

NATIONAL PRESS CLUB LUNCHEON WITH
SECRETARY OF VETERANS AFFAIRS DAVID SHULKIN

SUBJECT: IMPROVING THE VA HEALTHCARE SYSTEM

MODERATOR: JEFF BALLOU

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JEFF BALLOU: [sounds gavel] Good afternoon, ladies and gentlemen. I know, that was a purposeful gavel, wasn't it? Welcome to the National Press Club, where we have the trademark motto: the world's leading professional organization for journalists. My name is Jeff Ballou, news editor for the Americas with Al Jazeera Media Network's English language channel, and the 100th president of the National Press Club.

Today, we are pleased to have as our Headliners Luncheon speaker Dr. David J. Shulkin, the ninth Secretary of Veterans Affairs.

First of all, I'd like to ask you to please turn your mobile devices to vibrate. Why vibrate instead off? Because we do encourage you to tweet the proceedings and questions to @PressClubDC, using the hashtag #NPCLive. That's @PressClubDC, using the hashtag #NPCLive.

Now we're going to introduce our head table. And please hold your applause until everyone has been introduced. The head table is usually reserved for members of the Club, our guest and guests of our Headliners speaker. So going from my left, Mike Smith, CEO of GreenSmith PR, and a National Press Club Headliners team member; Jim Noone, Vietnam Navy veteran and commander of the American Legion Post here at the National Press Club, which was founded by General Pershing; Myron Belkind, my predecessor as National Press Club president, the 107th president, a Vietnam veteran as well; the Honorable John Ullyot, who I've been chasing around Capitol Hill and all kinds of places for almost, what, 20, 25 years, John, way too many years. John is the Assistant Secretary for Public and Intergovernmental affairs at the United States Department of Veterans Affairs. Member

Caitlin Kenney, producer at CBS Radio's ConnectingVets.com; Thomas Murphy, Acting Under Secretary for Benefits at the US Department of Veterans Affairs; Kevin Wensing; this man's booked more luncheons than I care to count – Captain US Navy (Retired), and the National Press Club's Headliners member who coordinated today's luncheon, thank you, Kevin.

Skipping over our speaker for a moment, Joseph Morton, Washington bureau chief for the Omaha World-Herald and a former member of the National Press Club board of governors, thanks for coming; Vivieca Wright Simpson, chief of staff at the United States Department of Veterans Affairs; Luke Netting, Lieutenant Colonel US Army (Retired) and a global war on terror veteran; longtime member John "Sergeant Shaft" Fales, United States Marine Corps, Vietnam veteran, president of the Blind American Veterans Foundation. You've been a member for over 30 years, haven't you, John?

JOHN FALES: Too long.

MR. BALLOU: Shuan Butcher, communications manager at Disabled Sports USA. [applause]

I'd like to acknowledge additional members of the Headliners team for organizing today's event: Betsy Fischer Martin and Lisa Matthews, our co-chairs, Jamie Horwitz, Heather Forsgren Weaver, Lisa Russo, again Kevin Wensing, April Turner, and of course our Press Club staff, specifically Lindsay Underwood, Laura Coker and our executive director William McCarren.

For our television and radio audiences, please be aware that in the audience today are members of the general public. So any applause or reaction you may hear is not necessarily from the working press.

Dr. Shulkin was nominated by President Donald Trump to serve as the ninth Veterans Affairs – or VA as it's commonly called – Secretary and confirmed by the United States Senate in February. Prior to his role as Secretary, Dr. Shulkin served as the VA's Under Secretary for Health 18 months, leading the nation's largest integrated healthcare system with more than 1700 sites of care, serving nine million veterans.

Before he began his service with the VA, Dr. Shulkin held numerous chief executive roles at the Morristown Medical Center and the Atlanta Healthcare System Accountable Care Organization, served as president and chief executive officer of the Beth Israel Medical Center in New York. Dr. Shulkin has held numerous physician leadership roles, including chief medical officer at the University of Pennsylvania Health System; – I might add he's a fellow Pennsylvanian. A lot of you know that I'm a Pennsylvanian, so always acknowledge that – Temple University Hospital, Medical College of Pennsylvania Hospital.

He's also held academic positions, including chairman of medicine, vice dean at the Drexel University School of Medicine. A board-certified internist, Dr. Shulkin is a fellow of the American College of Physicians and has been named one of the 50 most influential

physician executives in the country, and among the 100 most influential people in American healthcare by Modern Healthcare.

We look forward to our dialogue today on VA's efforts to care for millions of American veterans and improve the effectiveness of the VA healthcare system. So please give a warm National Press Club welcome to Secretary David Shulkin. [applause]

SECRETARY DAVID SHULKIN: Good afternoon, everybody, it's great to be here. And I couldn't think of a better time to spend with you than five days before Veterans Day, Saturday. I hope all of you have that marked down and are planning on doing something meaningful on Saturday. You know, we've been celebrating Veterans Day really for 98 years, first as Armistice Day when World War I ended, and then 54 years ago changed it officially to Veterans Day. And some of you may have seen last week, right before the President left for his trip to Asia, that he signed a proclamation declaring the entire month of November Veterans and Military Families Month, which really I think is indicative of his real passion and respect for this country's veterans.

And so, each day of this month, we have something special that is going to be announced or an activity that's going to happen. Today we're here with you; that counts. But you'll see things like for the first time a national ID card for veterans being rolled out. You'll see the President's White House hotline, the 24/7 hotline answered by veterans and military families. That will be rolled out in the month of November. An expansion of a new national cemetery in Los Angeles. Tomorrow we'll be ringing the bell on Wall Street in honor of veterans for the close. A public service announcement is going out across the country this month narrated by Tom Hanks on reducing veteran suicide.

And so, the month's filled with a lot of recognition and important events, but it really is a symbol, I think, of the progress that we're making in the transformation and modernization of the Department. And as you know, during this year we've seen some pretty important changes happen at the VA. We've had five major bills go through Congress. I'm particularly proud that everything that we're doing through Congress is being done in a bipartisan way with a real clear alignment between where Congress, the Department and the President wants to take the Department of Veterans Affairs.

So we've had for the first time a new bill with authorities for accountability. We've seen an expansion of the GI Bill called the Forever GI Bill. We've seen two bills, not only expanding options for care in the community, but also investments in the VA with 28 new leases. And we've seen appeals modernization, which hasn't happened since the 1930s. So a lot of activity.

We're also seeing progress on the five priorities that I have stated are most important to me as Secretary, giving veterans more choice about how and where they get their care and benefits. And that creates a system that really allows us to be more responsive and accountable to veterans as customers.

We've seen progress in our timeliness of services, in our wait times that now are

publicly posted for everybody to see how long it takes to get appointments. We still are the only healthcare system in the country that publicly posts its wait times. And we now post data showing that VA actually does better than the private sector in wait times. Maybe that's why they don't post their wait times.

We're improving performance in disability timeliness. And with the new appeals modernization, we'll be making progress on the timeliness of appeals.

We're modernizing the VA. I've announced a new electronic medical record, the same one that the Department of Defense uses. I've also announced that we're going to be disposing of 1100 vacant and underutilized facilities.

The fourth priority is we're going to focus more on those things that matter most to veterans, what we call foundational services, conditions that veterans are impacted on in their connection to service, like spinal cord injury, blind rehabilitation, prosthetics and orthotics, post-traumatic stress, traumatic brain injury, polytrauma, things that matter most. And you're going to see VA investing more of those services and not as much in services that can be accessed easily in the private sector.

And last, and the only clinical priority of the five that I talk about, is suicide prevention. Twenty veterans a day taking their life, really unacceptable that that is still happening. And so, we are focusing all of our efforts, working in lots of ways that we haven't focused on before to try to get that number down, and down significantly.

So those are the areas that we're working on.

But because I'm here at the National Press Club, I wanted to challenge myself. And in the spirit of Veterans Day, I'm going to talk about something that I don't spend as much time as maybe I should talking about, and that is our area of benefits. I think that this is an area that I believe we can do better in. We have a system that in my opinion is far too complex, filled with too much bureaucracy. And I know that we just can improve this as well.

And so, every speech should start with a disclaimer, conflict of interest or a disclaimer, and I'm going to start by saying that I am far from an expert in the issue of benefits. I really consider myself a healthcare expert, and still as a practicing physician I know a lot about healthcare, not as much about benefits. But I've learned a lot as Secretary, or at least I'm trying to learn every day more. And I want to thank Tom Murphy for being patient with me and also teaching me. But I've learned a lot since I became Secretary. And I just want to say that the way, whenever I approach an issue that I don't really know a lot about, I have to go back and understand how we got to where we got to. I have to go back and really understand the people before me, why they made decisions like they did, and a little bit about the history.

So today what I'm going to do is give you a lesson in history about benefits, just because I had to do this for myself. And this will lead towards, after understanding the history, my thoughts about where we go from here and what those future opportunities are.

So when I started learning about benefits for veterans, I actually went all the way back to the time of the Romans, and this is the earliest I could trace. When Roman soldiers would finish a war, they would actually get rewarded by being given land for their service. But the first time I could find the American history on supporting veterans was in 1636. That's when the Pilgrims of Plymouth Colony were at war with the Indians. And the Pilgrims passed a law at that time that stated that disabled soldiers would be supported by the Colony. Virginia was the first colony that followed with that law in 1644, and Maryland followed Virginia in 1661.

Next, 1776, the Continental Congress, they actually provided pensions to disabled soldiers, but at that time paper money was worthless, and so the soldiers really went destitute; they had worthless paper.

In 1778, this time the officers were offered half of their pay for life during peace time, but again the Treasury didn't have any money and so it just issued them IOUs.

In 1818, President James Monroe introduced the first pension benefit. It was \$20 a month for life for officers and \$8 a month for enlisted soldiers. Congress calculated – this must have been the CBO – that the total cost would be \$500,000, expecting very few people would actually apply. But the cost turned out to be much, much higher. Six times as many veterans applied for the benefit than they had expected.

So in 1820, two years later, Congress had to amend the pension law to include only those that were indigent.

In 1829, President Jackson tried to increase the pension to veterans, but Congress defeated it, said they weren't going to go along with it. But due to the previous pension and the concern for escalating costs, in 1834, Congress held a hearing, formed a committee – you can see we still hold some of these traditions – and found that there were 32,900 men who were still receiving pensions from the Revolutionary War. That was 50 years earlier. So they concluded that the system was filled with fraud and abuse in the system. But that didn't stop Congress.

A few years later, in 1836, they expanded the pension, this time for widows of soldiers. The first home for veterans in the United States was the Naval Asylum. So this is the first time the government went out and started building places where veterans could go. In 1834, it began to accept its first retired Navy sailors. And that building still stands today in Philadelphia, although a new Naval building was built in Gulfport, Mississippi, where soldiers actually are able to go after retirement.

On March 3, 1865, President Lincoln, a month before the end of the Civil war, signed the law establishing a national soldiers and sailors asylum. The next day, on his second inaugural address, that's where Lincoln committed the nation that which we still hold as our motto – "to care for him who shall have borne the battle and for his widow, and his orphan." And that's something that today we still talk about a lot.

In the decade after the Civil War, pensions were increased ten times, consecutively. So about the time of Lincoln, you were offered \$75 for a lost leg, \$50 for a lost arm, or if you decided not to take the payment, if you would forego it, you'd be given an artificial limb from the government; every three years they'd replace it for you, for life.

In 1866, this was the year that veterans' services organizations were formed with the sole purpose, maybe like today, to lobby Congress for more help for veterans and to build more soldiers' homes. The largest veterans' organization at the time was the Grand Army of the Republic and you'll find those initials, GAR, on a lot of the tombstones in our national cemeteries today.

Now, right around 1866, that's when morphine was developed, as was the hypodermic needle. And so, you began to start seeing a huge rise of drug abuse among veterans. And in fact, it was estimated that in 1866, there were more than 45,000 veterans who were addicted to morphine. At that time, veterans with drug and alcohol abuse or even mental health issues weren't viewed as being related to conflict of war, but they were really seen as criminals or as weak, and were completely shunned by society and often their families.

In 1878, Treasury Secretary John Sherman estimated that claims for veterans had reached \$150 million. And President Rutherford Hayes at that time expanded benefits by signing the Arrears Act, which extended disability claims beyond five years. Up to that point, you had had a five-year limitation. In 1878, there had been 25,904 claims for a pension filed, but after the Arrears Act, by 1980, that had gone from 25,000 to 138,000 claims filed, a fivefold increase.

In 1885, President Grover Cleveland took office and pensions of soldiers at that time were the single-largest item in the federal budget. Yet Cleveland signed 1453 additional veteran bills to add benefits. So he was the most prolific in terms of expanding benefits.

In 1887, just two years later, Cleveland actually vetoed the dependent pension bill to grant benefits to disabled veterans regardless of whether they were service connected or not. So he vetoed it. And this was thought to be the major reason he was defeated for reelection the next year. So even though he had signed 1400 bills, his unwillingness to support that one bill was thought to be the end of his political career.

When Benjamin Harrison was President, the 23rd President of the United States, in 1890, Congress passed that bill, the Dependent Pension Act, and any veteran who served 90 days or more was eligible for a pension. In 1907, and again in 1912, Congress graduated the payments by age and length of service; so, continued to increase them.

We're now at World War I, 1917. Congress established a new disability system of compensation and vocational rehabilitation for disabled veterans. In World War I, more than 300,000 veterans were wounded, but only 47,000 claims were approved. So it was a pretty steep curve to get approved even at the end of World War I.

The first consolidation of all these veterans' programs, which had been dispersed throughout the government, occurred in 1921 when Congress combined everything to create the Veterans Bureau. The budget of the Veterans Bureau at that time was \$477 million. And Colonel Charles Forbes was put in charge of the Bureau in 1922. And he started to set out construction of VA hospitals across the country because the World War I vets coming back with tuberculosis and psychiatric issues were quite significant.

Now, I don't know how many of you know about Charles Forbes, but things didn't end too well with him. He ended up being arrested and going to jail for having stolen a lot of the money that was supposed to go to constructing VA hospitals.

The second time that the veterans' programs got consolidated was on July 21, 1930, when President Hoover elevated the Veterans Bureau to the Veterans Administration, what we call it today.

In 1931, President Hoover vetoed the World War Adjusted Compensation Act, which would have allowed veterans to borrow up to 50% of their life insurance value. Congress, of course, overrode President Hoover, and so more than three million veterans took advantage of borrowing on their life insurance.

In the summer of 1932, 17,000 veterans of World War I marched on Washington, DC, to demand payment of a bonus that was promised to them. It was never paid. They called themselves the Bonus Expeditionary Force and were dubbed the Bonus Army by the media. And the marchers protested all throughout Washington – outside the White House, the Capitol, other federal buildings – until President Hoover actually had to send troops to clear the campsite where they were all living along the river.

The troops included infantry, cavalry and six light tanks commanded by Major George Patton. And Army chief of staff Douglas McArthur had the command, and his aide at that time was Dwight Eisenhower. So it was the three of them. And the bonus marchers and their wives and children were driven out by the soldiers and their shelters and belongings were burned. Two veterans were shot and killed by police for resisting that type of eviction.

The Bonus Army turned out to be a political disaster for Hoover and was one of the main reasons why they thought that he lost his 1932 election to FDR. In 1935, we're in the Great Depression. President Franklin Roosevelt vetoed a bonus bill to give an additional \$2.5 million to veterans. But again, Congress overturned that veto.

The Disabled Veterans Act of 1943 was passed for veterans with service-connected disabilities, and more than 60,000 veterans of World War II benefited from that.

The GI Bill was signed June 22, 1944, and represented a major advancement in veterans' benefits. Over 7.8 million World War II veterans took advantage of the education benefits at a cost of \$14.5 billion. The GI Bill also created the VA home loan program, which helped build one-fifth of all single-family residences in the United States between 1944 and 1993.

Part of the motivation of why the GI Bill passed was still that fear of what happened with the Bonus Army after World War I. They didn't want to see that repeated in World War II. The GI Bill and the Veterans Readjustment Assistance Act of 1952 were put into place to help those that were newly discharged, particularly coming home from the war.

Now, all of you may have heard of General Omar Bradley. He's the only Secretary whose picture actually hangs in my office to this day. He was the VA administrator from 1945 to 1947, but they brought him back in 1956 – so, nine years after he left being the head of the VA – to chair a committee, the President's Commission on Veterans' Pensions. And what he said was, at that time, "Our present structure of veterans' programs is not a system. It's an accretion of laws based largely on precedents built up over 150 years of piecemeal development."

And so, the commission that he chaired said, "The practice of assisting the veteran in the immediate readjustment to civil life would be most effective. A veteran should receive help when he needs it the most." So he was advocating a different approach towards looking at benefits, instead of it being a piecemeal system, to help people in their transition to civil life.

At that time, in 1956, veterans were 45% of the US population. Let's fast forward 50 years, 2007. The Dole-Shalala Commission found that there was no clear national policy of veterans' benefits and recommended to Congress a complete restructuring of the disability and compensation systems to achieve the following objectives: To clarify the DoD and VA disability systems; to create a single comprehensive medical exam; to provide lifetime Tricare benefits for combat-injured soldiers; to restructure the VA disability system; to determine the appropriate length and amounts of transition payments; to update the disability ratings schedules; and to develop flexibility within the voc rehab and educational programs.

So looking back over these 150 years, at least 150 years, I come to the following conclusions after sort of immersing myself in this history: That the country, our country, is never really fully prepared for the impact of returning veterans. We always seem to be surprised that these people come back and they have all sorts of issues that need our help. That the changes in benefits that we've seen over these 150 years are always politically contentious and they're related to the economic conditions of the country, whether we expand them or essentially have to renege on our commitments to our veterans. And they tend to have no real rationale for why they happen; it's more opportunistic rather than thinking about this with the systems approach.

Some of our disability payments look like they really require the veteran to remain disabled and they create disincentives to recovery. While other of our benefits are enablers, help people restore their function and independence. The system, it appears to me, puts VA in an adversarial relationship with veterans, where they have to come to us and ask rather than we are trying to help them, at least some of our benefits. And lastly, I would say the cost projections always fall short. The actual cost of these programs always tend to be more than what's initially thought.

We also have a very complex system of benefits when we look where we are now. It's filled with red tape, it's filled with uncertainty and difficulty in navigating. The compensation and— the C&P exams, as we call them, are examinations that, to doctors, use equipment that we've never heard of, are based in rules and systems that clearly are outdated. We have a system of ratings and re-ratings where you constantly need to go back and ask for adjustments.

It is difficult often to distinguish service-related disabilities from age-related disabilities. And we have built-in systems to maximize getting more disabled. There are some parts that if you're not above 50% service-connected you will not be able to access other benefits.

Before 2004, military veterans couldn't concurrently receive DoD retirement benefits and VA disability compensation. But in fiscal year 2013, just to give you a sense, we had 59,000 DoD retirees now receiving concurrent payments of DoD retirement, VA disability compensation, Social Security disability insurance. And just for those 59,000, that totaled to more than \$3.5 billion.

In the past 20 years, we've seen a dramatic increase in the average degree of disability, how severe the disabilities are. It had stayed almost flat for the previous 45 years at about 30% disability; that would be the average that it stayed flat up until about 1995. And since then, it's increased by two-thirds, from 30% in 1995 to over 50% this year. So the average degree of disability.

We see veterans coming back for more and more rating decisions and filing disability claims. Eighty-one percent of veterans who file supplemental claims are receiving already monetary compensation from the Veterans Benefit Administration. Forty-eight percent of veterans filing claims are already rated 50% or higher. Ten percent of those who file re-rating claims are already at 100% disability rating when they're filing.

In 1999, just to give you a sense about what's happening with the disability system, 10% of veterans had disability for tinnitus, ringing in the ears. By 2016, from 1999 to 2016, the rate of PTSD[sic] had doubled across the country, and now over 50% of new claims file for tinnitus. So it was 10%; now it's above 50%.

PTSD accounts for 24% of all of our disability payments, about \$15 billion a year. We have nearly 900,000 veterans receiving payments for PTSD, averaging nearly \$17,000 a year.

The next most common or costly disability is sleep apnea at \$3 billion. Then heart disease, followed by depression, hearing loss and diabetes.

Mandatory benefits have really been growing in recent years. In 1980, it was 13.7 billion; in 2017, it's 95.3 billion. Huge increase.

The biggest causes in 2005, we had the presumptives for Agent Orange exposure for diabetes, and several court decisions called the Nehmer decision, which has adjusted payments. In 2011, we had three new presumptives for Agent Orange. We had an average degree of disability increase that we had talked about up to above 50% now. And we've seen a large number of new veterans filing because they're dissatisfied with their current rating system.

VBA's administrative costs have increased dramatically from \$1 billion in 2000 to nearly \$5 billion now in administrative claims. Our contract medical exams, the C&P exams, are about 20% of VBA's discretionary budget.

But when you think about our benefits program, the most successful programs, I believe, are those that are enabling veterans to have meaningful lives and to have independence and security. So when you think about those that have been the most successful, I think, are the GI Bill, the home loan program, our vocational rehab program, our support for those that are severely disabled, our group life insurance programs.

So what should our benefit programs do? I would, in my opinion, suggest that they should be providing financial security for those who are severely disabled. They should be providing mental and physical wellbeing to our veterans, helping them with economic opportunities in pursuing their professional and career development, and reintegration into the civilian community, as was suggested by Omar Bradley, and then again by the Dole-Shalala Commission. I think those are most important.

With those four aims in mind, here are some things I think we should consider in making future policy:

We have to make simpler benefits determinations; frankly, we're spending too much on administrative costs. And we have to let veterans know what they can expect. And they shouldn't have to constantly be refiling claims to get what they deserve.

We have to emphasize service connection disabilities so we aren't compensating veterans for age-related issues.

We have to focus benefits on enabling independence so veterans can succeed on their own because that's what I think leads towards feeling a sense of wellbeing.

We need for there to be continued support for those who are truly veterans, those veterans who have service-connected disabilities making it impossible to get by without assistance. That's a commitment that our country I think has to always uphold.

So what would some of these new benefit solutions look like when we think about benefits design? Well, you're already beginning to see the VA providing some of those solutions. Under Tom Murphy's leadership, we now are introducing this month day-of-discharge determinations – when you leave service, getting a decision on the day of discharge.

We're working towards the day where we can do instant adjudications, where just like you can get a credit score on your phone or on your computer and see whether you are approved for a new credit card, instant adjudications where people get decisions.

I think we need more incentives for achieving wellness and independence. There should be a system that focuses on veterans' abilities, not on their disabilities.

And I believe VA needs to transform into an organization where we are veterans' advocates and we facilitate them getting benefits, not being the gatekeeper of benefits decisions.

So today, here at the National Press Club, I call for a new way of thinking about benefits. I want to see an ongoing dialogue with stakeholders about rationalizing veterans' benefits, a veterans' benefit advisory board that can bring clarity to what we're trying to do for veterans and what's best and how we can do that in the best way.

I think as history has shown me, policymakers just haven't thought strategically about veterans' benefits over these past 150 years. They just kept on piling on benefits without any clear objective in mind, other than patriotic gratitude and political expedience, sometimes more of the latter than the former.

The original GI Bill might be the exception. It started with the veterans' service organizations who were looking ahead to the end of the war with clear, but limited aims of getting returning veterans back into civilian life. And that's the kind of thinking we need to do again. And I look forward to having that discussion with our new veterans' benefit advisory board.

Let me be clear though. This is not about taking away benefits from veterans. This is about making benefits work better for veterans, and in transforming the Department of Veterans Affairs to do better for years and for generations, for future veterans. I think they deserve no less than that.

Thank you very much. [applause]

MR. BALLOU: Now as the questions are starting to fly forward, there are a lot of different questions that have come up during the luncheon. We're going to start with headlines, actually. As we well know, we are barely 24 hours after a mass shooting at the First Baptist Church at Sutherland Springs, Texas. The shooter was a veteran. The shooter also was discovered in his history to have a bad conduct discharge tied to domestic abuse. And somehow he got his hands on a gun and committed this awful tragedy. We had the governor of Texas and the President of the United States sort of issue from the hip proclamations that this was a mental health matter.

As a medical professional, is that a sound thing to do, to come from government, when we really don't know what is going on, especially now since the shooter's deceased.

And second, does this cause you to sort of look at the notion of what benefits should go away depending on what kind of a discharge a veteran receives? Because not just here, but in the Bowe Bergdahl case, his attorney argued for him to not have a dishonorable discharge because that would take away the benefits that he would need to get care because of what happened to him during captivity.

So could you just address Texas and Bergdahl on benefits, since we're talking about benefits.

SECRETARY SHULKIN: I think it should go without saying, this is a very sad situation and a tragedy, not only for the families in the town in Texas, but really for the country. But in my opinion, I do not consider him a veteran. That would give him much more respect than he deserves. He is a criminal, and I think that he was convicted and with a dishonorable discharge does not deserve to have the same title as the men and women who have served this country and have honorably been discharged.

There is a distinction between those that have received an other than honorable discharge and those that have received a dishonorable discharge, bad conduct. And we have distinguished between those two. Those with other than honorable discharges, we do believe are in need of our assistance and help, particularly with mental illness. And I have, as Secretary, authorized the provision of emergency mental health services for those that are other than honorable because we know that they're at a higher rate of suicide and homelessness.

Those with bad conduct discharges, such as this gentleman, have violated the law, have violated our morals and ethics, and I do not believe deserve the types of services and benefits. And VA would not be providing those benefits. This is not a person who's ever been treated in the VA system, and would not be eligible for those benefits.

So it's sad. I don't think we know enough about his state of mind to give him a diagnosis. Unfortunately in this world, there are people that are evil and there are people that are criminal. And you don't always know the reason why, but I certainly believe that he was an evil person.

MR. BALLOU: And what about in the case of former sergeant, now former private Bergdahl and his plea to get benefits because of what happened to him in captivity? That's a unique experience.

SECRETARY SHULKIN: Again, he's a person that has received a bad conduct discharge, and we would not recognize him as having the ability to receive benefits at VA. I don't believe that he honors those that have served and have worn the uniform proudly. And it doesn't mean that as a physician and as a compassionate person that I do not— I certainly want him to get the help that he needs, and believe he should have access to treatment. But it would not be in the system that's supported by the Department of Veterans Affairs.

MR. BALLOU: So the system shouldn't change, in your view, bottom line.

SECRETARY SHULKIN: I think our system does need to change. We need to change in recognizing that many of those that have other than honorable discharges, not bad conduct discharges, but other than honorable discharges are there because of a need for mental health services and behavioral issues. And I do believe our system needs to change to begin to start providing those services to them. I believe there's a very small segment, two individuals that we're talking about today, that have violated basic legal and moral and ethical behaviors that we do not owe those same rights to. Now, they have other systems that I believe they could get the help that they need, whether they're prison systems or other community-based systems. But not the Department of Veterans Affairs.

MR. BALLOU: You talked about wait list and things of that nature. Recently, the Omaha World-Herald and others have unearthed that there are unauthorized wait lists in Omaha and maybe other places were concealed, they were unauthorized, and a number of veterans were basically recent[?]. Are you aware and confident that these issues are now resolved in terms of— we heard a lot of talk about trying to reduce the backlog, trying to reduce the wait list, and now these wait lists are popping up in some places. Are you confident that this effort to drill down is resolved? Or do you have a long way to go?

SECRETARY SHULKIN: Well, we have come a long way since the wait time crisis in 2014, where it looked like there was systemic problems in the way that we scheduled patients. We were not thinking about wait times in the way that we think about them today, which is through a clinical lens, which is which veterans need care the most urgently now, which is the way that we do it. So we've come a tremendous way.

But look, let's put this situation in Omaha into context. We have over 350,000 employees in the Department of Veterans Affairs. We are the largest system in the entire country. We're talking about two employees, two employees that scheduled and did not follow our proper procedures. To label the entire Department of Veterans Affairs as having a systemic issue when you're talking about two out of 350,000 employees would be irresponsible.

Those two employees no longer work for the Department of Veterans Affairs. Those two employees were discovered and actually found by the Omaha VA facility. So they did exactly what you'd want them to do. They were monitoring their own policies and procedures, identified two employees that were not following the procedures, took appropriate accountability actions, and then retrained all of their staff to make sure that they were following procedures.

Am I going to say that we don't have a constant issue with retraining? We have 30,000 people who schedule appointments in the VA. They are often GS-4 and -5 employees. Of course we have to always be vigilant in monitoring our systems and retraining and improving. But this does not necessarily represent that the VA has fallen back to the problems that we had in 2014. Far from that.

We're making progress. We still have a ways to go. We will stick at this till we get

this better and better. But each day I think we're getting better.

MR. BALLOU: One aspect of that is the notion of whistleblowers. And still a lot of my colleagues have reported that whistleblowers still feel retaliation is an issue, which would go back to dealing with issues like secret wait lists, and things of that nature. And not necessarily just that issue, but a whole range of other issues. What reforms are you instituting to make sure whistleblowers are protected, to make sure the system becomes better?

SECRETARY SHULKIN: Well, one of the very first executive orders that President Trump signed and that I had asked him to support was to allow me to establish the office of whistleblower protection and accountability, reporting directly to me. Today, we stood that up. We actually have working in that office whistleblowers themselves, like Brandon Coleman who was at the center of exposing the problems in 2014 at Phoenix.

And so, we are taking seriously whistleblower protection. The accountability law gives additional protections to whistleblowers. And we are not only taking those seriously, but making sure that retaliation does not occur.

I should say though that one of the issues that we're dealing with is that way too many people are claiming that they're whistleblowers when that's not an appropriate definition. It is not acceptable to be a whistleblower when it is your job to do that job and you're falling short, and rather than to be held accountable, you declare yourself a whistleblower.

So we are going through a very concise course, an accelerated course on how you change a culture in VA; that is, to allow people who really are identifying issues and declaring themselves whistleblowers appropriately, to get that information to us so we can act on it. But also to hold people and managers accountable for what their jobs are, and not to be able to just claim whistleblower status when that's not appropriate.

And finding this balance and adjustment in such a large organization that's run the way that it has for decades and decades, without true accountability, is going to be a learning curve. And we're going to have some ups and downs as we go through this process. But that's why this office reports directly to me. And it's part of my job as Secretary to define what that culture is and to transform this organization.

MR. BALLOU: Going through your extended history of benefits, you touched on drug abuse. Opioids is a massive problem in the country and in particular, since you specified the history, amongst veterans. Now that the declaration's been made by the President, what are the next steps that your office is doing to get those recommendations up and running and to try to get at reducing the opioid crisis as it relates to the nation's veterans?

SECRETARY SHULKIN: Like many of the problems in American healthcare, it is the VA system who sees and recognizes these issues first. Many of the public health issues we've identified and been out in front of – Hepatitis C, the issue of suicide that I'm talking about, which is an issue among veterans, but for all Americans this is a public health crisis. And the opioid crisis was no different. VA recognized this as a major national problem in

2010 when nobody else was talking about the opioid addiction. We initiated then the Opioid Safety Initiative, and since then we've brought opioid use down among veterans by 36% across the country.

I was at a facility last week, Coatesville, Pennsylvania, where the use rate on opioids is 4%. The national average in VA is around 12%. So we have sites like Coatesville, and also Cleveland, Ohio, where our rates are down at really very, very low levels. We've done this through a multifaceted program. We have an acronym, as everything in VA has an acronym. This one is called STOP PAIN, and it goes through so we can show others in American healthcare how to effectively begin to address this. It's on our website; I won't go through it for you now.

But we not only will continue to work on what we know works, which are best practices in healthcare, but having participated in the opioid reduction committee, the President's committee, chaired very aptly by Governor Christie of New Jersey, that has really allowed me to refocus the organization's efforts to double down on what's working, to go out there and to talk about this more, and to really de-stigmatize the issue of substance abuse and mental health, to be able to help start allowing people to talk about it and family members to ask for help among veterans who are in need.

So I believe what the President has done by focusing his efforts on this – this is important to the President, you know he shared about his own family history of addiction – this has allowed us, I think, to accelerate our progress and to keep focused on this very important issue.

MR. BALLOU: There have been several questions received on the subject of Agent Orange and benefits from the VA. Recently you talked about you launched a review to find out if the VA should expand the list of presumptive disabilities – bladder cancer, diabetes, you name it. Where does that review stand? And are you ready to make an announcement today on whether or not a policy has been revised in terms of allowing more ailments to expand the list of what qualifies to– which ties of course to benefits again, for VA covering ailments related to Agent Orange.

SECRETARY SHULKIN: I'm glad to clarify the situation since I think that it may be a little bit murky. VA has undergone extensive study of the issue of Agent Orange and its relationships to a number of comorbidities. I reviewed in the benefits talk today the first time that we really acknowledged that was 2005. We added more presumptives in 2011. And we have been studying additional conditions.

That report was handed to VA back in early 2016, and VA was required to give a report on that within 60 days of the data coming back in. This is an example of where VA is not performing at an acceptable level. That decision has been delayed and delayed and delayed. I made a commitment I would not delay that any further as Secretary; I would make a decision by November 1st of 2017, which was last week.

I can assure you, I spent a great deal of time personally looking at all of the data on

the presumptives and I have made a decision. And people who know me understand, I'm not usually a gray person. I make decisions and I believe that's my job as Secretary to make those decisions. I have made a decision. I have passed that on in the process that we follow in the federal government so that that can go to the appropriate parties who have to take that decision that I've made and put a financial figure to it, go through the legal ramifications of that decision, and then that will be put into rulemaking processes. And that is exactly what's happening. I'm not announcing what the decisions that I've made are other than I have made those decisions and I've passed them on along the process.

So it should be a short few months before the regulation and rulemaking processes will begin. And that's part of not allowing things to sit in VA.

MR. BALLOU: Are you sure? You're at the National Press Club, you can announce your decision right here.

SECRETARY SHULKIN: My intention is to do what's right for veterans. And if I were to not honor the process that's used, my fear is I would hurt the ultimate outcome of getting veterans the benefits that they deserve, a responsibility that I take very seriously.

So I'm protecting the sanctity of the process that has been used by previous Secretaries and administrations, and that's the reason. It's not because I don't know what I believe the right answer is. It's because I want to get to the right outcome for veterans.

MR. BALLOU: So a few months; like two months? Three months? People are looking for a target.

SECRETARY SHULKIN: Listen, I love targets. I usually announce the dates exactly when we're going to be announcing things at VA. I wish I had a date. Since I don't control that process, I don't have a specific date for you. I've asked for one, and hopefully we'll get one soon, but I think it's a matter of a few months, not anything longer than that.

MR. BALLOU: So watch this space.

SECRETARY SHULKIN: Yes.

MR. BALLOU: You talked about financial management and how benefits have ballooned in terms of the budget. Has fiscal management improved, in your view, in the number of arenas in terms of federal affairs?

SECRETARY SHULKIN: No. We have great difficulty in doing financial projections so that we can understand our needs and also how we can provide services. And we have a great deal of problems on delivering projects on time and on budget.

I do not want to deflect the responsibility and accountability that we have in this. We clearly own a lot of those issues. But much of this, when I look at this from my private sector background and where this is, as a chief executive I have to be accountable for financial

decisions and financial projections. Much of the difficulty has to do with the complexity of laws that we are given by Congress. So I will give you an example:

We have been very challenged multiple times in projecting our choice funding, which is our care in the community funding. Well, if you had to run a program that was in seven different silos, seven different checking accounts, and you had to use the following rules, you can't record your checks and your checking account when you spend the money. You have to guess at the time that you are thinking about a decision what it's going to cost. So we have to record our obligations at the time that we send a veteran out for care, but we have to guess – are they going to see the doctor one time, ten times, 15 times? Will they be in the hospital? Will they require surgery, home care?

So doing financial projections when you're really asked to be looking through a crystal ball is something I've never experienced in the private sector, nor would I ever recommend it to anybody who wanted to run a fiscally sound organization.

So we are working now with Congress, with both our committees in the Senate and the House, to come up with financial rules that will serve the American public and veterans better, that are predictable, easier to use, easier to manage. And then let us be accountable for a rational system rather than what we have now, which is a system that's completely irrational.

MR. BALLOU: Before we get to the last question, a couple of coming attractions. And before that, we have to actually give you what we give to all of our Headliners, the traditional National Press Club mug.

SECRETARY SHULKIN: Is it worth less than \$20?

MR. BALLOU: Yes. No gift rule violation going on.

SECRETARY SHULKIN: Oh, good. Thank you.

MR. BALLOU: And a couple of things I wanted to go over in terms of the upcoming calendar, some coming attractions. This week we'll have Chris Matthews coming through to talk about his new book on Bobby Kennedy, *A Raging Spirit*. That'll be on Wednesday. We have the president of the World Bank on November 20th, Dr. Jim Yong Kim. We also have Donna Brazile, former DNC chair, coming through with her book on December 12th, *Hacks*.

We're both Pennsylvania guys. How far are your Eagles going to go this year? I'm a Steelers guy, so you know.

SECRETARY SHULKIN: I think it's Eagles all the way. [applause]

MR. BALLOU: Thank you.

SECRETARY SHULKIN: Thank you very much.

MR. BALLOU: Please remain in your seats while the Secretary departs. If you want information on this and other activities here at the National Press Club, go to *www.Press.org*. We are adjourned. [sounds gavel]

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