

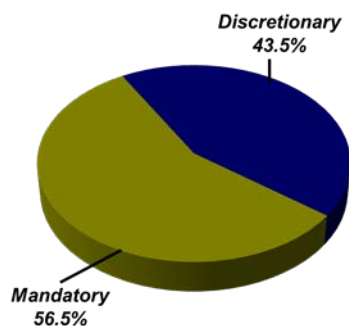
Overview

The 2016 Budget and 2017 Advance Appropriations (AA) requests for the Department of Veterans Affairs (VA) fulfill the President’s promise to provide America’s Veterans, their families, and survivors the care and benefits they have earned through their service. The 2016 request totals \$70.2 billion for discretionary and \$95.3 billion for mandatory funding. The 2017 AA request includes \$63.3 billion in discretionary funding for Medical Care and \$104.0 billion in mandatory funding as a first-time request for three benefits accounts (i.e., Compensation and Pensions, Readjustment Benefits, and Veterans Insurance and Indemnities). The 2016 request will support 353,946 Full-time Equivalent (FTE) employees.

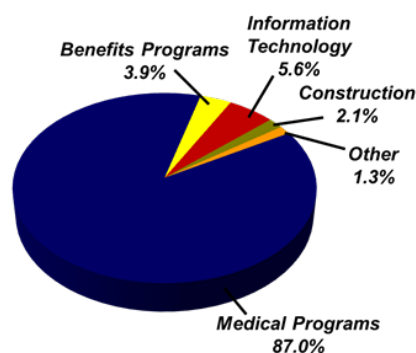
The 2016 funding level will provide the necessary resources to meet VA’s obligation to provide timely, quality health care and benefits to Veterans. It will allow VA to operate the largest integrated healthcare system in the country, delivering health care to approximately 9.4 million enrolled Veterans. Funding will provide for:

- A disability compensation benefits program for 4.3 million Veterans and 400,000 Survivors;
- A pension benefits program for 306,000 Veterans and 216,000 Survivors;
- The tenth largest life insurance program, covering both active duty Servicemembers and enrolled Veterans;
- An education assistance program serving nearly 1.2 million students;
- Vocational rehabilitation and employment benefits for over 137,000 Veterans;
- A home mortgage program with a portfolio of over 2 million active loans guaranteed by VA; and
- The largest national cemetery system that leads the Nation as a high-performing organization, with projections to inter 129,200 Veterans and family members in 2016.

VA Budget: Mandatory vs. Discretionary



VA Discretionary Budget



As of September 30, 2014, there were an estimated 22 million Veterans living in the United States and its territories. In addition to these Veterans, an additional 25.7 million family members and dependents are eligible for benefits from the VA. The resources requested in this budget will allow VA to deliver on the Nation’s promise to Veterans through investments in

personnel, efficient business practices, and technology. VA will continue to work with its Federal, state, and local partners, including Veterans Service Organizations (VSO).

Personnel

Every day, more than 340,000 VA employees come to work for America’s Veterans. These employees have a close connection with Veterans – over 32 percent are Veterans themselves. With this request and the resources supplied by the Veterans Access, Choice, and Accountability Act of 2014 (Veterans Choice Act), VA will see an increase of 11,666 new positions in 2016 above the 2015 estimated level to expand access to healthcare and improve benefit delivery. These include new positions in the Veterans Benefits Administration (VBA) to improve the timeliness of non-rating claims, reduce the inventory of Veterans appeals, strengthen the Fiduciary program, and manage the National Work Queue, and new positions in the Veterans Health Administration (VHA) including physicians, nurses, and scheduling clerks.

VA Staffing – FTE by Program Office*

	2014 Actual	2015 Estimate	2016 Estimate
Veterans Health Administration**	287,179	303,956	314,421
Veterans Benefits Administration	20,822	21,101	21,871
National Cemetery Administration	1,712	1,767	1,789
Office of Information Technology	7,291	7,515	7,615
General Administration	2,578	2,849	3,116
Board of Veterans Appeals	627	676	669
Inspector General	641	691	681
Other (Supply and Franchise Funds)	2,166	3,725	3,784
Total Veterans Affairs	323,016	342,280	353,946

*Total VA employees include those planned hires under the Veterans Choice Act.

** VHA FTE includes Medical Care, Medical Research, Veterans Choice Act, Canteen, Joint DoD-VA Medical Facility Demonstration Fund, and DoD-VA Health Care Sharing Incentive Fund.

MyVA -- Driving Reform and Cost Savings

In order to transform VA, we are beginning with a commitment to critically assess ourselves. Transformation must start within our own doors. We have named the transformation of VA “MyVA” – and it will require many organizational reforms to better unify the Department’s efforts on behalf of Veterans.

MyVA will create a VA that: eliminates barriers to putting customers first; measures success by the outcomes to Veterans as opposed to our internal processes; and integrates across programs and organizations to optimize productivity and efficiency. The MyVA Task Force charter signed on December 10, 2014, outlines four initial tasks:

- Conduct initial planning and capability building to establish a VA-wide customer service organization.
- Coordinate analysis and recommendations, and build initial capability for VA to realign its internal support services into an efficient shared services model(s).

- Oversee the identification and execution of select process improvements on the delivery of services and enhance productivity and efficiency, while establishing an enterprise wide strategy and infrastructure that supports a culture of continuous performance improvement.
- Support the development of a strategy to enhance strategic partnerships with private sector and other external organizations to improve services to Veterans.

Business Practices

VA will incorporate new business practices aimed at making the organization more efficient and effective. In VBA, the 2016 budget supports Centralized Mail, the National Work Queue, and the Veterans Claims Intake Program (VCIP) – to increase the accuracy and efficiency of claims processing. The activities will expedite claims processing, streamline processes for receiving digital records, and increase electronic processing capabilities.

In VHA, telehealth funding supports the critical clinical, technological, and administrative infrastructures necessary for VA to successfully deliver virtual care services to Veterans safely and cost-effectively.

The National Cemetery Administration (NCA) has implemented water-wise landscaping and the use of pre-placed crypts and memorial walls. These actions have allowed NCA to conserve water and land resources and reduce recurring maintenance workload costs.

As part of MyVA, VA will explore implementing shared services across its regions – eliminating stove pipes handling human resources, finance, and other services. VA's new regional office structure will provide these services more cohesively and cost-effectively.

Technology

The 2016 budget marks a continuation of VA's investment in technology to improve the lives of Veterans. IT investments will improve the systems that manage Veterans' health information and process benefits claims. This includes investments in the Veterans Health Information Systems and Technology Architecture (VistA), Veterans' electronic health records, and the Veterans Benefits Management System (VBMS).

VA Top Investments Supporting Care and Benefits for Veterans*
 (\$ in millions)

	2014 Actual	2015 Estimate	2016 Estimate
VBMS	108.2	137.0	253.0
VistA Evolution	126.0	269.4	182.6
Veterans Relationship Management	189.9	99.6	181.8
Access to Healthcare	7.9	17.8	31.7
Interoperability/Virtual Lifetime Electronic Record (VLER)	0.0	17.2	50.0
New Models of Care	39.7	46.2	25.7
IT Infrastructure (Hardware and Networks)	1,710.5	1,771.4	1,827.7

*Funding represents development and sustainment investments by the Office of Information and Technology. It does not include any program funds that may also be supporting ongoing program management of the activity.

VA Strategic Goals

The investments requested in the 2016 budget are essential to meet VA’s mission to ensure Veterans have timely access to care and receive the best care and benefits possible. To track progress in meeting the needs of the Veteran – and to formulate budget needs – VA uses its 2014-2020 Strategic Plan and the Agency Priority Goals (APG).

- Strategic Goal 1:** Empower Veterans to Improve their Well Being
- Strategic Goal 2:** Enhance and Develop Trusted Partnerships
- Strategic Goal 3:** Manage and Improve VA Operations to Deliver Seamless and Integrated Support

The following examples show how VA is working to meet its Strategic Goals (SG):

Strategic Goal 1: Empower Veterans to Improve their Well Being. The following accomplishments are in support of SG 1:

- In April 2014, VA launched the Veterans Employment Center (VEC) as the federal government’s single online tool for connecting transitioning Servicemembers, Veterans and their families to meaningful career opportunities in the public and private sectors.
- VA is expanding research on the long-term effects of Traumatic Brain Injury (TBI) and Posttraumatic Stress Disorder (PTSD).
- VA’s "Connected Health" initiative embraces virtual care modalities that include My HealthVet, Secure Messaging, Mobile Health Telehealth and Patient Kiosks.

Strategic Goal 2: Enhance and Develop Trusted Partnerships. Following are examples of SG 2-related work:

- VA and DoD have made significant progress towards meeting the joint Integrated Disability Evaluation System (IDES) performance goal for processing 80 percent of all IDES claims within 295 days.
- Substantial work has been done on DoD’s Electronic Health Record acquisition and VA’s Electronic Health Record development.
- In collaboration with local VHA, VBA, NCA and other state, Federal, and tribal partners, the Department facilitated seven Veterans Training Summits during FY 2014 that

focused on strengthening partnerships with 566 Federally recognized tribal governments and enhancing access to services and benefits by Veterans and their families.

- VA created the Office of Digital Media Engagement to help the Department expeditiously disseminate key messages to Veterans, media organizations, Veterans Service Organizations (VSO), and other key stakeholders.

Strategic Goal 3: Manage and Improve VA Operations to Deliver Seamless and Integrated Support. Work in advancement of SG 3 in 2014 includes:

- VA assisted 105,321 Veterans through employment readiness and outreach programs. VA also participated in 236 career events that reached 61,367 Veterans.
- VA signed 11 partnership agreements with other Federal agencies to increase awareness of services and benefits available to Veterans across the Federal space.
- To provide the best possible experience for Veterans, VA launched the MyVA Task Force to improve Veteran engagement, capitalize on short, medium and long term process improvements, and reorganize the Department such that a Veteran clearly understands how VA is structured.
- VA and the Office of Special Counsel (OSC) developed an expedited process to take corrective action for certain whistleblower retaliation cases.

Agency Priority Goal 1: Increase Veteran Access to VA Benefits and Services

Agency Priority Goal 2: Eliminate the Disability Claims Backlog

Agency Priority Goal 3: End Veteran Homelessness

To meet the APGs, VA is doing the following:

APG 1: Increase Veteran Access to VA Benefits and Services. To provide Veterans the access to health care that they have earned, the 2016 budget supports, in addition to the Veterans Choice Act funds: expanded hours of clinical operation; an increase in the number of VA clinics; and expanded care in the community through private health care providers. In addition, the budget supports substantial investments in VA's investment in medical infrastructure; new lease space, nonrecurring maintenance and medical equipment; and activation of new clinical space.

In addition, the budget increases access through Veteran-centric information technology, such as smartphone texting, web connection, or traditional phone access, all of which allow Veterans to connect faster to VA services. This is in connection with the increased investment in VBMS.

APG 2: Eliminate the Disability Claims Backlog. Due to VBA's aggressive work toward bringing down the disability claims backlog, more veterans are receiving benefits. VBA has completed a record-breaking 1.32 million claims in 2014. Concurrently, VBA has reduced the claims backlog from a peak of 611,000 claims in March 2013 to 242,000 at the end of 2014. In 2015, VBA will continue its efforts to reduce to zero the number of claims pending more than 125 days.

VBA continues to work on innovative solutions to improve the ability of VBA to complete additional claims. For example, VBA is collaborating with the Department of Defense (DoD) to improve data sharing processes and electronically receive service treatment records (STRs) for separating and retiring Servicemembers. VBA is working with the Social Security Administration (SSA) to receive important claim information electronically such as medical records and other relevant evidence. VBA is also collaborating with Veterans Service Organizations (VSOs) to expand the number of benefit claims, particularly those which are fully developed, that are submitted electronically through the benefits portal. Through benefits, Veterans are able to appoint accredited VSOs to help initiate their claims, gather the required medical records and evidence, and submit their claims online. The eBenefits portal has more than 3.8 million registered users and offers more than 60 self-service features.

APG 3: End Veteran Homelessness. Between 2010 and 2014, overall Veteran homelessness dropped by 33 percent and VA achieved a 42 percent decrease in unsheltered veteran homelessness. Through unprecedented partnerships with Federal and local partners, VA has 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 2014, VA provided services to nearly 265,000 homeless or at-risk Veterans. With continued focus from Federal, state and local partners, VHA is fighting to end Veteran homelessness by the end of 2015. The Budget requests \$1.4 billion for VA homeless-related programs in both 2016 and 2017 to sustain this effort and prevent Veterans from becoming homeless in the future. This investment includes case management support for the HUD-VASH voucher program, the Grant and Per Diem Program, the Supportive Services for Veteran Families program, and VA justice programs. The 2016 Budget supports VA's long-range plan to end Veteran homelessness by emphasizing rescue for those who are homeless today, and prevention for those at risk of homelessness.

The Veterans Choice Act

On August 7, 2014, the President signed into law the Veterans Access, Choice, and Accountability Act of 2014. The Veterans Choice Act provided vital resources to the Department to immediately increase access to care for Veterans while building infrastructure at the same time to ensure VA has the staff, facilities, and necessary support for a strong VA healthcare system. The Veterans Choice Act provided \$5 billion in mandatory funding for VA to hire physicians and other medical personnel and improve VA's physical infrastructure. The Act also provided \$10 billion in mandatory funding to establish a temporary program ("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 requirements as some Veterans who would otherwise receive care in the VA health care system instead choose to participate in the new program, while also providing eligible Veterans with quick access to non-VA care.

**Veterans Choice Act Obligations
(\$ in thousands)**

	2015 Estimate	2016 Estimate	2017 Estimate	Total
Section 801				
Medical Services	740,200	1,572,900	0	2,313,100
Medical Support and Compliance	10,500	17,000	0	27,500
Medical Facilities	1,016,600	755,000	0	1,771,600
Subtotal	1,767,300	2,344,900	0	4,112,200
Information Technology	203,200	173,400	0	376,600
Minor Construction	383,200	128,000	0	511,200
Section 801 Total	2,353,700	2,646,300	0	5,000,000
Section 802				
Veterans Choice Act -Administration	559,771	184,854	16,455	761,080
Veterans Choice Act - Program	3,150,557	3,256,907	2,831,456	9,238,920
Section 802 Total	3,710,328	3,441,761	2,847,911	10,000,000

In 2016, VA will use the Veterans Choice Act funds in concert with annual appropriations to meet VA staffing and infrastructure needs and expand non-VA care to Veterans who are eligible for the Veterans Choice Program based on either: (1) distance to a VA facility; or (2) their wait time to see a VA medical professional. Specifically, over 2015 and 2016, VHA is planning on hiring over 9,700 new medical care staff, including those to administer the Veterans Choice Program, for non-VA care. These staff include primary care, specialty care, and mental health care providers.

In addition to staffing, a key part of the Veterans Choice Act funding is allocated to improving VA facilities. Of these funds:

- \$40.7 million will be for emergency leases;
- \$272.4 million will be for leases “in the pipeline”;
- Nearly \$1.3 billion will provide physical improvements for VA facilities through Non-Recurring Maintenance funds;
- \$511 million will be for 64 physical infrastructure minor construction projects; and
- \$166.7 million will fund Legionella prevention and control improvements.

VA will also use Veterans Choice Act funds for information technology (IT) improvements, including \$225.2 for IT infrastructure and \$151.4 million for IT development, including the Medical Appointment Scheduling System. VA will also hire 192 IT staff over 2015 and 2016 to support increased access.

These investments, together with the 2016 Budget, will provide authorities, funding, and other tools to enhance service to Veterans in the short-term while strengthening the underlying VA system to better serve Veterans in the future. However, more resources 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 reallocate a portion of Veterans Choice Program funding to support essential investments in VA system priorities in a fiscally-responsible, budget-neutral manner.

The following pages outline VA's projection of needs to continue to provide Veterans' services to Veterans by appropriation account.

Budget Authority <i>(dollars in thousands)</i>			
BA/Fund Account	2014	2015	2016 ⁽¹⁾
	Actual	Enacted	Request
Federal funds:			
Benefit programs:			
Disability Compensation	\$66,007,807	\$73,192,481	\$72,886,780
Burial Mandatory Benefits	210,711	253,156	274,796
Pensions Mandatory Benefits	5,257,586	5,625,363	5,963,099
Subtotal, Compensation and Pension	71,476,104	79,071,000	79,124,675
Education Mandatory Benefits	12,064,968	13,778,830	14,035,624
Vocational rehabilitation and employment Mandatory Benefits	1,070,930	1,218,305	1,309,298
Vocational rehabilitation loan subsidy (non-add)	5	10	31
Subtotal, Readjustment Benefits	13,135,898	14,997,135	15,344,922
Insurance Mandatory Benefits	77,567	63,257	77,160
Housing Mandatory Benefits	2,044,878	459,807	0
Housing Program Original Loan Subsidy	0	277,380	270,075
Non-Appropriated Accounts			
Vocational Rehabilitation Upward Reestimate	78	113	0
Native American Veteran Housing	1,328	1,092	0
Housing Benefit Program fund Liquidating	-14,412	-13,401	-11,688
Trust Funds	900,383	802,792	775,383
General Post Fund	28,539	29,300	30,400
Proprietary receipts	-238,934	-562,076	-294,797
Intragovernmental transactions	-162	-130	-100
Total Benefits Mandatory	87,411,268	95,126,269	95,316,030
Veterans Health Administration (VHA):			
Medical and Prosthetic Research	585,664	588,513	621,813
Medical Programs:			
Medical Services 1/ Medical Care Collections Fund (MCCF)	43,285,999	44,990,701	48,517,041
Total Medical Services with MCCF	46,354,583	48,194,967	51,743,590
Medical Support and Compliance 1/ Medical Facilities 1/ DoD-VA Health Care Sharing Incentive Fund	5,898,430	5,847,483	6,186,629
Joint DoD-VA Medical Facility Demonstration Fund	4,924,002	4,701,510	4,983,677
Medical Care Collections Fund (MCCF)	30,000	15,000	30,000
Total Demonstration Fund with MCCF	364,344	376,376	386,690
Total Medical Programs with MCCF	57,590,764	59,155,002	63,351,696
Total Medical Programs without MCCF	54,502,775	55,931,070	60,104,037
Total VHA with MCCF	58,176,428	59,743,515	63,973,509
Total VHA without MCCF	55,088,439	56,519,583	60,725,850
Veterans Choice Act	15,000,000	0	0
National Cemeteries Administration	249,000	256,631	266,220
Department Administration:			
General Administration	325,591	321,145	346,659
Board of Veterans' Appeals	88,294	99,180	107,884
Credit Reform - General Counsel (non-add)	5,304	5,458	5,473
VBA-GOE	2,465,490	2,531,899	2,697,734
Credit Reform - VBA (non-add)			
Subtotal, GOE	2,879,375	2,952,224	3,152,277
Office of Inspector General	121,411	126,411	126,766
Construction Major	342,130	561,800	1,143,800
Construction Minor	714,870	495,200	406,200
Grants for State Extended Care	85,000	90,000	80,000
Grants for State Cemeteries	46,000	46,000	45,000
Credit Reform	159,629	162,382	166,090
Information Technology 2/ Total Departmental Administration	3,696,555	3,895,310	4,126,205
Total Budget Authority	8,044,970	8,329,327	9,246,338
Total Mandatory	\$102,411,268	\$95,126,269	\$95,316,030
Total Discretionary without MCCF	\$63,382,409	\$65,105,541	\$70,238,408
Total Discretionary with MCCF	\$66,470,398	\$68,329,473	\$73,486,067

⁽¹⁾2016 amounts do not include mandatory legislative proposals

1/ Amounts are post-transfer to the two joint VA-DOD accounts.

2/ Amount is post-transfer to the Joint DoD-VA Medical Facility Demonstration Fund.

**Veterans Health Administration (VHA)
Medical Care**

**Budget Authority*
(\$ in thousands)**

	2014 Enacted	2015 Estimate	2016 Estimate	2017 Estimate
Medical Services	43,418,000	45,195,886	48,727,399	51,673,000
Medical Support and Compliance	5,983,000	5,874,091	6,213,961	6,524,000
Medical Facilities	4,957,000	4,737,000	5,020,132	5,074,000
Medical Care Collections Fund	3,068,584	3,204,266	3,226,548	3,299,954
TOTAL	57,426,584	59,011,243	63,188,040	66,570,954

*Excludes Veterans Choice Act funding. Includes all rescissions but not transfers to the two joint Department of Defense (DoD)-VA health care accounts.

FTE*

	2014 Enacted	2015 Estimate	2016 Request	2017 Advance Appropriation
Medical Services	205,003	217,904	226,919	227,622
Medical Support and Compliance	50,323	52,832	54,056	55,300
Medical Facilities	23,023	24,098	24,209	24,431
TOTAL	278,349	294,834	305,184	307,353

*FTE includes Section 801 and Section 802 Veterans Choice Act personnel.

VHA provides a broad range of primary care, specialty care, and related medical and social services. To meet the needs of our currently growing population of enrolled Veterans, including a larger number of women and rural Veterans, VHA is transforming the way it delivers health care. VA estimates it will serve 6.9 million patients in 2016 and 7.0 million in 2017. In 2016, VHA will expand Veteran access to medical care by increasing medical and clinical staff and improving its facilities.

Veteran Medical Care: Patient Workload

	2014 Actual	2015 Estimate	2016 Estimate	2017 Estimate
Number of Patients	6,632,735	6,772,178	6,895,389	7,004,486
Number of Veterans Enrolled in VA Healthcare	9,078,615	9,236,287	9,382,605	9,504,405
Number of Inpatient -Treated	905,477	902,618	903,224	903,001
Number of Outpatient Visits	95,384,000	98,437,000	101,209,000	103,685,000

VA Medical Care Facilities*

	2014 Actual	2015 Estimate	2016 Estimate	2017 Estimate
Veteran Integrated Service Networks (VISNs)	21	21	21	21
VA Hospitals	150	144	144	144
Community Living Centers	136	135	135	135
Residential Rehabilitation Care Facilities	107	108	111	111
VA Medical Center-Based Outpatient Care **	N/A	167	167	167
Health Care Centers	N/A	14	14	14
Community-Based Outpatient Clinics	830	754	763	763
Other Outpatient Service Sites	N/A	264	268	268
Vet Centers	300	300	300	300
Mobile Vet Centers	80	80	80	80

* In an effort to better clarify the types of health care settings, VA developed and implemented a new Site Classifications and Definitions Handbook.

** This category includes all VA Hospitals, plus free-standing Community Living Centers and Residential Rehabilitation Care facilities that also provide outpatient care.

Modeling Health Care Needs

VHA uses two actuarial models to support formulation of the majority of the VA health care budget, to conduct strategic and capital planning, and to assess the impact of potential policies and changes in a dynamic health care environment. The two actuarial models are the VA Enrollee Health Care Projection Model (EHPCM) and the Civilian Health and Medical Program Veterans Administration (CHAMPVA) Model.

The EHPCM projects enrollment, utilization, and expenditures for the enrolled Veteran population for 83 categories of health care services 20 years into the future. First, VA uses the Model to determine how many Veterans will be enrolled in VA health care each year and their age, gender, priority, and geographic location. Next, VA uses the Model to project the total health care services needed by those enrollees and then estimates the portion of that care that those enrollees will demand from VA. Finally, total health care expenditures are developed by multiplying the expected VA utilization by the anticipated cost per service.

The EHPCM takes into account the majority of health care services that have been provided to Veterans, including separate calculations for Long Term Services and Supports. Activities and programs that are not projected by either the Enrollee Health Care Projection Model or the CHAMPVA Model are called “non-modeled” and can change from year to year. For example, if there are new services that VA is providing to Veterans that were not in the historical data, those amounts are provided as part of the “non-modeled” request. These two amounts make up the total VA Medical Care request.

Change from 2016 Advance Appropriation (AA) and Revised 2016 Request

VA’s EHPCM supports over 90 percent of VA’s Medical Care request and has been extensively validated. However, health care is an evolving industry, and, unknown or unpredictable costs, such as higher-than-planned for participation in the Caregivers program and growing medical equipment costs, cause additional needs that lead VA to request additional funds on top of what was originally requested to cover these costs. Factors contributing to these additional costs include higher than planned for participation in the Caregivers program; new costly, but effective, Hepatitis C treatments; increased Long-Term Services and Supports costs, reflecting trends in the most recent actual data and the continued investment into non-institutional settings; increased facility activation costs as a result of improvements in the construction timeline; and growing medical equipment costs.

In FY 2016, this change represents \$1.299 billion and is attributable to the following:

**Veteran Medical Care: Funding Changes for 2016
(\$ in thousands)**

	2016 Advance Appropriation	Revised 2016 Estimate	Delta
Requirements			
Health Care Services	49,882,074	50,481,994	599,920
Veterans Choice Program Cost Shift		(452,000)	(452,000)
Long Term Services and Supports	7,409,448	7,460,513	51,065
Other Health Care Programs	2,508,685	2,730,243	221,558
Ending Veterans Homelessness	1,265,000	1,393,000	128,000
Healthcare Infrastructure Enhancements	798,865	1,465,770	666,905
VA Legislative Proposals	49,914	49,375	(539)
Total Obligations	61,913,986	63,128,895	1,214,909
Funding Availability			
Advance Appropriation	58,662,202	58,662,202	0
Transfers	-267,073	-274,145	(7,072)
Medical Care Collections Fund	3,252,857	3,226,548	(26,309)
Reimbursements	266,000	215,000	(51,000)
Total Funding Availability	61,913,986	61,829,605	(84,381)
Annual Appropriation Adjustment	0	1,299,290	1,299,290

Medical Care Areas of Focus

The 2016 Budget and 2017 AA continue to place emphasis on many different areas critical to the health care of Veterans. There have been many emerging areas of need that VA must respond to. For example, there is an ever-growing population of women Servicemembers leaving the military and coming into the VA’s care. There are also a large number of individuals choosing to care for their loved ones through VHA’s Caregivers program. The majority of these services are projected by the EHPCM, however certain programs, such as readjustment counseling, state-based long-term services and support programs, recently-enacted programs, and components of CHAMPVA programs are part of the non-modeled request.

The following chart identifies the modeled and non- modeled Medical Care obligations by program in FY 2016 and FY 2017.

2016 Revised Estimate and 2017 Advance Appropriation Obligations - Model and Non-Model Excludes Veterans Choice Act (dollars in thousands)						
Description	2016 Revised Estimate			2017 Advance Appropriation		
	Model	Non-Model	Total	Model	Non-Model	Total
Health Care Services.....	\$50,567,390	(\$85,396)	\$50,481,994	\$52,877,048	(\$414,773)	\$52,462,275
Long-Term Care.....	\$6,230,461	\$1,230,052	\$7,460,513	\$6,555,479	\$1,320,183	\$7,875,662
Veterans Choice Program Cost Shift.....	\$0	(\$452,000)	(\$452,000)	\$0	(\$733,000)	(\$733,000)
<u>Other Health Care Programs:</u>						
CHAMPVA.....	\$1,714,390	\$169,492	\$1,883,882	\$1,878,900	\$183,030	\$2,061,930
Caregivers (Title 1).....	\$0	\$555,096	\$555,096	\$0	\$641,509	\$641,509
Indian Health Service (PL 111-148).....	\$6,714	\$21,348	\$28,062	\$6,883	\$21,179	\$28,062
Camp Lejeune - Veterans and Family.....	\$0	\$19,720	\$19,720	\$0	\$19,720	\$19,720
Readjustment Counseling.....	\$0	\$243,483	\$243,483	\$0	\$243,483	\$243,483
<u>Homeless Veterans Programs:</u>						
Ending Veterans Homelessness.....	\$1,365,175	\$27,825	\$1,393,000	\$1,649,234	(\$256,234)	\$1,393,000
<u>Congressional Action:</u>						
Veterans Choice Act, Sec. 801: Staffing.....	\$0	\$0	\$0	\$0	\$870,400	\$870,400
Veterans Choice Act, Sec. 801: Lease Costs.....	\$0	\$0	\$0	\$0	\$121,379	\$121,379
Veterans Choice Act, Sec. 801: Legionella.....	\$0	\$0	\$0	\$0	\$204,430	\$204,430
<u>Healthcare Infrastructure Enhancements:</u>						
VISTA Evolution.....	\$58,669	\$100,927	\$159,596	\$60,147	\$148,118	\$208,265
Non-Recurring Maintenance.....	\$0	\$708,000	\$708,000	\$0	\$460,600	\$460,600
Activations.....	\$671,495	(\$73,321)	\$598,174	\$688,417	(\$90,243)	\$598,174
VA Legislative Proposals.....	\$0	\$49,375	\$49,375	\$0	\$49,390	\$49,390
VA Prior Year Recoveries.....	\$0	\$0	\$0	\$0	\$736,500	\$736,500
Obligations [Grand Total].....	\$60,614,294	\$2,514,601	\$63,128,895	\$63,716,108	\$3,525,671	\$67,241,779

Following is a chart that outlines some of the key areas of VA care and descriptions of these major programs. These are but a few of the critical areas that VHA works in; others include special work for the military personnel who served in the Operation Enduring Freedom (OEF)/Operation Iraqi Freedom (OIF)/and Operation New Dawn (OND) conflicts, and treatment of traumatic brain injuries and spinal cord injuries.

Veteran Medical Care: Key Areas of Focus Obligations
(\$ in millions)

	2014 Actual	2015 Estimate	2016 Estimate	2017 Estimate
Caregivers	350	482	555	642
Hepatitis C (New Drug Treatments)	379	697	690	660
Women Veterans (Gender-Specific Care)	380	412	446	482
Mental Health	6,676	7,106	7,455	7,715
Telehealth	986	1,098	1,224	1,372
Rural Health Initiative	248	250	250	250
Homeless Programs	1,521	1,445	1,393	1,393
Activations	659	548	598	598

Caregivers. VHA provides support to those individuals that act as a Family Caregiver for a Veteran. There are several support and service options for the Caregiver. For example, the Caregiver Support Line – 1-855-260-3274 – is available to: respond to inquiries about Caregiver services, as well as serve as a resource and referral center for Caregivers, Veterans and others seeking Caregiver information; provide referrals to local VA Medical Center Caregiver Support Coordinators and VA/community resources; and provide emotional support.

The Program of Comprehensive Assistance for Family Caregivers, established in PL 111-163, the Caregivers and Veterans Omnibus Health Services Act of 2010, has allowed VA to provide additional supports and services to Caregivers of eligible Veterans injured in the line of duty on or after September 11, 2001. Eligible Veterans include those who sustained a serious injury – including traumatic brain injury, psychological trauma or other mental disorder – incurred or aggravated in the line of duty, on or after September 11, 2001. Services for this group of Caregivers include: monthly stipend travel expenses (including lodging and per diem while accompanying Veterans undergoing care); access to health care insurance (if the Caregiver is not already entitled to care or services under a health care plan); mental health services and counseling; and Caregiver training. In 2014, 19,124 Primary Family Caregivers were approved for the program.

Hepatitis C. Beginning in 2014, VA began a ground-breaking system of care for Veterans with Hepatitis C (HCV). The Food and Drug Administration approved two new, highly-effective drugs – Sofosbuvir and Simeprevir – that will change the lives of Veterans infected with Hepatitis C. Prior to the introduction of the new high-cost treatment therapies in the VA system in January 2014, the treatments for Hepatitis C were often ineffective and presented considerable side effects to the user. By contrast, the new treatment options are considerably more effective at curing patients with HCV, present significantly fewer side-effects than earlier options, and are much simpler to administer. Cure of HCV significantly decreases the risk of progression of disease to cirrhosis, liver failure, liver cancer, and death. VA wants to ensure all Veterans eligible for the new drugs, based on their clinician’s recommendation, receive the medication. As happens with new medical advances, the new drugs are expensive even though VA has successfully worked with the manufacturers to receive the best price possible. VA estimates the drugs will cost \$690 million in 2016 and \$660 million in 2017, providing 11,394 treatments in 2016 and 10,822 treatments in 2017.

Women Veterans. In 2014, Women Veterans comprised nearly 15 percent of active duty military forces and 18 percent of National Guard and Reserves. A growing number of Women Veterans means that VA must supply services and infrastructure suited to gender-specific needs. Some of these services include maternity and gynecology care as well as ensuring privacy and consideration of gender-specific conditions and disorders. VA is anticipating and preparing not only for the increase in the number of women Veterans but also for the accompanying complexity and longevity of treatment needs they will bring with them. Security and privacy for women Veterans is a high priority for VA. VA is training providers and other clinical staff, enhancing facilities to meet the needs of women Veterans, and reaching out to inform women Veterans about VA services. VA is redesigning women's health care delivery with models of care that ensure women receive equitable, timely, high-quality primary health care from a single primary care provider and team, thereby decreasing fragmentation and improving quality of care for women Veterans.

Mental Health. Mental health services available to Veterans range from treatment of a variety of common mental health conditions in primary care to more intensive interventions in specialty mental health programs for more severe and persisting mental health conditions. In 2014, VA provided specialized mental health treatment to more than 1.4 million Veterans and completed hiring initiatives that increased the mental health workforce by more than 1,600 new clinical providers and over 960 Peer Specialists and Peer Support Apprentices. VHA dedicates all the resources necessary to provide care for Veterans with a broad range of conditions such as depression, anxiety, Post-Traumatic Stress Disorder (PTSD), and psychosis. VA provides services through several means, such as: mental health professionals embedded in Patient Aligned Care Teams (PACTs) to help assessment of patients along with primary care doctors and medical staff; intensive recovery-oriented individual and group treatments; and inpatient care for the most serious cases of suicidal or homicidal patients or patients with acute psychosis. VA also specializes in care for Veterans suffering from PTSD and substance use disorders and mental health services for Women and older Veterans. In addition to a great expansion in the available of on-line information, Veterans can call the Crisis Line when any type of help is needed – 1-800-273-8255.

Telehealth. Telehealth delivers health care services remotely to patients and VA is using virtual care more frequently to reach rural Veterans. In 2014, VHA Telehealth Services provided 2.1 million consultations to more than 717,000 Veterans, 45 percent of whom were in rural areas. In 2016, VA expects to deliver telehealth based services to 1.1 million Veterans. Telehealth increases access to care by increasing the ways Veterans can receive medical advice, reducing the time and cost to travel to receive care, and increasing the probability someone in a remote location can receive care. Some examples of telehealth include: Tele-Intensive Care, TeleAudiology, TelePathology, Teleradiology and TeleMental Health.

Rural Health. As a complement to telehealth, VA is committed to improving the care and access for Veterans in geographically rural areas. Projects funded through the VHA Office of Rural Health (ORH) include home-based primary care, training and education of medical residents in rural clinical setting, equipment for rural Community Based Outpatient Clinics (CBOCs), transportation of rural Veterans, and home-based therapies. Through these and other rural health initiatives, ORH has addressed the unique needs of over three million enrolled

Veterans living in rural and highly rural areas, which make up approximately 33 percent of all Veteran enrollees.

Homeless Programs. VHA continues to work with its interagency partners to fight to end Veteran homelessness. This multi-year program has seen vast success – reducing Veterans’ homeless from 74,770 in 2010 to 49,933 as of the last official “Point in Time” Count in January 2014. This is a 33 percent decline in four years. In 2014, over 367,790 homeless or at-risk Veterans (including formerly homeless Veterans) accessed services and nearly 260,000 received services through the VHA specialized homeless programs. In 2016, VA will continue to focus on prevention and treatment services. This involves providing a comprehensive continuum of care that addresses the psychosocial factors surrounding homelessness while building the capacity of available residential, rehabilitative, transitional, and permanent housing supply. VHA continues to work closely with the Department of Housing and Urban Development and other Federal and State agencies, VSOs, national advocacy groups, and community-based providers. The request for 2016 is based on a comprehensive analysis that provided VA with the information on what type of resources are most needed and where they are needed across the country.

Veterans Health Administration (VHA)
Medical and Prosthetic Research

Budget Authority
(\$ in thousands)

	2014 Enacted	2015 Request	2016 Request
Research Appropriation	585,664	588,513	621,813
Medical Care Support	498,000	501,000	525,000
Federal Resources	515,000	500,000	500,000
Non-Federal Resources	195,000	185,000	185,000
TOTAL	1,794,000	1,774,513	1,831,813

FTE

FTE	2014 Enacted	2015 Request	2016 Request
TOTAL	3,446	3,491	3,551

In order to provide Veterans with the best technological and medical solutions to their health care needs, VA's robust team of researchers continuously strives to find breakthroughs that will materially improve the lives of Veterans and others. The VA Research and Development (R&D) program plays a key role in advancing the health and care of Veterans and is uniquely positioned to continue to lead a national transformation of American health care.

Because more than 60 percent of VA researchers are also clinicians who take care of patients, VA is uniquely positioned to move scientific discovery from investigators' laboratories to patients' care. The VA research program plays a critical role in attracting and retaining top-quality physicians in VA. A program evaluation conducted by Abt Associates found that 79 percent of VA clinicians cited the research program as a factor in coming to VA, while over 90 percent cited it as a reason for staying.

The VA Office of Research and Development (ORD) consists of four main research services that together address the full spectrum of Veterans' health needs. The four services are: Biomedical Laboratory; Clinical Science; Health Services; and Rehabilitation.

VA works to support the needs of Veterans returning from deployment as well as in the later years of their lives. VA will support a wide array of research and development in engineering and technology to improve the lives of Veterans with disabilities. Work includes both prosthetic systems that replace lost limbs and those that activate residual or paralyzed nerves, muscles, and limbs. A comprehensive research program supports VA's commitment to the health and care of the increasing number of women Veterans. Recent areas of inquiry include studying how VA provides for women Veterans' general and gender-specific health care needs, and understanding the experiences of women Veterans while in service and their health risk factors later in life. Research to benefit Gulf War Veterans will also remain a priority for VA in 2016. VA supports a range of studies on post-deployment mental health concerns such as PTSD, depression, anxiety, substance abuse, and suicide. These are but a few of the areas that VA will be engaged in over 2016. Other areas include work on chronic diseases, reproductive health, and preventative care to ensure continued high-quality care for Veterans as they age. VA Research

works to identify and evaluate innovative strategies that can improve access and quality, especially for those Veterans’ that may face barriers to such care, for example, rural Veterans.

The 2016 Budget includes a \$10.2 million strategic initiative to support improvements in VA medical care through research focused on a “Learning Health Care System.” A learning health care system is one 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. Through five inter-locking research streams – measurement science, operations research, point of care research, provider behavior, and randomized program implementation – this initiative proposes to broaden existing research by systematically capturing, assessing, and translating the lessons from each care experience into improved methods of delivering of care to Veterans.

Following is a chart detailing the major focus areas of Research in 2016. Designated Research Areas (DRA) represent areas of particular importance to our Veteran patient population. Research projects that span multiple areas may be counted in several categories. Thus, amounts depicted within this table total to more than the VA research appropriation and accurately reflect amounts by DRA.

Description	2014 Estimate	2015		2016 Request	2015-2016 Inc/Dec
		Budget Estimate*	Current Estimate		
Acute & Traumatic Injury.....	\$20,197	\$20,606	\$20,298	\$21,313	\$1,015
Aging.....	\$146,125	\$39,808	\$146,856	\$154,199	\$7,343
Autoimmune, Allergic & Hematopoietic Disorders.....	\$27,561	\$13,441	\$27,699	\$29,084	\$1,385
Cancer.....	\$54,757	\$51,699	\$55,031	\$57,783	\$2,752
CNS Injury & Associated Disorders.....	\$88,598	\$48,693	\$89,041	\$93,493	\$4,452
Degenerative Diseases of Bones & Joints.....	\$30,092	\$19,934	\$30,242	\$31,754	\$1,512
Dementia & Neuronal Degeneration.....	\$24,714	\$26,243	\$24,838	\$26,080	\$1,242
Diabetes & Major Complications.....	\$34,835	\$32,652	\$35,009	\$36,759	\$1,750
Digestive Diseases.....	\$20,577	\$14,931	\$20,680	\$21,714	\$1,034
Emerging Pathogens/Bio-Terrorism.....	\$954	\$520	\$959	\$1,007	\$48
Gulf War Veterans Illness.....	\$8,549	\$15,000	\$9,528	\$15,000	\$5,472
Health Systems.....	\$62,156	\$43,652	\$62,467	\$72,667	\$10,200
Heart Disease/Cardiovascular Health.....	\$62,012	\$48,626	\$62,322	\$65,438	\$3,116
Infectious Diseases.....	\$32,878	\$29,342	\$33,042	\$34,694	\$1,652
Kidney Disorders.....	\$20,810	\$16,170	\$20,914	\$21,960	\$1,046
Lung Disorders.....	\$26,856	\$12,858	\$26,990	\$28,340	\$1,350
Mental Illness.....	\$107,885	\$86,042	\$110,310	\$115,826	\$5,516
Military Occupations & Environ. Exposures.....	\$13,419	\$2,319	\$14,045	\$16,633	\$2,588
Other Chronic Diseases.....	\$4,859	\$1,255	\$4,883	\$5,127	\$244
Prosthetics.....	\$15,000	**	\$15,075	\$15,829	\$754
Sensory Loss.....	\$17,000	\$17,945	\$17,085	\$17,939	\$854
Special Populations.....	\$19,491	\$23,591	\$19,588	\$20,567	\$979
Substance Abuse.....	\$29,259	\$23,595	\$29,405	\$30,875	\$1,470

*Estimated using a different method where each project was only included in a single Designated Research Area. Estimates for 2014 were recalculated using the new methodology.

**Prosthetics was added as a DRA in FY 2015 and therefore was not reflected in the 2015 budget estimate.

Veterans Benefits Administration

**Budget Authority
(\$ in thousands)**

	2014 Enacted	2015 Request	2016 Request
Compensation and Pensions	\$71,476,104	\$79,071,000	\$79,124,675
Readjustment Benefits	\$13,135,898	\$14,997,136	\$15,733,306
Vocational Rehabilitation Loan Program*	\$437	\$483	\$398
Post-Vietnam Era Veterans' Education Account	\$0	\$0	\$0
Veterans Housing Program*	\$2,188,897	\$884,666	\$422,945
Native American Veterans Housing Loan Program*	\$2,408	\$2,222	\$1,134
Insurance Benefits	\$77,567	\$63,257	\$77,160
Subtotal, Mandatory**	\$86,881,311	\$95,018,764	\$95,359,618
Discretionary – General Operating Expenses	\$2,465,490	\$2,534,254	\$2,697,734
TOTAL	\$89,346,801	\$97,553,018	\$98,057,352

*2014 and 2015 include upward re-estimates. The 2016 request does not include any re-estimates, which are calculated at the end of the fiscal year.

**Includes credit reform administration costs but does not reflect scoring impacts of mandatory trust funds, proprietary receipts, or intragovernmental transactions.

FTE

FTE	2014 Enacted	FY 2015 Request	FY 2016 Request
Discretionary – General Operating Expenses	20,851	21,101	21,871

VBA has been successfully reaching more and more beneficiaries through the administration of claims processing and other activities. VBA has been working to reduce the time any Veteran needs to wait to get a claim adjudicated and ensure when that occurs that it is done fairly and correctly. The following chart shows the historical and projected growth across the main lines of business.

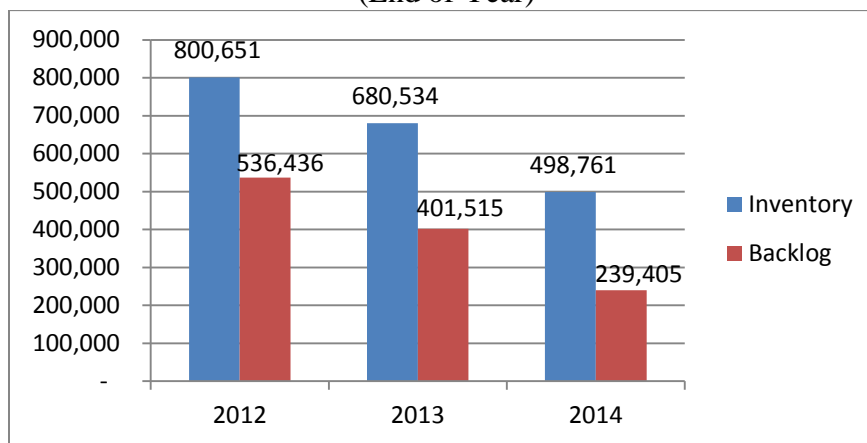
Number of Beneficiaries

	2014 Actual	2015 Estimate	2016 Estimate
Compensation Beneficiaries	4,234,620	4,461,097	4,699,871
Pensions Beneficiaries	520,844	520,322	522,286
Education Benefits Beneficiaries	1,088,403	1,125,021	1,159,516
Vocational Rehabilitation and Employment Beneficiaries	123,383	132,390	137,421
New Housing Loans	438,398	430,619	431,063
Insured Persons	6,473,869	6,553,040	6,479,349

Disability Compensation Claims Backlog

Due to VBA’s aggressive efforts toward bringing down the backlog, VBA has completed a record-breaking 1.32 million claims in 2014 and reduced the claims backlog by 60 percent from a peak of 611,000 claims in March 2013 to 242,000 at the end of 2014. This means that VBA has reduced the number of Veterans waiting longer than 125 days for claims decisions by 60 percent, and, in 2014, Veterans waited, on average, 119 fewer days for a claim decision than Veterans in 2013. In 2015, VBA will continue its efforts eliminate the backlog.

Disability Claims Inventory and Backlog
(End of Year)



Payments to Veterans and Beneficiaries

The amount of payments of benefits is increasing year over year and 2016 is expected to follow this trend. This is a result of the success of adjudicating claims faster.

Veterans Benefits: Payment of Claims
(\$ in thousands)

	2014 Actual	2015 Estimate	2016 Estimate
Compensation	64,752,696	71,723,694	76,832,302
Pensions	5,257,586	5,625,363	5,963,099
Education Benefits	12,697,593	14,093,289	15,119,844
Vocational Rehabilitation and Employment	1,060,811	1,201,493	1,291,853
Total	83,768,686	92,643,839	99,207,098

Claims Quality

Just as important as the number of claims processed is the quality of the claims. In addition to increased production, claims processing accuracy improved from 83 percent in June 2011 to 91 percent in 2014. When measuring accuracy at the issue-level within a claim, accuracy is now at 96 percent. VA is in the midst of reviewing its claims processing accuracy metrics and goals to ensure VA continues to drive decisions of the highest quality. VA plans to engage its VSO partners and other stakeholders as more information becomes available.

Additional Investments in 2016

Personnel. While overtime has proven to be a successful strategy to meet the goal of reducing the backlog, it is unsustainable as a long-term performance management solution. In addition, with the increased processing of disability claims, there has been a downstream affect on non-rating claims and appeals work. Therefore, VA is seeking increased staff – primarily to meet the needs of other benefits areas that have not been highlighted as VA has worked to bring the disability claims backlog down.

To ensure all aspects of the claims process is improved for Veterans, VBA is requesting funding to hire additional claims processors and field examiners to address these specific workload increases. VBA is requesting \$85 million to fund 200 appeals claims processors, 320 non-rating claims processors, 85 fiduciary field examiners, and 165 support personnel (including 13 National Work Queue staff), for a total of 770 FTE . With the additional employees, VA will realize improved appeals resolution times, non-rating workload completed to current timeliness standards, and thousands more vital fiduciary home visits.

National Work Queue (NWQ). VBA distributes claims electronically from a centralized queue to Regional Offices (RO) that have additional capacity using the electronic NWQ, a national workload management strategy. 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. In 2016, VBA is requesting \$3.2 million to provide the requisite funding to resource and support 13 employees to manage the NWQ across the VBA enterprise.

Centralized Mail. Centralized mail consolidates inbound paper mail from VA's ROs to a centralized intake site. This initiative expands VBA's capabilities for scanning and conversion of claims evidence, increases electronic processing capabilities, and assists in converting 100 percent of received source materials to an electronic format. In 2015, VBA will complete deployment of centralized inbound mail for the remaining 14 ROs. The 2016 budget request of \$18.3 million provides resources to sustain operations at all ROs and positions VBA to expand centralized mail operations to other lines of business and centralize outbound correspondence to Veterans.

VBA Transformation

Along with the new investments in 2016, VBA is continuing to undertaking the largest transformation in its history, transforming into a Veteran-centric service organization in which VBA engages Servicemembers from the time they enter service, throughout life, to the final tribute when their service is memorialized. VBA is adapting to new realities, leveraging new technologies, and better serving a changing population of Veterans with renewed commitment. This will ensure a total lifelong engagement with Servicemembers, Veterans, their families, and Survivors. VBA's transformation includes people, process, and technology initiatives to transform the way benefits and services are delivered to Veterans, their families, and Survivors for generations to come. VBA will foster technological innovations that increase Veteran access

to information and continue to evolve its electronic claims processing environment to provide first-rate and timely benefits to beneficiaries with greater efficiency.

People. VBA employees – over 50 percent of whom are Veterans – are leading advocates for Veterans, Servicemembers, their families, and Survivors. VBA provides customized, modular training to strengthen the expertise of its workforce and increase proficiency while emphasizing accountability, quality, and productivity through new national training programs and standards. VBA’s people initiatives improve how the staff is organized and trained and include, but are not limited to, intake processing centers, segmented lanes, cross-functional teams, Challenge training, skills certification, and Quality Review Teams (QRTs).

Processes. VBA’s process initiatives streamline business processes and create efficiencies in claims processing. Process initiatives include, but are not limited to Fully Developed Claims (FDC), Disability Benefits Questionnaires (DBQs), Rules-based Calculators, Rules-Based Processing System, Appeals Design Team Simplified Notification Letters, Rater Decision Support Tools, and Gold Standard Service Treatment Records. VBA uses “design teams” to support business-process transformation. Using design teams, VBA conducts rapid development and testing of process changes, automated processing tools, and innovative workplace incentive programs. The goal of a design team is to implement, execute, and measure an improved facet of our organizational model with a mindset toward increasing the productivity of employees and greater transparency for Veterans regarding their claim status.

Technology. A digital and electronic operating environment allows greater exchange of information and increased transparency to VBA’s clients, workforce, and partners. Increased use of state-of-the-art technology plays a major role in enabling VBA to redirect capacity to better serve Veterans and their families. As explained by the examples below, VBA’s technology initiatives have been and will continue to be key elements of VBA’s business operating model and include, but are not limited to VBMS; Veterans Relationship Management (VRM); Veterans Claims Intake Program (VCIP); Post-9/11 GI Bill automated processing, and Virtual Lifetime Electronic Record. VBA’s strategy includes active stakeholder participation and Veterans Service Organizations (VSOs), State Departments of Veterans Affairs, County Veterans Service Officers, and DoD) to provide electronic files and FDCs submitted on-line using the filing application in eBenefits and the Stakeholder Enterprise Portal (SEP). VBA continues to aggressively promote the value of eBenefits and the ease of enrolling Veterans who want to engage VA on-line at the time of their choosing.

Technology Investments in 2016

Veterans Benefits Management System. VBMS, as VBA’s key business transformation initiative, provides a paperless claims-processing environment and improved business processes to provide Veterans and their dependents with timely, high-quality decisions. National deployment of VBMS was completed in June 2013 and provides access to over 28,000 end users. VBMS allows VBA to centrally manage the claims workload at the national level and direct cases electronically across its network of ROs to more efficiently match claims demand with available processing capacity. As of 2014, 92.8 percent of VA’s claims inventory can be processed electronically. VBA will invest \$36.8 million from base resources to allow VBMS to assist VA

in going beyond eliminating the existing claims backlog by providing additional system capabilities to support the integrated claims processing solutions identified in the VA 2014-2020 Strategic Plan..

Veterans Claims Intake Program (VCIP). VCIP streamlines processes for receiving digital records and data into VBMS and other VBA systems, transitioning VBA from a paper-based claims environment to a digital operating environment. It scans paper claims, converts them into digital format, and extracts important data for input into electronic folders. VCIP has converted and uploaded more than 1.2 billion images from paper since July 2012. In addition to supporting scanning operations for incoming claims, VBA will invest \$140.8 million in base resources to allow the digital intake of military, income, medical, and employment records from other federal agencies and private providers to be expanded from 2015. This will broaden electronic evidence exchange for processing all types of claims more accurately and more rapidly by building additional interfaces for Official Military Personnel Folders (OMPF) from DoD and interfaces with health networks, hospitals, and private clinicians.

Veterans Relationship Management (VRM). The VRM initiative will continue its work to help facilitate an increasingly more Veteran-centric digital operating environment. VRM will deliver a scalable, enterprise-wide, services-based technology environment that will be the foundation for how Veterans are served and how benefits and services are delivered. This new model will provide VA an integrated services delivery platform with the approach of placing the Veteran at the center of the service with all business requirements and design being driven from the Veteran perspective. VBA's will invest \$13.8 million in base resources in 2016 will support ongoing operations and continued efforts to pilot and deploy new solutions for VBA mobile applications that expand access to self-service tools and benefits/services information in VBA portal environments; develop new service features in the Stakeholder Enterprise Portal for medical providers, loan officers, fiduciaries, and funeral directors; and integrate VetSuccess with Career Center for Veterans enabling to search for jobs posted by unique employers targeting Veterans.

National Cemetery Administration

Budget Authority*
(\$ in thousands)

	2014 Enacted	2015 Enacted	2016 Request
Operations and Maintenance	249,000	256,630	266,220
Major Construction	121,000	10,000	137,000
Minor Construction	89,426	51,212	69,050
Grants for Construction of Veterans Cemeteries	46,000	46,000	45,000
Facilities Operation Fund	120	130	150
National Cemetery Gift Fund	165	250	250
Compensation and Pensions: (Headstones and Markers; Graveliners; Outer Burial Receptacles; Caskets and Urns)	78,528	111,038	124,607
TOTAL	584,239	475,260	642,277

*Gift Fund and Facilities Operation Fund that are not appropriated.

FTE

	2014 Actual	2015 Request	2016 Request
Operations and Maintenance Appropriation	1,712	1,767	1,789
TOTAL	1,712	1,767	1,789

VA honors Veterans and their family members with final resting places in National shrines with lasting tributes that commemorate their service and sacrifice to our Nation. Through its mission, NCA interred 125,700 Veterans and eligible family members in FY 2014. NCA continues to provide perpetual care for the following assets:

NCA Assets in 2016

National Cemeteries	Soldiers' Lots and Monument Sites
133	33

Veteran and Eligible Family Burials Provided

	2014 Actual	2015 Estimate	2016 Estimate
Interments	125,700	128,142	129,237

Highlights of the 2016 Request

Discretionary:

- 40.3 percent of the total National Cemetery Administration's (NCA) budget is for the operation and maintenance of VA's national cemeteries.
- 34.0 percent of the NCA budget is for the construction and renovation of VA's national cemeteries and facilities.

- 6.8 percent of the total resources under NCA are available for grants to states and tribal organizations for Veterans cemeteries.

Mandatory:

- 5.3 percent of the total funding is available for Graveliners, Outer Burial Receptacles (OBRs), Caskets and Urns.
- 13.6 percent of the total is for Headstones and Markers

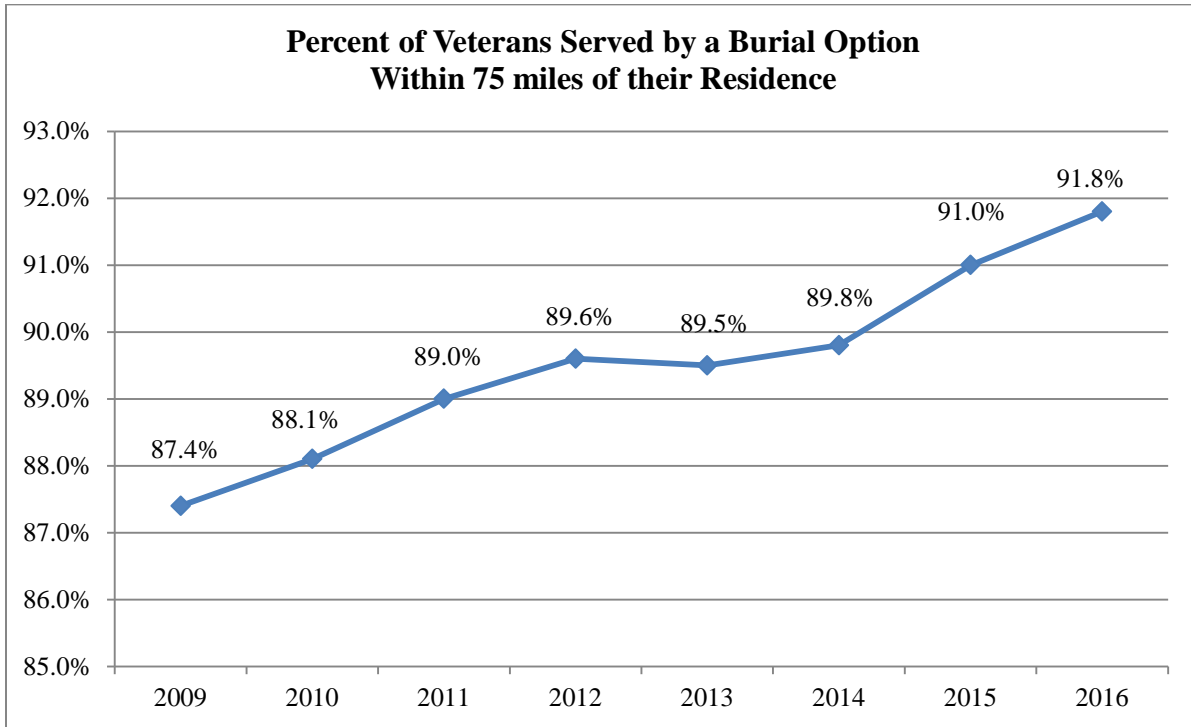
Accomplishments

- As a result of the recent expansion and the opening of new state Veterans cemeteries, the percentage of Veterans served by a burial option within 75 miles of their residence has increased steadily from 83.4 percent in 2007 to 89.8 percent in 2014.
- VA introduced new burial policies in the President's 2011 Budget request that will result in the opening of five new national cemeteries that will provide an additional 550,000 Veterans access to a burial option. As a result, VA is in the process of designing and constructing three out of the five new cemeteries and is beginning design of the remaining two. VA will also improve access through the construction of columbarium-only satellite cemeteries in densely populated urban areas and establish a national cemetery presence in rural areas where the Veteran population is less than 25,000 within a 75-mile service area. VA has established one rural cemetery and is in the process of acquiring land for seven additional sites.

Expected Results

The budget request will support the following results in 2016:

- NCA will increase its service level to provide 91.8 percent of America's Veterans with a burial option within 75 miles of their residence
- 97 percent surveyed will rate the quality of service of NCA as excellent.
- 95 percent of graves in national cemeteries will be marked within 60 days of interment.
- 80 percent of applications for headstones and markers will be processed within 20 days for the graves of Veterans who are not buried in national cemeteries.
- 99 percent surveyed will rate national cemetery appearance as excellent.



*Board of Veterans' Appeals***Budget Authority
(\$ in thousands)**

	2014 Enacted	2015 Request	2016 Request
BVA Budget Authority	88,284	99,180	107,884

FTE

	2014 Actual	2015 Request	2016 Request
BVA FTE	627	676	669

The Board of Veterans' Appeals (the Board) conducts hearings and makes final decisions on behalf of the Secretary for benefits claims presented for appellate review. The Board's mission is to issue high quality, timely decisions for Veterans and other appellants.

The Board continues to face rapidly growing appeals receipts, to increase by 65 percent, from 49,611 in 2012 to 81,640 cases by the end of 2016. In 2015, the Board received an increase of \$10.9 million over the 2014 level to hire additional staff to address this workload. In 2016, the Board is requesting an additional \$8.7 million above 2015 to sustain these staffing increases. There is a direct and proportional correlation between the number of BVA employees and the number of decisions produced per year, with an average of 90 decisions produced per FTE.

Office of Information and Technology

**Budget Authority
(\$ in thousands)**

	2014 Enacted	2015 Request	2016 Request
Development	495,291	548,335	504,743
Sustainment	2,181,653	2,316,009	2,512,863
Pay and Administration	1,026,400	1,039,000	1,115,757
TOTAL	3,703,344	3,903,344	4,133,363

FTE*

	2014 Actual	2015 Request	2016 Request
TOTAL	7,291	7,515	7,615

*FTE includes Veterans Choice Act personnel.

Information Technology (IT) is critical to the success of any organization. A continued increase in investment in IT development and support is essential for VA to continue to deliver medical care and benefits to Veterans. VA needs to modernize the electronic health records of Veterans, deploy state-of-the-art technology for medical staff in rural communities, and support electronic benefits claims processing, to name a few critical areas.

Accomplishments

In 2014, VA’s Office of Information and Technology had many successes:

- VBMS had 17 software releases (3 major, 14 minor) delivered between October 2013 and October 2014, thus contributing to eliminating the disability claims backlog;
- IT Activations has funded over 600 separate requests for IT equipment for new facilities to open in 2015 and for associated renovations for existing facilities;
- Computerized Patient Record System (CPRS) version 29 completed deployment. Also, the Health Provider Systems program released version 30A of ICD-10 enhancements.

2016 Investments

The 2016 Budget prioritizes funding for projects that have quantifiable Veteran-centered outcomes. Major IT initiatives include:

- \$183 million for Vista Evolution including \$81.9 million in development, \$16 million in marginal sustainment, and \$85 million in mandatory sustainment. Funding in FY 2016 will contribute to delivering prioritized high value aspects of seamless electronic sharing of interoperable healthcare data with DoD and community partners through implementation of interoperability standards;

- The requested \$253 million for the Veterans Benefits Management System (VBMS) consists of \$76 million in development and \$177 million in sustainment funds. As part of a larger organizational transformation, VBA is developing and implementing the VBMS, a web-based, electronic claims processing system complemented by improved business processes. The fully automated process will replace many of the outdated systems previously used to manage the claims process and will provide VBA with significantly more features, capabilities, and decision support tools to streamline and improve accuracy of the claims process;
- The requested \$53 million for the Cyber Security Program will support the maintenance of the implementation of cyber security requirements which will evolve the VA cyber posture improving service delivery and collaboration and risk awareness, while improving the security and resiliency of the underlying VA infrastructure facilitating enhanced visibility, access and functionality across the spectrum of VA services for the Veteran;
- The requested \$182 million for the Veteran Customer Experience (VCE) million will deliver and execute an enterprise-wide scalable, commoditized, Veteran-centric, services-based technology environment that will be the foundation for how Veterans are served and how benefits and services are delivered. This new model will provide VA not only an integrated services delivery platform with the approach of placing the Veteran at the center, but will provide best-in-class and industry standard customer service with clear satisfaction and delivery measures;
- The requested \$1.5 million for Eliminating Veteran Homelessness consists of \$1.2 million in development and \$300 thousand in sustainment will provide support for enhancement and sustainment of the Veteran Re-entry Identification System (VRIS) to provide an automated method to identify incarcerated Veterans in custody in U.S. correctional facilities;
- As previously discussed, the Veterans Choice Act provides critical additional funds to IT for development (\$151.4 million) and infrastructure (\$225.2 million). These funds will assist in meeting access needs of Veterans, including a new appointment scheduling system; and
- The requested \$1,629 million in Mandatory Sustainment will support the replacement of the oldest hardware that has exceeded its useful lifespan and support server/storage virtualization. Also, the funds will extend the number of national license agreements and Enterprise Licensing Agreements. \$370 million of the total will be applied to an Enterprise Operations (EO) which is the full-service IT provider that manages over 4,000 servers for VA and delivers secure, cost-effective IT services to medical, benefits, and memorial initiatives in support of VA Administrations.

*Construction***Budget Authority
(\$ in thousands)**

	2014 Actuals	2015 Enacted	2016 Request
Major Construction	342,130	561,800	1,143,800
Minor Construction	714,870	495,200	406,200
Grants for State Extended Care Facilities	85,000	90,000	80,000
Grants for State Veterans Cemeteries	46,000	46,000	45,000
TOTAL	1,188,000	1,193,000	1,675,000

Since the 2012 budget request the Strategic Capital Investment Planning (SCIP) process has served as the basis for prioritizing projects and making VA capital investment funding decisions. The projects selected for inclusion in the 2016 budget request are the top priority projects ranked by the SCIP process. These projects will correct critical seismic and safety deficiencies, improve access, and address other performance gap issues at VA facilities.

VA's capital requirements are primarily driven by the needs of Veterans to access care in safe, secure, and modern facilities. VA's construction budget demonstrates VA's commitment to address critical major construction projects that directly affect patient safety and reflects VA's promise to provide safe, secure, sustainable and accessible facilities for Veterans. It also makes significant investment in gravesite expansion and improvements to avoid the closing of existing National Cemeteries.

2016 Investments

The 2016 budget request includes the following major construction projects:

- Seismic corrections to buildings in American Lake, WA and West Los Angeles, LA
- A new research building in San Francisco, CA
- A replacement community living center at Perry Point, MD
- Facility improvements at St. Louis, MO (Jefferson Barracks)
- A new community living center in Long Beach, CA
- A new Community Based Outpatient Clinic in Livermore, CA
- Sitework and utilities development for the replacement medical facility at Louisville, KY and the new Outpatient Clinic and VBA/NCA space at Alameda, CA
- Gravesite expansion projects in Bayamon, PR, Portland, OR, Riverside, CA and Pensacola, FL

General Administration

Budget Authority (\$ in thousands)

	2014 Enacted	2015 Enacted	2016 Request
Office of the Secretary	10,032	10,022	10,498
Office of General Counsel	80,365	80,243	92,178
Office of Management	44,098	44,052	45,653
Office of Human Resources and Administration	68,064	61,939	65,151
Office of Policy and Planning	25,009	24,990	28,864
Office of Operations, Security and Preparedness	17,901	17,884	18,907
Office of Public and Intergovernmental Affairs	22,279	22,264	21,554
Office of Congressional and Legislative Affairs	5,969	5,962	9,193
Office of Acquisition, Logistics and Construction	53,874	53,789	54,661
Rescission	-2,000		
TOTAL	325,591	321,145	346,659

FTE

	2014 Actual	2015 Enacted	2016 Request
Office of the Secretary	94	93	88
Office of General Counsel	696	712	757
Office of Management	274	301	293
Office of Human Resources and Administration	791	892	892
Office of Policy and Planning	109	144	340
Office of Operations, Security and Preparedness	95	133	138
Office of Public and Intergovernmental Affairs	83	90	73
Office of Congressional and Legislative Affairs	46	45	66
Office of Acquisition, Logistics and Construction	390	439	469
TOTAL	2,578	2,849	3,116

There are a number of Department-level staff offices that provide support for critical operations such as security and emergency preparedness, acquisitions and construction management, legal counsel, financial, budget and asset management, legislative review and support to members of Congress and VA's oversight committees.

Department management also provides human resources management, project management, corporate-level analysis, public relations and outreach, as well as executive level direction to the Department.

In order to implement initiatives aimed at improve Department level management and oversight and improving services to Veterans, the General Administration account is requesting \$346.7 million, an increase of \$25.5 million over 2015.

Two critical initiatives will be implemented at the Department level. The *MyVA* Program Management Office (PMO), which is being stood up in 2015, will be fully funded in 2016 to provide the leadership and expertise necessary to implement the *MyVA* initiative which was described at the beginning of the Budget in Brief. In addition, as VA implements critical management improvements, the Department has identified the need for an Office of Accountability Review (OAR) to ensure integrity exists throughout the VA system. OAR will ensure senior leader accountability by providing oversight and review of all senior management activity, including scheduling and access. OAR will also investigate allegations of improper conduct and follow up with corrective action.

Below describes some of the key increases in the General Administration request:

- \$3.5 million for the *MyVA* Program Management Office;
- \$6.6 million for the Office of Accountability Review;
- \$4 million to address increases in legal workload;
- \$1.2 million to address increased congressional and legislative workload;
- \$900,000 to enhance Department oversight of VA's leasing program; and
- \$742,000 to address the Insider Threat Program.

Office of Inspector General

**Budget Authority
(\$ in thousands)**

	2014 Enacted	2015 Enacted	2016 Request
Budget Authority	121,411	126,411	126,766

FTE

	2014 Actual	2015 Enacted	2016 Request
FTE	641	691	681

The Office of Inspector General (OIG) is responsible for conducting and overseeing audits and investigations, recommending policies designed to promote economy and efficiency, and to prevent and detect waste, mismanagement and criminal activity in the administration of VA programs.

Over the past year, OIG identified \$2.3 billion in actual and potential monetary benefits, and issued 310 audits, health care inspections, contract reviews, evaluations, and administrative investigative reports. OIG operations provided a return on investment of \$22 in monetary benefits for each \$1 of OIG resources expended, including recoveries returned to the government of \$3 for every \$1 of OIG resources.