

GAO Highlights

Highlights of [GAO-13-715](#), a report to congressional committees

Why GAO Did This Study

The Veterans Health Care Budget Reform and Transparency Act of 2009 requires GAO to report on the President's annual budget request to Congress for VA health care services. GAO's previous work has focused on issues related to the consistency, transparency, and reliability of information in VA's congressional budget justifications.

Building on GAO's past work and in light of the President's most recent request for VA health care, this report examines (1) changes in how VA used the EHCPM to develop VA's budget estimate supporting the President's budget request for fiscal year 2014 and changes in how VA reported information related to this estimate in its budget justification; (2) key changes to the President's fiscal year 2014 budget request compared to the advance appropriations request for the same year; and (3) the extent to which VA has addressed problems previously identified by GAO related to information in VA's congressional budget justifications. GAO reviewed the President's fiscal year 2014 budget request, VA's fiscal year 2014 budget justification, and VA data. GAO interviewed VA officials and staff from the Office of Management and Budget.

What GAO Recommends

GAO recommends that VA (1) use consistent terminology to label estimates for administrative personnel costs and (2) provide consistent and comprehensive information explaining the costs in each budget category for administrative costs. VA generally agreed with GAO's conclusions and concurred with GAO's recommendations.

View [GAO-13-715](#). For more information, contact Randall Williamson at (202) 512-7114 or williamsonr@gao.gov.

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VETERANS' HEALTH CARE BUDGET

Improvements Made, but Additional Actions Needed to Address Problems Related to Estimates Supporting President's Request

What GAO Found

The Department of Veterans Affairs (VA) expanded the use of the Enrollee Health Care Projection Model (EHCPM) in developing the agency's health care budget estimate that supported the President's fiscal year 2014 budget request. VA expanded the use of the EHCPM by using, for the first time, the model's estimate for the amount of care provided—workload—to develop estimates of the resources needed for 14 long-term care services. However, VA continued to use the most current expenditure data rather than EHCPM estimates for projecting needed resources for these services due to concerns about the reliability of the EHCPM expenditure data. Using this new blended approach, VA used the EHCPM in whole or in part, to develop estimates for 74 health care services that accounted for more than 85 percent of VA's health care budget estimate. Additionally, VA used a new budget category label for its estimate of certain administrative personnel costs, "Administrative Personnel," and identified the types of positions this estimate included. However, VA did not consistently use the new label across its three health care appropriations accounts. Instead, VA used "Administration" and provided no information clarifying the costs included in the estimates. Further, VA did not disclose all the costs included under "Administrative Personnel," nor did VA identify the costs included in one other category containing administrative costs, "Administrative Contract Services." The lack of transparency regarding administrative costs and inconsistent labeling resulted in Congress and other users of VA's budget justification not having clear and complete information regarding the agency's estimates for such costs.

The President's fiscal year 2014 budget request for VA health care services was about \$158 million more than the earlier, advance appropriations request for the same year. The estimate for initiatives increased by \$1.021 billion and the estimate for ongoing health care services decreased by \$519 million. The increase in the initiatives estimate was further offset by \$482 million in estimated savings from new acquisition savings and other initiatives, which resulted in a net increase of \$20 million. This increase, along with a decrease of \$138 million in anticipated resources from collections and reimbursements, resulted in the net increase of \$158 million in the President's fiscal year 2014 request.

VA has taken steps to address, in varying degrees, five of the six problems GAO previously identified related to information in VA's budget justification. Specifically, VA has taken steps to improve (1) the transparency of its estimates for initiatives in support of the advance appropriations request, (2) the consistency of the language used to label health care services across its three health care appropriations accounts, (3) the reliability of its estimates for certain facility-related activities, (4) the reliability of its estimate for facility maintenance and improvement, and (5) the reliability of its estimates for proposed savings. However, VA did not address (6) the transparency of its estimates for initiatives and ongoing health care services. While VA improved aspects of the information in its fiscal year 2014 budget justification, it is important that VA ensure that the six recommendations from GAO's prior work regarding such information are fully implemented. Until these recommendations are fully implemented, the problems GAO previously identified will continue to limit for Congress and others the usefulness of information related to the estimates that support the President's budget request for VA health care.