

**ANNUAL REPORT OF JOY J. ILEM
NATIONAL LEGISLATIVE DIRECTOR
WRITTEN REPORT SUBMITTED FOR THE
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NATIONAL COMMANDER RONALD F. HOPE AND DISTINGUISHED DELEGATES:

I want to begin my report to you—my first as National Legislative Director—by recognizing my predecessor, mentor, coach, confidante, and dear colleague, Joseph A. Violante. I am saddened but compelled to report to you that Joe, who has led this organization’s legislative department for the past two decades, retired from DAV on July 31. Joe was not only our leader, but also a national leader for America’s veterans, fighting successfully for many of the most important veterans laws enacted over the past two decades. He also affected positive outcomes in countless regulations and policies of the Department of Veterans Affairs (VA), the Department of Labor, the Department of Defense, and other agencies on matters specific to those who have sacrificed in service. Thanks to his steadfast and tireless leadership on Capitol Hill, DAV today commands immense respect from Congressional leaders, Administration officials, and major national media outlets that cover veterans affairs issues. The influential Capitol Hill newspaper *Roll Call* once termed Joe “the soldier’s soldier on Capitol Hill,” even though he proudly served in the United States Marine Corp during the Vietnam War.

Following his honorable discharge from the Marines, Joe successfully completed a law degree and practiced law in California for a number of years. In 1990 he joined our DAV Washington staff in our appellate work before the Board of Veterans Appeals. After leaving DAV’s team in representing thousands of veterans to secure their benefits, Joe was reassigned to the DAV National Service and Legislative Headquarters as Legislative Counsel. He was appointed Deputy National Legislative Director in 1996, then promoted to National Legislative Director in 1997.

Joe’s leadership over the past two decades helped bring about a number of major reforms and improvements for veterans benefits, including: eligibility reform that opened the VA system and its benefits and services to more veterans; advance appropriations to shield veterans benefits and health care from budget stalemates; establishment of caregiver benefits and services; and expansion of the National Cemetery system to name just a few. As a leader of The Independent Budget (IB), Joe helped to increase funding for veterans health care and benefits to record levels, and continued to advocate for full funding until his last day on the job. His good work affected many other important changes too numerous to count that continue to help his fellow veterans live better and more rewarding lives. Thus, Joe Violante epitomizes what it means to be a part of our cause. I believe much of DAV’s credibility in Washington, DC, emanated from the work and dedication of Joe and the staff he led.

I am humbled that I was selected to take Joe's position as Legislative Director, but I cannot replace him – nobody could. Joe has been a unique example of a great leader in and for DAV. While I might walk in his path, I cannot fill his shoes; however, the legislative staff and I have learned much from Joe and we will work hard to carry on his tradition as strong advocates for service-disabled veterans. I am confident his decades-long legacy will endure. While, with sadness, DAV bids Joe farewell, we celebrate his right to a well-earned retirement after an extraordinary career. Godspeed to our friend and comrade—and DAV life member—Joseph A. Violante.

UPDATE ON VA

The past year has been another tumultuous one for the Department of Veterans Affairs (VA) in response to the past year's waiting list scandals and health care access crisis. Since the last National Convention, the House and Senate Veterans' Affairs Committees have held more than 66 hearings and enacted emergency legislation to address VA's access-to-care crisis. One VA Secretary resigned and another was confirmed by the Senate; hundreds of VA health care executives left the system; and, new procedures, plans and policies were put in place to respond to the access crisis by creating a new "choice" program to supplement VA's purchased care in the community programs. While much of this "emergency" legislation was aimed at addressing short-term problems, there are now concerns about so-called reforms that weaken health care for veterans in the long-term. Of great concern to DAV are proposals that would downsize, privatize and put VA at risk of being eliminated altogether. Some proposals could return VA to an earlier era when the system essentially furnished only certain specialty care (such as spinal cord injury, amputation care, and long-term care), while the remainder of eligible veterans would be sent to the private sector to fend for themselves. While these ideas may be appealing on the surface to some, DAV believes any such changes would not be in the best interests of veterans, particularly DAV members. While we too are frustrated with reports of mismanagement in VA, we believe that new VA Secretary McDonald has begun to institute a number of reforms that could transform VA into a more veteran-centric, efficient organization with better customer service for all veterans.

As reported to you last year, the access problems at VA are fundamentally the result of decades of Administration and Congressional underfunding of VA health care, budget gimmicks, and false promises, despite the pleas every year by DAV and numerous other national veterans organizations that VA health care funding, whether proposed or appropriated, would be insufficient to meet demand, expectations and the challenges at hand. As far back as 2003, it was widely recognized that VA health care demand and VA health care funding were mismatched. In fact, in 2003, a Presidential task force found that VA had a list of more than 236,000 veterans waiting six months or more for appointments, reached the same conclusion and warned that, without an infusion of new funding, VA would eventually face a crisis. Over the past 12 years, significant new medical care funds have been provided to VA, but annually we observed the continuation of funding decisions that still resulted in VA not being able to meet all the needs of its enrolled patients. As greater numbers of Iraq and Afghanistan veterans began enrolling following combat deployments, the shortages became particularly noticeable.

One hundred and fifty years ago, only a month before the Civil War ended, President Abraham Lincoln stood on the East Front of the U.S. Capitol to make his Second Inaugural Address, in which he made a solemn promise on behalf of the nation "...to care for him who shall have borne the battle, for his widow, and his orphan..." Those words which are engraved on the entrance of the Department's building in Washington, DC, were spoken just one day after Lincoln signed legislation to create the very first federal facility devoted exclusively to the care of war veterans, which ultimately evolved into today's VA health care system.

Since that date, leaders of Congress and Presidents have voiced unity in their bipartisan support of a robust federal health system to care for our nation’s veterans. But after a very difficult year filled with a waiting list scandal and a health care access crisis – which resulted in the resignation of a sitting VA Secretary – there is now discussion about how best to keep that promise to the men and women who served and what the VA of the future should look like. While we certainly agree that change and reform are needed at the VA, we have a sacred obligation to ensure that America never abandons that sacred promise that still echoes from Lincoln’s words.

Although the VA today provides comprehensive medical care to more than 6.7 million veterans each year, its primary mission is to meet the unique, specialized health care needs of service-connected disabled veterans. To accomplish this charge, VA health care is integrated with a clinical research program and academic affiliations with well over 100 of the world’s most prominent schools of health professions to ensure veterans have access to the most advanced treatments in the world.

Furthermore, in order to achieve the best health outcomes for veterans, it is necessary to treat the whole veteran, and this holistic function is exactly what the VA is organized to do. VA provides comprehensive and preventative care that results in demonstrably improved quality, higher patient satisfaction and better health outcomes for the veterans it serves. For those veterans who rely on VA for care, those who have suffered amputations, paralysis, burns and other injuries and illnesses, we believe they deserve the “choice” to receive all or most of their care from a robust VA—a system that is able to provide preventative, primary, holistic care and specialized veteran-centric services.

Should the VA health care system be downsized as a result of a significant number of veterans departing VA through expanded “choice” options, leaving only a focus on VA’s specialized services, some or all of the 3.8 million service-disabled veterans who rely on VA for their comprehensive care, including DAV members, would likely need to travel farther to get the care they need and would end up with fractured care, some being provided at VA and some in the community, not better care as some have suggested. While DAV supported the choice options as a temporary measure to address the access delays, DAV warned of the potential impact on the system if this measure was made permanent. Choice is a sound bite, not a solution to the problem veterans face when trying to access VA health care. Choice is more about convenience than medical outcomes.

If VA were eliminated outright to no longer be an option for seriously disabled veterans, the private health care system would likely not be able to provide access to the specialized care and wraparound services they require. While the private sector also treats many of the same conditions in which VA specializes – including amputations, paralysis, burns, blindness, traumatic brain injury (TBI) and post-traumatic stress disorder (PTSD) – there is simply no comparison with the frequency, severity and comorbidity routinely seen in veterans being treated by VA. Even a perfunctory visit to a VA medical center would vividly demonstrate that the types of patients VA treats would not be clinically and financially attractive to private hospitals and practices. Also, assuming all 3.8 million disabled veterans were dispersed into private care, they would constitute only 1.5 percent of the adult patient population in the private market. A market-based civilian health system assuredly could not provide the focus and resources necessary to advance the level of care for this small minority in the way that a dedicated, federal VA system does every day for 6.7 million VA enrollees.

SETTING A NEW FRAMEWORK FOR REFORMING VA HEALTH CARE

We believe the VA health care system must right itself and choose a path to address its internal challenges, while integrating and coordinating the purchase of non-VA care whenever and wherever needed by enrolled veterans. DAV intends to aid VA in establishing a new road map as a guide to achieve this goal. We envision a framework to meet the needs of the next generation of America's veterans based on rebuilding, restructuring, realigning and reforming the VA health care system.

First, we must rebuild and sustain VA's capacity to provide timely, high quality care. VA needs to adopt a long-term strategy to recruit, hire and retain sufficient clinical staff at all VA facilities. In addition, VA must gain the commitment and funding to implement a long-term strategy to repair, maintain and expand, as necessary, usable treatment facilities to maximize access points where veterans can receive care. VA must build upon its temporary access initiatives implemented last year by permanently extending hours of operations around the country at CBOCs and other VA treatment facilities to increase access for veterans outside traditional working hours. To provide the highest quality care, we must strengthen VA's clinical research programs to prepare for veterans' future health care needs. In addition, we must sustain VA's academic affiliations to support teaching and research missions. This will support future VA staffing and recruitment efforts.

Second, VA must restructure its non-VA care program into a single integrated, extended care network. This will require that VA first complete the research and analysis related to the "choice" program discussed above, and allow the mandated Commission on Care to complete its work. I would note that former DAV Washington Executive Director Dave Gorman has been appointed by President Obama to serve on this Commission. We know that Dave will uphold the values that DAV stands for as the Commission develops recommendations for the future structure of the VA health care system.

Then, based on research and data from the Commission and others, VA must develop an integrated VA Extended Care Network that incorporates the best features of fee-basis, contract care, ARCH, PC3, "choice," and other purchased care programs. However, this will only work if Congress also provides a single, separate and guaranteed funding mechanism for this VA Extended Care program. To make this program veteran-centric, VA must complete the research discussed above related to private sector access standards in order to establish a new clinically-based access policy that is informed, objective and based on rigorously established factual evidence. In addition, VA must develop an appropriate and effective decision mechanism that ensures that veterans are able to access VA's Extended Care Network whenever medically necessary, as well as a new, transparent and dedicated review and appeal process capable of making rapid decisions to ensure veterans have timely access to care.

Third, we must realign and expand VA health care services to meet the diverse needs of future generations of veterans, beginning with VA establishing urgent care clinics with extended operating hours throughout the system. The VA, like any large health care system, should provide a walk-in capability to meet the urgent care needs of enrolled veterans. These services would be delivered by physicians and nurses in existing VA facilities, and smaller urgent care clinics strategically situated in new locations around the country. In addition, VA must extend access to care through enhanced web-based and tele-medicine options to reach even the most remote and rural veterans. One illustrative fact is that almost half of all veterans who served in Iraq and Afghanistan live in rural and remote areas, many far from a VA facility. VA's evolving program in rural health needs both an infusion of new funds and the ability to creatively contract with rural provider groups to meet these veterans' needs. And with veteran demographics continuing to change, VA must eliminate barriers and expand services to ensure that

women veterans have equal access to high quality, gender-specific, holistic, preventative health care. VA must also rebalance its long-term services and supports to provide veterans greater access to home- and community-based services to meet current and future needs, including expanding support for caregivers of veterans from all generations.

Fourth, VA must reform the management of health care by increasing efficiency, transparency and accountability in order to become a more veteran-centric organization and provide a better customer experience. VA can begin by developing a new patient-driven scheduling system, including web and app-based programs that allow veterans to self-schedule appointments. To support responsible organizational behavior, VA should redesign its Performance and Accountability Report (PAR) to establish new measurements focused on veteran-centric outcomes with transparency and accountability mechanisms. VA's budgeting process would benefit by implementing a more transparent and accountable system for planning, programming, budgeting and execution, or PPBE. This approach is already working for the Departments of Defense and Homeland Security, and legislation is pending to bring the same model to VA.

In order to ensure that veterans receive the benefits and services they have earned, every VA employee, manager and leader must faithfully fulfill their duties and responsibilities. When they fail, whether from poor performance or misconduct, systems must be established to support decisive and timely actions to hold them accountable, including demotion, suspension, or removal as appropriate. Finally, VA must hold all of its employees – at all levels – to the highest standards of performance and accountability, while balancing the need to make the VA an employer of choice among federal agencies and the private sector.

My fellow DAV members, the framework I have outlined here and that DAV has provided to Congress certainly is not intended to be a final or detailed plan, but it offers a new pathway that could lead to a future that would truly fulfill Lincoln's promise. DAV is convinced that the VA health care system has been, and with appropriate reforms, can and must be the centerpiece of how our nation delivers health care to America's veterans.

While the VA faces serious challenges, the answer is not to dismantle or abandon VA. Instead, we must honor the service and sacrifices of our nation's veterans by creating a modern, high-quality, accessible and accountable VA health care system. Anything less breaks a sacred promise, ignores the national obligation that Lincoln described and leaves veterans to fend for themselves in a private sector health system ill prepared to care for them.

DAV continues to work with the Administration and Congress to address the problems that have been identified. We are also calling on the Administration and Congress to remember why this crisis occurred, and urging them to prevent another recurrence by adequately funding VA for its true patient care demand. Finally, it is critical that VA become more transparent to those of us who are vested in the VA system, including all DAV members, and their families and survivors, and to be more forthcoming with us when problems and challenges arise in the future.

By all measures, this crisis did tremendous damage to the reputation of an institution that, over the past 15 years, had been lauded for its safety, quality, cost-effectiveness and patient satisfaction. DAV is working hard with VA and Congress to return VA health care to that status. In fact, we believe that this crisis may become one of VA's best opportunities to demonstrate why the VA is so important, not only to veterans who have served, but also to the nation at large. VA plays a crucial role in meeting the

specialized needs of veterans, but it also is a foundation of graduate medical education, and conducts a significant clinical research program that has improved health care and the health status of our entire population. DAV will need its grassroots to use this knowledge to remind Congress why the VA is essential and important to us as disabled veterans. We encourage you to stay active, get involved at your own VA locally and provide appropriate feedback to your medical center director regarding the care at your facility. We must all work together to ensure a viable health care system for future generations of disabled veterans.

Hearings

One of the main missions of the Legislative Department is to build government support for injured and ill veterans, to provide for their families and survivors, and to prevent the erosion of benefits and services they have earned and deserve.

We accomplish this mission in many different ways, including meetings with members of Congress, congressional staff and VA officials, encouraging grassroots activities and by co-authoring *The Independent Budget*. In a more formal manner, we present both written and oral testimony to congressional committees on issues of importance to DAV and our members.

Since last year's Annual Report to the National Convention, the DAV Legislative staff testified at 21 Congressional hearings, covering 74 bills and draft measures, as well as myriad other issues. Below is a summary of all of these hearings.

On September 10, 2014, DAV testified before the House Veterans' Affairs Subcommittee on Oversight and Investigations about how the Board of Veterans' Appeals can improve its operations for the benefit of veterans and appellants.

On November 19, 2014, DAV testified before the House Veterans' Affairs Subcommittee on Health on six legislative proposals.

On December 3, 2014, DAV testified before the House Veterans' Affairs Subcommittee on Health regarding expansion of the Comprehensive Assistance for Family Caregivers Program to those wounded before September 11, 2001.

On January 22, 2015, DAV testified before the House Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs concerning challenges facing the Veterans Benefits Administration and the Board of Veterans' Appeals.

On January 27, 2015, DAV testified before the House Veterans' Affairs Committee concerning five legislative proposals.

On February 12, 2015, DAV testified before the House Veterans' Affairs Subcommittee on Economic Opportunity concerning the President's budget for the Department of Labor's Veterans Employment and Training Service.

On February 24, 2015, DAV National Commander Ronald F. Hope testified before a joint session of the House and Senate Veterans' Affairs Committees to present DAV's legislative agenda for the year.

On February 26, 2015, DAV testified before the Senate Veterans' Affairs Committee, on behalf of the *Independent Budget*, on the fiscal year 2016 budget for the Veterans Benefits Administration and benefits systems.

On March 24, 2015, DAV testified before the Senate Veterans' Affairs Committee concerning the Veterans Access, Choice and Accountability Act of 2014.

On April 14, 2015, DAV testified before the House Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs, concerning 10 legislative proposals.

On April 21, 2015, DAV testified before the Senate Veterans' Affairs Committee concerning women veterans issues.

On April 23, 2015, DAV testified before the House Veterans' Affairs Subcommittee on Health concerning seven legislative proposals.

On April 30, 2015, DAV testified before the House Veterans' Affairs Committee concerning women veterans issues.

On May 12, 2015, DAV testified before the Senate Veterans' Affairs Committee concerning the Veterans Access, Choice and Accountability Act of 2014.

On May 13, 2015, DAV testified before the House Veterans' Affairs Committee concerning the Veterans Access, Choice and Accountability Act of 2014.

On May 13, 2015, DAV submitted testimony for the record to the Senate Veterans' Affairs Committee on 13 legislative proposals.

On June 2, 2015, DAV testified before the House Veterans' Affairs Subcommittee on Economic Opportunity on nine legislative proposals.

On June 3, 2015, DAV testified before the Senate Veterans' Affairs Committee on seven legislative proposals.

On June 24, 2015, DAV testified before the House Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs regarding 10 legislative proposals.

On June 24, 2015, DAV testified before the Senate Veterans' Affairs Committee regarding seven legislative proposals.

On July 8, 2015, DAV testified before the House Veterans' Affairs Subcommittee on Economic Opportunity concerning the performance of the Vocational Rehabilitation and Employment program of the VA.

DAV written testimony can be found on the DAV website. Many of the hearings are available to view on video by visiting the House and Senate Veterans' Affairs Committee websites.

Enacted Legislation

Veterans Access, Choice, and Accountability Act of 2014 (VACAA)

As reported last year, two significant proposals were under consideration by a Congressional Committee of Conference in August 2014. These bills would authorize veterans in certain circumstances to receive their care by private providers at VA expense, if they lived 40 miles or more from a VA facility or had to wait longer than 30 days for care from VA, even though the Governmental Accountability Office has testified before Congress that current law already authorizes VA to contract for veterans' care, providing a strong suggestion that this provision was not needed. Also, in common in both bills were a number of proposed private entities, task forces, commissions and other appointed groups to examine various aspects of VA health care, including its outpatient scheduling and specialty referral practices, health care infrastructure and its planning, and VA health care management systems, with a requirement of the submission of rapid reports on such topics to both the VA Secretary and the Committees on Veterans' Affairs containing recommendations for reform. The bills would grant the VA Secretary an expedited power to terminate or otherwise remove certain members of VA's Senior Executive Service, if such action were warranted in the view of the Secretary.

On August 7, 2014, two days before the beginning of our Convention, the President approved H.R. 3230 as Public Law 113-146. This omnibus measure enacted numerous new approaches to enable veterans to receive health care both from within the VA and through contract arrangements. One of the elements of the bill required VA to issue 9.1 million so-called "choice" cards. VA struggled to quickly implement the choice measures, and thereby created confusion among VA staff at the local level, including fee basis and contract managers and staff, and even medical center and network executives as to the purposes and methods through which the choice program should be administered. Also, veterans who received choice cards were given the impression that these cards entitled them to private care at VA expense without pre-approval. However, VA has begun to clarify and improve its employee training and outreach to enrolled veterans on the policy and proper use of choice cards. To date, over 150,000 authorizations have been approved by VA to enable veterans to receive at least some of their care from private providers at VA expense.

The legislation also authorized a number of infrastructure and human resources enhancements to enable VA to better meet its in-house health care workload.

Finally, the legislation appropriated \$15.5 billion in emergency funding to carry out these mandates.

As for the Commission on Care, established by this legislation, I am again excited to note that President Obama appointed Dave Gorman, former DAV Washington Headquarters Executive Director, as one of the 15 commissioners. Currently, the majority of the commissioners have been appointed and, by law, the Commission was required to have its first meeting once a majority of the commissioners were appointed, but no meeting has been set at this time. The Commission will look at the future of VA health care over the next two decades.

DAV is closely monitoring VA's implementation and management of what DAV considers a temporary measure to aid VA in reducing VA health care access challenges. We remain uncertain whether this program will be reauthorized when it expires in 2017.

Department of Veterans Affairs Expiring Authorities Act of 2014

On September 26, 2014, the President approved a measure that extended numerous statutory authorities for VA programs that are important to DAV, our membership and all veterans who use VA benefits and services, including the requirement that the Secretary of Veterans Affairs provide nursing home care to certain veterans with service-connected disabilities; the pilot program on counseling in retreat settings for women veterans newly separated from service in the Armed Forces; the pilot program on assistance for child care for certain veterans receiving health care; VA's authority to use physicians other than VA employees to conduct medical disability evaluations of VA benefit applicants; authority of the VA Secretary and the Secretary of Labor to enter into a contract to provide referral and counseling services to certain veterans who are at risk of homelessness, through FY 2015; VA Secretary's authority to enter into agreements with nonprofit organizations, states, or localities to provide housing assistance to homeless veterans, through FY 2015; and Secretary's authority to enter into an agreement with National Academy of Sciences (NAS) for a study of the associations between diseases and exposure to dioxin and other chemical compounds in herbicides, through 2015. The bill also made a series of technical and clarifying changes to the VACAA.

Cost-of-Living Adjustment Approved

On September 26, 2014, with the President's signature, the Veterans' Compensation Cost-of-Living Adjustment Act became Public Law 113-181. The Act provides a 1.7% increase in veterans' disability compensation, DIC and other related veterans benefits, which became effective December 1, 2014. Again, for the second year running, this COLA *does not* include the provision of rounding down increases to the nearest whole dollar amount, a policy that DAV has consistently fought for many years and is in line with our longstanding resolution opposing such reductions.

Key Legislative Initiatives

Three key legislative priorities for DAV for the 114th Congress include improving VA services for women veterans, comprehensive benefits for caregivers of disabled veterans of all eras, and legislation to authorize fully developed appeals.

WOMEN VETERANS

DAV is working hard to foster greater awareness about the role of women in the military today and about their unique needs as they transition home. Women are serving in the U.S. military in record numbers, and comprise 20 percent of new recruits, nearly 15 percent of active-duty service members and 18 percent of reservists. More than 300,000 women have deployed to Iraq and Afghanistan since 2001, over 160 women have been killed in action, and over 1,000 were wounded.

As these women return home from wartime service they are turning to VA in record numbers—in fact the number of women veterans accessing VA health care services has more than doubled since 2000. To shed light on the unique challenges facing women in transition from military service, DAV commissioned a special report, *Women Veterans: The Long Journey Home*, released on September 24, 2014, in conjunction with a Capitol Hill screening of the documentary, *Journey to Normal: Women of War Come Home*. The screening was followed by a panel discussion with the filmmaker, seven women featured in the film, as well as DAV's lead researcher. DAV's report provides a comprehensive assessment of existing federal services available for women veterans. It identified gaps for women

veterans in health care; specialized mental health and homeless services; transition assistance programs; housing options; community support services; employment assistance; and efforts to eradicate sexual assault in the military.

The DAV report identified 27 key policy changes and recommendations and called on Congress to take immediate action. To date, the report has spurred the introduction of 7 bills in the House of Representatives and the Senate:

- S. 469, Women Veterans and Families Health Services Act of 2015;
- S. 471/H.R. 1356, Women Veterans Access to Quality Care Act of 2015;
- H.R. 1496, to improve the access to child care for certain veterans receiving health care at a VA facility;
- H.R. 1575, to make permanent the pilot program on counseling in retreat settings for women veterans newly separated from service in the Armed Forces;
- H.R. 1948, Veterans Access to Child Care Act; and
- H.R. 2054, to provide for increased access to VA medical care for women veterans.

DAV's report prompted two Congressional hearings; the first held by the Senate Committee on Veterans Affairs, "Fulfilling the Promise to Women Veterans," on April 21, 2015; the second hearing was held by the House of Representatives Committee on Veterans Affairs, "Examining Access and Quality of Care and Services for Women Veterans," on April 30, 2015.

DAV is the leading veterans service organization in promoting the needs of women veterans at the national, department and chapter levels. DAV's Interim Women's Veterans Committee, made up of veterans from across the country, meets bi-annually at the Mid-Winter Conference and National Convention, and helps set our policy agenda on the needs of women veterans. In addition, DAV actively recruits women veterans to supplement the over 60 women now serving in our National and Transition Service Officer Corps.

CAREGIVER SUPPORT SERVICES

Late last year, Congress held a hearing on VA's Comprehensive Caregiver Support Program and how best to expand eligibility to severely ill and injured veterans of all eras. During the hearing, concerns were expressed about the program, and arguments were made that improvements to the program should be made prior to further expansion. DAV believes that program improvements can be achieved as eligibility expands, without further delay. DAV is working to address concerns about the program and continues to engage Congress to ensure caregivers of all severely disabled veterans receive comprehensive support.

Members of Congress pointed out that additional VA caregiver support coordinators (CSC) were needed in order to be responsive and meet the needs of caregivers participating in the program. DAV worked with VA to ensure funding was allocated for an additional 42 CSCs at the beginning of fiscal year (FY) 2015, and we are working with Congress to ensure \$10 million is directed to hire additional CSCs for FY 2016. Also, the IT system that supports caregivers needs improvement. We worked with VA to ensure funds were released in FY 2015 to make necessary corrections and urged the Department to request additional funding for FY 2016 to deliver a comprehensive IT solution for this important program.

In addition to these efforts, a number of bills have been introduced with direct input from DAV that would expand the eligibility for VA's Comprehensive Caregiver Support Program to veterans of all eras:

- S. 657 and H.R. 1899, the Caregivers Expansion and Improvement Act.
- S. 1085, the Military and Veteran Caregiver Services Improvement Act of 2015;
- and H.R. 1969, a similar bill in the House.

Another VA program provides caregiver support and is accessible to severely ill and injured veterans of all eras. The Veteran-Directed Home & Community Based Services (VD-HCBS) program authorizes a monthly flexible spending budget to buy goods and services based on assessed needs to live safely at home. Veterans participating in this program are able to hire family or friends to provide for personal care needs—or to provide support to family caregivers. However, VD-HCBS is currently operational at only 50 VA Medical Centers in 28 states, DC, and Puerto Rico. It is DAV's goal to have VD-HCBS available nationwide at all VA medical centers. With your help, we can make this goal a reality. To find out more about the program and whether it is available at your local VAMC, go to www.dav.org/caregiver.

Since the beginning of the 114th Congress, the legislative staff held dozens of meetings with members of the House and Senate and their staffs, to educate them about DAV and our key legislative priorities. We have particularly focused on the new members of Congress and the Senate who were elected in 2014, and those who are members of the Veterans' Affairs Committees, to ensure they understand the needs of injured and ill veterans, and understand and will support DAV's initiatives, and our national priorities.

FIXING VBA'S CLAIMS PROCESSING AND APPEALS SYSTEMS

Since our last Convention in 2014, DAV has continued to work alongside Congress, the VA, veterans service organizations (VSOs) and other stakeholders to ensure that veterans, their dependents and survivors receive timely and accurate decisions on their claims. Furthermore, we have also been placing an increasing emphasis on reforming the equally backlogged appeals process to ensure that those veterans whose legitimate claims are denied by VBA, can receive timely and accurate decisions on their appeals.

For more than four years, VBA has engaged in a dramatic transformation of its claims-processing system and has achieved significant progress towards reaching its goals—that all claims be completed within 125 days with 98 percent accuracy by the end of 2015. While we applaud this success, we remain focused on the ultimate goal of a modern, veteran-centric system designed to decide every claim right the first time.

Over the past four years, VBA has concentrated the great majority of its efforts and targeted almost every available resource toward reducing the backlog of pending claims, all with the intent of reaching the 2015 goal. Since the backlog of claims peaked at about 611,000 in March 2013, VBA has been successful in reducing that number by more than 75%, and will be close to reaching its target of zero pending claims by the end of the year.

VBA has also reported that claims accuracy has increased from 83 percent in 2011 to more than 91 percent this year, and accuracy at the issue level—each individual benefit pursued within a claim—is about 96 percent. VBA also reports that veterans with pending claims are waiting, on average, more than 150 days less for a decision today compared to the March waiting times in 2013.

However, in an effort to reach its 2015 goals, VBA had to focus all available resources on these specific claims goals, which had the effect of diverting personnel away from other responsibilities, such as those assigned to process appeals. We have partnered closely with VBA during its transformation and will continue to use our influence to ensure that all veterans, their dependents and survivors seeking entitlement to benefits have their claims processed efficiently and accurately.

Although VBA has made some noteworthy progress in claims processing, the number of appealed claims decisions has been steadily rising. Currently, there are about 65,000 appeals pending at the Board of Veterans Appeals (Board), a little more than half are physically at the Board and the balance have been certified to BVA but not yet called up to the Board. In addition, almost 300,000 more appeals are at various stages within VBA, the majority at the Notice of Disagreement stage and the balance at the Statement of the Case stage, Form 9, certification (Form 8) or remand stage, for a total of about 360,000 pending appeals. In part, this growth of pending appeals is a direct result of VBA completing more claims, and requires that more resources and personnel be allocated to the Board. However, as referenced above, it is also a function of less attention being devoted by VBA to processing appeals in favor of processing claims, and that must not be allowed to recur.

The long-term solutions must be a mix of innovative policy and legislation to adequately address this problem. While we have advocated for greater resources for the Board, we have also worked with VBA to identify practical reforms and collaborated with fellow stakeholders to develop a practical legislative proposal, called the Fully Developed Appeal (FDA) pilot program, to increase efficiency at the Board.

One of the best ways to reduce appeals is to ensure that veterans (and their representatives) receive rating decisions in a reasonable and predictable timeframe with understandable and correct decisions. To improve decision notifications, we proposed and VBA agreed to form a working group to address the Automated Decision Letter (ADL) process, which we serve on with other VSOs and VBA experts to strengthen the ADL process.

DAV has also steadfastly supported strengthening the Decision Review Officer (DRO) program as a local alternative to continuing appeals to the Board. The DRO review can often provide positive outcomes for veterans more quickly and with less burden on VBA.

Over the past year, DAV also took the lead in bringing together all stakeholders in a working group to seek new improvements to the appeals process, resulting in the FDA proposal, which is similar to and modeled on the Fully Developed Claims program. To file an FDA, an appellant would be required to submit all the private evidence they want considered at the time of filing their appeal; if they later submit additional private evidence they would be excluded from the FDA program and returned to the normal appeals process without any loss of rights. However, if the Board develops new federal records that were not part of the original claims record, or orders new examinations or independent medical opinions, the appellants would not only be given copies of the new evidence but also would be provided 45 days to submit additional evidence, including private evidence, in response.

As part of the FDA program, appellants would agree to an expedited process at VBA that eliminates the SOC, Form 9, any hearing and the Form 8 certification processes which could save veterans up to 1,000 days or more waiting for their appeals to be transferred from VBA to the Board. The veteran would retain the absolute right to withdraw from this program at any time prior to disposition by the Board, which would revert the appeal back to the standard appeal processing model, including the full options for DRO review as well as both informal and formal hearings.

In response to our FDA recommendations, bipartisan legislation was introduced in the House (H.R. 800, the Express Appeals Act) in February and has been the subject of legislative hearings. We will continue to work towards passage of this legislation in both the House and Senate over the next year. While the FDA will not by itself address all of the appeals systems challenges, it is an important step forward that we will continue to learn from and build upon in the years ahead.

ADVANCE APPROPRIATIONS VICTORY FOR VETERANS' BENEFITS

During the past year DAV achieved one of our biggest legislative victories in years when Congress approved, and the President signed, legislation to expand advance appropriations to include all veterans benefit programs. As a result, veterans and their survivors who rely on VA benefits will no longer need to worry about interruptions in payments due to unrelated budget showdowns or government shutdowns.

In October 2013, the federal government was shut down for 16 days. When Congress and the Administration fail to pass the federal budget on time, an instance that has occurred in 23 of the past 26 years, benefit payments to veterans, their families and survivors are put in jeopardy. Had the last shutdown continued for even a few more days than it did, mandatory obligations of the government, including disability compensation and pension payments to veterans and their survivors, would have been suspended. More than four million disabled and poor veterans rely on these payments – for some, it is their primary or only source of income.

In order to eliminate this threat, last year, DAV renewed our efforts to pass legislation to protect veterans' benefits from Congressional dysfunction and gridlock. For more than a decade, DAV and other veterans service organizations (VSOs) have been working together to reform the VA budget and appropriations process with advance funding that would shield VA from budget delays and government shutdowns. We first achieved success in 2009 with our Stand Up For Veterans campaign when Congress passed, and the President signed, the Veterans Health Care Budget Reform and Transparency Act, legislation that provided VA health care with advance appropriations. As a result, even during the government shutdown of 2013, VA's hospitals and clinics were able to continue without interruption because they had received their funding in advance. However, no such guarantees or protection existed for veterans' benefits, such as disability compensation, educational assistance or survivor compensation.

In order to extend protection to veterans benefit payments, DAV and our VSO partners undertook an intensified campaign last year to pass the Putting Veterans Funding First Act, legislation that had been introduced in the House by Chairman Jeff Miller of Florida, and in the Senate by former Senator Mark Begich of Alaska and Senator John Boozman of Arkansas.

To draw Congress and the nation's attention to the importance of enacting this legislation, we planned, organized and launched Operation: Keep the Promise on February 25, 2014 to pressure Congress to pass the Putting Veterans Funding First Act. Together with hundreds of fellow veterans, other VSO leaders, as well as a bipartisan group of Senators and House members, then-Commander Joe Johnston led a powerful rally in front of the U.S. Capitol calling for Congressional action.

Our comprehensive, multi-faceted Operation: Keep the Promise further amplified that message through a massive grassroots campaign coordinated primarily via social media. Over 2,000 YouTube viewers watched Commander Johnston's video message and another 4,000 people visited DAV.org to

learn about Operation: Keep the Promise. Our grassroots members and supporters placed over 4,000 phone calls and 6,000 emails to Congress calling for the passage of the Putting Veterans Funding First Act. In addition, Operation: Keep the Promise reached over 800,000 people through Thunderclap, over 3.5 million people through Facebook and Twitter and another 2.7 million through messages on strategically targeted websites across the country.

Within a month, the Senate Veterans' Affairs Committee did what the House Committee had already done the year before: they approved the legislation and sent it to the full Senate for further consideration. Over the next several months, as the VA health care scheduling scandal and access crisis burst into the news, we argued that it was more critical than ever to provide VA funding through advance appropriations.

Finally, in the waning weeks of 2014, we undertook one final push to finish what we had started. Commander Ron Hope, along with 2nd Junior Vice Commander Delphine Metcalf-Foster and DAV's Washington leadership, led a multi-VSO delegation in a series of high level meetings with the leadership of the House and Senate to get this legislation passed before Congress adjourned. Thanks to our continued advocacy, both in Washington and across the country, and with the help of some key leaders in Congress, particularly Senator Barbara Mikulski, then-Chairwoman of the Appropriations Committee and House Veterans' Affairs Committee Chairman Miller, we were able to get Congress to pass this historic legislation.

As a result, veterans, family members and survivors who rely on disability compensation, pension, educational assistance and other critical VA benefits can be assured that their benefit payments will be delivered on time, every month, regardless of any political gridlock, budget stalemate or government shutdown.

Key Meetings with Elected Officials

On November 6, 2014, DAV participated in a roundtable sponsored by Concerned Veterans of America to discuss the future of VA health care.

On November 19, 2014, DAV participated in a roundtable discussion with the House Democratic Leadership, concerning a number of legislative and policy issues affecting wounded veterans and VA.

On February 26, 2015, DAV participated in a Congressional roundtable with Minority Leader Pelosi and other members of the House Democratic Leadership about a variety of matters affecting VA health and benefits programs and the needs of ill and injured veterans, along with DAV and other VSO priorities for the 114th Congress.

On February 27, 2015, DAV participated in a Congressional roundtable with House Veterans' Affairs Committee Chairman Jeff Miller regarding legislative priorities and policy issues the Committee should address during the 114th Congress.

On March 4, 2015, DAV was represented at a Congressional roundtable sponsored by the Chairman of the House Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs, to discuss the appeals process, the backlog of appeals and improvements in the process.

On June 17, 2015, DAV participated in a Congressional roundtable sponsored by House Minority Leader Nancy Pelosi, to discuss DAV's views and priorities in respect to VA health care.

These events, whether public or private, are extremely important because they provide DAV with an informal forum to present our views to congressional leadership. I firmly believe that DAV's legislative program is a success because of our ability to sit down with Congressional leadership, discuss relevant issues and, along with other members of the veteran/military/family community, thereby influence Congress about the importance of enacting our priorities into law.

Fiscal Year 2016 Independent Budget

The *Independent Budget* (IB) co-authors (DAV, AMVETS, Paralyzed Veterans of America, and Veterans of Foreign Wars of the United States) recommended these levels for Fiscal Year 2016, as follows—

- Total discretionary funding: \$74.4 billion
- \$63.2 billion, VA Medical Care
- \$619 million, Medical and Prosthetic Research
- \$3.2 billion, VA's General Operating Expenses
- \$2.7 billion, total capital infrastructure programs and grants
- \$1.9 billion, for major medical facility construction projects
- \$575 million, minor construction projects
- \$248 million, VA grants to state homes and state cemeteries.

More detail on these recommendations for both policy and budget matters can be found at www.independentbudget.org.

Fiscal Year 2016 Administration Budget

The Administration submitted its budget request to Congress in February 2014, as follows—

- Total discretionary funding: \$73.3 billion
- \$63.1 billion, VA medical care (assuming collection of \$3.2 billion in payments/reimbursements from veterans and insurers)
- \$622 million, Medical and Prosthetic Research
- \$3.1 billion, General Operating Expenses
- \$1.5 billion, total capital infrastructure programs and grants
- \$1.1 billion, major medical facility construction projects
- \$406 million, minor construction projects
- \$125 million, VA grants to state homes and state cemeteries.

For FY 2017, the Administration proposed an advance appropriation in total medical care of \$66.5 billion.

House Appropriations Bill

H.R. 2029, the 2016 Military Construction and Veterans Affairs and Related Agencies Appropriations Act, was passed by the House on April 30, 2015, with the following funding levels—

- Total discretionary funding: \$71 billion
- \$61.8 billion, VA medical care (assuming collection of \$2.4 billion in payments/reimbursements from veterans and insurers)
- \$619 million, Medical and Prosthetic Research
- \$3 billion, General Operating Expenses
- \$1.7 billion, total capital infrastructure programs and grants
- \$1.1 billion, major medical facility construction projects
- \$406 million, minor construction projects
- \$125 million, VA grants to state homes and state cemeteries.

In response to this bill, the DAV, our IB partners, and the Administration voiced strong opposition to the funding levels proposed in this measure. It would underfund VA by just over \$2 billion compared to the Administration's request and by over \$3 billion based on the IB recommendations.

Senate Appropriations Bill

On May 21, 2015, the Senate Appropriations Committee approved and reported a draft bill to fund VA for FY 2016, as follows—

- \$71.7 billion, total discretionary funding
- \$62 billion, total Medical Care
- \$622 million, Medical and Prosthetic Research
- \$3 billion, General Operating Expenses
- \$1.6 billion, total capital infrastructure programs and grants
- \$1 billion, major medical facility construction projects
- \$378 million, minor construction projects
- \$146 million, VA grants to state homes and state cemeteries.

The Senate bill would approve roughly \$600 million more than the House bill would provide. When compared against the IB, however, both the House and Senate bills significantly underfund VA programs for next year.

It should be noted that shortly after the introduction of H.R. 2029 the Administration indicated that if the bill were presented to the President in its current iteration, the President would likely issue a veto.

DAV and our IB partners continue to monitor VA's budget process closely and will work with Congress and the Administration to ensure that VA receives resources sufficient to meet demand for services and care.

DAV 2015 Mid-Winter Conference

The DAV Mid-Winter Conference held February 22-25, 2015, at the Crystal Gateway Marriott in Arlington, Virginia, was once again a great success, with historic attendance by our members and their families. During the conference, DAV's National Service and Legislative staffs presented key information on a variety of subjects of concern to hundreds of DAV members from across the country. DAV members in attendance used that week to visit their elected representatives on Capitol Hill, to present DAV's most important national legislative priorities as well as their own issues of concern from their states and local congressional districts.

The focal point of the conference was National Commander Ronald Hope's presentation on Tuesday, February 24, 2015, to a standing room-only joint session of the House and Senate Veterans' Affairs Committees, in the Dirksen Senate Office Building. Commander Hope did an excellent job in presenting DAV's legislative agenda and our concerns for this year. The Commander's remarks were well received by the members of the Committees.

This Mid-Winter Conference experience is grassroots lobbying at its finest and most effective, and provides me and my staff the energy and ideas to conduct our work in Washington, D.C. throughout the year. I congratulate and thank all our members who attended this year's highly successful DAV Mid-Winter Conference and encourage your attendance at next year's event, February 21-24, 2016. Join us to show our commitment and resolve to make the Administration, VA and Congress more responsive to the needs of our nation's heroes, their families and survivors.

OPERATION: KEEP THE PROMISE 2015

Building on our successes in 2014, DAV determined that we would rebrand and relaunch Operation: Keep the Promise in 2015 to promote two key legislative priorities for DAV: caregiver support for veterans of all eras, and improved access to health care and benefits for women veterans. These issues are discussed in detail earlier in my report.

During our Mid-Winter Conference in February 2015, we launched Operation: Keep the Promise 2015, reorganized as a year-long campaign using social media, grassroots activism and Capitol Hill events and activities to promote changes in laws, regulations and policies affecting caregivers and women veterans. On February 24, the day of DAV's annual presentation to a Joint Senate-House Committee on Veterans' Affairs, Commander Hope led a symbolic "march" to the Senate hearing room with hundreds of DAV members calling on Congress to "keep the promise" to care for all veterans. We further amplified our message using Facebook, Twitter and Instagram to call for expanded support to caregivers of all eras and increased efforts to remove barriers women face when seeking health care and other benefits from VA.

Already this year, legislation has been introduced to expand the caregiver assistance program to pre-9/11 veterans, as well as several bills to strengthen women veterans programs. Throughout the remainder of 2015, DAV will continue to place special attention on these two key issues under the banner of Operation: Keep the Promise.

Conclusion

In the upcoming year, the Legislative Department will be dealing with the aftermath of the access-to-care crisis within VA, and will remain engaged in the debate over veterans “choice” and the future of the VA health care system, on behalf of DAV members who are significant consumers of VA across all programs, services and benefits. DAV will continue to lead the way in helping solve the complex problems that have plagued the VA benefits claims process and health care system, to ensure that all veterans receive the full range of benefits they have earned through their service and receive them in a timely manner. As indicated earlier, DAV is leading an initiative to expedite the appeals process as well, because the chronic problems of the adjudication system have resulted in a growing backlog in veterans’ appeals, and now BVA, too, is facing a daunting backlog with a much longer-term processing time to resolve appeals. Finally, we will continue to request adequate funding for all veterans programs and call upon Congress to use its oversight authority to ensure VA properly uses its funding to provide timely, quality services and benefits to disabled veterans, and to their caregivers, families and survivors.

In the year ahead, undoubtedly a number of new issues will arise, and we will continue to face challenges to maintain the benefits veterans have earned through their service and sacrifices, including ways to ensure timely access to non-VA health care without dismantling the VA health care system. DAV stands ready to face these challenges head-on with the unwavering support and strength from you, our membership. We need your active participation and dedication to help us achieve DAV’s legislative goals. If you haven’t already done so, I strongly encourage all delegates at this National Convention, and your family members, to sign up and participate in the DAV CAN (Commander’s Action Network), easily found at the DAV website, www.dav.org. Signing up will ensure that you receive up-to-date alerts on important issues and help us achieve success on Capitol Hill.

In closing, the successes the legislative department achieved during the past year to protect veterans benefits from erosion and enhance VA services required the full commitment and support of DAV’s leadership and the enduring dedication and participation of our membership. Therefore, let me acknowledge the highly effective manner in which National Commander Ron F. Hope and the DAV National Line Officers communicated our message to our elected officials and to the American public. Let me especially acknowledge the essential support we receive from DAV’s professional management, National Adjutant J. Marc Burgess, Washington Headquarters Executive Director Garry Augustine, National Headquarters Executive Director Barry A. Jesinoski and the professional staffs of the DAV National Service and Legislative Headquarters and National Headquarters.

I want to thank all DAV and DAVA members for their contributions during this past year, and in particular the members of my staff in Washington: Assistant National Legislative Directors Adrian Atizado and Paul Varela, Associate National Legislative Director Shurhonda Love, Senior Executive Advisor Peter Dickinson; Senior Advisor John Bradley and Consultant Amy Webb; and Legislative Support Specialists Lisa Bogle and Caren Wooley. I call upon you to continue engaging with us in the National Service and Legislative Headquarters, with Congress, and the Administration in advancing our mission of fulfilling our promises to the men and women who served.