



November 17, 2008

To the President of the United States, President of the Senate,
President Pro Tempore of the Senate, and Speaker of the House of
Representatives:

I am pleased to submit the *Department of Veterans Affairs (VA) FY 2008 Performance and Accountability Report*. The report documents the Department’s progress towards meeting its performance goals, which are aimed at providing America’s veterans with the best in benefits and health care services.



In 2008, with approximately \$97.0 billion in obligations and approximately 250,000 employees, VA achieved numerous accomplishments that helped improve the quality of life for America’s veterans and their families. Our major accomplishments are summarized below by major business line.

Medical Services: *Delivering High-Quality Health Care*

VA is working to maintain its status as the highest-rated health care provider in America. Workload has increased significantly over the past 8 years, rising from 3.8 million unique patients in 2000 to more than 5.5 million in 2008. Our commitment to delivering timely, high-quality health care to America’s veterans remains a top priority. In 2008, VA achieved key results to help meet the needs of veterans:

- **Patient Access**: In 2006, 94 percent of primary care appointments were scheduled within 30 days of the patient’s desired appointment date. In 2008, 98.7 percent of primary care appointments were scheduled within 30 days of the desired appointment date.
- **Quality of Health Care**: VA attained scores of 84 percent and 88 percent for the Clinical Practice Guidelines and Prevention Index, respectively. These indices are nationally recognized industry standards used to measure quality of health care.
- **Rural Health**: In rural areas where it is not feasible to establish a medical center or outpatient center, VA established the Rural Mobile Health Care Clinics pilot project to improve access to primary care and mental health services. The project has outfitted four new mobile health clinics to serve veterans in 24 predominately rural counties throughout Colorado, Nebraska, Wyoming, Maine, Washington, and West Virginia.
- **Suicide Hotline and Suicide Prevention**: Suicide is the 11th most frequent cause of death in America. Vet Centers and VA Medical Centers are ready to help veterans at risk for suicide. VA continued to operate a national suicide prevention hotline to provide veterans in emotional crisis with free, 24/7 access to trained counselors. To operate the hotline, VA partners with the U.S. Department of Health and Human Services’ Substance Abuse and Mental Health Services Administration.
- **Traumatic Brain Injury**: VA has developed innovative treatment for combat veterans returning from Iraq and Afghanistan. Recent developments include:
 - Developing a mandatory traumatic brain injury (TBI) training course for all VA health care professionals.
 - Instituting a program to screen all patients who served in the Operations Enduring Freedom and Iraqi Freedom (OEF/OIF) combat theaters for TBI.
- **AW2 Advocates**: In 2006, VA began hosting Army Wounded Warrior (AW2) Advocates at key VA medical centers. Advocates work closely with Network Polytrauma Sites and OEF/OIF Teams to provide transition assistance and community support to injured/ill soldiers, veterans, and their families. By December 31, 2008, AW2 Advocates will be in place at 59 VA medical centers.



- **Call Center:** In May 2008, VA began contacting nearly 570,000 recent combat veterans to inform them of VA’s medical services and other benefits. In the first phase, calls were made to approximately 15,500 veterans who were sick or injured while serving in Iraq or Afghanistan. VA offered to appoint a case manager to ensure that they receive appropriate care and know about their VA benefits. The second phase launched in June is targeting 550,000 OEF/OIF discharged veterans who had not contacted VA for services.
- **VA Nursing Academy:** VA’s Nursing Academy established six new partnerships with the country’s leading nursing schools. Through these partnerships, VA has increased the number of nursing students coming to VA facilities for clinical experiences and the number of baccalaureate degree nursing graduates who are making VA their first choice of employment after graduation.

Benefits: *Ensuring a High Quality of Life After Military Service*

VA is providing compensation and pension benefits to nearly 3.8 million veterans and beneficiaries. In 2008, VA processed more than 899,800 claims for disability benefits. Despite greater workload, VA achieved a number of significant positive performance results in the benefits delivery area:

- **Increasing Workforce:** Hired nearly 2,000 additional employees to process compensation and pension claims to reduce the backlog and improve claims processing timeliness.
- **Benefits Adjustments:** Adjusted compensation benefits for more than 37,000 veterans entitled to Combat Related Special Compensation or Concurrent Retired and Disability Pay.
- **Seamless Transition:** Received more than 47,000 pre-discharge claims in 2008 through its Benefits Delivery at Discharge (BDD) program and the newly introduced Quick Start program. Servicemembers who are within 60-180 days of discharge and who are available for examination prior to discharge can participate in the BDD program. Since VA rates disabilities while the servicemembers are still in military service, the BDD allows disability benefits to be awarded very soon after discharge. The Quick Start program was introduced so that servicemembers with fewer than 60 days to discharge or who do not meet the BDD criterion requiring availability for all examinations prior to discharge can submit a claim prior to discharge. In August, VA began processing all BDD claims in a paperless environment.
- **Quality:** Increased to 92 percent the national accuracy rate for authorization work for pension claims, compared to 91 percent in 2007.
- **Timeliness:** Processed insurance disbursements in an average of 1.6 workdays – significantly better than the industry average of 5.7 workdays.
- **Education:** Provided education benefits to approximately 539,000 students. Twenty percent of these students received VA education benefits for the first time. The number of students receiving education benefits continues to climb, with claims increasing 10 percent over the 2007 level to approximately 1.6 million in 2008.

Cemeteries: *Honoring Veterans for Sacrifices on Behalf of the Nation*

VA honors the service and sacrifices of America’s veterans through the construction and maintenance of national cemeteries as national shrines. In 2008, VA maintained more than 2.9 million gravesites at 158 properties, including 125 national cemeteries and 33 other cemeterial installations. In this context, the Department accomplished the following:

- **Opened Four Cemeteries:** Through the funding of four new State veterans cemeteries in Glennville, Georgia; Anderson, South Carolina; Des Moines, Iowa; and Williamstown, Kentucky, VA increased to 84.2 percent the proportion of veterans served by a burial option within a reasonable distance (75 miles) of their residence -- up from 83.4 percent in 2007.



- **Six to Open Next Year:** Continued progress in establishing six new national cemeteries to serve veterans in the areas of Bakersfield, California; Birmingham, Alabama; Columbia, South Carolina; Jacksonville, Florida; Sarasota, Florida; and Philadelphia, Pennsylvania as part of the Department’s largest expansion of its system of national cemeteries since the Civil War era. These cemeteries are expected to begin operations in 2009 and will provide service to about 1 million veterans.
- **Timeliness:** Achieved a 93 percent threshold of the proportion of graves in national cemeteries marked within 60 days of interment, a remarkable improvement when compared to the 49 percent level of 2002.
- **Quality:** Ninety-eight percent of survey respondents rated national cemetery appearance as “excellent.”

Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF)

In 2008, VA implemented various key initiatives to help ensure the successful transition of our returning military men and women to civilian life. Initiatives included the following:

- Began a Disability Evaluation pilot in the national capital region wherein the servicemembers undergo a single medical examination to aid in determining benefits.
- Evaluated and responded to several recommendations contained in the Interim Report of the Advisory Committee on OIF/OEF Veterans and Families.
- Identified San Antonio, Texas, for the location of a fifth polytrauma center to assist severely injured OEF/OIF veterans.

Advisory Committee on Gulf War Veterans

In 1991, Gulf War veterans made an invaluable contribution to national security and peace in a volatile region. The Advisory Committee on Gulf War Veterans, established in April 2008, will advise the Secretary on the full spectrum of health care and benefits issues that confront veterans who served in the Gulf War. The Committee pays particular attention to issues that are unique to these veterans and expects to complete its work by January 2010.

VA/DoD Collaboration: *Working Together to Serve our Veterans*

In 2008, VA and DoD collaboration efforts were focused on the following:

- Developing implementation plans to improve the delivery of benefits and health care services to servicemembers and veterans, and developing reports in accordance with the 2008 National Defense Authorization Act. This work has been codified in the VA/DoD Joint Strategic Plan for FY 2009-2011.
- Developing a joint Traumatic Brain Injury (TBI) Center of Excellence at the Walter Reed National Military Medical Center in Bethesda, Maryland. When completed, this will be a state-of-the-art facility dedicated to the support and treatment of complications arising from TBI.
- Other initiatives are underway to address serious injuries such as amputations, spinal cord injuries, and blindness.

Finance: *Ensuring Proper Stewardship of Taxpayer Dollars*

VA is extremely proud to have obtained an unqualified audit opinion on our financial statements for the tenth consecutive year. VA remains committed to aggressively pursuing improvements in our business processes and remediating our material weaknesses. We have made significant strides in improving our financial systems and operations. VA further enhanced its automated financial reporting capabilities by completing implementation of all phases of the Financial Reporting Data Warehouse project, enabling VA to capture transaction details from targeted interfacing systems and reconciling the data reported in



the VA Financial Management System. In addition, the Financial and Logistics Integrated Technology Enterprise (FLITE) Program completed its Planning Phase and will begin the Execution Phase in 2009 with pilot implementation for asset management at the Milwaukee VAMC. Financial operational improvements were realized through our efforts to provide more definitive and consistent financial policies and guidance as well as to assess and improve financial and business processes and related internal controls. Initiatives such as these improve our efforts toward our goal of "getting to green" on the President's Management Agenda. Proper stewardship and accountability over the resources entrusted to us by the American people to care for our Nation's veterans and their families demands nothing less.

Data Quality: *Assuring Completeness and Reliability*

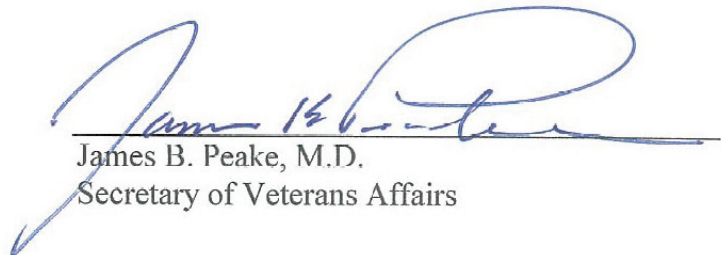
The financial and performance data presented in this report are complete and reliable. Throughout the year, our senior managers assess the efficiency and effectiveness of their organizations by analyzing financial and program performance data. Management relies on these data to identify control deficiencies and material inadequacies in the financial and program performance areas and to identify corrective tasks needed to resolve them. My signed Statement of Qualified Assurance on internal controls may be found on page 91 in the section entitled Management Controls, Systems, and Compliance with Laws and Regulations.

Data Security: *Safeguarding Sensitive Information*

VA made substantial progress in 2008 to safeguard sensitive information. VA has developed and continues to develop standardized security control policies and procedures in support of the Department's information security program. These policies help ensure a consistent approach to the information security program and improve the timeliness and effectiveness of remediation actions.

During 2008, more than 600 VA information systems were certified and accredited for continued operation. This accreditation allows senior officials to better understand and manage the risks associated with these systems and thus reduces the risk of compromise to VA information. The Department executed major organizational changes including the formation of a new Information Protection and Risk Management organization to centralize security-related functions, increase accountability, and standardize security processes. VA appointed a Chief Information Security Officer to improve security oversight and performance throughout the agency.

Finally, VA completed major security program milestones including the implementation of VA Information Technology (IT) Handbook 6500, *Information Security Program*; the inventory of all VA IT assets; and the implementation of the Information Protection Portal, Security Management and Reporting Tool, and VA Incident Response Tracking System. VA is committed to achieving the "Gold Standard" in information security and privacy.



James B. Peake, M.D.
Secretary of Veterans Affairs