quality, efficient, and timely services.**

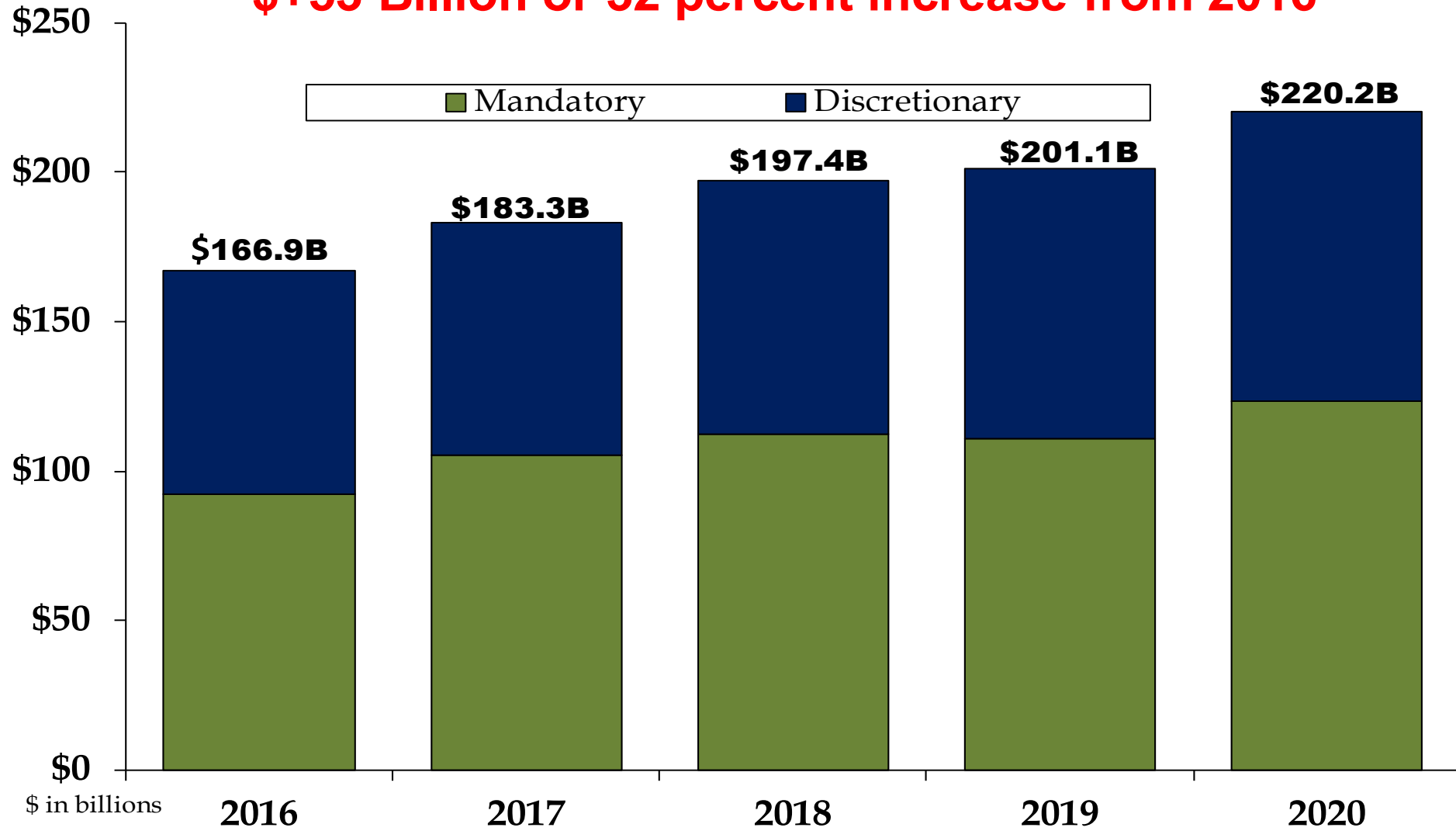
- A strong budget that reflects the President's commitment to Veterans
- Strengthens VA health care system
- Funds highest priorities: MISSION Act, Electronic Health Record Modernization (EHRM), Business Transformation, Customer Service

***FY 2020 VA Budget Request is \$220.2 billion, +\$19.1 billion, or 9.5% above 2019:***

- Mandatory: \$123.2 billion, +\$12.3 billion or 11.1 percent above 2019.
- Discretionary: \$97.0 billion (with medical collections), +\$6.8 billion or 7.5 percent above 2019.

# VA's Budget Over Past Five Years

**+\$53 Billion or 32 percent increase from 2016**



*(includes collections)*



U.S. Department of Veterans Affairs

# 2020 Appropriation Request

## Appropriations, Collections and DoD Transfers, 2018-2020

(\$ in millions) Consolidated Accounts	2018	2019	2020	Change 2019 vs 2020	
	Actual	Enacted	Request	\$	%
Medical Care Appropriations*	69,913	73,128	80,171	7,042	9.6%
Medical Collections (MCCF)	3,516	3,627	3,912	285	7.9%
<b>Total, Medical Care with Collections</b>	<b>73,428</b>	<b>76,756</b>	<b>84,083</b>	<b>7,327</b>	<b>9.5%</b>
Medical Research	722	779	762	-17	-2.2%
Electronic Health Records	782	1,107	1,603	496	44.8%
Information Technology	4,056	4,103	4,343	240	5.8%
Veterans Benefits Administration	2,917	2,956	3,000	44	1.5%
Board of Veterans' Appeals	154	175	182	7	4.1%
National Cemetery Administration	306	316	329	13	4.2%
General Administration	336	356	369	13	3.7%
Construction (Major and Minor)	1,280	2,977	1,634	-1,343	-45.1%
Grants (Extended Care Facilities & Cemeteries)	730	195	135	-60	-30.8%
Inspector General	164	192	207	15	7.8%
Loan Administration & DoD Transfers for Joint Accounts**	310	330	344	14	4.2%
<b>Subtotal Discretionary without MCCF</b>	<b>81,669</b>	<b>86,615</b>	<b>93,079</b>	<b>6,465</b>	<b>7.5%</b>
<b>Total Discretionary Funding (with MCCF)</b>	<b>85,185</b>	<b>90,242</b>	<b>96,991</b>	<b>6,750</b>	<b>7.5%</b>
<b>Total Mandatory Funding</b>	<b>112,283</b>	<b>110,896</b>	<b>123,213</b>	<b>12,317</b>	<b>11.1%</b>
<b>Total VA (Disc &amp; Mand) without MCCF</b>	<b>193,952</b>	<b>197,511</b>	<b>216,292</b>	<b>18,781</b>	<b>9.5%</b>
<b>Total VA (Disc &amp; Mand) with MCCF</b>	<b>197,468</b>	<b>201,138</b>	<b>220,204</b>	<b>19,066</b>	<b>9.5%</b>

\* 2018 Includes Supplemental Appropriations

\*\*Does not reflect transfers from Medical Care appropriations for Joint Accounts



U.S. Department  
of Veterans Affairs

# Secretarial Priorities

## *Implement MISSION Act (signed by President on June 6, 2018)*

- VA MISSION Act will fundamentally transform VA's health care system, fulfilling the President's commitment to help Veterans live a healthy and fulfilling life.
- MISSION Act will simplify and consolidate seven separate community care programs. VHA will remain at the center of Veterans Care.
- \$8.9 Billion in FY 2020 includes:
  - \$5.5 billion for continued care of Choice population
  - \$2.9 billion for expanded access for care, based on average drive time and wait time standards, and expanded transplant care
  - \$271 million for Urgent Care
  - \$150 million to expand Caregivers

# Secretarial Priorities (Cont'd)

## ***Electronic Health Record Modernization***

- VA awarded ten-year \$10 billion contract on May 17, 2018 to Cerner to acquire same electronic health record (EHR) system as DoD.
- The new EHR will enable sharing of patient data, improve care delivery, and coordination, and provide clinicians with data and tools to support patient safety.
- Provides \$1.6 billion, +\$496 million or 45 percent above the FY 2019 enacted.
  - The \$496 million increase supports site assessments and site transitions.

## ***Customer Service (CS) / Customer Experience (CX)***

- Veteran's Experience Office (VEO) is the lead office. VEO delivers real-time CX data, tangible CX tools, modern technology, and targeted engagement
- Budget supports VEO with \$8.6 million (direct funding), +\$8.1 million above 2019
  - The President's Budget transitions to a permanent funding base with direct appropriations, rather than reimbursements for corporate management oversight
  - Hardwire the CX capability in the Department to improve care, benefits and service to Veterans, their families, caregivers and survivors
- Results showing: Trust in VA outpatient services increased from 84.7 % (2017) to 87.9% (2019)

# Secretarial Priorities (Cont'd)

## ***Transforming Business Systems***

Business transformation will move VA beyond compartmentalization of the past and empower our employees serving Veterans to provide world-class customer service.

### **Financial Management Business Transformation (FMBT)** (\$184.9 million)

- FMBT will provide a modern integrated financial and acquisition management system which will increase the transparency, accuracy, timeliness, and reliability of financial information, resulting in improved fiscal accountability to tax payers and increased opportunity to improve care and services to Veterans.
- \$66.0 million in OIT; \$11.9 million in OM; \$107 million in Franchise fund

### **Supply Chain Management** (\$36.7 million in OIT)

- VA is collaborating with DoD on an enterprise-wide adoption of the Defense Medical Logistics Standard Support (DMLSS). DMLSS will ensure that the right products are delivered to the right places at the right time, while providing the best value to the government and taxpayers.

# VA Priorities

## ***Prevent Veteran Suicide***

- Provides \$9.4 billion for mental health services, +\$426 million above 2019.
- Funds over 15.8 million mental health outpatient visits, an increase of nearly 78,000 visits over the 2019 estimate.
- Invests \$222 million for suicide prevention outreach, +\$15.6 million above 2019.
- Includes \$11 million for new IT mental health applications for suicide prevention.
- Builds on strong current efforts:
  - VA has hired more than 3,900 new mental health providers yielding a net increase in VA mental health staff of over 1,000 providers, since July 2017.
  - Nationally, in 2019 Q1, 90 percent of new patients completed an appointment in a mental health clinic within 30 days of scheduling an appointment, and 96.8 percent of established patients completed a mental health appointment within 30 days of the day they requested.

## ***Homelessness***

- Maintains \$1.8 billion to assist homeless Veterans and prevent at-risk Veterans from becoming homeless.
- \$380 million for Supportive Services for Low Income Veterans and Families (SSVF).
- Significant progress has been made to prevent and end Veteran homelessness.



# VA Priorities (Cont'd)

## ***Women's Health***

- Number of women Veterans using VHA services has tripled since 2001, growing from 159,810 to 500,000 today.
- Requests \$547 million for gender specific women Veterans health care, +\$42 million above 2019.
- Will help meet VA's goals of developing Designated Women's Health Primary Care Providers (WH-PCP) at every site where women access VA care and improving the availability and quality of services to women veterans

## ***Opioid Safety and Reduction Efforts***

- Includes \$397 million to reduce over-reliance on opioid analgesics for pain management and to promote safe and effective use of opioid therapy when clinically indicated, +\$15 million above 2019.

## ***Caregivers***

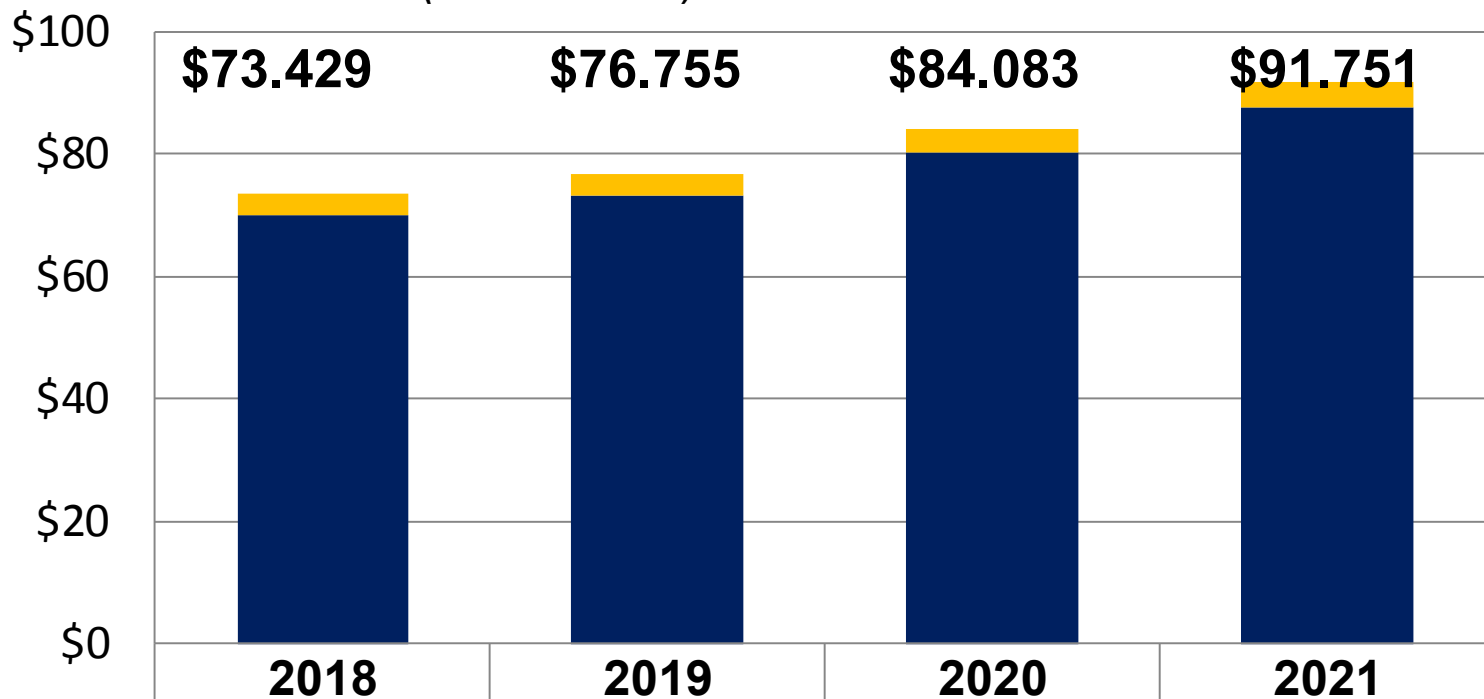
- Requests \$720 million to support over 28,000 Caregivers.

# VHA Medical Care Highlights

- **Request based on Enrollee Health Care Projection Model (EHCPM):**
  - Actuarial estimate of Veteran health care requirements and estimated costs
  - Health care trends are key drivers of annual cost increases, which increase VA's cost of care independent of any growth in enrollment or demographic mix changes. Medical inflation is the most significant cost driver.
  - Refined over 15+ years
  - Reviewed by GAO, OMB, outside parties
- **VHA Staff (FTE):** supports 342,647 FTE in 2020, an increase of 13,066 from 2019
- **Veteran Patient Workload:** treats 7.1 million patients in 2020
- **Community Care:**
  - Shifts from split Mandatory/Discretionary funding to all Discretionary funding
- **Facilities:**
  - 2020 will focus on execution of previous generous Congressional plus ups
  - Return to historical funding levels

# Medical Care Budget

*(\$ in billions)*



	2018	2019	2020	2021
<b>■ Collections</b>	<b>\$3.516</b>	<b>\$3.627</b>	<b>\$3.912</b>	<b>\$4.114</b>
<b>■ Appropriations</b>	<b>\$69.913</b>	<b>\$73.128</b>	<b>\$80.171</b>	<b>\$87.637</b>

***Medical Care is 87 percent of VA's discretionary budget and the FY 2020 Budget Request is +\$7.3 billion, 9.6 percent above 2019 enacted level.***

# Medical Care Appropriations Detail

(\$ in billions)

	2018	2019	2020	2021	Change 2019 vs 2020		Change 2020 vs 2021	
	Actual	Enacted	Request	Advance Req.	\$	%	\$	%
Medical Services	46.110	49.911	51.411	56.158	1.500	3.0%	4.747	9.2%
Medical Community Care	9.828	9.385	15.280*	17.131	5.895	62.8%	1.851	12.1%
Medical Support & Compliance	6.758	7.028	7.338	7.914	0.310	4.4%	0.576	7.9%
Medical Facilities (Includes NRM)	7.217	6.804	6.142	6.433	-0.663	-9.7%	0.291	4.7%
<b>Medical Care Appropriations Total</b>	<b>69.913</b>	<b>73.128</b>	<b>80.171</b>	<b>87.637</b>	<b>7.042</b>	<b>9.6%</b>	<b>7.466</b>	<b>9.3%</b>
Collections	3.516	3.627	3.912	4.115	0.285	7.9%	0.202	5.2%
<b>Total, Medical Care with Collections</b>	<b>73.428</b>	<b>76.756</b>	<b>84.083</b>	<b>91.751</b>	<b>7.327</b>	<b>9.5%</b>	<b>7.668</b>	<b>9.1%</b>

\*includes shift of \$5.5 billion from Mandatory to Direct funding in FY 2020 for grandfather Choice population

- As result of MISSION, VA projects Veterans will increase their reliance on VA for healthcare needs, shifting away from sources (such as Medicare, Tricare, private health care insurance).
- Overall, VA Medical Care is increasing 9.5 percent in 2020 and 9.1 percent in 2021. By 2021, VA proposes \$91.8 billion in support of Veterans healthcare.

# Veterans Community Care Funding (obligations)

\$ in Billions

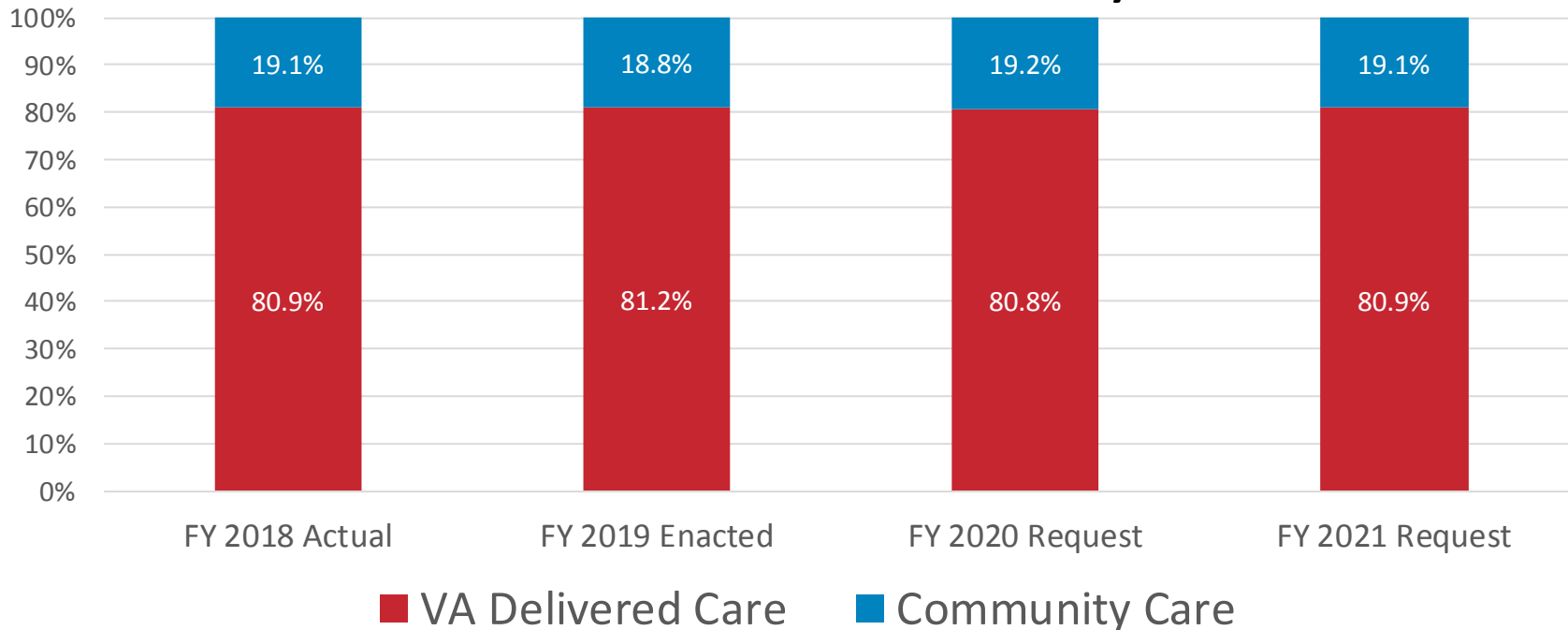
Obligations Basis	2018 Actual	2019 Request	2020 Request	2021 Request
Medical Community Care Appropriation	9.83	9.38	15.28	17.13
Veterans Choice Program (Mandatory Funds)	4.55	3.83	0.58	0.20
Other ( collections, transfers carryover)	0.48	0.52	0.72	0.51
<b>Total Obligations</b>	<b>14.86</b>	<b>13.73</b>	<b>16.58</b>	<b>17.84</b>
Effect of One-time Change in timing of Obligations		1.80		
<b>Total Obligations</b>	<b>14.86</b>	<b>15.53</b>	<b>16.58</b>	<b>17.84</b>

- 2020 Budget continues the Administration's commitment to access to care and reflects the direction of the MISSION Act. The Budget includes a shift from Choice mandatory funding to discretionary funding.
- For 2020 on an obligation basis, and accounting for the change in timing of payments, the increase over the 2019 level is 6.8 percent.

# VA Delivered Care and Community Care

## Percentage of Medical Care Budgetary Resources (Obligations)

### VA Delivered Care and Community Care



- ***Both VA delivered care and community care expand in 2020 and 2021***
- ***Community Care as a percent of total VA healthcare budgetary resources is stable at 19 percent for 2018 through 2021***
- ***Increase in community care appropriations due to shift of Choice Program workload and MISSION Act to discretionary appropriated funding.***

# VA Delivered Care and Community Care Growth

Based Upon Total Budgetary Resources (Obligations)

\$ in Billions

	2018 Actual	2019 Request	2020 Request	2021 Request
Community Care & Choice	\$14.86	\$15.53	\$16.58	\$17.84
VA Delivered Care 1/	62.89	67.21	69.95	74.46
<b>Total Medical Care</b>	<b>\$77.75</b>	<b>\$82.74</b>	<b>\$86.53</b>	<b>\$92.30</b>

## Percent Year-to-Year Growth

Community Care & Choice	9.6%	4.5%	6.8%	7.6%
VA Delivered Care 1/	5.9%	6.9%	4.1%	6.4%

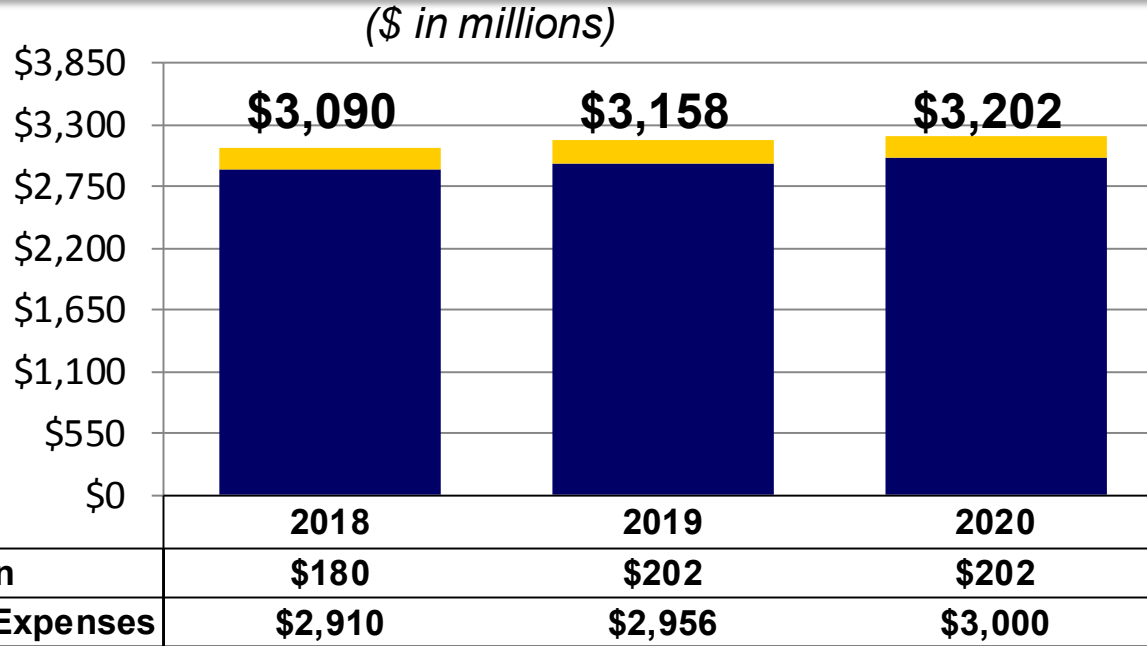
## Percent of all Medical Care

Community Care & Choice	19.1%	18.8%	19.2%	19.3%
VA Delivered Care 1/	80.9%	81.2%	80.8%	80.7%

1/ Includes Medical Care, Medical Support & Compliance and Medical Facilities accounts

- ***Community Care program from FY 2018 to 2021 has remained stable at 19 percent of overall VA medical resources as both the VA Delivered Care and the Community Care have grown in proportion.***
- ***VA will invest sufficient resources to grow the VA medical system while meeting Veteran's community care needs.***

# Veterans Benefits Administration Discretionary Budget



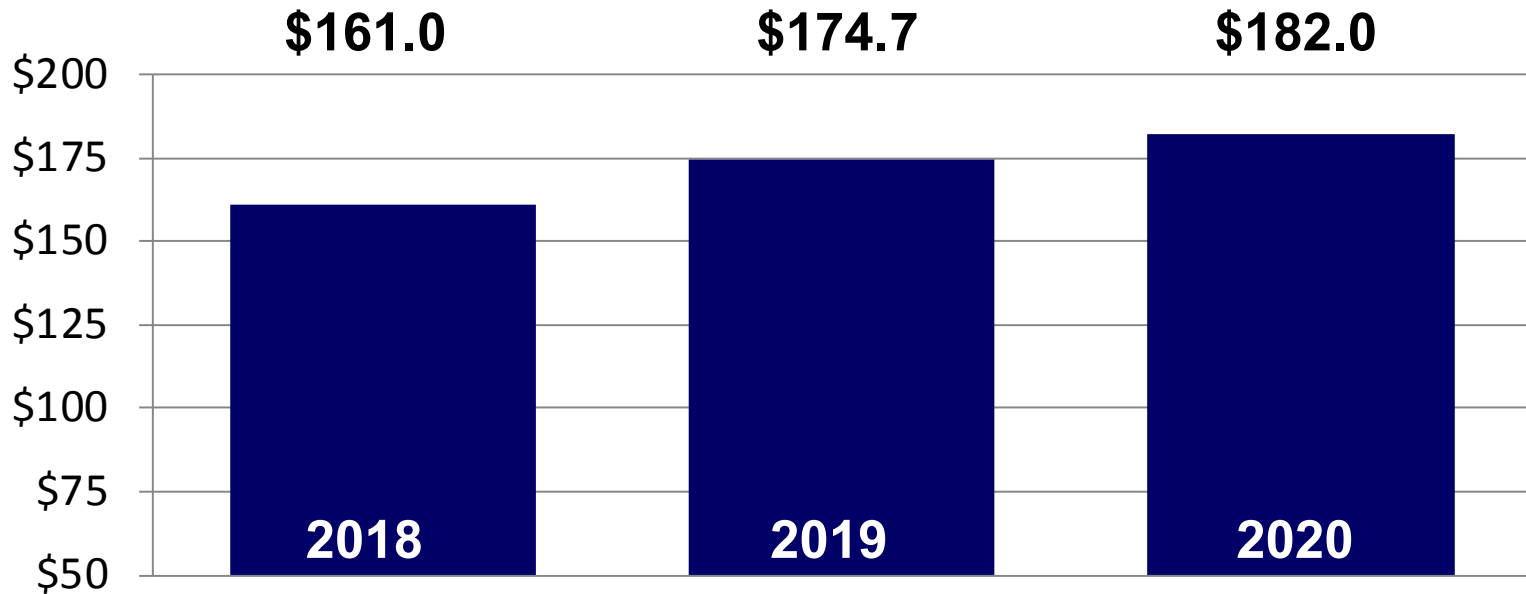
**2020 VBA GOE Budget sustains the processing of 1.5 million rating claims and 4.2 million Education claims. VBA will also continue implementation of the Veterans Appeals Improvement and Modernization Act of 2017 and the Forever GI Bill. Funding increase of \$44 million will support:**

- **Achieves and maintains the VR&E participant to counselor ratio of 125-to-1**
- **Expands Fraud, Waste and Abuse (FWA) efforts to all VBA business lines**
- **VA Schedule for Rating Disabilities (VASRD) modernization, ensuring disability ratings reflect modern medicine**
- **Two hour increase of course curriculum in the Transition Assistance Program (TAP)**



# Board of Veterans' Appeals Budget

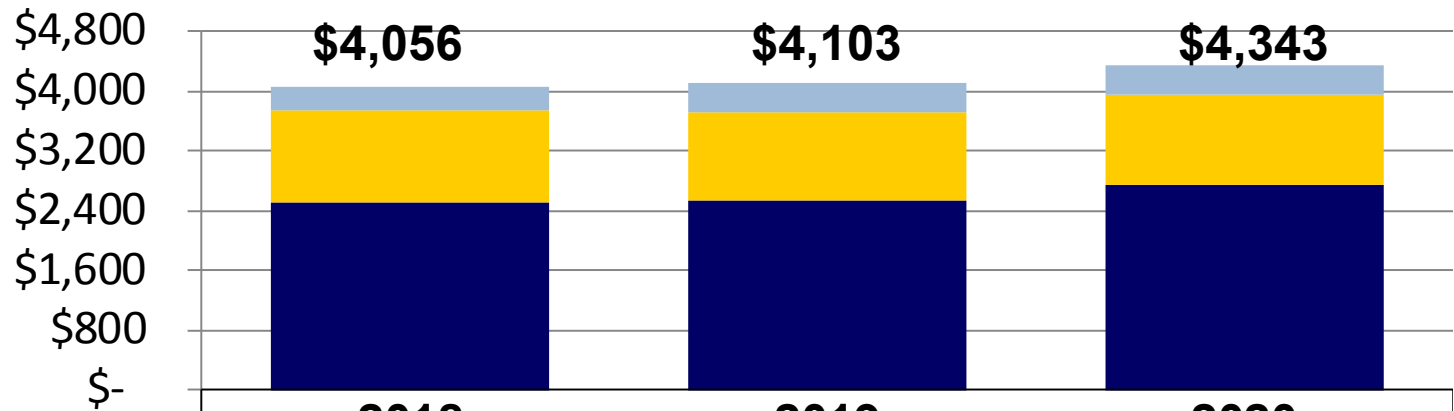
(\$ in millions)



- In 2020, the Board will continue to implement appeals reform, which is a new, simpler process that gives Veterans choice and control of their appeal.*
- Budget increase of \$7.3 million will address pending legacy appeals and continue reform implementation.*
- Board is on pace to decide over 90,000 decisions in 2019, an increase of nearly 5,000 over 2018, which was a record for any one year.*

# Information Technology Budget

(\$ in millions)

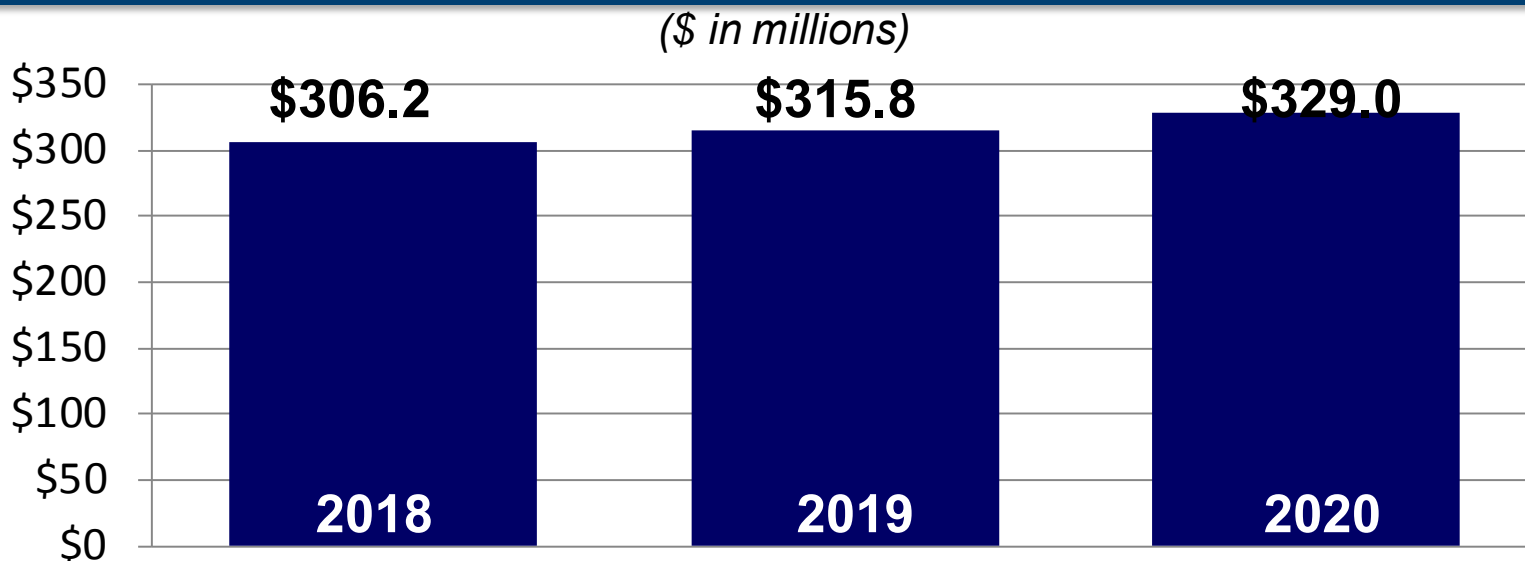


	2018	2019	2020
■ New Development	\$329	\$381	\$401
■ Pay/Administration	\$1,230	\$1,199	\$1,204
■ Operations & Maintenance	\$2,497	\$2,523	\$2,738

**\$4.3 billion (+\$240 million, 5.8%) provides resources to enhance and improve the Veteran experience, including:**

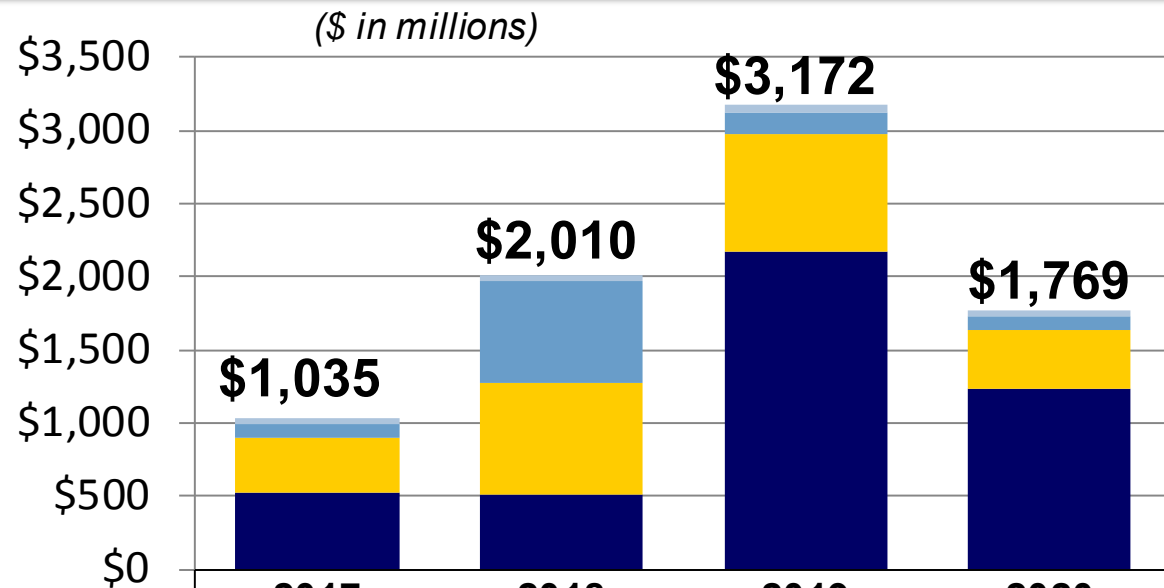
- **\$36.0 million for MISSION Act implementation**
- **\$327.3 million for Infrastructure Readiness**
- **\$401.3 million for Development in support of current healthcare systems platforms, as well as replacing legacy systems, such as Benefits Delivery Network, Financial Management System, and Burial Operations Support System.**

# National Cemetery Administration Budget



- *Maintains 3.92 million gravesites and provides for 137,000 interments in 2020*
- *NCA received the highest customer satisfaction score of any organization, private or public, from the American Customer Satisfaction Index in its most recent survey*
- *Adds 53 FTE for increased workload at cemeteries, activation of new cemeteries, and maintenance of 144 VA National cemeteries (includes 8 new cemeteries opening in 2019 and 2020), 11 Army Post cemeteries transferred from DoD, and 33 Soldiers' Lots and Monuments as National Shrines*
- *Increases National Cemetery Scheduling Office by 14 FTE and \$3.1 million to reduce wait times*
- *Ensures “No Veteran Ever Dies” through digital memorialization efforts, expansion of community partnerships, and increasing awareness of Veterans service and sacrifice*

# Capital Program Budget



	2017	2018	2019	2020
■ Cemetery Grants	\$45	\$45	\$45	\$45
■ Extended Care Grants	\$90	\$685	\$150	\$90
■ Minor Construction	\$372	\$768	\$800	\$399
■ Major Construction	\$528	\$512	\$2,177	\$1,235

- *2020 request returns to historic levels after two years of significant Congressional plus-ups*
- *Major Construction includes final funding for Louisville VAMC (\$410 million), Manhattan VAMC (\$150 million), seismic corrections, and cemetery expansions*

# 2021 Advance Appropriation (AA)

**An Advance Appropriation provides an assurance of funding levels two years out, enabling improved planning and ensuring operations in the event of a government shutdown.**

## ***VHA Medical Care***

- 2021 Medical Care Advance Appropriation is \$91.8 billion (with collections), +\$7.7 billion, or 9.1 percent above 2020 Request.

## ***VBA Benefits***

- 2021 Advance Appropriation for the mandatory Veterans Benefits programs (Compensation and Pensions, Readjustment Benefits, and Veterans Insurance and Indemnities accounts) is \$129.5 billion, +\$6.2 billion, or 5 percent above the 2020 request.

***2021 Advance Appropriation request reflects the President's steadfast commitment to Veterans.***

# Additional Detail

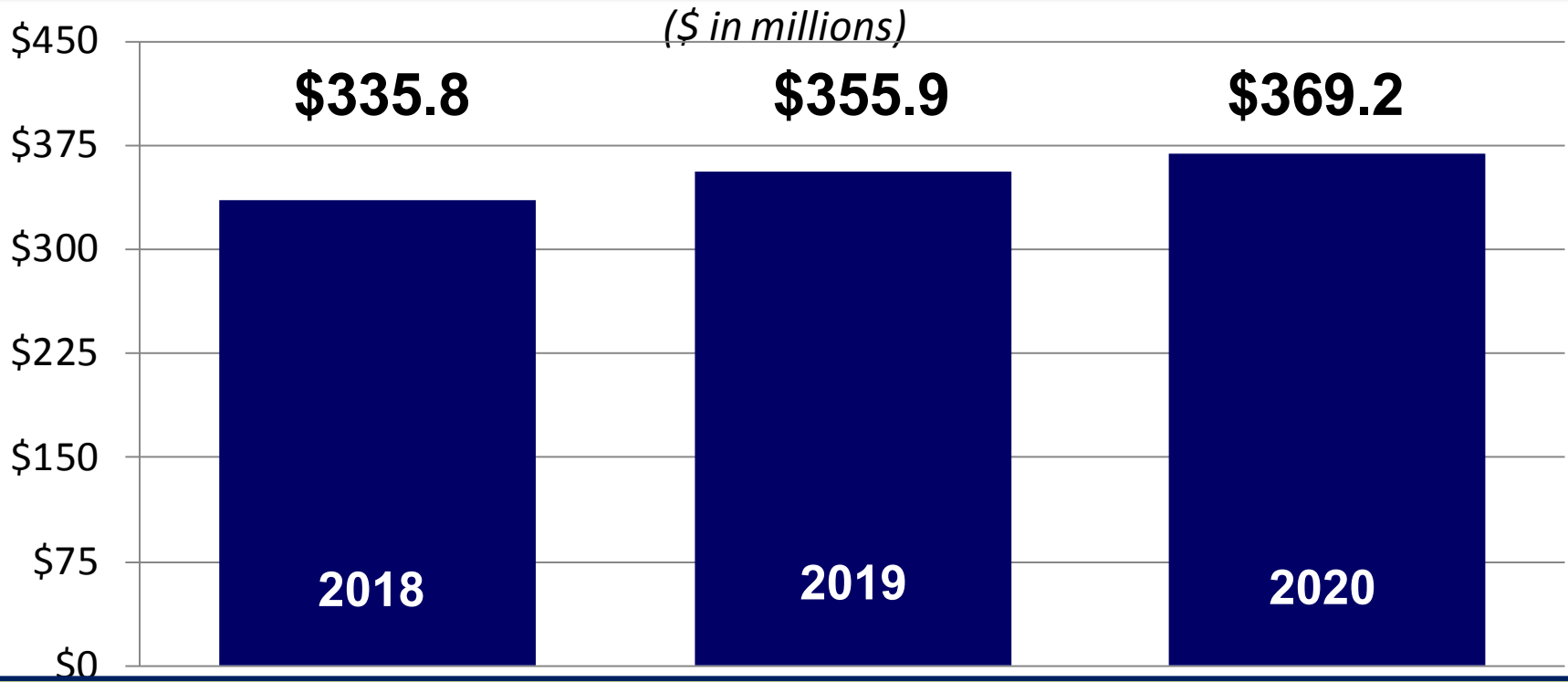
# Electronic Health Records

*(\$ in Thousands)*

	2018 Actual	2019 Enacted	2020 Request
EHR Contract	500,000	575,000	1,106,500
Program Management	184,000	120,000	161,800
Infrastructure Support	98,000	412,000	334,700
<b>TOTAL</b>	<b>782,000</b>	<b>1,107,000</b>	<b>1,603,000</b>

***The Budget Requests \$1.6 billion to continue modernization of VA's electronic health records system.***

# General Administration Budget



**The Budget includes \$369.2 million, \$13.3 million above 2019 for the following:**

- **Legal support for Veterans appeals, Accountability Act and the MISSION Act.**
- **Realignment of funding (\$22.2 million) for the Office of Accountability and Whistleblower Protection from reimbursements to a direct Budget Authority (BA) request.**
- **Realignment of funding (\$6.8 million) for the Corporate Senior Executive Office from reimbursements to direct BA request.**



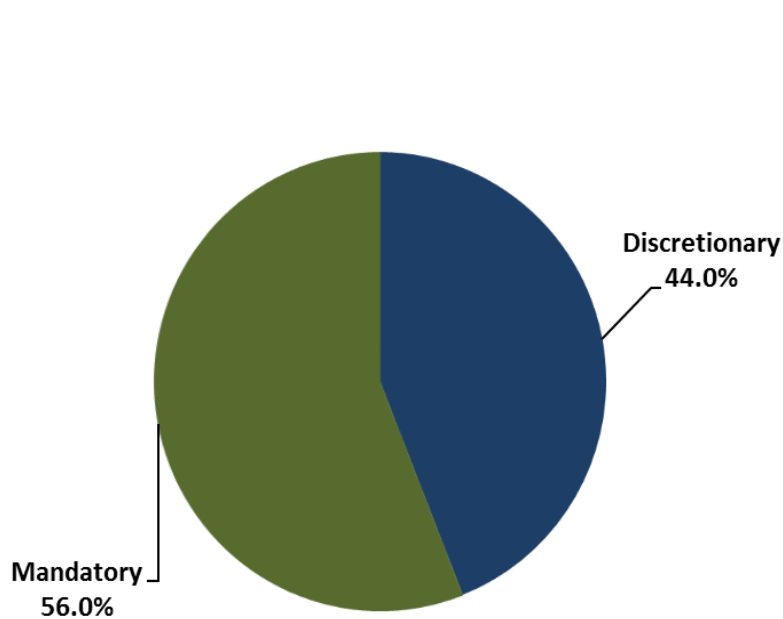
# Medical and Prosthetic Research

- The 2020 Budget includes \$762 million in appropriations for research, \$17 million below the 2019 Budget.
  - Coupled with an additional \$1.3 billion in other federal and private grants and other support, total funding in support of Veteran research is \$2.0 billion.
- The 2020 budget is an increase of \$10 million from 2019 base budget of \$752, after adjusting for the one-time increase in FY 2019 of \$27 million for the Department of Energy collaboration to support multi-year research effort with five year funding
- Funding supports research for an estimated 2,200 projects, including:
  - Central Nervous System Injury & Associated Disorders: \$107 million
  - Cancer Research: \$57 million
  - Mental Illness: \$120 million
  - Prosthetics: \$19 million
  - Substance Abuse: \$33 million

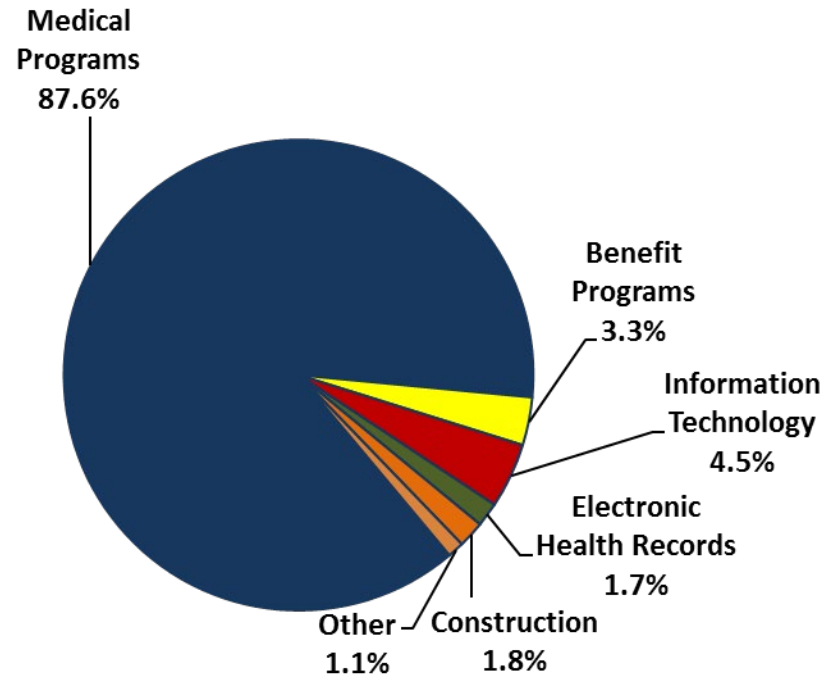
***VA will focus on critical areas including suicide prevention, substance abuse/opioids, Posttraumatic Stress Disorder (PTSD), Traumatic Brain Injury (TBI) prosthetics, and the Gulf War Illness.***

# 2020 VA Budget Request

## Mandatory & Discretionary Accounts



## Discretionary Accounts

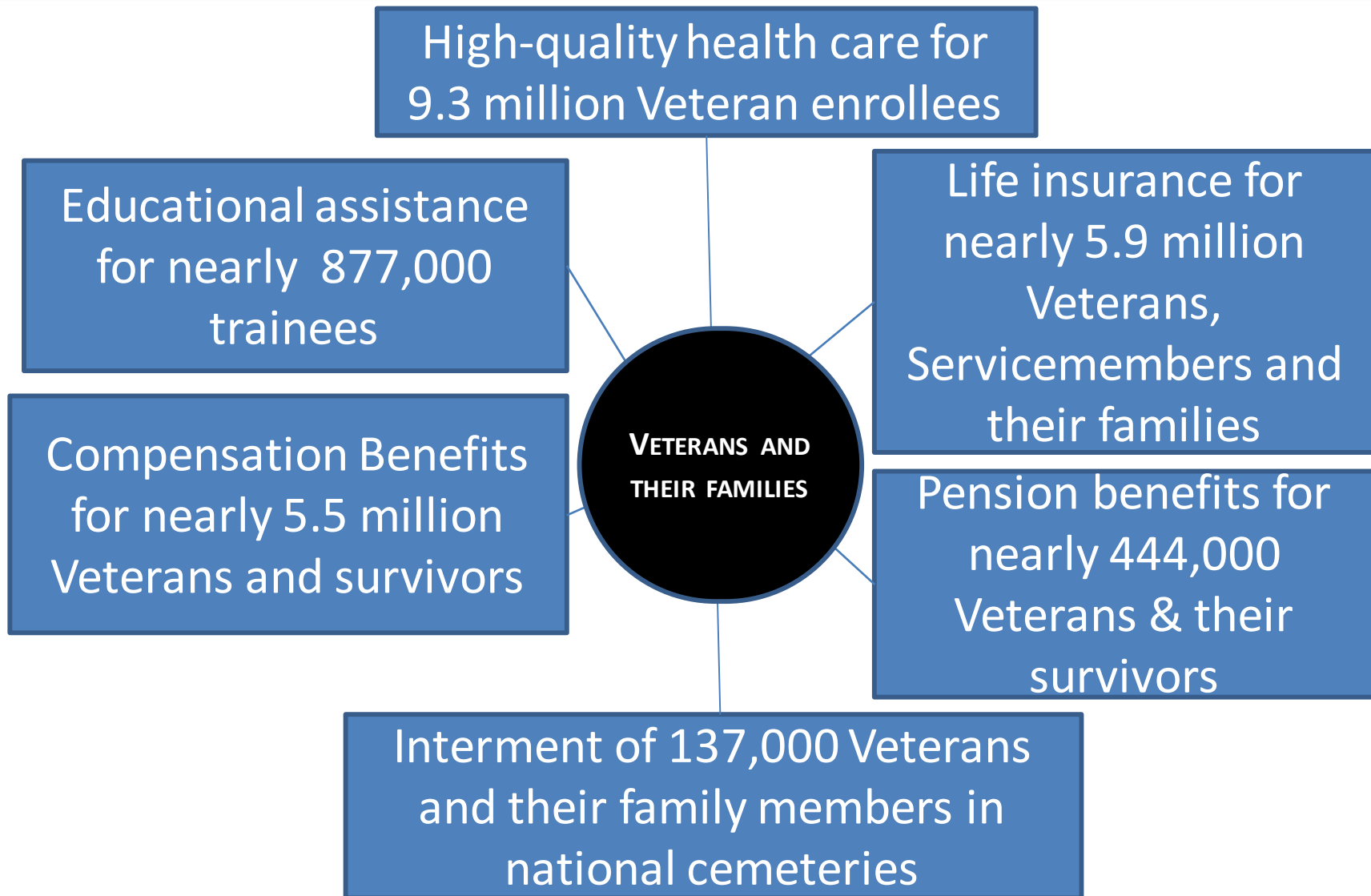


**2020 President's Budget**  
**\$220.2 Billion**

*(includes collections - \$3.9B)*

**Mandatory: \$123.2 B      Discretionary: \$97.0 B**

# What does our Budget buy?



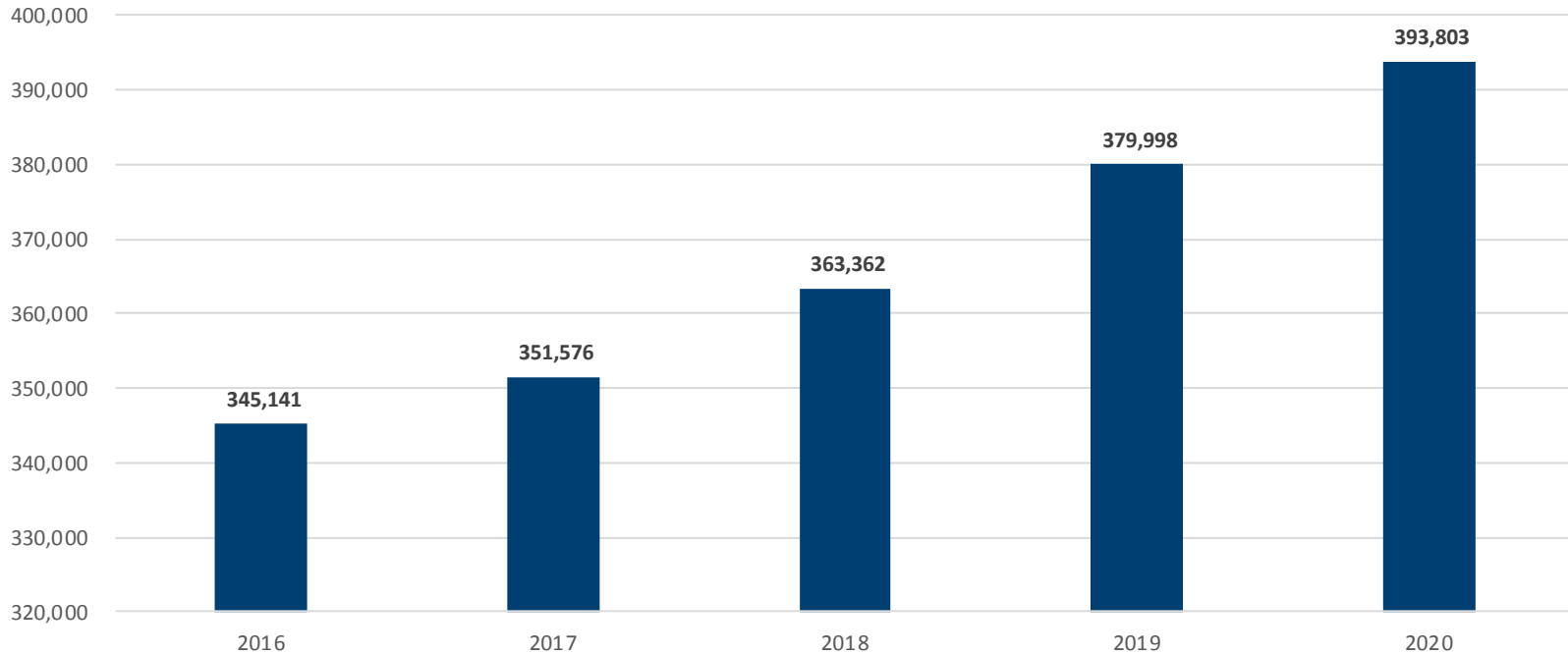
# Major Construction Projects

*(\$ in millions)*

Location	Description	Request
New York, NY	Manhattan VAMC Flood Recovery	\$150.0
Bay Pines, FL	Inpatient/Outpatient Improvements	\$30.0
San Juan, PR	Seismic Corrections – Bldg 1	\$30.0
San Diego, CA	SCI and Seismic Corrections	\$20.0
Reno, NV	Correct Seismic Deficiencies and Expand Clinical Services Bldg	\$10.0
Louisville, KY	New Medical Facility	\$410.0
West Los Angeles, CA	Construct New Essential Care Tower/B500 Seismic Correction and Renovation	\$25.0
Alameda, CA	Outpatient Clinic and National Cemetery	\$26.0
Bayamon, PR	Replacement Cemetery (Morovis)	\$10.0
Riverside, CA	Gravesite Expansion & Cemetery Improvements	\$3.0
Elmira, NY	Western New York Cemetery	\$10.0
Houston, TX	Gravesite Expansion	\$34.0
Bourne, MA	Massachusetts NC - Phase 4 Expansion	\$32.0
Dallas, TX	Cemetery Expansion	\$28.0
Major Construction Support	Advance Planning and Design, staff support, US Army Corps of Engineers (USACE) fees, NCA land acquisition, seismic corrections, etc.	\$417.2
<b>Total Request</b>		<b>\$1,235.2</b>

# VA FTE Growth is Significant

## FTE 2016 -2020



***Since FY 2016, VA has added nearly 50,000 FTE to better serve Veterans.***

# 2020 Proposed Legislation

- **Budget request includes 81 legislative proposals that will benefit Veterans, assist VA operations and effectiveness, and promote stewardship of resources:**
- **VA Legislative Priorities:**
  - Supportive services for suicide prevention
  - Authority to expand VA's current Enhanced-Use Lease authority beyond Supportive Housing
  - VA is seeking modification to Title 38 to eliminate statutory impediments to acquiring joint facility projects with Department of Defense
  - Authority for collaboration with Department of Interior to permanently transfer land to VA for cemetery development
  - Allow for electronic decision notification, and other communications
  - Restoration of entitlement to chapter 31 assistance for Veterans affected by school closure or disapproval
  - Legal services for homeless Veterans
  - Eliminate certain provisions that limit the amount of specially adapted housing assistance available for construction of an adapted home
  - Smoke-free environment
  - Modernize VBA's records management program
  - Reissue benefit payments to victims of fiduciary misuse
  - Eliminate benefit payments to estates rather than survivors of deceased Nehmer class members