United States Government Accountability Office

Report to Congressional Committees

February 2024

VETERANS AFFAIRS

Improvements Needed in Estimating Funding for Potential Future Health Emergencies

GAO-24-106359

GAO Highlights

Highlights of GAO-24-106359, a report to congressional committees

February 2024

VETERANS AFFAIRS

Improvements Needed in Estimating Funding for Potential Future Health Emergencies

Why GAO Did This Study

In response to the COVID-19 pandemic, VA received approximately $36.70 billion in supplemental funding between 2020 and 2021. CARES Act and Families First Coronavirus Response Act funds were available until September 30, 2021, and September 30, 2022, respectively. American Rescue Plan Act of 2021 funds were generally available until September 30, 2023.

The VA Transparency & Trust Act of 2021 includes a provision for GAO to review VA's requests for and use of COVID-19 supplemental funding, including American Rescue Plan Act of 2021 funds. Among other issues, this report describes how VA used these funds and examines how VA estimated its funding needs to inform the fiscal year 2024 budget request for key areas previously supported with COVID-19 supplemental funds.

GAO reviewed VA data and spending plans for COVID-19 supplemental funding and VA processes used to develop budget request estimates for fiscal years 2022 through 2024. GAO also interviewed VA officials and VA's actuarial consultant responsible for developing estimates.

What GAO Recommends

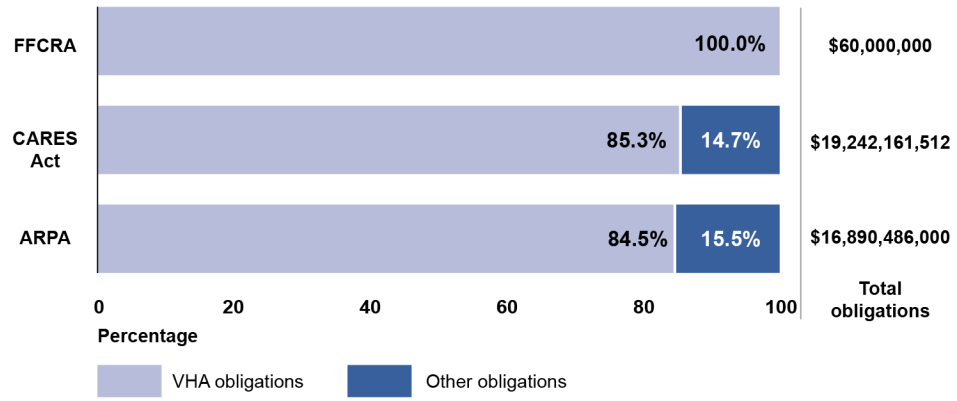
GAO is making two recommendations, including that VA enhance its modeling capacity to prepare estimates of the funding needed to meet the needs of veterans in the event of another pandemic or catastrophe. VA agreed with GAO's recommendations.

View GAO-24-106359. For more information, contact Sharon M. Silas at (202) 512-7114 or Silass@gao.gov.

What GAO Found

As of September 30, 2023, the Department of Veterans Affairs (VA) obligated roughly $36.2 billion (98.6 percent) of its CARES Act, Families First Coronavirus Response Act, and American Rescue Plan Act of 2021 funds, with the majority obligated by its Veterans Health Administration (VHA).

VA Obligations of COVID-19 Supplemental Funding Totaled $36.2 Billion as of September 30, 2023



Source: GAO analysis of Department of Veterans Affairs (VA) data, including Veterans Health Administration (VHA), for CARES Act, Families First Coronavirus Response Act (FFCRA), and American Rescue Plan Act of 2021 (ARPA) funds. | GAO-24-106359

VA used COVID-19 supplemental funds to support new efforts in response to the pandemic, such as expanding VA's information technology infrastructure to provide telehealth services. It also used the funding to support already established VA programs, such as providing health care at VA medical facilities.

When the COVID-19 pandemic emerged, VHA requested supplemental funding to continue operations to meet its mission. However, VA found it was not prepared to estimate the amount of supplemental funding needed during such a catastrophic event, because it did not have the modeling capacity to do so. VHA officials told GAO they have not developed the modeling capacity needed to estimate the costs of future catastrophes, such as a pandemic, because such modeling is outside of the scope of its contract with its actuarial consultant responsible for developing VA's budget projections. By developing modeling capacity for estimating the resources needed to respond to potential future health emergencies, VHA would be better prepared to quickly estimate resource needs to allow better management and planning.

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Abbreviations

ARPA	American Rescue Plan Act of 2021
EHCPM	Enrollee Health Care Projection Model
FFCRA	Families First Coronavirus Response Act
OIT	Office of Information Technology
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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February 8, 2024

The Honorable Jon Tester
Chairman
The Honorable Jerry Moran
Ranking Member
Committee on Veterans' Affairs
United States Senate

The Honorable Mike Bost
Chairman
The Honorable Mark Takano
Ranking Member
Committee on Veterans' Affairs
House of Representatives

The Department of Veterans Affairs (VA) operates the largest health care system in the United States. It is charged with providing health care services to the nation's eligible veterans and their beneficiaries through the Veterans Health Administration (VHA). In addition, the Veterans Benefits Administration (VBA) provides compensation and pension, education, and other benefits to veterans. To help accomplish these missions, VA's Office of Information Technology (OIT) provides IT tools and services VA-wide.

In response to the COVID-19 pandemic, VHA, VBA, and OIT adjusted their services to continue to provide health care and benefits to veterans; some of these adjustments have continued after the federal COVID-19 Public Health Emergency Declaration ended in May 2023. For example, VA expanded its IT infrastructure to provide veterans with access to telehealth services during the pandemic and continues to sustain these efforts.

To respond to the pandemic, VA received COVID-19 supplemental funding—additional funding outside its annual appropriations.[1] In March 2020, the Department of Veterans Affairs received $19.62 billion in

[1]An appropriation provides budget authority to incur obligations and to make payments for specified purposes. Supplemental appropriations are provided in an act appropriating funds in addition to those already enacted in an annual appropriation act. See GAO, *A Glossary of Terms Used in the Federal Budget Process,* GAO-05-734SP (Washington, D.C.: Sept. 1, 2005).

COVID-19 supplemental funding from the CARES Act and Families First Coronavirus Response Act (FFCRA).[2] In March of the following year, VA received an additional $17.08 billion in supplemental funding from the American Rescue Plan Act of 2021 (ARPA).[3]

While the majority of COVID-19 supplemental funding VA received was to provide health care services, these funds also supported information technology systems, administration of veterans' benefits, general VA administration, and oversight of VA's response to COVID-19 by the VA Office of Inspector General. The funds appropriated to VA and its components from the CARES Act and FFCRA, were available until September 30, 2021, and September 30, 2022, respectively. ARPA funds had varying availability time frames raging from September 20, 2022, until September 30, 2023.[4] VA has used its supplemental funding to finance health care and other services through fiscal year 2023.

Congress has raised questions about VA's use of supplemental funds. In May 2023, the House Committee on Veterans' Affairs held a hearing concerning VA's ability to account for COVID-19 supplemental funding, to determine if these funds had helped improve veteran care and services

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[2]CARES Act, Pub. L. No. 116-136, div. B, tit. X, 134 Stat. 281, 583 (2020); Families First Coronavirus Response Act, Pub. L. No. 116-127, div. A, tit. VI, 134 Stat. 178, 183 (2020). The FFCRA funds were available for COVID-19-related items and services, and the CARES Act funds were available to prevent, prepare for, and respond to COVID-19.

[3]American Rescue Plan Act of 2021, Pub. L. No. 117-2, tit. VIII, 135 Stat. 4, 112-17 (2021). We will be referring to the supplemental appropriations enacted in the CARES Act, FFCRA, and ARPA as supplemental funding in this report.

[4]VA is required to obligate COVID-19 supplemental funds before the period of availability ends. An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States whereas an expenditure is the actual spending of money. See GAO-05-734SP.

For purposes of this report, we define a component to include both department-wide offices, such as the Office of Information Technology (OIT), and the administrations that implement benefit programs.

A total of $12.5 million in CARES Act funds were appropriated to the Office of Inspector General for oversight and audits and were available until September 30, 2022. Also, of the $17.23 billion of CARES Act funds allocated to VHA for medical care, VHA transferred $5.50 billion from its medical services account to medical community care, totaling roughly $7.60 billion to medical community care. Section 8002 of ARPA appropriated $14.48 billion for allocation under chapters 17, 20, 73, and 81 of 38 U.S.C. Congress limited VA to spending up to $4.0 billion of that amount for health care through the Veterans Community Care program for purposes under 38 U.S.C. §§ 1703(c)(1) and 1703(c)(5).

during the pandemic, and to determine if VA should rescind unobligated funds.[5]

To provide oversight of VA's use of this supplemental funding from the CARES Act, FFCRA, and ARPA, Congress passed the VA Transparency & Trust Act of 2021.[6] Along with requirements for VA, this act includes a provision for us to review VA's process for preparing the request for the supplemental funds, how the expenditure of these funds met the goals of the department during the pandemic, and how VA plans to continue programs and investments that were begun with COVID-19 supplemental funds and will continue once these funds are expended.[7] As part of this provision, we reported in November 2022 on VA key areas supported with FFCRA and CARES Act funds, such as health care, IT efforts, and education system modernization.[8] See Appendix I for more information about CARES Act and FFCRA appropriations, transfers, obligations, and expenditures.

In this report, we:

1. describe how VA used ARPA funding;
2. describe VA's efforts to track progress toward objectives for key areas supported with COVID-19 supplemental funds; and
3. examine how VA estimated its funding needs to inform the fiscal year 2024 budget request for key areas previously supported by COVID-19 supplemental funds.

[5]This hearing was prompted by a May 2023 VA Office of Inspector General report, which found that VA should improve its controls over the use of supplemental funds based on an audit of VHA's use of CARES Act supplemental funding. See Department of Veterans Affairs, Office of Inspector General, *Department of Veterans Affairs: VHA Can Improve Controls Over Its Use of Supplemental Funds,* 21-03101-73, (Washington, D.C: May 9, 2023).

[6]VA Transparency & Trust Act of 2021, Pub. L. No. 117-63, 135 Stat. 1484 (2021).

[7]The act also includes requirements for VA to provide a detailed plan to congressional committees for obligating and expending funds covered by the act, including a justification for each type of obligation. Additionally, the act requires VA to submit reports to congressional committees every 14 days (biweekly) detailing its obligations, expenditures, and planned uses of the funds, as well as justification for any deviation from the plan.

[8]GAO, *Veterans Affairs: Projection, Use, and Oversight of COVID-19 Relief Funding*, GAO-23-105730 (Washington, D.C.: Nov. 29, 2022).

To describe how VA used ARPA supplemental funding, we reviewed spending plans for ARPA funds and VA monthly reports on allocations, obligations, and expenditures. We reviewed VA data on monthly allocations, obligations, and expenditures of CARES Act, FFCRA, and ARPA funds through September 30, 2023. We also reviewed VA data on the allocation of funds to components within VA. To provide detailed information on VHA, VBA, and OIT activities, we reviewed VA data on obligations of ARPA funds, as of September 30, 2023. Additionally, we reviewed information from the federal spending database, www.usaspending.gov, on VA's use of COVID-19 supplemental funds.[9]

We assessed the reliability of VA data on allocations, obligations, and expenditures by examining the data for errors, outliers, and omissions and reviewing different VA data sources to ensure data consistency. We also interviewed VA officials who are knowledgeable about these data to identify any data limitations.[10] As a result of these steps, we determined that the data were sufficiently reliable for the purpose of describing funding allocations, obligations, and expenditures.

To describe VA's efforts to track progress toward objectives for key areas supported with COVID-19 supplemental funds, we reviewed VA documentation, including a business case analysis, evaluation plans, a set of performance metrics, directives, and a data dashboard and data

[9]The website, www.usaspending.gov is publicly available and is developed and operated by the Department of the Treasury. It includes detailed data on federal spending including obligations across the federal government.

[10]VA's Financial Management System is VA's primary mechanism to track and monitor the use of all funds, including the COVID-19 supplemental funding, to help ensure that VA's obligations and expenditures stay within authorized budget limits. In VA's Agency Financial Report for fiscal year 2021, the auditors reported a material weakness in its financial system and reporting because, among other things, the Financial Management System, has limited functionality to meet VA's current financial management and reporting needs and VA continues to record a large number of journal entries in order to produce a set of auditable financial statements. According to VA officials, VA has implemented workarounds to ensure some expenditures are populated with object classification codes and reviewed the data to identify outliers. See U.S. Department of Veterans Affairs, *Agency Financial Report, Fiscal Year 2021*. (Washington, D.C.: Nov. 15, 2021).

In our prior work, we spoke with VA officials within the VA Office of Budget to understand VA's Financial Management System limitations related to the allocation, obligation, and expenditure data needed for our review. Officials noted that aggregate data from the Financial Management System are reliable and that detailed data on activities funded using supplemental funds may be subject to manual adjustments to ensure the data are accurate. Officials reviewed the data and identified any outliers before providing us the data.

reports.[11] We also interviewed or received written documentation from VHA, VBA, and OIT program officials that were knowledgeable of objectives, tracking progress towards objectives, and the status of each key area as of September 30, 2023.

To examine how VA estimated funding amounts in its fiscal year 2024 budget request for key areas previously supported by COVID-19 supplemental funds, we reviewed VA documentation, including the President's fiscal year 2024 budget request for VA and supporting budget documents from VHA, VBA, and OIT. We interviewed or received written responses from VHA, VBA, and OIT program officials concerning the processes VA used to develop estimates for the fiscal year 2024 request to continue funding key areas supported with COVID-19 supplemental funds. For the "health care delivery" key area, we reviewed budget requests for VA for fiscal years 2022 through 2024.

We also analyzed documents from VHA and its actuarial consultant related to the actuarial models used to estimate the effects of the pandemic on health care funding, including related assumptions and budget estimates produced by those models. We interviewed officials from VA's Office of Enrollment and Forecasting and its actuarial consultant responsible for the actuarial model used to develop estimates.[12] Additionally, we assessed VA's processes related to its use of actuarial modeling for developing budget estimates and supplemental funding requests during the COVID-19 pandemic in the context of VA's strategic plan and federal internal control standards for risk assessment.[13]

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[11]We defined key areas as VA programs and activities that received the majority of COVID-19 supplemental funds allocated to each VA component. Key areas include programs and activities developed during the pandemic and those that were established prior to the pandemic that used COVID-19 supplemental funds to support adjustments to accommodate the impact of the pandemic on services to veterans.

[12]VA's actuarial consultant developed the Enrollee Health Care Projection Model (EHCPM) with VA in 1998. Since its development, they have continued to provide actuarial analyses and support in updating the EHCPM annually. VA's Office of Enrollment and Forecasting is responsible for compiling the claims data used in the EHCPM.

[13]VA's strategic plan for fiscal years 2022-2028 includes a stewardship goal with implementation strategies that state that management should share the creation, retention, and dissemination of knowledge to ensure it is decentralized, discoverable, and easy to access, up-to-date, and used across VA and that VA should understand the relative costs, benefits and consequences of both risks and opportunities. Department of Veterans Affairs, *Fiscal Years 2022-28 Strategic Plan* (Washington, D.C.: April 2022).

For information in Appendix I describing how VA used COVID-19 supplemental funding, we reviewed spending plans for CARES Act and FFCRA funds and VA monthly reports on allocations, obligations, expenditures, and transfers of CARES Act funds between VA components.

We conducted this performance audit from November 2022 to February 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

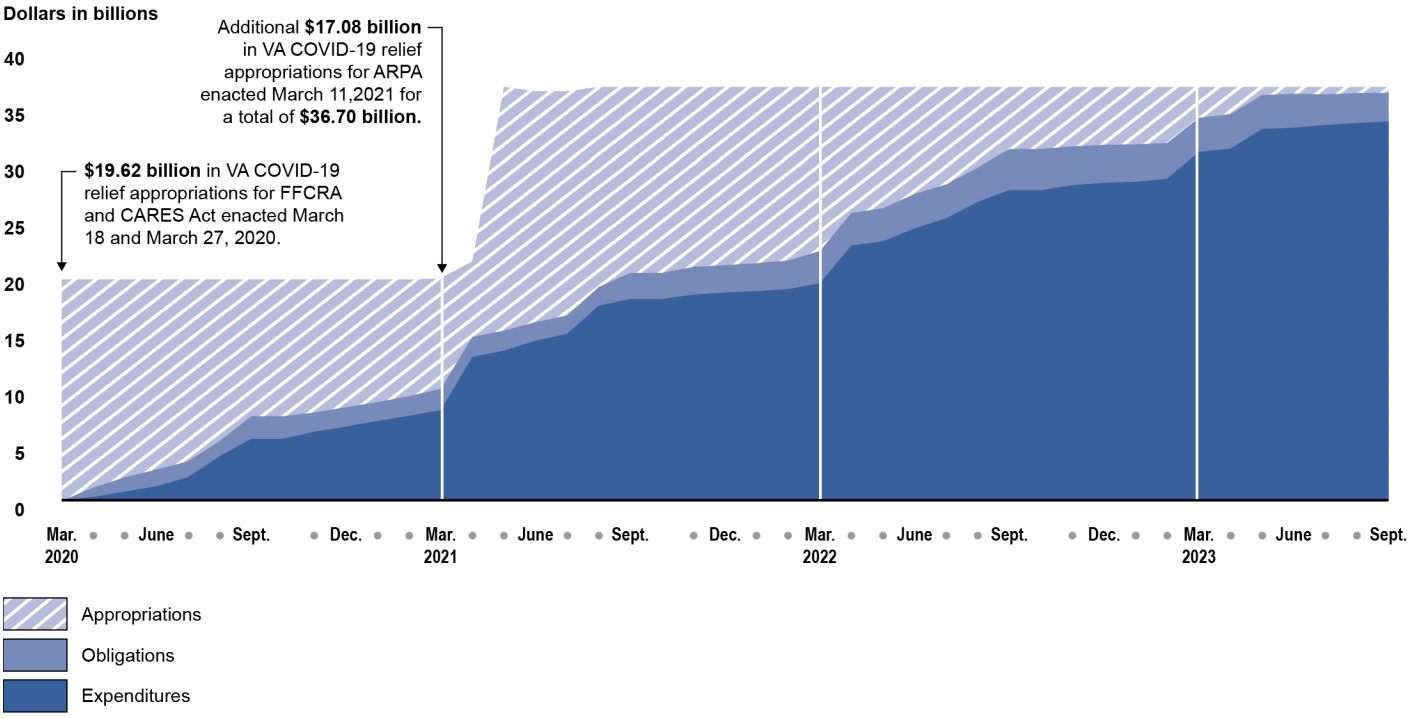
Background

COVID-19 Supplemental Funds

VA received approximately $36.70 billion in COVID-19 supplemental funding from the CARES Act, FFCRA, and ARPA between 2020 and 2021. As of September 30, 2023, VA obligated all its funds from FFCRA and almost all its funds from the CARES Act (98.3 percent) and ARPA (98.9 percent). (See fig. 1.)

Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. In this review, we relied specifically on the following internal controls: 1) Principle 7, which states, "Management should identify, analyze, and respond to risks related to achieving the defined objectives;" 2) Principle 10; which states, "Management should design control activities to achieve objectives and respond to risks;" 3) Principle 12, which states "Management should implement control activities through policies;" and, 4) Principle 14, which states, "Management should internally communicate the necessary quality information to achieve the entity's objectives." See GAO*, Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 2014).

Figure 1: Department of Veterans Affairs (VA) COVID-19 Supplemental Funding and Reported Obligations and Expenditures through September 30, 2023



Source: GAO analysis of Department of Veterans Affairs (VA) data. | GAO-24-106359

Notes: Supplemental appropriations are provided in an act appropriating funds in addition to those already enacted in an annual appropriation act.

For this report, supplemental funding includes supplemental appropriations enacted in the CARES Act, Families First Coronavirus Response Act (FFCRA), and the American Rescue Plan Act of 2021 (ARPA). An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received.

An expenditure is the actual spending of money. According to VA officials, VA did incur obligations during October and the Governmentwide Treasury Report on Budget Execution and Budgetary Resources that VA uses to report the monthly obligations and paid expenditures are not generated for October.

VA was provided transfer authority for certain CARES Act funds and needed to make multiple transfers of CARES Act funds to accommodate changing pandemic needs.[14] For example, VA transferred these funds between its appropriation accounts to finance increases in veterans' use of community care—that is, services delivered by health care providers outside of VHA facilities.

[14]Agencies may transfer budget authority from one appropriation account to another only as specifically authorized by law.

In our previous work, we reported that VHA officials told us that making transfers was challenging due to the labor-intensive manual work required to identify and perform adjustments in VA's antiquated financial systems.[15] To reduce the need for transfers, VA made suggestions to provide flexibility in the permitted use of ARPA funds as part of its technical assistance to Congress.

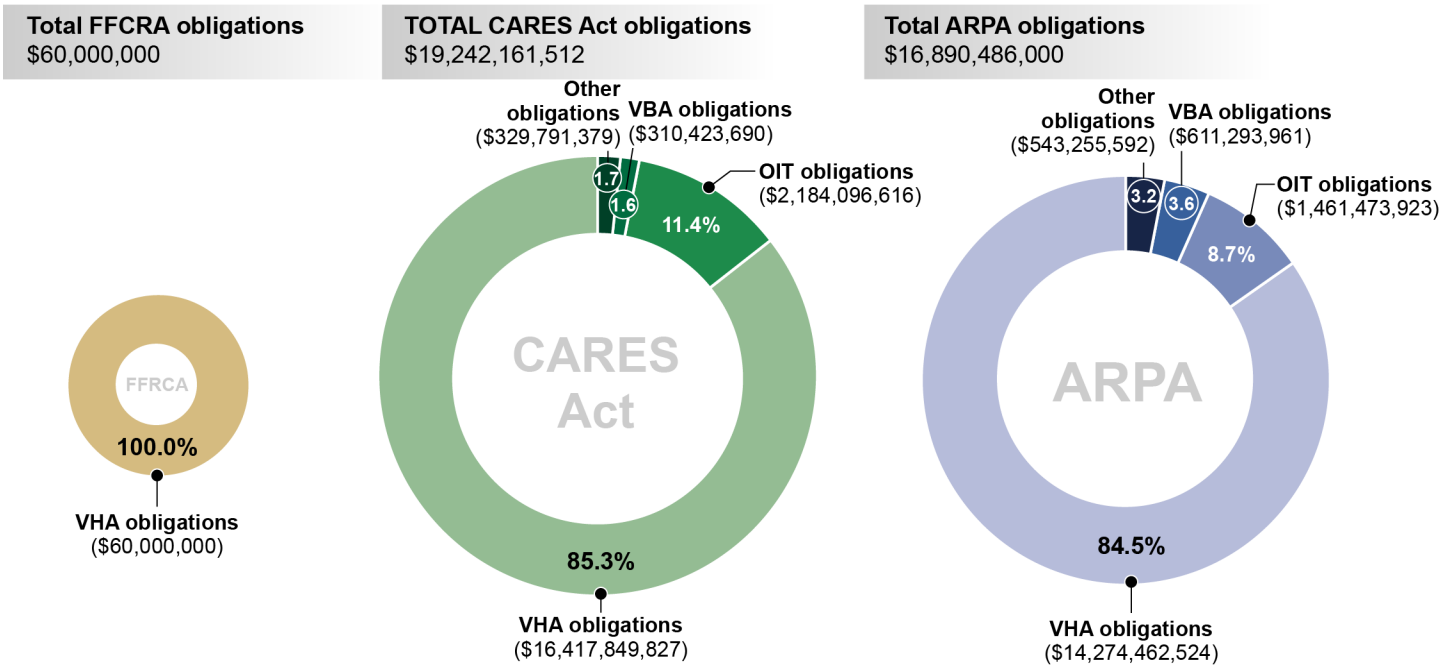
The law provided more flexibility in the use of supplemental funds under ARPA than under the CARES Act. Specifically, ARPA allowed VA to use funds for a broad array of activities while the CARES Act provided funds only for activities related to the COVID-19 pandemic.[16] According to VA officials, this provided VHA with the flexibility to change which health care needs it focused on as the circumstances of the pandemic evolved.

As of September 30, 2023, VA had obligated roughly $36.2 billion (98.6 percent) of the $36.70 billion in supplemental funding from the CARES Act, FFCRA, and ARPA, with the majority of these funds obligated by VHA. (See fig. 2.)

[15]VA is in the process of updating the financial systems throughout the agency. The VA Office of Inspector General previously reported problems with VHA's reliance on several accounting subsystems for payroll and purchase card transactions that require VHA staff to perform a significant amount of manual work to identify and perform adjustments so that the COVID-19 obligations and expenditures are captured in VA's reporting.

[16]Section 8002 of ARPA appropriated $14.48 billion for allocation under chapters 17, 20, 73, and 81 of 38 U.S.C., and of that amount, VA can spend up to $4.0 billion for health care through the Veterans Community Care program for purposes under 38 U.S.C. §§ 1703(c)(1) and 1703(c)(5).

Figure 2: VA Obligations by VA Component for FFCRA, CARES Act, and ARPA Funding, as of September 30, 2023



Source: GAO analysis of Department of Veterans Affairs (VA) data, including Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), and the Office of Information Technology (OIT), for CARES Act, Families First Coronavirus Response Act (FFCRA), and American Rescue Plan Act of 2021 (ARPA) funds. | GAO-24-106359

Notes: Figure not to scale and totals may not add to 100 percent due to rounding. Supplemental appropriations are provided in an act appropriating funds in addition to those already enacted in an annual appropriation act.

An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, whereas an expenditure is the actual spending of money.

In our prior work, VA officials told us that OIT requested $1.70 billion in ARPA funds in the President's budget and the Office of Management and Budget did not approve this request. Instead, VHA initially reallocated $1.24 billion of its $14.48 billion appropriation to information technology needs related to the pandemic. In July 2022, VHA reallocated an additional $196.16 million for information technology needs, for a total of $1.43 billion.

Budget Estimate Development

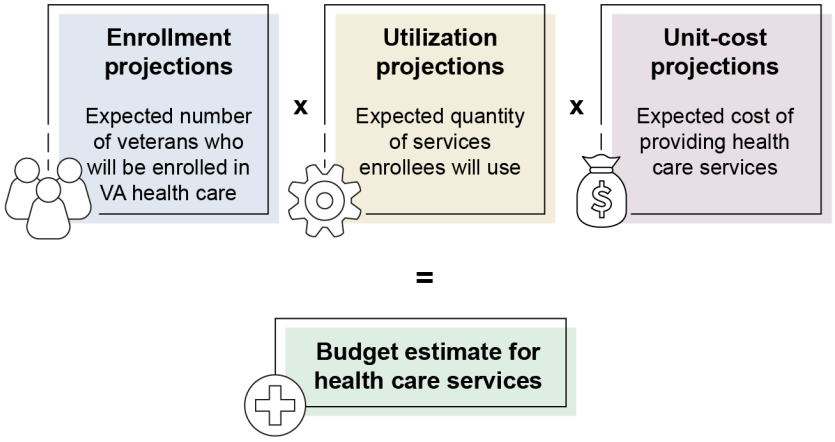
The amount of funding VA receives to provide its services is primarily determined during the annual appropriations process. This funding supports the operation of VHA, which is the largest integrated health care system in the United States, with over 9.1 million enrolled veterans. Funding also supports VBA's provision of disability compensation benefits to 6.6 million veterans and their survivors, and the administration of pension benefits for nearly 263,000 veterans and their survivors.

VHA estimates the resources needed to provide its health care services for 2 fiscal years. It uses the Enrollee Health Care Projection Model (EHCPM) to develop approximately 84 percent of its health care budget estimate and uses other methods for the remainder. For example, the

EHCPM projects cost estimates for outpatient and inpatient health care services provided at VA facilities and available through community providers. Other actuarial models and "non-modeled" cost estimates may include non-recurring maintenance at VA medical facilities, state-based long-term services and supports programs, and assistance to caregivers of veterans.[17] VA uses the EHCPM to make projections 3 and 4 years into the future for budget purposes based on data from the most recent fiscal year. For example, in 2019, VHA used data from fiscal year 2018 to develop its health care budget estimate for the President's fiscal year 2021 budget request, including an advance appropriation request for fiscal year 2022.[18]

The EHCPM is a deterministic model, which means it is based on a set of assumptions that affect the model projection output over time. The EHCPM's estimates are based on three basic components—enrollment, utilization, and unit-cost. Each component is subject to a number of complex adjustments to account for the characteristics of VA health care and the veterans who access VA's health care services. (See fig.3.)

Figure 3: Basic Components of the Department of Veterans Affairs' (VA) Enrollee Health Care Projection Model (EHCPM)



Source: GAO analysis of VA information (information); GAO (icons). | GAO-24-106359

Notes: The EHCPM makes a number of complex adjustments to projections for VA's health care services to account for the characteristics of VA health care and enrolled veterans. For example, the

[17]VA's Community Care Program allows eligible veterans to receive care from community providers when they face certain challenges accessing care at VA medical facilities.

[18]VA's annual appropriations for health care include advance appropriations that become available one fiscal year after the fiscal year for which the appropriations act was enacted.

EHCPM includes adjustments to account for reliance on VA health care—that is, the extent to which enrolled veterans will choose to access health care services through VA as opposed to other health care services.

Unit costs are the costs to VA of providing a unit of service, such as a 30-day supply of a prescription or a day of care at a medical facility.

In June of each year, VHA and its actuarial consultant begin their annual work that culminate in updated assumptions for the EHCPM in the next year. Using enrollment, utilization, and cost data compiled and provided by VA's Office of Enrollment and Forecasting, according to agency officials we spoke with in our prior work, VHA's actuarial consultant performs various analyses—such as comparing actual utilization to projections from prior EHCPM budget projections—to inform the assumptions used in the new EHCPM for projecting VA's budgetary needs.

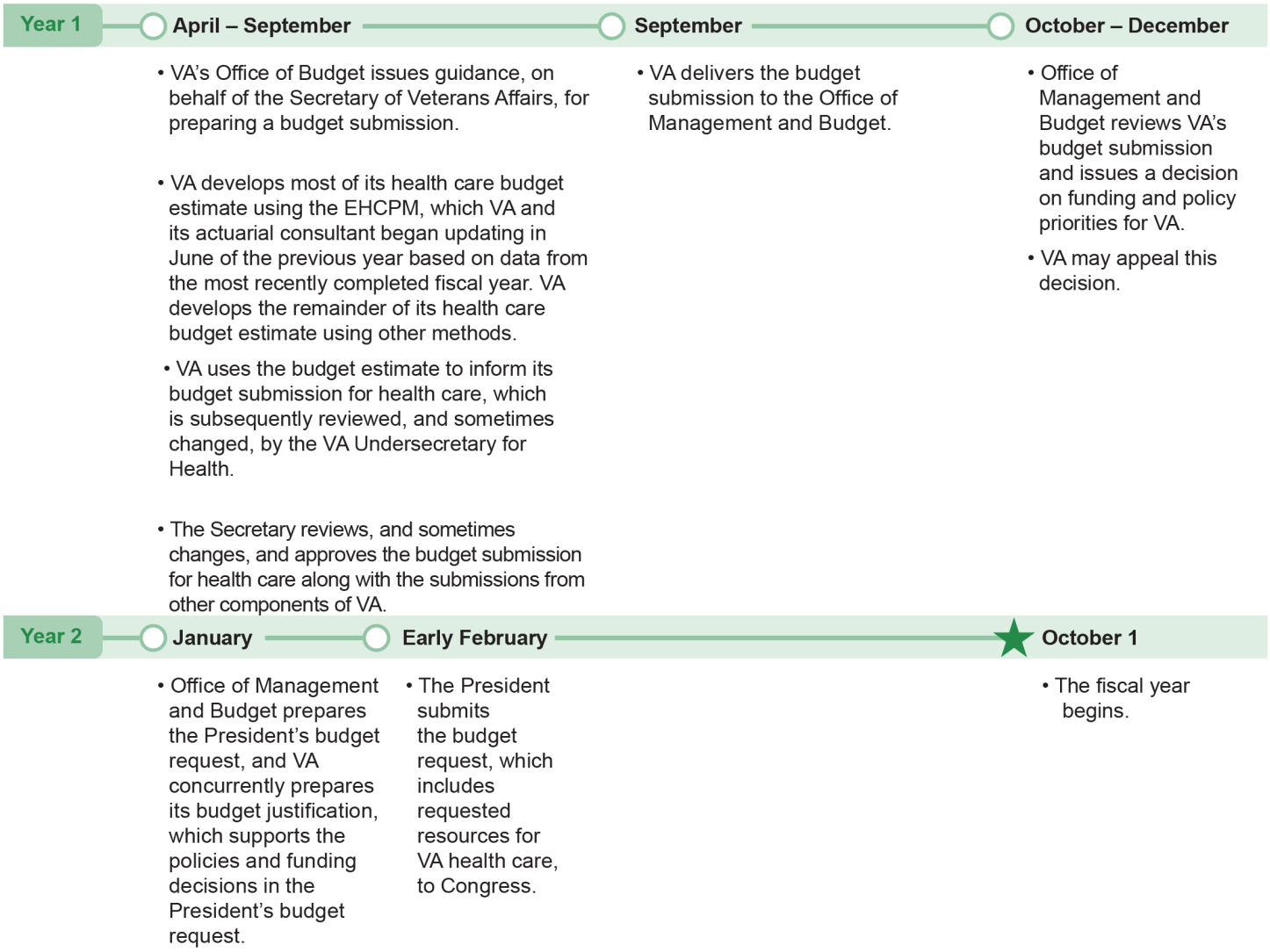
VHA's budget estimate for health care services is successively reviewed at higher levels within VHA, by the Secretary of VA, and finally within the Office of Management and Budget to inform the President's budget request. VHA generally starts to develop a health care budget estimate in April of each year, approximately 10 months before the President submits the fiscal year budget to Congress, which, by law, should occur no later than the first Monday in February of the following year.[19]

The budget estimate changes during the 10-month budget development process, in part, due to successively higher levels of review in VA and the Office of Management and Budget before the President's budget request is submitted to Congress. The Secretary of VA considers the health care budget estimate developed by VHA when assessing resource requirements among competing interests within VA. The Office of Management and Budget considers overall resource needs and competing priorities of other agencies when deciding the level of funding to request for VHA's health care services. The Office of Management and Budget passes back decisions, known as a "passback," to VA and other

[19]31 U.S.C. § 1105. When VHA begins developing a health care budget estimate in April it uses budget projections from the EHCPM beginning in June of the previous year in addition to 2 other actuarial models, the Civilian Health and Medical Program Veterans Affairs Model and the Program of Comprehensive Assistance for Family Caregivers Stipend Projection Model. Activities and programs that are not projected by these models are called "non-modeled" and change annually. In general, they may include non-recurring maintenance, state-based long-term services and supports programs, and readjustment counseling. In practice, the budget submission may occur after the first Monday of February.

agencies on their budget estimates, along with funding and policy proposals to be included in the President's budget request. (See fig. 4.)

Figure 4: Timeline for Developing Budget Estimates Using the Department of Veterans Affairs' (VA) Enrollee Health Care Projection Model (EHCPM)



Source: GAO analysis of VA and Office of Management and Budget process. | GAO-24-106359

Concurrent to the Office of Management and Budget's preparation of the President's budget request, VA develops its congressional budget justification. The congressional budget justification contains actual obligations for the most recently completed fiscal year at the time of the

release, and estimated obligations for the current fiscal year, as well as the 2 years for which appropriations are requested. For example, the congressional budget justification related to the fiscal year 2024 President's budget request, which was released in March of 2023, contains actual obligations for fiscal year 2022 and estimated obligations for fiscal years 2023 through 2025.

VA Used ARPA Funds to Address Several Key Areas, Including Health Care and Information Technology Efforts

As part of its response to the pandemic, VHA and VBA used ARPA funds for programs and activities in several key areas. These areas received the majority of ARPA supplemental funds and included both health care delivery and other key areas related to health-care and non-health-care functions. The health care delivery key area included outpatient and inpatient health care services at VA medical facilities and in the community.

Other key areas included VBA functions such as the scanning of personnel records and health-care-related functions, such as research efforts, including those focused on COVID-19, and developing regional readiness centers that are intended to stock medical supplies in preparation for an emergency. Additional other key areas, such as COVID-19 information technology efforts were developed during the pandemic to address specific needs caused by the pandemic's impact on veterans' services.[20] For example, OIT worked to expand VA's telehealth infrastructure to provide increases in telehealth services during the pandemic.

Health care delivery and some of the other key areas were already established VA programs and activities, such as research and homeless programs; VA used ARPA funding to support these areas and, in some cases, modify them in response to the pandemic.[21] For example, VHA's broader research program received ARPA funding for research efforts, including those focused on COVID-19. Additionally, VHA's homeless program used ARPA funding to meet the needs of veterans and their families during the pandemic by providing emergency housing assistance through lodging in motels and hotels.

[20]Other key areas developed during the pandemic included scanning of personnel records and the overtime needed to complete this effort, the Veterans Rapid Retraining Assistance Program, COVID-19 information technology efforts, and regional readiness centers.

[21]Health care delivery and other key areas that were established prior to the pandemic that were supported with ARPA funds include research efforts, including those focused on COVID-19, non-recurring maintenance, suicide prevention grants, and homeless programs.

ARPA's multi-year period of availability enabled VHA to prioritize the obligation of CARES Act funds—available through September 30, 2021—and FFCRA funds—available through September 30, 2022—as well as its annual fiscal year 2021 and 2022 appropriations, before obligating its ARPA funds.[22] VA had until September 2023 to obligate ARPA funds.[23] As a result, VHA did not begin to incur most ARPA obligations until January 2022. As of September 30, 2023, VA obligated $16.89 billion (98.9 percent) of its ARPA funds and expended $14.67 billion (85.9 percent).

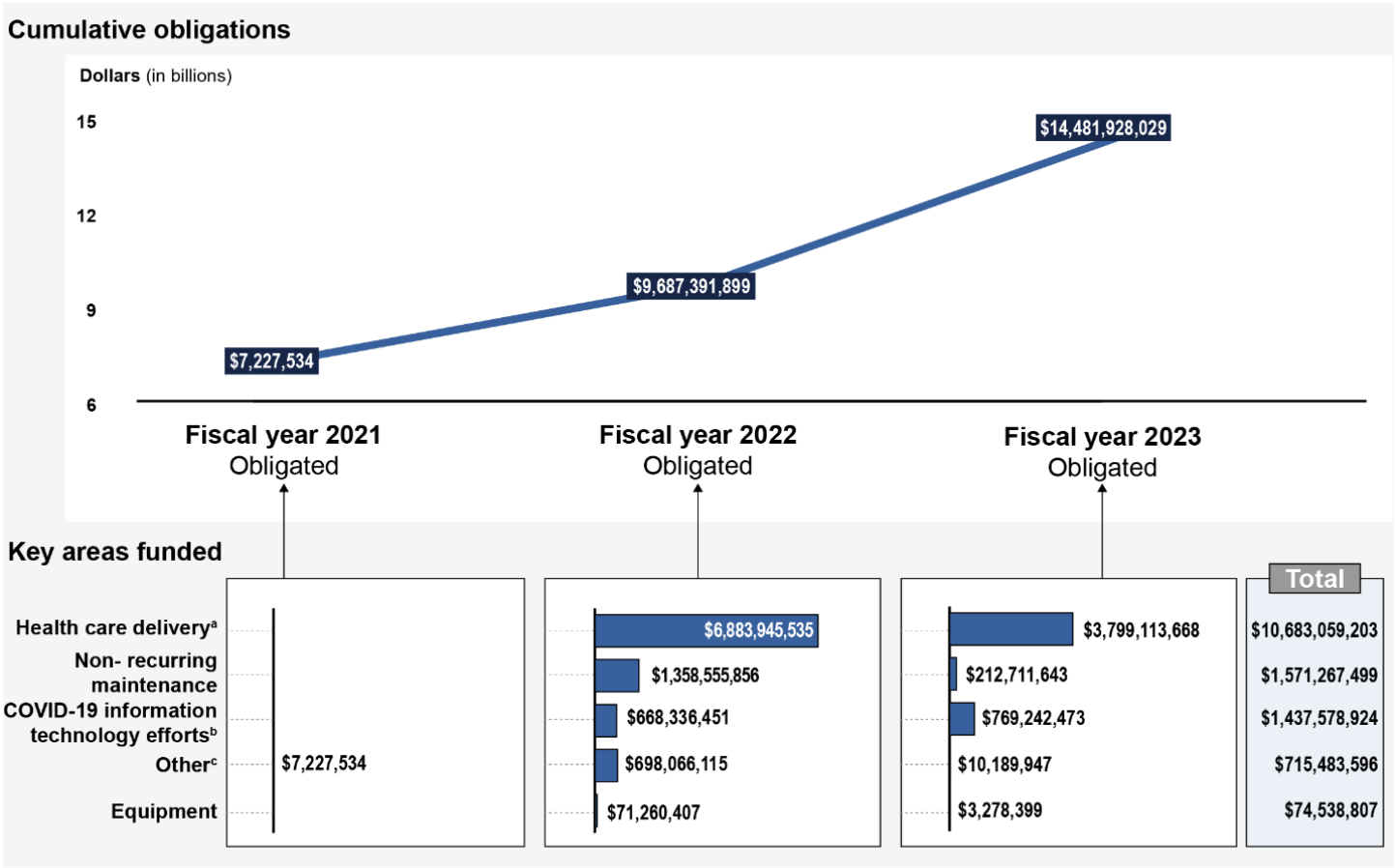
VHA and VBA each used ARPA funding in specific ways, detailed below. See appendix II for more information on ARPA allocations, obligations, and expenditures.

VHA's use of ARPA funds. VA data show that VHA obligated almost all of its $14.48 billion in ARPA funding, as of September 30, 2023. The key areas that received the majority of VHA's ARPA obligations included health care at VA medical facilities and in the community, non-recurring maintenance, and COVID-19 information technology efforts. (See fig. 5.)

[22]A total of $12.5 million in CARES Act funds were appropriated to the Office of Inspector General for oversight and audits and were available until September 30, 2022.

[23]A total of $1.89 billion in ARPA funds provided to VA under section 8004 (funding for state homes), section 8005 (funding for the Office of Inspector General), section 8006 (Veteran Rapid Retraining Assistance Program), and section 8007 (prohibition on Copayments and Cost Sharing) were available until expended. A total of $430 million in ARPA funds were available until September 20, 2022 (section 8008 - Emergency Department of Veterans Affairs Employee Leave Fund) and until September 30, 2022 (sections 8003 - Funding for Supply Chain Modernization and 8004 - Funding for State Homes). Further, when ARPA was enacted in March 2021, VA FFCRA funds were available until September 2022 and CARES Act funds available until September 2021.

Figure 5: VHA American Rescue Plan Act of 2021 Obligations by Areas Funded, Fiscal Years 2021 through 2023, as of September 30, 2023



Source: GAO analysis of Veterans Health Administration (VHA) data. | GAO-24-106359

Note: Figure not to scale and totals may not add to the total due to rounding.

An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States, whereas an expenditure is the actual spending of money.

The Veterans Medical Care and Health Fund was created for the deposit and disbursement of funds for medical care and health care needs provided under section 8002 of the American Rescue Plan Act of 2021.

[a]Health care includes care at VA medical facilities and in the community.

[b]VHA initially reallocated $1.24 billion of its $14.48 billion appropriation to information technology needs related to the pandemic. In July 2022, VHA reallocated an additional $196.16 million for information technology needs, for a total of $1.43 billion. In August 2022, VA requested, and the House and Senate approved the reallocation within the Veterans Medical Care and Health Fund of approximately $226.2 million in ARPA funds from medical services to research ($30 million) and community care to information technology ($196.2 million). The reprogramming was completed in September 2022.

[c]Includes obligations to sustain homeless programs, and support regional readiness centers, the suicide prevention grant program, and research projects, including those focused on COVID-19.

- **Health care delivery.** According to VA data, through September 30, 2023, VHA obligated the largest share of its ARPA allocation, $10.68 billion or 73.8 percent, for veteran health care in both VA medical facilities and community care health services from non-VA providers.[24] Of these funds, VHA obligated 35.6 percent ($3.80 billion) for veteran care in the community.
- **Non-recurring maintenance.** According to VA data, through September 30, 2023, VHA obligated $1.57 billion (10.8 percent) to facility enhancements to better prepare VHA to deliver care in a pandemic or post-pandemic environment. This includes upgrades to ventilation systems and other projects to prevent pandemic contagion.
- **COVID-19-related information technology efforts.** According to VA data, as of September 30, 2023, VHA obligated $1.43 billion (9.9 percent). According to VA officials, the funding was reallocated within the Veterans Medical Care and Health Fund from VHA to OIT, which obligated the funding to support information technology needs.[25] According to OIT officials, these efforts include sustaining the expansion of IT's infrastructure created with CARES Act funding to support VA's COVID-19 response.
- **Other.** According to VA data, through fiscal year 2023, VHA obligated $174.78 million to regional readiness centers—intended to stock medical supplies in preparation for an emergency—which is a key area developed during the pandemic. VHA also obligated funds for already established key areas, including $449.21 million for homeless programs, $39.00 million for research efforts, including those focused

[24]Health care obligations are funded with VHA's five appropriations accounts: Veterans Medical Care and Health Fund, Medical Services, Medical Support and Compliance, Medical Facilities, and Medical Community Care. The Veterans Medical Care and Health Fund was created for the deposit and disbursement of funds for medical care and health care needs provided under section 8002 of ARPA.

[25]VHA reallocated $1.43 billion of its appropriations under section 8002 of ARPA for information technology. In addition, VA allocated $23.89 million (with rescissions) in appropriations under section 8003 to OIT. The Consolidated Appropriations Act, 2022 (Public Law 117-103) rescinded $76.1 million of unobligated funds made available by section 8003 of the American Rescue Plan Act of 2021 (Public Law 117-2) which was provided to VA for supply chain modernization initiative.

on COVID-19, and $52.50 million for suicide prevention grants totaling $715.48 million (4.9 percent).[26]

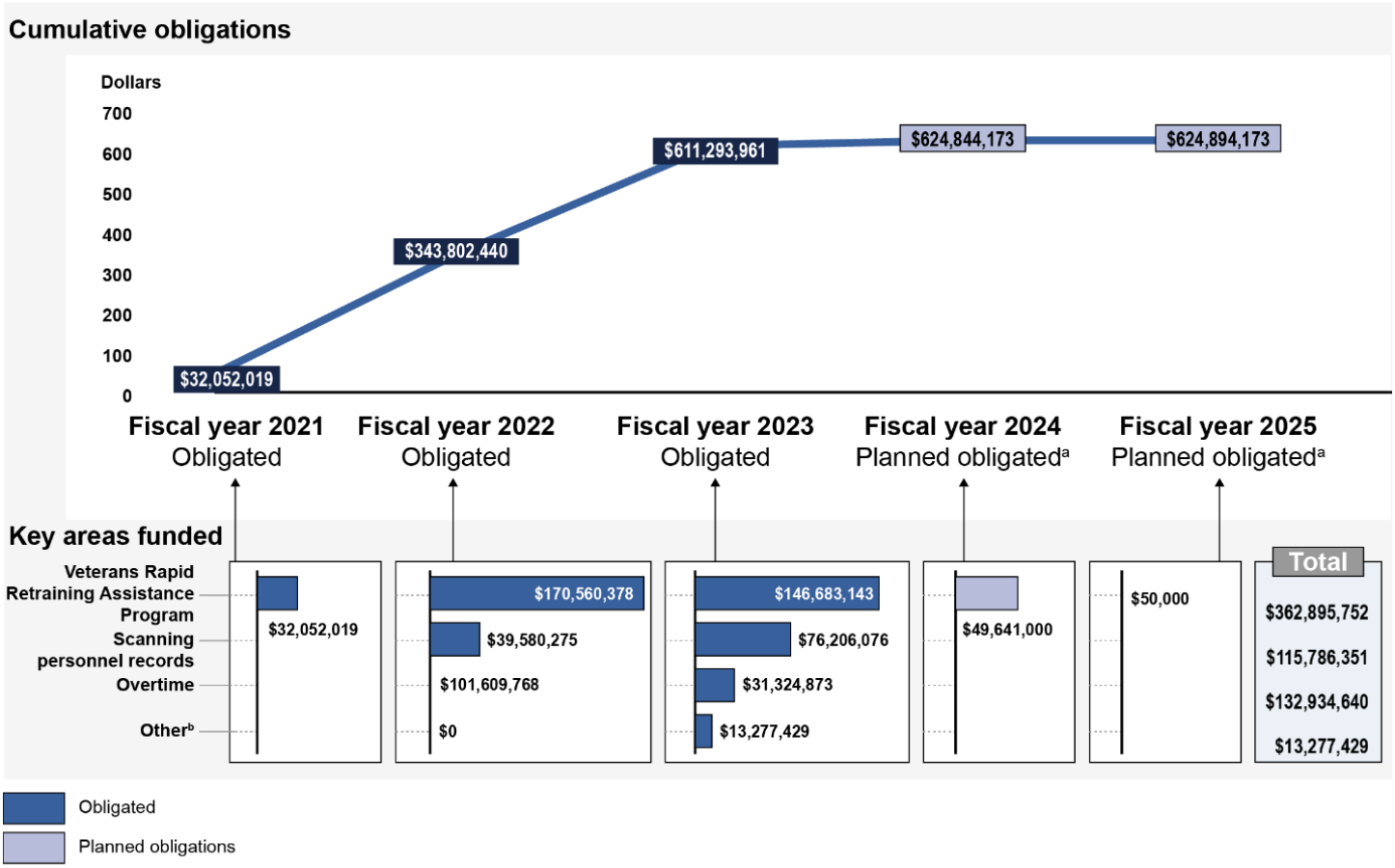
- **Equipment.** According to VA data, through September 30, 2023, VHA obligated $74.54 million (0.5 percent) for purchasing critical high-cost medical equipment upgrades, such as Magnetic Resonance Imaging, Computerized Tomography scanners, and Positron Emission Tomography scanners.

VBA's use of ARPA funds. VA data show that VBA obligated $611.29 million (94.3 percent) of its $648.00 million allocation from ARPA funding as of September 30, 2023. The key areas that received the majority of VBA's ARPA allocation include scanning personnel records and overtime to reduce the disability and compensation claims backlog and the Veterans Rapid Retraining Assistance Program, both of which were developed during the pandemic.

The Veterans Rapid Retraining Assistance Program provided training for veterans who lost their jobs during the COVID-19 pandemic by offering up to 12 months of a housing stipend and tuition and fees for veterans to retrain for high-demand occupations. (See fig. 6.)

[26]Homeless programs that were allocated ARPA funds include Supportive Services for Veteran Families, Grant & Per Diem, and Health Care for Homeless Vets. Suicide prevention grants are the Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program that was awarded $52.5 million to 80 community-based organizations in 43 states, the District of Columbia, and American Samoa in 2023.

Figure 6: VBA American Rescue Plan Act of 2021 Obligations by Areas Funded, Fiscal Years 2021 to 2024, as of September 30, 2023



Source: GAO analysis of Veterans Benefits Administration (VBA) data. | GAO-24-106359

Note: Figure not to scale and totals may not add to the total due to rounding.

An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States, whereas an expenditure is the actual spending of money.

These funds were provided under sections 8001 and 8006 of the American Rescue Plan Act of 2021 (ARPA) to VBA's General Operating Expenses and Readjustment Benefits appropriation accounts.

Under section 8001, a total of $262.00 million was allocated for VBA general operating expenses and $10 million for the Board of Veterans' Appeals. This figure does not include the $10 million allocated to Board of Veterans' Appeals from section 8001 of ARPA.

[a]ARPA funds provided to VA under section 8006 (Veteran Rapid Retraining Assistance Program) are available until expended.

[b]Other includes enhanced claims processing.

- **Veterans Rapid Retraining Assistance Program.** As of September 30, 2023, VA data show that VBA obligated $349.30 million (53.9 percent of VBA's total ARPA allocation) to provide education assistance to veterans who are unemployed due to the covered public health emergency and are not eligible for certain other veteran education programs.[27]
- **Scanning personnel records.** According to VA data, as of September 30, 2023, VBA obligated $115.79 million (17.9 percent of VBA's total ARPA allocation) for increased scanning efforts at the National Personnel Records Centers and National Archives and Records Administration facilities to continue to bring personnel records into VBA. [28]
- **Overtime.** According to VA data, VBA obligated $132.93 million (20.5 percent of VBA's total ARPA allocation) as of September 30, 2023, for additional VBA employee overtime to continue to address the disability and compensation claims backlog that accrued during the COVID-19 pandemic due to the shutdown of required in-person disability examinations and inability to access records housed in the National Personnel Records Centers and National Archives and Records Administration facilities.

VA Set Objectives and Used Tools, Such as Software, to Track Progress for Key Areas Developed During the Pandemic

For the key areas VA financed with COVID-19 supplemental funds that were developed during the COVID-19 pandemic, VHA, VBA, and OIT set objectives defining what VA aimed to achieve with the funding and developed methods for tracking progress.[29] These methods included using software that tracks real-time data, such as bandwidth use, tracking the number of personnel records scanned and uploaded into VBA's

[27]According to VA, because some participants may not reach the payment milestones, these obligations may be reduced over time.

[28]According to VBA officials, in addition to the closure of the National Personnel Records Centers and National Archives and Records Administration facilities during the COVID-19 pandemic, several other factors contributed to the claims processing backlog, such as the processing of new disability claims presumptively linked to Agent Orange and airborne hazards. Prior to the pandemic, VBA's number of claims pending by more than 125 days was 70,814.

[29]Key areas developed during the pandemic include scanning of personnel records and the overtime needed to complete this effort, the Veterans Rapid Retraining Assistance Program, COVID-19 information technology efforts, and regional readiness centers.

database, and recording program information on veterans participating in VA's training program.[30] For example:

- **COVID-19-related information technology efforts.** According to VA OIT officials, VA's objective was to leverage existing and new technologies to support its ability to offer telehealth services for veterans and telework for its employees during the COVID-19 pandemic. According to these officials, this helped ensure the continuity of access to and delivery of healthcare, services, and benefits to veterans and helped protect veterans and staff from COVID-19 infection.

  Officials told us OIT used software to track telework and telehealth utilization. According to VA data, for fiscal year 2023, there were more than 9.4 million clinical video visits into the home, averaging 37,000 per day. When compared to fiscal year 2019 there was a 346 percent increase in telehealth visits in fiscal year 2023. In total, there were over 42.4 million episodes of telehealth from fiscal years 2019 to 2023. Additionally, approximately 40 percent (roughly 2.4 million) of veterans who used VA clinical services received a portion of their care by telehealth in fiscal year 2023 and the number of users continued to rise.

  For telework, VA data show that the number of teleworkers increased from an average of 117,126 teleworkers prior to COVID-19 to 261,867 teleworkers in December of 2022. As of September of 2023, the number of teleworkers has increased to 295,999, an increase of 40 percent from the numbers reported prior to COVID-19.

- **Regional readiness centers.** In July of 2020, VHA established regional readiness centers, which were designed to help ensure the continuity of services and availability of needed supplies at VA medical facilities during the pandemic. In July 2022, the objective for the regional readiness centers was revised to "ensuring VHA's medical supply chain is resilient and ready to support large-scale and

[30]Key areas that were established prior to the pandemic have previously set objectives and methods for tracking progress toward these objectives, while newly developed key areas had to establish these during the pandemic when the programs and activities were developed and implemented. According to VA, ARPA funds were allocated to the VA medical centers for purchasing critical high-cost medical equipment upgrades, such as Magnetic Resonance Imaging, Computerized Tomography scanners, and Positron Emission Tomography scanners. Since the purchasing of equipment did not require program objectives or metrics, we did not include it in this report.

sustained public health emergencies, such as pandemics, by proactively mitigating future supply unavailability due to demand surges and global supply disruptions," according to VHA documentation. In doing so, VHA intends to help ensure the continuity, accessibility, and safety of its health care services for veterans, according to officials.

Program documents show VHA created a business case analysis to set up targets for supply quantities, stock-related costs, and space requirements. According to VHA data, from March 2020 through September 2023, regional readiness centers have maintained a fill rate of 92 percent stocked supplies and processed roughly 51,000 distribution orders amounting to almost 12.7 million cases of supplies supporting health care delivery to VHA.

- **Scanning personnel records.** According to VBA officials, VBA's objective was to scan personnel records for disability claims submitted during the pandemic as well as claims that were difficult to obtain due to National Personnel Records Centers and National Archives and Records Administration facility closures at that time. VBA officials stated that they will continue to have a goal of processing 1 million personnel records per year through fiscal year 2060 as part of VBA's efforts to continue to bring personnel records at National Personnel Records Centers and National Archives and Records Administration facilities into VBA.[31]

  According to VBA officials, it tracks the number of personnel records scanned and uploaded into VBA's database to help identify progress toward its objective of processing 1 million personnel records per year. As of September 30, 2023, according to VBA documents, VBA scanned a total of nearly 2.16 million records for fiscal year 2023. In fiscal year 2022, when VBA established on-site scanning operations at the National Personnel Records Center, VBA scanned a total of 1.7 million records for a total of 3.86 million scanned records.[32]

[31]CARES Act and ARPA supplemental funds were used to start implementation of VBA's plan to digitize more than 15 million personnel records at the National Personnel Records Center and the National Archives and Records Administration to reduce external dependencies for federal records needed to process claims.

[32]According to VBA data, prior to establishing on-site scanning operations at the National Personnel Records Center in fiscal year 2022, VBA scanned more than 1.14 million records since fiscal year 2012.

- **Veterans Rapid Retraining Assistance Program.** According to VBA officials, VA did not develop objectives or program targets for funds used for veteran training because the program objectives were already established by ARPA and the Training in High-demand Roles to Improve Veteran Employment Act.[33] According to VBA documentation, VBA captured program information from veterans and schools, such as the number of veterans who applied to the Veterans Rapid Retraining Assistance Program, the number who enrolled in and completed programs, and the number who found employment. VBA data show that as of September 30, 2023, VBA received a total of 31,625 applications of which 22,821 (72.2 percent) were eligible for the program. VBA data also show that a total 13,648 veterans participated in the program with 6,700 (49.1 percent) graduating and 1,760 (12.9 percent) accepting an employment offer.[34]

  VBA also collected feedback from veterans and schools. For example, VA conducted focus groups with veterans who had been approved for the Veterans Rapid Retraining Assistance Program but had not yet enrolled in an education program, according to officials. Furthermore, VA surveyed veterans at multiple points after the end of the Veterans Rapid Retraining Assistance Program.[35]

  In September 2023, we reported that officials said VA intends to archive the Veterans Rapid Retraining Assistance Program survey

[33]ARPA directed the Secretary of Veterans Affairs to carry out a retraining assistance program for eligible veterans who lost their jobs as a result of the pandemic and provided VA $386 million to carry out the program. In response, VA implemented the Veterans Rapid Retraining Assistance Program in consultation with the Department of Labor to provide up to 12 months of a housing stipend and tuition and fees while they are pursuing an approved education program for high-demand occupations. As modified by the Training in High-demand Roles to Improve Veteran Employment Act, the Veterans Rapid Retraining Assistance Program was open to new enrollments until December 10, 2022. Pub. L. No. 117-16, § 2, 135 Stat. 280, 280-82 (2021).

[34]The Veterans Rapid Retraining Assistance Program stopped accepting new enrollments after December 10, 2022. Students enrolled before this date can participate until they finish the training program. As of September 30, 2023, there were 2,027 participants in attendance or in between terms and 7,034 participants eligible for employment who did not accept or verify whether they were employed.

[35]The Training in High-demand Roles to Improve Veteran Employment Act required VA, in coordination with the Department of Labor, to contact each veteran who completes a covered program under the Veterans Rapid Retraining Assistance Program at certain points in time after the veteran completes the program to ask about the veteran's experience in the Veterans Rapid Retraining Assistance Program and the veteran's employment status. Pub. L. 117-16, § 2(a)(4), 135 Stat. 280, 281 (2021). According to VBA data, as of September 30, 2023, VA had received responses from about 18.5 percent of the surveys it emailed (3,620 of 19,548).

responses and other program records but has no plans to analyze them or otherwise identify lessons learned from the program. In that report, we recommended that VA implement a lessons-learned process for the Veterans Rapid Retraining Assistance Program that aligns with lessons-learned key practices including analyzing, validating, and documenting lessons.[36] VA concurred with this recommendation and plans to conduct lessons learned on the elements of the Veterans Rapid Retraining Assistance Program that were under VA's control.

For more information on objectives and metrics for all key areas supported with COVID-19 supplemental funds, see appendix III.[37]

[36]For more information, see GAO, *Veterans Employment: Identifying Lessons Learned from Rapid Retraining Program Could Benefit Future Efforts*, GAO-23-106191 (Washington, D.C.: Sept. 28, 2023).

[37]According to VHA officials, VHA used its ARPA funds to finance similar areas as it did with the CARES Act funds and to sustain existing VHA programs. One area that did not receive ARPA funds included changes to the VBA's digital education systems used by veterans and beneficiaries, made necessary as a result of the COVID-19 shift to distance learning. VBA officials indicated that CARES Act funding allowed VBA to start the Digital GI Bill modernization earlier than anticipated because the pandemic highlighted the shortcomings in the VBA education service systems with distance learning. CARES Act funding was obligated for the Digital GI Bill modernization—an effort to improve education benefits and customer service delivery to GI Bill beneficiaries and modernize claims processing and customer service for external partners.

VA Used Various Methods to Inform the Fiscal Year 2024 Budget Request, but Does Not Fully Document Estimates or Incorporate Catastrophe Planning

VA Used Various Methods to Inform the President's Fiscal Year 2024 Budget Request for Key Areas Previously Supported by Supplemental Funding

VA used various methods to provide input for the fiscal year 2024 budget request for funding for the key areas outside of health care delivery services (other key areas) for which VHA, VBA, and OIT used COVID-19 supplemental funds that were available through the end of fiscal year 2023. For the health-care-delivery key area, VHA developed estimates to inform the President's fiscal year 2024 budget request for VA by adjusting its actuarial model to account for the impacts of the pandemic.[38]

Other Key Areas

Our review found that VA used various methods to inform the budget request for fiscal year 2024 for the other key areas which were previously supported with COVID-19 supplemental funding. These methods were consistent with VA's typical approach for informing its budget requests. The other key areas include programs and initiatives such as regional readiness centers, scanning of personnel records, and information technology. For example:

- **Regional readiness centers.** VA officials told us they used prior year expenditure data, such as data on the cost of an interagency agreement, transportation costs, costs for periodic inventory rotation, contract support, and additional regional readiness center capabilities that will likely be needed in the future to estimate funding needs for regional readiness centers in fiscal year 2024. According to the budget request for fiscal year 2024 for VA, $155.5 million was requested for VHA to support regional readiness centers, which VHA established in direct response to the COVID-19 pandemic. VHA

[38]Our work does not examine how VA develops estimates that are used to inform its total President's budget request for fiscal year 2024. Rather, it focuses on the VA areas, both health care and non-health care, within VHA, VBA, and OIT, that received COVID-19 supplemental funds and that will continue in fiscal year 2024 after the COVID-19 supplemental funds are no longer available.

officials indicated that the funds will be used in fiscal year 2024 to run VHA warehouse distribution centers and procure supplies needed in the event of a future health emergency. According to VHA officials, the regional readiness centers have a stock of 15 days' worth of personal protective equipment to support a pandemic and are working to access up to an additional 75 days of supplies that will be maintained by a contractor.

- **Scanning of personnel records.** Officials said that the estimate for fiscal year 2024 is based on their contractor's total cost for scanning in the previous year divided by the number of records scanned. This resulted in a cost of about $40 per scanned personnel record. Officials said they further adjusted this cost to reflect an 8 percent inflation rate. According to VBA officials, $43.2 million is needed to support efforts to scan approximately 1 million personnel records in fiscal year 2024 as part of VBA's effort to continue to bring personnel records from the National Personal Records Centers and National Archives and Records Administration into VBA.
- **Information technology.** OIT officials told us that in fiscal year 2024, OIT used an IT prioritization process where items needing funds were determined using established criteria and placed in order by funding priority. According to OIT officials, fiscal year 2024 funding will sustain the expansion of the IT infrastructure that occurred during the pandemic, including supporting telehealth and telework. Further, according to OIT officials, the 2024 budget request for IT for connected care services was developed by gathering data from programs and program managers and determining the associated costs to sustain and expand on services and requirements. According to OIT officials, fiscal year 2024 funds will also support connected care services, such as providing veterans with internet connected tablets. The budget request for fiscal year 2024 includes $4.7 billion for sustainment of these activities.

See appendix IV for methodologies used to determine funding for the eight other key areas that previously received supplemental funds. These key areas include research efforts, including those focused on COVID-19, certain homeless programs, non-recurring maintenance, regional readiness centers, and suicide prevention grants within VHA, modernizing education service systems and scanning personnel records within VBA, and information technology within the Office of Information Technology.[39]

[39]Suicide prevention grants are the Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program.

Health Care Delivery Key Area

As stated previously, VHA uses its actuarial model—the EHCPM—to estimate its expected needs for health care to inform the annual budget request. To develop its request for fiscal years 2022, 2023, and 2024, VHA and its actuarial consultant adjusted their standard methodology for projecting the health care budget request through the EHCPM to take into account the impacts of the pandemic.[40] According to VHA officials, for each of these years, as in any year, VHA and the consultant developed new EHCPM scenarios, which represent projections of expenses based on certain assumptions, and adjusted the scenario as they deemed appropriate until they developed the final scenario used to inform the budget request.[41]

For the budget request for fiscal years 2022, 2023, and 2024, the model used pre-pandemic fiscal year 2019 workload data–that is, data on the number and type of veterans served and the complexity of care provided–as the base year for the model. Using data from 2019 as the base year for the EHCPM for the fiscal year 2022 budget request is consistent with the approach VA typically uses for its projection model. Continuing to use 2019 as the base year for the EHCPM for the fiscal year 2023 and 2024 requests, according to officials, ensured that the short-term disruptions of COVID-19 seen in actual 2020 and 2021 workload data were not permanently incorporated into the long-term EHCPM projections.[42]

Once VHA established the 2019 base year model, VHA officials told us they then updated some model assumptions to develop the request for fiscal years 2022, 2023, and 2024 to account for the observed COVID-19

[40]Typically, a given fiscal year's budget request uses the EHCPM dated two years prior. For example, according to VHA officials, the fiscal year 2022 budget request uses the 2020 EHCPM, which is based on data from the prior fiscal year — 2019.

[41]According to VHA officials, a scenario represents a projection of enrollment, utilization, expenditures, and other outputs based on a specific set of assumptions appropriate to the intended users and uses of the scenario. Each set of assumptions results in a single new scenario which represents an estimate of the associated projected components. Within a model year, most scenarios evolve from the previous scenario to reflect emerging data and policies and therefore, the last scenario intended for budget use is typically used for the budget request. For example, according to VHA officials the second EHCPM scenario created was used for the fiscal year 2024 budget request, while the sixth budget scenario created was used for the fiscal year 2023 budget request.

[42]VHA officials described the 2020 EHCPM model as a typical model update. However, they describe fiscal year 2021 model as a hybrid model update and fiscal year 2022 model as a modified model update, as they have each been adjusted to reflect varying degrees of COVID-19 impact.

effects.[43] Of the assumptions, deferred and returning demand for VA health care had the most significant impact. Deferred care is the care a veteran expected to receive from VHA (at a VHA facility or through community care) but did not at the time because of the COVID-19 pandemic. For example, if a veteran expected to get knee replacement surgery in 2020, but instead received the surgery in 2023, then this care is considered deferred at the time (2020) and returning when the veteran received it (2023).

According to a VHA document, other COVID-19 impacts included in the fiscal year 2024 model projection include: the economic impact of COVID-19 on veterans' reliance on VHA health care, increased telephone care for mental health services, and the increase in COVID-19 and influenza treatments, vaccinations, and testing.[44] According to VHA officials, COVID-19 impacts were modeled on top of the pre-COVID-19 fiscal year 2019 base model and adjusted as the effects of the pandemic were assumed to subside.

For fiscal year 2024, these assumptions were incorporated into the projection of the three main components of the EHCPM—enrollment, utilization, and unit cost:[45]

- **Enrollment.** According to VHA documents on the fiscal year 2024 budget request, VHA observed that the rate of new enrollment decreased significantly during the initial response to COVID-19 in fiscal year 2020 and remained suppressed in fiscal year 2021. VHA data indicate enrollment increased in fiscal year 2022 and surpassed

[43]The assumptions were adjusted as the effects of the pandemic were assumed to subside. While some COVID-19 impacts have subsided over time, others such as mental health telephone services and COVID-19 and influenza services, continue to impact health care services.

[44]Reliance refers to the portion of an enrollee's health care needs that they receive at VA facilities or through VA care in the community. Enrollees may have other forms of health care coverage, such as through Medicare or private insurance and as a result, may have their health care needs met outside of VA. Additional COVID-19 impacts that were modeled but had lesser impacts include changes to some community care payments that are tied to Medicare reimbursement rates, which changed due to COVID-19 and a reduction in community adult day health center usage due to COVID-19 related closures.

[45]The EHCPM projects how many veterans will enroll in VA health care each year and their age, gender, priority level, and geographic location. Utilization projects total services needed for these enrollees and how much of the services will be provided by VA (reliance). Expenditure projections represent utilization multiplied by the expected cost per service.

pre-COVID-19 levels due to increased demand for enrollment; it is expected to return to historical levels in fiscal year 2024 and then to return to the pre-COVID projected gradual decline through 2031.

According to VA officials, the EHCPM for the fiscal year 2024 request did not account for a change in VHA enrollment due to the Honoring our PACT Act of 2022, which expanded health care for certain veterans, including those exposed to toxic substances, because enrollment changes expected as result of the act were projected outside of the model.[46] A VHA document shows that veteran enrollee death patterns followed national COVID-19 death patterns through fiscal year 2023 and then are expected to remain stable through 2031. According to this VHA document, with the exception of 2023, veteran deaths are expected to exceed new enrollment through fiscal year 2031, resulting in net decreases in enrollment.

- **Utilization.** VHA and its actuarial consultant included several impacts of the pandemic on utilization in the EHCPM for fiscal year 2024:
    - *Deferred and returning care.* According to VHA data, in fiscal years 2020, 2021, and 2022 VHA assumed deferred care due to COVID-19 exceeded other drivers of utilization increases (such as veterans increased dependance on VHA for health care services due to the economic recession in 2020), resulting in an overall decrease in health care utilization. VA data show that some veterans who deferred care during the pandemic, will not likely seek that deferred care through VHA now. According to a VA document, such returning care was lower than anticipated due to factors such as the extended length of the pandemic and a shortage of health care workers. The EHCPM for the fiscal year 2024 budget request assumes returning care has ceased for direct care and is minimal for community care for fiscal year 2024 with health care utilization returning to pre-pandemic levels.
    - *Telehealth.* According to a VHA document, at the onset of the pandemic, there was an increase in enrollees' use of telehealth services, including telephone care. While telephone care declined somewhat in fiscal year 2021, utilization rates

[46]Pub. L. No. 117-168, 136 Stat. 1759 (2022). VHA officials indicated that when the Honoring our PACT Act of 2022 passed in August 2022, it was too late to incorporate into the EHCPM used to project the fiscal year 2024 budget requirements. Officials said that they plan to incorporate the Act's enrollment impacts starting with the EHCPM used to project the fiscal year 2025 budget requirements.

were still considerably above pre-pandemic levels. Both mental health and non-mental health services provided via telephone are included in the fiscal year 2021 data used for VA's fiscal year 2024 budget request.[47] According to this VHA document, while non-mental health services provided via telephone are assumed to be returning to pre-pandemic levels, mental health telephone services are expected to remain at an elevated level in fiscal year 2024.

- *COVID-19 and influenza services.* A VHA document indicates that the combined impact of COVID-19 and influenza services increased utilization relative to pre-pandemic influenza services for fiscal years 2021 and 2022. According to VHA, while the EHCPM projects a decrease in COVID-19 and influenza services-related workload, VHA still assumes utilization of these services to be higher in fiscal year 2024 when compared to pre-pandemic levels.
- *Reliance on VHA health care.* According to a VHA document, the economic recession in 2020 and its associated impact of unemployment and labor force participation, increased veterans' reliance on VHA for providing healthcare services leading to an increase in utilization. However, for fiscal year 2024, VHA assumed a decrease in reliance as the economy recovered from the economic impacts of the pandemic, yet veterans' reliance on VA health care services is above pre-pandemic levels.

- **Unit cost.** According to a VHA document, the reduction in utilization of direct care did not lead to proportional reductions in direct care expenditures due to VHA's fixed cost structure, whereby staff salaries and facility maintenance costs did not necessarily decline when

[47]VHA officials told us that the fiscal year 2024 and prior years' EHCPMs included telehealth and virtual care. However, the EHCPM for fiscal year 2023 budget request was the first to separately model telephone care due to the increase in clinical telephone care during the pandemic. VHA officials noted that prior to the pandemic, most services conducted via telephone were for administrative purposes.

utilization decreased.[48] As a result, VHA assumed the average cost per service at VA facilities increased during the pandemic, though VA expects it to decline as utilization approaches pre-pandemic levels. However, community care unit costs are not subject to this same dynamic because community care reimbursement is on a fee-for-service payment basis.

According to a VHA document, in fiscal year 2024, the net impact of COVID-19 on VHA's budget is an estimated increase of $378 million. This increase is driven by COVID-19 and influenza treatments, vaccinations, and testing costs in addition to greater reliance on VA health care. The increase is partially offset by deferred care that never returned and other COVID-19 impacts, such as greater use of telehealth relative to in-person care and decreases in pandemic response procurement activities.

VA Does Not Document and Share Key EHCPM Decisions and Does Not Have Modeling Capacity to Inform Future Supplemental Funding Requests

EHCPM Decisions

According to VHA officials and documentation, VHA develops a summary table of changes between each EHCPM scenario run in a given year, from the initial scenario through the scenario used to develop the EHCPM for informing the president's budget request. This table summarizes the information included in the baseline as well as subsequent scenarios that incorporate assumptions accounting for a number of factors, such as COVID-19 related assumptions, wage policy, and community care assumptions.

[48]A VHA document shows that inflation is one of the key drivers of growth in the cost of health care in the United States and in the VA health care system. The EHCPM incorporates the impact of inflation, such as increased costs for supply and pharmaceutical purchases, staff salaries and benefits, and reimbursement rates for services provided through community care. According to the VHA document, actual inflation trends incorporated onto the EHCPM's assumptions have a small impact over the short-term but may compound substantially over time. However, this impact is higher than normal at the current time due to the recent increase in inflation that occurred in the wake of the pandemic.

In addition to the summary table, VHA officials and its actuarial consultant stated that the final decisions made to inform the EHCPM are included in the VA Model Budget Impact Analysis, which documents the assumptions and projection methodology used to develop the EHCPM. The VA Model Budget Impact Analysis is shared internally and with the Office of Management and Budget.

While the VA Model Budget Impact Analysis includes more detail than the summary table, neither documents detail the key decisions VHA and its actuarial consultant made when developing the EHCPM. Further, neither documents the reasoning behind these decisions or any choices made among the options considered, starting from the development of the initial model scenario presented through the various iterations of the model to the model ultimately used to inform the fiscal year 2024 budget request. VHA has not shared with the VHA Office of Enrollment and Forecasting or VHA Finance, the key decisions made for all the budget scenarios considered as part of the annual EHCPM update.

VHA does not document or share all key EHCPM decisions because there is no requirement to do so. In September 2023, VHA developed a standard operating procedure for budget projections that provides instructions on the processes and deliverables needed to fulfill the budget projection request for VHA Finance.[49] This includes timelines for developing documents and requesting data needed for the development of the EHCPM.[50] However, the standard operating procedure's list of deliverables does not include a requirement to document key decisions for the various EHCPM scenarios considered or share those decisions with key stakeholders.

Documenting the key decisions and sharing these with internal stakeholders would be consistent with VA's strategic plan and federal internal controls. VA's strategic plan includes a stewardship goal with an implementation strategy that states that management should share the

[49]In January and June of 2023, VHA officials told us they did not have a standard operating procedure or other formalized guidance document to outline the process of working with EHCPM output to inform the budget submission. After we raised the issue, VHA developed a standard operating procedure that outlines the EHCPM process in September 2023.

[50]In September 2020, GAO recommended that VA establish steps for communicating to the actuarial consultant information on data quality, including any limitations, used in the EHCPM to inform VA's community care estimates. VA concurred with this recommendation. As of November 14, 2023, VA had not taken action to fully address this recommendation. For more information see GAO, *VA Health Care: Additional Steps Could Help Improve Community Care Budget Estimates*, GAO-20-669 (Washington, D.C.: Sept. 30, 2020).

creation, retention, and dissemination of knowledge to ensure it is decentralized, discoverable, and easy to access, up-to-date, and used across VA.[51] Federal internal control standards state that management should design control activities to achieve objectives and respond to risks; implement such activities through policies; and internally communicate necessary quality information to achieve the entity's objectives.[52]

Further, according to an Actuarial Standard of Practice, the actuary should consider preparing and retaining documentation, specifically in a form such that another actuary qualified in the same practice area could assess the reasonableness of the actuary's work.[53] The American Academy of Actuaries also suggests that model documentation should include the rationale for the selection of modeling options, as well as other modeling components, such as assumptions and methodologies.[54]

By documenting the key decisions made at each step of the EHCPM development process and sharing the decisions with internal VHA stakeholders, VHA can help ensure that other staff would be able to replicate the process, learn from past decisions, and look for opportunities to ensure best outcomes for veterans. Such documentation of key decisions could be useful in ensuring new VHA or actuarial consultant staff understand the decisions considered and incorporated into past budget requests. Further, VHA would be better positioned in the event of a future pandemic or other emergency by having documented decisions made during the COVID-19 pandemic and the rationale behind those decisions, allowing VHA to readily implement and update methodologies based on past experience.

[51]Department of Veterans Affairs, *Fiscal Years 2022-28 Strategic Plan* (Washington, D.C.: April 2022).

[52]For additional information, see GAO-14-704G, principles 10, 12, and 14.

[53]Actuarial standards of practice are promulgated by the Actuarial Standards Board. These standards describe the procedures an actuary should follow when performing actuarial services and identify what the actuary should disclose when communicating the results of those services. For more information, see *Actuarial Standard of Practice No. 56 Modeling.* (Washington, D.C.: Dec. 2019).

[54]American Academy of Actuaries, *Model Governance Some Considerations for Practicing Life Actuaries* (Washington, D.C.: April 2017).

Modeling Capacity

VHA does not have the modeling capacity to enable the agency to prepare estimates of the supplemental funding needed in the event of another pandemic or other catastrophic event.[55] Specifically, VHA lacks modeling capacity, including data collection and the ability to run budget simulations on a continual basis, to systematically assess and manage the risk of catastrophic events. This type of modeling has been used by other federal agencies to prepare for catastrophic events. For example, the Federal Emergency Management Agency uses advanced analytical modeling to inform its flood insurance program and statistical modeling to determine baseline workforce staffing for future emergencies.

Further, there are several efforts underway across the federal government to address the risks related to climate change. These include, for example, an effort by the Department of Health and Human Services to provide information so that policymakers and other stakeholders can plan for the health impacts due to climate change on vulnerable populations and a 2022 white paper by the Office of Management and Budget assessing the federal government's financial risks related to climate change.[56] For this paper, the Office of Management and Budget worked with experts across the federal government to leverage the best available quantitative modeling to

[55]Catastrophic events are low-frequency events with high-severity or widespread potential effects that may pose disruptive challenges to VHA in meeting its mission at any point in the future. Such events include hurricanes, earthquakes, terrorist acts, and pandemics. Advanced analytical models, such as catastrophe models, have been used to model these types of events to explain a system, to study effects of different components, or to derive estimates.

[56]The Department of Health and Human Services has produced an information portal and monthly Climate and Health Outlook publication to provide information on how health may be affected in the coming months by climate events and to provide resources for proactive action. Specifically, the portal and publication use the National Oceanic and Atmospheric Administration's data on heat and drought outlooks and the National Interagency Fire Center's monthly wildfire outlook to present estimates of which areas are expected to experience climate related health hazards in a given month, among other sources of data. In addition to being used by the federal government, these types of models have been used or are being considered by state governments to prepare for catastrophic events such as hurricanes and wildfires, as well as by insurers.

estimate key potential effects of climate change and the associated financial risks to certain federal programs.[57]

When the COVID-19 pandemic emerged in March 2020, VHA requested supplemental funding to continue operations to meet its mission. However, VHA was not prepared to estimate the amount of supplemental funding needed during a catastrophic event, such as a pandemic, because it did not have the appropriate modeling capacity or historical knowledge to estimate its needs. Instead, VHA primarily relied on limited available information to inform its funding needs for health care. We previously reported that in March 2020, VA determined the amount of COVID-19 supplemental funding to request from Congress through the CARES Act was based on (1) the limited information about the pandemic available from public health sources, such as reported COVID-19 cases in China and the cruise industry's early experiences with COVID-19, and (2) existing data on VA health care and IT services.[58]

Developing the capacity to estimate the cost associated with potential future catastrophic events to help VA prepare potential supplemental funding requests would be consistent with VA's strategic plan and federal internal controls. According to the strategic plan's stewardship goal's implementation strategy, VA should understand the relative costs, benefits and consequences of both risks and opportunities.

Federal internal control standards state management should identify, analyze, and respond to risks related to achieving the defined objectives.[59] In addition, when developing advanced analytical models such as one to estimate costs associated with catastrophic events, actuaries should follow relevant actuarial standards of practice. According to actuarial standards of practice, it is recommended that advanced

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[57]The Office of Management and Budget selected six areas to conduct individual assessments in this white paper. These areas were chosen because each has strong links to the federal budget, are clearly vulnerable to the impacts of climate change, and are topics which have scientific or economic data available that can produce quantitative modeling of impacts. The six areas are: crop insurance, coastal disasters, federal healthcare spending, federal wildland fire suppression expenditures, federal facility flood risks, and flood insurance. For more information, see the U.S. Office of Management and Budget, *Climate Risk Exposure: An Assessment of the Federal Government's Financial Risks to Climate Change* (Washington, D.C.; April 2022).

[58]VA used additional information, COVID-19 transmission levels and historical data on VA's response to COVID-19, to determine the amount of COVID-19 supplemental funding to inform its requests for additional funding—subsequently enacted through ARPA—to sustain COVID-19 related needs through September 2023. For additional information, see GAO-23-105730.

[59]For additional information, see GAO-14-704G, principle 7.

analytical modeling, such as catastrophe modeling be incorporated to derive estimates, such as for budget projections, to account for low-frequency events with high-severity or widespread potential effects, such as pandemics. This actuarial standard of practice provides guidance to actuaries when performing actuarial services with respect to selecting, using, reviewing, or evaluating catastrophe models.[60]

VHA officials stated that they could run this type of advanced analytical modeling if they were given the input from VHA program offices, such as input from subject matter experts within and outside VHA and the resources to do so. However, VHA officials also indicated that modeling unanticipated pandemics and similar catastrophes is not within the scope of their actuarial contract or the EHCPM.

Partly as a result of not having the modeling capacity to prepare estimates for catastrophic events, VHA needed to make multiple transfers of CARES Act funds to accommodate changing pandemic needs and was more general in its identification of needs when requesting ARPA funds.[61] Developing an analytic modeling capacity to estimate the resources needed to respond to catastrophes would allow VHA to draw from lessons learned during the pandemic, such as how much care was deferred during the pandemic and if and when it would return, and use them to inform a potential future supplemental funding request. In doing this, VHA would be better prepared to estimate resource needs to allow better management and planning in the event of a catastrophe.

Conclusions

While VHA adjusted its actuarial model—the EHCPM—to include the impacts of COVID-19 in its projection model, it did not document and share with internal stakeholders the rationale for key decisions made when developing the projections. As a result, information on why key decisions were made, especially those made during the COVID-19 pandemic, will not be available to replicate or learn from in the event of future catastrophic events, such as a pandemic or other emergency. Additionally, a narrative on why these decisions were made would be useful for new VHA employees or actuarial consultants projecting health care costs during a catastrophic event.

VHA also has not developed the modeling capacity to quickly estimate supplemental funding needs in response to a future catastrophic event, such as a pandemic. Having in place an analytic modeling capacity that

[60]For more information see *Actuarial Standard of Practice No. 38 Catastrophe Modeling (for All Practice Areas).* (Washington, D.C.: July 2021).

[61]For additional information, see GAO-23-105730.

builds on lessons learned from the pandemic and using it to project costs for catastrophic events, such as another pandemic or natural disaster, would help VA save time in preparing an accurate supplemental funding request, allowing VHA to direct its efforts towards its emergency response. Until VA takes steps to address these issues, it risks being unprepared to adequately estimate the supplemental funding required to effectively meet the health care needs of veterans during a catastrophic event.

Recommendations for Executive Action

We are making the following two recommendations to VA:

The VA Undersecretary for Health should update VHA's standard operating procedure to require documenting and sharing with internal VHA stakeholders the rationale for key decisions made when developing the EHCPM. This should include documentation of key decisions made that led from the development of the initial EHCPM scenario through the scenario ultimately used to develop the President's budget request for VA. (Recommendation 1)

The VA Undersecretary for Health should enhance VA's analytical modeling capacity to better enable VHA to prepare estimates of the supplemental funding needed to address catastrophic events, such as pandemics, natural disasters, and terrorist acts. (Recommendation 2)

Agency Comments

We provided a draft of this report to VA for review and comment. In its written comments, reproduced in appendix V, VA stated that it concurred with our recommendations. VA also identified actions it is taking to address our recommendations, which include (1) updating its standard operating procedure for developing EHCPM scenarios to incorporate methods to document the rationale and data supporting key decisions, and (2) chartering a work group to evaluate appropriate models and estimate required resources needed in the event of specific catastrophic events such as a pandemic. VA plans to complete these actions by June 2024. VA also provided technical comments that we incorporated as appropriate.

While VA stated that it plans to address our second recommendation by chartering a work group, it is unclear from VA's response how this workgroup will enhance VA's modeling capacity, including data collection and the ability to run budget simulations on a continual basis, to systematically assess and manage the risk of catastrophic events. We plan to monitor how VA implements this recommendation to determine whether VA's actions address the intent of the recommendation.

We are sending copies of this report to the appropriate congressional committees and the Secretary of Veterans Affairs. The report is also available at no charge on GAO's website at http://www.gao.gov.

If you or your staff has any questions regarding this report, please contact me at (202) 512-7114 or silass@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VI.

Sharon M. Silas
Director, Health Care

Appendix I: Department of Veterans Affairs' (VA) Supplemental Funding Under the CARES Act and Families First Coronavirus Response Act

This appendix details appropriations, transfers, obligations, and expenditures of COVID-19 supplemental funding VA received through the CARES Act and Families First Coronavirus Response Act (FFCRA). (See Appendix II for how VA used its additional supplemental funding connected with the American Rescue Plan Act of 2021 (ARPA).)

The Veterans Health Administration (VHA), the Office of Information Technology (OIT), and the Veterans Benefits Administration (VBA)—the three VA components that received the majority of VA's COVID-19 supplemental funding under the CARES Act and FFCRA—were responsible for 98.0 percent of the total $19.30 billion in obligations of this funding. Together, all three VA components expended roughly 97.6 percent of this obligated CARES Act and FFCRA funding as of September 30, 2023.

VA has the authority to transfer funds between its appropriation accounts under certain circumstances.[1] In response to the changing program needs during the COVID-19 pandemic, VHA transferred over $6.44 billion from its Medical Services account to other VHA accounts, including Medical Community Care, Medical Support and Compliance, and Medical Facilities, as well as to VBA and other VA components. See table 1 for more information about CARES Act appropriations, transfers, net appropriations, obligations, expenditures, and the percent of appropriations expended.

Table 1: Department of Veterans Affairs (VA) Reported Appropriations, Transfers, Net Appropriations, Obligations, and Expenditures of Supplemental Funding, under the CARES Act and FFCRA, as of September 30, 2023

VA component or account	Appropriation amount ($ in thousands)	Amount transferred ($ in thousands)[a]	Net Appropriations ($ in thousands)	Total obligations ($ in thousands)	Total expenditures ($ in thousands)	Percent of net appropriations expended ($ in thousands)
CARES Act Supplemental Funding[b]						
Medical Services	14,432,000	(6,441,000)	7,991,000	7,745,892	7,663,447	95.9

[1]Under the CARES Act, VHA received the authority to transfer funds among its appropriation accounts for amounts of 2 percent or less of the appropriated amounts under the CARES Act and to request approval from Congress for transfers in excess of 2 percent of the appropriations. Pub. L. No. 116-126, § 20001, 134 Stat. at 585 (2020). Subsequent appropriations acts included additional authority to transfer CARES Act funding outside of VHA. The Continuing Appropriations Act, 2021 and Other Extensions Act, Pub. L. No. 116-159, § 163, 134 Stat. 709, 722 (2020); The Consolidated Appropriations Act, 2021, enacted in December 2020, Pub. L. No. 116-260, div. J, tit. V, §§ 514, 515, 517, 134 Stat. 1182, 1689-91 (2020).

Medical Community Care	2,100,000	5,500,000	7,600,000	7,600,000	7,600,000	100.0
Medical Support and Compliance	100,000	255,000	355,000	327,448	326,546	92.0
Medical Facilities	606,000	140,000	746,000	744,510	706,115	94.7
Total Veterans Health Administration (VHA) medical care	**17,238,000**	**(546,000)**	**16,692,000**	**16,417,850**	**16,296,107**	**97.6**
Canteen Service Revolving Fund	0	140,000	140,000	140,000	140,000	100.0
James A. Lovell Federal Health Care Center	0	10,000	10,000	10,000	10,000	100.0
Information Technology Service	2,150,000	45,000	2,195,000	2,184,097	2,165,836	98.7
Veterans Benefits Administration[c]	13,000	338,000	351,000	310,424	310,269	88.4
National Cemetery Administration	0	12,000	12,000	10,893	10,757	89.6
State Home Construction Grants	150,000	0	150,000	149,407	4,495	3.0
General Administration	6,000	0	6,000	5,992	5,996	99.9
Board of Veteran Appeals	0	1,000	1,000	1,000	974	97.4
Office of Inspector General	12,500	0	12,500	12,500	12,477	99.8
VA Total CARES Act Funds	**19,569,500**	**0**	**19,569,500**	**19,242,162**	**18,956,881**	**96.9**
Families First Coronavirus Response Act (FFCRA)[d]						
Medical Services	30,000	0	30,000	30,000	30,000	100.0
Medical Community Care	30,000	0	30,000	30,000	30,000	100.0
VA Total FFCRA Act Funds	**60,000**	**0**	**60,000**	**60,000**	**60,000**	**100.0**
Total, VA FFCRA and CARES Act Supplemental Funding	**19,629,500**	**0**	**19,629,500**	**19,302,162**	**19,016,881**	**96.9**

Source: GAO analysis of VA data, CARES Act, Families First Coronavirus Response Act. | GAO-24-106359

Appendix I: Department of Veterans Affairs' (VA) Supplemental Funding Under the CARES Act and Families First Coronavirus Response Act

[a]As of May 24, 2022, VA has transferred $6.4 billion from the Medical Services account to other VA accounts based on authority provided in the CARES Act, Pub. L. No. 116-136, div. B, tit. X, § 20001, 134 Stat. 281, 585 (2020), the Continuing Appropriations Act, 2021 and Other Extensions Act, Pub. L. No. 116-159, § 163, 134 Stat. 709, 722 (2020), or the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, div. J, tit. V, §§ 514-515, 134 Stat. at 1689-90.

[b]CARES Act, Pub. L. No. 116-136, div. B, tit. X, 134 Stat. 281, 583 (2020).

[c]The Veterans Benefits Administration (VBA) received supplemental funding in its General Operating Expenses appropriation account.

[d]Families First Coronavirus Response Act, Pub. L. No. 116-127, div. A, tit. VI, 134 Stat. 178, 183 (2020).

Appendix II: Department of Veterans Affairs' (VA) Supplemental Funding Under the American Rescue Plan Act

VA received COVID-19 supplemental funds totaling $17.08 billion from the American Rescue Plan Act of 2021 (ARPA).[1] As with the COVID-19 supplemental funding VA received through the CARES Act and Families First Coronavirus Response Act (see Appendix I), VA allocated most of the ARPA funds it received to the Veterans Health Administration, for a total of $14.48 billion.[2] Depending on the specific appropriation, VA can obligate ARPA supplemental funds through 2023.[3] Together, VA components obligated 99.3 percent and expended 86.3 percent of ARPA funds as of September 30, 2023. See table 2 for the net allocations, obligations, expenditures, and percent of net allocations expended for ARPA as of September 30, 2023.

Table 2: Supplemental COVID-19 Funding Provided to the Department of Veterans Affairs (VA) by the American Rescue Plan Act of 2021 that was Obligated and Expended by VA as of September 30, 2023

American Rescue Plan Act of 2021 Section **and appropriation account**	**Net Allocations ($ in thousands)**	**Total obligations ($ in thousands)**	**Total expenditures ($ in thousands)**	**Percent of net allocations expended**
Section 8001: Funding for Claims and Appeals Processing				
Veterans Benefits Administration (VBA) - General Operating Expenses and Board of Veterans' Appeals, Departmental Administration				
Veterans Benefits Administration (VBA) - General Operating Expenses (GOE)	262,000	261,998	179,324	68.4
Board of Veterans Appeals	10,000	8,239	8,223	82.2
Total ARPA funds section 8001	272,000	270,238	187,546	69.0

[1]American Rescue Plan Act of 2021, Pub. L. No. 117-2, tit. VIII, 135 Stat. 4, 112-17 (2021).

[2]Of the $14.82 billion in supplemental funding appropriated for medical care and health needs, no more than $4 billion is to be used for community care purposes in 38 U.S.C. §§ 1703(c)(1) and 1703(c)(5). In addition to medical needs, $1 billion in ARPA funds were provided to VHA for copayments and cost sharing as well as $750 million for funding of state homes. COVID-19 supplemental funds from ARPA were used to cover the impacts of delays in care due to the COVID-19 pandemic; sustainment of CARES Act supported staffing, and service-level expansions, including in the areas such as VA homelessness programs and telehealth; and medical services to veterans, including medical facility improvements, research, and administrative expenses.

[3]ARPA funding has various periods of availability, depending upon the VA program involved, the funds' availability range from no fiscal limitations to one or two year periods (September 2022 through 2023).

Section 8002: Funding Availability for Medical Care and Health Needs				
Veterans Medical Care and Health Fund				
Medical Services	5,650,191	5,650,135	5,315,630	94.1
Medical Community Care	3,803,839	3,803,839	3,803,839	100.0
Medical Support and Compliance	978,433	978,433	924,123	94.4
Medical Facilities	2,572,958	2,572,945	1,667,568	64.8
Medical and Prosthetic Research	39,000	38,997	36,061	92.5
Information Technology Services (Office of Information Technology (OIT))	1,437,579	1,437,579	1,046,371	72.8
Total ARPA funds section 8002	14,482,000	14,481,928	12,793,593	88.3
Section 8003: Funding for Supply Chain Modernization[a]				
Information Technology Systems				
Information Technology Services (OIT)	23,895	23,895	19,896	83.3
Total ARPA funds section 8003	23,895	23,895	19,896	83.3
Section 8004: Funding for State Homes				
Grants for Construction of State Extended Care Facilities				
Medical Community Care	250,000	250,000	250,000	100.0
Grants for Construction of State Extended Care Facilities	500,000	499,062	132,412	26.5
Total ARPA funds section 8004	750,000	749,062	382,412	51.0
Section 8005: Funding for Office of the Inspector General				
Office of the Inspector General				
Office of Inspector General	10,000	10,000	9,281	92.8
Total ARPA funds section 8005	10,000	10,000	9,281	92.8
Section 8006: Veteran Rapid Retraining Assistance Program				
Readjustment Benefits				
Readjustment Benefits – Veteran Rapid Retraining Assistance Program (VRRAP)	386,000	349,296	270,988	70.2
Total ARPA funds section 8006	386,000	349,296	270,988	70.2

Section 8007: Copayments and Cost Sharing				
Medical Services, Medical Community Care, and Medical Care Collections Fund				
Medical Services	653,184	650,334	650,334	99.6
Medical Community Care	81,609	81,433	81,433	99.8
Medical Care Collections Funds	265,208	248,347	248,347	93.6
Total ARPA funds section 8007	1,000,000	980,113	980,113	98.0
Section 8008: Emergency Department of Veterans Affairs Employee Leave Fund				
Emergency Department of Veterans Affairs Employee Leave Fund				
Emergency Department of Veterans Affairs Employee Leave Fund	80,000	25,954	25,954	32.4
Total ARPA funds section 8008	80,000	25,954	25,954	32.4
Total ARPA Funds for All Sections	**17,003,895**	**16,890,486**	**14,669,784**	**86.3**

Source: GAO analysis of Department of Veterans Affairs (VA) data. | GAO-24-106359

[a]The Consolidated Appropriations Act, 2022 (Public Law 117-103) rescinded $76.1 million of unobligated funds made available by section 8003 of the American Rescue Plan Act of 2021 (Public Law 117–2) which was provided to VA for supply chain modernization initiative.

Appendix III: Objectives and Methods for Tracking Progress for Key Areas Financed with COVID-19 Supplemental Funds

For key areas the Department of Veterans Affairs' (VA) financed with COVID-19 supplemental funds that were developed during the pandemic, the Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), and the Office of Information Technology (OIT) set objectives and developed methods for tracking progress that included using software that tracks real-time data such as bandwidth use, tracking the number of personnel records scanned and uploaded into VBA's database, and recording program information on veterans participating in VA's training program. For key areas established prior to the pandemic, VA followed existing objectives and metrics for tracking progress, such as national performance data and research evaluation methods. (See Table 3.)

Table 3: Objectives and Methods for Tracking Progress for Key Areas Supported with COVID-19 Supplemental Funds

Legend: ✓ = key areas developed during the pandemic; no check = key areas established prior to the pandemic

Key area	Key area type	Key area objective	Select method for tracking outcomes	Select VA reported outcomes
Veterans Health Administration (VHA)				
Research efforts, including those focused on COVID-19[a]		According to a document from VA's Office of Research and Development, COVID-19 research follows objectives set by VA's Office of Research and Development for all of its research programs, such as increasing veterans' access to high-quality clinical trials and optimizing the translation, implementation, and dissemination of research findings to veterans and their providers. VA documentation shows that VA set specific objectives for each COVID-19 research project. For example, VA is collaborating with the Department of Defense on a project titled *Epidemiology, Immunology and Clinical Characteristics (EPIC[3]) of COVID-19*, an observational study that collects veterans' data and biospecimens to gain a detailed understanding of COVID-19's impact on different people, with the objective to learn more about	A VA document shows COVID-19 research adheres to evaluation methods set for all of the Office of Research and Development's research. The 2 evaluation criteria include portfolio balance and program management. According to a VA document, portfolio balance should include research that reflects the burden of disease treated by VHA, such as mental health and central nervous system injury. Additionally, the quantity and quality of the research should be appropriate to the program budget. This VA document states that program management should include management processes and procedures that assure scientific quality and ongoing improvement	According to VA documents, VA is tracking progress for each research program supported with COVID-19 supplemental funds. As of September 30, 2023, 4 projects have been completed. As of October, 2023, findings from EPIC[3] and SeqCURE have been presented at conferences and symposiums with 11 publications on research findings from SeqCURE in academic journals including the New England Journal of Medicine and the Journal of Clinical Microbiology. According to VA documents, EPIC[3] provides an operational model for scientific collaboration between VA and DOD. SeqCURE provides researchers and clinicians high-quality biospecimens starting with COVID-19 samples and comprehensive associated medical and sample data to accelerate the discovery-to-therapy pipeline.

		why certain people have more severe disease and why some develop long COVID. According to VA documents, *VA Sequencing Collaborations United for Research and Epidemiology (SeqCURE)*, supports a network of VA research labs established to conduct variant sequencing to monitor the evolution of the SARS-CoV-2 genome. The goal of this research is to learn more about emerging variants that may escape immunity generated by COVID-19 vaccines or prior infection and provide researchers with high-quality sequencing data of bio samples to accelerate and facilitate medical research.	to external and internal communication, such as published research articles authored or co-authored by VA investigators, and internal notifications such as a bi-monthly research highlight compendium.	
COVID-19 specific health care	✓	According to VA officials and a document, its main objective was to support COVID-19 related surges in care by ensuring national access to 24/7 intensive care services. As part of this objective, VA officials told us VA medical facilities had to support intensive care during the pandemic by using expanded Tele-Critical Care. According to VA documents, Tele-Critical Care includes video or telephone consultation and management assistance where critical care demand was surging and/or availability of services was compromised.	To ensure quality of Tele-Critical Care services, VA officials told us VA routinely monitors patient acuity, deaths, the number of patients on mechanical ventilator support, and since the pandemic, the number of patients with COVID-19 in Tele-Critical Care supported VA intensive care units.	COVID-19-supplemental funding, in addition to funds from VHA's annual appropriations, resulted in the further expansion of Tele-Critical Care services in fiscal year 2022. According to VA officials, from March 2020 to September 30, 2023, Tele-Critical Care service beds increased 116 percent from 510 to 1103 beds. During this time, total facilities serviced increased 100 percent from 37 to 74.
Health care delivery		Officials told us that VHA's main objective was to keep veterans and employees alive and healthy throughout the pandemic.	According to VA officials, outside of Tele-Critical Care, VA does not have specific metrics established on the use of COVID-19 funds for health care, including care in the community, because VA has existing quality and access metrics, such as wait times for new patient appointments.[b]	

Homeless programs	According to VA officials, during the pandemic, objectives were adjusted to focus on direct patient care by expanding the use of telehealth services to ensure veterans had appropriate access to services when in-person visits were unsafe or infeasible. These programs include Grant and Per Diem, Supportive Services for Veteran Families, and Health Care for Homeless Veterans. According to officials and a program document, through the Grant and Per Diem program, VA's objective is to provide community-based, transitional housing resources with wraparound supportive services for vulnerable veterans and to assist veterans in attaining or retaining permanent residence. According to officials and a program document, Supportive Services for Veteran Families' primary objective is to support veterans who without Supportive Services for Veteran Families assistance will become or remain homeless. Supportive Services for Veteran Families provides supportive services and temporary financial assistance to very low-income veterans and their families who are experiencing homelessness or are at risk of experiencing homelessness. According to officials and a program document, the central objective of Health Care for Homeless Veterans program is to reduce homelessness among veterans by engaging and connecting homeless veterans with healthcare and other needed services. Health	According to VA officials and a document, VA uses a scorecard to track VA medical facility and national-level performance data by month, quarter, and year. Some performance targets include VA engagement of unsheltered veterans and the percent of veterans in permanent housing. In the early stages of the COVID-19 pandemic, VHA paused all expectations to meet objectives and slowly brought metrics back until fully reinstated in 2022.	According to VA officials and a program document, for fiscal year 2023, Grant and Per Diem met all 3 performance targets, with 69.43 percent of veterans exiting to permanent housing (targets range of 60-75 percent), 18.25 percent of veterans with negative exits from program beds, such as being asked to leave the program because the participant was not following program rules, (target is lower than 20 percent), and 61.75 percent of veterans employed when leaving the program (target is 55 percent). According to VA officials and a program document, Health Care for Homeless Veterans met 2 of its 3 performance targets for fiscal year 2023. 59.76 percent exited the program to permanent housing (target 55 percent) and the percent of negative exits from program beds was 19.91 percent (target is lower than 20 percent). The engagement of unsheltered veterans in the program was 82.62 percent and did not meet the 100 percent target. According to VA officials and a VA document, Supportive Services for Veteran Families came close to meeting its 2 performance targets for fiscal year 2023. 68.53 percent of veterans exited the program to permanent housing (target 70 percent) and getting veterans into permanent housing within 90 days or less from enrollment was 74.44 percent (target 75 percent).

		Care for Homeless Veterans programs target chronically homeless veterans, especially those with serious mental health diagnoses and/or substance use disorders, and provide outreach, case management and community based residential services. [c]		
Non-recurring maintenance		Officials told us that maintenance projects supported VA medical facilities during the initial COVID-19 surge in patients as well as preparing these facilities for future pandemics.	According to officials and a document, VHA created a criteria statement for what projects would qualify for funding. For example, generally, projects must address the most pressing and immediate COVID-19 requirements, such as creating additional or protected intake areas, and improving inpatient room or ward air filtration. According to VA officials and a document, VHA is tracking the cost of these projects through the Veterans Integrated Service Network.	According to VA officials. roughly 221 individual non-recurring maintenance projects have been supported with COVID-19 supplemental funds, and as of November 2023, VA completed 145 of these projects.
Regional readiness centers	✓	In July of 2020, VHA established regional readiness centers, which were designed to ensure the continuity of services and availability of needed supplies at VA medical facilities during the pandemic. In July 2022, the objective for the regional readiness centers was revised to "ensuring VHA's medical supply chain is resilient and ready to support large-scale and sustained public health emergencies, such as pandemics, by proactively mitigating future supply unavailability due to demand surges and global supply disruptions," according to VHA documentation. In doing so, VHA intends to help ensure the continuity, accessibility, and safety of its	Program documents show VHA created a business case analysis to set up targets for supply quantities, stock-related costs, and space requirements.	According to VHA data, from March 2020 through September 2023, regional readiness centers have maintained a fill rate of 92 percent stocked supplies and processed roughly 51,000 distribution orders amounting to almost 12.7 million cases of supplies supporting health care delivery to VHA.

		health care services for veterans, according to officials.		
Suicide prevention grants[d]		According to officials and a program document, the objective of the suicide prevention grants is to allow community organizations to provide services or coordinate service provisions that will reduce and prevent suicide among veterans.	According to officials and a program document, VA developed an evaluation plan to guide the implementation of the grant management program and monitor the grantees' performance of work and outcomes. According to its evaluation plan, VA will collect data on the program infrastructure, implementation barriers, and facilitators, provision of training and technical assistance, data sharing process, grantee compliance, and demographic trends, as well as the impact of the program. The evaluation of the grantees will use a summative evaluation design with standardized outcome measures for community-based programs using a longitudinal and pre-and post-test survey methodology.	At this time, VA does not have outcomes for this program. According to VA officials, the suicide prevention program is currently in its first year, with grantees beginning services as of January 1, 2023. According to VA officials, the program is providing ongoing training and technical assistance to grantees, and grantee data collection has begun.
Veterans Benefits Administration (VBA)				
Modernizing VBA's education service systems[e]	✓	According to a program document and VBA officials, the objective is to increase automation of VA education systems claims processing, and, by extension, service to veterans and their beneficiaries. VBA officials told us the Digital GI Bill modernization is ongoing and will continue through September 2030.	According to a program document and VBA officials, VBA is tracking automated education benefits claims processing and presents these numbers to the Executive Steering Committee every 2 weeks. According to officials, automation targets have remained steady at 50% for original claims and 80% for supplemental claims.	As of September 30, 2023, a document shows VBA automated a total of 1,526,129 (61.3 percent) claims out of 2,488,437 processed claims for fiscal year 2023. According to VBA officials, since the program started in March of 2021, a total of 3,536,226 claims have been automated.
Scanning personnel records	✓	According to VBA officials, VBA's objective was to scan personnel records for disability claims submitted during the pandemic as well as claims	According to VBA officials, it tracks the number of personnel records scanned and uploaded into VBA's database to help identify	As of September 30, 2023, according to VBA documents, VBA scanned a total of nearly 2.16 million records for fiscal year 2023. In fiscal year 2022, when VBA established on-site

		that were difficult to obtain due to National Personnel Records Centers and National Archives and Records Administration facility closures at that time. VBA officials stated that they will continue to have a goal of processing 1 million personnel records per year through fiscal year 2060 as part of VBA's efforts to continue to bring personnel records at National Personnel Records Centers and National Archives and Records Administration facilities into VBA.	progress toward its objective of processing 1 million personnel records per year.	scanning operations at the National Personnel Records Center, VBA scanned a total of 1.7 million records for a total of 3.86 million scanned records.
Veterans Rapid Retraining Assistance Program	✓	According to VBA officials, VA did not develop objectives or program targets for funds used for veteran training because the program objectives were already established by ARPA and the Training in High-demand Roles to Improve Veteran Employment Act.[f]	According to VBA documentation, VBA captured program information from veterans and schools, such as the number of veterans who applied to Veterans Rapid Retraining Assistance Program, the number who enrolled in and completed programs, and the number who found employment.[g]	VBA data show that as of September 30, 2023, VBA received a total of 31,625 applications of which 22,821 (72.2 percent) were eligible for the program. VBA data also show that a total 13,648 veterans participated in the program with 6,700 (49.1 percent) graduating and 1,760 (12.9 percent) accepting an employment offer.[h]
Office of Information Technology (OIT)				
COVID-19 related information technology efforts	✓	According to OIT officials, VA's objective was to leverage existing and new technologies to support VA during the COVID-19 pandemic. According to these officials, this helped ensure the continuity of access to and delivery of, healthcare, services, and benefits to veterans and helped protect veterans and staff from COVID-19 infection.	Officials told us OIT used software to track telework and telehealth utilization.	According to VA data, for fiscal year 2023, there were more than 9.4 million clinical video visits into the home, averaging 37,000 per day. When compared to fiscal year 2019 there was a 346 percent increase in telehealth visits in fiscal year 2023. In total, there were over 42.4 million episodes of telehealth from fiscal years 2019 to 2023. Additionally, approximately 40 percent (roughly 2.4 million) of veterans who used clinical services received a portion of their care by telehealth in fiscal year 2023 and the number of users continued to rise. For telework, VA data show that the number of teleworkers increased from an average of 117,126 teleworkers prior to COVID-19 to 261,867 teleworkers in December of 2022. As of September of 2023, the number of

	teleworkers has increased to 295,999, an increase of 40 percent from the numbers reported prior to COVID-19.

Legend: ✓ = key areas developed during the pandemic; no check = key areas established prior to the pandemic

Source: Analysis of VHA, VBA, and OIT documents and interviews. | GAO-24-106359

[a]According to VA officials, it has supported 17 research studies with ARPA funds, 11 specific to COVID-19 and 6 non-COVID-19 research efforts, such as scientific computing and efforts to promote diversity, equity, and inclusion.

[b]We previously made recommendations to VA concerning veterans' access to timely health care, some of which were included in GAO's 2023 high-risk list. For more information, see GAO, Priority Open Recommendations: Department of Veterans Affairs, GAO-23-106465, (Washington, D.C.: May 23, 2023). For more information concerning VA performance metrics for health care, such as facility performance and hospital wait times, see www.accesstocare.va.gov (accessed Nov. 27, 2023).

[c]According to VA officials, during the COVID-19 public health emergency, VA Homeless Programs had to adjust these goals and objectives to ensure focus on direct patient care.

[d]Suicide prevention grants are the Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program.

[e]According to VHA officials, VHA used its ARPA funds to finance areas similar to those it funded with its CARES Act funds and to sustain existing VHA programs. One area that did not receive ARPA funds included changes to the VBA's digital education systems used by veterans and beneficiaries, made necessary as a result of the COVID-19 shift to distance learning. VBA officials indicated that CARES Act funding allowed VBA to start the Digital GI Bill modernization earlier than anticipated because the pandemic highlighted the shortcomings in the VBA education service systems with distance learning. CARES Act funding was obligated for the Digital GI Bill modernization—an effort to improve education benefits and customer service delivery to GI Bill beneficiaries and modernize claims processing and customer service for external partners.

[f]The American Rescue Plan Act (ARPA) directed the Secretary of Veterans Affairs to carry out a retraining assistance program for eligible veterans who lost their jobs as a result of the pandemic and provided the Department of Veterans Affairs (VA) $386 million to carry out the program. In response, VA implemented the Veterans Rapid Retraining Assistance Program in consultation with the Department of Labor to provide up to 12 months of a housing stipend and tuition and fees while they are pursuing an approved education program for high-demand occupations. As modified by the Training in High-demand Roles to Improve Veteran Employment Act, the Veterans Rapid Retraining Assistance Program was open to new enrollments until December 10, 2022. Pub. L. No. 117-16, § 2, 135 Stat. 280, 280-82 (2021).

[g]For more information, see GAO, Veterans Employment: Identifying Lessons Learned from Rapid Retraining Program Could Benefit Future Efforts, GAO-23-106191 (Washington, D.C.: September 28, 2023).

[h]The Veterans Rapid Retraining Assistance Program stopped accepting new enrollments after December 10, 2022. Students enrolled before this date can participate until they finish the training program. As of September 30, 2023, 2,027 participants were in attendance or in between terms and 7,034 participants eligible for employment who did not accept or verify whether they were employed.

Appendix IV: VA Methodologies for Continued Funding Needs for Key Areas, besides Health Care Delivery, Financed with COVID-19 Supplemental Funds

VA officials reported that they used different methods to determine funding needs in VA's fiscal year 2024 budget request for other key areas—that is, programs or services—other than health care delivery that will continue beyond the availability of COVID-19 supplemental funds. This includes other key areas developed during the pandemic to address specific needs caused by the pandemic's impact on veterans' services and existing key areas that received support from COVID-19 supplemental funds. See table 4 for more information about the requested funding amount and VA's reported methodology for determining this amount for each key area.

Table 4: Methodologies Used to Determine Continued Funding Amount for Other Key Areas, Fiscal Year 2024

Legend: ✓ = key areas developed during the pandemic; no check = key areas established prior to the pandemic

Key area	Key area type	Funds requested for fiscal year 2024[a]	Planned use(s) for fiscal year 2024 requested funds for programs and activities initially funded by supplemental funds	VA reported methodology used to determine fiscal year 2024 funding
Veterans Health Administration (VHA)				
Research efforts, including those focused on COVID-19		$984 million	According to VA documentation, of the $938.0 million in discretionary appropriations requested, $36.2 million is to continue research efforts, including those focused on COVID-19 research that were originally financed with American Rescue Plan Act of 2021 (ARPA) funds.	For the 16 continuing research projects and efforts, officials told us that the principal investigators for each project considered their respective progress and determined the budgetary needs to support planned project activities in fiscal year 2024.
Homeless programs[b]		$3.1 billion	According to VA's 2024 budget request and VHA officials, of the $3.1 billion requested for homeless programs, $1.3 billion was requested to support the three programs that previously received supplemental funds. These programs are intended to: 1) provide grantees with per diem payments to offset the operational costs associated with providing veterans with transitional housing and services; 2) connect homeless veterans with health care and other needed services; and 3) rapidly re-house homeless veterans and families and prevent homelessness for those at risk.	According to officials, budget estimates were based on a review of needs for housing in the community, such as transitional and emergency housing. For example, for emergency housing, VHA reviewed the average utilization rates of emergency housing contracts.

Non-recurring maintenance		$5.8 billion	VA's 2024 budget document indicates that non-recurring maintenance will fund additions, alterations, and modifications to land, buildings, other structures, nonstructural improvements to land and fixed equipment. Funds will also be used to maintain and modernize existing facilities or environmental remediation or abatement.	VHA officials told us that Veterans Integrated Service Networks submitted their non-recurring maintenance project obligation requests for projects with a total cost greater than $1 million. VHA's Office of Healthcare Environment and Facilities Programs provided the total cost targets for each Veterans Integrated Service Network to submit their non-recurring maintenance projects.
Regional readiness centers	✓	$155.5 million[c]	VHA officials told us funds supported an Inter-Agency Agreement with the Defense Logistics Agency to run VHA warehouse distribution centers and procure supplies needed to bring inventory levels for personal protective equipment up to an acceptable level.	VA officials told us they used prior year expenditure data, such as the cost of the interagency agreement, transportation costs, costs for periodic inventory rotation, contract support, and additional regional readiness center capabilities that will likely be needed to estimate costs for fiscal year 2024.
Suicide prevention grants program[d]		$55.6 million	According to VA's 2024 budget document, funds will continue to finance grants to community-based organizations for suicide prevention efforts, including outreach, suicide prevention services, and connection to VA and community resources.	According to VA's fiscal year 2024 budget document, Congress authorized $174 million to be appropriated over a three-year period for this grant program. VA documents indicate that grants were awarded in the amount of $52.5 million in fiscal year 2022 and $52.5 million in fiscal year 2023.
Veterans Benefits Administration (VBA)[e]				
Modernizing VBA's education service system[f]	✓	$371.1 million[g]	According to VA's fiscal year 2024 budget document, $371.07 million is requested in fiscal year 2024 for education services. According to VBA officials, of that amount, $81.5 million will be used to modernize VBA's education service system. Officials told us that they plan to use fiscal year 2024 funds for activities such as contractor oversight and services, product management support, agile enhancement, email and text messaging reporting, and claims processing services.	According to a VBA document, VBA estimated the costs for the duration of the effort (fiscal year 2021 to fiscal year 2030). The VBA document also indicates that claims processing accounted for the largest portion of the expected cost each year and estimated the amount needed for claims processing by dividing the labor costs by the number of automated claims and adding the cost of manual claims[h]
Scanning personnel records	✓	[i]	According to VA officials, funds will go towards scanning approximately 1 million personnel records in fiscal year 2024.	Officials told us that estimates are based on the previous year's contractor cost for scanning divided by the number of records scanned resulting in roughly $40 per scanned personnel record. Officials said they adjusted this cost to reflect an 8 percent inflation rate.
Office of Information Technology (OIT)				

Information Technology (IT)	✓	$7.7 billion	According to VA's 2024 budget documents and OIT officials, $4.67 billion of the funding will continue to sustain the expansion of the IT infrastructure that occurred during the pandemic. This can include IT efforts to support telehealth and telework such as cybersecurity, software license maintenance, and clinical care capabilities.	OIT officials told us OIT created the IT prioritization process, which brings the customer base and OIT together to prioritize customers' IT requirements and the overall IT budget request. OIT then executes a decision-making process to determine the right mix of programs that should make up the IT portfolio. According to OIT officials, OIT's Program and Acquisition Review Council and the Budget, Programming & Acquisition Committee approve the budget request.

Legend: ✓ = key areas developed during the pandemic; no check = key areas established prior to the pandemic

Source: GAO Analysis of VA budget documents and interviews. | GAO-24-106359

[a]Requested in the President's budget for Fiscal Year 2024.

[b]Homeless programs supported with COVID-19 supplemental funds include Grant and Per Diem, Supportive Services for Veteran Families, and Health Care for Homeless Veterans.

[c]VHA officials informed GAO that the amount displayed in the President's budget submission is an error and the approved request amount for the regional readiness centers was $36.4 million.

[d]Suicide prevention grants are the Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program.

[e]The Veterans Rapid Retraining Assistance Program stopped accepting new enrollments in December 2022 and according to VBA officials, VBA will not continue this program.

[f]The pandemic highlighted the shortcomings in the VBA education service systems. CARES Act funding was obligated for the Digital GI Bill modernization—an effort to improve education benefits and customer service delivery to GI Bill beneficiaries and modernize claims processing and customer service for external partners. In our prior work VBA officials told us that VBA the CARES Act funds allowed VBA to start the Digital GI Bill modernization earlier than anticipated. For additional information, see GAO-23-105730. VBA did not receive ARPA funds to continue this activity.

[g]According to VBA officials, for fiscal year 2023 and 2024, VBA was allocated $81.5 million from the base budget and the amount available in fiscal year 2024 depends on the amount obligated in fiscal year 2023.

[h]Labor costs are calculated by multiplying the number of full-time equivalent employees by pay level and locality and then by overhead costs. The costs per manual claims are calculated by dividing total labor costs by the number of manual claims.

[i]While not explicit in the President's budget, VBA officials indicated that they have requested $43.2 million in fiscal year 2024 for these efforts and will fund them out of the Cost of War Toxic Exposures Fund. This fund is under VA's Departmental Administration appropriation account.

Appendix V: Comments from the Department of Veterans Affairs

DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON

January 18, 2024

Ms. Sharon M. Silas
Director
Health Care
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Silas:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report: ***VETERANS AFFAIRS: Improvements Needed in Estimating Funding for Potential Future Health Emergencies*** (GAO-24-106359).

The enclosure contains technical comments to address the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Kimberly Jackson
Chief of Staff

Enclosure

Enclosure

Department of Veteran Affairs (VA) Comments to
the Government Accountability Office (GAO) Draft Report
VETERANS AFFAIRS: Improvements Needed in Estimating Funding for Potential Future Health Emergencies
(GAO-24-106359)

Recommendation 1: The VA Undersecretary for Health should update VHA's standard operating procedure to require documenting and sharing with internal VHA stakeholders the rationale for key decisions made when developing the EHCPM. This should include documentation of key decisions made that led from the development of the initial EHCPM scenario through the scenario ultimately used to develop the President's budget request for VA.

VA Response: Concur. The Veterans Health Administration (VHA) Chief Strategy Office will revise and expand its standard operating procedure (SOP) for developing Enrollee Health Care Projection Model (EHCPM) scenarios to support budget formulation. The updated SOP will include clear identification of decision-making authority for EHCPM assumptions within VHA; methods to document the rationale and data supporting decisions; and identification of a process for tracking and documenting updated assumptions as new scenarios are produced during the budget formulation cycle.

Target Completion Date: June 2024

Recommendation 2: The VA Undersecretary for Health should enhance VA's analytical modeling capacity to better enable VHA to prepare estimates of the supplemental funding needed to address catastrophic events, such as pandemics, natural disasters, and terrorist acts.

VA Response: Concur. VHA's Chief Strategy Office will charter a work group to support estimating supplemental funding needed to address catastrophic events impacting VHA. The work group membership will be comprised of representatives from key offices across VHA who can identify and determine the appropriate reliance on subject matter experts to respond to specific circumstances. The work group will establish procedures to convene informal committees in the event of specific catastrophic events. The informal committees will review and evaluate appropriate models and estimate required resources.

Target Completion Date: June 2024

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

Sharon Silas, (202) 512-7114 or Silass@gao.gov.

Staff Acknowledgments

In addition to the contact named above, Michael Zose (Assistant Director), Courtney Liesener (Analyst-in-Charge), Lijia Guo, Emily Loriso, and Ravi Sharma made key contributions to this report. Also contributing were Jennie Apter, Jacquelyn Hamilton, and Roxanna Sun.