

Ms. Deirdre Parke Holleman, National Legislative Director, The Retired Enlisted Association

TESTIMONY OF

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National Legislative Director

Of

THE RETIRED ENLISTED ASSOCIATION

Before a

HEARING

Of the

SENATE VETERANS AFFAIRS COMMITTEE

On

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DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Retired Enlisted Association does not currently receive, nor has it received during the current fiscal year or either of the two previous years any federal money for grants or contracts. All the Association's activities and services are accomplished completely free of any federal funding.

Mr. Chairman, Senator Akaka and members of the Committee : It is always an honor for The Retired Enlisted Association to testify about the needs and concerns of America's veterans and their families and survivors.

The Retired Enlisted Association is a Veterans Service Organization founded over 40 years ago to represent the needs and points of view of enlisted men and women who have dedicated their careers to serving in all the branches of the United States Armed Services active duty, National Guard and Reserves, as well as the members who are doing so today.

Today there are hundreds of thousands of enlisted men and women serving in war zones and dangerous locations throughout the world. While they protect our freedom we all embrace the duty to make sure that when they return they will find all the care and benefits they need and were promised. This includes health care and education and much more. The Nation also has a sacred duty to provide for the survivors of those who will not be coming back. We also have a duty never to forget those who protected us in past years and conflicts and to make sure that they are properly cared for and treated. It is an honor for TREA to be a part of the noble work that Congress, the VA and our brother and sister organizations do to make sure that these goals are reached.

VA HEALTH CARE

As always when appearing before you our first concern is to make sure that first rate and adequately funded healthcare is available for our Veterans. Last year was a shambles that no one wishes to occur again. We are happy and relieved that the Department has requested \$80.6 billion for its budget for FY07. This includes \$34.3 billion for Health care. This is a reasonable and rational number and TREA is pleased. However there are

calculations and proposed income sources that we are opposed to or do not believe will

materialize. Additionally, there are some programs that we are still concerned will not be adequately funded. The GAO report requested by Congress, "VA Health Care: Preliminary Findings on the Department of Veterans Affairs Health Care Budget Formulation for Fiscal Years 2005 and 2006" GAO-06-43OR February 2, 2006, indicated that the VA's internal process for formulating the medical programs funding requests were informed by, but not driven by projected demand. We hope that this Committee will carefully oversee the funding levels needed for several crucial programs that are likely to see large increases in needs of services. These include the 2 year qualification for healthcare that all returning veterans from Iraq and Afghanistan are entitled to have at the VA as well as the need to increase the number and size of the polytrauma centers dealing with the large numbers of severely and multiple injured veterans who are returning home and looking to the VA for hope in their future lives. There are presently 4 of these centers but we may very well need more as the War on Terror continues. There is also likely to be a substantial increase in the necessity of mental health services (both outpatient and in patient) for Veterans returning from the War. And for older Veterans there will be growing need for nursing home care. TREA is concerned that the budgetary calculations have not been sufficiently increased. We hope this Committee will again exercise its oversight function to make sure as the next year goes on that sufficient funds have been requested and will be obtained. It is critical that the VA's healthcare service is fully funded. And that that this full funding is predictable so the VA can truly make sensible long term plans rather than living from year to year's budget with no ability to predict the next several year's finances. We are also deeply concerned that a segment of the VA's increased health care budget, once again, rests in part on an expectation on proposed increases in enrollment fees and prescription drug co-payments. In the past year the Department raised the Co-pay for drugs from \$7 to \$8. This may not sound like a great deal at first glance but that is when you are looking at 1 prescription. Many veterans are not taking 1 medication a day but 10 or 15. Even a small increase in the co-pay can have a harsh affect on a veteran on a fixed income. But the proposed budget calls for a co-pay of \$15. This almost doubles the present co-pay. This proposal could be truly financially crippling to many TREA members and we are strongly opposed to it. TREA is also firmly opposed to the proposal of a \$250 enrollment fee. Categories 7 and 8 members would be required to pay the proposed enrollment fees while they would have no guarantee that they will be served. While those Veterans who are 50% or more disabled or are being treated for the service connected disability get priority others are inevitably pushed to the back of the line. Veterans in Categories 7 and 8 have no guarantee that they will be seen at all. Additionally those that are 50% disabled or are being treated for their service connected disability have an access standard. They will be seen at the VA within 30 days for their primary care appointment or the VA will arrange

for outside care. But again Category 7 and 8 Veterans have no such guarantee. They will be seen when an appointment becomes available. So these men and women who served our Country so well are not overwhelming the system; they are simply waiting for an appointment to become available. It is a space available system for them now. But we all know well that if the government starts charging a yearly fee for their status there will be a much greater push for the VA to provide guaranteed service. And there is no reason to believe at this time that it is a service they will be able to provide. Rather than lessening the pressure on the VA due to its waiting lists this proposal will in all likelihood increase the pressure and discontent. This proposal has been

made for the last several years and each time Congress has refused to implement it. We hope that you will once again take that wise path.

The VA's proposed budget also includes an expected increase of 3rd party insurance collections (OHI). The Department of Veterans Affairs predicts that they will collect \$3 billion this year.

While we can hope that this is true none who has watched the VA try to collect civil insurance claims in the past has a great deal of faith that they will be successful.

TREA indeed doubts that the VA will be able to reach their goal. However it is obvious that the VA enrollees who are most likely to have other health insurance are those who are enrolled in Categories 7 and 8. These are the people who cannot completely rely on the VA for their everyday care and will therefore have insurance plans. These are the people that the VA could look to for the 3rd party collections. TREA knows that the VA, and indeed, some members of this Committee have been worried that the VA would be overwhelmed by elderly Veterans looking for a pharmacy benefit. The VA predicts that membership in Categories 7 and 8 will decline by 235,000 this coming year. Clearly they hope that the proposed enrollment fee and increased co-payments will force many to leave. But that is unnecessary. For those 7 and 8 enrollees who are on Medicare a new drug benefit has been put into effect since the last time TREA testified. While the standup of Medicare Part D has been a bit rocky that group of Veterans now have a plan that is not limited to the VA formulary. They can use it for prescriptions that their civilian doctor has written and they can use it at their local pharmacy or many mail order programs. So this previous concern should no longer be as worrisome.

TREA have argued for years that the VA should be able to collect from Medicare for non service connected treatments provided to Veterans who are enrolled in and pay premiums for Medicare Part B. This would put the Department of Veteran Affairs in the same position that Indian Health Care Service is in under Title 25 Section 1645. The CBO has indicated that about half of all enrolled veterans are also enrolled in Medicare. This would be a large and fair income flow to VA health care. Obviously, this proposal would not be under your Committee's jurisdiction but it is an idea that should be considered.

TREA urges this Committee to exercise your oversight to make sure that VA's crucial healthcare programs continue to be adequately funded throughout the budgetary year.

TREA urges Congress to reject the proposed increases in drug co-pays and the proposed \$250 yearly user fee for Categories 7 and 8 enrollees.

TREA urges the Committee members to support legislation to allow the VA to become a Medicare provider.

#### IMPROVEMENTS IN THE MONTGOMERY GI BILL (MGIB)

One of the most important benefits that this Nation provides to its Veterans is the Montgomery GI Bill (MGIB) for both its active duty and its National Guard and Reserve members. It serves as a crucial recruiting tool and as a way for patriotic, disciplined and intelligent men and women to move up in the civilian world. However, with all its virtues the MGIB has structural flaws that should be changed. The Active Duty MGIB is sensibly under Title 38, Veterans Benefits and under this Committee's authority. However, Selected Reserve Programs are still under Title 10, the Armed Forces Code. Your many improvements to the Montgomery GI Bill have not been reflected in the Selected Reserve Program. With the massive call ups of the Guard and Reserve

and the future outlook that this will not change it is time to properly coordinate the two programs. TREA feels strongly that it is time, for the long term good of the program that the SR MGIB should be placed under Title 38 and the jurisdiction of this Committee. Needed modifications and improvements could then be made in tandem in both programs. These include increasing the monetary benefit (as you have for the Active Duty plan) and allowing Guard and Reserve members to be allowed to continue using their benefits after they leave the Guard and Reserves. Since 9/11 the role the Guard and Reserve plays in our National Defense has changed dramatically

Additionally, with the increased pace of call ups and our increasing reliance on the Guard and Reserve (a reliance that TREA doubts will change in the foreseeable future) the benefit itself should be readjusted and increased. With your focus on the whole program this is the Committee with both the focus and the expertise necessary to properly coordinate the two programs. When looking at the Active Duty program TREA, along with our fellow members of the Partnership for Veterans Education, has called for the Montgomery GI Bill to cover the

average costs of a four year education at a State University. When hundreds of thousand of members of the military are stationed throughout the world fighting the War on Terror this would show our gratitude as a Nation and would make a huge improvements in these Service members' lives when they return home. It would also be a wonderful recruitment tool at this difficult time. The original GI Bill after World War II transformed the Nation. This change would also improve the future for the entire Nation, not just the Service members and their families who it will directly help. We also urge this Committee to broaden the types of education programs that can be paid for by the MGIB. This is a new world this is a new world where a great deal of critical higher education is presented in non-four year degree programs. These changes would reflect the changes in America's changing Education System.

TREA urges this Committee to attempt to move the SR Montgomery GI Bill under its jurisdiction in Title 38.

TREA urges that the SR MGIB benefit be readjusted to both reflect the improvements in the Active Duty MGIB program and to reflect the added duties and burdens that are being placed on the Reserve Components.

TREA urges this Committee to move toward having the Active Duty Montgomery GI Bill cover the costs of a four (4) year Public University education.

## VA CLAIMS BACKLOG

This is a perennial concern and worry. With all the best efforts and motives in the world the VA disability claims backlog has not improved. According to the Department of Veteran Affairs submission in 2005 it took 167 days to process a claim as compared to 166 days in 2004. In 2005 the number of filed claims increased to 788,298 up from 771,115 in the year before the VA states that they are expecting a 3% increase in filings to 811,947 (with an additional approximate 100,000 cases resulting from the new outreach program created in the FY06 Appropriation Act.) This means that the average case is taking almost half a year. Furthermore as the cases become more complicated from injuries returning from Iraq and Afghanistan the delays may grow even larger. This is just too long. Desperate people are anxiously waiting so they can know how they can move on with their lives. TREA is sure that all members of this Committee are extremely

concerned about this continuing back log. Hopefully, correcting this problem will remain a top priority of the VA.

TREA urges the Committee to closely monitor the Department of Veterans Affairs on their efforts to increase both the speed and the accuracy of their claim decisions.

#### CAPITAL ASSET REALIGNMENT FOR ENHANCED SERVICES (CARES)

While there certainly has not been as much public discussion about CARES as there has been about BRAC this year this program is still proceeding apace. And it is still a major concern for TREA. We certainly agree with the stated goal of CARES to modernize the VA plant and make their operations more efficient. However we are still greatly concerned that the needs analysis for CARES did not take into account the VA's future Mental Health and Long term health care (nursing home care) requirements. The Department of Veteran Affairs is obligated to provide nursing home care for Veterans with a 70% or over disability rating or for those Veterans who require Nursing Home care due to their service connected disability. We are all aware of the Nation's demographics and the growing number of citizens that will need Nursing Home care. There is no reason to believe that the Veterans population will require less such care than the general population. So when planning for CARES this important and predictably growing duty of the VA should have been analyzed. The CARES needs analysis also failed to consider mental health needs. If anything, 4 years of War has made this omission more serious than it was before the War. Of course it is a treatment goal of mental health practitioners to have as much care be conducted outpatient as possible. However there are times when inpatient treatment is clearly necessary. When dealing with Post Traumatic Stress Disorder (PTSD) and other war related conditions there is no institution that has more experience and skill than the VA. And there is no place where Veterans would feel more at home. Before the VA takes irreversible steps they should make sure that these future needs are factored into the calculation.

During this dramatic time of War and returning Veterans it seems unwise to dramatically destabilize the plant structure. And it is certainly unwise to do so based on a plan that did not take into account two of the VA's important and growing missions.

TREA urges that no additional steps in the CARES process occurs until a full study on the future needs of the VA for both long term health care and mental health facilities are studied and incorporated into any future plans.

#### MILITARY RETIREES AND THE VA

This Committee knows well that all Military Retirees are Veterans. The combination of their military retiree benefits and their Veterans benefits make it possible for them to achieve the quality of life they deserve in their retirement years. They have served their nation for at least 20 years. Many of these Military Retirees are daily patients in the VA Health Care system. It is already true that 30% of all enrollees in Categories 1-3 (Service Connected Disabilities) are Military Retirees. They have been found to have been wounded, injured or developed illnesses and conditions while serving their Country. But many other retirees have also lived the hard and

wearing life of a career service member. But this health care needs that are caused by this life have not been acknowledged by the VA. They deserve and need to be able to get the expert care for their service connected conditions from the VA while receiving normal healthcare near their homes through DOD's healthcare programs. They deserve to be seen as a special category of patients. To place retirees in Category 3 would acknowledge the lifetime of service they have provided to the military and their special medical needs.

TREA urges Congress to place military retirees into Category 3 of the VA Health Care System.

#### DOD-VA COLLABORATION/SEAMLESS TRANSITION

Another goal for all of us who are concerned with the well being of America's Veterans is to create a seamless transition between the status of a member of the military to that of a Veteran.

This is another area where this Committee's oversight function is critical. We need to know whether the much praised VA electronic health record program will be able to speak to DOD's new ALHTA electronic health record program. We need to know when both Departments will be able to create an electronic health care record that all TRICARE and VA health care patients can carry with them wherever they are throughout the world for their entire lives. We need to know when will DOD and the VA be able to stand up throughout the country a single separation exam? This would be a boon to the Veteran, and both the VA and DOD. Years have gone by and only partial implementation has occurred. Now is the time Congress should insist that the Government improve the hand off from DOD to the VA for the future.

TREA hopes your Committee will continue to monitor the progress in this crucial area.

#### SURVIVORS BENEFITS

Everyday in this time of our War on Terror wives, husbands and children are becoming survivors. We are presently in the exact situation that President Lincoln faced at when he gave the Nation's its call: With malice toward none; with charity for all; with firmness in the right, as God gives us to see the right, let us strive to finish the work we are in; to bind up the nation's wounds, to care for him that has borne the battle, his widow and orphan?? from his glorious Second Inaugural address. TREA is very grateful to all of Congress, and especially this Committee for last year's significant improvements in the SGLI coverage. When combined with the new \$100,000 death gratuity passed last year the families of those ?who gave their full measure of devotion? for this Nation behind will be able to try to restart their lives without the extreme and immediate financial difficulties that they had to deal with in the past.

In the first half of the 109th session of Congress TREA along with many of our other Veterans Service and Military Service Organizations worked very hard to end the Survivor Benefit Plan Dependency and Indemnity Compensation Program (SBP/DIC) Offset. (The program often referred to as the widow's concurrent receipt.) And we intend to work just as hard again this year. We are well aware that the VA pays the full DIC amount to the surviving widow and thus any change to this program will have to go through the Committee on Armed Services. But this Committee has always shown great interest in Veterans' survivors and we hope that you can work with your Colleagues to pass Senator Bill Nelson's S185 and finally end this unfair practice. S185 would also move up the paid up provisions for SBP. (Another subject under the jurisdiction of the Armed Service Committee) This would help elderly couples who have paid into SBP for at least 30 years and whose service member is at least 70 years old.

Both provisions would help survivors who have served our Nation faithfully but have not been touched by recent improvements this Congress has enacted.

Additionally we hope that you will all support the concept in the House encompassed in Representative Michael Bilirakis' HR 1462 and allow survivors to retain DIC if they remarry at the age of 55 or older. At this time the age for retention of DIC is 57. However the age to retain CHAMPVA upon remarriage is the normal federal program age of 55. The difference is because the two benefits were reinstated in different years and during different Congressional negotiations. There are no policy reasons for this awkward and unequal distinction and we hope that this year it can finally be corrected.

TREA urges Congress to finally end the SBP/DIC dollar for dollar offset and urges this Committee to support S185 and allow surviving spouses to retain their DIC if they remarry after reaching the age of 55.

## CONCLUSION

The members of TREA are grateful for the opportunity to speak about the needs and concerns of our members and the needs of all American Veterans, their families and survivors. Veterans and their families need and deserve all the benefits and services- healthcare, education and others- that the VA provides and that you oversee. During this critical time for our Nation it is crucial that the VA has the money and expertise that is necessary to accomplish its duty. TREA is sure that this dedicated Committee will strive to make sure that our veterans, whether young or old, and their families are provided that they receive the quality care and benefits services that we owe them for the dedicated service they have given to their Country.