



**Federal Update
for
May 20 - 24, 2013**



***Minnesota Congressman Champions Bipartisan
Legislation to Protect Dignity of Our Troops,
Veterans***

WASHINGTON – John Kline supported the Stolen Valor Act (H.R. 258), bipartisan legislation he co-sponsored that passed the U.S. House of Representatives today, which would make it illegal for anyone to knowingly misrepresent their military service for profit.

“As a 25-year veteran of the U.S. Marine Corps and the father whose son served three tours in Afghanistan and Iraq, I am pleased this legislation protecting the dignity of our troops and veterans passed the House of Representatives,” said Kline, who retired from the Marine Corps at the rank of Colonel. “This legislation is critical to ensuring that those who try to profit personally or financially by deceitfully claiming to have served our country and risked their lives – a direct insult to those real American heroes defending freedom – will be punished for their actions.”

Since arriving to Congress, Kline has been a champion for our troops, veterans, and their families. Last week, he introduced the “Keep Faith with TRICARE Prime Act,” bipartisan legislation that would afford every affected veteran the opportunity to continue their enrollment in TRICARE Prime or move to TRICARE Standard, depending upon which plan best fits their needs. Due to a policy change made by the Pentagon, more than 170,000 veterans across the country who live outside 100 miles of a military treatment facility will lose access to TRICARE Prime on Oct. 1, 2013. Nearly 4,000 of those veterans live in Minnesota. Kline’s legislation would reduce the immediate impact imposed by the new policy by allowing military retirees to make informed decisions on how to best utilize their military retirement health care benefits while they consider future life decisions

with their families. Sen. Amy Klobuchar is moving to sponsor Kline's legislation in the U.S. Senate.

Kline was lauded by a recent *Star Tribune* editorial for his legislative efforts: "Fortunately, Minnesota Republican Rep. John Kline has stepped up with a reasonable and timely fix. This week, Kline, a retired Marine, introduced the 'Keep Faith with Tricare Prime Act.' Essentially, it would grandfather in Tricare Prime enrollees, allowing them a one-time decision to stay in the plan as long as they stay in their current community."

During his successful career in the Marine Corps, Kline served as a helicopter pilot and earned the responsibility of flying Marine One, the President's personal helicopter. He also served as a personal military aide to Presidents Jimmy Carter and Ronald Reagan.

In his sixth term in Congress, Congressman Kline serves on the House Armed Services Committee. He also serves as the Chairman of the Education and the Workforce Committee.

Prescription Drugs: Comparison of DOD and VA Direct Purchase Prices

What GAO Found

When GAO compared prices paid by the Department of Defense (DOD) and the Department of Veterans Affairs (VA) for a sample of 83 drugs purchased in the first calendar quarter of 2012, DOD's average unit price for the entire sample was 31.8 percent (\$0.11 per unit) higher than VA's average price, and DOD's average unit price for the subset of 40 generic drugs was 66.6 percent (\$0.04 per unit) higher than VA's average price. However, VA's average unit price for the subset of 43 brand-name drugs was 136.9 percent (\$1.01 per unit) higher than DOD's average price. These results were consistent with each agency obtaining better prices on the type of drugs that made up the majority of its utilization: generic drugs accounted for 83 percent of VA's utilization of the sample drugs and brand-name drugs accounted for 54 percent of DOD's utilization of the sample drugs. DOD officials told GAO that in certain circumstances they are able to obtain

competitive prices for brand-name drugs--even below the prices for generic equivalents--and therefore will often preferentially purchase brand-name drugs. At the individual drug level, DOD paid higher average unit prices than VA for 32 of the 40 generic drugs and for 23 of the 43 brand-name drugs in the sample, while VA paid higher average unit prices for the remaining 8 generic drugs and 20 brand-name drugs. In nearly every case, substantially higher prices paid by one agency were correlated with substantially lower utilization by that agency. Specifically, for 10 of the 11 drugs for which one agency paid more than 100 percent above the price paid by the other agency, the agency that paid a substantially higher price also had substantially lower utilization. However, even when one agency paid a substantially higher price than the other, in all 11 cases both agencies paid less than the highest of the Federal Supply Schedule (FSS) prices available to all direct federal purchasers or the Big Four prices available to the four largest government purchasers. Additionally, in most cases (9 out of 11 drugs) both agencies paid less than the lowest of these prices. The lower prices obtained by one agency may be due to factors such as differences in the agencies' formulary design and prescription practices, price and rebate negotiations with manufacturers that may not be available more broadly to the other agency, and differences in utilization practices between the agencies based on differences in their beneficiary populations.

DOD and VA face continued challenges in controlling drug costs. While the prescription drug market is complex and there are many factors affecting the prices DOD and VA are able to obtain for directly purchased drugs, differences in prices paid for specific drugs may provide insights into opportunities for each agency to obtain additional savings on at least some of the drugs they purchase. In commenting on a draft of this report, DOD generally agreed with GAO's findings and described additional factors that may contribute to differences in prices paid by DOD and VA. VA expressed concerns with the content of the report. VA suggested additional analyses and highlighted the impact of program design on each agency's use of prescription drugs. GAO maintains that its analyses have value in identifying opportunities for savings and the report acknowledges the limitations involved with estimating potential cost savings in this complex area. DOD and VA also provided technical comments that GAO incorporated as appropriate.

Why GAO Did This Study

In fiscal year 2012, DOD and VA spent a combined \$11.8 billion to purchase drugs on behalf of about 18.5 million beneficiaries. Both agencies purchase drugs directly from manufacturers via prime vendors--intermediaries that provide the drugs at a discount off the lowest price that would otherwise be available. The agencies dispense these drugs to beneficiaries through their medical facilities and pharmacies, including their mail order pharmacies.

GAO was asked to compare prices paid for prescription drugs across federal programs. This report describes direct purchase prices paid by DOD and VA for a sample of prescription drugs. GAO will compare drug prices paid using other approaches and by other federal programs in future work. Using prime vendor data provided by these agencies for the first quarter of 2012, GAO selected a sample of high-utilization and high-expenditure drugs important to both DOD and VA and compared average unit prices paid by these agencies for those drugs. The sample contained 43 brand-name and 40 generic drugs and accounted for 37 percent of DOD utilization, 32 percent of DOD expenditures, 28 percent of VA utilization, and 35 percent of VA expenditures for directly purchased drugs in that quarter. GAO calculated average unit prices by dividing total expenditures by total utilization for each drug, the entire sample, and the subsets of brand-name and generic drugs. GAO also compared DOD and VA average unit prices to the FSS and Big Four prices for each drug. GAO interviewed DOD and VA officials about their drug purchasing approaches and factors affecting the prices they are able to obtain.

VA, DoD and HHS Partner to Expand Access to Mental Health Services for Veterans, Service Members and Families

WASHINGTON (May 21, 2013)— Today, the Departments of Veterans Affairs (VA), Defense (DoD) and Health and Human Services (HHS) announced the progress made to date on initiatives called for in President Obama’s August 31, 2012, Executive Order to Improve Access to Mental Health Services for Veterans, Service Members, and their families.

“We have made strong progress to expand Veterans’ access to quality mental health services, and President Obama has challenged us to do even more,” said

Secretary of Veterans Affairs Eric K. Shinseki. "Our ongoing, joint efforts reflect our commitment to the health and well-being of the men and women who have served the Nation."

"One of the great challenges we face as a nation is how to provide quality, accessible, long term, mental health care for service members, veterans and their families. Using the combined resources and expertise from across the government we are advancing services for those who have sacrificed so much for our nation," said Secretary of Defense Chuck Hagel.

President Obama's Executive Order directed VA, DoD, and HHS, in coordination with other federal agencies, to take a number of steps to ensure that Veterans, Service Members, and their families receive the mental health services and support they need.

"There's no more important work than taking care of those who protect our nation," said Health and Human Services Secretary Kathleen Sebelius. "By working together, we can make sure our service men and women, our veterans, and their families have the behavioral health services they need to build healthy and fulfilling lives."

The Departments released an interim report outlining progress on this initiative, including:

- Increasing the capacity of the Veterans Crisis Line by 50 percent to help ensure that Veterans in crisis can readily reach help.
- Establishing 15 pilot projects in seven states where VA is working with community-based mental health providers to help Veterans access mental health services in a timely way.
- Increasing VA mental health services capacity through VA hiring of nearly 1,400 mental health providers and 248 new peer specialists.
- Implementing a national suicide prevention campaign to connect Veterans and Service Members to mental health services.

The Departments are actively working on additional deliverables called for in the Executive Order, including the development of a National Research Action Plan.

Federal Department actions to date include:

Suicide Prevention: VA and DoD jointly developed and are implementing a national suicide prevention campaign to connect Veterans and Service Members to mental health services. This year-long effort began Sep. 1, 2012. The program continues to save lives and link Veterans with effective ongoing mental health services on a daily basis. As of March 2013, the Veterans Crisis Line (1-800-273-8255, press 1) has received over 814,000 calls, over 94,000 chats, as well as over 7,200 texts, and has helped more than 28,000 Veterans in imminent danger. VA has also completed the hiring and training of additional staff to increase the capacity of the Veterans Crisis Line that was called for in the Executive Order. In addition, the DoD has initiated a thorough review of its mental health and substance abuse prevention, education and outreach programs informed by the expertise of the Department of Health and Human Services' Substance Abuse and Mental Health Services Administration.

Enhanced Partnerships between the VA and Community Providers: VA worked with HHS to help identify potential local community resources to improve Veterans access to mental health services. VA has enhanced access to mental health care by establishing 15 VA pilot agreements with clinics in local communities to improve access to mental health service.

Expanded VA Mental Health Staffing: As of May 7, 2013, VA has hired a total of 1,360 mental health clinical providers towards the goal of 1,600 new mental health professionals outlined in the Executive Order. Additionally, VA has hired 2,036 mental health clinical providers to fill existing vacancies. VA has also hired nearly 250 new peer specialists in support of the specific goal of 800 peer specialists outlined in the Executive Order. The interim report indicated that as of Jan. 29, 2013, VA had hired 1,058 mental health clinical providers in support of the specific goal of 1,600 mental health professionals, and over 100 peer specialists in support of the specific goal of 800 peer specialists.

Improved Research and Development: The development of a National Research Action Plan to better understand and develop treatments for post-traumatic stress disorder (PTSD), traumatic brain injury (TBI), and co-occurring conditions; and identify strategies to support collaborative research efforts to address suicide

prevention is underway. VA, DoD and HHS and the Department of Education have collaborated and submitted the plan on time. DoD and VA are investing more than \$100 million in new research to improve diagnosis and treatment of Traumatic Brain Injury (TBI) and Post-traumatic Stress Disorder (PTSD). They have launched two initiatives to establish joint DoD/VA research consortia with academia and industry partnerships to study the chronic effects of mild TBI and PTSD.

Working together, the Departments will continue to expand the public health approach to providing optimal support for the mental health needs of Veterans, Service Members and their families. They also will continue to provide updates on their work as it progresses.

VA and Veterans Service Organizations Announce Claims Initiative to Reduce Claims Backlog

WASHINGTON – Today, the Department of Veterans Affairs (VA), Disabled American Veterans (DAV), and The American Legion announced a new partnership to help reduce the compensation claims backlog for Veterans. The effort—the Fully Developed Claims (FDC) Community of Practice—is a key part of VA’s overall transformation plan to end the backlog in 2015 and process claims within 125 days at 98% accuracy. VA can process FDCs in half the time it takes for a traditionally filed claim.

“VA prides itself on our ongoing partnership with organizations that represent Veterans throughout the claims process,” said Undersecretary for Benefits Allison A. Hickey. “A Fully Developed Claim is the most effective way to ensure a Veteran’s claim never reaches the backlog—and is the basis for this new initiative between VA and what we expect will be an ever-increasing number of Veterans Service Organizations (VSOs) and others who represent Veterans at various points of the claims process. ”

“This new initiative takes a common-sense approach to working smarter to better serve our injured and ill Veterans,” said DAV Washington Headquarters Executive Director Barry Jesinoski “DAV is pleased to be working with the VA to help improve the disability compensation system.”

“We have been working with VA since last December on its fully developed claims process,” said James E. Koutz, national commander of The American Legion. “Teams of our experts have already gone to VA regional offices in Denver, Pittsburgh, Baltimore and other cities to help identify best practices for FDCs, and to further train our own service officers.” Koutz said the Legion’s next visit in support of the FDC program is planned for June at the VA regional office in Reno, Nev.

Claims are considered to be “fully developed” when Veterans submit all available supporting evidence, like private treatment records and notice of federal treatment records, to VA at the time they first file a formal claim and certify they have no more evidence to submit. This is the information that VA needs to make a determination on a disability claim. The FDC program supports the sharing of best practices across Veterans Service Organizations, who help thousands of Veterans each year with their compensation claims, to identify up front all evidence necessary to support a Veteran’s claim. Veterans then certify that they have no additional evidence to submit, and VA can process the claim in half the time it takes for a traditionally filed claim.

VSOs have long played an integral role in submitting Veterans claims - often with representatives working within VA regional offices. VA has consulted with them throughout the development and implementation of VA’s plan to end the backlog in 2015 to ensure best practices and their unique insights were incorporated. The American Legion and DAV are the first to step forward to work with VA on the FDC program, and that program has led to a much more efficient process. Meaningful progress will be felt by increasing numbers of Veterans as more VSOs participate with VA in the FDC program. This initiative is just the latest example of the collaboration between VA and VSOs. In July, VA held a workshop to obtain the views of VSO representatives and to provide them with information on the effort to eliminate the claims backlog. The main focus of the workshop was VA’s emphasis on the shared goal of better serving Veterans and positive impact of filing Fully Developed Claims. These workshops will be replicated in VBA regional offices across the country.

“VA will continue to work with our VSO partners to provide the world-class health care and benefits that Veterans have earned through their service,” said Undersecretary Hickey.

This is the latest effort in support of the Secretary’s plan to reduce the backlog. Last month, VA announced an initiative to expedite compensation claims decisions for Veterans who have waited one year or longer. On April 19, VA began prioritizing claims decisions for Veterans who have been waiting the longest, by providing provisional decisions that allow eligible Veterans to begin collecting compensation benefits quickly. With a provisional decision, a Veteran has a year to submit additional information to support a claim before the decision becomes final.

On May 15, VA announced that it is mandating overtime for claims processors in its 56 regional benefits offices through the end of fiscal year 2013 to help eliminate the backlog, with continued emphasis on high-priority claims for homeless Veterans and those claiming financial hardship, the terminally ill, former Prisoners of War, Medal of Honor recipients, and Veterans filing Fully Developed Claims. As of May 17, the paperless claims processing system known as the Veterans Benefits Management System, or VBMS, has been deployed to 46 out of 56 regional office locations, and about 18% of VA’s current claim inventory is in an electronic format.

Claims for Wounded Warriors separating from the military for medical reasons will continue to be handled separately and on a priority basis with the Department of Defense through the Integrated Disability Evaluation System (IDES). On average, Wounded Warriors separating through IDDES currently receive VA compensation benefits in 2 months following their separation from service.

Veterans can learn more about disability benefits on the joint Department of Defense-VA web portal eBenefits at <http://www.ebenefits.va.gov> and find information about filing Fully Developed Claims here: <http://www.benefits.va.gov/transformation/fastclaims/>. Servicemembers returning from active duty in combat theatres are eligible for five years of VA medical care – regardless of the status of any disability claim submitted. Medical care is not withheld while disability claims are under review. For more

information on enrolling in VA health benefits, please visit <http://www.va.gov/healthbenefits/>.

VA Education Benefits: VA Needs to Improve Program Management and Provide More Timely Information to Students

What GAO Found

Student veterans face many challenges pursuing higher education, and problems with the Department of Veterans Affairs' (VA) administration of the Post-9/11 GI Bill create financial challenges that also affect veterans' academic success. Veterans already cope with challenges transitioning into college as nontraditional students (older or with family obligations) while they are readjusting to civilian life and potentially managing disabilities. However, veterans and school officials told GAO that delays in VA benefit payments create financial challenges for veterans that threaten their ability to pursue higher education. In fiscal year 2012, VA's average processing times for new Post-9/11 GI Bill applications (31 days) and benefit payments claims (17 days) were over a third higher than its performance targets. Processing times during the fall of 2012 were at times even longer. These delays led many veterans GAO spoke with to take on personal debt to cover their housing expenses or consider dropping out of school. VA has taken steps to reduce processing delays, and GAO previously made recommendations to address these issues. However, VA provides limited information about benefit processing timelines and payment policies to student veterans prior to enrollment, which can leave them unprepared to deal with these payment delays. In some cases, these delays also made it difficult for veterans to access other sources of federal grants and loans since some schools are reluctant to distribute this aid to students until after tuition and fee payments are received from VA.

VA provides limited direct support to veterans on campus, and schools are generally building their own veteran support services without any assistance from VA. VA has initiated the VetSuccess on Campus pilot, which provides veterans on 32 campuses with direct access to VA counselors who help them connect to services. VA also offers counseling and funding for academic tutoring to eligible student veterans. Some schools are developing services to meet the needs of these students, including creating new administrative offices to serve them.

However, smaller schools have limited resources to devote to veteran services and may require different approaches to effectively meet veterans' needs. The Post-9/11 GI Bill has also sparked rapid growth in student veteran enrollments, and schools have reported concerns about the challenges of supporting this emerging population. VA recognizes the need to leverage partnerships with stakeholders to better support veterans, but has not sought opportunities to disseminate information about best practices for supporting veterans that would help schools more effectively build their own on campus services.

It is unclear the extent to which veterans are achieving successful academic outcomes, and VA lacks a plan for using student outcomes data from its new data collection efforts to improve its education programs. Current data on student veteran outcomes are outdated or incomplete. For example, existing studies from VA and the Department of Education (Education) do not capture the increase in beneficiaries under the Post-9/11 GI Bill. VA is coordinating with Education and the Department of Defense to develop additional outcome measures and has multiple efforts to collect new data on student veterans, including a study that will track Post-9/11 GI Bill beneficiaries over the next 20 years. However, VA does not yet have a plan to use these data to improve program management. These data could provide VA with a tool for assessing the effectiveness of its education benefit programs in facilitating student veterans' academic success.

Why GAO Did This Study

VA provided nearly \$10 billion in education benefits to almost 1 million veterans and beneficiaries in fiscal year 2011. The majority of these benefits were provided through the Post-9/11 GI Bill, which in 2008 established what has since grown into VA's largest education program. GAO was asked to review VA's education programs. This report examines: (1) what challenges, if any, veterans face pursuing higher education; (2) how VA supports student veterans on campus; and (3) to what extent veterans are achieving successful academic outcomes and how VA uses data on student outcomes to improve its education benefit programs. To address these topics, GAO reviewed existing government studies and scholarly research on veterans' educational challenges, services, and outcomes; reviewed VA's strategic planning documents; interviewed officials from VA, Education, higher education associations, and veteran service organizations; and conducted focus groups with student veterans and interviewed school officials at 11 postsecondary institutions.

What GAO Recommends

GAO recommends that VA: (1) provide veterans with more information on payment timelines and policies; (2) work with schools to facilitate earlier access to other sources of federal financial aid; (3) promote opportunities to share best practices for serving student veterans; and (4) create a plan to use new data on student veteran outcomes to improve program management. VA agreed with GAO's recommendations and noted a number of actions it is taking to address these issues.

Recommendations for Executive Action

Recommendation: To improve VA's administration of the Post-9/11 GI Bill and other education benefit programs and help veterans achieve their education goals, the Secretary of Veterans Affairs should develop materials or processes to inform student veterans about education benefits before they enroll in school, including expected payment timelines, housing allowance policies, and other financial resources such as the availability of grants and loans provided by Education. For example, VA could provide veterans with current information on expected processing times when they submit their original applications for VA education benefits, and more clearly highlight in online and printed resources VA's housing allowance policies and the availability of federal grants and loans to help veterans financially prepare for school breaks.

Agency Affected: Department of Veterans Affairs

Status: Review Pending

Recommendation: To improve VA's administration of the Post-9/11 GI Bill and other education benefit programs and help veterans achieve their education goals, the Secretary of Veterans Affairs should work with postsecondary schools to identify the types of information that would help facilitate more timely access to other sources of federal financial aid during the VA benefit processing period.

Agency Affected: Department of Veterans Affairs

Status: Review Pending

Recommendation: To improve VA's administration of the Post-9/11 GI Bill and other education benefit programs and help veterans achieve their education goals, the Secretary of Veterans Affairs should leverage the experience and best practices of those schools and organizations that are currently providing support services to student veterans, for example, by hosting an online forum or raising

awareness of existing resources from higher education associations and veteran service organizations.

Agency Affected: Department of Veterans Affairs

Status: Review Pending

Recommendation: To improve VA's administration of the Post-9/11 GI Bill and other education benefit programs and help veterans achieve their education goals, the Secretary of Veterans Affairs should develop a plan for using new sources of data on student veteran outcomes as they become available to improve program management and help student veterans achieve their academic goals.

Agency Affected: Department of Veterans Affairs

Status: Review Pending

Ahead of Memorial Day, Klobuchar Releases New Report on Veterans' Employment

WASHINGTON, D.C. - U.S. Senator Amy Klobuchar (D-MN), Vice Chair of the U.S. Congress Joint Economic Committee (JEC), today released a new report examining veterans' employment and exploring strategies for helping more returning service members make smooth transitions into the workforce. The report finds that the employment situation for veterans has improved overall and highlights the need to continue to boost job training and help veterans use the skills they learned in the military to get good jobs when they return home.

"There wasn't a waiting line when our veterans signed up to serve our country and there shouldn't be a waiting line for decent jobs when they get home," Klobuchar said. "We need to focus on building job opportunities for veterans by improving training and ensuring these men and women can make a smooth transition into good jobs when they return home."

The unemployment rate for veterans in 2012 was 7 percent, lower than the non-veteran unemployment rate of 7.9 percent and lower than the recent high for veteran unemployment of 8.7 percent in 2010. Today's report shows that while post-9/11 veterans faced a higher overall unemployment rate of 9.9 percent in 2012, their rate has fallen at a faster clip than that of nonveterans.

Today's report outlines the need to focus on strategies to continue to help veterans transition their military experience into civilian jobs, including increased skills training and educational opportunities as well as efforts to streamline the process for obtaining certain certifications and occupational licenses. Additionally, the report stresses the need to ensure returning veterans have access to job search and resume-writing assistance.

Klobuchar has long championed policies to help veterans successfully transition the skills they learned on the battlefield into good-paying civilian jobs. She authored legislation, passed into law last year, to streamline the process for receiving a commercial driver's license, as well as introduced the *Veterans to Paramedics Act*, legislation making it easier for veterans who trained as paramedics in the military to earn credentials as emergency medical technicians.

Klobuchar introduced the bipartisan *Post-9/11 Veterans Job Training Act* to allow veterans to use their GI Bill benefits for job training and apprenticeship programs, provisions that went into effect in 2011. Also in 2011, Klobuchar helped pass the *VOW to Hire Heroes Act* into law, legislation promoting the hiring of unemployed veterans by requiring separating service members to participate in career training programs and providing a tax credit to employers who bring unemployed veterans into their workforce.