

**ANNUAL REPORT OF JOY J. ILEM
NATIONAL LEGISLATIVE DIRECTOR
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NATIONAL COMMANDER MOSES A. MCINTOSH, JR. AND DISTINGUISHED DELEGATES:

My fellow DAV members, having gratefully completed my first full year as your National Legislative Director, I want to report that it has indeed been a very busy and productive year for my staff and me. Since last year, DAV was called upon to testify before Congress at 18 hearings concerning 92 bills, as well as a number of legislative oversight issues. The immediacy of the VA access-to-care crisis that became known in 2014 has somewhat subsided, but so many challenges remain, and may not be resolved for some time to come. Congress is considering more changes to the Veterans Access, Choice and Accountability Act (Public Law 113-146), or Choice Act, some of which would be damaging in the extreme for the VA health system as we have known it. The worst of these proposals would weaken and possibly dismantle the VA health care system by converting it into an insurance function, depriving our members and other veterans in need of VA's specialized health resources. Also, later in this report I will review a major new thrust in our efforts to modernize and reform the claims appeals process, and address a number of VA's other continuing challenges.

DAV has continued its steadfast work to improve, expand and protect veterans rights and benefits by educating Members of Congress, encouraging the introduction and passage of supportive bills, and conducting other activities with the Administration and other stakeholders to ensure the nation keeps its promises to those who have served and sacrificed, including DAV members and all veterans.

As will be seen in this report, the past year has been challenging, but DAV has been up to the task of meeting every challenge head on.

REFORMING VETERANS HEALTH CARE AND THE VA SYSTEM

For the second year in a row, reform of the VA health care system has been a major focus of DAV's Legislative Department, and it is likely to remain a critically important issue for at least the next couple of years. Unlike traditional policy debates about how to strengthen and expand veterans health care programs, for the first time in a generation, there are now open calls by some for shrinking or even dismantling the VA health care system entirely, an outcome that would have immediate and permanent negative consequences for ill and injured veterans.

The intense focus on VA began in the spring of 2014 with scandals involving waiting lists and management cover ups at the Phoenix VA hospital, confirming what we have been saying for years: too many veterans are being forced to wait too long to access the VA health care system. Every

year for the past two decades, we have worked with our Independent Budget partners (Veterans of Foreign Wars of the United States and Paralyzed Veterans of America) to develop and offer budget recommendations calling for additional resources to support VA medical care delivery and maintain VA's health infrastructure; but too often Congress and the President have come up short in providing the full funding needed. As a result, in Phoenix and many locations across the country, there are simply not enough doctors or clinicians, nor enough usable treatment space, to meet the rising demand for VA care.

To alleviate the latest access crisis, Congress hurriedly passed the Choice Act in August 2014 to provide emergency access to veterans waiting for care. The core of the law was a temporary "choice" program intended to provide a new method for enrolled veterans to access community care when they would otherwise be forced to wait more than 30 days or travel more than 40 miles to a VA facility. At our behest, Congress also infused new funding into the VA system to help rebuild its internal capacity to deliver care, primarily by expanding usable treatment space and hiring more physicians and nurses. The law also required an independent assessment of the VA health care system and established a Commission on Care to develop recommendations for VA to improve the delivery of health care to veterans in the future.

Since its inception two years ago, the choice program has been beset by problems, some caused by the faulty design of the law and others due to the unrealistic implementation schedule mandated by Congress. As the number of veterans using the choice program has risen, so have the number of problems they encounter related to care coordination, appointment scheduling and provider payment. Although DAV supported passage of the choice program as an emergency response to an access crisis, it was never meant to be a permanent or core component of the VA health care system. With the choice program's authorization set to expire sometime next year, VA, Congress and VSOs have been engaged in a debate about whether to extend the choice program or whether to move beyond the temporary choice program and develop a new integrated model for VA and community care.

FRAMEWORK FOR VETERANS HEALTH CARE REFORM

Given the critical importance of the VA health care system to injured and ill veterans, over the past year DAV has been leading an effort with our key VSO partners to develop our own proposals for reform, but from the veteran's perspective, not the government's. After much discussion and debate, we reached a broad consensus on a framework for reform that is built on three core principles. First, that our Nation has a sacred obligation to make whole the men and women injured or made ill as a result of their military service to the United States. As President Lincoln famously said, "...to care for him who shall have borne the battle..." Second, that it is the responsibility of the federal government to ensure that veterans have proper access to the full array of benefits, services and supports promised to them by a grateful Nation. Third, that America's veterans have earned and deserve high-quality, accessible, comprehensive, and veteran-focused health care designed to meet their unique circumstances and needs. These are the standards that must be met for any reform proposal to fulfill our health care promises to the men and women who served.

High quality health care means world-class care that utilizes state-of-the-art medical research, techniques, and tools. It must be safe and effective care that minimizes adverse outcomes. It must also be equitable care for all segments and demographic groups of veterans, and it must be patient-centered care that coordinates a full continuum of care for optimal well-being of enrolled veterans.

Accessible health care means care that is available to veterans within clinically-indicated timeframes and reasonable travel distances. It must also be delivered at appropriate and convenient locations, including home-based options, to meet veterans' needs and preferences. Comprehensive health care means a full continuum of care that seamlessly integrates all aspects of care, resulting in a holistic approach that treats physical and mental conditions as well as meeting psychosocial needs. Finally, veteran-focused health care means care that offers special expertise on the injuries and illnesses associated with military service. It should be delivered in an environment that is welcoming and accommodating to veterans and seamlessly connects to other services and supports for veterans in the public and private sector. Building on these principles and standards, our framework developed a number of proposals around four pillars.

I. Restructuring the veterans health care delivery system

Veteran-Centered Integrated Health Care Networks

Create local Veterans-Focused Integrated Health Care Networks that optimize the capabilities and strengths of the VA system and community health care resources in order to meet the needs of veterans in each health care market or community. VA would be responsible for organizing integrated networks, coordinating veterans care, and in most cases, would remain the principal provider of care, particularly maintaining its specialized care capacity. VA should incorporate the best of local private and public health care capability into the delivery care model whenever and wherever gaps in VA care exist.

Managed Community Care Program for Rural and Remote Veterans

Veterans who live in rural or remote areas outside of a network's catchment area would be eligible for a Managed Community Care Program, which would ensure all veterans have access to veteran-focused care, regardless of where they live.

II. Redesigning the systems and procedures that facilitate access to health care.

Access to Care Must Be a Clinical Decision Made Between A Veteran and their Provider

Rather than rely on arbitrary, federally-regulated access standards, such as 30 days waiting time or 40 miles travel distance, access to care must be an individual clinical decision made by providers in consultation with patients.

Nationwide Urgent Care System to Expand Access to Medical Care for Veterans

VA should develop a nationwide system of urgent care at existing medical facilities and/or contract with urgent care clinics around the country to fill the gap between emergency care and regular appointment-based outpatient care.

III. Realigning the provision and allocation of VA's resources to reflect its mission

New Planning Processes that Continuously Align Mission, Resources, Plans and Operations

VA should match its budget requests to its mission and statutory obligations by converting its current planning methodology into a new Quadrennial Veterans Review (QVR), Future Years Veterans Program (FYVP), and a Planning, Programming Budgeting and Execution (PPBE) system.

Modernized Capital Infrastructure Management & Public-Private Partnerships

VA should leverage community resources to identify private capital for public-private partnerships (P3) as an alternative and more efficient manner to build and maintain VA health care facilities. Congress must provide dedicated funding for facility maintenance and construction based on an actuarial model of lifecycle resource requirements to maintain VA's health care infrastructure.

IV. Reforming VA's culture with transparency and real accountability

Veterans Experience Office with Resources and Authority to Protect Veterans

Congress should codify the Veterans Experience Office, similar to the Inspector General, to ensure veterans have health care advocates with the authority to properly advocate on their behalf.

Independent Biennial Audit of VA's Health Care System

An outside reviewer should conduct a biennial and independent audit of VA's budgetary accounts to identify programs that are susceptible to waste, fraud, and abuse that would ensure federal resources to support veterans are used wisely and efficiently. The audit should also examine the development of budget requests, including oversight of the Enrollee Health Care Projection Model.

Earlier this year, DAV and our Independent Budget partners presented this framework in testimony and through briefings to both the House and Senate Veterans' Affairs Committees. We also shared these proposals with VA during development of VA's plan to consolidate non-VA care programs. We are continuing to work closely with key legislators to turn our framework into draft legislation that could be introduced this year.

Consolidation Plan for Non-VA Purchased Care Programs

Public Law 114-41, approved by Congress one year ago, required VA to develop a plan to consolidate its existing non-VA purchased care programs, including the new choice program, into a single unified program to make access to community care simpler for both VA employees and veterans. On October 30 of last year, VA released its plan and we were pleased to see that several of the ideas from our framework had been incorporated. The core of the VA plan was to move beyond purchasing non-VA care when access gaps appeared and instead developing a high-performing network that integrated the best of community care with VA to prevent gaps from occurring in the first instance. The VA plan also called for an urgent care benefit for enrolled veterans similar to our proposal. In November, both the House and Senate Veterans' Affairs Committees held hearings on the VA plan and were generally supportive of its approach to extending access to more veterans. I was joined by my IB colleagues in testifying before the Senate to support the VA plan and promote our framework, and we are continuing to work closely with VA to develop detailed implementation plans.

Setting the Record Straight Campaign

One of the key differences between the current policy debate about veterans health care and prior debates is the level of misinformation being disseminated about the VA health care system. While there are indeed problems in the VA and many areas that need improvement – the reason we developed the framework for reform – VA has a proven, documented record of delivering care that is as good as, and often better than, care delivered in the private sector. In order to provide proper balance and perspective to inform the policy debate, DAV developed our "Setting the Record

Straight” campaign to educate Congress, the media, veterans and the American public about veterans health care and the danger of some so-called reform proposals.

Working with our Communications staff, we developed a series of educational and entertaining short videos to illustrate the dangers of proposals that sought to downsize or diminish the role of the VA in providing care to veterans. Concurrently, we drafted and placed a series of op-eds in newspapers and online blogs to further explain how such proposals could endanger the health of ill and injured veterans. Utilizing DAV’s extensive social media reach, we amplified this messaging to our online followers and supporters, as well as to Members and staff of Congress and key veterans media outlets. We also recently reached out to our grassroots supporters around the country to document what veterans who actually use the VA health care system think about it. We asked VA enrollees to share their experience with VA and within a week we received over 4,000 personal responses, 82% of which rated their overall experience as positive, a stark contrast to the unbalanced news reporting and political attacks from VA opponents. While we recognize that significant numbers of veterans are not fully satisfied with VA’s performance and will continue to advocate for real reform and improvements, we have shared these real-life stories with VA and Congressional leaders to help bolster our efforts to strengthen, reform and sustain the VA health care system.

Commission on Care

As mandated by Public Law 113-146, a Commission on Care was established to make recommendations to VA, the President and Congress about how VA should improve access and delivery of veterans health care over the next 20 years. While we were pleased that former DAV Washington Executive Director Dave Gorman was appointed as one of the Commission members, the majority of the other 14 appointees had little knowledge of VA health care. In fact, only a couple had ever used VA programs or care, and none had actually worked within the VA health care system.

Last fall and winter, we prepared and delivered a number of documents to the Commission to emphasize the value that the VA health care system provides to veterans, particularly to ill and injured veterans, and testified before the Commission in December on a panel with our IB partners. However, in March we discovered that a bloc of seven Commission members had developed what they called a “strawman document” in which they proposed to completely abolish the VA system and move all veterans into the private sector over the next two decades. Knowing this would be devastating for millions of veterans, especially those who rely on VA’s specialized services for serious injuries and illnesses, we organized opposition to this outrageous and dangerous proposal. We quickly drafted and delivered a swift rebuttal to the “strawman document” with a joint letter signed by leaders of the eight largest and most influential veterans service organizations. We also requested and received another opportunity to present our views before the Commission in April in order to make clear our united opposition to any proposals to dismantle the VA health care system, as well as to again promote our framework for reform. We continued to engage regularly with the professional staff of the Commission up to the release of its final report in July.

Although we are continuing to review the report and recommendations of the Commission, it is clear that the Commission moved away from its strawman document, rejecting any effort to abolish the VA health care system. We were pleased to see that the Commission agreed with our core recommendation of creating local integrated veterans health care networks to expand access by adding community capacity to the VA health care system, rather than replacing it with private sector

providers. The report contains a number of other recommendations about how to reform management and operations at VA, some of which we support, some we do not, and others that require more study. We have concerns about the recommendations to create a new board of directors to oversee VA health care, removing the oversight authority and accountability of the VA Secretary and Congress. This independent and unelected board would also lessen the influence that veterans and VSOs exert over VA health care. We also have questions about how the Commission's vision of expanding choice would affect the viability of VA medical centers and clinics nationwide. Over the coming months we will continue to analyze the Commission's recommendations and expect to offer testimony in the fall to the House and Senate Veterans' Affairs Committees on this subject.

The Future of the VA Health Care System

After two of the most tumultuous years in the post-war history of the VA, we are hopeful that the policy debate about the future of veterans health care will begin to move out of the crisis mode and begin coalescing around the widely supported goal of strengthening, reforming and sustaining the VA health care system. Over the next year, we will continue to work closely with VA and Congress as they consider legislation to implement the consolidation plan offered by VA. More significant reforms are unlikely this year as a result of the shortened Congressional calendar in advance of the fall elections; however, we expect that VA health care reform will be a prominent issue in both the Congressional and Presidential elections. We have already been engaged with the Presidential candidates to educate them about the needs and preferences of ill and injured veterans. This fall we will work with our members and grassroots supporters to bring these messages to candidates around the country, working through our newly established Benefit Protection Teams. Working together with DAV members around the country, we intend to ensure that the next President, the Senate and the House all understand its value to the men and women who were injured or made ill by their service.

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 18 Congressional hearings, covering 92 bills and draft measures, including many of DAV's key legislative priorities focused on caregivers, women veterans, and appeals reform. Below is a summary of all of these hearings, highlighting key bills.

On September 16, 2015, DAV testified before the Senate Veterans' Affairs Committee on 10 measures pending before the Committee, including H.R. 1693, a bill that would eliminate a barrier to reimbursement for veterans' emergency care.

On October 6, 2015, DAV testified before the Senate Veterans' Affairs Committee on six measures pending before the Committee, including S. 1676, which would improve access to care for veterans in rural areas, S. 1885, which would expand and enhance VA's homeless assistance programs, and S. 2022, which would increase lifetime pensions for awardees of the Medal of Honor.

On November 17, 2015, DAV testified before the House Veterans' Affairs Committee on nine measures, including the draft "PROMISE Act," which would improve safety of prescribed opioids in VA health care.

On November 18, 2015, DAV testified before the Senate Veterans' Affairs Committee on five measures, including S. 2170, which would expand the use of telemedicine in VA health care.

On December 18, 2015, DAV submitted testimony for the record to the Senate Veterans' Affairs Committee concerning women veterans' issues.

On January 21, 2016, DAV testified before the Senate Veterans' Affairs Committee concerning VA's transformation strategy.

On February 2, 2016, DAV submitted testimony for the record to the House Veterans' Affairs Subcommittee on Health regarding emergency care in private facilities under the Veterans Choice Program.

On February 23, 2016, DAV testified, along with our partners in the *Independent Budget*, concerning the Administration's fiscal year 2017 budget request.

On February 23, 2016, Commander McIntosh testified before a joint session of the House and Senate Veterans' Affairs Committees to present DAV's legislative agenda and accomplishments during the prior year.

On March 15, 2016, DAV testified before the Senate Veterans' Affairs Committee concerning four pending measures, including S. 2473, which would advance the concept of "fully developed appeals."

On March 16, 2016, DAV testified before a joint hearing of the House Subcommittees on Health and Economic Opportunity concerning hiring and retaining VA physicians and physician assistants.

On April 13, 2016, DAV testified before the House Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs concerning 11 measures, including H.R. 3936, which would extend claims assistance to rural and remote veterans who lack access to VA regional offices, and a draft bill, the Medal of Honor Legacy Act, which would require Arlington National Cemetery to reserve 1,000 plots for Medal of Honor recipients.

On April 20, 2016, DAV testified before the House Veterans' Affairs Subcommittee on Health concerning six pending measures, including H.R. 3989, which would expand comprehensive caregiver support services for veterans of all service eras, and a discussion draft on informed

consent, which would provide greater protections for veterans who are prescribed certain medications.

On May 12, 2016, DAV testified before the House Veterans' Affairs Committee concerning VA's mental health and suicide prevention efforts.

On May 24, 2016, DAV testified before the Senate Veterans' Affairs Committee concerning 13 measures, including S. 2487, which would improve programs to prevent suicide among women veterans, S. 2679, which would establish a Center of Excellence within VA dealing with consequences of burn pit exposure, and a draft measure to establish a fully developed appeals program at VA.

On June 15, 2016, DAV testified before the House Veterans' Affairs Subcommittee on Economic Opportunity, concerning employment programs for veterans with a special focus on challenges women veterans face in securing meaningful employment.

On June 23, 2016, DAV testified before the House Veterans' Affairs Committee on 11 measures, including H.R. 3216, which would mandate stringent requirements for VA to ensure emergency cases are dealt with in a medically appropriate manner, H.R. 5083, which would authorize a comprehensive overhaul of the VA disability appeals process, and H.R. 5407, a bill to improve VA assistance to homeless veterans with dependent children.

On June 29, 2016, DAV submitted testimony for the record to the Senate Veterans' Affairs Committee on 17 measures, including S. 2279, a bill to improve VA's ability to recruit military medical personnel, S. 3032, a COLA adjustment bill for 2017, and S. 3055, a bill to provide dental insurance to veterans, dependents and survivors.

DAV's 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

Public Law 114-113, the Consolidated Appropriations Act, 2016

Congress and the President acted on the funding needs of the entire federal budget before adjournment in 2015. Here is a synopsis of the funding levels approved for veterans benefits and health care in the omnibus act.

On December 18, Congress passed and the President signed into law H.R. 2029, the Consolidated Appropriations Act of 2016. This legislation provides the FY 2016 funding for the Department of Veterans Affairs (VA), and includes advance appropriations for FY 2017 for most VA health care and mandatory spending programs.

The bill includes almost \$163 billion in total discretionary and mandatory funding for VA for fiscal year 2016. This includes \$91 billion in mandatory funding and \$71 billion in discretionary funding.

Advance Appropriations: The bill includes \$63 billion (\$3 billion less than recommended by the *Independent Budget (IB)*) in fiscal year 2017 advance funding for VA medical care and \$103 billion in fiscal year 2017 advance funding for VA's mandatory programs for compensation and pension.

Medical Programs for FY 2016: The Veterans Health Administration, including its research programs, is funded at \$62 billion (\$2 billion less than recommended by the IB), \$1 billion more than the Administration's requested level and \$5 billion more than fiscal year 2015.

Medical Care Highlights:

- *Hepatitis C Treatments.* — \$1.5 billion for new Hepatitis C treatments.
- *Women Veterans.*—\$5 billion in total health care for women veterans who use the VA health system. This includes \$446 million for gender-specific health care.
- *Caregivers.*—for the family caregivers program, \$605 million (\$50 million more than requested by the Administration).
- *Vet Centers.*—\$258 million to fund readjustment counseling.
- *Homeless Programs.*— \$1.4 billion.
- *Mental Health.*—\$7.5 billion, including \$381 million for Post-Traumatic Stress Disorder, \$612 million for substance abuse treatment and \$144 million for suicide prevention outreach.
- *Rural Health.*—\$270 million for programs of the Office of Rural Health.
- *Iraq and Afghanistan War Veterans.*—The bill includes funding of \$4.9 billion to treat almost 845,000 Iraq and Afghanistan war veterans.
- *Traumatic Brain Injury.*—\$232 million in care for veterans suffering traumatic brain injury or other polytraumatic injuries.
- *Long-Term Care.*—\$7.5 billion for institutional and non-institutional long-term services.
- *Medical and Prosthetic Research.*—The bill includes almost \$631 million, \$42 million more than fiscal year 2015 and \$9 million more than requested by the Administration.

Other:

- *Claims Processing:* The bill includes \$2.7 billion (\$89 million less than recommended by the IB) for claims processing, \$173 million more than last year's level of \$2.53 billion and \$10 million more than the request.
- *Construction: Major Construction,* \$1.24 billion (\$686 million less than recommended by the IB) for major construction projects; for minor construction, \$406 million (\$169 million less than recommended by the IB).
- *Grants for the Construction of State Veterans Homes:* \$120 million (\$80 million less than recommended by the IB).
- *Information Technology (IT):* The bill provides \$4.1 billion (\$158 million more than recommended by the IB) to modernize and sustain VA's information technology systems.

In some respects (especially when compared to the IB), this appropriation is lacking in terms of known and projected needs. However, the overall rate of increase in funding for veterans' programs is welcome.

Female Veterans Suicide Prevention Act

VA researchers found that women veterans are six times as likely as non-veteran women to commit suicide. Women veterans ages 18-29, many of whom have served in Iraq and Afghanistan, are 12 times as likely. This bill directs the VA to identify VA mental health care and suicide prevention programs that are most effective for women veterans, including those with the highest satisfaction rates among women. DAV is pleased with this development and hopes several other bills affecting women veterans that DAV has been pushing for will be enacted before adjournment of this Congress.

Key Legislative Initiatives

Four key legislative priorities for DAV for the second session of the 114th Congress include legislation to authorize fully developed appeals and address the appeals backlog, improving VA services for women veterans, comprehensive benefits for caregivers of disabled veterans of all eras, and reform of the VA health care system, as discussed at the beginning of this report.

FULLY DEVELOPED APPEALS

Since our last Convention in August 2015, the Department of Veterans Affairs (VA) reports the disability claims backlog, those claims pending over 125 days, to be less than 75,000 as of May 2016, from a peak of 611,000 in March 2013. Much of VA's progress to reduce and manage the claims inventory is due in part to their ongoing transformation efforts that began in 2010. As the claims inventory has come down, the appeals pending workload has risen almost commensurately.

VA's progress toward reducing the claims backlog is commendable; however, with such emphasis placed on eliminating the claims backlog, work on processing appeals at VA's Regional Offices (ROs) had been a lower priority, leading to a growing backlog of appeals. On average, about 11 percent of all VA rating decisions are appealed. If this trend continues, based on VBA's projection to produce over 1.4 million rating decisions annually, 150,000 or more appeals could be filed this year alone. Presently, there are over 450,000 appeals pending before the VA, the vast majority of these are at various processing stages within local ROs and roughly 80,000 of these appeals are within the jurisdiction of the Board of Veterans Appeals (Board).

Toward the end of 2014, DAV, several VSO stakeholders, VA and the Board undertook serious efforts to address the growing appeals inventory. Working together over several months, we arrived at one possible solution to streamline and enhance the appeals process; ultimately what materialized from the combined efforts of this working group was the Fully Developed Appeals (FDA) pilot program. We believe veterans should have a voluntary option to speed their appeals to the Board, however, we also recognize that any new approach to change the current process must carefully balance and protect the due process rights of veterans and ensure accurate decisions.

In the FDA pilot program, veterans would have the option to bypass several preparation and processing steps in exchange for faster and more accurate Board decisions. Veterans would retain the ability to submit additional evidence, along with any arguments in support of their appeals at the time of their voluntarily election into the FDA program.

Another essential feature of the FDA pilot program is a veteran's absolute right to opt out of their election at any time, thereby preserving all appeal processing features of the current appeal format. The FDA is

modeled somewhat on the existing and highly successful Fully Developed Claims program that allows veterans to take on the responsibility for gathering their private evidence in exchange for faster rating decisions.

On February 5, 2015, H.R. 800, the Express Appeals Act, was introduced. This bill contained almost all of the components of our FDA proposal. Through the combined efforts of Chairman Miller and Congressman O'Rourke, to include the efforts of DAV's members and supporters, this legislation passed the House in February 2016.

On January 28, 2016, FDA legislation took another step toward reality when several Senators introduced S. 2473, the Express Appeals Act of 2016, the companion bill to H.R. 800. In May 2016, S. 2473 was reported favorably to the full Senate, and awaits further consideration.

While FDA legislation is moving its way through Congress, DAV and other stakeholders are still hard at work addressing the delays plaguing the appeals process. What the working group values above all else is to ensure that any plan would need to preserve a veteran's rights and earned benefits, rather than simply trading them away for faster decisions. Through the course of several months beginning in March 2016, which included several full days of discussions, the working group arrived at another possible solution that has the potential to fundamentally change how VA would process claims and appeals; it is commonly referred to as the "new framework."

After many weeks of deliberations regarding this new claims and appeals processing model, DAV composed a letter expressing conditional support for this new framework that included the endorsement of several leading VSOs. A few elements of VA's proposal were troubling and needed to be addressed to ensure veterans are not adversely affected. Working together with VA, we were able to resolve most of these issues to our satisfaction.

A bill, H.R. 5083, the VA Appeals Modernization Act of 2016, was introduced in the House. Also, a similar draft bill is being considered in the Senate, on which DAV testified on May 24, 2016. Many of the components contained within these bills were directly influenced by our recommendations. If the legislation is enacted, it has the potential to provide veterans with a better experience and outcome during VA's adjudication of a claim or an appeal.

Although VA has made significant progress to manage the claims inventory, the appeals inventory continues to outpace VA's processing capacity. If tangible solutions are not implemented to significantly improve the appeals process, the appeals backlog could reach a true breaking point that would leave veterans facing longer and longer wait times to gain resolution of their appeals; this is an unacceptable scenario.

The FDA and other legislation being considered within H.R. 5083, holds real promise for ill and injured veterans, their dependents and survivors' seeking accurate and timely disability determinations. There is still work to be done to bring these legislative proposals to fruition, but DAV continues to work alongside our VSO counterparts, the VA, Congress and other stakeholders to ensure that any reforms being considered are balanced against the best interests of veterans.

WOMEN VETERANS

DAV has continued its commitment to meet the unique needs of women veterans and foster greater awareness of the roles of women serving in the military now and in the past. Due to a significant increase in women serving, and a change occurring in military policy allowing women to begin

serving in occupational specialties traditionally held by men only, it is necessary for the Department of Defense, the VA, and other relevant federal or private institutions to be aware and prepared in order to provide quality health care and services to women. These challenges will range from not only the basic health care services provided to women, those specific to gender, but will also include a shifting age distribution to younger women utilizing VHA and those seeking benefits.

As women transition from military to veteran status, the federal government must aid them in meeting their educational goals, obtaining meaningful, gainful employment and providing support and services to help them successfully reintegrate into their families and their communities. As the DOD recognizes and begins to acknowledge the equal contribution of women by authorizing them to serve in any occupation within the military, it is the duty of our great nation to also recognize their contributions and sacrifices and treat them with the same respect and dignity that is bestowed upon their male counterparts.

In 2014 DAV commissioned and published an important study to evaluate the existing programs across the federal landscape for women transitioning from military service. The report highlights that despite a generous array of government-provided benefits to assist veterans with transition and readjustment, serious gaps are evident for women in nearly every aspect of current federal programs. Although the report was released in 2014, its findings are still valid today, and are responsible for spurring the introduction of 14 bills in the House of Representatives and the Senate, as follows.

- S. 469/H.R. 3365 Women Veterans and Families Health Services Act of 2015;
- S. 471/H.R. 1356, Women Veterans Access to Quality Care Act of 2015;
- S. 2487/H.R. 2915, Female Veteran Suicide Prevention Act;
- S. 2210 Veterans Partners Efforts to Enhance Reintegration Act;
- 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;
- H.R. 2054, to provide for increased access to VA medical care for women veterans;
- H.R. 423 Newborn Care Improvement Act;
- H.R. 3960 Reduce Homelessness for Female Veterans Act; and
- H.R. 5229 Improving Transition Programs for All Veterans Act.

DAV is the leading veterans service organization in promoting the needs of women veterans. DAV's Interim Women's Veterans Committee, made up of veterans from across the country, meets monthly by teleconference, bi-annually at the Mid-Winter Conference and National Convention, and helps set our policy agenda to address the needs of women veterans. In addition, DAV actively recruits women veterans to supplement the over 40 women now serving in our National and Transition Service Officer Corps.

CAREGIVER SUPPORT SERVICES

Another group that deserves unwavering support by Congress and the American people are family caregivers of severely injured or ill veterans of all military service periods. Only with the help of their caregivers are many of these veterans able to reintegrate into their communities, remain out of

institutions and achieve their highest levels of recovery and quality of life. Family caregivers are critical members of a veteran's health care team—they are unsung American heroes who often sacrifice their own health, well-being, employment, educational and other life goals and opportunities—to care for their loved ones, our nation's true heroes.

DAV believes it is only proper that family caregivers be recognized for their decades of sacrifice and dedication—and that they receive the support and assistance needed to fulfill their vital role. We were pleased to work with Congress in enacting Public Law 111-163, the Caregivers and Veterans Omnibus Health Services Act of 2010, authorizing VA to provide comprehensive support and services to caregivers of veterans injured on or after September 11, 2001.

Thousands of families are being helped by these new VA services; however, a much larger group of families carrying the same burdens receives only partial VA support, or none at all. As one of DAV's priorities, we call on Congress to continue the work it began and address this inequity by extending equal benefits, supports and services to family caregivers of veterans of all military service periods. The particular calendar date on which an injury or illness occurred should not be a reason for legislation to discriminate against one group of veterans to favor another. They are all equal in our eyes and equally deserving of our support and the support of the nation.

We acknowledge there is a significant cost for expanding this program. However, the overall cost according to the Congressional Budget Office (CBO) does not take into account the total impact of this change. Research has shown that family caregiving results in cost avoidance based primarily on delaying or avoiding long-term, high-cost nursing home placements, and home caregiving reduces use of health services in general. The amount of cost avoidance increases when accounting for lower health care utilization.

Under the leadership of Chairman Isakson and Ranking Senator Blumenthal, all members of the Senate Veterans Affairs Committee's deserve praise for their hard work in advancing S. 2921, the Veterans First Act, which contains provisions for a phased-in expansion of participation to make veterans of all eras eligible for VA's Comprehensive Caregiver Support program. The bill also includes provisions DAV recommended that would improve and enhance VA's Comprehensive Family Caregiver program, such as requiring a comprehensive study on caregivers and seriously injured veterans. We also applaud Senator Murray's unwavering support to ensure inclusion of the provision to improve and expand this important program.

The House Veterans' Affairs Committee held a hearing on VA's Comprehensive Caregiver Support program and subsequently passed H.R. 3989, the Support Our Military Caregivers Act. DAV supported this measure and made recommendations which were included in the version passed by the House. However, because legislation to expand eligibility for VA's Comprehensive Caregiver Support program had yet to be acted on, the DAV, working together with other leading veterans and military organizations sent a letter in May 2016 to leaders of the Committee urging a legislative hearing on H.R. 2894, the Caregivers Access and Responsible Expansion for All Veterans Act and H.R. 1969, the Military and Veteran Caregiver Services Improvement Act of 2015.

We will continue with determined focus to work with Congress to enact reasonable and responsible legislation to provide severely ill and injured veterans and their caregivers equality of access to comprehensive VA caregiver benefits and services.

Key Meetings and Events

DAV participated in 162 meetings with VA leadership, congressional staff and members, including roundtables. Below are a few key meetings and events.

- On October 7, 2015, DAV met with staff from the Senate Veterans Affairs Committee to discuss reforms to the VBA appeals process.
- On October 27, 2015, DAV participated in a veterans service organization roundtable hosted by House Minority Leader Pelosi and Representative Walz to discuss key issues impacting veterans including VA health care and benefits reforms.
- On December 7, 2015, DAV met with staff members in the House to discuss Fully Developed Appeals pilot program legislation.
- On December 10, 2015, DAV met with staff of House Speaker Paul Ryan to discuss veterans' issues, including opposition to privatization of VA health care services; improved services for women veterans; and caregiver support services.
- On February 23, 2016, DAV provided a briefing to the Senate Veterans' Affairs Committee to discuss the *Independent Budget* recommendations for fiscal year 2017 and 2018.
- On April 12, 2016, DAV participated in a Congressional roundtable of the House Economic Opportunity subcommittee regarding VA's Vocational Rehabilitation and Employment services program.
- On May 10, 2016, DAV participated in a VSO group meeting at the White House concerning the future of the VA health care system.
- On May 24, 2016, DAV participated at a U.S.-Russia Joint Commission on POW/MIAs reception.
- DAV staff participated in a three-day VBA-VSO workgroup discussion on appeals reform

On Women Veterans:

- On September 14-15, 2015, DAV participated in the annual National Foundation for Women Legislators Conference. DAV hosted a panel discussion with state legislators on our report, *Women Veterans: the Long Journey Home*.
- On March 2, 2016, DAV participated in a Women's History Month event in the Capitol honoring women veterans for their military service. First Lady Michelle Obama, Dr. Jill Biden and House

Minority Leader Nancy Pelosi made remarks and recognized the work of Brigadier General Wilma Vaught, President of the Women in Military Service for America Memorial.

- On March 11, 2016, DAV attended the one-day special event: United State of Women Summit hosted by the White House. Guest speakers included President Obama, Vice President Biden, First Lady Michelle Obama, Attorney General Lynch and Oprah Winfrey. The Summit focused on six key areas to improve the lives of women: economic improvement, health and wellness, educational opportunity, violence against women, entrepreneurship, and leadership and civic engagement.

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

FISCAL YEAR 2017 BUDGET REQUEST

The *Independent Budget* (IB) recommended \$72.8 billion for overall VA medical care funding for FY 2017. The overall medical care funding level requested by the Administration is \$68.6 billion. Also for FY 2017, the Administration proposes to spend \$5.7 billion, of the \$10 billion previously appropriated through the Choice Act, for medical care in the Choice program. In total, the Administration proposes to spend \$12.2 billion on private sector health care services. This would be the largest amount VA has ever spent for care in the community. DAV will continue to monitor and evaluate this growth in purchasing community care and any impact on the VA health care system and the millions of veterans who rely on VA for their needs.

For FY 2018 advance appropriations, \$70 billion is requested for total medical care funding, an amount that is significantly below the IB recommendation of \$77 billion. VA indicated that this advance request is provisional, pending resolution of VA's proposed plan to consolidate non-VA community care programs with the expiring choice program, at which time VA anticipates developing a revised budget request for FY 2018.

DAV is concerned that VA's infrastructure needs are woefully underfunded in this budget request. The IB recommended \$2.25 billion for major and minor construction, whereas the Administration has proposed investing only \$900 million to maintain and modernize VA's critical hospitals, clinics and other facilities. At this level of funding, VA will be ill-equipped to handle the demand for care with substandard and aging facilities.

The budget proposes an increase in VA Medical and Prosthetic Research, but VA's request is less than recommended by the IB, primarily because the IB proposes an additional \$75 million for the Million Veteran Program, a DNA repository research program focused on veterans' health; VA's proposal would require funding for this important human genome program to come from within existing research funds. We urged Congress to fully support sufficient funding for this critical research.

The Administration's FY 2017 budget proposes that the Veterans Benefits Administration (VBA) receive \$119 million more than in fiscal year 2016, but this amount is significantly less than the IB's recommended \$3 billion in total budget authority for VBA. The IB identified a need for significant increases in staff for the Compensation Service, the Vocational Rehabilitation and Employment (VR&E) program and the Board of Veterans Appeals (Board). Although VBA seeks a staffing increase of 300 full-time employee equivalents (FTEE) for non-rating related work, the tremendous appeals backlog requires a greater workforce as well. The IB recommends hiring 1,700 additional FTEE, 1,000 of which would be dedicated to processing pending appeals in VBA, 300 for non-rating related work, 300 to increase capacity of the call centers, and 100 for the fiduciary program. For VR&E, VA proposed no new staffing despite an anticipated workload increase of approximately 7 percent. The IB recommends an additional 158 FTEE in order to address increased workload while achieving and sustaining the optimal 1:125 counselor-to-client ratio.

Based on the pending appeals at the Board and VBA, the Board's current total inventory could reach 260,000, not including additional appeals that enter the system daily. DAV and our IB partners support the Administration's request to hire an additional 242 FTEE for the Board in FY 2017. In fact, we believe that an even larger increase in staffing will be necessary; however, our FY 2017 recommendation is based on an estimate of the Board's ability to accommodate new employees in one year while maintaining workflow.

Status of Fiscal Year 2017 Appropriations Acts

The bill passed by the House would significantly underfund VA's medical care accounts, including community care. The House bill underfunds VA's medical care accounts by nearly \$1 billion from the Administration's request. With an overall 10 percent increase in demand on VA's health care system, we are concerned that the lower funding level would cause VA to experience a budget shortfall in FY 2017 that could negatively impact veterans health care. We urged Congress to support the higher funding levels contained in the Senate bill.

We also support the higher funding levels for the Veterans Benefits Administration contained in the Senate bill that are necessary to fully support continued progress related to claims processing and VA home loans.

The Senate bill also contains a critical provision to provide VA with general transfer authority so that the Secretary has the flexibility to properly manage his budget to provide timely health care to veterans when and where they need it.

We are concerned that both the Senate and House bills advance appropriations for medical services in FY 2018 are woefully inadequate to properly address the expected growth in demand for VA health care services, particularly for community care. Congress must ensure the final bill agreed on by the House and Senate provides \$64 billion in advance appropriations for VA's medical services account in FY 2018 to ensure veterans receive the care have earned and deserve.

Additionally, while we believe the newly created community care account must supplement, not supplant, VA's medical services account, Congress must ensure VA has the resources it needs to properly fund VA's community care account. With the continued improvement of VA's community care programs and the expected increase in demand on the VA health care system, we believe that

VA's community care account for FY 2017 must be funded at levels equal to or higher than VA's expected expenditures for FY 2016, estimated at \$12 billion.

We noted that Congress must also ensure VA has the resources it needs to expand internal capacity and improve its capital infrastructure; however, in this regard, neither the House nor Senate bill is adequate. While both meet the Administration's budget request, that funding level is substantially less than the minimum level needed to maintain VA's aging capital infrastructure and expand access to care for our nation's veterans. With 30 major construction projects that are either partially funded or funded through completion, Congress should provide increased funding for Major and Minor Construction of at least \$1.5 billion.

DAV and our IB partners continue to closely monitor the appropriations process and will work with Congress and the Administration to ensure that VA receives resources sufficient to meet demand for services and care in 2017 and 2018.

DAV 2016 Mid-Winter Conference

The DAV Mid-Winter Conference held February 21-24, 2016, 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 topics 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 Moses McIntosh's presentation on Tuesday, February 23, 2016, to a standing room-only joint session of the House and Senate Veterans' Affairs Committees, in the Cannon House Office Building. Commander McIntosh 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 Veterans' 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 26 – March 1, 2017. 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.

NEW GRASSROOTS INITIATIVE: BENEFITS PROTECTION TEAM

For the past several months, DAV has worked to re-energize our previously successful Benefits Protection Team (BPT) program. A new set of guidelines has been established and DAV departments nationwide have selected BPT Leaders to become standard bearers for accomplishing DAV's legislative and policy priorities going forward. During this Convention, designated BPT Leaders will meet with national legislative staff to discuss duties and responsibilities they have assumed and to gain insight on how to establish networks for collective action to accomplish DAV's priorities.

While DAV already has the strongest grassroots advocates in the veterans community, it is believed, given the current political environment in Washington, D.C., that we must increase and perfect our advocacy efforts. Working together through legislative and administrative processes, we can protect the benefits earned by wounded, ill, and injured veterans, their families and survivors.

Important decisions are being made in Washington, D.C., that directly affect the lives of disabled veterans, their families and survivors. Expenditures for a multitude of federal programs are under fire from many quarters in an effort to trim the budget. Included among the budget-cutting targets are benefits and services historically earned by disabled veterans. This is not a new trend; however, fast-moving developments in our nation's capital make it imperative that all of us in the DAV and DAV Auxiliary make our voices heard in the halls of Congress more than ever before.

Our DAV BPT program will take our advocacy efforts to new heights and is designed to protect and defend the earned benefits and services provided to wounded, ill, and injured veterans, their families and survivors.

To assist in these important efforts, we have also established a [BPT page](#) on DAV's website, containing not only guidance on duties and responsibilities along with specific information on how to conduct advocacy campaigns for BPT Leaders, but also resources to enable BPT members serving with these leaders to make progress at both the state and federal levels on DAV legislative priorities.

Conclusion

I cannot predict the future, but I can confidently predict DAV's course over the next year. Adhering to policies that are embedded in national resolutions adopted at this convention, and ably guided by DAV's executive leadership team, DAV will continue pressing for the establishment and sustainment of programs and policies that support the needs of injured and ill wartime veterans. Also, in the upcoming year, DAV will continue to lead the way in helping solve the complex problems that plague the VA claims appeals process and VA's health care system, to ensure that all veterans receive the full range of benefits and health care services they earned in service. As indicated earlier, DAV is leading an initiative to reform the claims appeals process because the chronic problems of the disability claims adjudication system have resulted in a growing backlog in appeals, and now BVA, too, is facing a daunting backlog with a much longer-term processing time to resolve appeals than is acceptable to veterans awaiting decisions. Finally, we will continue to request sufficient funding for all veterans programs and will call on Congress to use its oversight authority to ensure VA properly uses 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. We will be starting a new Congress, electing a new President, and a new Administration will be established. We will continue to face challenges to maintain the benefits veterans have earned, 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 implore all delegates at this National Convention, as well as your family members, to sign up and participate in the Commander's Action Network (DAV CAN), easily found on the DAV website, at www.dav.org. Your signing up will ensure that you receive up-to-date alerts on important issues that help us achieve success on Capitol Hill, and in public policy. I also encourage you to explore how you can participate in our revamped Benefits Protection Team program, both at the state and federal levels, to make DAV's priorities more prominent in the eyes of state legislatures and the Congress. These tools are critical to DAV's success

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 Commander McIntosh, 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 executive management, National Adjutant J. Marc Burgess, National Headquarters Executive Director Barry A. Jesinoski, Washington Headquarters Executive Director Garry Augustine 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: Deputy National Legislative Director Adrian Atizado, Assistant National Legislative Directors Paul Varela, Shurhonda Love, and LeRoy Acosta, Senior Executive Advisor Peter Dickinson; Senior Advisor John Bradley, Senior Legislative Support Specialist Lisa Bogle and Legislative Support Specialist 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.