

**STATEMENT OF CARL BLAKE**  
**ASSOCIATE EXECUTIVE DIRECTOR FOR GOVERNMENT RELATIONS**  
**PARALYZED VETERANS OF AMERICA**  
**FOR THE**  
**SENATE COMMITTEE ON VETERANS' AFFAIRS**  
**CONCERNING**  
***THE INDEPENDENT BUDGET***  
**AND THE DEPARTMENT OF VETERANS AFFAIRS BUDGET**  
**FOR FISCAL YEAR 2016**  
**AND FISCAL YEAR 2017 ADVANCE APPROPRIATIONS**

**FEBRUARY 26, 2015**

Chairman Isakson, Ranking Member Blumenthal, and members of the Committee, as one of the four co-authors of *The Independent Budget* (IB), Paralyzed Veterans of America (PVA) is pleased to present the views of *The Independent Budget* regarding the funding requirements for the Department of Veterans Affairs (VA) for FY 2016 and advance appropriations for FY 2017.

The IB veterans service organizations (IBVSO) recently released our report *The Independent Budget* for the Department of Veterans Affairs for FY 2016 and FY 2017. This report offers detailed recommendations for all of the principle line items of the VA budget. We would ask to make that complete report part of the official hearing record.

The IBVSOs believe that the VA's budget request this year is largely a very good budget. We appreciate the fact that VA appears to have made an honest assessment and revision to the medical care accounts for FY 2016. Unfortunately, we believe the advance appropriations amount for FY 2016 provided for by Congress in the "FY 2015 Consolidated and Further Continuing Appropriations Act" approved in December 2014 is not sufficient to meet the full demand for services being placed on the system. For FY 2016, the IB recommends approximately \$63.3 billion for total Medical Care. However, Congress recently approved only \$62 billion for total Medical Care (based on an assumption that includes approximately \$3.2 billion for medical care collections). The VA has now revised their FY 2016 Medical Care estimate to \$63.2 billion. We encourage the Committee to give serious consideration to these revisions and we will be calling on the Senate Committee on Appropriations to address the shortfall that was previously approved through advance appropriations.

Additionally, *The Independent Budget* recommends an advance appropriation of approximately \$66.4 billion for total Medical Care for FY 2017. We are pleased to see that the Administration has requested approximately \$66.6 billion (including approximately \$3.3 billion in medical care collections) for advance appropriations for FY 2017. We encourage the Committee to affirm these estimates in its Views & Estimates to the Senate Committee on Appropriations.

The IBVSOs would also offer some concerns that we see with the Administration budget. *The Independent Budget* recommendations focus on recommendations at the point of service, but we believe that administrative costs across the board must continue to be reined in. We would highlight the clear differences between our recommendations for such line items as Medical Support and Compliance, General Administration and Information Technology (IT) to affirm this point. These line items focus a great deal of resources on administrative support, and all three of these accounts reflect significant increases in resources for FY 2016 and in the FY 2017 advance

appropriations for Medical Support and Compliance. We encourage the Committee to do a thorough analysis of those accounts specifically to ensure that dollars appropriated for those accounts are allocated efficiently and effectively.

**Funding for FY 2016**

For FY 2016, *The Independent Budget* recommends approximately \$51.6 billion for Medical Services. This recommendation is a reflection of multiple components. These components include the following recommendations:

Current Services Estimate.....	\$49,468,647,000
Increase in Patient Workload.....	\$1,489,858,000
Additional Medical Care Program Costs.....	\$635,000,000
Total FY 2016 Medical Services.....	\$51,593,505,000

The current services estimate reflects the impact of projected uncontrollable inflation on the cost to provide services to veterans currently using the system. The estimate also assumes a 1.5 percent increase for pay and benefits across the board for all VA employees.

Our estimate of growth in patient workload is based on a projected increase of approximately 148,000 new unique patients. These new unique patients include priority group 1–8 veterans and covered nonveterans as well as additional new users as a result of veterans being removed from the extended waiting lists and those whose decisions on healthcare enrollment eligibility are made. We estimate the cost of these new unique patients to be approximately \$1.2 billion. The increase in patient workload also includes a projected increase of 71,500 new Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) enrollees, as well as Operation New Dawn (OND) veterans at a cost of approximately \$282 million. The increase in utilization among OEF/OIF/OND veterans is supported by the average annual increase in new users from FY 2002 through the 4<sup>th</sup> quarter of FY 2014.

*The Independent Budget* believes that there are additional projected medical program funding needs for VA. Specifically, we believe there is real funding needed to address the array of long-term-care issues facing VA, including the shortfall in institutional capacity; to provide additional centralized prosthetics funding (based on actual expenditures and projections from the VA's prosthetics service); as well as funding necessary to improve the Comprehensive Family Caregiver program; and funding to address needed improvements in programs directed for women veterans.

*The Independent Budget* recommends \$325 million directed toward VA long-term-care programs. In order to support the continued rebalancing of VA long-term care in FY 2016, \$125 million should be provided. Additionally, \$95 million should be targeted at the VA's Veteran Directed-Home and Community Based Services (VD-HCBS) program. The remainder of the \$325 million (\$105 million) should be dedicated to increasing the VA's long-term-care average daily census (ADC) to the level mandated by Public Law 106-117, the "Veterans Millennium Health Care and Benefits Act."

In order to meet the increase in demand for prosthetics, the IB recommends an additional \$150 million. This increase in prosthetics funding reflects an increase in expenditures from FY 2014 to FY 2015 and the expected continued growth in expenditures for FY 2016. Our additional program costs recommendation includes investing \$70 million in the Comprehensive Family Caregiver program in accordance with the deficiencies identified during the hearing held by the House Veterans' Affairs Subcommittee on Health in December 2014. The Medical Services appropriation should also be supplemented with \$90 million designated for women's healthcare programs, in addition to those amounts already included in the FY 2016 baseline. These funds would be used to help the Veterans Health Administration deal with the continuing growth in ensuring coverage for gynecological, prenatal, and obstetric care, other gender-specific services, and for maintenance and repair of facilities hosting women's care to improve privacy and safety of these facilities where women seek care. The new funds would also aid the VHA in making its cultural transformation to embrace women veterans and welcome them to VA healthcare services, and provide means for VA to improve specialized mental health and readjustment services for women veterans.

For Medical Support and Compliance, *The Independent Budget* recommends approximately \$6.0 billion for FY 2016. Our projected increase reflects an increase in current services based on the impact of inflation on the FY 2015 appropriated level. For Medical Facilities, *The Independent Budget* recommends approximately \$5.7 billion for FY 2016, nearly \$800 million more than the enacted advance appropriations in December 2014. Our Medical Facilities recommendation includes the addition of \$900 million to the baseline for Non-Recurring Maintenance (NRM). The Administration’s request over the past two cycles represents a wholly inadequate request for NRM funding, particularly in light of the actual expenditures that are outlined in the budget justification. While VA has actually spent on average approximately \$1.3 billion yearly for NRM, the Administration has requested only approximately \$460 million for NRM. This decision means that VA is forced to divert funds designated for another purpose to meet this need.

**Advance Appropriations for FY 2017**

*The Independent Budget* once again offers baseline projections for funding through advance appropriations for the Medical Care accounts for FY 2017. For FY 2017, *The Independent Budget* recommends approximately \$54.2 billion for Medical Services. Our Medical Services recommendation includes the following recommendations:

Current Services Estimate.....	\$51,937,260,000
Increase in Patient Workload.....	\$1,576,151,000
Additional Medical Care Program Costs.....	\$670,000,000
Total FY 2017 Medical Services.....	\$54,183,411,000

Our growth in patient workload is based on a projected increase of approximately 150,000 new unique patients. These new unique patients include priority group 1–8 veterans and covered nonveterans. We estimate the cost of these new unique patients to be approximately \$1.3 billion. This recommendation also reflects an assumption that more veterans will be accessing the system as VA expands its capacity and services and we believe that reliance rates will increase as veterans examine their healthcare options as a part of the option for choice. The increase in

patient workload also includes a projected increase of 74,225 new OEF/OIF, as well as OND veterans at a cost of approximately \$301 million.

As previously discussed, the IBVSOs believe that there are additional medical program funding needs for VA. *The Independent Budget* recommends \$325 million directed toward VA long-term-care programs. In order to support the continued rebalancing of VA long-term care in FY 2017, \$125 million should be provided. Additionally, \$95 million should be targeted at the VA's Veteran Directed-Home and Community Based Services (VD-HCBS) program. The remainder of the \$325 million (\$105 million) should be dedicated to increasing the VA's long-term-care average daily census (ADC) to the level mandated by Public Law 106-117, the "Veterans Millennium Health Care and Benefits Act." In order to meet the increase in demand for prosthetics, the IB recommends an additional \$165 million. Our additional program costs recommendation includes continued reinvestment of \$75 million in the Comprehensive Family Caregiver program. Finally, we believe that VA should invest a minimum of \$105 million as an advance appropriation in FY 2017 to expand and improve access to women veterans' healthcare programs.

Additionally, for FY 2017 *The Independent Budget* recommends approximately \$6.2 billion for Medical Support and Compliance. *The Independent Budget* also recommends approximately \$5.9 billion for Medical Facilities for FY 2017. As with FY 2016, our FY 2017 recommendation includes the addition of \$900 million to the baseline for NRM. Last year the Administration's recommendation for NRM reflected a projection that would place the long-term viability of the healthcare system in serious jeopardy.

### **Medical and Prosthetic Research**

*The Independent Budget* co-authors have ongoing concerns about the lack of investment in Medical and Prosthetic Research. We appreciate the fact that this year the Administration recommended a substantial increase in research funding. For FY 2016, the Administration recommends approximately \$622 million while the IB recommends approximately \$619 million.

The VA Medical and Prosthetic Research program is widely acknowledged as a success on many levels, and contributes directly to improved care for veterans and an elevated standard of care for all Americans. The research program is an important tool in VA's recruitment and retention of healthcare professionals and clinician-scientists to serve our nation's veterans. By fostering a spirit of research and innovation within the VA medical care system, the VA research program ensures that our veterans are provided state-of-the-art medical care.

### **Grants for State Extended-Care Facilities**

The State Veterans Home program (State Homes) is a very successful federal-state partnership in which VA and states share the cost of constructing and operating nursing homes and domiciliaries for America's veterans. Today, State Homes provide over 30,000 nursing home and domiciliary beds for veterans, their spouses, and gold-star parents of veterans. Overall, State Homes provide approximately 53 percent of VA's long-term-care workload, for the very reasonable cost of only about 12 percent of VA's long-term-care budget. On average, the daily cost of care for a veteran at a State Home is less than 50 percent of the cost of care at a VA long-term-care facility. This basic per diem covers about 30 percent of the cost of care, with states responsible for the balance, utilizing both state funding and other sources.

VA also provides states with construction grants to build, renovate, repair, and expand both nursing homes and domiciliaries, with states required to provide 35 percent of the cost for these projects in matching funding. VA maintains a prioritized list of construction projects proposed by State Homes based on specific criteria, with life and safety threats in the highest priority group. Only those projects that already have state matching funds qualify are included in VA's Priority List Group 1 projects, which are eligible for funding. Those who have not yet received assurances of state matching funding are put on the list among Priority Groups 2 through 7.

In FY 2014, the estimated federal share for proposed State Home Construction Grants submitted by states was \$928 million, of which \$489 million had already secured the state matching funds required to put them in the Priority Group List 1. In FY 2015, total estimated share of State Home Construction Grant requests rose to \$976 million, of which \$409 million already have state matching

funding. The IBVSOs had recommended \$250 million to provide funding for about half of the Priority 1 projects. The final appropriated funding for FY 2014 was only \$85 million and only \$90 million for FY 2015. For FY 2016, the IBVSOs recommend \$200 million for the State Home Construction Grant program, which we estimate would provide sufficient funding for approximately half of the projects expected to be on the FY 2016 VA Priority Group 1 List when it is released at the end of this year.

We encourage the Committee to scrutinize the VA's budget with vigor. However, we believe that honest analysis will show that these are the resource needs of VA. As such, we believe that the real focus of the Committee should be on scrutinizing how the VA spends these critically needed resources. It is imperative that these dollars ensure that veterans receive timely, quality health care and claims decisions that are right the first time.

In the end, it is easy to forget that the people who are ultimately affected by wrangling over the budget are the men and women who have served and sacrificed so much for this nation. We hope that you will consider these men and women when you develop your budget views and estimates, and we ask that you join us in adopting the recommendations of *The Independent Budget*.

This concludes our statement. I would be happy to answer any questions you may have.

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Carl Blake is the Associate Executive Director for Government Relations for Paralyzed Veterans of America (PVA) at PVA's National Office in Washington, D.C. He is responsible for the planning, coordination, and implementation of PVA's National Legislative and Advocacy Program agendas with the United States Congress and federal departments and agencies. He develops and executes PVA's Washington agenda in areas of budget, appropriations, health care, and veterans' benefits issues, as well as disability civil rights. He also represents PVA to federal agencies including the Department of Defense, Department of Labor, Small Business Administration, the Department of Transportation, Department of Justice, and the Office of Personnel Management. He coordinates all activities with PVA's Association of Chapter Government Relations Directors as well with PVA's Executive Committee, Board of Directors, and senior leadership.

Carl was raised in Woodford, Virginia. He attended the United States Military Academy at West Point, New York. He received a Bachelor of Science Degree from the Military Academy in May 1998.

Upon graduation from the Military Academy, he was commissioned as a Second Lieutenant in the Infantry in the United States Army. He was assigned to the 2<sup>nd</sup> Battalion, 504<sup>th</sup> Parachute Infantry Regiment (1<sup>st</sup> Brigade) of the 82<sup>nd</sup> Airborne Division at Fort Bragg, North Carolina. He graduated from Infantry Officer Basic Course, U.S. Army Ranger School, U.S. Army Airborne School, and Air Assault School. His awards include the Army Commendation Medal, Expert Infantryman's Badge, and German Parachutist Badge. Carl retired from the military in October 2000 due to injuries suffered during a parachute training exercise.

Carl is a member of the Virginia-Mid-Atlantic chapter of the Paralyzed Veterans of America.

Carl lives in Fredericksburg, Virginia with his wife Venus, son Jonathan and daughter Brooke.