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BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE**

**“UPDATE ON FISCAL YEARS (FY) 2024 AND 2025 HEALTH AND BENEFITS
BUDGET”**

SEPTEMBER 18, 2024

Chairman Tester, Ranking Member Moran, and Members of the Committee, thank you for the opportunity to testify today in support of the ongoing budget needs for the Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA). VA is honored to serve the Nation’s heroes: Veterans.

As you know, VA is currently delivering more health care and benefits to more Veterans than ever before, which is largely a result of the historic Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxins (PACT) Act as well as our unprecedented efforts to reach out to Veterans proactively and bring them to VA. Because of the generous resources that Congress provided VA, these unrelenting efforts to bring Veterans to VA have exceeded even our most aggressive projections and continue to help us deliver life-changing results for Veterans, their families, caregivers, and survivors. Key results for Veterans include the following:

- **More Veterans are trusting VA:** Veteran trust in VA has reached an all-time high of 80.4%—up 25% since the survey began in 2016. For outpatient care, Veteran trust has reached 91.8%—also an all-time record.
- **More Veterans are enrolling in VA health care:** More than 412,000 Veterans have enrolled in VA care over the last 365 days, the most since 2017. In total, since the PACT Act was passed, nearly 710,000 Veterans have enrolled in VA health care, which represents a more than 34% increase in Veterans enrolling compared to an equivalent period before the legislation was signed.
- **More Veterans are using VA health care:** VA is on pace to deliver approximately 130 million health care appointments in 2024, surpassing last year’s all-time record of 120 million appointments. This is partly a result of VA expanding access to VA care for these Veterans and decreasing wait times by offering more night clinics, weekend clinics, and appointment slots.
- **More Veterans are receiving disability compensation benefits than ever before:** VA has granted benefits to more than 1.1 million Veterans and their

survivors this fiscal year, an all-time record with 2 weeks remaining in the fiscal year. In total, VA has awarded \$154 billion in benefits, including \$142 billion in compensation and pension benefits, to Veterans and survivors this year. To reach this milestone, VA has processed more than 2.3 million claims in 2024—another all-time record, on pace to surpass last year’s record by nearly 30%. The grant rate for these claims is 64.6%, and the average overall disability rating granted to Veterans this year to-date is 70%, equating to over \$20,000 per year in disability compensation. In total, 6.7 million Veterans are receiving compensation and pension benefits. This is up from 6.4 million last year.

- **More Veterans are applying for VA benefits than ever before:** Thanks to the largest outreach campaign in VA history, Veterans and survivors are applying for their earned benefits at record rates. Over the past 2 fiscal years, VA has received 4,414,334 claims for disability compensation benefits (including 1,774,158 claims with PACT Act conditions)—29.8% more than the 2 fiscal years prior.
- **When Veterans apply for benefits, they are more likely to have their claims granted:** Whenever a Veteran applies for benefits, our goal is to work with the Veteran to gather the medical evidence to get to yes. Due to this approach, we have been able to grant benefits for 65% of claims in FY 2024, including 75% of PACT Act-related claims, which is a sharp increase from previous years.
- **VA care is outperforming non-VA care:** A systematic review of studies about VA health care concluded that VA health care is consistently as good as—or better than—non-VA health care. VA has also outperformed the private sector on Centers for Medicare & Medicaid Services (CMS) star ratings and nationwide patient satisfaction surveys. Nearly 70% of VA hospitals received 4 or 5 stars in the CMS star ratings, compared to only 41% of non-VA hospitals.

These important results for Veterans and survivors have exceeded even the most aggressive projections and expectations. Because of that, VA has identified a need for an additional \$2.883 billion in funding to maintain benefits payments for Veterans through the remainder of the fiscal year. Additionally, VA has asked Congress to provide \$12 billion in FY 2025 for a potential shortfall in VA medical care.

On the four occasions when Secretary McDonough testified in defense of the President’s FY 2025 Budget Request, he mentioned that VA may need to come back to Congress to ask for more funding if we exceeded expectations with our outreach. This is exactly what VA has done. On July 15, 2024, VA updated this Committee and its counterparts on the overall fiscal state of benefits and medical care and the increased needs for funding to meet the increased Veteran demand. On July 19, 2024, Secretary McDonough wrote a letter to Congress outlining the VBA budget need for an additional \$2.883 billion in mandatory benefits funding for the remainder of FY 2024, and the Office of Management and Budget (OMB) shared its recommendation to Congress for a legislative path forward. On August 28, 2024, as FY 2024 drew to a close, the Administration requested a funding anomaly of \$12 billion for VA to be appropriated to the Cost of War Toxic Exposures Fund to cover a potential shortfall in medical care funding. VA appreciates Congress’s attention to the urgent need for VBA supplemental

funding, as evidenced by H.R. 9468, the Veterans Benefits Continuity and Accountability Supplemental Appropriations Act. We are closely monitoring the funding bill's progress and are hopeful that its enactment would avoid delayed benefits payments to Veterans.

VA is grateful to be working closely with Congress to address these needs in a way that prevents any adverse impacts on Veterans and allows us to continue to deliver care and benefits to Veterans at record rates.

PACT Act and Historic Outreach to Veterans

When President Biden signed the PACT Act into law, he expanded health care and benefits to millions of Veterans who were exposed to toxins while fighting for our country—and their survivors. Since then, we have done everything in our power to reach out to every Veteran and survivor who is eligible for PACT Act benefits to bring them to VA as quickly as possible—because Veterans who come to VA are proven to do better. These steps include the following:

- **Expediting health care eligibility under the PACT Act by up-to 8 years to ensure that Veterans could access care as quickly as possible:** VA used its authority under PACT to [expedite health care eligibility by 8 years](#) so that all Veterans who were exposed to toxins are eligible to enroll directly in VA health care—regardless of whether they served at home or abroad—as long as they meet basic eligibility requirements. This means that they do not need a service-connected disability to enroll in VA health care. This also allowed those already enrolled to transition to higher-level priority groups. This step expanded access to care under this authority for many Veterans, including 1) some Veterans who served in Iraq or Afghanistan, dating back to the Gulf War, 2) Veterans who deployed in support of the Global War on Terror Contingency Operations, 3) Veterans who were exposed to toxins here at home. Without expediting this eligibility, the first group of those Veterans would not have become eligible for care until this October 2024 and the last group would not have become eligible until 2032. While many of these Veterans were already enrolled in VA care, it has expanded access to life-changing or life-saving care to many Veterans, including more than 50,000 Veterans who have already enrolled under this authority.
- **Expediting presumptive benefits under the PACT Act by up-to 4 years:** VA used its authority under PACT to [expedite benefits eligibility](#), deciding not to phase in presumptive conditions over several years as called for by the law. This expedited presumptives for head cancer, neck cancer, gastrointestinal cancer, reproductive cancer, lymphoma, pancreatic cancer, kidney cancer, melanoma, hypertension for Vietnam Vets, and much more. Most of those conditions would only become presumptive this October, and some would not become presumptive until 2025 and 2026.
- **Launching the most aggressive outreach campaign in VA history:** From the moment the PACT Act passed the Senate, VA has been conducting all-hands-

on-deck outreach campaign to bring more Veterans to VA. This includes launching a one-stop launch website for Veterans to apply for PACT benefits, hosting thousands of events since the passage of the PACT Act, sending millions of letters and emails directly to eligible Veterans, conducting a nationwide advertising campaign, enacting the first-ever text messaging campaign to reach out to eligible Veterans, and working with influencers and partners to spread the word about the PACT Act.

VA made these decisions so that millions of Veterans who got sick while fighting for our country could get the benefits they deserve as quickly as possible. Data also clearly indicates that when Veterans are receiving VA benefits and health care, their risk for suicide decreases. Without VA's outreach campaign, many Veterans would not even know about the PACT Act.

Thanks to these efforts, we have been able to reach Veterans and survivors across VA. This has resulted in life-saving and life-changing results under the PACT Act, including the following:

- As noted above, nearly 710,000 Veterans have enrolled in VA health care since the PACT Act was signed into law, which represents a more than 34% increase in Veterans enrolling compared to an equivalent period before the legislation was signed. Additionally, roughly 843,000 Veterans moved up to a higher health care eligibility priority group which provides enhanced access and reduced copayments.
- VA has delivered more than \$7.3 billion in earned benefits to more than 1.2 million Veterans and their survivors under the PACT Act, and we are delivering these benefits to Veterans at the [fastest rate in the Nation's history](#).
- More than 5.7 million Veterans have been screened for toxic exposures, a critical step to catching and treating potentially life-threatening health conditions as early as possible.
- Veterans and survivors are applying for their earned benefits at record rates and enrolling in VA care at the fastest rate since 2017.

All told, millions of Veterans are now getting the health care and benefits they have earned for their heroic service and selfless sacrifices. Moving forward, we want all of these heroes—and their survivors—to come to VA for the health care and benefits they earned and so rightly deserve, and we need these additional funds to do that.

Medical Care Anomaly Request

The Administration requested an anomaly of \$12 billion for the potential medical care shortfall going into FY 2025 in order to continue delivering more care to more Veterans than ever before—and continue to earn Veteran trust at record-high levels.

As noted above, VA expects to set an all-time record for appointments delivered to Veterans in 2024 of 130 million and Veteran trust in outpatient care is at 91.8%, an

all-time high. Additionally, one in five new enrollees are getting access to critical care services because of the PACT Act. And more than 890,000 additional Veterans already enrolled in VA health care experienced a priority group increase since the PACT Act was signed due to increases in service connection—increasing reliance on VA health care for existing enrollees and newly qualifying more than 360,000 additional Veterans for benefits such as dental care, long term services and support, and beneficiary travel.

In addition to helping us continue to deliver for Veterans at these rates, this request supports a higher growth rate for community care than previously projected in the President's FY 2025 Budget Request. VA will set a record for community care appointments delivered in FY 2024 for the sixth year in a row since passage of the 2018 MISSION Act, and we project that a community care growth rate of 16.5% over FY 2024 is needed to deliver anticipated increases in community care needs for Veterans, informing part of the potential shortfall into FY 2025. As you know, enactment of the 2018 MISSION Act dramatically changed the way in which VA leverages community care to meet the needs of veterans. As the costs of community care continues to grow, it places increasing pressure on other parts of VA's medical care capabilities, putting some of those lines of effort at risk.

The Administration's medical care anomaly request provides relief for cost pressures occurring in the pharmacy and prosthetics programs that were not anticipated when VA developed the FY 2025 Budget. Costs for drugs and prosthetic devices (including eyeglasses and hearing aids – two high volume service lines for VA) are higher than anticipated due to market pressures and increased demand for newer high-cost weight-loss medications.

The anomaly also support a higher staffing level than assumed in the FY 2025 Budget. VA projects that 5,000 additional full-time employees above where VHA stood on total employees in mid-June are needed to deliver care to Veterans in FY 2025, informing part of the potential shortfall. While VHA is not hiring at the same rate as it did in past years, it will continue to hire best-in-industry talent to fill critical, high-priority vacancies and positions to meet the needs of Veterans. This reflects VHA's commitment to a more strategic and targeted approach to hiring.

If VA medical care does not receive the anomaly request, VA will be forced to make difficult cuts and decisions will have to be made to remain within the current budget in FY 2025, most notably on outreach, care coordination, and more. We believe this funding is needed to maintain the excellent outcomes for Veterans that VA is achieving on quality, access, and Veteran trust.

Benefits Budget Request

VA needs an additional \$2.883 billion for mandatory benefit payments in 2024, including \$2.286 billion for the Compensation and Pension account and \$597 million for the Readjustment Benefits account, which primarily funds education benefit payments.

As noted above, we exceeded expectations for this year because VA is delivering more benefits to more Veterans than ever before in the Nation's history—and processing Veteran claims at record rates – meaning veterans are waiting less time to receive a claims decision. Additionally, more Veterans are applying for VA benefits than ever before, thanks to the largest outreach campaign in VA history.

GI Bill and job training benefits have also increased. In FY 2023, VA provided GI Bill education benefits to more than 850,000 Veterans and beneficiaries. VA expects this number to increase to 940,000 in FY 2024. In total, we expect obligations for the Readjustment Benefits account to increase by 18% in FY 2024 compared to obligations in FY 2023. Similarly, within the account, we expect obligations for the Post-9/11 GI Bill to increase by 17% in FY 2024. These important results for Veterans exceeded our initial expectations and updated projections in the FY 2025 Budget.

VA's estimated need for \$2.883 billion in mandatory benefits funds for FY 2024 was based on data available as of June 2024, however, even our most recent projections confirm the need for additional funding. While actual obligations in July and August have varied slightly from the estimates, and prior year deobligations have increased from original assumptions, prudent management still compels us to request the full \$2.883 billion in mandatory benefits funding to ensure that Veteran benefits payments continue without interruption. These funding estimates are conservative to ensure more than sufficient funding is available to get through the fiscal year and deliver on the promise to provide Veterans their earned benefits, especially as VA continues to break records in benefits and health care delivery. Critically, any funding shortfall of just \$1 would prevent VA from processing its September pay file, and, as a result, delay benefit payments to 7 million Veterans. As this is no-year funding, any funding not obligated in FY 2024 will be available in FY 2025 to continue to provide benefit payments, but that does not change the underlying need to address VBA's imminent shortfall in FY 2024.

If VA does not have sufficient funding available for benefit payments on September 20, then benefit payments that are typically delivered on October 1 are at risk of being delayed. On September 20, VBA's Finance Center certifies to the Department of the Treasury (Treasury) that funding is available for its large compensation and pension payment file, which includes 95% of obligations for September. Similarly, VBA's Finance Center is scheduled to certify to Treasury that funding is available for its final Readjustment Benefits payment files on September 26.

These dates have been refined over many years to ensure that internal controls and safeguards are in place to securely deliver over \$15 billion in benefit payments to seven million beneficiaries each month. These dates also allow time to address any problems that could arise during the numerous steps in the payment process.

VBA has worked closely with Treasury to reduce the timeline for payments via electronic funds transfer (EFT) if needed; however, doing so will incur risk, and the timeline for payments via paper check is less flexible. VBA strongly encourages all

beneficiaries to rely on EFT rather than paper checks (<https://www.va.gov/resources/direct-deposit-for-your-va-benefit-payments/>), but 2% of beneficiaries (140,000 beneficiaries for compensation and pension benefits) still opt to receive payments via paper checks.

If additional funding is not appropriated in September, VA could use FY 2025 advance appropriation funding, once it becomes available on October 1, to issue its benefit payments. In this scenario, EFTs may be delayed to October 3, and paper checks may be delayed to October 15. VA has conducted thorough research and collaborated with Treasury and OMB to prepare to carry out this contingency plan, should this scenario come to pass. However, VBA has never relied on this authority to use advance appropriation funding for prior year obligations before, and potential risks are associated with changing highly technical payment and accounting processes. In addition, the FY 2025 request for additional mandatory funding for these accounts would need to increase by the corresponding amount of the shortfall in FY 2024.

Conclusion

We are honored to be serving the Nation's Veterans and their families, and we are proud to be working with Congress to deliver more care and more benefits to more Veterans than ever before. These results are life-changing for millions of Veterans and their survivors, and we look forward to working with you to address this need for additional funding so we can continue to ensure the Nation's Veterans get the health care and benefits they have earned and deserve. This concludes our testimony, and we look forward to answering your questions.