Vietnam Veterans of America

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STATEMENT FOR THE RECORD

OF

Vietnam Veterans of America

Submitted By

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Before the

House Veterans Affairs Committee
Subcommittee on Health

Regarding

The Department of Veterans Affairs
Fiscal Year 07 Budget Request
For the Veterans Health Administration

February 14, 2006

Chairman Brown, Ranking Member Michaud, Members of the Subcommittee, thank you for giving Vietnam Veterans of America (VVA) the opportunity to make our views known here today about the fiscal needs of the Veterans Health Administration (VHA in fiscal year 2007).

GAO Report-06-359R on "Management Efficiencies"

On the eve of the Administration's budget submission to Congress, both the Chairman and Ranking Member sent press releases regarding the findings of important studies they had requested from the Government Accountability Office. Ranking Member Evans also joined Senator Akaka, the Ranking Member of the Senate Veterans Affairs Committee in releasing a report that indicated that VA essentially "manufactured" management efficiencies to fit into the "bottom line" of the approved funding level in fiscal year 2003 and 2004. Concerned about the events which led to the need for supplemental funding in fiscal year 2005 and a revised budget request for fiscal year 2006, Chairman Buyer has reported preliminary findings from a report he has requested about the flawed methodology VA was using to determine veterans' demand for services.

Both of these reports cast shadows on the credibility of the Administration's request for fiscal year 2007. VVA does not believe that the fault lies with the so-called "bean counters", however.

Instead, VVA believes that Vietnam Veterans of America and the other members of the Partnership for Veterans Health Care Budget Reform are correct to share the view that the current system we have for funding veterans' health care is fatally flawed. It must use residual funding after all the other political priorities are accommodated.

This faulty process currently being used has led us to a budget that is based not on veterans' demand for services or medical inflation, but on whatever funds the Office of Management & Budget (OMB), working with VA, has determined, are available to be provided. The budget methodology must somehow provide a justification for these inadequate figures; so impossible "stretch goals" for management efficiencies and impossibly conservative projections of veterans' health care utilization are imposed.

Mr. Chairman, VVA hopes we can stop this game and look at some real changes necessary to get the veterans budget funded at an adequate level. We urge you to hold hearings on alternative means to fund veterans' health care. VVA has joined with the rest of the Partnership in asking you to consider an assured funding bill which bases annual increments on growth in the veteran beneficiary of services population as well as health care inflation as one of the possible alternatives.

The Bad News Is the Good News Is Wrong

After the funding debacles in the Veterans Health Administration (VHA) in fiscal year 2005 and fiscal year 2006, the budget request for fiscal year 2007 is again being touted as something of a windfall for VA health care. It was even greeted as a great budget by the press, extolled as the third largest percentage increase this year of any Federal agency or department, only behind the Department of Defense and the Department of Homeland Security as to the requested increase.

VVA hopes, now that you have had the opportunity to more closely examine the submitted request for FY 2007, that this is not the prevailing view on this Committee. Vietnam Veterans of America believes that this budget will not even allow VA to tread water, and it will certainly not restore the base that has been so seriously eroded by medical inflation and the huge influx of veterans who choose to use their health care system. This budget does nothing to correct the now officially discredited so-called "management efficiencies" of the past few years.

This budget assumes that the $28.772 Billion in appropriated dollars for this year (FY '06) and calculations of $2.054 Billion in third party collections will be enough to maintain Veterans Health Administration (VHA) employment at 197,650 and full operations of all medical operations without again having to dip into funds for vitally needed construction or modernization, or having to ration care – yet again. In fact, VVA has reports of shortfalls at medical centers from all over the country. In some Veterans Integrated Service Networks (VISNs), it has been reported to us that allegedly the Medical Centers (VAMC) Directors have been told to reduce their staff by at least 2%.

In other VISNs, the VAMC Directors have reportedly been told to find ways to "save" money, which may include staff reductions, may include rationing of medical devices, and many other measures to keep within impossibly low allocations of money provided to the VAMC, ostensibly for the safe and effective operation of their medical facility. Frankly, OMB and VA are very much afraid of another public shortfall in funding this year, which would happen if not for these behind the scenes maneuvers. Even with the increases provided by the Congress, there simply is just not enough money in the FY 2006 budget to maintain safe and effective medical services to the current population served, much less serve as the publicly announced and presumed base on which the requested FY 2007 budget is predicated.

In any case, VVA does not believe the VHA will finish the year with anywhere near the announced 197,650 employees. VVA is particularly concerned about the effects of this cut on the specialized services, such as Visually Impaired Service and Training (VIST) centers, the services available in mental health (particularly PTSD), on Spinal Cord Injured veterans and the specialized units that must be available to treat this special category of veterans, on acute care services, and on prosthetics. It is already clear that there is in effect rationing of prosthetic devices in some areas.

The FY 2007 budget request still retains misbegotten policies such as enrollment fees and increases in co-payments, which have been considered and rejected by this Committee and others in Congress time and time again. It continues the degradation of the VA's long-term care—particularly nursing home--program for veterans. VVA hopes and trusts that this Committee and the Congress will reject the increased fees, and will not further reduce vitally needed long term care bed capacity.

It also keeps in place the suspension of enrollment of legally eligible new Priority 8 veterans. The "temporary" suspension of January 2003 has become a permanent bar to enrollment of these veterans. In effect, it is changing the law without full debate and public scrutiny, which is of course a less than open and honorable way to do business.

VVA recommends $35.7 billion (plus what the VA projects to be $2.2 billion in collections; if the otherwise eligible veterans are allowed to register, then they would obviously have co-payments that would increase

the collections by a substantial amount) as an adequate funding level for the medical care business line in fiscal year 2007. This is more than $5 billion greater than the fiscal year 2006 funding level, and more than $4 billion more than requested by the President for fiscal year 2007.

VVA's recommendation would allow the reinstatement of eligibility for enrollment of new Priority 8 veterans and does not assume the new cost sharing for veterans meant to discourage their use of the system. VA's proposal attempts to discourage 235,000 veterans from using VA services and more than a million from enrolling would be stopped, as well as allowing those currently "frozen out" to enroll and use the system. We estimate that about half a million new veterans—about 5.9 million users and 8.4 million enrollees—would enter the system as a result of maintaining co-payments at current levels and reinstating Priority 8 veterans. This would be about a 9% increase in utilization, including new use by some veterans—such as new Operations Iraqi Freedom and Enduring Freedom veterans—considered "high priority."

Accordingly, VVA's proposal would fund about 25,000 new employees—mostly clinicians such as doctors and nurses in the medical services budget. This staffing increase of about 18% more than levels estimated in fiscal year 2006 would also allow VA to eliminate current waiting times—about 50,000 veterans are waiting more than 6 months for care, to increase the service intensity to an aging veteran population, to fully implement the Secretary's laudable "Wellness Initiatives" and to restore and enhance long-term care and mental health services. It would allow some enhancement of some services in high demand from our troops from the war on terrorism, such as dental care.

Even with NOT allowing all statutorily eligible veterans to enroll and use the system, VVA believes that the system cannot maintain safe, effective, and efficient medical care services to the veterans currently in the system and those who are category 1 through 6 with the funding proposed for FY 2007. First, the $ 1.8 Billion in illusory "efficiencies" documented by the GAO must be added to the Administration's request for approximately $31.5 Billion in cash taxpayer dollars to restore that lost organizational capacity. Additionally the $135 Million in "management efficiencies" cited in this budget submittal must be accounted for. Additionally, VVA believes that an additional $2.2 to $2.4 Billion is needed to provide the safe operation of

acute care units and also provide the specialized services needed by veterans of every age, but particularly veterans and service members returning from Operation Iraqi Freedom/Operation Enduring Freedom (OIF/OEF). We particularly need to concentrate on reaching veterans in highly rural areas, given that 60% of our OIF/OEF forces come from rural areas.

This budget must ensure that it has adequate mental health services, not only to meet its current veteran patients' needs, but also to meet the needs of troops returning from Operations Iraqi Freedom and Enduring Freedom. Estimates of the needs of these troops vary, but all are high—from 17-25% may have post-traumatic stress disorder or some other post-deployment issues who require clinical care. In addition to the full range of services for post-traumatic stress disorder treatment, a wide range of mental health services must be available to meet these new veterans' needs—from family counseling to substance use disorder treatment to homelessness interventions.

Increasing staff levels to adjust for the intensity of services is necessary and, in fact, was one of the factors cited in the Office of Management and Budget's request for emergency funds. The largest populations of current users are now Vietnam Era veterans—there are 8.1 million of us according to VA statistics. Most Vietnam era veterans are between fifty and sixty years old—an age range in which many chronic diseases—some the byproducts of our military experience—are uncovered. Such diseases as type II diabetes, Hepatitis C, hypertension, various cancers, and cardiovascular disease will be found at increasingly high rates as the Vietnam era population ages. VA's user population already includes disproportionate representation of individuals with infectious diseases such as AIDS. VA has become an industry leader in providing appropriate preventive care and disease management interventions, but such care requires staff time for patient education, consistent and appropriate use of pharmaceutical therapies, and training in the proper use of medical equipment. While such care ultimately prevents or limits the use of hospitalizations and thereby saves money, upfront diagnostic work and stabilization of chronically ill patients is costly.

More adequate staffing may also allow VA to finally ensure that it has a detailed military history for every veteran using its system that is part of the automated patient treatment record. Military histories can help VA identify

exposures or experiences that might put certain veterans at risk for various diseases. This is clearly true of veterans returning from recent operations in the Gulf or Afghanistan where immediate screening for post-traumatic stress disorder and other post-deployment mental health issues could be the difference between an episode of care and a lifetime of care. But military histories may also aid in identifying and assisting veterans who knowingly or unknowingly had unique exposures to such environmental or occupational hazards as depleted uranium, Agent Orange, ionizing radiation, pesticides, or even biochemical weapons, such as Sarin nerve gas found at Khamisiyah.

About 10 million veterans are more than 65 years old—a time when health care utilization is at its peak. VA health care users are also a group—particularly now that potentially wealthier and healthier veterans continue to be prohibited from enrolling—who are more difficult to treat than the general veteran population because of co-morbidities, poverty and social isolation.

These demographics also make the case for rebuilding the once robust long-term care system in the VA. In our view, long-term care includes a range of services from interim rehabilitative care to non-institutional long-term care (such as home and respite care and adult day care), to custodial care which, unless there is considerable improvement in a veteran's health status, should be available throughout the remainder of that veteran's life. Long-term care policy remains a difficult issue to address. VVA will stipulate that VA's oft-cited refrain, "No one wants to live in a nursing home" is true, but unfortunately for some there is no other humane option. Also, unfortunately for America's frailest veterans, VA does not value the role it has played in offering custodial care to those who need it. Every recent budget submission from the Administration has sought to curtail VA's role in providing long-term care and this continues in fiscal year 2007. VA does not appear interested in preserving its beds for this mission and sought to eliminate 3200 long-term care employees in fiscal year 2006. It is now reviewing the law that prohibits it from discharging the most highly service disabled veterans without the veterans' consent.

In FY 2006, the Administration also proposed offloading its role in paying for care for many of the veterans receiving care in state nursing homes. State nursing home directors told Congress that the proposal would cause about 80% of the state homes to close effectively putting to rest a successful

partnership between the states and the federal that has existed for more than 100 years. We want to thank this Committee for its role in helping to shelve these proposals—hopefully for the indefinite future. The emergency funding in fiscal year 2006 sought from VA also requested $600 million for long-term care perhaps indicating that Congressional pushback may have led the Administration to reconsider its proposals. We hope they do not re-emerge in fiscal year 2007 and that this Committee remains steadfast in its support of the state homes and the prohibition of eliminating nursing home capacity and treatment mandates for the highly service-connected.

VVA projects that inflation and increased utilization will cost the VA about $1.8 billion in fiscal year 2007. These costs include inflation for pharmaceutical drugs, durable medical and contracted services—the increases for these items are highly likely to exceed general inflation.

VVA commends Congressman Evans for his joint request with Senator Akaka for the Government Accountability Office's recent report entitled, "Limited Support for VA's Efficiency Savings." Looking at per capita costs for VA compared to the general population and Medicare enrollees, there can be no doubt that VA is an efficient provider. In fact, resources have become far to spare in an environment with costs that are often increasing at double the rate of non-medical items and in which users have almost doubled in the last decade. According to GAO's report, there was never a basis for the efficiencies VA was supposed to find in fiscal years 2003 and 2004—the President was simply unwilling to request the funds that were necessary to support veterans' growing demand.

Unfortunately the Administration continues to make brazen use of these sham savings—in fiscal year 2007 another $135 million savings is imposed to the $1.8 billion budget hole that has accumulated since 2002.

In the last few years, VA has spent millions of dollars on a plan to restructure the VA health care systems capital assets. After extensive study—although some of us believed it was flawed due to the absence of mental health and long-term care in its models—the report called for about $6 billion to be invested in the system. VVA believes this indicates the magnitude of the problem of a crumbling infrastructure for the most part built in the 1940s and 50s. The promises of CARES seem far from fulfillment as medical facilities coffers continue to be robbed to pay for

medical services operations. It must be disheartening for the hard-working and dedicated employees of VA to compare the state of many of their facilities to those in the community. Some of VA's hospitals are barely maintaining accreditation because they cannot meet privacy and access standards due to overcrowding. VA has delayed vital capital equipment purchases and non-recurring maintenance projects in order to fund veterans' health care. This must stop. As veterans, dilapidated and over-crowded facilities are symbolic of the lack of commitment the federal government has to those who have served or would serve their nation. We must do better. Congress should restore and enhance the medical facilities budget by at least $.5 billion for medical facilities in fiscal year 2007. It should increase VHA's portions of major and minor construction by $1 billion.

This authorizing Committee has made little use of the power of the purse to ensure that VA is responsive to the will of the Committee in the past. We urge you to work with the Appropriations Committee this year to ask for some line items and for report language that will force VA to be more accountable to the Congress, and not just do whatever it wishes at any given time on several issues of vital importance to veterans. VVA believes that at least some of those items are as follows:

- Provide an additional $18 million in "fenced" money to the Readjustment Counseling Service for an additional 250 permanent employees. This would provide for a family counselor with PTSD skills in each of the 208 Vet Centers nationwide, and another 30 staff to cut down on the "managing of vacancies" that is now going on just to keep all of the Vet Centers open.

- Provide a 10% increase in Research & Development funds, of which $25 Million would be a line item for the National Vietnam Veterans Longitudinal Study (NVVLS); further that report language provide that VA must let a contract to a viable vendor within 90 days of passage, properly manage the contract this time, and that the final report should be delivered to the Congress not later than September 30, 2008. Frankly, without the NVVLS, the VA will continue to underestimate the needs of combat veterans of all ages, but particularly the service members and veterans returning from OIF/OEF.

- Provide for additional reporting data on the Visually Impaired Service & Training Centers, the Multi-Trauma Centers, and other specialized services to ensure that these services, as well as all grants (such as the Mental Health, PTSD, and the OIF/OEF PTSD Outreach grants are being properly administered and that these funds are not ending up in the general funds of the VA Medical Centers that received these grants for specific purposes.

If Congress enacts an appropriation that provides for these basic adjustments—what we consider an adequate budget for VA in fiscal year 2007—it should then seriously consider how it intends to fund VA in the future. VVA is a member of the Partnership for Veterans' Health Care Budget Reform and believes that assured funding is the best and most straightforward response to the funding dilemma the Administration and Congress confront in each fiscal year.

In the near future, VVA plans to debut its revised position paper on the need for greater funding for veterans' health care, whether by means of assured funding or another reliable methodology. This paper will show that VA users' per capita spending—even without taking into account the effects of inflation—has been relatively constant since 1996 over the same period of time that national per capita and Medicare enrollee per capita costs have doubled. There can be no doubt that VA has become more efficient. The real question is whether or not VA is in a position of rationing care for those in the system, not as a matter of policy or intent, but just simply because there are too few people trying to properly serve the veterans they care about.

Let's give VA a fair and adequate budget that reflects a nation's gratitude for veterans' service. Let's stop playing games with defining the system's true needs and use a budget methodology that is transparent and rational.

Mr. Chairman, again, thank you for the opportunity to make our views know to this Committee for the Record. VVA looks forward to working with you and other members of this Committee to improve the funding – and the accountability - for veterans' health care.

VIETNAM VETERANS OF AMERICA
Funding Statement
February 16, 2006

The national organization Vietnam Veterans of America (VVA) is a non-profit veterans membership organization registered as a 501(c)(19) with the Internal Revenue Service. VVA is also appropriately registered with the Secretary of the Senate and the Clerk of the House of Representatives in compliance with the Lobbying Disclosure Act of 1995.

VVA is not currently in receipt of any federal grant or contract, other than the routine allocation of office space and associated resources in VA Regional Offices for outreach and direct services through its Veterans Benefits Program (Service Representatives). This is also true of the previous two fiscal years.

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Richard F. "Rick" Weidman serves as Director of Government Relations on the National Staff of Vietnam Veterans of America. As such, he is the primary spokesperson for VVA in Washington. He served as a 1-A-O Army Medical Corpsman during the Vietnam War, including service with Company C, 23rd Med, AMERICAL Division, located in I Corps of Vietnam in 1969.

Mr. Weidman was part of the staff of VVA from 1979 to 1987, serving variously as Membership Service Director, Agency Liaison, and Director of Government Relations. He left VVA to serve in the Administration of Governor Mario M. Cuomo as statewide director of veterans' employment & training (State Veterans Programs Administrator) for the New York State Department of Labor.

He has served as Consultant on Legislative Affairs to the National Coalition for Homeless Veterans (NCHV), and served at various times on the VA Readjustment Advisory Committee, the Secretary of Labor's Advisory Committee on Veterans Employment & Training, the President's Committee on Employment of Persons with Disabilities - Subcommittee on Disabled Veterans, Advisory Committee on Veterans' Entrepreneurship at the Small Business Administration, and numerous other advocacy posts. He currently serves as Chairman of the Task Force for Veterans' Entrepreneurship, which has become the principal collective voice for veteran and disabled veteran small-business owners.

Mr. Weidman was an instructor and administrator at Johnson State College (Vermont) in the 1970s, where he was also active in community and veterans affairs. He attended Colgate University (B.A., 1967), and did graduate study at the University of Vermont.

He is married and has four children.