STATEMENT OF VIETNAM VETERANS OF AMERICA; Presented By John Rowan; National President

TESTIMONY

OF

Vietnam Veterans of America

Presented By

John Rowan
National President

Before the

Committee on Veterans' Affairs
United States Senate

Regarding

The Department of Veterans Affairs
Fiscal Year ?08 Budget Request

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Chairman Akaka, Ranking Member Craig and distinguished Members of the Committee, on behalf of all of our officers, Board of Directors, and members, I thank you for giving Vietnam Veterans of America (VVA) the opportunity to testify today regarding the President's fiscal year 2008 budget request for the Department of Veterans Affairs. I am pleased to welcome so many new and returning Members onto the Committee this year. VVA looks forward to working with all of you to address the needs of the unique system created to serve our Nation's veterans.

Mr. Chairman, several years ago, Vietnam Veterans of America developed a White Paper in support of the need for assured funding for the veterans health care system, which I know you have read and shared with others. I also know you have been a long-time supporter of legislation to achieve assured funding. You have always understood the need for such a mechanism to correct the problems in the current system of funding. As we have this discussion in regard to the FY'08 budget for VA, the readily apparent need for this legislation has never been more pressing. We look forward to working with you to ensure its enactment.

VVA does wish to recognize that this year's request from the President for the VA Budget, while lacking in many other respects, is relatively free of ?budget gimmicks? that have so plagued discussions in the past. VVA believes that this is due to the strong efforts of Secretary Nicholson in doing battle to strip out the favorite ?gimcrackery? of that permanent staff over at the Office of

Management & Budget (OMB). VVA commends the Secretary of Veterans Affairs in this regard for seeking to have an honestly presented budget proposal.

Veterans Health Administration

VVA is recommending an increase of $6.9 billion to the expected fiscal year 2007 appropriation for the medical care business line. We recognize that the budget recommendation VVA is making this year is extraordinary, but with troops in the field, years of under-funding of health care organizational capacity, renovation of an archaic and dilapidated infrastructure, updating capital equipment, and several cohorts of war veterans reaching ages of peak health care utilization, these are extraordinary times. It's past time to meet these needs.

In contrast to what is clearly needed, we believe the Administration's fiscal year 2008 request for $2 billion more than the expected 2007 appropriation in the continuing resolution is inadequate. Unfortunately, we still are unsure of the bottom line for fiscal year 2007. While we certainly appreciate that the Congress is planning to restore funding for veterans health care in the continuing resolution (and it is essential that it does so to ensure the Department's ability to meet ongoing obligations), the fact that VA is still uncertain about the amount of funding it will receive a third of the way through the fiscal year does, virtually in and of itself, make the case for assured funding.

The $2 billion increase the Administration has requested for medical care may almost keep pace with inflation, but it will not allow VA to enhance its health care or mental health care services for returning veterans, restore diminished staff in key disciplines like clinicians needed to care for Hepatitis C, restore needed long-term care programs for aging veterans, or allow working-class veterans to return to their health care system. VVA's recommendation does accommodate these goals, in addition to restoring eligibility to veterans exposed to Agent Orange for the care of their related conditions.

I need not tell you about the many successes of the Department of Veterans Affairs in recent years. The veterans' service organizations are often seen as critics of the Department, but while it's true that we sometimes take exception to its policy decisions we are, in fact, also its most stalwart champions. Over the last decade the Veterans Health Administration (VHA) at VA has taken steps to become a higher quality, more accessible health care system. It has demonstrated great efficiency by almost doubling the number of veterans it treats while holding per capita costs relatively constant. It has developed hundreds of Community Based Outreach Clinics (CBOCs). VHA has received many prestigious awards for excellence and innovation. While VVA remains extremely concerned about recent breaches that compromised veterans' personal data, VVA appreciates the fact that VA has put together a computerized system of medical records that sets the standard for modern health care delivery. These achievements are to be celebrated.

Yet, these advances have not come without a cost. For years, the veterans' health care system has been falling behind in meeting the health care needs of some veterans. At the beginning of 2003, the former Secretary of Veterans Affairs made the decision to bar so-called Priority 8 veterans from enrolling. In most cases, these veterans are not the well-to-do?they are working-class veterans or veterans living on fixed incomes as little as $28,000 a year. It's not uncommon to

hear about such veterans choosing between getting their prescription drug orders filled and paying their utility bills. The decision to bar these veterans is still standing, and it is still troubling to thoughtful Americans.

In addition to the current bar on health care enrollment, in recent years VA has sent Congress a budget that requires more cost-sharing from veterans, and eliminates options for their care? particularly long-term care. We appreciate that VA's proposal this year has not presumed enactment of some of the cost-sharing legislative proposals Congress has opposed in the past. This may allow Congress more leeway to augment its request in concrete ways rather than merely filling deficits left by the Administration presuming that revenues and savings from these unpopular initiatives will be realized.

Congress is to be commended for turning back many legislative requests for enrollment fees and outpatient cost increases, which would have jeopardized hundreds of thousands of veterans' access to health care. Hard-fought Congressional add-ons, such as the $3.6 billion for fiscal year 2007 currently being debated as part of the continuing resolution, have kept the system afloat. The budget recommended by VVA in addition to the enactment of some assured funding mechanism will enable a robust health care system to meet the needs of all eligible veterans?now and in the future.

Medical Services

For medical services for fiscal year 2008, VVA recommends $34.5 billion, including collections. This is approximately $5 billion more than the Administration's request. VVA is making its budget recommendations based on re-opening access to the millions of veterans disenfranchised by the Department's policy decision of early 2003 that was supposed to be ?temporary.? The former ranking member of the House Veterans' Affairs Committee, Lane Evans, discovered that a quarter-million Priority 8 veterans had applied for care in fiscal year 2005. Similar numbers of veterans have likely applied in each of the years since their enrollment was barred. Our budget allows 1.5 million new Priority 7 and 8 veterans to enroll for care in their health care system. While this may sound like too great a lift for the system, use rates for Priority 7 and 8 veterans are much lower than for other priority groups. Based on our estimates, it may yield only an 8% increase in demand at a cost of about $1.5 billion to the system for additional personnel, supplies and facilities.

The budget axe has fallen hard on long-term care programs in VA. About a decade ago, there was a major policy shift throughout the health care industry, including with VA, which encouraged programs to deliver as much care as possible outside of beds. In many cases this has been a productive policy. Veterans value the convenience of using nearby community clinics for primary care needs, for example.

However, the change took a great toll on the neuro-psychiatric and long-term care programs that housed and cared for thousands of veterans, often keeping them institutionalized for years. Instead of developing the significant community and outpatient infrastructures that would have been necessary to adequately replace the care for these most vulnerable veterans, the resources were largely diverted to other purposes.

Where have these vets gone? The fiscally challenged Medicaid program supports many of those who need long-term care, adding an additional burden to the states. State homes play an important role in remaining the only VA-sponsored setting that provides ongoing, rather than rehabilitative or restorative, long-term care. VA's mental health programs?some of the finest in the nation?as well as significant advances in pharmaceutical therapies continue to serve and allow many veterans to recover. However, what are in fact increasing waiting times for mental health programs and the lack of treatment options often contribute to incarceration and homelessness for the most vulnerable of these veterans. Sadly, we hear increasing numbers of stories of veterans of Iraq and Afghanistan whose inability to deal with readjustment post-deployment have lead them to the streets or even suicide.

Mr. Chairman, Vietnam Veterans of America's founding principle is: ?Never again will one generation of veterans abandon another.? This is why we are imploring this committee to ensure that VA has the imperative and the resources to bolster the mental health programs that should be readily available to serve our young veterans from Iraq and Afghanistan. Experts from within the Department of Defense estimate that as many as 17% of those who serve in Iraq will have issues requiring them to seek post-deployment mental health services and recent studies have shown that four out of five of the veterans who may need post-deployment care are not properly referred to such care. There is good reason to believe that even the rates forecast by DoD may be too low.

VA has not made enough progress in preparing for the needs of troops returning from Iraq and Afghanistan?particularly in the area of mental health care. Its own internal champions?the Committee on Care of the Seriously Mentally Ill and the Advisory Committee on Post-Traumatic Stress Disorder, for example ? have expressed doubts about VA's mental health care capacity to serve these newest vets. As recently as last March, VHA's Undersecretary for Health Policy Coordination told one commission that mental health services were not available everywhere, and that waiting times often rendered some services ?virtually inaccessible.? The doubts about capacity to serve new veterans have reverberated in reports done by the Government Accountability Office (GAO). In addition, one recent working paper by Linda Bilmes of the John F. Kennedy School of Government at Harvard University estimates that in a ?moderate? scenario in 2008 VA will require $1.8 billion to treat the veterans returning from Iraq and Afghanistan?much of this funding would be used to augment mental health care to properly serve these veterans. VA has projected that approximately 260,000 Global War on Terrorism (GWOT) veterans will use the VA health care system in FY'08. VVA and others believe that well more than 300,000 ?new? veterans will use the VHA system in FY'08.

A further reason that VA has underestimated the need for medical services is that they continue to use the same formula that they use for CARES, which is a civilian-based model. Mr. Chairman, VVA has testified many times that the VHA must be a ?veterans' health care system? and not a general health care system that happens to see veterans if the VHA is to properly and adequately address the needs of veterans, particularly veterans who are sick or injured in military service. The model VA uses was designed for middle-class people who can afford HMOs or other such programs. It projects only one to three ?presentations? (things wrong with) patients as opposed to the five to seven that is the average at VHA for veterans. Obviously one using the VA model will continually underestimate overall resources needed to care for the veterans who come to the

system by using this civilian formula. Further, VHA has been consistent in underestimating the number of GWOT returnees who will seek services from the system in each of the last four years. VVA has corrected these errors in our projections.

In addition to the funds VVA is recommending elsewhere, we specifically recommend an increase of an additional billion dollars to assist VA in meeting the long-term care and mental health care needs of all veterans. These funds should be used to develop or augment with permanent staff at VA Vet Centers (Readjustment Counseling Service, or RCS), as well as PTSD teams and substance use disorder programs at VA Medical Centers and CBOCs, which will be sought after as more troops (including demobilized National Guard members and Reservists) return from ongoing deployments. In addition, VA should be augmenting its nursing home beds and community resources for long-term care, particularly at the State veterans' homes.

To assist in developing these programs and augmenting all areas of veterans' care, VVA recommends funding to accommodate the staff-to-patient ratio VA had in place before VA had dismantled so much of its neuro-psychiatric and long-term care infrastructure. This would allow VA to better ensure timely access to care and services. Studies have shown that inadequate staffing?particularly of nurses involved in direct care?is correlated with poorer health care outcomes in all medical disciplines. To allow the staffing ratios that prevailed in 1998 for its current user population, VA would have to add more than 20,000 direct-care employees?MDs and nurses?at a cost of about $2.2 billion.

The $2.2 billion funding for the staff shortfalls identified by VVA closely corresponds to the funding from unspecified ?management efficiencies? VA has had to shoulder throughout this Administration. It is important to realize that the effect of leaving these funding deficiencies unfulfilled is cumulative. That is, each year VA is forced to live with a greater hole in its budget. GAO has joined VSOs and Congress in questioning the extent to which VA has been able to identify and realize the so-called savings created by such proposed efficiencies. VA officials have advised GAO that the efficiencies identified in at least two recent budget proposals?FY'03 and ?04?were developed to allow VA to meet its budget guidance rather than by detailed plans for achieving such savings (GAO-06-359R). In other words, the savings were justified only by the need to meet the Administration's ?bottom line.? I hope Congress agrees that this is no way to fund our veterans' health care system.

Finally, VVA believes Congress did a grave injustice to Vietnam-era veterans. For decades, veterans exposed to Agent Orange and other herbicides containing dioxin had been granted health care for conditions that were presumed to be due to this exposure. This special eligibility expired at the end of 2005 and, despite our request, Congress did not reauthorize it. Had Congress simply reauthorized existing authority, VA would have realized no new costs. Now we have heard that the Congressional Budget Office estimates that it will cost more than $300 million to restore this eligibility. Why this eligibility was allowed to expire seems more a matter of dollars than sense to VVA, given the ever-mounting body of research that clearly points to conditions such as diabetes being linked to dioxin exposure. However, the pressing issue now is to reinstate veterans with these conditions for the higher priority access to services that they deserve.

Medical Facilities

For medical facilities for fiscal year 2008, VVA recommends $5.1 billion. This is approximately $1.5 billion more than the Administration's request for fiscal year 2008. Maintenance of the health care system's infrastructure and equipment purchases are often overlooked as Congress and the Administration attempt to correct more glaring problems with patient care. In FY'06, in just one example, within its medical facilities account VA anticipated spending $145 million on equipment, yet only spent about $81 million. (The rest of the funds went just to meet costs to keep the facilities open and operating.) However, these projects can only be neglected for so long before they compromise patient care, and employee safety in addition to risking the loss of outside accreditation. The remainder of the funding was apparently shifted to other more immediate priority areas (i.e., keeping facilities operating in the short run).

VA undertook an intensive process known as CARES (Capital Asset Realignment to Enhance Services) to ?right-size? its infrastructure, culminating in a May 2004 policy decision that identified approximately $6 billion in construction projects. While for the reasons noted above the VA has consistently underestimated future needs by using a fatally flawed formula, thus far Congress and the Administration have only committed $3.7 billion of this all too conservative needed funding.

We believe the CARES estimate to be extremely conservative given that the models projecting health care utilization for most services were based on use patterns in generally healthy managed care populations rather than veterans and that the patient population base did not include readmitting Priority 8 veterans, or significant casualties from the current deployments. Notwithstanding our concerns about the methods used in CARES, very few of the projects VA agrees are needed have been funded since this time. Non-recurring maintenance and capital equipment budgets have also been grievously neglected as administrators have sought to shore up their operating funds.

In a system in which so much of the infrastructure would be deemed obsolete by the private sector (in a 1999 report GAO found that more than 60% of its buildings were more than 25 years old), this has and may again lead to serious trouble. We are recommending that Congress provide an additional $1.5 billion to the medical facilities account to allow them to begin to address the system's current needs. We also believe that Congress should fully fund the major and minor construction accounts to allow for the remaining CARES proposals to be properly addressed by funding these accounts with a minimum of remaining $2.3 billion.

Medical and Prosthetic Research

For medical and prosthetic research for fiscal year 2008, VVA recommends $460 million. This is approximately $50 million more than the Administration's request for fiscal year 2008. VA research has a long and distinguished portfolio as an integral part of the veterans' health care system. Its funding serves as a means to attract top medical schools into valued affiliations and allows VA to attract distinguished academics to its direct-care and teaching missions.

VA's research program is distinct from that of the National Institutes of Health because it was created to respond to the unique medical needs of veterans. In this regard, it should seek to fund veterans' pressing needs for breakthroughs in addressing environmental hazard exposures, post-deployment mental health, traumatic brain injury, long-term care service delivery, and prosthetics to meet the multiple needs of the latest generation of combat-wounded veterans.

Further, VVA brings to your attention that VA Medical and Prosthetic Research is not currently funding a single study on Agent Orange or other herbicides used in Vietnam, despite the fact that more than 300,000 veterans are now service-connected disabled as a direct result of such exposure in that war. VVA submits that this is unacceptable.

Mr. Chairman, finally I urge this Committee to at long last urge your colleagues on the Appropriations Committee to use the power of the purse to compel VA to obey the law (Public Law 106-419) and conduct the long-delayed National Vietnam Veterans Longitudinal Study. VVA ask that you specifically request report language in the Appropriations bill for Military Construction, Veterans Affairs, and Related Agencies that compels VA to advise the Appropriators and the Authorizers as to how VA plans to complete this study properly within two years, as a comprehensive mortality and morbidity study.

Assured Funding for Veterans' Health Care

Once this Congress provides a budget that shores up VA medical services and facilities, it will need to assure that VA continues to be funded at a level that allows it to provide high-quality health care services to the veterans that need them. That is where enactment of assured funding will come in. Once enacted, an assured funding mechanism will ensure that, at a minimum, annual appropriations cover the cost of inflation and growth in the number of veterans using VA health care. It will allow VA administrators some predictability in both how much funding it will receive and when it will be received, resulting in higher quality and ultimately more cost-effective care for our veterans.

Veterans Benefits Administration

The Veterans Benefits Administration (VBA) is in even more acute need of additional resources and enhanced accountability measures now than it was a year ago. VVA recommends an additional 400 over and above the roughly 470 new staff members that are requested in the President's proposed budget for all of VBA.

Compensation & Pension

VVA recommends adding one hundred staff members above the level requested by the President for the Compensation & Pension Service (C&P) specifically to be trained as adjudicators. Further, VVA strongly recommends adding an additional $60 million specifically earmarked for additional training for all of those who touch a veteran's claim, institution of a competency-based examination that is reviewed by an outside body that shall be used in a verification process for all of the VA personnel, veteran service organization personnel, attorneys, county and state employees, and any others who might presume to at any point touch a veteran's claim.

Vocational Rehabilitation

VVA recommends that you seek to add an additional 300 specially trained vocational rehabilitation specialists to work with returning servicemembers who are disabled to ensure their placement into jobs or training that will directly lead to meaningful employment at a living wage. It is clear that the system funded through the Department of Labor simply is failing these fine young men and women when they need assistance most in rebuilding their lives.

VVA has always held that the ability to obtain and sustain meaningful employment at a living wage is the absolute central event of the readjustment process. Adding additional resources and much greater accountability to the VA Vocational Rehabilitation process is absolutely essential if we as a nation are to meet our obligation to these Americans who have served their country so well, and have already sacrificed so much.

Accountability at VA

So much of what VVA and the Congress on both sides of the aisle find wrong or disturbing at the VA revolves around the general and all-pervasive issue of little or no accountability, or imprecise fixing of authority commensurate with accountability mechanisms that are meaningful (and vice versa) in all parts of the VA.

Within the past year, VA has finally made significant progress in meeting the minimum goal of at least 3% of all contracts and 3% of all subcontracts being let to service-disabled veteran business owners. Secretary Nicholson and Deputy Secretary Mansfield are to be commended on setting the pace for the Federal government. It is instructive in this discussion, however, that the action directed by the Secretary to put achievement or substantial real progress toward meeting or exceeding the 3% minimum into the performance evaluation of each Director of the 21 Veterans Integrated Service Networks (VISNs) was a key element enabling VA to be the first large agency to reach the goal mandated by law. Some 85% of all VA procurement is through VHA, primarily through the VISNs is the key factor in this achievement.

All people (particularly people with a great deal of responsibility who work long hours) care about what they feel they have to care about. Putting it in the performance evaluations means that those managers who ignore a requirement do not get an outstanding or superior rating, and hence no bonus. VVA, and now the VA in at least this one instance, has always found that it is amazing how reasonable almost all people can be when you have their full attention.

There is no excuse for the dissembling and lack of accountability in so much of what happens at the VA. It can be cleaned up and done right the first time, it there is the political will to hold people accountable for doing their job properly.

Lastly, there is no excuse for the continuation of the practice of VHA to ?lose? tens of millions (sometimes hundreds of millions) of taxpayer dollars that are appropriated to VHA for specific purposes, whether that purpose be to restore organizational capacity to deliver mental health services, particularly for PTSD and other combat trauma wounds, or to conduct outreach to GWOT veterans as well as de-mobilized National Guard and Reserves returnees from war zone deployments. There is a consistent pattern of VA, particularly VHA, to either really not know

what happened to large sums of money given to them for specific reasons, or they7 are not telling the truth to the Congress and the public. In either case, it is unacceptable and cannot be tolerated any longer.

In the proposed budget submittal, VVA struggled with accounting for the dollars footnoted in the President's submittal as ?Adjusted for IT.? We could not find an accurate accounting. When we asked, it turns out that no one that we have spoken to, including VA officials, can fully explain at least $200 million-plus of this ?adjustment? either. And this is before they get their hands on the dollars. VVA urges this Committee and your colleagues on Appropriations to make this the year that this sloppy nonsense and dissembling is stopped once and for all. Accountability will only come about when Congress absolutely demands that these folks be fully accountable for performance, and for accounting for each and every taxpayer dollar.

Thank you again, Mr. Chairman. We look forward to working with you and this distinguished Committee to obtain an excellent budget for VA in FY'08, and to ensure the next generation of veterans' well-being by enacting assured funding. I will be happy to answer any questions you and your colleagues may have.