



U.S. Department
of Veterans Affairs

News Release

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FOR IMMEDIATE RELEASE
Feb. 2, 2015

Care and Benefits for Veterans Strengthened by \$169 Billion VA Budget

WASHINGTON – The President has proposed a \$168.8 billion budget for the Department of Veterans Affairs (VA) in fiscal year 2016. The proposed budget will support VA goals to expand access to timely, high quality health care and benefits, continue the transformation of VA into a Veteran-centric department and end homelessness among Veterans.

“VA has before it one of the greatest opportunities in its history to enhance care for Veterans and build a more efficient and effective system. This budget will allow us to continue important progress to better serve Veterans, their families and their survivors,” said Secretary of Veterans Affairs Robert A. McDonald. “We are listening to what Veterans, Congress, employees, Veterans Service Organizations (VSOs), and other stakeholders are telling us. We aspire to make VA a model agency that is held up as an example for other government agencies to follow with respect to customer experience, efficient and effective operations, and taxpayer stewardship.”

The budget includes \$73.5 billion in discretionary funding, largely for healthcare, and \$95.3 billion for mandatory benefit programs such as disability compensation and pensions. The \$73.5 billion total in discretionary spending, including over \$3.2 billion in medical care collections from health insurers and Veteran copayments, is \$5.2 billion and 7.5 percent above the 2015 enacted level. The budget also requests \$66.6 billion, including collections, for the 2017 advance appropriations for medical care, an increase of \$3.4 billion and 5.4 percent above the 2016 medical care budget request. As a first-time request for advance appropriations for 2017 for Compensation and Pensions, Readjustment Benefits, and Veterans Insurance and Indemnities, within our mandatory benefits programs in the Veteran’s Benefits Administration, \$104 billion is requested for 2017.

“We remain committed to providing Veterans the opportunity to pursue their education, find meaningful employment and access high-quality health care and earned benefits,” Secretary McDonald added. “From the men and women of ‘the greatest generation’ to the Veterans who have returned from our most recent conflicts in Iraq and Afghanistan, every Veteran deserves to have a seamless, integrated, and responsive VA customer service experience every time.”

However, more resources will be required to ensure that VA can provide timely, high-quality health care into the future. VA is hearing directly from Veterans and their representatives that they would prefer to get their care in VA facilities from the medical professionals they know and with whom they have relationships. In the coming months, the Administration will submit legislation to allow the Department to reallocate a portion of unused funding from the Veterans Choice Program to support essential investments in VA system priorities in a fiscally responsible, budget-neutral manner. This flexibility will allow the Department to serve Veterans the way they want and deserve to be served.

VA operates one of the largest integrated health care systems in the country with approximately 9.4 million enrollees; the tenth largest life insurance program; monthly disability compensation, pensions and survivors benefits to more than 5.2 million beneficiaries; educational assistance or vocational rehabilitation benefits and services to 1.2 million students; mortgage guaranties to over 2 million homeowners; and the largest cemetery system in the nation.

Here are highlights from the President’s 2016 budget request for VA.

Health Care

With a medical care budget of \$63.2 billion, including collections, VA is positioned to serve approximately 9.4 million Veteran patients enrolled to receive care in the fiscal year beginning Oct. 1. The enrollee total includes over 1.4 million Veterans who served in Operation Enduring Freedom/Operation Iraqi Freedom/Operation New Dawn

Major spending categories within the health care budget are:

- \$7.5 billion for mental health;
- \$2.8 billion for prosthetics;
- \$556 million for spinal cord injuries;
- \$232 million for traumatic brain injuries;
- \$243 million for readjustment counseling; and
- \$7.5 billion for long-term care.

Expanding Access

The President’s Budget would ensure that care and other benefits are available to Veterans when and where they need them. Among the programs that will expand access under the proposed budget are:

- \$1.2 billion in telehealth funding, which helps patients monitor chronic health care conditions and increases access to care, especially in rural and remote locations;
- \$446 million for health care services specifically designed for women, an increase of 8.3 percent over the present level;
- \$598 million for the activation of new and enhanced health care facilities;
- \$1.1 billion for major construction projects;
- \$86.6 million for improved customer service applications for online self-service portals and call center agent-assisted inquiries; and
- \$5.9 million to bring into full operation two new national cemeteries opening in 2015, and to activate one new national cemetery and one rural National Veterans Burial Ground in 2016.

Improving the Efficiency of Claims Processing

The President’s Budget provides for full implementation of the Veterans Benefits Administration’s (VBA) robust Transformation Plan -- a

series of people, process, and technology initiatives -- in 2016. This plan will continue to systematically improve the quality and efficiency of claims processing and assist the Department in processing all disability compensation claims within 125 days.

Major claims transformation initiatives in the budget invest \$431 million to bring leading-edge technology to claims processing, including:

- \$290 million (\$253 million in Information Technology and \$37 million in VBA) to support the electronic claims processing system – the Veterans Benefits Management System (VBMS); and
- \$141 million for Veterans Claims Intake Program (VCIP) to continue conversion of paper records, such as medical records, into electronic images and data in VBMS.

In addition, the President's Budget supports rightsizing VBA's workforce to address staffing needs so it can continue to improve the delivery of benefits to Veterans. As VBA continues to receive and complete more disability compensation rating claims, the volume of appeals, non-rating claims, and fiduciary field examinations correspondingly increases. The request for \$85 million for 770 additional full-time equivalent employees (FTE) will allow VBA to provide more timely actions on appeals and non-rating claims, and will ensure strong fiduciary oversight.

Eliminating Veterans Homelessness

The Administration has made the elimination of Veteran homelessness a national priority. The budget request targets \$1.4 billion for programs to prevent or reduce homelessness, including:

- \$300 million for Supportive Services for Veteran Families (SSVF) to promote housing stability;
- \$374 million for the HUD-VASH program wherein VA provides case management services for at-risk Veterans and their families and HUD provides permanent housing through its Housing Choice Voucher program; and
- \$201 million in grant and per diem payments that support temporary housing provided by community-based organizations.

MyVA

In 2014, Secretary McDonald introduced the MyVA initiative, an effort to reorient the Department around the needs of Veterans and make VA a more customer-centric organization. This will ultimately be the largest department-wide transformation in VA's history and will measure success based on Veteran outcomes and satisfaction. The 2016 budget supports MyVA implementation, which will create a VA that is organized for success from the perspective of Veterans – combining functions, simplifying operations, and providing Veterans the care and services they have earned and deserve.

Veterans Choice Act

The Veterans Choice Act provided \$5 billion in mandatory funding to increase Veterans' access to health care by hiring more physicians and staff and improving the VA's physical infrastructure. It also provided \$10 billion in mandatory funding through 2017 to establish a temporary program (the Veterans Choice Program) improving Veterans' access to health care by allowing eligible Veterans who meet certain wait-time or distance standards to use eligible health care providers outside of the VA system. The Veterans Choice Program may provide a measure of short-term relief from the pressure of escalating health care needs as current patients in the VA system elect to receive their care through the program. These investments, together with the 2016 Budget, will provide the authorities, funding, and other tools to enhance services to Veterans in the short-term while strengthening the underlying VA system to better serve Veterans in the future. However more resources in certain areas will be required to ensure that the VA system can provide timely, high-quality health care into the future. In the coming months, the Administration will submit legislation to allow the VA Secretary to best meet Veteran needs. This will allow the Secretary to make essential investments in VA system priorities in a fiscally-responsible, budget-neutral manner.

Other Key Services for Veterans

- \$266 million to administer the VA-run system of 133 national cemeteries;
- \$4.1 billion for information technology (IT), including investments to modernize Veterans' electronic health records, improve Veterans' access to benefits, and IT infrastructure; and
- \$1.7 billion in construction, cemetery grants, and extended care grants to include nine VHA major construction projects and four gravesite expansion projects.

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FACT SHEET

DEPARTMENT OF VETERANS AFFAIRS

The President's 2016 Budget is designed to bring middle class economics into the 21st Century. This Budget shows what we can do if we invest in America's future and commit to an economy that rewards hard work, generates rising incomes, and allows everyone to share in the prosperity of a growing America. It lays out a strategy to strengthen our middle class and help America's hard-working families get ahead in a time of relentless economic and technological change. And it makes the critical investments needed to accelerate and sustain economic growth in the long run, including in research, education, training, and infrastructure.

These proposals will help working families feel more secure with paychecks that go further, help American workers upgrade their skills so they can compete for higher-paying jobs, and help create the conditions for our businesses to keep generating good new jobs for our workers to fill, while also fulfilling our most basic responsibility to keep Americans safe. We will make these investments, and end the harmful spending cuts known as sequestration, by cutting inefficient spending and reforming our broken tax code to make sure everyone pays their fair share. We can do all this while also putting our Nation on a more sustainable fiscal path. The Budget achieves about \$1.8 trillion in deficit reduction, primarily from reforms to health programs, our tax code, and immigration.

The Department of Veterans Affairs (VA) has before it one of the greatest opportunities in its history to enhance care for veterans and build a more efficient and effective system. The Department is listening to what veterans, Congress, employees, Veterans Service Organizations (VSOs), and other stakeholders are telling us. We aspire to make VA a model agency that is held up as an example for other government agencies to follow with respect to customer experience, efficient and effective operations, and taxpayer stewardship.

VA is charged with fulfilling President Lincoln's promise to care for those "*who shall have borne the battle, and for*" their families and their survivors. To support this mission, the 2016 Budget provides \$70.2 billion in discretionary funding for VA, a 7.9 percent increase above the 2015 enacted level. In addition, the budget includes \$3.2 billion in estimated medical care collections, for a total discretionary budget authority of \$73.5 billion (which includes \$3.2 billion in Medical Care Collections), and \$95.3 billion for VA's mandatory benefit programs.

This funding level will provide the resources to fulfill VA's mission to provide timely, quality health care and services to veterans. It will

allow VA to operate one of the largest integrated healthcare systems in the country, serving approximately 9.4 million veterans enrolled to receive care; a compensation benefits program for about 4.3 million veterans and 400,000 survivors, and a pension benefits program for 306,000 veterans and 216,000 survivors; the tenth largest life insurance provider, covering both active duty servicemembers and veterans; an education assistance program serving 1.2 million students; a home mortgage program with a portfolio of over 2 million active loans, guaranteed by VA; and a national cemetery system that leads the Nation as a high-performing organization projected to inter 129,200 veterans and their family members in 2016. Additionally, VA will be developing a legislative proposal to reallocate funding in order to ensure the continued improvements of VA operations and the timely access to care for Veterans.

The Veterans Choice Act provided \$5 billion in mandatory funding to increase veterans' access to health care by hiring more physicians and staff and improving the VA's physical infrastructure. It also provided \$10 billion in mandatory funding through 2017 to establish a temporary program (the Veterans Choice Program) improving veterans' access to health care by allowing eligible veterans who meet certain wait-time or distance standards to use health care providers outside of the VA system. The Veterans Choice Program may provide a measure of short-term relief from the pressure of escalating health care needs as current patients in the VA system elect to receive their care through the program. These investments, together with the 2016 Budget, will provide the authorities, funding, and other tools to enhance services to veterans in the short-term while strengthening the underlying VA system to better serve veterans in the future. However more resources in certain areas will be required to ensure that the VA system can provide timely, high-quality health care into the future. In the coming months, the Administration will submit legislation to allow the VA Secretary to best meet Veteran needs. This will allow the Secretary to make essential investments in VA system priorities in a fiscally-responsible, budget-neutral manner.

Funding Highlights:

The President's 2016 Budget requests \$70.2 billion in discretionary funding for the Department of Veterans Affairs (VA) to provide needed care and other benefits to eligible veterans, their families, and survivors. VA also received \$15 billion in the Veterans Access, Choice, and Accountability Act of 2014.

The FY 2016 Budget invests in VA by:

- Improving veterans' access to medical care by providing \$60.0 billion, in addition to requesting \$63.3 billion in 2017 advance appropriations;
- Supporting improvements in veterans mental health care, telehealth care, lifesaving treatment for Hepatitis C, specialized care for women veterans, long-term care, and benefits for veterans' caregivers;
- Providing \$1.4 billion for programs that will continue VA's gains toward ending veteran homelessness in 2015;
- Strengthening veterans benefits programs by improving the timeliness of non-rating claims, reducing the inventory of veterans appeals, strengthening the fiduciary program, and further enhancing disability claims processing accuracy and efficiency through centralized mail and the national work queue.
- Increasing burial access for veterans and eligible family members with the opening of new national cemeteries and a rural burial ground.

Reforms:

- Continues the largest Department-wide transformation in VA's history through MyVA, an effort to reorient the Department around the needs of veterans.

Sustains and Strengthens Services for Veterans and Their Families

Improves Veteran Access to Medical Care. The Budget provides \$60.0 billion for VA medical care, a 7.4 percent increase above the 2015 enacted level, to provide high-quality and timely health care services to veterans and other eligible beneficiaries. The Budget proposes \$63.3 billion in advance appropriations for the VA medical care program in 2017, a 5.5 percent increase above the 2016 request.

Protects Critical Funding for VA Medical Care. The 2016 Budget provides over \$7 billion to continue VA's focus on expanding and transforming mental health services for veterans to ensure accessible and patient-centered care, including treatment for Post-Traumatic Stress Disorder, ensuring timely access to mental healthcare, and treatment for Military Sexual Trauma. In addition, the Budget includes \$7.5 billion for veterans' long-term care; \$690 million for lifesaving treatment for veterans suffering from Hepatitis C, and \$555 million to support veterans' caregivers.

Ends Veteran Homelessness. Between 2010 and 2014, overall veteran homelessness dropped by 33 percent, and we have achieved a 42 percent decrease in unsheltered veteran homelessness. Through unprecedented partnerships with Federal and local partners, we have greatly increased access to permanent housing, a full range of health care including primary care, specialty care, and mental health care; employment; and benefits for homeless and at risk for homeless veterans and their families. As a result of these investments, in fiscal year 2014 alone, VA provided specialized homeless services to nearly 260,000 homeless or at-risk veterans. Nearly 72,000 veterans and their family members were placed in permanent housing or were prevented from becoming homeless. Despite the significant progress and important accomplishments, much work remains. The 2016 Budget requests \$1.4 billion for VA homeless-related programs, including case management support for the

Department of Housing and Urban Development (HUD)-VA Supportive Housing program (HUD-VASH), the Grant and Per Diem Program, VA justice programs, and the Supportive Services for Veteran Families program. In addition to supporting all existing HUD-VASH vouchers, the 2016 Budget for HUD requests new Housing Choice Vouchers to support special populations, including homeless veterans, regardless of their discharge status. Overall, the 2016 Budget supports VA's commitment to ending veteran homelessness by emphasizing rescue for those who are homeless today, and prevention for those at risk of homelessness.

Advances Medical and Prosthetic Research. The 2016 Budget includes \$622 million for development of innovative and cutting-edge medical research for veterans, their families, and the Nation. One example includes continuing the Million Veteran Program (MVP), a groundbreaking genomic medicine program, in which VA seeks to collect genetic samples and general health information from one million Veterans in the next five years. MVP will help provide answers to many pressing medical questions and lead to improvements in care and prevention to veterans and the Nation. The Budget also includes funding for a new strategic initiative toward building a learning health care system that is responsive to new information, adapts to implement more effective clinical practices, and is committed to an ongoing mission of excellence, supported by a culture of self-reflection and continuing education. In addition to the direct appropriation, medical research will be supported through an additional \$1.2 billion from VA's medical care program and grants. As part of one of the largest integrated health systems in the United States, VA's research program benefits from clinical care and research occurring together, allowing research to be directly coordinated with veterans' care.

Strengthens Veterans Benefits Programs. Improving quality and reducing the length of time it takes to process disability compensation claims are integral to VA's mission of providing the care and benefits that veterans have earned and deserve in a timely, accurate, and compassionate manner. VA has decreased the disability claims backlog by more than 58 percent, since its peak in March 2013, and is on track to meet the President's goal to eliminate the claims backlog and provide all veterans with quality decisions on their claims within 125 days by the end of 2015. In addition, the Budget requests an increase of \$85 million for 770 new staff to improve the timeliness of non-rating claims, reduce the inventory of appeals, and strengthen the fiduciary program. The 2016 Budget also supports continuation and expansion of these efforts through the Centralized Mail and the National Work Queue (NWQ) initiatives -- new approaches to increase the accuracy and efficiency of claims processing. The Centralized Mail initiative expands VA's capabilities for scanning and conversion of claims evidence, increases electronic processing capabilities, and assists in converting 100 percent of received source materials to electronic format. In addition, with all claims placed in the electronic NWQ, Veterans' claims will be automatically directed across all ROs to efficiently match claim demand with available expertise and processing capacity regardless of RO jurisdiction, delivering benefits to Veterans more quickly and accurately.

Provides Lasting Memorial Services and Increases Burial Access. The 2016 Budget includes \$266.2 million for the National Cemetery Administration (NCA) for cemetery operations and maintenance, to uphold VA cemeteries as National Shrines, and to increase burial access for veterans and eligible family members. The budget supports the activation of two new national cemeteries opening in 2015 at Cape Canaveral and at Tallahassee, Florida and activation of a third new national cemetery in 2016 at Omaha, Nebraska. NCA anticipates conducting 129,200 interments of veterans and their family members, along with maintaining and providing perpetual care for approximately 3.6 million gravesites. NCA will also maintain 9,120 developed acres and process approximately 360,500 headstone and marker applications.

Transforms VA through MyVA. In 2014, Secretary McDonald introduced the MyVA initiative, an effort to reorient the Department around the needs of veterans. VA is consulting private sector experts and is building performance improvement teams to enhance productivity, efficiency and customer-focused outcomes for our Nation's veterans. This initiative will encompass programmatic and policy changes, the potential for new programs, as well as cost-neutral initiatives designed to make VA a more customer-centric organization. This will ultimately be the largest department-wide transformation in VA's history and will measure success based on veteran outcomes and satisfaction.