



## Federal Update for August 19 - 23, 2013



### ***VA Partners to Reduce Claims Backlog***

The Department of Veterans Affairs, the American Bar Association (ABA) and the Legal Services Corporation (LSC) has announced a new partnership and pilot program aimed at reducing the claims backlog and making it easier for unrepresented veterans to receive assistance developing their claims for disability pay. ABA and LSC attorneys will provide free assistance to a targeted group of unrepresented veterans who request their help gathering and obtaining evidence required by law to support their disability claims. In the coming months, VA will identify eligible veterans to participate in the pilot program and send letters advising them of all their options for representation to help them advance their claims. The VA letter will inform veterans of a 1-800 hotline and website to connect them to an attorney who is willing to assist with their claim, free-of-charge. Veterans can learn more about disability benefits on the joint Department of Defense-VA [eBenefits web portal](#).

### ***Veterans' Preference When Hiring***

The Veterans' Preference Act is a United States federal law passed in 1944 that requires the federal government to favor returning war veterans when hiring new employees. Veterans' Preference means that when agencies use a numerical rating and ranking system to determine the best qualified applicants for a position, an additional 5 or 10 points are added to the numerical score of qualified preference eligible veterans. Veterans' preference does not guarantee veterans a job. To receive preference, a veteran must have been discharged or released from active duty in the armed forces under honorable conditions.

## ***HUD & VA Announce More Vouchers to Help Homeless Vets Get into Permanent Homes***

WASHINGTON (Aug. 21, 2013) – The Department of Housing and Urban Development and the Department of Veterans Affairs today announced the second round of HUD-Veterans Affairs Supportive Housing (HUD-VASH) funding to local public housing agencies across the U.S. and Puerto Rico. The \$7.8 million will provide housing and clinical services for 1,120 currently homeless veterans. In May of this year, the two agencies announced \$60 million in HUD-VASH vouchers.

The supportive housing assistance announced today is provided through the HUD-Veterans Affairs Supportive Housing (HUD-VASH) Program which combines rental assistance from HUD with case management and clinical services provided by VA. Since 2008, a total of 58,140 vouchers have been awarded and 43,371 formerly homeless veterans are currently in homes of their own because of HUD-VASH.

“Our nation’s veterans have sacrificed and given up so much for our freedom,” said HUD Secretary Donovan. “These vouchers are helping America end veterans’ homelessness one veteran at a time until we see not one veteran living on the street. I look forward to continue working with Secretary Shinseki and the Department of Veterans Affairs to target assistance to our homeless veterans.”

"These HUD-VASH vouchers are a vital tool in our effort to provide these brave men and women with the earned care and benefits that help them live productive, meaningful lives," said Secretary of Veterans Affairs Eric K. Shinseki. "So long as a single Veteran lives on our streets, we have work to do. But with the continued support of President Obama, Congress and our community partners, we will end homelessness among Veterans."

HUD-VASH is a critical part of the Obama Administration’s commitment to end Veteran and long-term chronic homelessness by 2015. *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* serves as a roadmap for how the federal government will work with state and local communities to confront the root causes of homelessness, especially among former servicemen and women. HUD’s annual “point in time” estimate of the number of homeless persons and

families for 2012 found that veteran homelessness fell by 7.2 percent (or 4,876 people) since January 2011 and by 17.2 percent since January 2009. On a single night in January 2012, 62,619 veterans were homeless.

The grants announced today are part of \$75 million appropriated this year to support the housing needs of homeless veterans. Local public housing authorities provide rental assistance to homeless veterans while nearby VA Medical Centers (VAMC) offer supportive services and case management. This is the second round of the 2013 HUD-VASH funding. HUD expects to announce more HUD-VASH funding this year.

VAMCs work closely with homeless veterans then refer them to public housing agencies for these vouchers, based upon a variety of factors, most importantly the duration of the homelessness and the need for longer term more intensive support to obtain and maintain permanent housing. The HUD-VASH program includes both the rental assistance the voucher provides and the comprehensive case management that VAMC staff provides.

Veterans participating in the HUD-VASH program rent privately owned housing and generally contribute no more than 30 percent of their income toward rent. VA offers eligible homeless veterans clinical and supportive services through its medical centers across the U.S., Guam and Puerto Rico.

*HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination; and transform the way HUD does business.*

*VA is the federal government's second-largest cabinet office. Secretary Shinseki has outlined three key priorities for the department: increase Veteran access to VA services and benefits, eliminate the disability claims backlog, and end Veteran homelessness. VA provides health care to more than 6 million people each year, in 91 million outpatient visits and 960,000 hospitalizations. This year, VA will provide over \$1 billion in specialized homeless program funding, more than \$58 billion annually in disability pay and pensions to 4.5 million Americans, \$10 billion in*

*educational assistance, \$1 billion for home loans and \$2.6 billion for life insurance. More information about VA is available at [www.va.gov](http://www.va.gov).*

## **William & Mary Law School's Puller Clinic Joins Fully Developed Claims Community of Practice**

WASHINGTON (August 21, 2013) – The Department of Veterans Affairs today welcomed William & Mary Law School's Lewis B. Puller, Jr. Veterans Benefits Clinic to the Fully Developed Claims (FDC) Community of Practice. The Puller Clinic is the first law school clinic in the nation to join the FDC Community of Practice.

As a result of this new partnership, William & Mary faculty from the Puller clinic will participate in an FDC workshop today at the Roanoke regional office.

The FDC Community of Practice was established in May to promote the submission of FDCs and speed the processing of Veterans' disability compensation claims by providing all available evidence needed by VA to reach a disability rating decision. The Puller Clinic joins Veterans Service Organizations, the American Legion and Disabled American Veterans, and the National Association of State Directors of Veterans Affairs, who are current members of the Community.

"We're delighted to have the Puller Clinic join the effort to increase the number of Veterans filing fully developed claims," said Under Secretary for Benefits Allison A. Hickey. "It's indicative of the expanding national partnership assisting in the timely delivery of Veterans benefits."

"This is a win-win-win: Veterans receive benefits to which they are entitled, the VA receives more claims that are accurate and complete, and William & Mary law students develop new skills as well as an appreciation for pro bono service," said Sen. Mark R. Warner. "I could not be more pleased with this significant announcement from the VA."

Claims are considered "fully developed" when Veterans submit all available supporting evidence, such as private treatment records, at the time they first file

a formal claim – and certify they have no additional evidence to submit. VA can typically complete FDCs in half the time of traditionally filed claims.

“I congratulate the Puller Clinic on their joining the FDC Community of Practice,” said Will A. Gunn, VA’s general counsel. “I’m optimistic that their example will encourage other institutions of higher learning to do the same.”

VA is currently conducting workshops at its regional offices around the country to help Veteran advocates learn the importance of FDCs and how to help Veterans prepare them.

“The Puller Clinic’s approach to claims provides a national model for how law schools across the country can help solve the nation's backlog of Veterans' benefits claims,” said William & Mary President Taylor Reveley. “Today’s announcement by the Department of Veterans Affairs reflects the tireless leadership of Senator Mark Warner, the great work being done at William & Mary Law School, and the determination of the VA to work collaboratively to address the needs of our Veterans.”

VA also recently announced that Veterans filing their first-ever compensation claims as FDCs may be entitled to up to one year of retroactive disability benefits. The retroactive benefits, which are in effect Aug. 6, 2013, through Aug. 5, 2015, are a result of a comprehensive legislative package passed by Congress and signed into law by President Obama last year.

## ***Military Pay & Benefits Update***

Some members of Congress think it’s time to cut off the cash to Army Maj. Nidal Hasan. On the eve of opening statements in the court-martial of Hasan, the defendant in the 2009 Fort Hood shooting rampage, lawmakers have proposed suspending military pay for service men and women charged with certain crimes. They say they are frustrated that Hasan, the Army psychiatrist charged with multiple counts of premeditated murder and attempted premeditated murder in one of the worst mass shootings on a military base, has received paychecks totaling nearly \$300,000 while locked up. “It is outrageous that taxpayers continue to pay an accused terrorist that killed more than a dozen people,” said U.S. Rep. Joe Barton (R-TX). “Does anyone think this make sense? You are

innocent until proven guilty in this country, but that doesn't mean you should be rewarded while awaiting trial." The Stop Pay for Violent Offenders Act has been filed in the U.S. House — to let the military suspend pay for those arrested and charged with rape, sexual assault or a capital offense — by Reps. Tim Griffin (R-AR) Tom Rooney (R-FL), and Frank Wolf (E-VA).

"The fact that the sole suspect in this attack, Nidal Hasan, a major in the U.S. Army, has continued to draw his Army salary — costing taxpayers more than \$278,000 — is outrageous," Griffin said. Current law lets the military stop paying civilian employees, but officials say they can't stop paying military members on active service, such as Hasan, unless they are convicted. "This bill would correct a huge oversight that has allowed military personnel charged with a serious crime to continue to receive their pay while awaiting trial," Wolf said. "Does anybody really think it's right that Nidal Hasan has collected more than \$200,000 in taxpayer dollars since being charged in the Fort Hood shootings?" The bill is drawing mixed reactions. It would withhold military members' salaries during the court process, but anyone acquitted would receive full salary payment. "Our bill is simple — if you're awaiting trial for a serious crime, you can't collect a salary from the American taxpayer," said Rooney, a former prosecutor at Fort Hood. [Source: Fort Worth Star-Telegram | Anna M. Tinsley | 4 Aug 2013 ++]

## ***Legionnaires Disease Update***

It's not just Pittsburgh. Department of Veterans Affairs hospitals across the country failed to follow policies designed to stop the spread of Legionnaires' disease, according to a VA Office of Inspector General's report released on 1 AUG. More than one-third of VA hospitals and clinical care facilities did not conduct proper planning and risk assessment required by a 2008 national VA directive to control the Legionella bacteria. If inhaled in water mist, the bacteria can become a potentially deadly form of pneumonia known as Legionnaires' disease. "The report shows a clear lack of understanding at VA facilities across the country about proper protocol when testing for Legionella," Sen. Bob Casey Jr. (D-PA) wrote in an email to the Tribune-Review.

Casey, along with Rep. Tim Murphy (R-PA-18) requested the nationwide investigation after a Legionnaires' outbreak in the VA Pittsburgh Healthcare System sickened at least 21 veterans, at least five of whom died, according to the

Centers for Disease Control and Prevention. The full scope of the Pittsburgh outbreak remains murky. VA workers at the University Drive campus in Oakland found alarmingly high levels of Legionella bacteria in the water system as far back as 2007, a Trib investigation revealed, but the VA and the CDC did not review those records or the medical records of veterans hospitalized there before the February 2011 to November 2012 outbreak. At least one family believes their loved one was killed in the outbreak but went uncounted by the CDC. Casey has asked the CDC to review the matter.

The report released on Thursday is the third produced by the Inspector General in response to the outbreak. At least one more, a criminal probe, is under way. Nine of the 16 VA facilities with a history of hospital-acquired Legionnaires' — meaning patients caught the disease at the facilities — failed to follow the clinical and environmental testing guidelines spelled out in the 2008 directive, according to the report. Three Pittsburgh facilities — the H. John Heinz III hospital in O'Hara, University Drive hospital in Oakland and the Highland Drive hospital, which no longer takes patients — are among those that failed to follow the rules, the report found. A Trib investigation in March and Inspector General's report in April documented in greater detail the mistakes by VA Pittsburgh leaders that helped lead to the outbreak. “This report is troubling proof that the mismanagement and incompetence that led to the Pittsburgh Legionnaires' disease tragedy is present at numerous VA medical centers across the country. The report very clearly documents how VA facilities put patients at risk by ignoring internal VA policies as well as federal guidelines governing infectious disease management and reporting,” said Rep. Jeff Miller, (R-FL), chairman of the House Veterans Affairs Committee.

The report is based on surveys that 182 VA hospitals returned to the Inspector General documenting their Legionella prevention efforts in 2012. That year, as an outbreak gripped VA Pittsburgh hospitals, testing for the disease at the Heinz and University Drive hospitals far exceeded any other in the country. Of the 15,169 urine tests conducted at all VA hospitals to determine the presence of Legionella bacteria, more than 1,200 were conducted in Pittsburgh. No other hospital conducted more than 900. VA Pittsburgh accounted for about one-third of the 3,091 respiratory cultures taken that year, the report found. Pittsburgh had more Legionnaires' patients than anywhere else. Eighteen of the 112 patients identified by the Inspector General were in Pittsburgh, more than three times the next-

highest number of cases — five — that were identified at the VA Medical Center in Washington.

Investigators identified only four of those 112 Legionnaires' patients who definitely caught the disease from VA hospitals, the report said. It did not identify which hospitals those patients visited, but the CDC investigation of Pittsburgh's outbreak identified four patients who definitely acquired the disease in VA Pittsburgh facilities in 2012. The CDC report identified nine others who probably acquired the disease there.

“The inspector general's findings only bolster the case for significant reform at (the VA Pittsburgh Healthcare System) and around the country, and the need to pass legislation to require the VA to report outbreaks of infectious diseases to appropriate public officials,” Casey said. Casey and Murphy have introduced bills that would require VA hospitals to comply with the same reporting requirements that apply to most hospitals to tighten oversight. The national VA is revising its guidelines for Legionella prevention in response to the Pittsburgh outbreak. The Inspector General suggested that those revisions simplify guidelines and provide “guidance, education and monitoring” to make sure they're followed. In addition, the IG recommended the VA expand the number of facilities that should take extra steps to combat Legionnaires'. VA Undersecretary of Health Dr. Robert Petzel concurred with the recommendations and said they would be implemented within a year. [Source: Pittsburgh Tribune-Review | Mike Wereschagin | 2 Aug 2013 ++]

## ***Sequestration Update***

On 31 JUL, Secretary of Defense Chuck Hagel outlined the results of the Pentagon's Strategic Choices and Management Review (SCMR) – a four-month directed review of budget planning options in light of sequestration. The various SCMR budget cutting options were developed based on three budget scenarios:

- The President's FY 2014 budget submission which includes a \$150 billion cut over ten years;
- An “in-between” budget that would reduce the Pentagon's budget by \$250 billion over ten year; and,

- A budget based on the full impact of the Budget Control Act's sequester (approximately \$500 billion over ten years).

The SCMR developed a package of cut options in three major areas:

- Management efficiencies and overhead reductions
- Compensation reforms
- Changes to force structure and modernization plans

The Pentagon has already started in one area. In late July, the Pentagon announced one initiative under way as a result of the SCMR – a 20 percent reduction in the DoD's major headquarters budgets. This initiative includes a goal of reducing civilian and military billets by 20 percent. Additionally, Hagel highlighted Congress' reluctance to accept two budget cutting measures included in the FY 2014 budget submission – another round of base realignment and closure (BRAC) rounds and TRICARE fee increases. Hagel stated "DoD has no choice but to consider compensation changes of greater magnitude for military and civilian personnel" if the Pentagon is forced to face the fiscal challenges of a sequester-level budget. Compensation options include (but are not limited to):

- Increase military retiree health care use of private-sector insurance;
- Change basic allowance for housing so currently serving pay more of their housing costs;
- Reduce overseas cost of living adjustments;
- Continue to limit military and civilian pay raises;
- Eliminate civilian pensions for retired military personnel serving in the federal service;
- End subsidies for commissaries; and,
- Restrict availability of unemployment benefits.

Hagel reiterated that the Pentagon was "not announcing any compensation changes today" but did state that Chairman of the Joint Chiefs, General Martin Dempsey (USA), will lead an effort to develop a package of compensation cuts to the tune of \$50 billion over the next decade. A parallel effort led by senior OSD staff will review civilian pay and benefits. End strength was also a big target for savings if the sequester continues. The SCMR options included downsizing the

Army from a planned 490,000 to as low as 380,000; Marine Corps from 182,000 to as low as 150,000; and Army reserves from 550,000 to as low as 490,000. Force structure options included reducing up to five Air Force tactical squadrons, cutting the C-130 fleet and retiring older bombers. The Navy could see a reduction in the number of carrier strike groups from 11 to eight. Hagel discussed how the Pentagon will have to seek proper balance between capacity (measured in the number of brigades, ships, squadrons, and battalions) and capability (the ability to modernize weapons systems) before making recommendations to the President in the FY 2015 budget. Hagel closed stating, "If these abrupt [sequestration] cuts remain, we risk fielding a force that over the next few years is unprepared due to a lack of training, maintenance, and the latest equipment."

Congress needs to reconsider sequestration. Threatened budget cuts under the 2011 Budget Control Act were designed to be so onerous and senseless that a deal would be struck to prevent mindless budget slashing, with DoD shouldering 50 percent of the cuts. Yet a budget deal was never reached. Here we are, over halfway through the first year of cuts, and there is too little discussion or movement toward securing a bipartisan agreement to avoid devastating sequestration effects not only for FY 2014, but for the next nine years. Congress and the administration need to act now so that the Pentagon can plan and execute both long- and short-term programs. Military readiness and national security should not be used as pawns in the game of political brinkmanship.

[Source: MOAA Leg Up 2 Aug 2013 ++]

## ***Sequestration Update 2***

To address long-term sequester cuts, the Defense Department is mulling numerous reductions that will affect civilian employees, including doing away with civilian employee pensions for military retirees who go back to work for the government as civilian employees. The savings could be almost \$100 billion over 10 years when combined with a halt to commissary subsidies and restrictions on the availability of unemployment benefits, Defense Secretary Chuck Hagel told reporters last week in summarizing the recommendations of the newly completed Strategic Choices and Management Review. "A sequester-level scenario would compel us to consider these changes because there would be no realistic alternative that did not pose unacceptable risk to national security," Hagel said. As of March, more than 134,000 military retirees held civilian jobs at DoD,

according to the Office of Personnel Management. For the Pentagon, axing civilian pensions would save money by reducing the amount it has to contribute into the Federal Employees Retirement System and the Civil Service Retirement System, said Larry Korb, who oversaw manpower issues as an assistant Defense secretary during the Reagan administration.

While Korb does not take the idea seriously, he sees it as an attempt by DoD to draw attention to a pension program that often lets soldiers, sailors and airmen retire from the military after 20 years, then return to DoD as civilian employees making more money for doing the same job. Hagel did not say how aggressively DoD would seek to implement such a step or how much it could save. A Pentagon spokesman later declined to provide additional detail. But the head of the National Active and Retired Federal Employees Association (NARFE) blasted the idea as ill-conceived and completely unfair. “No civilian employee should receive lower total compensation because they served in the military, ever,” NARFE President Joseph Beaudoin said in a statement. “This proposal should be rejected completely as an option, even under the worst budget scenarios.” The Defense Department is absorbing a \$37 billion cut under this year’s sequester and could face a \$52 billion reduction if a second round ensues next year, according to Hagel. He commissioned the strategic choices and management review in March both to help DoD prepare for another sequester and to shape military spending plans through 2019. Other possible cuts include:

- Consolidation of regional combatant commands;
- Defense agency mission cuts; and,
- Consolidation of information technology programs.

Because pay and benefits consumes roughly half of DoD’s budget, top officials will put together a package of compensation proposals for both military personnel and civilian employees that would begin to take effect in the 2015 budget. Hagel’s announcement came as some 650,000 DoD civilians continue to face one-day-a-week unpaid furloughs that are supposed to add up to 11 days by the end of the fiscal year in September. But the Pentagon continues to look for money from other sources to reduce that total, Deputy Defense Secretary Ashton Carter said at a congressional hearing last week. If surplus funds do turn up by September, “we have two priorities,” Carter told members of the House Armed Services

Committee. “One is to restore maintenance and the other is to relax furloughs.” Should next year bring another sequester, however, reductions-in-force are possible, he reiterated. In a 31 JUL memo, Carter also fleshed out Hagel’s earlier order for long-term cuts at the Office of the Secretary of Defense, the Joint Staff and the military services’ headquarters. Besides striving to reduce spending by 20 percent from 2015 through 2019, those offices should seek to cut “authorized government civilian staff” by the same proportion, Carter wrote.

Tighter budgets have so far scarcely dented the size of both civilian and military headquarters staffs. Some analysts question whether Hagel will be any more successful, particularly since he will likely have left the Pentagon long before 2019. In the memo, Carter said the cuts should be spaced out proportionally over the five-year period and also fall on contract services, information technology and other support functions. Carter’s memo drew a scathing protest from the American Federation of Government Employees, which represents many DoD civilian workers. Imposing “arbitrary cuts and focusing almost exclusively on civilian and military personnel are failed approaches to downsizing,” AFGE President J. David Cox wrote in an Aug. 1 letter to Hagel, adding that Carter should have included a specific target for contract employees’ cuts. [Source: FederalTimes | Sean Reily | 4 Aug 2013 ++]

### ***Sequestration Update 3***

The Defense Department's cancellation of remaining furlough days will allow commissaries worldwide to resume normal hours after 17 AUG affected by the furlough, either closing one day a week or operating with a reduced staff that, at some locations, caused longer-than-normal checkout times. The Defense Department's decision, announced Monday, to cut the number of civilian furlough days from 11 to six will enable stores to return to their regular schedules the week of 18 to 24 AUG, Joseph H. Jeu, DECA's director and chief executive officer, said in a news release. The furloughs began 8 JUL and were taken at the rate of one day a week. That means the sixth and last furlough day for most of the military's grocery stores will be 12 AUG. Since the furloughs started, 210 commissaries, including 29 overseas, have been shuttered one day a week. DECA kept 37 overseas commissaries open during the shutdown by staffing stores with local nationals, who were not subject to the unpaid furlough. Most stores were closed Mondays during the furlough period. More than 14,000 of DECA's U.S.

civilian employees worldwide were affected by the furlough, according to DECA. With the end of the furlough, Jeu asked that customers be patient as product delivery schedules return to normal. Customers at some commissaries have been frustrated by long lines and empty shelves. "We will do everything possible to ensure that our shelves are properly stocked with the products our customers want when they shop," Jeu was quoted as saying in the release. "However, there will be a short adjustment period as our stores settle back into their pre-furlough operating and delivery routines." [Source: Stars and Stripes| Jennifer H. Svan | 8 Aug 2013 ++]

## ***Sequestration Update 4***

President Barack Obama told a gathering of disabled veterans 10 AUG that the budget battle looming in Washington, D.C., puts care for veterans at risk. Although the Department of Veterans Affairs was exempted from the across-the-board cuts known as sequestration, the president said it still has the ability to impact VA benefits. "The best way to protect the VA care you have earned is to get rid of the sequester altogether," he told 3,400 attendees at the annual conference of Disabled American Veterans in Orlando, Fla. "Congress needs to come together and agree on a responsible plan that reduces our deficits and keeps our promises to our veterans and keeps our promises to future generations." The government is now facing the possibility of not having a budget approved by the end of the fiscal year on 30 SEP. Currently in recess, Congress will have only a few weeks to hammer out a budget when it returns. Obama said the backlog of veteran claims, which was 600,000 earlier this year, is still too large, but has been reduced in recent months. He pointed out that new veterans enter the system every day while aging veterans of the Vietnam era seek more care. Plus, he noted, the VA cares for the offspring of veterans even after the former service member has died. He said benefits are going to children of World War I and Spanish-American War veterans. One daughter of a Civil War veteran is receiving benefits, just as children of the 9/11 generation will. "This time of war may be coming to an end, but the job of caring for our veterans goes on," he said. "And our work caring for our newest veterans has only just begun." [Source: NGAUS Washington Report 13 Aug 2013 ++]

## ***SBA Vet Issues Update***

U.S. Rep. Mike Coffman (R-CO) will introduce a bill in AUG that strips the Department of Veterans Affairs of its control over a program that decides who

qualifies to bid for contracts set aside by the agency for veteran small businesses. The measure is a direct response to an outcry from the veteran community, which has accused the VA of a “gotcha” mentality with a program created to weed out fraud. That mentality, critics say, has caused legitimate small businesses to be frozen out of opportunities and in some cases branded as shams. “Service-disabled veteran small business owners have paid a hefty price for our nation, and the least we can do is insure that programs intended to encourage entrepreneurship do not themselves become yet another obstacle to success,” Coffman said in an emailed statement. “Many of the certification, appellate, and excessive cost problems at the VA have been well-documented by veterans, and even by the Government Accountability Office. It’s past time to create a clear and transparent set of rules and processes for the government to follow.”

The bill, a copy of which was obtained by Washington Business Journal, would transfer to the Small Business Administration control and administration of the Vets First program — which verifies the status of veteran-owned and service-disabled, veteran-owned small businesses for the purposes of bidding on VA contracts. In fiscal 2012, 42 percent of the 4,500 applicants were denied verification as service-disabled, veteran-owned small businesses by the VA’s Center for Veterans Enterprise. Beyond concerns about fairness, the program costs money to run. According to the House Small Business Committee, which was expected to release the bill 31 JUL as a joint effort with the House Veterans Affairs Committee, the VA is currently spending about \$33 million per year on the verification program, and has more than 120 employees devoted to the process. This duplicates efforts already under way through similar programs operated by the SBA.

"It's important that there's a single standard that would remove the confusion for veterans, and set the stage for consistent determinations" about a contractor's status, said Marc Goldschmitt, CEO of Goldschmitt and Associates LLC and a member of advocacy groups VET Force and the National Veterans Small Business Coalition. Practically speaking, he added, it also will allow companies to submit documentation once to the SBA and have that documentation available for all of the programs that they might apply for, streamlining the process significantly. The bill also provides veterans that are denied from the program with the opportunity to appeal the decision through the SBA's Office of Hearings and Appeals — an option that previously was not available. And it addresses some uncertainty about what happens to a small business owned by a service-disabled veteran when he

or she dies. So will the bill pass? "Considering that the veteran community would strongly support these initiatives, and that it appears that they'd be palatable to the House and probably Senate, I believe there will be quick action and passage of the bill," Goldschmitt said. [Source: Washington business Journal | Jill R. Aitoro | 30 Jul 2013 ++]

## ***VA End of Life Care Update***

The American Hospital Association has awarded a Citation of Honor to the Veterans Health Administration for building and expanding the infrastructure to provide palliative and end-of-life care services to Veterans throughout the country and working with community-based providers to complement its services. VHA exemplifies the best in health care, providing compassionate care and helping patients and families facing complex health challenges, according to the American Hospital Association.

In 2002, nearly a third of VA's medical centers were making no referrals to community hospices, and most centers had no palliative care team. Today, VA has a wide-ranging, innovative palliative care program that builds on the nation's largest integrated health system's advanced information technology capabilities and culture of performance improvement to care for Veterans with serious illness and their families. Each of the VA's 21 regions has a palliative care program manager and clinical champion, and each of its 152 medical centers has an interdisciplinary palliative care team. All are supported by three national quality centers. "The program began with a small nucleus of committed people," says Scott T. Shreve, National Director, VA Hospice and Palliative Care, "and grew by focusing on what worked rather than what didn't. We identified regional champions and we gave them the resources to really make things happen." It's about proactively meeting the needs of an individual patient.

Because Veterans also receive care from community providers, it's not enough to change the VA system itself. Ensuring non-VA providers understand the special problems faced by Veterans at the end of life — such as when traumatic memories from combat come to light — is critical. Through the VA's collaboration with the National Hospice and Palliative Care Organization, the We Honor Veterans program creates collaborative models to increase all Veterans' access to community hospice and palliative services designed to meet their needs. A powerful tool for internal improvement is the nationwide Bereaved Family

Survey, which offers leaders of VA's 21 regional networks feedback on how end-of-life care services are satisfying families. Mary Zuccaro, who oversees VA palliative and hospice services in northern California, northwest Nevada and Hawaii, depends on those metrics to "take the temperature" of the program. "I look through it for themes of where did we make a difference and where did we miss the boat. I disseminate that through all our programs."

The VA program focuses on both technology and simple human kindness. The Care Assessment Need score, for instance, is a robust predictive model that scans the electronic medical record to identify Veterans "at-risk" for needing supportive services rather than waiting for a clinician to notice the need. The VA Medical Foster Home program is a lower tech solution to keep Veterans out of nursing homes. In this program, families "adopt" a seriously ill Veteran under the close watch of VA clinicians. "The future for VA is proactive, personalized and patient-driven care," says Dr. Madhulika Agarwal, Deputy Under Secretary for Health Policy and Services for the Veterans Health Administration. "It's about proactively meeting the needs of an individual patient, which is based on their preferences and their goals. That is what our focus needs to be." [Source: VA Health News | Hans Petersen | 1 Aug 2013 ++]

## ***VA FDC Program Update***

The Department of Veterans Affairs announced 1 AUG that veterans filing an original fully developed claim (FDC) for service-connected disability compensation may be entitled to up to one-year of retroactive disability benefits. The retroactive benefits, which are in effect Aug. 6, 2013, through Aug. 5, 2015, are a result of a comprehensive legislative package passed by Congress and signed into law by President Barack Obama last year. "VA strongly encourages veterans to work with veterans service organizations to file fully developed claims and participate in this initiative, since it means more money in eligible veterans' pockets simply by providing VA the information it needs up front," said Allison A. Hickey, Undersecretary for Benefits. "At the same time, it helps reduce the inventory of pending claims by speeding the process."

Filing an FDC is typically the fastest way for veterans to receive a decision on their claims because fully developed claims require veterans to provide all supporting evidence in their possession when they submit their claims. Often, this is evidence

that VA legally must attempt to collect on the veteran's behalf, which is already in the veteran's possession, or is evidence the veteran could easily obtain, like private treatment records. When veterans submit such evidence with their claims, it significantly reduces the amount of time VA spends gathering evidence from them or other sources -- often the longest part of the claims process. While VA will still make efforts to obtain federal records on the veterans' behalf, the submittal of non-federal records [and any federal records the veteran may have] with the claim allows VA to issue a decision to the veteran more quickly. Typically, VA processes FDCs in half the time it takes for a traditionally filed claim. FDCs can be filed digitally through the joint, DOD-VA online portal, eBenefits. VA encourages veterans who cannot file online to work with an accredited veterans service organization that can file claims digitally on veterans' behalf. While submitting an FDC provides a faster decision for any compensation or pension claim, only veterans who are submitting their very first compensation claim as an FDC are potentially eligible for up to one year of retroactive disability benefits under the newly implemented law. FDCs help eliminate VA's claims backlog because they increase production of claims decisions and decrease waiting times. Also, VA assigns FDCs a higher priority than other claims which means veterans receive decisions to their claim faster than traditional claims. VA continues to prioritize other specific categories of claims, including those of seriously wounded, terminally ill, Medal of Honor recipients, former prisoners of war, the homeless and those experiencing extreme financial hardship. As part of its drive to eliminate the claims backlog in 2015, VA also gives a priority to claims more than a year old.

In May, VA announced a new partnership with veterans service organizations and others known as the "Community of Practice," an effort that seeks to reduce the compensation claims backlog for veterans by increasing the number of FDCs filed by veterans and their advocates. VA is continuing to implement several initiatives to meet the Department's goal to eliminate the claims backlog in 2015. In May, VA announced that it was mandating overtime for claims processors in its 56 regional benefits offices to increase production of compensation claims decisions through the end of fiscal year 2013. In April, VA launched an initiative to expedite disability compensation claims decisions for veterans who have waited a year or longer. As a result of these initiatives, VA's total claims inventory remains at lower levels not seen since August 2011. The number of claims in the VA backlog --

claims pending over 125 days -- has been reduced by 17 percent compared to the highest point in March 2013. [Source: VA News Release 1 Aug 2013 ++]

## ***VA Health Care: Actions Needed to Improve Administration of the Provider Performance Pay and Award Systems***

### **What GAO Found**

The Department of Veterans Affairs' (VA) performance pay policy has gaps in information needed to appropriately administer this type of pay. The performance pay policy gives VA's 152 medical centers and 21 networks discretion in setting the goals providers must achieve to receive this pay, but does not specify an overarching purpose the goals are to support. VA officials responsible for writing the policy told us that the purpose of performance pay is to improve health care outcomes and quality, but this is not specified in the policy. Moreover, the Veterans Health Administration (VHA) has not reviewed the goals set by medical centers and networks and therefore does not have reasonable assurance that the goals make a clear link between performance pay and providers' performance. Among the four medical centers GAO visited, performance pay goals covered a range of areas, including clinical, research, teaching, patient satisfaction, and administration. At these medical centers, all providers GAO reviewed who were eligible for performance pay received it, including all five providers who had an action taken against them related to clinical performance in the same year the pay was given. The related provider performance issues included failing to read mammograms and other complex images competently, practicing without a current license, and leaving residents unsupervised during surgery. Moreover, VA's policy is unclear about how to document certain decisions related to performance pay. For example, the policy does not provide clear guidance on what to document regarding whether a provider's performance-related action should result in the reduction or denial of the provider's performance pay. In contrast to the performance pay policy, VA's performance award policy clearly states the purpose of these awards-- specifically, that they are to recognize sustained performance of providers beyond normal job requirements as reflected in the provider's most recent performance rating.

VA policy also lists the measures, such as clinical competence, that providers' supervisors are to use to determine these providers' performance rating. VHA's oversight is inadequate to ensure that medical centers comply with performance pay and award requirements. VHA's annual consultative reviews, initiated in 2011, help medical centers comply with human resources requirements, including performance award requirements. Recently, these reviews began to also include performance pay requirements, but do not yet include a standard list of performance pay elements to review, which would be needed to ensure consistency of reviews across medical centers. Further, reviewers do not have the authority to require medical centers to resolve compliance problems they identify, and VHA has not formally assigned specific organizational responsibility to ensure medical centers resolve identified problems. As a result, VHA is unable to ensure that reviews consistently identify problems, and that these problems are corrected and do not recur. GAO found that two of the four medical centers visited did not always correct problems identified through these reviews. For example, a May 2011 review of one of these two medical centers found that the medical center did not conduct a formal evaluation of its performance award program, as required. A review of the same medical center about a year later found the identical problem.

### **Why GAO Did This Study**

VHA administers VA's health care system and strives to provide high-quality, safe care to veterans. Concerns continue about the quality of care VHA delivers, but many physicians and dentists, referred to as providers, receive performance-based pay and awards. In fiscal year 2011, about 80 percent of VHA's nearly 22,500 providers received approximately \$150 million in performance pay, and about 20 percent received more than \$10 million in performance awards. GAO was asked to review VHA's performance pay and award systems. This report examines (1) whether VA's performance pay and award policies ensure appropriate administration of this compensation and (2) VHA's oversight of medical centers' compliance with policy requirements. GAO reviewed documents and interviewed VA and VHA officials about the administration of performance pay and awards and VHA's oversight of the related policy requirements; analyzed data from a random sample of about 25 providers selected primarily from primary care, surgery, psychiatry, and dentistry at each of four medical centers GAO visited that had at least one provider who was the subject of an action related to clinical performance.

## **What GAO Recommends**

GAO recommended that VA clarify the performance pay policy, by specifying the purpose and documentation requirements and that VHA review performance pay goals for consistency with the purpose, and improve oversight to ensure compliance. VA generally agreed with GAO's conclusions and recommendations.

## **Recommendations for Executive Action**

**Recommendation:** To clarify VA's performance pay policy, the Secretary of Veterans Affairs should direct the Assistant Secretary for Human Resources and Administration to specify in policy the overarching purpose of performance pay.

**Agency Affected:** Department of Veterans Affairs

**Recommendation:** To clarify VA's performance pay policy, the Secretary of Veterans Affairs should direct the Assistant Secretary for Human Resources and Administration to specify in policy how medical centers should document that supervisors have discussed performance pay goals with providers within the first 90 days of the fiscal year.

**Agency Affected:** Department of Veterans Affairs

**Recommendation:** To clarify VA's performance pay policy, the Secretary of Veterans Affairs should direct the Assistant Secretary for Human Resources and Administration to specify in policy that medical centers should document approval of performance pay amounts and that the approval occurred before the required March 31 disbursement date.

**Agency Affected:** Department of Veterans Affairs

**Recommendation:** To clarify VA's performance pay policy, the Secretary of Veterans Affairs should direct the Assistant Secretary for Human Resources and Administration to specify in policy how medical center officials should document whether performance-related personnel actions had an impact on providers' achievement of performance pay goals, and as a result, affected performance pay decisions.

**Agency Affected:** Department of Veterans Affairs

**Recommendation:** To ensure that performance pay goals are consistent with the overarching purpose that VA specifies for this pay, the Secretary of Veterans

Affairs should direct the Under Secretary for Health to review existing performance pay goals across VA's health care system.

**Agency Affected:** Department of Veterans Affairs

**Recommendation:** To strengthen oversight of medical centers' compliance with VA policy requirements for performance pay and awards, the Secretary of Veterans Affairs should direct the Under Secretary for Health to ensure medical centers are in compliance with the requirements in the performance pay and award policies.

**Agency Affected:** Department of Veterans Affairs

**Recommendation:** To strengthen oversight of medical centers' compliance with VA policy requirements for performance pay and awards, the Secretary of Veterans Affairs should direct the Under Secretary for Health to assign responsibility to a VHA organizational component with the knowledge and expertise to ensure correction of medical centers' noncompliance with VA's performance pay and award policy requirements, including problems identified during Consult, Assist, Review, Develop, and Sustain (CARDS) reviews, and ensure that medical centers maintain compliance with these requirements.

**Agency Affected:** Department of Veterans Affairs