

EXECUTIVE SUMMARY

In FY 2001, with resources of \$53.5 billion in obligations and nearly 207,000 full-time equivalent (FTE) employees, the Department of Veterans Affairs (VA) achieved significant accomplishments that brought us closer to attaining our long-term strategic goals. To help us gauge our progress, we established 126 performance goals at the beginning of the fiscal year, 26 of which were identified by VA's senior leadership as critical to the success of the Department.

VA's Performance Scorecard for FY 2001 summarizes how well we did in meeting the key performance goals directly associated with each of the strategic goals. This allows us to examine performance from a Departmental, or *One VA*, perspective.

In FY 2001, the Department made significant advances, but continued to have problems in certain areas. Although we met our goal for timeliness of processing compensation and pension rating-related actions, we still have a long way to go to achieve an acceptable record. Although claims processing has become increasingly complex because of new legislation and regulatory changes, the Department remains committed to improving the timeliness of claims processing and has developed strategies for accomplishing future performance goals.

Some of the most important successes attained in FY 2001 include:

- VA made a significant improvement in the quality of claims processing, from a 59 percent accuracy rate in 2000 to a 78 percent rate for rating-related actions in 2001.
- Although the average number of days to complete educational claims worsened, the Montgomery GI Bill usage rate increased due to improved benefits.
- The foreclosure avoidance rate improved due to VA's aggressive proactive servicing program to assist veterans whose mortgages are in default.
- The VA insurance program continued its excellent service as evidenced by the improvement in the timeliness of processing disbursements.
- Health care quality continued to improve, as measured by the Chronic Disease Care Index and the Prevention Index.
- VA health care continues to receive higher satisfaction ratings than the private sector.
- Although the Department just missed its target, the timeliness of health care delivery continued to rise as measured by the percentage of patients seen within 20 minutes of their scheduled appointment at a VA health care facility.
- The Department was recognized for its efforts to improve the quality of health care; VA was one of five winners of the "Innovations in American Government" award for reducing medical adverse events and developing a culture of safety.
- Three of VA's programs received high customer satisfaction ratings, as detailed in the American Customer Satisfaction Index. A compared to the Federal Government average of 71 (out of a possible 100), VA achieved ratings of 93 for burial services, 90 for the

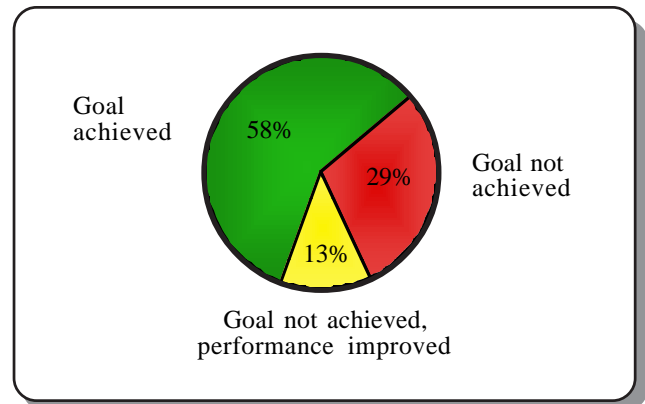
processing of insurance death claims benefits, and 83 for pharmacy services.

- VA began operations at Fort Sill National Cemetery and completed construction projects to extend burial operations at six other national cemeteries. Five new state veterans cemeteries were opened through the State Cemetery Grants Program.
- VA's national cemeteries continued to improve the quality of their service as well as their appearance. In 2001, 96 percent of respondents to a customer satisfaction survey rated the appearance of national cemeteries as excellent, up from 82 percent in 2000.

Summary of Performance on Key Performance Goals

VA's senior leadership identified 26 performance goals considered critical to the success of the Department. Some of these deal with program outcomes; others pertain to the management of our programs. FY 2001 data for all of these key performance goals are listed in the "performance actual" column of the performance scorecard on page 4.

The Department achieved 14 of the 24 (58 percent) key performance goals for which we had FY 2001 targets. For nine of those, actual performance in FY 2001 improved over that reported in FY 2000. For 3 of the 10 performance goals not met, actual performance in FY 2001 was better than that reported in FY 2000. We did not set performance goals for two measures but collected baseline data during the year.



KEY PERFORMANCE RESULTS BY STRATEGIC GOAL

This report is structured around the key priorities established by the Secretary. Within the narratives,

we have incorporated the key measures that support these priorities. (In this report, years are fiscal years unless stated otherwise.)

Strategic Goal 1: Restore the capability of disabled veterans to the greatest extent possible and improve the quality of their lives and that of their families.

We use four key performance goals to gauge our progress toward achieving this strategic goal, which focuses on benefits and services for disabled veterans. We achieved all of these key performance goals. The Department maintained the proportion of discharges from spinal cord injury (SCI) center bed sections to non-institutional settings at 98 percent in FY 2001.

Although we exceeded our timeliness goal for rating-related work by 21 days with an achievement level of 181 days compared to our goal of 202 days, performance worsened from the 173 days recorded

the previous year. We have a long way to go before we achieve an acceptable record for this goal.

During FY 2001, the national accuracy rate in processing the Department's most important types of claims for compensation and pension benefits (i.e., rating-related actions) improved to 78 percent from a rate of 59 percent in FY 2000.

Over 10,100 veterans were rehabilitated; 65 percent of service-disabled veterans who exited a vocational rehabilitation program acquired and maintained suitable employment, the same as in FY 2000.

Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.

We did not meet three of the four key performance goals relating to achievement of this strategic goal in FY 2001. Though we did not meet the Montgomery GI Bill (MGIB) usage rate goal, the rate improved from 55 percent in FY 2000 to 56 percent in FY 2001.

Veterans use their VA education benefit as one important means of readjusting to civilian life. The MGIB allows them the opportunity to achieve educational or vocational objectives that might not have been attained had they not entered military service.

The timeliness of processing education claims deteriorated during FY 2001. The processing of both

original and supplemental education claims took longer in FY 2001 than it did in FY 2000. While our plan was to process original education claims in no more than 35 days, it took an average of 50 days. The average number of days needed to process supplemental education claims was 24 days, 1 day longer than the performance target.

We met our goal to assist veterans who are in default on a VA-guaranteed home mortgage, as measured by the foreclosure avoidance through servicing (FATS) ratio. The foreclosure avoidance rate improved from 30 percent in FY 2000 to 40 percent in FY 2001 due to VA's aggressive proactive servicing program to assist these veterans.

Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

VA achieved 8 of the 14 key performance goals for this strategic goal. For two of the six key performance goals we did not meet, performance in FY 2001 improved over that reported in FY 2000.

During the last 5 years, the share of inpatients and outpatients rating VA health care service as "very good" or "excellent" has remained stable at about two-thirds. The inpatient and outpatient satisfaction levels recorded during FY 2001, although below the performance target of 67 percent, still indicate a very high level of satisfaction with VA health care. This is supported by the American Customer Satisfaction Index (ACSI), a national indicator of customer evaluations of the quality of goods and services. The FY 2001 ACSI scores for VA inpatient care and outpatient care were 82 and 79 (out of a possible 100), respectively. Both ranked above private sector hospitals, whose ACSI score was 68.

Although the Department did not meet its FY 2001 target – that 73 percent of patients would be seen within 20 minutes of their scheduled appointment at VA health care facilities – the actual performance level of 72 percent was an improvement over the 70 percent registered during FY 2000.

For FY 2001, the Department established baselines for two other performance measures related to the timeliness of providing health care: the percent of non-urgent primary care appointments scheduled within 30 days of the desired date and the percent of non-urgent specialist appointments scheduled within 30 days of the desired date. The baselines for these were 87 percent and 84 percent, respectively.

VA uses two key performance measures to assess the quality of health care delivery – the Chronic

Disease Care Index II (CDCII) and the Prevention Index II (PI II). These indices measure the degree to which the Department follows nationally recognized guidelines for the treatment and care of patients. The CDCI II focuses on the care of patients with ischemic heart disease, hypertension, chronic obstructive pulmonary disease, diabetes mellitus, major depressive disorder, schizophrenia, and tobacco cessation. During FY 2001, VA met its target of 77 percent. The PII focuses on primary-prevention and early-detection recommendations for nine diseases or health factors that significantly determine health outcomes: pneumococcal pneumonia, influenza, tobacco consumption, and alcohol consumption and screenings for colorectal cancer, breast cancer, cervical cancer, prostate cancer, and cholesterol levels. VA surpassed its target of 73 percent by achieving an 80 percent PI.

The Veterans Service Standard (VSS) performance goals are intended to measure patient satisfaction with health care services in select areas. The VSS percent of problems reported per patient remained the same as in FY 2000 for patient education. For visit coordination, the target of 14 percent was not met, and the actual of 16 percent for FY 2001 was worse than the 15 percent reported for FY 2000. VA surpassed the pharmacy target of 18 percent plus improved in this area from 19 percent in FY 2000 to 16 percent in FY 2001.

VA is committed to continuously improving the culture of patient safety in its health care facilities. An important aspect of this is to develop a good understanding of the causes of safety concerns. The Department met its target of 95 percent for root cause analyses being in correct format and completed within the appropriate time frame.

We met our targets for both the Quality-Access-Satisfaction/Cost VALUE Index and the Balanced Scorecard of Quality-Access-Satisfaction-Cost. The VALUE index demonstrates a balanced perspective of cost efficiency along with desired outcomes. The balanced scorecard tracks the same performance measures used in the VALUE index. In this case, though, the four domains (quality, access, patient satisfaction, and cost) are given equal weight and expressed in terms of how close actual performance is relative to established target levels of performance.

VA surpassed its target of 3.2 days for average days to process insurance disbursements and improved from the 2000 actual of 3.2 with a 2001 actual of 2.8 days.

The percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence remained the same at 72.6 percent in FY 2001. This actual was obtained through the new VetPop2000 model, the first revision of official estimates and projections of the veteran population since 1993.

VA exceeded its 90 percent target for FY 2001 in the percent of survey respondents who rate the quality of service provided by the national cemeteries as excellent. The actual of 92 percent was an improvement over the 88 percent rating in FY 2000.

Strategic Goal 4: Contribute to the public health, socioeconomic well being and history of the Nation.

VA failed to meet one of the two key performance goals relating to this strategic goal in FY 2001. We did not meet the 33 percent goal for Institutional Review Board compliance with National Committee for Quality Assurance (NCQA) accreditation and maintenance, as appropriate, of AAALAC or NRC accreditation or certification. Although all appropriate AAALAC and NRC accreditation/certifications were maintained nationally, the initial implementation of the NCQA accreditation process for VHA research programs was delayed. The delay in starting NCQA accreditation surveys was initially due to a delay in a contract award. In addition, once standards were being developed with NCQA, the Institute of

Medicine became aware of this initiative and asked if VHA would collaborate to develop national standards for accreditation that could be used for all research programs across the nation (not just within VHA). This additional component further delayed the first accreditation surveys. Surveys have been performed using the newly developed standards, but there are no final reports completed at this time.

In FY 2001, satisfaction with national cemetery appearance improved from 82 percent in FY 2000 to 96 percent of survey respondents rating national cemetery appearance as "excellent."

The Challenges Ahead

As we strive to provide the best quality benefits and services to our Nation’s veterans, we realize we have many program and management challenges to overcome. The VA Office of Inspector General (OIG) and the General Accounting Office (GAO) have provided the most succinct description of our major challenges. The OIG challenges include:

- Health quality management and patient safety
- Resource allocation
- Compensation and pension timeliness, quality, and inappropriate benefit payments
- Government Performance and Results Act (GPRA) – data validity
- Security of systems and data
- Federal Financial Management Improvement Act and VA’s Consolidated Financial Statements
- Debt management
- Workers’ compensation costs
- Procurement practices
- Human capital management

The GAO challenges include:

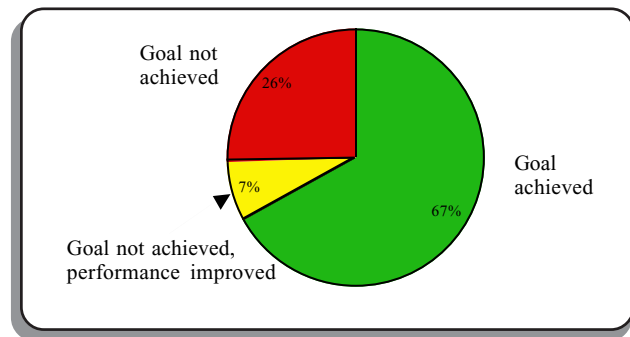
- Access to quality health care
- Health care resource utilization

- Compensation and pension claims processing
- Management capacity

For a thorough discussion of these challenges, see the section on Major Management Challenges that begins on page 93.

All Performance Goals

In addition to the key performance goals identified by VA's senior leadership as critical to the success of the Department, program managers established other performance goals at the beginning of FY 2001. Collectively, these performance goals demonstrate the full scope of the Department's programs and operations. A total of 126 performance goals were set at the start of the fiscal year. VA met 67 percent of the performance goals for which we had data. (We did not have data for six measures.) For another 7 percent, the Department's performance improved over that reported in FY 2000. For more detailed information on the full range of performance goals, refer to the tables shown on pages 128 to 140.



ALTERNATIVE WAYS OF VIEWING PERFORMANCE

To meet the varied needs of Congress, OMB, veterans service organizations, the general public, and internal VA program managers, we have examined performance in several different ways. Most of our analysis focuses on the Secretary's priorities and the key performance goals and measures considered critical to the success of the Department.

The Performance Scorecard for FY 2001, shown on page 4, summarizes how well we did in meeting the limited number of key performance goals directly associated with each of VA's strategic goals, a *One VA* perspective.

While the *One VA* point of view is important, this is not the only way in which we analyze performance. We want to know how well we did in meeting the goals established for each of our programs, and we are interested in information on how well each of our major organizations performed. The following chart demonstrates the interrelationship between these alternative ways of viewing performance related to our key performance goals. During FY 2001, there was not a key measure for the Medical Education program.

Key Performance Measures by Responsible Organization and Program

Responsible Organization and Measure	Program									
	Medical Care	Medical Research	Medical Education	Compensation	Pension	Education	Housing	Vocational Rehabilitation	Insurance	Burial
Veterans Health Administration										
Proportion of discharges from spinal cord injury (SCI) center bed sections to non-institutional settings	X									
Percent of patients who rate VA health care service as very good or excellent										
Inpatient	X									
Outpatient	X									
Percent of primary care appointments scheduled within 30 days of desired date	X									
Percent of specialist appointments scheduled within 30 days of desired date	X									
Percent of patients who report being seen within 20 minutes of scheduled appointment at VA health care facilities	X									
Chronic disease care index II	X									
Prevention index II	X									
Percent of Veterans Service Standard (VSS) problems reported per patient:										
Patient education	X									
Visit coordination	X									
Pharmacy	X									
Root cause analyses are in correct format and completed within the appropriate time frame	X									
Quality-Access-Satisfaction/Cost VALUE Index	X									
Balanced Scorecard: Quality-Access-Satisfaction-Cost	X									
Institutional Review Board compliance with NCQA accreditation and maintenance, as appropriate, of AAALAC or NRC accreditation certification		X								
Veterans Benefits Administration										
Average days to process rating-related actions				X	X					
National accuracy rate for core rating work				X	X					
Montgomery GI Bill usage rate						X				
Average days to complete original education claims						X				
Average days to complete supplemental education claims						X				
Foreclosure avoidance through servicing (FATS) ratio							X			
Vocational rehabilitation and employment rehabilitation rate								X		
Average days to process insurance disbursements									X	
National Cemetery Administration										
Percent of veterans served by a burial option within a reasonable distance (75 miles) from their residence										X
Percent of respondents who rate the quality of service provided by national cemeteries as excellent										X
Percent of respondents who rate the appearance of national cemeteries as excellent										X