Federal Update for September 16 - 20, 2013

VA Announces Award of Patient-Centered Community Care Contracts

WASHINGTON (Sept. 19, 2013) – The Department of Veterans Affairs announced today that Veterans will have greater access to quality health care through a new initiative: Patient-Centered Community Care (PCCC).

"PCCC is an innovative solution that helps VA medical centers continue to provide quality care efficiently," said Secretary of Veterans Affairs Eric K. Shinseki. "This will be a valuable option for VA medical centers to use to expand our Veterans' access to care."

Under PCCC, VA medical centers will have the ability to purchase non-VA medical care for Veterans through contracted medical providers when they cannot readily provide the needed care due to geographic inaccessibility or limited capacity. Eligible Veterans will have access to inpatient specialty care, outpatient specialty care, mental health care, limited emergency care, and limited newborn care for enrolled female Veterans following the birth of a child.

"PCCC provides a regional contracting vehicle for VA to work with local community providers to give Veterans access to high quality care," said Dr. Robert Petzel, VA's Under Secretary for Health. "It will also help VA in our continued efforts to ensure timely and accessible services are provided to Veterans for non-VA medical care."

In total, VA has awarded two contracts under PCCC, one to Health Net Federal Services LLC and another to TriWest Healthcare Alliance Corp. These companies will set up networks in six regions covering the entire country. VA expects to have these regional contract networks available to its medical centers by the spring of

2014. The awarded contracts, estimated at $9.4 billion, include one base year and four option years.

PCCC is part of the overall Non-VA Medical Care Program. It will provide all VA facilities with an additional option to purchase non-VA medical care when required Veteran care services are unavailable within the VA medical facility or when the Veterans benefit from receiving the needed care nearer to their homes.

Among the many benefits to the Veterans and VA under these new contracts, VA will enjoy standardized health care quality metrics, timely return of medical documentation, cost avoidance with fixed rates for services across the board, guaranteed access to care, and enhanced tracking and reporting of non-VA medical care expenditures over traditional non-VA medical care services.

National 9/11 Museum

New York: Construction is racing ahead inside the National 9/11 museum as the 12th anniversary of the Sept. 11, 2001 attacks draws near. Several more large artifacts have been installed in the cavernous space below the World Trade Center memorial plaza. Each artifact shows a haunting aspect of the Sept. 11 attacks on the World Trade Center Towers. The "cross" of intersecting steel beams from the rubble that became a symbol for remembering those lost in the attacks. The slurry wall. The last column taken from the site. An original stairway to World Trade Center Plaza. One of the fire trucks damaged in the towers' collapse. All will be displayed when the museum opens in the spring of 2014. There has been no word on how much it will cost to get in. The museum will need to provide revenue to run both the museum and the memorial. There has been talk of a charge of between $20 and $25. When completed the museum will transport people through time from events leading to the 9/11 attacks all the way to the current events of today. And even when its doors open, the museum will always remain a work in progress.

Admission is free to the 9/11 Memorial however, visitor passes are required. Reservations made online or by phone carry a $2 nonrefundable service fee per pass. Passes for same-day visits are also available on a first-come, first-served basis. These passes are not subject to a service fee, and must be obtained in

person at the 9/11 Memorial Preview Site at 20 Vesey St. In order to accommodate visitors while the Memorial is surrounded by ongoing construction on other World Trade Center projects, a reservation system has been instituted. The easiest and quickest way to obtain passes is to make a reservation online at http://visit.911memorial.org/WebStore/shop/ViewItems.aspx?CG=WSCG&C=TKTCAT. Note that the website reflects actual inventory. If the date and/or time you are looking for is currently unavailable, check back because additional passes are released regularly. [Source: Associated Press article 8 Sep 2013 ++]

USS Gerald R. Ford (CVN-78)

The Navy's next-generation aircraft carrier is mired in a pattern of inadequate testing, developmental delays and cost overruns that may hinder its effectiveness when it joins the fleet, the Government Accountability Office says in a scathing report. The USS Gerald R. Ford, which is still under construction, is now expected to cost $12.8 billion — a $1.3 billion increase since 2011, according to the report, released 5 SEP. The higher cost comes as the Navy searches for ways to make a congressionally mandated $14 billion cut in the upcoming fiscal year as a result of the automatic federal budget cuts known as sequestration. An earlier GAO draft report recommended that the Navy delay the ship's planned commissioning, following delivery in 2016. It withdrew the recommendation because of the Navy's arguments on how a non-commissioned ship would fit into the service's chain of command. However, the GAO still found faults. "Key ship systems face reliability shortfalls that the Navy does not expect to resolve until many years after [Ford] commissioning, which will limit the ship's mission effectiveness during initial deployments and likely increase costs to the government," the report stated.

The Navy's timetable calls for the ship to enter maintenance soon after commissioning, followed by years of testing during its initial operations. The carrier would be fully capable by February 2019, according to the report.
The GAO noted delays ranging from 2 ½ to 4 ½ years in testing three of the ship's most important new advances: its dual band radar, arresting gear and the Electromagnetic Aircraft Launch System that will catapult jets off the carrier.
"[The Navy] has elected to not adjust the [Ford] construction schedule to compensate for these delays. As a result, the Navy and its shipbuilder are constructing [Ford] with less knowledge about the ship's critical technologies than

it deemed appropriate at contract award in 2008," the report stated. Noting the testing delays, the GAO recommended that the Navy delay the contract award for the next planned Ford-class carrier, the USS John F. Kennedy. The Navy rejected that recommendation, stating that such a delay would drive up costs.

The Pentagon is currently slated to spend $43 billion to produce three Ford-class carriers, according to the report. The service also defended the development of the Ford's critical systems in a response attached to the GAO report.

"The cost, schedule and technical risks associated with delayed land based testing have been overstated in the GAO draft report," the Navy responded. The service did agree to some GAO recommendations on updating the ship's master plan and adjusting its test schedule. The Senate Armed Services Committee asked GAO to compile the report following concerns from members over the ship's cost overruns. The carrier is now expected to cost 22 percent more than expected in the Navy's 2008 budget request, according to the GAO report. The report is available at http://www.stripes.com/polopoly_fs/1.239567.1378457399!/menu/standard/file/Ford.pdf. [Source: Stars & Steeps | Erik Slavin | 6 Sep 2013 ++]

Veteran Service Organizations Update

In the face of reports that The American Legion and other veterans service organizations (VSOs) are being targeted by the Internal Revenue Service, delegates to the Legion's national convention in Houston recently passed three resolutions that include calling for Congress to look into the IRS' field investigations into Legion posts chartered under 501(c)(19) – or nonprofit – status. Auditors with the IRS reportedly are starting to fine Legion posts around the country for not keeping records of veterans' DD-214s, the separation document given by the military to prove honorable service, or other valid documentation. The DD-214 reveals Social Security numbers, dates of birth and, in some cases, places of birth and medical information. The American Legion and IRS do not need this information; the information may be "blacked out" and a copy filed by the post. The Legion and the IRS only need your name, dates of service and character of service. Documents with this information need to be kept securely. Legion members still serving in the U.S. Armed Forces won't receive a DD-214 until they are discharged.

Without documentation group could face a $1,000 fine each day they aren't in compliance, and they could lose their nonprofit status. Legion Post 447 in Round Rock, Texas, was fined $12,000 for lack of compliance before finding documents to satisfy inspectors; the IRS said it can't comment on individual taxpayers or organizations. As a result, national convention delegates passed three resolutions regarding the IRS:

- Resolution 62 seeks an amendment to Section 501(c)(19) of Title 26 U.S. Code to either remove the minimum percent of veterans in the post or to provide clarifying language that the minimum percentage be based upon the aggregate enrollments based on the entire national organization of the VSO, rather than on a local community-based post.
- Resolution 63 calls for Congress to rectify the problems with Chapter 4.76.26.1 of the IRS Exempt Organizations Examination Guidelines regarding wartime service periods.
- Resolution 64 calls for Congress to rectify problems with Chapter 4.76.26.2.2(2)b. of the Jan. 27, 2011, IRS Exempt Organizations Examination Guidelines so it shall provide for at least 75 percent of the members of which are past or present members of the U.S. Armed Forces and substantially all of the other members of which are individuals who are cadets or are spouses, widows, widowers, ancestors, or lineal descendants of past or present members of the U.S. Armed Forces, and that all of its members are either members of a veterans post or organization who are related to a member of such post or organization.

Legion posts must maintain a list of members and the category of membership (veteran, degree of relation or nonveteran or non-relative). If a post receives deductible contributions, it must also maintain a list of members, their dates of service, whether they are war veterans and, if not, whether they are spouses, widows, or widowers of war veterans, veterans or cadets. Legion posts and departments have been in compliance and have kept appropriate records, and in good faith, with these directives as set forth by the IRS, and the Legions feels it is being wrongly targeted by the IRS, and is being held to arbitrary and capricious requirements that are inconsistent with IRS's own publications. Lawmakers agree. Since the reports surfaced, Sen. Jerry Moran (R-KS) and Rep. Jeff Miller – chairman of the House Committee on Veterans Affairs – both have written letters

requesting that the IRS respond to complaints its inspectors are asking posts to provide discharge papers or service records during reviews of their tax-exempt status. "Even after they return home from war, veterans in America continue to fight battles," Moran said in a letter to Acting IRS Commissioner Danny Werfel. "Many struggle to find a job, face difficulties accessing quality health care services, or wait senselessly long periods of time for their benefits claims to be processed by the federal government. The last thing veterans should have to worry about is their privacy within veteran service organizations, or the ability of those organizations to endure seemingly arbitrary IRS audits and the severe financial penalties that could ensue. This news is deeply concerning to me and the thousands of veterans I represent in Kansas."

Miller also wrote a letter to Werfel. "Congress has already provided for the tax exempt status of many veterans' organizations in recognition of both the selfless service of their members and the important role VSOs play in honoring, remembering and assisting some of the most vulnerable and worthy among us – wounded warriors, disabled veterans, military families, and the widows, orphans, survivors, and dependents of the fallen," Miller said in a statement. "Allegations that VSOs are now being unfairly targeted by the very government they sought to protect and defend are nothing short of unacceptable to me." [Source: American Legion Newsletter 4 Sep 2013 ++]

Homeless Vets

Despite a deep recession and a slow, fitful jobs recovery, one key indicator of the nation's economic well-being has quietly improved nearly every year since 2005: homelessness. The number has dropped 17% in that span: An estimated 129,000 fewer Americans were homeless in 2012 than in 2005, even after a mortgage crisis kicked thousands out of their homes. Since 2009 alone, the number of homeless military veterans has dropped 17%, according to the U.S. Department of Housing and Urban Development (HUD). The Department of Veterans Affairs (VA) says it is on track to ending homelessness for veterans by 2015. Advocates for the homeless give much of the credit to a bigger federal investment in housing, part of it from the Obama administration's stimulus program in 2009 and 2010.

Beginning in the late 1990s, government agencies and aid groups changed their approach to profiling the homeless, says Nan Roman of the National Alliance to

End Homelessness, a Washington, D.C.-based non-profit that has tracked the statistics. Researcher Dennis Culhane of the University of Pennsylvania had found that about 80% need only temporary help to fend off eviction, often because of unpaid rent or utility bills. Only about 20% are chronically homeless.

As part of the stimulus, Congress set aside funding for housing, medical and mental health services and preventive measures such as helping renters at risk of homelessness repay rent. Vince Kane, director of the VA's National Center on Homelessness Among Veterans, says the agency this fall will triple to $300 million what it spends on homeless vets to meet the 2015 goal, which he calls a "daunting" task. "We're definitely getting more aggressive," he says. "We know we have to quicken the pace." Part of the VA's success, he says, is because of the agency's push to get veterans into permanent housing without first insisting they complete treatment for mental health or addiction, a common model just a few years ago. Now, he says, VA finds housing and treatment simultaneously, shaving months off veterans' time on the streets. "We can move people quickly from streets into housing with the whole health care system wrapped around them," he says. "It's made all the difference in the world."

Mandated federal spending cuts could reverse the USA's downward trend because it could affect public housing, Roman says. Research issued this year by the Joint Center for Housing Studies at Harvard University found that the number of "extremely low-income renters" rose 2.5 million to 12.1 million from 2007 to 2011, even as the number of affordable housing units dropped to 6.8 million. And aging Baby Boomers could swell the ranks of the homeless — the Harvard study found that nearly one in three people in federally assisted housing are 62 or older. Meanwhile, the supply of subsidized rental housing is steadily shrinking: 10,000 public housing units are lost each year, mostly through a lack of public funding for repairs. "The housing picture is just grim," Roman says. [Source: Tucson Citizen | Greg Toppo | 1 Sep 2013 ++]

DoD Benefit Cuts Update

The Obama administration reiterated on 12 SEP that any proposed changes to the military's retirement system must grandfather in current service members and current retirees. The president sent 12 SEP letters to Congress and Alphonso Maldon, Jr., chairman of the Military Compensation and Retirement

Modernization Commission, to help guide that panel's work to reform a costly -- and some would argue, outdated -- compensation and retirement system for service members and military retirees. Total military compensation now eats up about one-third of the Defense Department's budget. Current members of the military and retirees could choose to switch to any new retirement system created but would not be obligated to do so, according to the guidance, which Congress directed the president to provide to the panel. Congress also mandated the grandfather clause related to retired pay.

Congress, with Obama's support, created the commission in the fiscal 2013 National Defense Authorization Act to recommend how the Pentagon can rein in skyrocketing personnel costs without breaking faith with millions of active-duty military members, reservists, and retirees on pay and benefits. Defense also has to be careful not to alienate potential recruits to an all-volunteer force by making military compensation less attractive. One of the guiding principles for the panel is to sustain the size and quality of the all-volunteer force. Other guidelines include ensuring military compensation is comparable to pay in the American economy and competitive with the private sector, sufficiently flexible to adjust to economic conditions in the country, and fiscally responsible but also generous enough to motivate and retain the most experienced and qualified service members. In addition to pay and retirement benefits, the panel will study the impact of proposed changes to health care, disability, housing and education benefits, among other Defense programs. "Our nation requires a strong military for our security and for the defense of American values and principles abroad," the guidance stated. "While we have successfully transitioned from a conscripted force to an all-volunteer force, sustaining this force requires responsive and prudent management, especially given the fiscal challenges we face as a nation." There are three major components to military compensation: pay, health care and retirement benefits. In that sense, it's similar to many pay and benefits packages elsewhere in government and in the private sector. But that's where the similarities end. Take pay, for example. The military has more than 70 types of pay and allowances for service members. A typical active-duty service member receives basic pay, housing and food allowances; an annual pay increase; and some tax breaks. Service members also are eligible for combat pay or other kinds of incentive pay based on their specific jobs and any special skills, such as proficiency in a foreign language. Defense annually spends about $107 billion on salaries and allowances, which does not include health care costs or retirement

benefits. Those expenses tack on another $75 billion or so each year. Health care and retirement benefits together cost the Pentagon less in actual dollars today than pay, but much more in political capital and good will among troops, retirees and their families. Unsurprisingly, many lawmakers are loath to tinker with the current system.

The military has a 20-year cliff-vesting retirement system, which some believe should be replaced with one providing some benefits to all service members regardless of their tenure. Personnel who serve less than 20 years -- about 83 percent -- do not receive a retirement benefit, which some believe is unfair given their multiple deployments during the wars in Iraq and Afghanistan. Those who do spend a career in the military can hit the 20-year mark relatively early, retire from service in their 40s or 50s, draw a pension and work elsewhere for a while. About 17 percent serve 20 years or more in the military. The law directs Defense Secretary Chuck Hagel to give the department's recommendations to reform the military pay and benefits system to the panel no later than 1 NOV 2013. The nine-person commission is supposed to submit its recommendations to President Obama no later than 1 MAY 2014. Obama must then send his final proposals to Congress for consideration. [Source: GovExec.com | Kellie Lunney | 12 SEP 2013 ++]

Sequestration Update

This week Secretary of the Navy Ray Mabus warned that another year of sequestration cuts will put the fleet and Marine Corps within a year of going "hollow." This could lead to commands being deployed without the manpower and equipment for missions they'll be tasked to conduct. "In another 12 to 18 months, we will have sailors and Marines deploy without all the training they need," Mabus said in a 11 SEP speech before students and faculty at the National Defense University in Washington. He said, "We are rapidly reaching the point where no amount of hard work or innovation or anything else will allow us to get this training back," Mabus said, casting the service's possible $14 billion shortfall for the upcoming fiscal year in the starkest possible terms. He also said that the size and indiscriminate nature of the sequester cuts could slow the Navy's response in a crisis, such as that unfolding after Syria's reported use of chemical weapons. A force of destroyers, amphibious ships and two carrier strike groups were in the region, ready to respond immediately. Because of the sequester cuts, a similar response 'maybe limited or unavailable in the future,' Mabus said, noting

that it will also reduce steaming days, flying hours and other vital training that the fleet depends on to prepare for deployment."

Adding more bad news the Chief of Naval Operations Admiral Jonathan Greenert outlined new details on possible cutbacks ahead in 2014 under sequestration. These include:

- Cancel 34 ship availabilities, or roughly half of those scheduled, and 190 aircraft overhauls for the upcoming fiscal year.
- Jettison 25 airplanes and drop flying hours for squadrons not preparing for an upcoming deployment; further reductions to training.
- Possibly lay off civilians, if a voluntary retirement program doesn't entice enough workers to leave.
- Potentially halt funding for the construction of a littoral combat ship, an afloat forward-staging base, a destroyer, a Virginia-class attack submarine and procurement money for another, and a carrier overhaul.
- Drop the fleet size from today's 285 ships to 257 by 2020, if annual sequestration cuts continue to that year. [Source: NAUS weekly Update 13 Sep 2013 ++]

VA Appeals Backlog

As the Obama administration touts its recent progress in reducing the enormous backlog of veterans' disability claims, a second backlog is rarely mentioned. More than a quarter-million veterans are appealing disability-claim decisions they say are wrong, and in some cases they can wait four years or more for a ruling, figures from the Department of Veterans Affairs show. The 256,061 veterans appealing decisions represent an approximately 50 percent increase since President Obama took office. And more are coming. The Board of Veterans' Appeals, which makes the final administrative decisions on appeals, expects its number of pending cases to double over the next four years. The appeals backlog has grown partly because VA has directed resources away from appeals and toward the high-profile disability backlog, according to interviews with VA workers and veterans' advocates. "VA is robbing Peter to pay Paul," said Glenn Bergmann, a former appellate litigator in VA's Office of the General Counsel who now frequently represents veterans on disability-claim appeals.

VA Secretary Eric K. Shinseki acknowledged in an interview last week that appeals do not get the same emphasis as new claims but said that will change as the backlog shrinks. “Yes, there is a need to focus on appeals,” Shinseki said. “This is an elephant. You have to take bites one at a time.” In recent months, amid criticism from Congress and the media, the department took dramatic steps to attack the claims backlog. It mandated overtime for new claims and directed that disability cases older than one year be moved to the front of the line. Gerald Manar, deputy national veterans service director for the Veterans of Foreign Wars, said VA officials at regional offices often make a “calculated decision” to pull workers off appeals and redirect them to new claims. “Over the last three years or so, every time VA has made a push, they pull almost all of the employees out of appeals and into front-end work,” said Manar, a former VA benefits manager.

Beth McCoy, assistant deputy undersecretary for the Veterans Benefits Administration, said VA headquarters has directed regional offices not to take workers off appeals. “It’s tempting to take those appeals resources,” she said. “But that wasn’t our intent, and we continue to reinforce that.” A veteran who takes an appeal through all available administrative steps faces an average wait of 1,598 days (over 4 years), according to VA figures for 2012. If the veteran pursues the case outside VA to the U.S. Court of Appeals for Veterans Claims, it takes an additional 321 days on average, according to court documents. The duration in part reflects the fact that the process is meant to favor the veteran, who is allowed at any time to submit new evidence and thus extend a case indefinitely. But VA officials acknowledge that the appeals system must be transformed. Though VA is converting the claims process into an electronic, paperless system, the great majority of appeals remain paper-bound. As appeals are digitized, more of VA's 14,355 claims processors will focus on appeals and the process will speed up, McCoy said. "We're not satisfied with how long it's taking on the rating side or the appeals side," she said.

To prepare for the influx of appeals, the Board of Veterans Appeals has hired 100 new lawyers in recent months and has begun a push to handle more cases by video teleconference, a step that can cut 100 days off the process, said Laura Eskenazi, vice chairman of the board. VA assigns veterans who file claims a disability rating, a percentage measure that governs compensation for disease or injury incurred or aggravated during active military service. About 10 percent of

claimants challenge the rating. Once a veteran files a notice of disagreement - the first step in an appeal - it takes 270 days on average for the VA regional office to respond with a formal statement assessing the case and sometimes reversing some or all of the initial decision, according to VA figures for 2012. If the VA stands by its initial decision the next step is to file a substantive appeal. VA's regional offices take an average 692 days for the next step, certification of the appeal, a process that can involve gathering further evidence and that sometimes includes input from service organizations assisting the veterans, McCoy said. Next, the vet is given a hearing before the Board of Veterans' Appeals. The board hears cases sent by all 56 regional offices. "All of a sudden you merge down to one lane," said Rich Dumancas, deputy director of claims for the American Legion. "It's hard for the board to keep up with all the cases."

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