

Overview

The 2020 Budget and 2021 Advance Appropriations (AA) requests for the Department of Veterans Affairs (VA) fulfill the President's promise to American's Veterans, their families, and survivors.

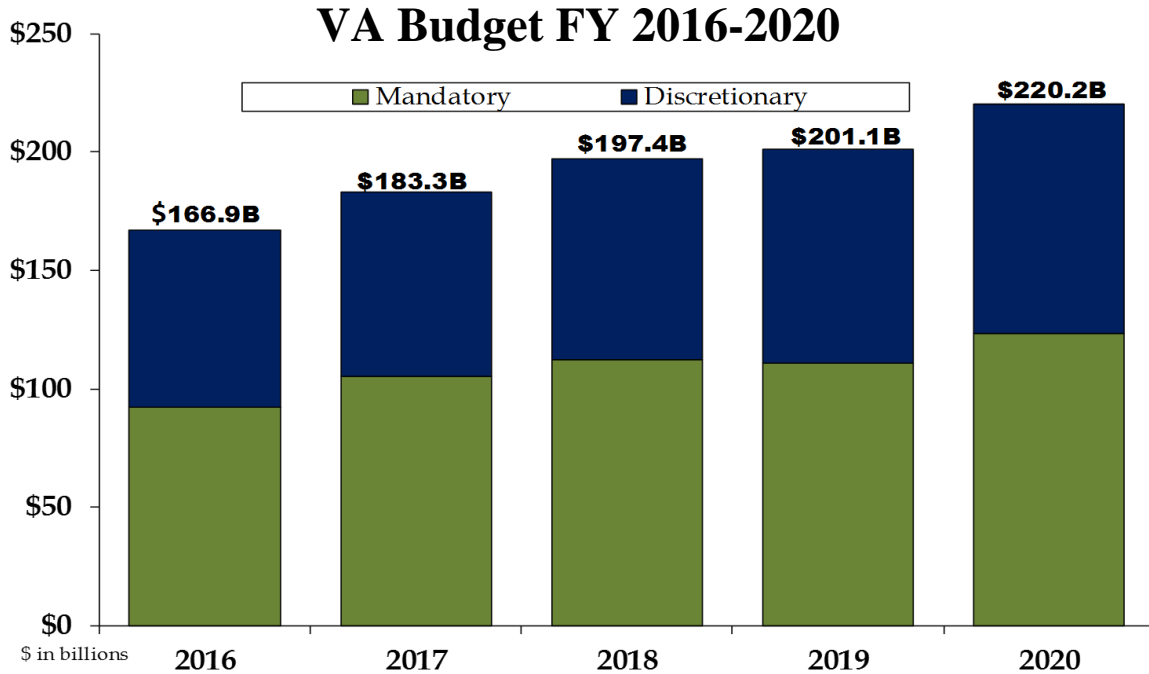
The total 2020 request for VA is \$220.2 billion, a 9.5 percent increase above 2019. This includes a discretionary budget request of \$97.0 billion (with medical care collections). Within this funding is \$8.9 billion for the implementation of the Maintaining Internal Systems and Strengthening Integrated Outside Networks Act of 2018 (MISSION Act). The 2020 mandatory funding request totals \$123.2 billion (an increase of \$12.3 billion or 11.1 percent above 2019). The 2020 request will support 393,803 Full-time Equivalent (FTE) employees.

The 2021 Medical Care Advance Appropriations request includes a discretionary funding request of \$91.8 billion (with medical care collections). The 2021 mandatory funding request is \$129.5 billion for veterans benefits programs (Compensation and Pensions, Readjustment Benefits, and Veterans Insurance and Indemnities).

The Budget will provide the necessary resources to meet VA's obligation to provide timely, quality health care, services, and benefits to Veterans. The Budget supports VA's operation of the largest integrated health care system in the country, delivering health care to over 9.3 million enrolled Veterans. The 2020 Budget will also provide for:

- 7.1 million patients treated by VA, an increase of 1.0 percent above 2019;
- Modernization of VA's electronic health record system to improve quality of care;
- Expansion of mental health services by providing more than 15.2 million outpatient visits, an increase of nearly 155,000 visits above 2018;
- Over 119.9 million outpatient visits, an increase of 2.7 percent above 2019;
- Disability compensation benefits for nearly 5.5 million Veterans and Survivors;
- Pension benefits for 444,000 Veterans and Survivors;
- Strengthening VA's infrastructure through \$1.2 billion in Major Construction and \$399 million in Minor Construction for priority infrastructure projects;
- Education assistance programs serving nearly 877,000 trainees;
- Vocational rehabilitation and employment benefits for over 124,000 Veterans;
- A home mortgage program with a portfolio of more than three million active loans;
- The largest and highest performing national cemetery system, projected to inter an estimated 137,000 Veterans and eligible family members in 2020.

The first chart below shows the VA budget for the period from 2016-2020, highlighting the split between discretionary and mandatory funding. Since 2016, the budget has increased by \$53 billion, or 32 percent.



VA Budget history, 2010 to 2020

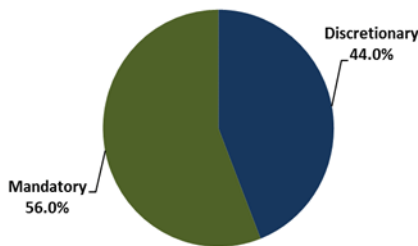
| | Actual | | | | | | | | | | Budget | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | |
| Mandatory ^{1/} | 71.3 | 66.4 | 65.5 | 74.8 | 102.4 | 95.1 | 92.5 | 105.5 | 112.3 | 110.9 | 123.2 | |
| Discretionary | 53.1 | 56.3 | 58.5 | 61.4 | 63.4 | 65.1 | 70.9 | 74.3 | 81.6 | 86.6 | 93.1 | |
| MCCF | 2.8 | 2.8 | 2.8 | 2.9 | 3.1 | 3.2 | 3.5 | 3.5 | 3.5 | 3.6 | 3.9 | |
| Total VA^{2/} | 127.2 | 125.5 | 126.8 | 139.1 | 168.9 | 163.5 | 166.9 | 183.3 | 197.4 | 201.1 | 220.2 | |

^{1/} 2014 Mandatory includes \$15 billion provided by the Veterans Choice Act, and an additional \$2.1 billion in 2017, and \$7.3 billion in 2018.

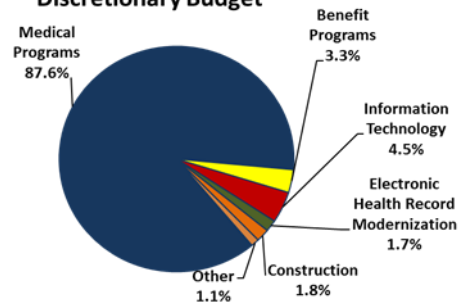
^{2/} Totals may not add due to rounding

2020 Discretionary and Mandatory Funding

Mandatory vs. Discretionary



Discretionary Budget



Appropriations, Collections and DoD Transfers, 2018-2020

| (\$s in millions) | 2018 | 2019 | 2020 | Change 2019 vs 2020 | |
|--|----------------|----------------|----------------|---------------------|--------------|
| | Actual | Enacted | Request | \$ | % |
| Medical Services | 46,110 | 49,911 | 51,411 | 1,500 | 3.0% |
| Medical Community Care | 9,828 | 9,385 | 15,280 | 5,895 | 62.8% |
| Medical Support & Compliance | 6,758 | 7,028 | 7,338 | 310 | 4.4% |
| Medical Facilities (Includes NRM) | 7,217 | 6,804 | 6,142 | -663 | -9.7% |
| Total Medical Care Appropriations* | 69,913 | 73,128 | 80,171 | 7,042 | 9.6% |
| Medical Collections (MCCF) | 3,516 | 3,627 | 3,912 | 285 | 7.9% |
| Total, Medical Care with Collections | 73,428 | 76,756 | 84,083 | 7,327 | 9.5% |
| Medical Research | 722 | 779 | 762 | -17 | -2.2% |
| Electronic Health Record Modernization | 782 | 1,107 | 1,603 | 496 | 44.8% |
| Information Technology | 4,056 | 4,103 | 4,343 | 240 | 5.8% |
| Veterans Benefits Administration | 2,917 | 2,956 | 3,000 | 44 | 1.5% |
| Board of Veterans' Appeals | 154 | 175 | 182 | 7 | 4.1% |
| National Cemetery Administration | 306 | 316 | 329 | 13 | 4.2% |
| General Administration | 336 | 356 | 369 | 13 | 3.7% |
| Construction-Major | 512 | 2,177 | 1,235 | -942 | -43.3% |
| Construction - Minor | 768 | 800 | 399 | -401 | -50.1% |
| Grants for State Extended Care Facilities | 685 | 150 | 90 | -60 | -40.0% |
| Grants for Veterans Cemeteries | 45 | 45 | 45 | 0 | 0.0% |
| Inspector General | 164 | 192 | 207 | 15 | 7.8% |
| Loan Administration Funds | 180 | 202 | 202 | 0 | -0.1% |
| DoD Transfers for Joint Accounts** | 130 | 128 | 142 | 14 | 10.9% |
| Subtotal Discretionary without MCCF | 81,669 | 86,615 | 93,079 | 6,465 | 7.5% |
| Total Discretionary Funding (with MCCF) | 85,185 | 90,242 | 96,991 | 6,750 | 7.5% |
| Total Mandatory Funding*** | 112,283 | 110,896 | 123,213 | 12,317 | 11.1% |
| Total VA (Disc & Mand) without MCCF | 193,952 | 197,511 | 216,292 | 18,781 | 9.5% |
| Total VA (Disc & Mand) with MCCF | 197,468 | 201,138 | 220,204 | 19,066 | 9.5% |

* 2018 Includes Hurricane Supplemental Appropriations but Veterans Choice Act are included in mandatory totals

**Does not reflect transfers from Medical Care appropriations for Joint Accounts

***Includes 2018 Veterans Choice Act mandatory appropriation

As of September 30, 2018, there were an estimated 20 million Veterans living in the United States and its territories and other locations. In addition to these Veterans, up to 23.5 million family members and dependents may be eligible for certain VA benefits. The resources requested in this budget will allow VA to deliver on the Nation's promise to Veterans through investments in personnel, efficient business practices, and technology. VA will continue to work with Federal, state, and local partners, including Veterans Service Organizations (VSOs).

VA Staffing

Each day, more than 380,000 VA employees come to work for America's Veterans. These employees have a close connection with Veterans – over 33 percent are Veterans themselves. The 2020 Budget supports an increase of 13,805 Full-Time Equivalent Employees (FTE) above the 2019 estimated level to expand access to health care and improve benefits delivery. This includes additional FTE for the National Cemetery Administration (NCA) to expand Veterans access to burial services with initial activation of nine new cemeteries, and additional clinical and hospital staff in the Veterans Health Administration (VHA), including physicians, nurses, and scheduling clerks.

Full-Time Equivalent Employees By Administration and Office

| | 2018 Actual | 2019 Enacted | 2020 Request | Change 2019 v 2020 | |
|--|----------------|-----------------|-----------------|--------------------|-------------|
| Medical Services* | 239,148 | 250,183 | 262,046 | 11,863 | 4.7% |
| Medical Support & Compliance | 52,443 | 54,283 | 54,892 | 609 | 1.1% |
| Medical Facilities | 24,522 | 25,115 | 25,709 | 594 | 2.4% |
| Other (DoD-VA Fund Accounts) | 2,136 | 2,192 | 2,192 | - | 0.0% |
| Canteen Service | 3,420 | 3,500 | 3,550 | 50 | 1.4% |
| Subtotal Medical Care | 321,669 | 335,273 | 348,389 | 13,116 | 3.9% |
| Medical Research | 3,085 | 3,165 | 3,165 | - | 0.0% |
| National Cemetery Administration | 1,865 | 1,941 | 2,008 | 67 | 3.5% |
| Information Technology | 7,152 | 7,589 | 7,575 | (14) | -0.2% |
| Electronic Health Record Modernization | - | 170 | 231 | 61 | 35.9% |
| Veterans Benefits Administration | 22,961 | 23,899 | 23,899 | - | 0.0% |
| General Administration | 2,520 | 2,818 | 3,136 | 318 | 11.3% |
| Board of Veterans' Appeals | 920 | 1,125 | 1,125 | - | 0.0% |
| Inspector General | 849 | 975 | 1,000 | 25 | 2.6% |
| Franchise Fund | 1,383 | 1,928 | 2,140 | 212 | 11.0% |
| Supply Fund | 957 | 1,115 | 1,135 | 20 | 1.8% |
| Veterans Choice Fund | 1 | - | - | - | 0.0% |
| Total FTE | 363,362 | 379,998 | 393,803 | 13,805 | 3.6% |

* Medical Care FTEs include Section 801 Veterans Choice Act FTEs

Secretarial Priorities

The 2020 budget request is focused on implementing the Secretary's top priorities for the VA: 1) Customer Service, 2) Implementing MISSION Act; 3) Electronic Health Record Modernization (EHRM), and 4) Business Transformation.

Customer Service / Customer Experience

The first VA priority is customer service; this is the prime directive. It is the responsibility of all VA employees to provide an excellent customer service experience (CX) to Veterans, Servicemembers, their families, caregivers, and survivors when we deliver care, benefits, and memorial services. Customer Experience (CX) is now incorporated in the FY 2018-2024 VA Strategic Plan, and VA has a customer service policy for the first time in its history. This policy focuses on capabilities, governance, and accountability.

The Veterans Experience Office (VEO) is the lead organization at VA for achieving the customer service priority and provides the department a core customer experience capability. VEO offers four core customer experience capabilities, including real-time customer experience data, tangible customer experience tools, modern technology, and targeted engagement. VEO deploys customer experience data, technology, tools, and analyzes information and insights collected from Veterans, eligible dependents, caregivers, and survivors. Leaders and providers in the field have real-time Veteran feedback so they can address Veteran concerns immediately and gain program improvement insights quickly. That information helps inform short-term service recovery and long-term program and systems improvements.

To embed VEO into the department and provide it with a firm foundation, the budget transitions VEO to direct funding from reimbursable funding and provides a base of \$8.6 million (direct funding), \$8.1 million above 2019. This will hardwire the CX capability in the Department to improve care, benefits and service to Veterans, their families, caregivers and survivors.

The results are showing. In June 2017, VEO deployed VA's first service-level survey to measure the Veteran Experience with VHA's outpatient services. During the first month of the outpatient services surveys, VA's trust score was at 84.7 percent. Since then, the trust score has risen almost every month. In September 2018, the trust score was 86.8 percent. In January 2019, the trust score was 87.9 percent, a 3.2 percent increase since mid-2017.

Implementing the MISSION Act

Implementation of the MISSION Act will fundamentally transform VA healthcare, fulfilling the President's commitment to help Veterans live a healthy and fulfilling life. It will consolidate community care into a single program that's easier for Veterans, families, community providers to navigate.

The budget includes \$8.9 billion in 2020 and \$11.3 billion in 2021 for the VA Medical Care program to implement the MISSION Act, including access standards that expand Veterans' care options and reduce wait times for primary and specialty care, as shown in the following table.

| MISSION Act Dollars in Thousands (\$000) Description | 2020 Revised Request | 2021 Advance Appropriation |
|--|----------------------------|----------------------------------|
| Choice Enrollees Transitioning to MISSION 1/..... | \$5,538,964 | \$5,836,681 |
| New Access Standards (Incremental Cost) 2/..... | \$2,862,818 | \$4,583,118 |
| Urgent Care..... | \$271,803 | \$307,028 |
| Caregiver Expansion..... | \$150,000 | \$480,000 |
| Staff Recruitment, Retention, and Other | \$85,000 | \$85,000 |
| Obligation Total..... | \$8,908,585 | \$11,291,827 |

1/ Includes the net administrative costs for the Choice Program enrollee population transitioning to the new, consolidated program.

2/ Includes the administrative costs for care provided under the new access standards; includes the costs associated with implementing the MISSION Act's transplant authority for increased access; excludes 1st and 3rd party collection offsets, which do not impact obligations.

The MISSION Act increases Veterans' access to a brand-new urgent care benefit. It also expands the family caregiver program to provide needed assistance to the people caring for some of our most needy Veterans, and provides Veterans greater choice on where they receive their health care – whether at VA or through a private health care provider.

On February 21, 2019, VA proposed new rules for Veterans' access to care:

- Access standards will be based on average drive time and appointment wait times.
- For primary care, mental health, and non-institutional extended care services, VA is proposing a 30-minute average drive time standard.
- For specialty care, VA is proposing a 60-minute average drive time standard.
- VA is proposing new appointment wait-time standards of 20 days for primary care, mental health care, and non-institutional extended care services, and 28 days for specialty care from the date of request.

Electronic Health Record Modernization (EHRM)

The third priority is replacing the aging electronic health record (EHR). The budget includes \$1.6 billion (an increase of \$496 million or 45% from 2019) to continue to support VA's EHRM effort to create and implement a single longitudinal electronic health record from active duty to Veteran status, and to ensure interoperability with Department of Defense (DoD).

This request would fund acquisition, maintenance, testing, evaluation, deployment, enhancement, operation, sustainment, and program management necessary for the EHRM initiative. Specifically, it would provide necessary resources for the post Go-Live activities of OEHRM's three Initial Operating Capability (IOC) sites, the in-process deployment of seven sites, 18 new site assessments, and 12 site transitions scheduled to begin in 2020.

Transforming our Business Systems

Business transformation will move VA beyond compartmentalization of the past and empower our employees serving Veterans to provide world-class customer service.

Financial Management Business Transformation

The Budget request includes \$66.0 million in Information Technology funds, \$107 million in funding from the VA customer offices through the Franchise Fund, and \$11.9 million in General Administration funding, and total funding of \$184.9 million, to replace the aging financial system architecture through the Financial Management Business Transformation (FMBT) program. FMBT will provide a modern integrated financial and acquisition management system which will increase the transparency, accuracy, timeliness, and reliability of financial information, resulting in improved fiscal accountability to tax payers and increased opportunity to improve care and services to Veterans.

Supply Chain Transformation

VA is embarking on a supply chain transformation program designed to build a lean, efficient supply chain that provides timely access to meaningful data focused on patient and financial outcomes. The request includes \$36.8 million for Supply Chain Management in the Corporate Portfolio Business Transformation project within the Information Technology Appropriation.

VA is pursuing a holistic modernization effort which will address people, training, processes, data and automated systems. To achieve greater efficiencies by partnering with other Government agencies, VA will strengthen its long-standing relationships with DoD by leveraging expertise to modernize VA's supply chain operations, while allowing the VA to remain fully committed to providing quality healthcare and applying resources where they are most needed.

Based on the collaboration with DoD, VA will adopt the Defense Medical Logistics Standard Support (DMLSS) on an enterprise-wide basis to replace VA's existing logistics and supply chain solution. VA's current system faces numerous challenges and is not equipped to address the complexity of decision-making and integration required across functions, such as acquisition, logistics and construction. The DMLSS solution will ensure that the right products are delivered to the right places at the right time, while providing the best value to the government and taxpayers.

VA is piloting DMLSS at James A. Lovell Federal Health Care Center and VA initial EHR sites in Spokane and Seattle to analyze VA enterprise-wide application. In DMLSS VA is leveraging a proven system that DoD has developed, tested and implemented.

Achieving Results

Under the Secretary's leadership, and with the support of its dedicated staff across the country, the VA is achieving significant results. These results are demonstrated in objective measures validated or conducted by outside groups. The Partnership for Public Service recently reported VA as one

of the best places to work in federal government.¹ Dartmouth’s *Annals of Internal Medicine* reported that “VA health care is as good, or better, than any care our American people receive in any part of the country.”² A 2018 *Journal of the American Medical Association (JAMA)* study found Veterans’ access to VA care “appears to have improved between 2014 and 2017 and appears to have surpassed access in the private sector for 3 of the 4 specialties evaluated.” In fact, the third most talked about JAMA article last year reported on VA’s work on non-opioid medication pain management.³ A 2018 Rand study found that the VA health care system “generally delivers higher quality care than other health providers.”⁴

The following pages outline VA’s 2020 Budget request by appropriation account.

¹See: <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=5161>

² William B. Weeks, MD, PhD, MBA; Alan N. West, PhD, “Veterans Health Administration Hospitals Outperform Non-Veterans Health Administration Hospitals in Most Health Care Markets”, *Annals of Internal Medicine*, December 11, 2018

² Sean Nugent, BA, Amy Gravely, Erin E. Krebs, MD, MPH, “Effect of Opioid vs Nonopioid Medications on Pain-Related Function in Patients With Chronic Back Pain or Hip or Knee Osteoarthritis Pain, :The Space Randomized Clinical Trial” *JAMA*, March 6, 2018

² Rebecca Anhang Price, “ VA Health System Generally Delivers Higher-Quality Care Than Other Health Providers” RAND Study, April 26, 2018

Veterans Health Administration Medical Care

Budget Authority

| (\$s in 000s) | 2018 Actual | 2019 Enacted | 2020 Request | 2021 Request |
|---|-------------------|-------------------|-------------------|-------------------|
| Medical Services | 46,109,613 | 49,911,165 | 51,411,165 | 56,158,015 |
| Medical Community Care* | 9,828,294 | 9,384,704 | 15,279,799 | 17,131,179 |
| Veterans Choice Fund ** | 7,300,000 | | | |
| Medical Support and Compliance | 6,757,689 | 7,028,156 | 7,337,956 | 7,914,191 |
| Medical Facilities | 7,216,988 | 6,804,468 | 6,141,880 | 6,433,265 |
| Total Medical Appropriation | 77,212,584 | 73,128,493 | 80,170,800 | 87,636,650 |
| Medical Care Collections Fund | 3,515,634 | 3,627,027 | 3,912,170 | 4,114,576 |
| Total Medical Appropriation (with Collections) | 80,728,218 | 76,755,520 | 84,082,970 | 91,751,226 |

Note: Includes all rescissions. Excludes transfers to the two joint Department of Defense (DoD)-VA health care accounts. Includes the portion of MCCF collections actually or anticipated to be transferred to the Joint DOD-VA Medical Facility Demonstration Fund, in support of the Captain James A. Lovell Federal Health Care Center (FHCC).

**2020 Community Care includes a shift of \$5.5 billion from Mandatory to Discretionary funding for the Choice Program enrollee population transitioning to the new, consolidated Community Care Program.*

*** Mandatory appropriations.*

The 2020 Budget requests \$84.1 billion in discretionary funding for medical care, including \$3.9 billion in collections and \$4.6 billion in additional funding (the “second bite”) for 2020. The 2020 request is \$7.3 billion (9.5%) above the 2019 enacted level. In 2020, VA will expand Veteran access to medical care by increasing medical and clinical staff, improving its facilities, and expanding care across the VA.

Shift from Mandatory to Discretionary Funding

The increase in Community Care appropriations from 2019 to 2020 includes a shift of \$5.5 billion from mandatory to discretionary funding for the Choice program. Since the start of the Choice program in 2014, it was funded through mandatory funds. With the enactment of the MISSION Act, all costs for Veterans’ care previously funded by mandatory funds shifts to discretionary funds in the 2020 request. These costs total approximately \$5.5 billion in 2020. As result of the MISSION Act, VA projects Veterans will increase their reliance on VA for healthcare needs, shifting away from other sources (such as Medicare, TRICARE, or private health care insurance).

Full Time Equivalents

The 2020 Budget will support 342,647 medical care FTE, an increase of 13,066 FTE (4.0 percent) above 2019.

FTE

| | 2018 Actual | 2019 Enacted | 2020 Request | 2021 Request |
|--------------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| Medical Services | 239,148 | 250,183 | 262,046 | 275,797 |
| Medical Support and Compliance | 52,443 | 54,283 | 54,892 | 55,492 |
| Medical Facilities | 24,522 | 25,115 | 25,709 | 26,303 |
| Veterans Choice Program | 1 | 0 | 0 | 0 |
| Total FTE | 316,114 | 329,581 | 342,647 | 357,592 |

Note: FTE include staff funded through Sections 801 of the Veterans Choice Act in 2018 and 2019.

VA is implementing MISSION Act authorities that will increase VA's ability to recruit and retain the best medical providers by expanding existing loan repayment and clinical scholarship programs and created several new programs focused on medical school students and recent graduates. In addition, VA is implementing initiatives to enhance VA's workforce, such as the expanded utilization of peer specialists and medical scribes.

VHA continues to transform the way it delivers health care and provides a broad range of primary care, specialty care, and related medical and social services to meet the needs of our growing population of enrolled Veterans, including larger numbers of women and rural Veterans. VA remains the provider of choice and continues to attract new patients.

Veteran Patient Workload

| | 2018 Actual | 2019 Enacted | 2020 Request | 2021 Request |
|---|------------------------|-------------------------|-------------------------|-------------------------|
| Number of Patients | 6,915,496 | 6,992,490 | 7,064,955 | 7,131,262 |
| Number of Veterans Enrolled in VA Health Care | 9,178,149 | 9,243,405 | 9,300,004 | 9,348,256 |
| Number of Inpatient -Treated | 914,159 | 916,619 | 918,321 | 918,694 |
| Number of Outpatient Visits | 112,544,000 | 116,754,000 | 119,895,000 | 122,767,000 |

The Budget expands health care services for our nation's Veterans while building an integrated system of care that both strengthens services within VA and makes effective use of community providers. The 2020 budget provides for 7.1 million patients, a 1.0 percent increase above 2019, and will fund 120 million outpatient visits, an increase of 2.7 percent above 2019.

Medical Care Facilities

| | 2018 Actual | 2019 Enacted | 2020 Request | 2021 Request |
|---|----------------|-----------------|-----------------|-----------------|
| Veteran Integrated Service Networks (VISNs) | 18 | 18 | 18 | 18 |
| VA Hospitals | 143 | 143 | 143 | 143 |
| Community Living Centers | 134 | 134 | 134 | 134 |
| Mental Health Residential Rehabilitation Treatment Programs (MH RRTP) | 113 | 116 | 119 | 121 |
| VA Medical Center-Based Outpatient Care | 172 | 172 | 172 | 172 |
| Health Care Centers | 23 | 23 | 23 | 23 |
| Community-Based Outpatient Clinics | 728 | 728 | 728 | 728 |
| Other Outpatient Service Sites | 318 | 318 | 318 | 318 |
| Dialysis Centers | 74 | 74 | 74 | 74 |
| Community Resources and Referral Centers | 31 | 33 | 33 | 33 |
| Vet Centers | 300 | 300 | 300 | 300 |
| Mobile Vet Centers | 80 | 80 | 80 | 80 |

Modeling Health Care Needs

VHA uses the Enrollee Health Care Projection Model (EHCPM), an actuarial model, to support formulation of the majority of the VA health care budget; to conduct strategic and capital planning; and to assess the impact of potential policies and changes in a highly dynamic health care environment.

The EHCPM projects enrollment, utilization, and expenditures for the enrolled Veteran population for 95 categories of health care services 20 years into the future. First, VA uses the model to determine how many Veterans will be enrolled in VA health care each year and their age, gender, priority, and geographic location. Next, VA uses the model to project the total health care services needed by those enrollees and then estimates the portion of that care that those enrollees will demand from VA. Finally, total health care expenditures are developed by multiplying the expected VA utilization by the anticipated cost per service. The Model informed the assumptions used to project additional community care activity related to the MISSION Act.

The EHCPM takes into account the majority of health care services that have been provided to Veterans, including separate calculations for Long-Term Services and Support. Activities and programs whose resource levels are not projected by the EHCPM are called “non-modeled,” and can change from year to year. Non-modeled activities include programs such as Non-Recurring Maintenance (NRM), state-based long-term care, the Civilian Health and Medical Program (CHAMPVA), and readjustment counseling. These two amounts (modeled and non-modeled), make up the total VA Medical Care request.

Change from 2020 Advance Appropriation (AA) and Revised 2021 Request in Obligations

The 2020 Budget request for VA health care services is \$4.6 billion higher than the enacted 2020 advance appropriation level.

The total net increase in obligations from the 2020 Advance Appropriation is primarily due to the growth in workload and program expansions included in the MISSION Act.

| (\$s in 000s) | 2020 Advance Appropriation Enacted | Revised 2020 Estimate | Difference |
|--|------------------------------------|-----------------------|--------------------|
| Requirements | | | |
| Health Care Services Medical Care | 68,592,110 | 73,212,310 | 4,620,200 |
| <i>Non-Recurring Maintenance (non-add)</i> | <i>1,445,565</i> | <i>1,175,581</i> | <i>0</i> |
| Long Term Services and Supports | 9,781,721 | 9,781,721 | 0 |
| Other Health Care Programs | 3,540,543 | 3,540,543 | 0 |
| VA Legislative Proposals | 265 | 265 | 0 |
| Total Obligations | \$81,914,639 | \$86,534,839 | 4,620,200 |
| | | | |
| Funding Availability | | | |
| Advance Appropriation | 75,550,660 | 75,550,660 | 0 |
| Annual Appropriation Adjustment | | 4,620,200 | 4,620,200 |
| Transfers | (321,629) | (321,629) | 0 |
| Medical Care Collections Fund | 3,894,745 | 3,894,745 | 0 |
| Reimbursements | 175,000 | 175,000 | 0 |
| Change in Unobligated Balance | 2,014,657 | 2,014,657 | 0 |
| Veterans Choice Act, Section 801 | 19,766 | 19,766 | 0 |
| Veterans Choice Act, Section 802 | 581,500 | 581,500 | 0 |
| Total Funding Availability | \$81,914,699 | \$86,534,899 | \$4,620,200 |

Medical Care Areas of Focus

The 2020 Budget and 2021 Medical Care Advance Appropriations emphasize health care services for Veterans and continue to respond to many emerging areas of need. For example, there is a growing population of women Service members leaving the military and coming into VA's care. There are also a large number of individuals choosing to care for their loved ones through VHA's Caregivers program

The following table provides obligations in key areas of VA care. Summary explanatory descriptions of these major programs are also provided.

**Veteran Medical Care: Key Focus Areas
Obligations**

| (\$s in millions) | 2018 Actual | 2019 Enacted | 2020 Request | 2021 Request |
|---------------------------------------|-------------|--------------|--------------|--------------|
| Mental Health | \$8,504 | \$8,997 | \$9,423 | \$9,960 |
| Homeless Programs | \$1,639 | \$1,819 | \$1,819 | \$1,819 |
| Telehealth | \$842 | \$1,001 | \$1,105 | \$1,729 |
| Caregivers | \$471 | \$494 | \$705 | \$1,062 |
| Women Veterans (Gender-Specific Care) | \$473 | \$505 | \$547 | \$590 |
| Opioid Treatment Program | \$349 | \$382 | \$397 | \$412 |
| Rural Health Initiative | \$257 | \$270 | \$270 | \$270 |

Mental Health

The budget requests \$9.4 billion for Veterans’ mental health services, an increase of \$426 million (4.7 percent) above 2019. This request includes \$222 million for the suicide prevention program, an increase of \$15.6 million (8 percent) above 2019. Mental health services available to Veterans range from treatment of a variety of common mental health conditions in primary care to more intensive interventions in specialty mental health programs for more severe and persisting mental health conditions. Veteran demand for VHA mental health care continues to grow, with approximately 1.7 million Veterans (28 percent of all VHA users) receiving mental health services in a VHA specialty mental health setting in FY 2018. This is an increase from approximately 927,000 unique Veterans in FY 2006.

VA dedicates all the resources necessary to provide care for Veterans with a broad range of conditions such as depression, anxiety, Post-Traumatic Stress Disorder (PTSD), and psychosis. VA provides services through several means, such as: mental health professionals embedded in Patient Aligned Care Teams (PACTs) to help in the assessment of patients along with primary care doctors and medical staff; intensive recovery-oriented individual and group treatments; and inpatient care for the most serious cases of suicidal or homicidal patients or patients with acute psychosis. VA also specializes in care for Veterans suffering from PTSD and substance use disorders and mental health services for women and older Veterans. In addition to a great expansion in the available of

Mental Health Highlights

Hiring: VA has hired more than 3,900 new mental health providers yielding a net increase in VA mental health staff of over 1,000 providers, since July 2017.

Appointments: Nationally, in 2019 Q1, 90 percent of new patients completed an appointment in a mental health clinic within 30 days of scheduling an appointment, and 96.8 percent of established patients completed a mental health appointment within 30 days of the day they requested.

on-line information, Veterans can call the Crisis Line when any type of help is needed at 1-800-273-8255.

Homeless Programs

VA requests \$1.8 billion for homeless programs, maintaining the significant funding provided in 2019 and increasing funds by \$179 million above the 2018 level, to provide the type of resources most needed where they are most needed across the country. VA is committed to the objective of ending Veteran homelessness, and pursues that objective in close collaboration with our Federal agency partners, leading national organizations, and State and local government agencies, and with Veteran-Service Organizations and other nonprofit partners in communities across the country.

This multi-year program has seen great success – reducing the number of homeless Veterans from 74,770 in 2010 to approximately 38,000 as of the last official “Point in Time” count in January 2018. This is a nearly 50 percent decline in eight years. In 2018, nearly 107,000 Veterans and their family members were housed or prevented from becoming homeless. Since 2010, through September 30, 2017, over 600,000 Veterans and their family members have been permanently housed, or prevented from becoming homeless. In 2019, VA will continue to focus on prevention and treatment services. This involves providing a comprehensive continuum of care that addresses the psychosocial factors surrounding homelessness while building the capacity of available residential, rehabilitative, transitional, and permanent housing supply. VHA will also continue to work closely with the Department of Housing and Urban Development and other Federal and State agencies, VSOs, national advocacy groups, and community-based providers.

Telehealth Program

The budget requests \$1.1 billion for the total Telehealth program, an increase of \$105 million above the 2019 level. In 2021, VA is requesting \$1.7 billion, an increase of \$623 million above the 2020 level. VA is continuing to expand this program because of its ability to leverage our VA providers, provide better services to our Veterans, and help address challenges to deliver of care in the rural communities.

VA has the largest telehealth program in the country, with more than 782,000 Veterans receiving telehealth services through VA in FY 2018 alone; 45 percent of these Veterans live in rural areas. The total of more than 782,000 Veterans who used telehealth in FY 2018 represented an increase of more than 57 percent compared to the 497,000 Veterans who used telehealth in 2012. These telehealth Veteran totals represent 13 percent and 9 percent, respectively, of the total number of Veterans who received VHA care in 2018 and 2012. VHA intends for telehealth, including the VA Video Connect program, with capabilities of providing care in a flexible and convenient location for the Veteran, to become a routine modality of care available to all Veterans by 2020.

Caregivers

The 2020 Budget requests \$720 million for the Caregiver Support Program, a \$213.5 million (42 percent) increase over the 2019 level, to support over 27,000 caregivers through the Caregiver Support Program. Through this program, VHA provides support to those individuals who act as caregivers for Veterans. There are several support and service options for the caregiver. For example, the Caregiver Support Line at 1-855-260-3274, is available to: respond to inquiries about Caregiver services, as well as serve as a resource and referral center for caregivers, Veterans and others seeking caregiver information; provide referrals to local VA Medical Center Caregiver Support Coordinators and VA/community resources; and provide emotional support.

The Program of Comprehensive Assistance for Family Caregivers (PCAFC), established in Public Law 111-163, the Caregivers and Veterans Omnibus Health Services Act of 2010, allows VA to provide additional support and services to caregivers of eligible Veterans injured in the line of duty on or after September 11, 2001. Services for this group of caregivers include: monthly stipend travel expenses (including lodging and per diem while accompanying Veterans undergoing care); access to health care insurance (if the caregiver is not already entitled to care or services under a health care plan); mental health services and counseling; and caregiver training. In 2018, slightly less than 20,000 primary family caregivers were approved for the program.

Funding requirements for the Caregivers Support Program are driven by an increase in the eligible Veteran population. Currently, only Veterans injured on or after September 11, 2001 are eligible for PCAFC. The 2020 Budget request supports the expansion of PCAFC under the MISSION Act to include eligible pre-9/11 era Veterans seriously injured in the line of duty. By 2024, under the MISSION Act expansion plan, VA estimates approximately 55,000 Veterans will be eligible to receive care through PCAFC including approximately 13,000 pre-Vietnam and 23,000 Vietnam Veterans. These estimates are subject to change as policy decisions are made regarding the implementation of the VA MISSION Act.

Women Veterans

The budget requests \$547 million for gender-specific women Veterans' health care, an increase of \$42 million (8 percent) above 2019. In 2018, women Veterans comprised over 15 percent of active duty military forces and 19 percent of National Guard and Reserves. The needs of a growing number of women Veterans mean that VA must provide more gender-specific services and ensure the availability of appropriate infrastructure facilities to safeguard privacy needs and proper consideration of gender-specific conditions and disorders. VA is anticipating and preparing for the increase in the number of women Veterans as well as for the accompanying complexity and longevity of their treatment needs. Security and privacy for women Veterans is a high priority for the VA. VA is training providers and other clinical staff, enhancing facilities to meet the needs of women Veterans, and reaching out to inform women Veterans about VA services. VA is redesigning women's health care delivery with models of care that ensure women receive equitable, timely, high-quality primary health care from a single primary care provider and team, thereby decreasing fragmentation and improving quality of care for women Veterans.

Opioid Treatment and Pain Management Safety

The request for Opioid Prevention and Treatment program is \$397 million, \$15 million above 2019. VA's Opioid Safety Initiative (OSI) aims to ensure pain management is addressed thoughtfully, compassionately, and safely. Based on comparisons of national data between the quarter beginning in July 2012 and the quarter ending in September 2018, many aspects of the Opioid Safety Initiative continue to show positive results. Despite an increase of 219,673 Veterans who were dispensed any medication from a VA pharmacy, 234,492 fewer Veterans were on long-term opioids, and 93,586 fewer Veterans received opioid and benzodiazepine medications together. There has been an increase in the percentage of Veterans on opioid therapy who have had at least one urine drug screen completed in the past year from 37 percent to 91 percent. The average dose of selected opioids has continued to decline as 40,584 fewer patients were receiving daily doses greater than or equal to 100 milligrams of morphine equivalent, demonstrating that prescribing and consumption behaviors are changing. The Overdose Education and Naloxone Distribution (OEND) initiative targets education and training for opioid overdose (including prevention and recognition) and rescue response (including distribution of naloxone kits). As of September 30, 2018, over 204,000 naloxone prescriptions were dispensed to Veterans.

Rural Health

The budget maintains the strong level of funding for rural health projects at \$270 million. As a complement to telehealth, VA is committed to improving the care and access for Veterans in geographically rural areas. Projects funded through the VHA Office of Rural Health (ORH) include home-based primary care, training and education of medical residents in rural clinical setting, equipment for rural Community Based Outpatient Clinics (CBOCs), transportation of rural Veterans, and home-based therapies. Through these and other rural health initiatives, ORH has addressed the unique needs of over three million enrolled Veterans living in rural and highly rural areas, which make up approximately 33 percent of all Veteran enrollees.

Community Care

Budgetary Resources, Total Obligations for Community Care

| (\$s in 000s) | 2018 Actual | 2019 Enacted | 2020 Request | 2021 Request |
|---|-------------------|-------------------|-------------------|-------------------|
| Medical Community Care Appropriation | 9,828,294 | 9,384,704 | 15,279,799 | 17,131,179 |
| Veterans Choice Mandatory | 4,546,112 | 3,830,867 | 581,500 | 200,000 |
| Medical Care Collections Fund | 272,102 | 353,802 | 446,243 | 537,442 |
| Net Transfers | -26,117 | -26,929 | -27,651 | -28,392 |
| Change in carryover balances | -313,442 | 191,127 | 300,000 | |
| Lapse | -64 | | | |
| Prior Year Recoveries | 548,839 | | | |
| Total Obligations | 14,855,724 | 13,733,571 | 16,579,891 | 17,840,229 |
| Effect of One-time Change in timing of Obligations /1 | | 1,800,000 | | |
| Total Obligations with Timing impact | 14,855,724 | 15,533,571 | 16,579,891 | 17,840,229 |
| % change in Total Obligations from prior year | 9.6% | 4.5% | 6.8% | 7.6% |

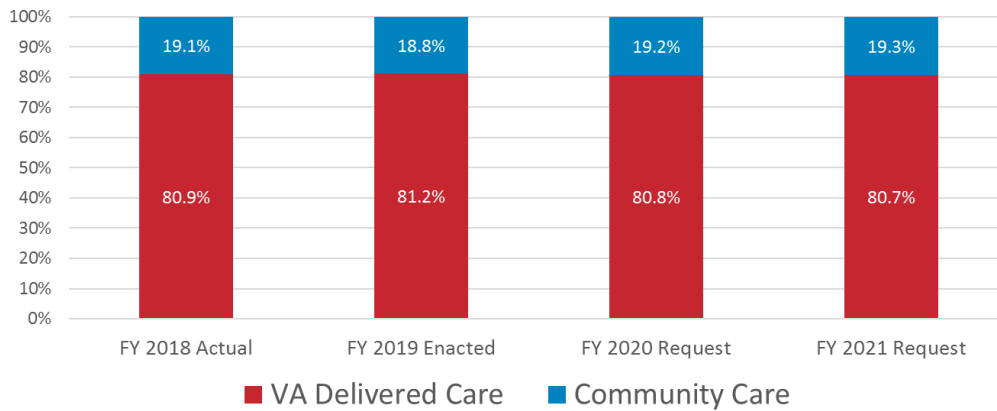
1/ In 2019, VA has changed its timing of obligation to match the day of expenditure.

VA Community Care

The budget requests \$16.6 billion in total obligations to support community care for Veterans and eligible beneficiaries. 2020 planned obligations, including all funding sources, are 6.8% greater than 2019. While the appropriated funding for community care grows significantly from 2019 to 2020, this growth includes significant changes in the sources of funding for community care, including Choice. In 2020, with implementation of the MISSION Act, community care for all Veterans will be funded for the first time since the beginning of the Choice program by discretionary funding. 2020 costs associated with continuing to provide care for the Choice population previously funded by mandatory funding is estimated to be approximately \$5.5 billion.

Also, in 2019, VA implemented a change in how community care medical care costs are recorded in the VA financial system. Prior to 2019, VA recorded an obligation at the time of medical care authorization. But in 2019, VA changed to recording obligations and making payments when the bill arrives. Even though individual funding streams, such as the discretionary appropriation have changed from year to year, and especially from 2019 to 2020, the overall total funds obligated has remained relatively stable and shows moderate consistent growth from year to year. When total obligations, (including the timing of obligations adjustment) for Community Care are compared to total obligations for VA delivered care, the split between the two methods of providing care has remained consistent at about 19 percent for community care and 81 percent for VA provided care, as shown in the chart below.

Percentage of Medical Care Budgetary Resources (Obligations) VA Delivered Care and Community Care



In 2021, VA is requesting an advance appropriation of \$17.1 billion, a \$1.9 billion (12 percent) increase over the 2020 level appropriation level to address increased workload within VA facilities, as well as increased workload and reliance from the MISSION Act expansion of community care.

Veterans Health Administration Medical and Prosthetic Research

Budget Authority

| (\$s in 000s) | 2018 Actual | 2019 Enacted | 2020 Request |
|---------------------------------|--------------------|--------------------|--------------------|
| Research Appropriation | \$722,262 | \$779,000 | \$762,000 |
| Medical Care Support | \$544,000 | \$618,264 | \$647,700 |
| Federal and Non-Federal Sources | \$570,000 | \$570,000 | \$570,000 |
| Reimbursements | \$26,998 | \$56,000 | \$55,000 |
| Total Budget Authority | \$1,863,260 | \$2,023,264 | \$2,034,700 |

FTE

| | 2018 Actual | 2019 Enacted | 2020 Request |
|-----------|----------------|-----------------|-----------------|
| Total FTE | 3,085 | 3,165 | 3,165 |

The 2020 request for the Medical and Prosthetic Research appropriation is \$762 million, a decrease of \$17 million, or 2 percent, from 2019. The 2019 appropriation funded a one-time VA and the Department of Energy (DOE) Big Data Science Initiative of \$27 million through 2023. The 2020 request does not request any additional funding for this initiative. The Medical and Prosthetic Research Appropriation will support approximately 2,200 research projects. When all sources of funding are combined, Medical and Prosthetic Research 2020 funding will be about \$2.0 billion.

VA's research efforts are also enhanced by reimbursable authority and private/federal grants awarded to VA investigators. These other federal and non-federal resources, from organizations including NIH, DoD, and CDC, are estimated at \$570 million. VA Medical Care also provides support for VA research by maintaining infrastructure, support dollars for clinical salaries for time assigned to research, and other administrative and facility services.

Funding Distribution

VA Research supports its priorities through the funding distribution shown in the table below.

| Program (\$s in 000s) | 2018 Actual | 2019 Enacted | 2020 Request |
|-------------------------------------|------------------------------|-------------------------------|-------------------------------|
| Research Administration | \$77,069 | \$77,720 | \$78,754 |
| Biomedical Laboratory R&D | \$184,311 | \$206,778 | \$209,528 |
| Rehabilitation R&D | \$111,507 | \$111,343 | \$112,824 |
| Health Services R&D | \$105,474 | \$113,035 | \$114,538 |
| Cooperative Studies Program | \$94,684 | \$86,799 | \$87,953 |
| Clinical Science R&D | \$62,039 | \$72,420 | \$73,383 |
| Million Veteran Program | \$87,178 | \$83,903 | \$85,019 |
| MVP/DOE Big Data Science Initiative | \$0 | \$27,000 | \$0 |
| Total | \$722,262 | \$779,000 | \$762,000 |

Strategic Priorities

VA's Research strategic priorities for the 2020 request are as follows:

- 1. Increase Veterans' access to high-quality clinical trials:** Increasing Veterans' access to clinical trials gives Veterans more options to receive promising new treatments in a highly regulated environment, while also enabling them to continue to serve the nation and help their fellow Veterans through voluntary participation in health care research.
- 2. Increase the substantial real-world impact of VA research:** Discoveries and innovations generated by VA researchers require efforts in development, translation, implementation, and dissemination before Veterans can benefit widely from these advances.
- 3. Transform VA data into a national resource:** VA has among the richest health datasets in the world, including those associated with MVP. These datasets are expected to yield discoveries that will benefit both Veterans and the nation. To accelerate the rate of these discoveries, VA is working to transform VA data into a national resource, with appropriate privacy safeguards in place.

Research 2020 Cross-Cutting Clinical Priorities

Office of Research and Development's (ORD) cross-cutting clinical priorities for the 2020 request are:

- 1. Suicide prevention:** Research can identify which factors increase the risk of suicide, and ORD is able to plan studies to prevent suicide by directly addressing an individual's

suicide risk profile. Resources from this budget are needed to build new tools to manage risk factors; identify more effective prevention strategies; and better ensure the successful transition of Veterans into the VA health care system, especially as they transition from active-duty military status to civilian life.

- 2. Opioids:** Chronic pain is more prevalent in the Veteran population than in the non-Veteran U.S. population. It is often accompanied by co-existing mental health conditions, putting Veterans at risk for harms from opioid medication. VA Research will support VA's Opioid Safety Initiative through evaluations of the Stratification Tool for Opioid Risk Mitigation (STORM), as well as clinical trials of complementary and integrative health approaches to pain management and interventions such as phone apps and group visits.
- 3. Posttraumatic stress disorder (PTSD):** VA Research has led the way in developing effective psychotherapies for PTSD and in exploring other approaches such as medications, behavioral interventions, and devices in clinical trials. VA also has a strong track record of facilitating the implementation of research findings in this area directly into clinical practice. We continue to work to better understand the underlying biology of PTSD, to advance new treatments, and to refine diagnostic approaches to make health care for PTSD more effective.
- 4. Traumatic brain injury (TBI):** ORD will continue to investigate cutting-edge diagnostics and treatments to improve brain health and quality of life for Veterans who have sustained a TBI. More than 120,000 Veterans who use VA for their health care have been diagnosed with at least one TBI. Key efforts will include continued funding of the Translational Research Center for TBI and Stress Disorders (TRACTS), and the VA/DoD Chronic Effects of Neurotrauma Consortium.
- 5. Gulf War Illness:** ORD's Gulf War Program is congressionally mandated. It is overseen by the Federal Advisory Committee (FACA)-Research Advisory Committee (RAC) on Gulf War Veterans' Illnesses. The goal of this program is to improve the health of ill Gulf War Veterans. Peer-reviewed scientific projects funded by ORD are helping researchers understand the biological mechanisms of Gulf War illness, identify biomarkers, and develop and employ effective treatments.

Electronic Health Record Modernization

Budget Authority

| (\$s in 000s) | 2018 Actual | 2019 Enacted | 2020 Request |
|-------------------------------|------------------------|-------------------------|-------------------------|
| EHR Contract | \$500,000 | \$575,000 | \$1,106,500 |
| Program Management | \$184,000 | \$120,000 | \$161,800 |
| Infrastructure Support | \$98,000 | \$412,000 | \$334,700 |
| Total Budget Authority | \$782,000 | \$1,107,000 | \$1,603,000 |

In 2020, VA is requesting \$1.6 billion to continue implementing Electronic Health Record Modernization (EHRM). The health and safety of our Veterans is one of our highest national priorities. These funds will be used to implement, prepare, develop, interface, manage, roll out, and maintain Veterans' electronic health records. Specifically, it would provide necessary resources for the post Go-Live activities of OEHRM's three Initial Operating Capability (IOC) sites, the in-process deployment of seven sites, 18 new site assessments, and 12 site transitions scheduled to begin in 2020.

To ensure VA successfully prepares for, deploys, and maintains the new EHR solution and the health IT tools dependent upon it, VA established OEHRM, whose main priority for 2020 is to ensure that VA judiciously balances speed of implementation with risk to cost, schedule, and performance objectives to ensure the care of our Veterans.

The 2020 request is separated into three subaccounts:

Electronic Health Record Modernization

The EHRM subaccount includes estimated cost for activities required to plan for and deploy the Cerner Millennium solution such as site activation, change management, data migration, data hosting, interoperability, workflow development, testing, help desk support, licenses, data analytics, innovations, and data normalization planned for VISN 21 and 22, in the Southwest region. The new EHR system integrates modern functionality and infrastructure into a simple experience with fewer products, which will help simplify health care delivery for both patients and clinical providers.

Infrastructure Readiness

The Infrastructure Readiness subaccount includes estimated infrastructure support costs such as modifications to legacy systems, interfaces, and wired and wireless networks at VAMCs and their associated sites. Infrastructure Readiness is a critical component of the success of our EHRM efforts. Components of VA, namely OIT, VHA, and OEHRM, have been working communally to improve VA's current IT infrastructure to a point of efficiency that supports VA's new EHR solution and positions the Department to effectively deploy its new EHR solution across the enterprise.

Program Management

The Program Management subaccount includes estimated costs for program management, including government and contract personnel cost, administrative, and overhead expenses. OEHRM will ensure successful execution, oversight, active coordination, and proactive management. Previously, this office had been referred to as the Program Executive Office. OEHRM is charged with providing oversight of all activities related to and in support of EHRM; ensuring OEHRM contractors perform to the cost, schedule, and performance objectives, and the corresponding management of associated project risks while guaranteeing that VA infrastructure is ready for the system's deployment. OEHRM employs government and contractor personnel to provide oversight in a myriad of professional disciplines including: program management, clinical, technical, engineering and architecture, information assurance (IA), security, testing, acquisition, contracting, data migration, communication, independent validation and verification (IV&V), training, change management, and governance.

Veterans Benefits Administration

Budget Authority

| (\$s in 000s) | 2018 Actual | 2019 Enacted | 2020 Request | 2021 Advance |
|--|----------------------|----------------------|----------------------|----------------------|
| Compensation and Pensions | \$90,119,449 | \$98,762,828 | \$109,017,152 | \$116,801,316 |
| Readjustment Benefits | \$13,708,648 | \$11,832,175 | \$14,065,282 | \$12,578,965 |
| Vocational Rehabilitation Loan Program* | \$419 | \$435 | \$460 | N/A |
| Post-Vietnam Era Veterans' Education Account | \$0 | \$0 | \$0 | N/A |
| Veterans Housing Program* | \$1,191,372 | \$397,180 | \$206,609 | N/A |
| Native American Veterans Housing Loan Program* | \$2,784 | \$3,212 | \$1,163 | N/A |
| Insurance Benefits** | \$120,338 | \$109,090 | \$128,960 | \$129,224 |
| Subtotal, Mandatory*** | \$105,143,010 | \$111,104,920 | \$123,419,626 | \$129,509,505 |
| Discretionary – General Operating Expenses | \$2,910,000 | \$2,956,316 | \$3,000,000 | N/A |
| Total, Mandatory & Discretionary | \$108,053,010 | \$114,061,236 | \$126,419,626 | \$129,509,505 |
| <p>*2018 and 2019 include upward re-estimates. The 2020 request does not include any re-estimates, which are calculated at the end of the fiscal year.</p> <p>**Insurance Benefits 2020 Request includes \$111.3 million from the 2019 Advanced Appropriation.</p> <p>***Includes credit reform administration discretionary costs but does not reflect scoring impacts of mandatory trust funds, proprietary receipts, or intragovernmental transactions.</p> | | | | |

VA requests \$3.0 billion for VBA General Operating Expenses (GOE), which is \$43.7 million above 2019 and will support 23,899 FTE. The 2020 Budget reflects a sustained commitment to delivering benefits and exceptional service to Veterans, their dependents, and Survivors.

FTE

| | 2018 Actual | 2019 Enacted | 2020 Request |
|------------|----------------|-----------------|-----------------|
| Total FTEs | 22,961 | 23,899 | 23,899 |

VBA continues to serve millions of Veterans across multiple benefit programs. The following chart shows the historical and projected growth across VBA’s primary lines of business.

Number of Beneficiaries

| Type of Beneficiaries | 2018 Actual | 2019 Enacted | 2020 Estimate |
|--|-------------|--------------|---------------|
| Compensation Beneficiaries | 5,070,505 | 5,281,013 | 5,476,521 |
| Pensions Beneficiaries | 462,849 | 447,805 | 443,832 |
| Education Program Trainees | 893,656 | 883,625 | 876,743 |
| Vocational Rehabilitation and Employment Beneficiaries | 125,508 | 122,500 | 123,725 |
| New Housing Loans | 581,767 | 556,280 | 562,178 |
| Insured Persons | 5,924,525 | 5,909,865 | 5,867,231 |

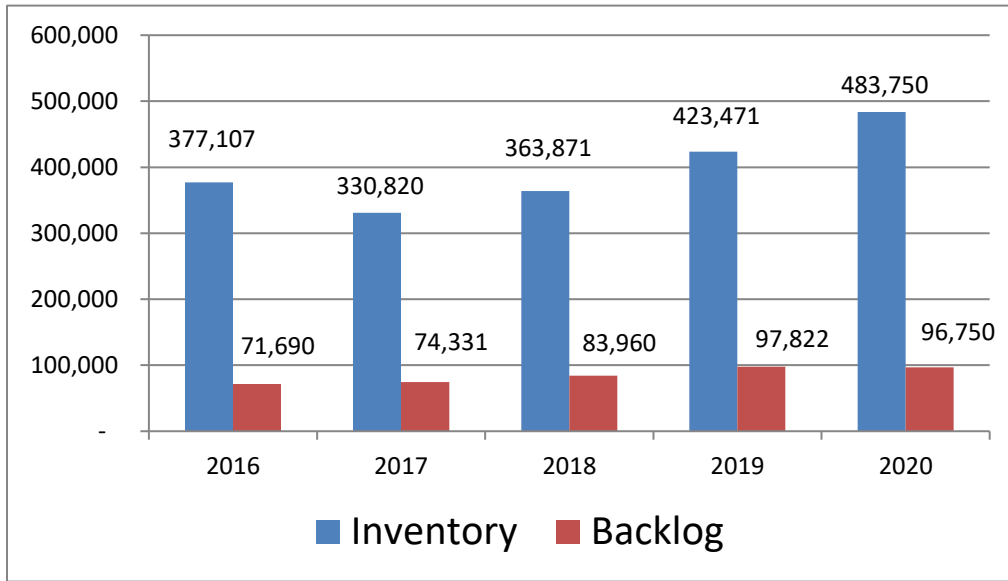
Disability Compensation Claims Backlog and Appeals Reform

In 2020, VBA is projected to complete 1.3 million disability rating claims, and the number of claims pending longer than 125 days will remain between 90-to-100 thousand claims. This level may change in the future as the volume of claims receipts increases or decreases.

Projected Compensation Workload and FTE Requirements

| | 2018 Actual | 2019 Enacted | 2020 Estimate |
|--|-------------|--------------|---------------|
| Compensation Direct Labor FTE | 14,181 | 14,713 | 14,662 |
| Rating Receipts Compensation Claims | 1,270,286 | 1,333,080 | 1,378,143 |
| Rating Production Compensation Claims | 1,241,821 | 1,298,677 | 1,300,276 |
| Year-End Inventory Compensation Claims | 338,095 | 372,498 | 450,365 |

C&P Rating Claims Inventory and Backlog (End of Year)



On February 19, 2019, VA began formal implementation of the Veterans Appeals Improvement and Modernization Act of 2017. In 2020, VBA will reduce its pending inventory of appeals to below 30,000, the single largest year of resolutions ever recorded. VBA will continue to update stakeholders of its current progress with semi-annual reports to Congress.

Compensation & Pension Appeals Workload

| | 2018 Actual | 2019 Enacted | 2020 Estimate |
|--|------------------------|-------------------------|--------------------------|
| Notice of Disagreement Receipts | 161,871 | 93,525 | 600 |
| Appeals Resolution by VBA | 112,830 | 101,146 | 119,897 |
| Certification of Substantive Appeals by the Board* | 89,487 | 65,093 | 77,096 |
| Pending Inventory | 265,781 | 183,529 | 26,167 |

*Certifications include both original certifications as well as remands returned to the Board for a final decision

Payments to Veterans and Beneficiaries

The amount of benefits payments has increased annually, and 2020 is expected to follow this trend. This is a result of the success of faster claims adjudication as well as legislation expanding Veterans' benefits.

Veterans Benefits: Claims Payments

| (\$s in 000s) | 2018 Actual | 2019 Enacted | 2020 Request |
|--|--------------------|--------------------|--------------------|
| Compensation | 85,786,809 | 94,282,538 | 102,788,069 |
| Pensions | 5,216,570 | 5,229,535 | 5,388,378 |
| Education Benefits | 11,724,232 | 12,438,224 | 12,720,031 |
| Vocational Rehabilitation and Employment | 1,431,564 | 1,487,727 | 1,559,109 |
| Total | 104,159,175 | 113,438,024 | 122,455,587 |

Fiduciary Services

VA conducts a field examination prior to initial appointment of a fiduciary, which includes any subsequent new fiduciary. In 2020, VBA will maintain 1,335 FTE in the field to meet the program's oversight responsibilities to avoid delays in the initial appointment of fiduciaries and the scheduling of follow-up field examinations. In 2020, VBA will provide 4.1 percent more field exams with the steady state staffing level.

Fiduciary Program Workload Completed and FTE Requirements

| | 2018 Actual | 2019 Enacted | 2020 Estimate |
|---|----------------|-----------------|------------------|
| Direct Labor FTE | 1,132 | 1,335 | 1,335 |
| Initial Appointment Field Examinations | 45,747 | 52,100 | 55,300 |
| Follow-up Field Examinations | 39,037 | 48,200 | 47,700 |
| Follow-up Alternative Field Examinations | 9,408 | 14,000 | 16,000 |
| Total Field Examinations | 94,192 | 114,300 | 119,000 |
| Initial Appointments as a Percentage of Total | 48.6% | 45.6% | 46.5% |
| Accountings | 58,804 | 57,000 | 59,500 |

Forever GI Bill

On August 16, 2017, the President signed into law the Colmery Act (Public Law 115-48), which includes the most comprehensive changes to GI Bill benefits since enactment of the Post 9/11

Veterans' Educational Assistance Act. On November 28, 2018, the VA announced an implementation reset for Sections 107 and 501. VA will fully implement the Colmery Act on December 1, 2019. The 2020 request retains 141 FTE to support long term workload impact of the Colmery Act and to increase compliance oversight to assist in reducing improper payments related to program approval; 98 FTE to work on specialized teams to process work related to school closures, the Veteran Employment Through Technology Education Courses (VET TEC) Pilot, and the STEM Scholarship.

Warrior Training Advancement Course

VBA is leveraging a strategic partnership with the DoD to actively hire transitioning servicemembers through the Warrior Training Advancement Course (WARTAC), a formal joint skill-bridge program to train Servicemembers and hire them as entry level claims processors at VA upon separation. This program significantly reduces the costs VBA must allocate for hiring and training new employees, as VBA does not incur the costs for salaries or travel of the students. Approximately 905 Servicemembers have been hired since the start of the program in 2014. In 2018, 312 Servicemembers graduated from WARTAC training. Based on the program's success, classes have expanded to new sites including Germany. In 2020, VBA plans to train nearly 400 Servicemembers.

National Cemetery Administration

Budget Authority

| (\$s in 000s) | 2018 Actual | 2019 Enacted | 2020 Request |
|--|------------------|------------------|------------------|
| Operations and Maintenance | \$306,193 | \$315,836 | \$329,000 |
| Major Construction | 255,900 | 117,200 | 172,000 |
| Minor Construction | 97,950 | 190,174 | 80,520 |
| Grants for Construction of Veterans Cemeteries | 45,000 | 45,000 | 45,000 |
| Facilities Operation Fund | 248 | 133 | 120 |
| National Cemetery Gift Fund | 207 | 1,000 | 1,000 |
| Compensation and Pension (Headstones and Markers, Graveliners, Outer Burial Receptacles, Caskets and Urns) | 137,838 | 124,115 | 121,507 |
| Total, Budget Authority | \$843,336 | \$793,458 | \$749,147 |

* Facilities Operation Fund and National Cemetery Gift Fund are not appropriated funds

VA requests \$329.0 million for National Cemetery Administration (NCA) operations, an increase of \$13.2 million (4.2 percent) over 2019, which will support 2,008 FTE. The 2020 Budget positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come through the continued implementation of the following policies consistent with its strategic goals.

- Preserving the Legacy: Ensuring “No Veteran Ever Dies”
- Providing Access and Choosing VA
- Partnering to Serve Veterans

FTE

| | 2018 Actual | 2019 Enacted | 2020 Request |
|-----------|----------------|-----------------|-----------------|
| Total FTE | 1,865 | 1,941 | 2,008 |

VA honors Veterans and their family members with final resting places in national shrines with lasting tributes that commemorate their service and sacrifice to our Nation. Fulfilling its mission, NCA projects to inter over 137,000 Veterans and eligible family members in 2020. The 2020 Budget will provide approximately 383,570 headstones and markers, distribute 633,544 Presidential Memorial Certificates, and expanding the Veterans Legacy Program to communities across the country. With this budget, NCA will maintain occupied graves, developed acreage, historic structures, and cemetery infrastructure in a manner befitting national shrines.

NCA Assets in 2020

| National Cemeteries | Soldiers' Lots and Memorial Sites | Cemeteries Transferred from the Department of the Army |
|---------------------|-----------------------------------|--|
| 144 | 33 | 11 |

Veteran and Eligible Family Burials Provided

| | 2018 Actual | 2019 Enacted | 2020 Request |
|------------|-------------|--------------|--------------|
| Interments | 135,306 | 135,561 | 137,036 |

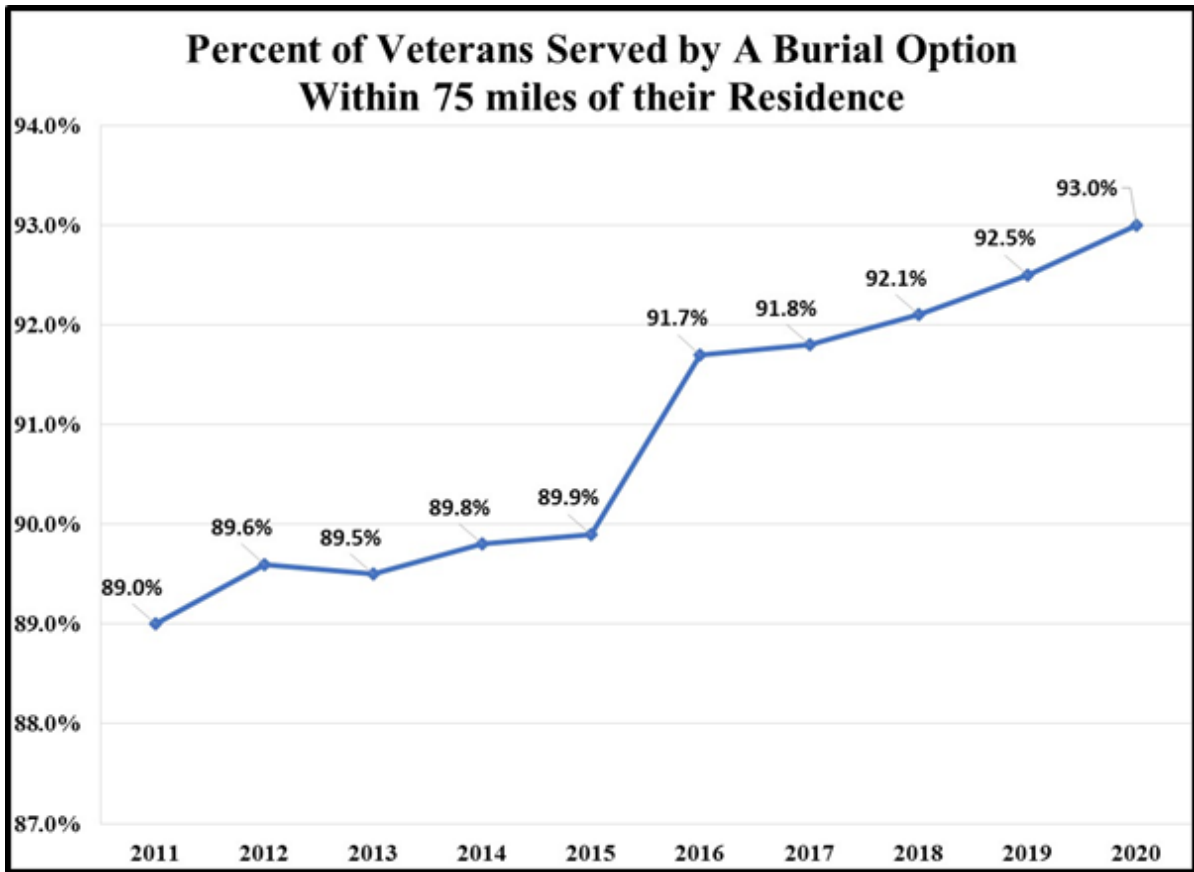
The 2020 Budget includes an additional \$5.0 million for increased operations and maintenance costs at existing cemeteries, including an additional 34 FTE and non-payroll inflationary increases. NCA expects to maintain more than 3.92 million gravesites in 2020, an increase from nearly 3.75 million in 2018. Over 137,000 interments are anticipated for 2020, an increase of 1.1 percent over the 135,561 projected in 2019. In addition, the number of developed acres to maintain is expected to increase to over 9,500 acres systemwide with the opening of new cemeteries and gravesite expansion projects underway.

NCA plans to open five new cemeteries in 2020 (the columbaria-only locations in New York, NY; and Indianapolis, IN; and three national cemeteries under the rural initiative in Twin Falls, ID; Cheyenne, WY; and Machias, ME) that require additional resources. These new cemeteries move NCA closer to providing 95 percent of the Veteran population a burial option within 75 miles of their homes.

NCA requests \$3.5 million and 6 FTE for the transfer of Army Post cemeteries from DoD as mentioned in the President's Reform Plan and Reorganization Recommendations. The requested funding is required for the administration, operation and maintenance of 11 Army Post cemeteries and to bring these cemeteries up to National Shrine standards.

NCA also requests \$6.4 million and 14 FTE for initiatives that tie directly to providing access to burial benefits and choosing VA. Of this amount, \$3.1 million and 14 FTE are requested to support our National Cemetery Scheduling Office in St. Louis, Missouri. These funds will be used to hire additional staff to reduce customer wait times, improve the Veteran's experience, and increase ability to manage and respond to stakeholders across time zones and during peak call volume hours. Also, \$3.3 million is requested to preserve National Shrine standards to fulfill VA's commitment to maintain cemeteries as national shrines with lasting tributes that commemorate Veteran's service and sacrifice.

By 2020, NCA anticipates approximately 93 percent of Veterans will have access to a burial option in a national, state, or tribal Veterans cemetery within 75 miles of their home. VA expects to increase the percentage of Veterans served in 2020 by developing new national cemeteries, developing additional gravesites at existing national cemeteries and establishing and expanding Veterans cemeteries through grants to states and tribal organizations.



Board of Veterans' Appeals (BVA)

Budget Authority

| (\$s in 000s) | 2018 Actual | 2019 Enacted | 2020 Request |
|--------------------------------|------------------------|-------------------------|-------------------------|
| Board of Veterans' Appeals | \$161,048 | \$174,749 | \$182,000 |
| Total, Budget Authority | \$161,048 | \$174,749 | \$182,000 |

FTE

| | 2018 Actual | 2019 Enacted | 2020 Request |
|-----------|------------------------|-------------------------|-------------------------|
| Total FTE | 920 | 1,125 | 1,125 |

VA requests \$182 million in budget authority for The Board of Veterans' Appeals (Board), \$7.3 million above 2019. In 2019, the Board's total obligations are estimated to be \$181.3 million, which include carryover funds of \$16.1 million. The Board intends to utilize these carryover funds in 2019 for personnel costs.

The Board is responsible for making final determinations on behalf of the Secretary for appeals for Veterans' benefits and services that are presented to the Board for appellate review. The Board conducts hearings and issues timely and quality decisions for Veterans and other appellants in compliance with the requirements of law. The \$7.3 million increase in 2020 will allow the Board to sustain the FTE increases that occurred in 2019, enabling the Board to further its mission of conducting appellate hearings and adjudicating appeals.

The Veterans Appeals Improvement and Modernization Act of 2017 was enacted on August 23, 2017 (AMA) and BVA began implementation on February 19, 2019. The statute, coupled with funding for a modernized, paperless processing system included in the Department's IT budget, will allow VA to provide Veterans with a timely final and legally correct decision. VA is also fully committed to reducing the pending inventory of existing legacy appeals.

Office of Information and Technology

Budget Authority

| (\$s in 000s) | 2018 Actual | 2019 Enacted | 2020 Request |
|--------------------------------|--------------------|--------------------|--------------------|
| Development | \$328,530 | 380,571 | 401,280 |
| Sustainment | 2,496,650 | 2,523,209 | 2,737,482 |
| Pay and Administration | 1,230,320 | 1,199,220 | 1,204,238 |
| Total, Budget Authority | \$4,055,500 | \$4,103,000 | \$4,343,000 |

FTE

| | 2018 Actual | 2019 Enacted | 2020 Request |
|-----------|-------------|--------------|--------------|
| Total FTE | 7,152 | 7,589 | 7,575 |

In 2020, OIT is requesting \$4.343 billion, an increase of \$240.0 million (5.8 percent) over the 2019 enacted budget. This requested increase will support critical investments to Veteran-focused development, IT modernization and transformational efforts. Major investments include:

- \$36 million to support implementation of the MISSION Act
- \$327.3 million for Infrastructure Readiness
- \$50.0 million for the VA Enterprise Cloud solution
- \$70.2 million to support the replacement of the Benefits Delivery Network
- \$66.0 million to support the replacement of the Financial Management System
- \$36.8 million to support the Supply Chain Management LogiCole Enterprise Solution (formerly Defense Medical Logistics Standard Support)

OIT provides information technology support across VA to ensure that the mission, vision, strategic goals and objectives of the Department are met. The technology and resources required to support VA strategic priorities underpin every aspect of the care and services delivered to Veterans. IT enables VA to support critical areas; such as Customer Service, MISSION Act Implementation, Business Transformation, and VA/DoD Collaboration.

OIT is changing the way services are procured by taking a “buy first” approach to new systems, getting out of the business of building its own applications, and relying more on cloud, managed and shared services, and commercial-off-the-shelf (COTS) products. VA will continue focusing its efforts on modernizing IT infrastructure while transforming our health care system to a more integrated network that serves Veterans. With the help of the private-sector, health care experts will assist in improving the infrastructure and design a methodology that will streamline health care delivery based on population, demand, internal capacity, and external public and private sector resources.

In support of OIT’s Modernization Strategy, the 2020 Budget will be used to focus on the following areas:

- Managing Data: OIT is defining authoritative data sources and ensuring data is consistent and secure across VA, so we can better leverage the vast data stores, improve data-driven decision making, and simplify the way Veterans interact with VA platforms.
- Migrating to the Cloud: OIT is migrating infrastructure and applications to commercial cloud providers to reduce operational costs and increase flexibility, allowing VA to deliver services to Veterans more quickly and reliably.
- Improving Cybersecurity: OIT is developing an enterprise-wide cybersecurity risk management framework based on industry best practices to stay at the forefront of protecting Veteran information from cyber threats.
- Digitizing Business Processes: OIT is upgrading VA's customer-facing digital tools to give Veterans easier access to their care and benefits, and using new technologies and services to streamline our internal business processes.
- Decommissioning Legacy Systems: OIT is moving critical functions from outdated and difficult to sustain platforms, into more modern systems that operate at lower maintenance costs. This cost savings will be reinvested in projects to improve services for all Veterans.

Construction

Budget Authority

| (\$s in 000s) | 2017 Actual | 2018 Actual | 2019 Enacted | 2020 Request |
|---|--------------------|--------------------|------------------|--------------------|
| Major Construction | 528,110 | 512,430 | 2,177,486 | 1,235,200 |
| Minor Construction | 372,069 | 767,570 | 799,514 | 398,000 |
| Grants for State Extended Care Facilities | 90,000 | 685,000 | 150,000 | 90,000 |
| Grants for State Veterans Cemeteries | 45,000 | 45,000 | 45,000 | 45,000 |
| Total, Budget Authority | \$1,035,179 | \$2,010,000 | 3,172,000 | \$1,769,000 |

The total request for construction is \$1.8 billion, including \$1.2 billion for Major Construction, \$398 million for Minor Construction, \$90 million for Grants to State Extended Care Facilities, and \$45 million for Grants for State Veterans Cemeteries. In 2018 and 2019 VA benefitted from significant Congressional plus-ups beyond the President’s budget requests. With the 2020 request, VA returns to the historic levels of requests from 2017 and prior, as shown in the chart above.

Major construction projects include funding for

- New Hospital, Louisville, Kentucky
- Flood Recovery, Manhattan Medical Center, New York, New York
- New or expanded cemeteries in Elmira, NY; Bayamon, Puerto Rico; Riverside, California; Houston, Texas; Bourne, Massachusetts; and Dallas, Texas
- Inpatient/Outpatient Improvements, Bay Pines, Florida
- Seismic Corrections – Building 1, San Juan, Puerto Rico
- Spinal Cord Injury and Seismic Corrections, San Diego, California
- Correct Seismic Deficiencies and Expand Clinical Services Building, Reno, Nevada
- New Critical Care Center, West Los Angeles, California
- Outpatient Clinic and National Cemetery, Alameda, California

The 2020 Budget includes funding to address VA’s highest priority facilities in need of seismic repairs and upgrades. VA’s major construction request includes \$35 million to correct critical seismic issues. The seismic program funds identified unfunded and existing, partially-funded seismic projects within VA’s major, minor, and non-recurring maintenance (NRM) programs. Additionally, the 2020 Budget proposes to realign and consolidate \$88.7 million for the Office of Acquisitions, Logistics and Construction (OALC) currently funded across three separate sources (General Administration, reimbursable funding from VHA and Major Construction) into the Major Construction account.

VA’s capital requirements are primarily driven by Veterans’ need to access care in modern facilities that are safe, secure, sustainable, and accessible. VA’s Strategic Capital Investment Planning (SCIP) process has served as the basis for prioritizing VA capital investment funding decisions since the 2012 Budget. Projects prioritized for funding through the SCIP process will correct critical seismic and safety deficiencies and address other performance gaps at VA facilities.

General Administration

Budget Authority

| (\$s in 000s) | 2018 Enacted | 2019 Estimate | 2020 Request |
|---|-------------------------|--------------------------|-------------------------|
| Office of the Secretary | 15,079 | 13,121 | 14,715 |
| Office of General Counsel | 90,440 | 99,890 | 112,209 |
| Office of Management | 59,279 | 62,387 | 63,992 |
| Office of Human Resources & Administration | 59,998 | 62,972 | 69,813 |
| Office of Enterprise Integration | 26,129 | 27,967 | 28,416 |
| Office of Operations, Security & Preparedness | 21,442 | 22,547 | 26,037 |
| Office of Public and Intergovernmental Affairs | 12,172 | 14,171 | 14,477 |
| Office of Congressional & Legislative Affairs | 6,963 | 5,900 | 8,737 |
| Office of Acquisition, Logistics and Construction | 44,389 | 46,492 | 0 |
| Office of Veterans Experience | 0 | 450 | 8,638 |
| Office of Accountability & Whistleblower Protection | 0 | 0 | 22,166 |
| TOTAL | 335,891 | 355,897 | 369,200 |

Total FTE

| | 2018 Actual | 2019 Estimate | 2020 Request |
|---|------------------------|--------------------------|-------------------------|
| Office of the Secretary | 100 | 100 | 124 |
| Office of General Counsel | 674 | 737 | 819 |
| Office of Management | 275 | 286 | 302 |
| Office of Human Resources & Administration | 592 | 666 | 692 |
| Office of Enterprise Integration | 99 | 104 | 131 |
| Office of Operations, Security & Preparedness | 113 | 129 | 158 |
| Office of Public and Intergovernmental Affairs | 69 | 87 | 95 |
| Office of Congressional & Legislative Affairs | 46 | 54 | 55 |
| Office of Acquisition, Logistics and Construction | 369 | 426 | 459 |
| Office of Veterans Experience | 118 | 135 | 187 |
| Office of Accountability and Whistleblower Protection | 70 | 94 | 114 |
| TOTAL | 2,526 | 2,818 | 3,136 |

VA requests \$369.2 million for General Administration, \$13.3 million (3.7 percent) above 2019. This account provides VA Staff Offices support for critical operations such as security and emergency preparedness; acquisitions and construction management; legal review and counsel; financial, budget, and asset management; legislative review and support to Congress. The General Administration account also provides management accountability and whistleblower protection,

supports human resources management, project management, enterprise-level data analysis, public relations and outreach, as well as executive level direction to the Department.

The 2020 request includes direct discretionary Budget Authority (BA), instead of reimbursements, for the Office of Accountability and Whistleblower Protection (OAWP), as an appropriate way to fund accountability oversight. OAWP reviews management accountability issues and protects employee rights by investigating all whistleblower complaints, maintaining a toll-free number to receive anonymous complaints, developing training, and ensuring all requirements of the new law are fulfilled.

Highlights of the 2020 General Administration request include:

- \$22.2 million for the Office of Accountability and Whistleblower Protection to review and investigate all issues of accountability and ensure employee whistleblower protection. Funding for OAWP was previously requested as reimbursements from the VA Administrations and program offices. This budget is requesting direct appropriations as a more appropriate funding source for this office. The OAWP request is an increase of \$4.5 million above 2019 to provide statutorily required training, travel for fact finding and investigations, and additional FTE for increased workload.
- An increase of \$12.5 million for the Office of General Counsel to hire attorneys and legal personnel to address the increased number of cases before the Court of Appeals for Veterans Claims, increased workload due to employment law and contracts, and to address workload from the MISSION Act and Accountability and Whistleblower Protection Act of 2017.
- \$8.2 million in direct discretionary Budget Authority for the Veterans Experience Office (VEO). This funding was previously requested as reimbursements from the Administrations and customers. While the direct services VEO provides, such as White House Veterans Hotline, Patient Experience and others, will continue to be funded through reimbursements, the Department is requesting direct BA to fund VEO's corporate management staff.
- In addition, the Department is realigning the funding for the Office of Acquisitions, Logistics and Construction (OALC) receives from three separate sources (General Administration, reimbursable funding from VHA and Major Construction) to one source: Major Construction. This will provide OALC the flexibility to manage its full portfolio of construction projects and leases that the current appropriation structure does not allow when received through multiple funding sources.

Office of Inspector General

Budget Authority

| (\$s in 000s) | 2018 Actual | 2019 Enacted | 2020 Request |
|---------------------------------|------------------|------------------|------------------|
| Office of the Inspector General | 164,000 | 192,000 | 207,000 |
| Total, Budget Authority | \$164,000 | \$192,000 | \$207,000 |

FTE

| | 2018 Actual | 2019 Enacted | 2020 Request |
|-----------|----------------|-----------------|-----------------|
| Total FTE | 849 | 975 | 1,000 |

The budget includes \$207 million for 1,000 FTE to fulfill statutory requirements. The increase of \$15 million from 2019 budget will sustain staff and investment in facilities that began in late 2015 as part of a multiyear effort to optimize OIG operations and meet an increasing demand for oversight in a variety of VA program areas. Although this expansion effort will plateau in 2020, OIG will continue to adjust oversight priorities to identify and eliminate the most concerning root causes of issues that prevent the delivery of timely and appropriate health care and benefits services to veterans, their families, and caregivers.

Over the past two reporting periods, OIG made recommendations with a total value of \$2.8 billion and issued 309 reports related to audits and peer reviews, benefits and health care inspections, contract reviews, and administrative investigations. OIG operations provided a return on investment of \$21 in monetary benefits for each \$1 resourced to OIG.