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CAN THE DEPARTMENT OF VETERANS AFFAIRS  
BE MODERNIZED?

A CONVERSATION WITH  
VA SECRETARY ROBERT McDONALD

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**PARTICIPANTS:**

**Introduction:**

ELAINE KAMARCK  
Senior Fellow and Founding Director, Center for Effective Public Management  
The Brookings Institution

**Featured Speaker:**

ROBERT A. McDONALD  
Secretary of the Department of Veterans Affairs

**Moderator:**

NORMAN L. EISEN  
Visiting Fellow, Governance Studies, The Brookings Institution  
Former Special Assistant to the President for Ethics and Government Reform

ANDERSON COURT REPORTING  
706 Duke Street, Suite 100  
Alexandria, VA 22314  
Phone (703) 519-7180 Fax (703) 519-7190

## P R O C E E D I N G S

MS. KAMARCK: All right. Good afternoon, everyone. My name is Elaine Kamarck. I'm the director of the Center for Effective, you know, something or other, (Laughter) Center for Effective Government Management here at Brookings and also a senior fellow. It is my great privilege today to open this session on "can the Department of Veterans Affairs be modernized," with the Secretary of Veterans Affairs, Robert McDonald.

So let me introduce the secretary and then I'm going to introduce Norm Eisen, one of my colleagues here. The secretary will speak and then Norm will come up and join him here, moderate some questions he's getting from Twitter and other places, and also take your questions. And we will have a hard stop at 3:00.

Secretary McDonald is a West Point graduate. He graduated in the top 2 percent of his class in 1975, and he served as brigade adjutant for the Corps of Cadets and was recognized by the Royal Society for the Encouragement of Arts, Manufacturing, and Commerce as the most distinguished graduate in academics, leadership, and physical education. So that's quite something. He served with the 82nd Airborne Division, completed jungle, arctic, and desert warfare training, and earned the Ranger Tab, the Expert Infantry Badge, and Senior Parachutist Wings. On leaving military service, Captain McDonald was awarded the Meritorious Service Medal.

He then spent most of his career at Procter & Gamble, where he ended up as chairman, president, and chief executive officer. Under his leadership Procter & Gamble significantly recalibrated its product portfolio, expanding its manufacturing footprint, adding nearly 1 billion people to its global customer base, and grew the firm's organic sales by an average of 3 percent a year.

And two years ago, just about two years ago, President Obama selected Robert McDonald to be the Secretary of Veterans Affairs. Over the course of his tenure so far, VA has expanded veterans' access by focusing on staffing, space, productivity, and VA community care. It has continued to drive down the disability claims backlog, progressed towards an effective end to veterans' homelessness, and thanks in part to large, unprecedented partnerships and vital networks across the federal government

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with both profit and nonprofit organizations has focused on prevention and treatment for veterans' homeless.

He will be interrogated briefly by our very own Norm Eisen, who is a senior fellow here at Brookings. Norm served in the Obama administration as special assistant to the president for ethics and government reform. And then he went to the Czech Republic, where I first met him, to serve as the United States ambassador there. He is with us at Brookings. We are very pleased to have him. And he will be talking with you afterwards and with the Secretary.

So with that, please give Secretary McDonald a round of applause. (Applause)

SECRETARY McDONALD: Elaine, thank you for that kind introduction and for the opportunity to have this conversation. Thanks also to Ambassador Eisen for participating.

I want to start by answering the question asked today: Can the Department of Veterans Affairs be modernized? The answer is absolutely yes. Not only can it be modernized, it's already being modernized and we're already seeing the results. Based on what veterans are telling us, we're already seeing improvements in the care they're receiving from the VA. Last fiscal year we completed 5 million more appointments than in the previous fiscal year, almost 57 million appointments inside the VA, and over 21 million appointments in the community. This past March, we set a new record for completed appointments. That's 5.3 million inside the VA, 730,000 more appointments than in March of 2014.

We issued 370,000 authorizations for care in the community in March, twice as many as in March of 2014. These authorizations will result in more than 2 million appointments in the months ahead.

The clinical workload is up 11 percent in the past two years, nearly 9 percent inside the VA and 27 percent with VA community care. In a system the size of VA, that means over 7 million additional hours of care for veterans.

The results: 97 percent of appointments are now completed within 30 days of the veteran's preferred date; 86 percent within 7 days; and 22 percent are same-day appointments. Average wait time last month: five days for primary care, six days for specialty care, and two days for mental

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health care.

But none of those numbers tell the whole story. They're important, but what really matters is whether veterans are satisfied with their experience at the VA. So we're asking veterans what they think using automated kiosks at our facilities. More than half a million have responded in recent weeks.

One of the questions we ask is: How satisfied are you that you got today's appointment when you wanted it? Nearly 90 percent say they are satisfied or completely satisfied. Less than 3 percent say they are dissatisfied or completely dissatisfied. And I don't know how patients in the private sector would answer that question, I suspect our results would compare pretty favorably.

But guess what. As we improve access to care, more and more veterans are choosing VA care for the quality, for the convenience, and for the cost savings. I'm sure you've heard it said if you build it, they will come. Well, we're building a better VA, and veterans know that and are coming to us for more of their care. So even though we're providing more appointments than ever, some veterans are still waiting longer than they should have to wait. But that's not a measure of our failure. Indeed, that's a measure of our success. We're providing more care, veterans are waiting less time for care, and so they're coming to us for more of their care and they're telling us they're satisfied or completely satisfied with the timeliness of their care. How does that not spell success?

But until all veterans are satisfied with their care, I won't be satisfied with VA. Nobody at VA will be satisfied with VA. But I am satisfied that we're on the right track and we're making progress, and that progress is undeniable, though, of course, some people are determined to ignore it.

I've had some experience running very large organizations and I know you can't accomplish a major overhaul of a corporation's culture and operations overnight. I also know that VA has several areas of excellence it can fairly brag about. The American Customer Satisfaction Index has rated our National Cemetery Administration number one in customer service five times running. JD Power has rated our mail order pharmacy best in the country in customer satisfaction six years running.

We're a leader in many fields of research: post-traumatic stress, traumatic brain injury,

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spinal cord injury, prosthetics, genetics, just to name a few. We're also a leader in medical innovation. The first implantable cardiac pacemaker, the first successful liver transplant, the first nicotine patch, three Nobel Prizes, seven Lasker Awards.

And look what we've done with the backlog of disability claims. Not long ago, we had a backlog of over 600,000 claims more than 125 days old. That was all you heard about in VA in those days. Well, what did we do? We added staff, we adjusted some policies, and we designed and implemented an automated claims processing system. And today the backlog is just a fraction of what it was. It's down almost 90 percent.

So the idea that VA can't be fixed or that we're not fixing it is just nonsense. We are fixing it. We're just not finished yet. We still have work to do.

Our vision, the goal we've set for VA and we're now working towards, is being the number one customer service organization in federal government. We're building a high-performance organization, an integrated customer-centric enterprise, leveraging VA's vast scope and scale on behalf of every veteran we serve. To achieve that goal we're applying the best practices and standards of customer service businesses. Twelve of our top 17 executives are new since I became secretary, and all 12 have top-level leadership experience in business, healthcare, or in government.

Together we've conceived and organized a transformation initiative, which we call MyVA, because that's exactly how we want veterans to see us, a VA they're proud of and customized for them. We're committed to five long-term strategies.

First, improving the veteran experience. Second, improving the employee experience. It's not a surprise that the best customer service organizations in the world are also the best places to work. Third, achieving support service excellence. Fourth, establishing a culture of continuous performance improvement. And fifth, enhancing strategic partnerships.

For the near term, we're focused on quick wins for veterans, 12 breakthrough priorities for 2016 that support our long-term MyVA strategies. Eight of the 12 are about directly improving service to veterans. First, improve the veteran experience. Second, increase access to healthcare. Third,

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improve community healthcare. Fourth, deliver a unified veteran's experience. Fifth, modernize contact centers. Sixth, improve the compensation and pension exam. Seven, develop a simplified appeals process, Eight, and continue to reduce veterans' homelessness.

Four of the 12 priorities are critical enablers designed to help the previous eight. Those four are, first, improve the employee experience. Number two, staff critical positions that are vacant. Three, transform our Office of Information and Technology. Four, transform our supply chain to increase responsiveness and reduce operating costs.

Those four critical enablers are about reforming internal system, giving employees and the tools and resources they need to provide great service and consistently delivering an exceptional veteran experience. For employees serving veterans, growing a high-performing organization means intellectually equipping more and more teams to dramatically improve care and service delivery to veterans. That's what our Leaders Developing Leaders Program, or LDL as we call it, is all about.

LDL is an example of continuous, enterprise-wide growth spreading best practices across the VA. We launched LDL last November and have already trained over 19,000 employees. We're also training employees on advanced business techniques, like Lean Six Sigma and human-centered design. And we're tying executive performance ratings and bonuses to veteran outcomes, employee surveys, and 360-degree feedback.

Growing a high-performing organization also takes world-class collaboration and strategic partnerships, vast networks working together to serve veterans. That's why we've enabled a national network of 57 Community Veterans Engagement Boards. These boards are designed to leverage community assets, not just VA assets, to meet local veteran needs. Our goal is to have 100 of these by the end of the year.

That's why we're capitalizing on strategic partnerships with external organizations to leverage the good will, resources, and expertise of partners, such as IBM, Johnson & Johnson, Amazon, Bristol-Myers Squibb, the University of Michigan Health System, and many more. That's why we're working collaboratively with world-class institutions, like USAA, the Cleveland Clinic, Wegmans,

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Starbucks, Kaiser Permanente, Hospital Corporation of America, and many others. And it's why we brought together the diverse group of business leaders, medical professionals, government executives, and veteran advocates who serve on our MyVA Advisory Committee, or MVAC for short.

Growing a high-performance organization takes a clear purpose, strong values, and enduring principles supporting sound strategies. We already have a clear purpose. Our mission: caring for veterans and their families. We have strong, admirable values. There are I CARE values of integrity, commitment, advocacy, respect, and excellence. They're foundational to everything we do.

Growing a high-performance organization also takes strong, passionate leadership and we have that, a growing team of talent making innovative changes and creating opportunities for even greater progress. It takes the kind of responsive systems and processes we're building, veteran-centric by design.

We believe that veterans should have same-day access to primary care and a new patient should receive a same-day mental health assessment and immediate care if needed. This could mean a same-day appointment with a primary care doctor or it could mean a call from a nurse with medical advice or a telehealth or mental telehealth encounter or a secure message, a prescription refill, or a walk-in to a clinic or emergency facility.

We've put in a place a system to identify best practices in our Veterans Hospital Administration and implement those best practices throughout VHA. We're already doing that. It's based on the "Shark Tank" model. We invite employees to submit ideas, we take a couple dozen of the best ideas, and then we have employees themselves present their ideas to a panel of sharks. The idea is the survivor is then assigned to a team to oversee implementation throughout VHA. It's an ongoing effort aimed at continuous improvement in operations directly affecting the veteran experience. And nobody else in the healthcare community is doing it. VA is leading the way, as it often does.

We're improving access to healthcare in many other ways, as well. We're making it easier for veterans on the road, away from their regular VA hospital, to receive care or refill a prescription at another VA facility. We're making it possible for veterans to enroll for healthcare online or over the

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phone beginning July 5th. We're already calling every new enrollee to welcome them to VA, offering to schedule an appointment and telling them about other VA benefits and services. We've called 200,000 veterans so far this year and the response has been tremendous.

We've created a mobile app that lets veterans schedule, reschedule, or cancel appointments on their smartphone. Thousands have tried it and loved it in the field tests that we've conducted, and we expect to make it fully available later this year.

We're creating a single phone number and a single website so veterans have a one-stop source for information rather than asking them to navigate our complicated internal structure. We're also working to give veterans more opportunities to provide immediate feedback on the quality of the care they receive. These channels will be in place later this year and that feedback will help us to better meet the needs of veterans.

We're committed to doing everything we can for veterans, advancing along all these lines and many others. But important priorities for transformational change require congressional action. The President's Fiscal Year 2017 Budget Request is another tangible sign of his steadfast devotion to veterans and his commitment to transform VA.

The Senate Appropriations Committee approved a budget nearly equal to the President's request. The House markup, however, proposes a \$1.5 billion reduction. Let's be clear, that reduction will hurt veterans and it will impede some critical initiatives necessary to transform VA into the high-performing organization veterans deserve. So we're encouraging Congress to fully fund VA at the requested level.

More than 100 legislative proposals for VA are in the President's 2017 budget and 2018 advanced appropriations requests. Over 40 of them are new this year. They require congressional action. Some are absolutely critical to maintaining our ability to purchase non-VA care.

In mid-March, I testified to Congress about the most important requirements to help us serve veterans better. Deputy Secretary Sloan Gibson will be testifying before the House Veterans Affairs Committee again on Thursday. We need Congress' help modernizing and clarifying VA's



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purchased care authorities. Above all else this needs to get done to ensure a strong foundation for veterans' access to community care.

We need Congress' help streamlining VA's care in the community systems and programs. Last October, we submitted our plan to consolidate and simplify the overwhelming number of different programs and improve access to VA care in the community.

We need Congress to enact legislation that will allow us to better compete with the private sector to get the best medical professionals to choose to work in VA. That means flexibility on the 80-hour pay period limit for certain medical professions and compensation reforms for network and hospital directors.

Likewise, we need to treat healthcare executives more like their private sector counterparts. That means expanding the Title 38 authority to VHA senior executive level medical center directors, VISN directors, and other healthcare executive leadership positions. Then we could hire these employees more quickly with flexible, competitive salaries, and they'd operate under strong accountability policies.

We have to be more responsive to veterans' emerging needs, so we're asking for modest flexibility to overcome artificial funding restrictions for veterans' care and benefits. And we've urged ambitious action on our disability claim appeals system. We simply cannot serve veterans well unless we can come together and make big changes in the appeals process.

It's a heavy lift, but we've met with the veteran service organizations and other veterans advocates and we've gotten their assistance in putting together a comprehensive appeals modernization legislative proposal which we submitted to Congress in April and updated earlier this month. I believe Congress is responding.

On the Senate side, Chairman Johnny Isakson in partnership with Ranking Member Blumenthal is working on the Veterans First Act, a large omnibus bill that includes many of the legislative solutions we've been urging. On the House side, Chairman Jeff Miller has been working with us closely, as well, but our window of opportunity is closing fast.

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We need Congress to act on the proposed legislation before they leave town in mid-July for their extended election year summer recess. If Congress doesn't act on these transformational changes, the VA will not be able to complete its transformation and veterans will have to settle for a VA that is not as responsive to their needs. There's no question about that. If Congress acts, we'll all look back on this year as the year we turned the corner for veterans.

Those are a few points about our progress and our challenges. Now, some have argued that VA can best serve veterans by shutting down VA healthcare altogether. They argue that closing VHA is the kind of bold transformation veterans and the families need, want, and deserve. I suspect that proposal serves some parties pretty well, but it's not transformational. It's more along the lines of dereliction. It doesn't serve veterans well and it doesn't sit well with me.

President Reagan gave veterans a seat at the table of national affairs nearly three decades ago. MyVA is about keeping veterans at that table in control of how, when, and where they wish to be served.

Thank you for sharing this time with me this afternoon. I look forward to your questions.  
Thank you. (Applause)

MR. EISEN: Thank you, Mr. Secretary --

SECRETARY McDONALD: Thank you, Norm.

MR. EISEN: -- for that fascinating overview of all that you and your colleagues at the VA are doing in the MyVA program and otherwise to take the next step, to modernize the Veterans Administration to better serve our veterans and to make all of America proud of the care that we provide to them. And it is an enormously challenging enterprise to come into government in an attempt to transform, reform, and modernize, and I have some questions for you about that.

Let me remind everyone here and everyone in our viewing audience on C-SPAN that we are live tweeting the event and I am not checking my email from my friends. I'm harvesting questions from the Twitter feed. You can direct those questions, they've been coming in, at my Twitter account. That's @normeisen, N-O-R-M E-I-S-E-N. And we'll also take them at #vasec, which you see up here V-

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A-S-E-C.

But first, I'm going to start with a question of my own for you.

SECRETARY McDONALD: Sure.

MR. EISEN: What's been the biggest surprise for you coming from a distinguished military career and a private sector career, good and bad, the biggest surprise in your tenure as VA secretary?

SECRETARY McDONALD: Well, you won't find this surprising, and I certainly didn't find it surprising, but I think the amplitude of emotion is surprising, and that is the ability to do a good thing for a veteran on any given day. I like to think before I go home at night about how many veterans did I help today? How many did I help through either the systemic or transformational changes we're making or even how many called me on my cell phone? You may know I gave out my cell phone number to veterans at my first national press conference in September of 2014, so I hear from veterans every day. And I enjoy that because I like to listen to the voice of a customer. So I wouldn't say I was surprised, but I think the amplitude of satisfaction is a surprise.

Surprise on the other side I think is the difficulty, the sheer difficulty, of trying to get things done. We've got a lot of stakeholders. And as I mentioned in my talk, we've put together what I think is an outstanding transformational plan for the VA, but, frankly, if we don't get the budget and we don't get the law changes we need from Congress, we're going to fall short of what we could otherwise do.

We're working very closely. The great thing is we have relative unanimity within Congress. And we're hoping that we can get these bills on the floor and passed. They generally have gone through committee, and get them passed before the Congress leaves in July.

MR. EISEN: On your amplitude point, you remarked in your speech about the new customer service kiosks and you'll get 90 percent, just under 90 percent, satisfied or entirely satisfied and just 3 percent dissatisfied or completely dissatisfied. I will say that every one of those 3 percent sent me a tweet with a tough question for you, Mr. Secretary. (Laughter)

SECRETARY McDONALD: Well, that's a really interesting point, Norm, because we run

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a healthcare system and there are roughly 21 million veterans in the country, 9 million attached to our healthcare system, 6 million use it frequently. So 3 percent is still unacceptable, right? I mean, anybody in a customer service business, like I've been in for 40 years, will tell you that even one unsatisfied or dissatisfied customer is one too many.

That's why no matter how well we do, no matter how much we transform, this is an ongoing process that we need to continue.

MR. EISEN: One of the themes in the Twitter question, a recurring theme, and this particular tweet that I'm looking at is from Robin Mitchell, a recurring theme is your comment that wait times are important, but they're not the only measure of veterans' experience, and that's what veterans are telling you. In the time around which you made that comment you analogized how corporations measure and you mentioned Disney, and that created somewhat of a furor. I thought I'd just give you an opportunity in response to the veterans -- myself as the child of a veteran, I experienced some of that amplitude myself -- to give you a chance to respond to that point --

SECRETARY McDONALD: Sure.

MR. EISEN: -- and to the many tweets we're getting on that issue.

SECRETARY McDONALD: Well, as that occurred, as you know, I put out a statement right away that said basically if any veteran or any American looked at those comments and thought in any way that we weren't taking access to care seriously, I regret that. What we're trying to do is build a world-class healthcare system for veterans.

Access has been the primary focus of everything we've done since the day I came into office. We've add 4 million square feet of more physical space. We've added over 1,200 new doctors. We've added over 2,300 new nurses. We've done evening hours, weekend hours. We're doing everything we can, as I mentioned in my remarks, to get people into access for care.

And as I said, one of our breakthrough priorities for this year is, by the end of the year, to be able to have same-day access, same-day connection with medical professionals to resolve issues. Right now we have that at 34 of our facilities, about 25 percent of our facilities. And we have a team of

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people who are dedicated full-time to figuring out how to do that in every single facility. So access to care is a top priority for us.

MR. EISEN: While you answered that question, 15 additional questions came in on @normeisen, N-O-R-M E-I-S-E-N, and #vasec. So keep them coming in. I'm going to ask one that is not perhaps strictly within your purview, but because of the commitment to caring for veterans, for your fellow veterans that you've articulated, I myself was curious that it had jumped out.

Although the healthcare needs of veterans are the primary focus of your work, veterans do have a full spectrum additional set of needs. There have been recent studies -- wait, I'll say the name of the tweeter -- Josh Protus says there have been recent studies showing high rates of food insecurity among veterans. Have you thought about that at all, about what can be done? And how, in general, when there's such critical requirements in the core healthcare mission that occupies so much of your day, how do you deal with the additional needs of our American vets?

SECRETARY McDONALD: That's a great question. One of the things we did when I became secretary and actually started under Sloan Gibson, who was the interim secretary, was we started a long-term study of, where do we want to take the Veterans Hospital Administration? One of the things that differentiates VA care versus the private sector is our care is integrated and holistic. I mean, we deal with mental health, physical health, spiritual health. We have a whole chaplaincy corps. And so we deal with nutrition.

And one of the things we want to do is we want to move our care from curing disease to preventing disease. For example, one of the things that bothers me, I've been to about 300 VA facilities in my 20, 22 months, and one of the things that bothers me is seeing obese veterans. We have a higher propensity of obesity, a higher propensity of diabetes, and obviously that creates all kinds of bad outcomes. Well, these are individuals who, at least in a time of their life, were exercising every day, were taking physical fitness tests. How did we let them become that way? Why can't we work with them in order to maintain their fitness once they get out of the military service?

And so we're moving toward preventing disease. And we have a special medical

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advisory group that is chaired by Jonathan Perlin, who's the chief medical officer of HCA, who is helping us, along with other medical professionals, to design a program that's focused on prevention rather than cure because I think that's the direction we need to go. And think of the savings for the taxpayer.

MR. EISEN: Mr. Secretary, I don't want to neglect the real live human beings who have filled our room here at Brookings Governance Studies in favor of virtual reality, so I'm going to ask questions in the room now. And I'll begin with this young lady in the third row here. Yes, ma'am.

Hold on. For the sake of the viewing audience, we need to give you your microphone. I'll remind everybody just, if you don't mind, say who you are when you ask a question. And then I will say that I think this is the reason that Brookings invited me to come and be a member of the family here, I'll ask everybody to make their questions questions. Please limit yourself to a one- or two-sentence question. I'll be ruthless in enforcing the no filibuster rule. They may be allowed elsewhere in Washington, but not here.

You, ma'am, I'm sure would not require that surgeon general's warning.

DR. STREET: Of course.

MR. EISEN: Please proceed.

DR. STREET-ROBINSON: Good afternoon. I'm Dr. Dana Robinson-Street and I'd like to, first of all, thank you very much for coming and spending a portion of your day with us.

SECRETARY McDONALD: Thank you.

DR. STREET-ROBINSON: I also served in the Navy for almost 25 years, both as an enlisted member of the United States Navy and as an officer.

SECRETARY McDONALD: Thank you for your service.

DR. STREET-ROBINSON: Oh, absolutely, and it was my pleasure. I'd like to, first of all, state that I recognize the importance of modernization. As a primary care and emergency medicine provider I know that it is important that we stay up-to-date regarding all of the new standards and, of course, best practices. However, taking into consideration that more than 600 veterans are committing suicide every single month, is it responsible to utilize the money for modernizing this system as opposed

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to addressing the problems that are within the VA system that are causing veterans to even come to the VA to commit to suicide?

SECRETARY McDONALD: Yeah, it's a great question, Dana. Obviously one of our 12 priorities, breakthrough priorities, is to reduce the number of veterans committing suicide. As you know, we've estimated in the past that about 22 veterans take their life on any given day. Seventeen of those are not connected to the VA; five of the 22 are. My point is we know that if we outreach people, the program works. So a lot of what I was describing in the modernization was ways to improve that outreach.

For example, hire more mental health professionals. You know, I talked about same-day access to mental health care. I talked about if you show up at one of our emergency rooms, we have somebody trained there. I talked about, but I didn't mentioned specifically, our Veterans Crisis Line, where we need to add more people. We need to make sure there are not dropped calls. And we need to make sure if you call a VA medical center, whereas in the past it may have said if you're in crisis, hang up and dial this number, we're putting in a place a system that says if you're in crisis, press seven and we'll get to you right away. The people who run our Veterans Crisis Line, which was shown in the HBO documentary that won an award, they're saving lives every day.

We need to continue our outreach. And I think one of the things that outreach is critical to do is we've got to make sure the entire population is working together to recognize the five signs, which I know you're very familiar with, the five signs when a problem is coming. Because we can't wait for veterans to get connected, we have to connect them.

Similarly, I think we have a problem in this country. At the VA, given we're the largest medical system, we tend to see national problems perhaps before they get into the news. We are not creating enough mental health professionals in this country. So one of the things I'm trying to do is work with medical schools. We train 70 percent of the doctors in this country through their residencies. I don't know where you did your residency, but it may have been at the VA or it may have been in the Navy, but we've got to create more residencies. Because if we have the residencies, the deans of the medical

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schools -- I've been to about two dozen of them -- tell me they will increase the throughput. And then we've got to get more of those students to study mental health.

So I was pleased that in the Clay-Hunt Act in the fall of 2014, as I recall, that we were able to increase the amount of loan reimbursement or loan payback for people studying mental health. We've got to increase the number of mental healthcare professionals in this country.

Sorry, that was a filibuster answer.

MR. EISEN: Well, slightly different rules for the guest, but only slightly, Mr. Secretary.

SECRETARY McDONALD: I got it, Norm.

MR. EISEN: Only slightly. I'm going to go to Twitter for another question on the reform and modernization front. I know I found this when I was advising President Obama and had government reform in my portfolio earlier in the administration. There are limits to the innovations, the lessons of the private sector that one can bring to government. You've already referred to the need for congressional approval and authorization in order to take some of the big next steps. Another limit is administrations change. You don't have an infinite amount of time.

And I have a question from Isha Choudry. Given the upcoming administration change, do you feel you have to speed up some of your priorities? If so, which ones? And how do you deal with these finite time horizons moving from the private sector to the public sector?

SECRETARY McDONALD: Yeah, that's a great question. As I said in my prepared remarks, it does take time to transform an organization. The knowledge that the administration would change at the turn of the year is what caused us to take those five long-term strategies and turn them into 12 immediate priorities. And you'll notice I said by the end of the calendar year, these are the 12 things that we want to get done.

And what we did, I actually asked for a congressional hearing. I know that's unusual, but I asked and Chairman Isakson in the Senate had the hearing for me where we reviewed on each of the 12 what progress did we make in 2015, what progress are we committing to in 2016. In other words, what the veteran outcomes, like same-day access to care, like having your appeal decided in 12 months



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if we can get appeal reform, like getting more people into community care if we can get to consolidate community care? These are things we committed to providing we get the budget and we get the legislative changes that we need.

So that was the reason we did it. If you came over to our building, and I invite you all to come over, we have a room right now where literally we have by week, by month the accomplishments for each one of these 12 that we track every week to make sure we're making progress because we want to make sure we deliver it. We want to create irreversible momentum for this transformation by December 31st.

MR. EISEN: Is that the biggest thing that you would say you've brought over from the private sector, setting the benchmarks, managing against the benchmarks, and using data to do so?

SECRETARY McDONALD: I don't know. I think so. I mean, this is my first time in federal government other than when I was in the Army, but certainly that's a practice that we have. We have to set benchmarks, we have to set goals, and we have to hold people accountable to achieve them.

MR. EISEN: Okay, I'm going to go to the back of the room now because I don't want to neglect people who are sitting at the back, then I'll come back around. I've got three great questions from veterans that I'm going to combine into one question for you after I go to this lady here. Yes, ma'am.

MS. DAVIDSON: Hi, Julie Davidson from cyberFEDS.

SECRETARY McDONALD: Hi, Julie.

MS. DAVIDSON: Can you talk about your decision not to implement the discipline procedures in the Veterans Accountability Act and what you're doing to improve accountability?

SECRETARY McDONALD: Yes. Since I've been secretary we have terminated over 2,900 employees, Julie, and we are holding people accountable. We think accountability is very important. We think accountability means more than just firing people, obviously. It means providing them feedback, the training, and development that they need, the resources that they need to get the job done.

We have taken advantage of the accelerated process for nine senior executive service

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individuals. What we decided recently is given that part of the law has become under question, constitutional question, we didn't want to continue to follow that procedure since what we don't want to do is have a disciplinary process go on and then have it overturned later for a technicality because the law's been decided to be overturned. So we're going back, we're using the old procedure. The old procedure is fine. Frankly, the new procedure really just affects the amount of time for appeal, so it really doesn't affect the process all that much.

The answer to the whole thing, though, in my opinion, and I think I would say in the opinion of at least the Senate, is what we have in the Veterans First Act. The provisions that Senator Isakson and Senator Blumenthal and the Senate Veterans Affairs Committee have put in the Veterans First Act, we all support. VA supports them, the Republican Party in the Senate supports them, the Democratic Party in the Senate supports them, and we really think that's the ultimate answer. So I'm hoping that the Veterans First Act will get passed soon. It's already gone through committee and will go to the floor and get passed in the Senate.

MR. EISEN: Okay, combining three from Twitter to give everybody a chance, I have one veteran who asks where do nonprofits that serve veterans go to navigate, to find their door into the VA bureaucracy, which even after your efforts remain substantial?

A second question --

SECRETARY McDONALD: Well, let me deal with the first one first.

MR. EISEN: Okay. I hope I remember the other two.

SECRETARY McDONALD: Otherwise I won't remember the first one.

MR. EISEN: You're quite right. You're quite right.

SECRETARY McDONALD: It's very easy: email me, [bob.mcdonald@va.gov](mailto:bob.mcdonald@va.gov) or email Matt Collier. It's [matthew.collier2@va.gov](mailto:matthew.collier2@va.gov).

When I took the job I very quickly realized we cannot do this by ourselves. There's a lot of good will for veterans. We need strategic partnerships, so Matt Collier, who graduated from West Point in 1979 and had a very successful career running companies in the IT industry, came in and leads our

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strategic partnership effort. And we've set up a number of strategic partnerships. Let me tell you about one.

There's an organization called Give an Hour, which is an organization of psychiatrists, psychologists, who do pro bono work for veterans. And we have set up a strategic partnership with them for the reasons I mentioned earlier. It's hard to get mental health professionals, and these individuals can help serve veterans. That's an example.

This is important for two reasons. One, it's important because strategic partnerships are force multipliers. They help us expand our outreach and expand our ability to care for people.

But there's a second very, very important moral issue, which is, by law, we cannot care for people with dishonorable discharges. And so if a veteran comes to us and they may have a dishonorable discharge and haven't yet been able to get it changed, we've got to be able to have those private sector partners who can treat them because we are not able to.

MR. EISEN: Great. And that tweet was from @MilitarySaves, so I'm just retweeting to MilitarySaves and you heard the email addresses. You don't mind if I retweet those later.

SECRETARY McDONALD: No, no, of course not.

MR. EISEN: My thumbs are not very good with all this. Okay.

A second question is about whistleblowers at the VA. And the question is because of the importance of whistleblowers for accountability, what are your plans to improve the situation for whistleblowers? That's a question near and dear to my own heart because, like you, when I was in the White House I gave my phone number and my email to whistleblowers so they would have somebody personal to call.

SECRETARY McDONALD: Sure. No, you know, we honor the whistleblowers in the VA who have identified things we need to improve. I mean, if you've got an organization focused on customer experience, especially for veterans, you want to know what you're not doing well in order to improve. So whenever I go to a site, and as I said I've been to roughly 300 locations, I always meet with the whistleblowers separately, privately, without the leadership there.

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We also work very closely with the Office of Special Counsel. We were the first organization in government certified by the Office of Special Counsel for dealing with whistleblowers. And we take it very seriously to make sure that whistleblowers are protected. Many of them have become great advocates for the transformation we're doing.

A lot of the transformation we're doing right now, I mentioned earlier, that by after the Fourth of July we'll start enrolling people for healthcare either by phone or by the internet. That was unheard of before, but that idea came from some interaction that we had with whistleblowers. So, I mean, we want to do everything we can.

You know, what I'd like to do, though, and I said this, is I want to create a culture of continuous improvement. This is why we're training people in Lean Six Sigma. This is why we're doing the Leaders Developing Leaders Program, is we should have everybody at the VA working to improve the systems that they work on.

As I was going out and doing town hall meetings, which I've done at all the sites that I've been to, employees were telling me they felt like they were victims of a system they couldn't control. And what I'm trying to do is say, no, I'm going to train you, I'm going to train you in Lean and I'm going to train in other ways because I want you to control that system. I want you to change that system. The best high-performance organizations in the world are those that are run by the employees.

MR. EISEN: You're a strong evangelist for bringing best practices from the private sector, but what's the limit? Where have you hit the wall in trying and where have you learned that it doesn't work, what works in the private sector just doesn't work in government?

SECRETARY McDONALD: It doesn't work where there are laws that encumber you. I'll give you an example. I was going to a bunch of medical centers and I discovered we were outsourcing our emergency rooms. And to me, outsourcing your emergency room, that seems like a relatively core business. And what I discovered is there's this 80-hour work period law which prohibits us from operating emergency rooms with 12-hour shifts. Well, I went out to the private sector, HCA and others and Kaiser Permanente, and everybody works 12-hour shifts, so we aren't competitive. We can't hire the doctors

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and nurses we need to run an emergency room because of this law. This law was not designed for a hospital system. It was designed for government, a different part of government. So are we going to treat this like a business serving customers or are we going to treat this like another part of government?

There are other examples. This appeals law I was talking about is 80 years old. We've got over 400,000 appeals waiting to be dealt with. It would require over five years for each one of those appeals to be decided. We've got to change that law.

Well, rather than ignoring that, I believe in the part of the West Point cadet prayer that I grew up with, "do the harder right rather than an easier wrong." We got everybody in the room under the leadership of Deputy Secretary Sloan Gibson, the veteran service organizations, members of Congress, their staffs, and so forth. We said we're going to lock the door, we're going to slip the food under the door, you're not coming out of the room until you come up with a new law. We now have the new law, but it's got to be passed by Congress.

And so, you know, if we can get these laws passed, the ones I talked about, veteran outcomes are going to be -- we said if we get this law passed as we worked on the backlog, eventually we will be able to deal with an appeal in one year. In one year, not five years-plus.

So it's just a matter of taking the problem, solving the problem, but then you got to get Congress to pass the law.

MR. EISEN: Okay, coming back to our audience. Yes, sir.

SPEAKER: Hi, (inaudible) from (inaudible).

MR. EISEN: General, just hold on one second. We're going to get you a microphone so the C-SPAN audience can hear.

SPEAKER: First, I'd like to say, Mr. Secretary, that by any real measure this Vietnam veteran thinks you have turned the corner.

SECRETARY McDONALD: Thank you, sir.

SPEAKER: And I think we are definitely making solid progress.

SECRETARY McDONALD: Well, thank you for your help.

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SPEAKER: It's unfortunate that that 3 percent amounts to like 630,000. They're going to be the most vocal.

SECRETARY McDONALD: We're working on it. We're going to improve.

SPEAKER: Right, but the question I'd like to ask is can you give us a status update on Choice, that Choice Program, which was designed to help those that are further away from the VA facilities?

SECRETARY McDONALD: Yes, sir. In the fall of 2014, in response to the access crisis, if I can say it that way, Congress passed the Choice Act. And the idea was to have greater capability of sending people into the community for care.

We were already sending people into the community for care, but the Choice Act was an attempt to make it even more broad. There were certain limitations put on the act, things like 30-day time limit, 40-mile originally geodesic distance and then driving distance, and I was given some authority if there was a geographic barrier.

What we're seeing is dramatic growth -- dramatic growth -- in the Choice Act and in the authorizations that we've given for care in the community. Dramatic growth.

The issue that we have is we have seven different ways of providing care in the community. Each one came from a somewhat different law. Each one has different selection criteria. Each one has different reimbursement rates. Each one -- it's very complex. And as a result of that, it confuses veterans and it confuses VA employees.

So last October, we put together, again, another proposal for a change in the law that would take all those different seven ways of care in the community and make them one, one criteria, one reimbursement rate, and make that the new Choice Act moving forward. We have had hearings on that. There are pieces of it that are part of the Veterans First Act in the Senate, which we're thrilled with. The House is dealing with pieces of it. But to me that's the ultimate response is, how do we make this simpler?

The other thing we did in this process is we looked at everything we thought was wrong

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with the original act because when you make an act, you don't know, and as you work over time you learn how to make it better. And we've now put that in the new Veterans First Act. So we're hopeful that if the Senate can pass the Veterans First Act and the House can pass parts of this, as well, that we'll be able to do a better job caring for veterans in the community.

Thank you, sir.

MR. EISEN: Okay, we're coming down now to the last minute, so I'm going to ask one from the -- and you've been too good on Twitter. Literally hundreds of tweets have flooded in, so I apologize to those of you, but the secretary and his team will get them and will address the issues and the questions therein.

Shifting again to another one of the non-healthcare needs because I promised some of the veterans organizations that I would ask about those, financial literacy issues, there have been reports about the struggles of some veterans with financial issues, about being subject to predatory lenders and other financial scams. What are you doing to help address financial literacy among veterans?

SECRETARY McDONALD: Yeah, that's a very important point and I'm glad we're going to talk about more than just healthcare because VA is one of the largest mortgage companies in the country. We insure mortgages. The G.I. Bill, of course, is the way my father and my father-in-law both went to college. It's the way I went to graduate school, so these are very, very important programs.

I think the ultimate answer to financial literacy is what we're trying to do with the transition. There are going to be roughly 250,000 service members leaving the service now each year. It's unacceptable for them to have a gap in their service from active duty to becoming a veteran with the full benefits that a veteran should get. So what we're trying to do is take that transition process and push it upstream, working with the Department of Defense and Secretary Ash Carter's a great partner in this.

And what we do is get the service members, maybe 120, 150 days before they leave the service. And I've participated in these programs. They're called Transition Assistance Program, or TAP. We go on base and the commanding general or admiral stands there with me and says, you know, we're going to help your transition. We train the noncommissioned officers how to help with that transition.

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We then do a number of things. Number one, we try to get them the medical exam that they need to qualify for benefits. We sign them up for healthcare. We sign them up for the G.I. Bill, and so forth. And then at the end of the program we actually have a job fair. And on these job fairs we've had tremendous success in terms of placing veterans right there on the spot, so that there's no transition time, no gap in transition time from the time they leave the service. And I have to say, it's one of the reasons that veteran unemployment is virtually at an all-time low of about 4 percent.

MR. EISEN: Mr. Secretary, it's 3:00. I'm sorry that we have to end. We could go on for hours. It's a fascinating analysis of what you've done at the VA, including in the MyVA program; of its implications for the rest of government in a time when we're approaching a transition; the need for congressional approvals and the other limitations on the model that requires a system to work together. Many additional tweets, including one tweet from a whistleblower that I'll personally make sure the secretary's attention is drawn to.

And I want to thank everybody in our audience here, everyone in our virtual audience on C-SPAN, on Twitter, and on social media. It's been a great privilege welcoming the secretary. Thank you.

SECRETARY McDONALD: Thank you, Norm. It's great to be with you.

MR. EISEN: Thank you.

SECRETARY McDONALD: Thank you very much, everybody.



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