

***ANNUAL REPORT***  
***of the***  
***DAV NATIONAL LEGISLATIVE DEPARTMENT***  
***for***  
***2012-2013***  
***by***  
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***NATIONAL LEGISLATIVE DIRECTOR***  
***for presentation to***  
***THE 92ND NATIONAL CONVENTION***  
***Orlando, Florida***  
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NATIONAL COMMANDER LARRY A. POLZIN AND DISTINGUISHED DELEGATES:

Before beginning my legislative report to you, I want to pause to recognize the fabulous career of our Past National Adjutant and Chief Executive Officer, and our mentor, Art Wilson. Art has retired after 47 years of creative, innovative work at DAV. In so many ways in his leadership positions at DAV, Art contributed to the passage of some of the most important legislation affecting veterans and their families since the end of the War in Vietnam, including laws that advanced VA ambulatory, primary and specialty care services; established hundreds of new VA community-based outpatient clinics and Vet Centers to bring VA care closer to home; and constructed new or replacement VA hospital and clinic facilities in every corner of the country. He led our charge to bring greater government financial resources to VA, in both health care and benefits, and helped us get Congress to enact legislation into law that brought major new programs to VA in mental health, women's health, caregiver supports and services, advance appropriations for VA health care, and other accomplishments too numerous to mention in any detail. Under Art's visionary guidance, DAV was given a multi-million dollar grant by a private organization that launched our award-winning "Stand Up for Veterans" campaign in 2006 to elevate care for women, improve VA mental health, authorize advance appropriations, and create family caregiver support programs at VA. Art's leadership gave us the backing, encouragement, vision and sure knowledge that the power of DAV's thriving membership would help me and my staff get the job done for injured and wounded veterans. With his help and yours, DAV did it, and millions of wounded, ill, and injured veterans and their families have benefited.

Also it's important to note Art not only led DAV in its current inter-generational leadership transition, but he spearheaded our most recent effort to re-brand DAV with a contemporary motto, new language, a bold color scheme and new symbols. This DAV internal "re-fresh" effort is aimed at making us more attractive to younger generations of veterans but still respects the traditions and culture of DAV's rich past.

Art's shoes are going to be hard if not impossible to fill, but I believe the National Commander made the right choice in selecting Marc Burgess as our new National Adjutant and Chief Executive Officer. Marc, like many of our staff and NSOs, joined DAV as a young disabled veteran. Marc went through VA Vocational Rehabilitation, trained as a DAV National Service Officer, worked that job in an outstanding manner for years, and was promoted to

Supervisory National Service Officer and later Area Supervisor for DAV. Three years ago, Marc was selected as our National Headquarters Executive Director. In his new role, Marc and Barry Jesinoski, our National Service and Legislative Headquarters Executive Director, have become an effective team of young, enthusiastic executives and have been pushing, and frankly sometimes pulling, DAV into the future with them. Marc's promotion to National Adjutant and CEO is but the latest signal that DAV is determined to redouble its efforts to provide effective services and representation to our older veteran generations, while reaching out assertively to our newest wartime veterans to show them the welcoming place that is DAV, and one that you know so well. This bodes well for the future of DAV and the important work we do.

On behalf of the DAV Legislative staff, my heartiest congratulations and deepest thanks to Art on the occasion of his well-earned retirement, and to Marc as he begins his rewarding journey at the helm of the DAV.

### **Hearings**

One of the main missions of the Legislative Department is to build government support for wounded, 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 National Convention, the DAV Legislative staff testified at 16 Congressional hearings, covering 87 bills and draft measures, as well as myriad other issues. Below is a summary of all of these hearings.

On September 14, 2012, DAV testified before the House Veterans' Affairs Subcommittee on Health regarding VA's purchased health care programs.

On December 4, 2012, DAV testified before the House Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs concerning veterans' military and VA records and how they are being transferred to digital files.

On February 26, 2013, DAV National Commander Larry Polzin testified before a joint session of the House and Senate Veterans' Affairs Committees to present DAV's legislative agenda for the year.

On March 13, 2013, DAV testified before the Senate Veterans' Affairs Committee concerning the Veterans Benefits Administration's (VBA's) claims processing transformation efforts.

On March 20, 2013, DAV submitted testimony for the record of the Senate Veterans' Affairs Committee concerning the mental health needs of veterans.

On April 11, 2013, DAV testified on behalf of the *Independent Budget*, before the House Veterans' Affairs Committee.

On April 15, 2013, DAV submitted testimony for the record on behalf of the *Independent Budget* to the Senate Veterans' Affairs Committee.

On April 16, 2013, DAV testified before the House Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs concerning eight pieces of pending legislation.

On June 12, 2013, DAV testified before the Senate Veterans' Affairs Committee concerning 38 pieces of pending legislation.

On June 18, 2013, DAV testified before the House Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs concerning the claims process.

On June 28, 2013, DAV testified before the House Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs concerning 10 pieces of pending legislation.

On July 9, 2013, DAV testified before the House Veterans' Affairs Subcommittee on Health concerning five pieces of pending legislation.

### **Enacted Legislation**

#### **Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012**

On August 6, 2012, H.R. 1627, the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012, was enacted into law. This bill provides hospital care and medical services for veterans stationed at Camp Lejeune, North Carolina, between 1957 and 1987.

A veteran who served on active duty in the Armed Forces at Camp Lejeune, North Carolina, for not fewer than 30 days during the period beginning on January 1, 1957, and ending on December 31, 1987, is eligible for hospital care and medical services for a number of illnesses or conditions, unless there is not sufficient medical evidence to conclude that the illness is service connected. Some of the diseases included in the list are esophageal cancer, lung cancer, breast cancer, bladder cancer, kidney cancer, and leukemia. You can read the full text of the legislation here: <http://www.gpo.gov/fdsys/pkg/BILLS-112hr1627enr/pdf/BILLS-112hr1627enr.pdf>

The legislation also provides hospital care and medical services for family members of such veterans, if the family member, including unborn children, who resided on base for 30 days or more, during the period specified above.

This comprehensive legislation also covers many other issues of benefit to disabled veterans:

- Requires VA to ensure each individualized rehabilitation and reintegration plan for veterans with traumatic brain injury (TBI) includes the goal of maximizing the individual's independence and quality of life, and improving such veterans' behavioral and mental health functioning.
- Requires the inclusion of rehabilitative services in a VA comprehensive program of long-term care for veterans with TBI.
- Temporarily expands eligibility for specially adapted housing (SAH) for certain veterans with disabilities causing difficulty with ambulating.
- Expands eligibility for specially adapted housing assistance for veterans with vision impairment.
- Removes assistance provided for Temporary Residence Assistance (TRA) from lifetime total benefit for SAH grant eligibility.
- Increases amounts of TRA for permanent and totally disabled veterans from \$14,000 to \$28,000 and provides for annual cost-of-living increases.
- Extends eligibility for VA Home Loan guaranty benefit to surviving spouses of veterans whose deaths were not service connected, but whose service-connected disabilities were permanent and total for 10 years prior to death.
- Waives loan fee for individuals with disability ratings issued during pre-discharge programs.
- Automatically waives agency of original jurisdiction (AOJ) review of new evidence by the Board of Veterans' Appeals unless it is requested that the AOJ review the evidence first.
- Authorizes retroactive effective date for awards of disability compensation, up to one year prior to the receipt of the application based on the facts, in connection with claims that are fully developed at submittal.
- Combines amount of education benefits up to 81 months for those who receive both Survivors and Dependents Education Assistance (Chapter 35) and other education assistance.
- Requires the Secretary to provide a plan for regular assessment of skills and competencies of VBA employees who handle processing of disability claims, to include training, testing, and appropriate personnel action for unsatisfactory improvement.
- Allows VA to waive copays for VA telehealth and telemedicine.
- For only three years, VA would be allowed to pay beneficiary travel to veterans traveling to and from Vet Centers to receive their services.
- Reinforces VA's requirement to document, track and control incidence of sexual assaults that occur on the Department's grounds and properties.
- Requires VA to implement a tele-consultation program to assess mental health and TBI at facilities that are unable to provide such assessments without utilizing contract or fee-basis care.
- Allows the use of service dogs on VA property that have been trained by accredited entities.
- Establishes the authority for VA to form and operate from one to five new "Centers of Excellence for Rural Health Research, Education, and Clinical Activities," to organize

resources and concentrate energy to solve myriad issues of VA health care in rural and remote areas.

- Extends for an additional year to September 30, 2013, copayment requirements of \$10 for every day a veteran receives hospital care and \$5 for every day the veteran receives nursing home care.
- Extends for an additional year to October 1, 2013, VA's authority to collect from a veteran's health insurance for treatment of a non-service-connected disability.

### **Cost-of-Living Adjustment Approved by the President**

On November 27, 2012, the President approved legislation to grant a cost-of-living adjustment (COLA) in VA compensation payments to wounded, injured and ill veterans, their dependents and survivors. The law became effective on January 1, 2013.

The COLA is 1.7%, rounded down to the nearest whole dollar. As you know, we strongly support realistic COLA payments that keep pace with inflation, but we disagree with the rounding-down policy because it is a tax on disabled veterans and their survivors, those who can least afford more taxes.

### **Key Legislative Initiatives**

Since the end of the second session of the 112th Congress and beginning of first session of the 113<sup>th</sup> Congress, my staff and I have held dozens of meetings with members of the House and Senate and their staffs, to educate them about DAV and our legislative priorities. We have particularly focused on the new members of Congress and the Senate who were elected in 2012, and are members of the Veterans' Affairs Committees, to ensure they understand the needs of wounded, injured and ill veterans, and understand and will support DAV's initiatives.

On January 31, 2013, DAV participated and spoke at a news conference sponsored by Senate Veterans' Affairs Committee Chairman Bernie Sanders, to express DAV's opposition to adoption of the so-called "chained CPI," as a basis for cost-of-living adjustments (COLA) to veterans' disability compensation payments, and to call for more realistic COLAs for wounded, injured and ill veterans.

In February 2013, the *Independent Budget* (IB) for FY 2014 was released. The four co-authoring organizations of the IB, DAV, AMVETS, Paralyzed Veterans of America, and Veterans of Foreign Wars of the United States, have worked in collaboration for 27 years to honor veterans and their service to our nation. Throughout the year, each organization works collaboratively to identify and address legislative and policy issues that collectively affect the organizations' memberships, the broader veterans' community, the work of the Veterans Benefits Administration, the Veterans Health Administration and the National Cemetery Administration, always with an eye to protecting and enhancing the federal benefits veterans have earned and deserve. The IB also presents our carefully developed estimates of adequate funding needed to ensure that VA, the Department of Labor and the Federal Court of Appeals for Veterans Claims are sufficiently funded to ensure protection and enhancement of veterans' benefits and services.

On April 9, 2013, DAV, VFW, and the American Legion met with Senate Veterans' Affairs Committee Chairman Bernie Sanders to discuss our collective views on VA's transitioning to an electronic claims process.

On April 15, 2013, DAV, VFW, PVA, the Legion, and Vietnam Veterans of America met with House Veterans' Affairs Committee Ranking Member Mike Michaud to discuss the issues the Committee would examine over the course of the year.

On April 16, 2013, DAV participated in a veterans organizations roundtable hosted by Chairman Jeff Miller of the House Veterans' Affairs Committee, to discuss DAV's national legislative and oversight priorities within the jurisdiction of the committee. Also in attendance were House Majority Whip Kevin McCarthy and House Budget Committee Chairman Paul Ryan. Numerous other members of the Veterans Committee attended this roundtable.

On April 25, 2013, House Minority Leader Nancy Pelosi held her veterans' roundtable in which the DAV participated. This roundtable included the leadership of important House committees, including the Appropriations Committee, Armed Services Committee, Budget Committee, Military Construction and VA Appropriations Subcommittee and Veterans' Affairs Committees.

On April 25, 2013, DAV, VFW, and the Legion met with Chairman Miller to discuss our collective views on VA's transformation progress and to support VA's initiatives, including a paperless claims process, better training for claims adjudicators, quality review teams at all VA Regional Offices, and other means to reduce the backlog.

On May 17, 2013, DAV participated in a bipartisan roundtable, hosted by Chairman Jeff Miller. This roundtable included outside groups, such as insurance companies and VA, and focused on potential solutions to the claims backlog.

On June 3, 2013, DAV, VFW, and the Legion met with Chairman Sanders on issues effecting VA's claims backlog and potential solutions.

The DAV legislative staff has been actively involved with members of Congress and their staff on a weekly basis to discuss the VA's claims backlog, possible solutions and pending or draft legislation intended to resolve the backlog in VA's compensation claims.

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

### **Completing the Transformation of the Veterans Benefits Claims Processing System**

The problems plaguing the Veterans Benefits Administration (VBA) claims processing system for disability compensation are well known: the number of claims filed each year is growing, the complexity of claims filed is increasing, the backlog of claims pending is staggering, and the accuracy of claims decisions remains far too low. Although VBA has processed record numbers of claims in recent years – more than a million claims last year – the number of new claims being filed has risen even faster, and that created today’s enormous backlog.

Recognizing that its infrastructure was outdated and ineffective, and that a rising workload could no longer be managed, VBA leadership in 2010 determined that it would be necessary to completely and comprehensively rebuild and modernize its claims infrastructure and processes. Establishing the goal of zero claims pending more than 125 days, and all claims completed to a 98 percent degree of accuracy standard, and VBA outlined a five -year strategy to achieve that goal.

At the outset, VBA made a critical decision to reach out and partner with DAV and other VSOs accredited to represent veterans in the claims process. Because of our experience and success in representing more than 250,000 veterans each year, VBA recognized that close collaboration would not only reduce its workload, but also increase the quality of its work. In the past three years, we have been consulted on dozens of initiatives proposed by VBA, including fully developed claims (FDCs), disability benefits questionnaires (DBQs), the Veterans Benefits Management System (VBMS), and the Stakeholder Enterprise Portal (SEP) to name a few.

VBA’s transformation efforts have been focused in three areas: people, process and technology. The most prominent transformation element has been the development and deployment of VBMS to all VA Regional Offices (VAROs), recently completed in June. Although it will continue to have new functionality added on a regular basis, VBMS is already being used to create electronic claims files and manage workflow during claims processing. DAV has been regularly consulted, and many of our recommendations have been incorporated, particularly those focused on the vital role VSO service officers play in the claims process. Although there have been obstacles to overcome in providing us with full access to VBMS, we will continue to work with VBA to ensure that veterans are fully represented in this new digital environment.

DAV is partnering with VBA to encourage as many claimants as possible to file electronically, either through e-Benefits, or with a DAV National Service Officer (NSO) who can file through the SEP. For those who previously filed claims on paper, or those who file electronic claims but also have existing paper claims files, VBA will convert those documents into electronic files for fully digital processing in VBMS. We had long called for VBA to commit to a fully paperless system which may require more upfront investment, but in the long run it will pay dividends for VBA, but more importantly, for veterans. DAV will continue working with VBA and Congress to ensure that the Appeals Management Center, the Board of Veterans Appeals, and the Court of Appeals for Veterans Claims also come online with VBMS to create an end-to-end digital claims process.

Equally important as VBMS is the new Transformation Organizational Model (TOM) developed over the past few years and now deployed at every VARO. VBA's traditional triage function has been replaced with a new Intake Processing Center that puts an experienced Veterans Service Representative at the front end of the process to divide claims along three separate "lanes:" Express, Core, and Special Ops. The Express lane is for simpler claims, such as fully developed claims, claims with one or two contentions, etc. The Special Ops lane is for more difficult claims, such as those with eight or more contentions and other complex claims, such as for traumatic brain injury and special monthly compensation. The Core lane processes the balance of claims involving three to seven contentions, upwards of 60 percent of all claims processed. While the new TOM is showing some early and positive improvements, VBA must not put more resources and personnel in the Express lanes solely to generate greater production and artificially lower the pending backlog of claims, forcing longer delays for veterans with more complex claims.

Of course, even with new technology and processes, it is ultimately the people who must make the system work properly. With so much national attention now directed at eliminating the backlog, there is tremendous pressure on VBA employees to meet production goals even if it is to the detriment of accuracy. Such an approach might lower the backlog temporarily, but bad decisions lead to appeals, re-filed claims and veterans continuing to wait for their earned benefits. To change this cultural norm, VBA leadership and management must change how they measure and reward performance so accuracy and quality are at least as important to success as production. To develop a lasting culture of quality, VBA should increase the quality of and hours devoted to annual training for all employees, coaches and managers, followed by regular testing. One of the more hopeful signs of culture change over the past year at VBA was the creation of full-time quality review teams (QRTs) at every regional office.

In the first half of 2013 VBA completed the implementation of its new organizational model (TOM) and IT system (VBMS), and there are some early indications that progress is being made. In June 2012, there were over 900,000 claims awaiting decisions, about 600,000 pending longer than 125 days. The number of claims pending on June 24 had dropped to approximately 802,000, and the number pending over 125 days has fallen to approximately 524,000 claims.

More important than the number of claims processed is the number of claims processed correctly. The VBA quality assurance program, known as the Systematic Technical Accuracy Review (STAR), shows that over the most recently reported 12-month period through the end of April 2013, rating claims accuracy was 87 percent, up from 86 percent a year earlier. In the last three months measured (February, March, April), the STAR accuracy measure was almost 89 percent, continuing an upward trend. There is still a long way to go if VA is to achieve its established goal of having all claims completed within 125 days at 98 percent accuracy, but the recent progress is a positive sign that VBA is on the right track. While it is still too early to judge whether VBA will ultimately be completely successful in reaching its goals, there has been sufficient progress to merit continued support of the current transformation efforts.

Throughout the transformation process, DAV's National Service staff has collaborated closely with VBA, providing direct input into the design of VBMS, SEP, FDC, DBQs and other key initiatives. Over the past year, DAV's Legislative staff also continued its advocacy by



participating in meetings and roundtables with VBA officials, as well as presenting numerous testimonies before the Senate and House Veterans' Affairs Committees to promote our core goals for reforming the claims processing system. Building upon this success, DAV will urge Congress and VBA over the next year to:

- Increase the quality and hours devoted to annual training, strengthen certification examinations, and in consultation with labor representatives, develop accountability measures for employees who repeatedly fail to pass the exams.
- Change how VBA measures and rewards performance at every level in order to create a culture focused on quality and accuracy rather than speed and production.
- Encourage the use of private medical evidence by releasing disability benefits questionnaires for medical opinions and post-traumatic stress syndrome claims.
- Pass legislation requiring VA to give due deference to private medical evidence that is competent, credible, probative, and otherwise adequate for rating purposes.
- Faithfully implement sections 504 and 505 of P.L. 112-154 as Congress intended in order to protect veterans' rights during the claims process.
- Ensure that simplified notification letters or any other automated rating processes provide sufficient and specific information to inform veterans and their advocates about the reasons and bases for rating decisions.
- Ensure that sufficient funding is provided to complete the development and implementation of the Veterans Benefits Management System, as well as the digital conversion of all active paper claims files.

DAV will continue working closely with VBA, Congress and our VSO colleagues to complete this essential transformation while continuing to ensure that this new claims-processing system remains focused on deciding each claim correctly the first time.

### **DAV 2013 Mid-Winter Conference**

The DAV Mid-Winter Conference held February 24-27, 2013, 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 our 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.

On Tuesday, February 26, 2013, the focal point of the conference was National Commander Larry A. Polzin's presentation to a standing room-only joint session of the House and Senate Veterans' Affairs Committees, in the Cannon Conference Room in the House of Representatives. Commander Polzin did an excellent job in presenting DAV's 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 the 2014 Mid-Winter Conference, February 23-26, 2014.

### **Conclusion**

In the upcoming year, we will deal with VA-related benefits and health issues from a position of strength and a devotion to purpose. DAV will continue to lead the way in helping solve the complex problems that have plagued the VA benefits claims process to ensure that all wounded, injured and ill veterans receive the full range of benefits they have earned through their service, and in a timely manner. We will also work to ensure that the health, benefits, transition assistance, education, insurance and other provisions from Public Law 112-154, the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012, are implemented fully and faithfully.

In the year ahead, undoubtedly a number of new issues will arise, and we will face challenges to maintain the benefits wounded, injured and ill veterans have earned through their service to America. DAV stands ready to face these challenges head-on with the unwavering support and strength of our membership. We need your active participation and dedication to help us achieve our goals. We need you to Stand Up for Veterans. If we don't, then who will? If you haven't already done so, I would strongly encourage you to sign up for the DAV Commander's Action Network (DAV CAN) on the DAV website, [www.dav.org](http://www.dav.org). This will ensure that you receive up-to-date alerts on important issues and will gain an opportunity to help us achieve success in Washington, D.C.

In closing, I want to thank all DAV and DAVA members for their contributions during this past year. I call upon you to continue engaging with us, Congress, and the Administration in fulfilling our organizational mission of fulfilling our promises to the men and women who served.