



HOUSE BUDGET COMMITTEE

Democratic Caucus

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Budget in Brief: Six Noteworthy Facts About the Bush Veterans Budget

Budget Cuts Funding for Veterans Medical Care for 2005 — The President's 2005 budget provides \$29.8 billion for appropriated veterans programs, which is \$257 million below the amount that the Congressional Budget Office (CBO) estimates is needed to maintain purchasing power at the 2004 level. Almost all appropriated funding for veterans pays for medical care and hospital services.

Picture Gets Even Worse After 2005 — In a sharp break with all previous budgets, the President's 2005 published budget materials do not show funding levels beyond 2005 for appropriated veterans programs (or any other programs). The Administration's computer tables reveal, however, that over five years the budget for appropriated programs for veterans is \$1.4 billion below a freeze at the 2004 enacted level and \$13.5 billion below the amount needed to maintain programs and services at the 2004 level (taking inflation, but not caseload increases, into account). The projected funding levels for 2006, 2007, 2008 and 2009 are all lower than the 2004 enacted level in nominal terms. The Secretary of Veterans Affairs has admitted that the funding levels for 2006 through 2009 in the President's budget may not be realistic.

Secretary of Veterans Affairs Sought Additional Funding — The Secretary of Veterans Affairs has testified that the VA budget for 2005 is \$1.2 billion below the amount that the VA requested from the White House.

Budget Requires an Enrollment Fee for Priority Level 7 and 8 Veterans — The budget imposes a \$250 annual enrollment fee for medical care on Priority 7 and Priority 8 veterans. These are veterans without service-connected disabilities rated above zero percent who also have incomes above VA means-tested levels. During 2004, these income thresholds range from incomes of \$25,163 or more for veterans with no dependents to \$36,950 for veterans with five or more dependents. The budget assumes that these fees will drive some veterans out of the VA system and will generate \$1.5 billion over five years. Congress rejected this proposal last year.

Budget Increases Co-payments for Priority Level 7 and 8 Veterans — The budget increases pharmacy co-payments for Priority 7 and 8 veterans from \$7 to \$15. The budget assumes that these new co-payments will drive some veterans out of the VA system and will generate \$747 million over five years. Congress rejected this proposal last year.

Budget Stops Enrollment of New Priority 8 Veterans — On January 17, 2003, VA stopped enrolling new Priority 8 veterans for medical care. The budget continues this policy.