

STATEMENT OF CARL BLAKE, NATIONAL LEGISLATIVE DIRECTOR, PARALYZED  
VETERANS OF AMERICA

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CARL BLAKE  
NATIONAL LEGISLATIVE DIRECTOR  
PARALYZED VETERANS OF AMERICA  
BEFORE THE  
SENATE COMMITTEE ON VETERANS' AFFAIRS  
CONCERNING  
THE INDEPENDENT BUDGET  
AND THE DEPARTMENT OF VETERANS AFFAIRS BUDGET  
FOR FISCAL YEAR 2008

FEBRUARY 13, 2007

Mr. Chairman and members of the Committee, as one of the four co-authors of The Independent Budget, 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) health care system for FY 2008.

PVA, along with AMVETS, Disabled American Veterans, and the Veterans of Foreign Wars, is proud to come before you this year marking the beginning of the third decade of The Independent Budget, a comprehensive budget and policy document that represents the true funding needs of the Department of Veterans Affairs. The Independent Budget uses commonly accepted estimates of inflation, health care costs and health care demand to reach its recommended levels. This year, the document is endorsed by 53 veterans' service organizations, and medical and health care advocacy groups.

Last year proved to be a unique year for reasons very different from 2005. The VA faced a tremendous budgetary shortfall during FY 2005 that was subsequently addressed through supplemental appropriations and additional funds added to the FY 2006 appropriation. For FY 2007, the Administration submitted a budget request that nearly matched the recommendations of The Independent Budget. These actions simply validated the recommendations of The Independent Budget once again.

Unfortunately, even as we testify today, Congress has yet to complete the appropriations bill more than one-third of the way through the current fiscal year. Despite the positive outlook for funding as outlined in H.J. Res. 20, the FY 2007 Continuing Resolution, the VA has been placed in a critical situation where it is forced to ration care and place freezes on hiring of much needed medical staff. Waiting times have also continued to increase. Furthermore, the VA has had to cannibalize other accounts in order to continue to provide medical services, jeopardizing not only the VA health care system but the actual health care of veterans. It is unconscionable that Congress has allowed partisan politics and political wrangling to trump the needs of the men and women who have served and continue to serve in harm's way.

For FY 2008, the Administration has requested \$34.2 billion for veterans' health care, a \$1.9 billion increase over the levels established in H.J. Res. 20, the continuing resolution for FY 2007.

Although we recognize this as another step forward, it still falls well short of the recommendations of The Independent Budget. For FY 2008, The Independent Budget recommends approximately \$36.3 billion, an increase of \$4.0 billion over the FY 2007 appropriation level yet to be enacted and approximately \$2.1 billion over the Administration's request.

The medical care appropriation includes three separate accounts—Medical Services, Medical Administration, and Medical Facilities—that comprise the total VA health-care funding level. For FY 2008, The Independent Budget recommends approximately \$29.0 billion for Medical Services. Our Medical Services recommendation includes the following recommendations:

(Dollars in Thousands)

Current Services Estimate	\$26,302,464
Increase in Patient Workload	\$1,446,636
Increase in Full-time Employees	\$105,120
Policy Initiatives	\$1,125,000
Total FY 2008 Medical Services	\$28,979,220

In order to develop our current services estimate, we used the Obligations by Object in the President's Budget to set the framework for our recommendation. We believe this method allows us to apply more accurate inflation rates to specific accounts within the overall account. Our inflation rates are based on five-year averages of different inflation categories from the Consumer Price Index-All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics every month.

Our increase in patient workload is based on a 5.5 percent increase in workload. This projected increase reflects the historical trend in the workload increase over the last five years. The policy initiatives include \$500 million for improvement of mental health services, \$325 million for funding the fourth mission (an amount that nearly matches current VA expenditures for emergency preparedness and homeland security as outlined in the 2007 Mid-Session Review), and \$300 million to support centralized prosthetics funding.

For Medical Administration, The Independent Budget recommends approximately \$3.4 billion. Finally, for Medical Facilities, The Independent Budget recommends approximately \$4.0 billion. This recommendation includes an additional \$250 million above the FY 2008 baseline in order to begin to address the non-recurring maintenance needs of the VA.

Although The Independent Budget health-care recommendation does not include additional money to provide for the health-care needs of category 8 veterans now being denied enrollment into the system, we believe that adequate resources should be provided to overturn this policy decision. VA estimates that more than 1.5 million category 8 veterans will have been denied enrollment in the VA health-care system by FY 2008. Assuming a utilization rate of 20 percent, in order to reopen the system to these deserving veterans, The Independent Budget estimates that VA will require approximately \$366 million. The Independent Budget veterans service organizations (IBVSO) believe the system should be reopened to these veterans and that this money should be appropriated in addition to our Medical Care recommendation.

Although not proposed to have a direct impact on veterans' health care, we are deeply disappointed that the Administration chose to once again recommend an increase in prescription drug co-payments from \$8 to \$15 and an indexed enrollment fee based on veterans' incomes. These proposals will simply add additional financial strain to many veterans, including PVA members and other veterans with catastrophic disabilities. Although the VA does not overtly explain the impact of these proposals, similar proposals in the past have estimated that nearly 200,000 veterans will leave the system and more than 1,000,000 veterans will choose not to enroll. It is astounding that this Administration would continue to recommend policies that would push veterans away from the best health care system in the world. Congress has soundly rejected these proposals in the past and we call on you to do so once again.

For Medical and Prosthetic Research, The Independent Budget is recommending \$480 million. This represents a \$66 million increase over the FY 2007 appropriated level established in the continuing resolution and \$69 million over the Administration's request for FY 2008. We are very concerned that the Medical and Prosthetic Research account continues to face a virtual flatline in its funding level. Research is a vital part of veterans' health care, and an essential mission for our national health care system. VA research has been grossly underfunded in comparison to the growth rate of other federal research initiatives. We call on Congress to finally correct this oversight.

The Independent Budget recommendation also recognizes a significant difference in our recommended amount of \$1.34 billion for Information Technology versus the Administration's recommended level of \$1.90 billion. However, when compared to the account structure that The Independent Budget utilizes, the Administration's recommendation amounts to approximately \$1.30 billion. The Administration's request also includes approximately \$555 million in transfers from all three accounts in Medical Care as well as the Veterans Benefits Administration and the National Cemetery Administration. Unfortunately, these transfers are only partially defined in the Administration's budget justification documents. Given the fact that the veterans' service organizations have been largely excluded from the discussion of how the Information Technology reorganization would take place and the fact that little or no explanation was provided in last year's budget submission, our Information Technology recommendation reflects what information was available to us and the funding levels that Congress deemed appropriate from last year. We certainly could not have foreseen the VA's plan to shift additional personnel and related operations expenses.

Finally, we remain concerned that the Major and Minor Construction accounts continue to be underfunded. Although the Administration's request includes a fair increase in Major Construction from the expected appropriations level of \$399 million to \$727 million, it still does not go far enough to address the significant infrastructure needs of the VA. Furthermore, the actual portion of the Major Construction account that will be devoted to Veterans Health Administration infrastructure is only approximately \$560 million. We also believe that the Minor Construction request of approximately \$233 million does little to help the VA offset the rising tide of necessary infrastructure upgrades. Without the necessary funding to address minor construction needs, these projects will become major construction problems in short order. For FY 2008, The Independent Budget recommends approximately \$1.6 billion for Major Construction and \$541 million for Minor Construction.

In closing, to address the problem of adequate resources provided in a timely manner, The Independent Budget has proposed that funding for veterans' health care be removed from the discretionary budget process and made mandatory. The budget and appropriations process over the last number of years demonstrates conclusively how the VA labors under the uncertainty of not only how much money it is going to get, but, equally important, when it is going to get it. No Secretary of Veterans Affairs, no VA hospital director, and no doctor running an outpatient clinic knows how to plan and even provide care on a daily basis without the knowledge that the dollars needed to operate those programs are going to be available when they need them.

Making veterans health care funding mandatory would not create a new entitlement, rather, it would change the manner of health care funding, removing the VA from the vagaries of the appropriations process. Until this proposal becomes law, however, Congress and the Administration must ensure that VA is fully funded through the current process. We look forward to working with this Committee in order to begin the process of moving a bill through the House, and the Senate, as soon as possible.

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 my testimony. I will be happy to answer any questions you may have.