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Statement of the Fleet Reserve Association
on its
2011 Legislative Goals

Presented to the:

U.S. House of Representatives and
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Veterans' Affairs Committees

By

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THE FRA

The Fleet Reserve Association (FRA) is the oldest and largest organization serving enlisted men and women in the active, Reserve, and retired communities plus veterans of the Navy, Marine Corps, and Coast Guard. The Association is Congressionally Chartered, recognized by the Department of Veterans Affairs (VA) and entrusted to serve all veterans who seek its help. FRA was established in 1924 and its name is derived from the Navy's program for personnel transferring to the Fleet Reserve or Fleet Marine Corps Reserve after 20 or more years of active duty, but less than 30 years for retirement purposes. During the required period of service in the Fleet Reserve, assigned personnel earn retainer pay and are subject to recall by the Secretary of the Navy.

The Association is actively involved in the Veterans Affairs Voluntary Services (VAVS) program and a member of the National Headquarters' staff serves as FRA's National Veterans Service Officer (NVS/O) and has a seat as a national representative on the VAVS National Advisory Committee (NAC). FRA testifies regularly before the House and Senate Veterans' Affairs Committees and Appropriations Subcommittees.

FRA's National Veterans Service Officer oversees the Association's new Veterans Service Officer

Program and represents veterans throughout the claims process and before the Board of Veteran's Appeals. In addition, 171 FRA Shipmates provided almost 12,000 volunteer hours of support at 59 VA facilities throughout the country in 2010, enabling FRA to achieve VAVS "Service Member" status. Members of the Auxiliary of the Fleet Reserve Association are also actively involved in the VAVS program and hold an Associate Membership seat on the committee which requires involvement at 15 or more VA facilities.

In August 2007, FRA became the newest member of the Veterans Day National Committee joining 24 other nationally recognized Veterans Service Organizations on this important committee that coordinates National Veterans' Day ceremonies at Arlington National Cemetery. FRA also is a leading organization in The Military Coalition (TMC), a group of 33 nationally recognized military and veteran's organizations collectively representing the concerns of over five million members. In addition, FRA senior staff members serve in a number of TMC leadership roles.

FRA celebrated its 86th anniversary on November 11, 2010. Over eighty-five years of dedication to its members has resulted in legislation enhancing quality of life programs for Sea Services personnel, retirees, veterans and their families and survivors.

FRA's motto is: "Loyalty, Protection, and Service."

CERTIFICATION OF NON-RECEIPT OF FEDERAL FUNDS

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

INTRODUCTION

Distinguished Chairman, Chairwoman, Ranking Members and other Members of these Committees, FRA's membership appreciates this opportunity to present the Association's 2011 legislative goals. The Association also appreciates your leadership and strong support in conjunction with the enactment of advanced funding for the Department of Veterans Affairs health care accounts, the gradual re-opening of access to VA health care services for Priority Group 8 veterans, the Department's acknowledgment of Agent Orange exposure for veterans on ships that entered inland "brown water" waterways in Vietnam, expansion of Agent orange presumption for some Korean veterans, and authorization of a service-connection for those who have B cell leukemia, Parkinson's disease or ischemic heart disease.

FRA also welcomes efforts to streamline claims processing for veterans with Post Traumatic Stress (PTS) and appreciates the recent House Veterans' Affairs Committee oversight hearing on the Servicemembers Civil Relieve Act (SCRA) which raised awareness regarding financial institutions who are not complying with the Act.

THE 2012 VA BUDGET

The FY 2012 Department of Veterans Affairs (VA) budget proposed by the Administration is three percent higher than the proposed FY 2011 VA budget. Related to the proposal is the FY 2011 Independent Budget (IB) which was recently released by AMVETS, Disabled American Veterans (DAV), Paralyzed Veterans of America (PVA) and the Veterans of Foreign Wars (VFW). The IB provides detailed funding analysis of the proposed Administration's VA budget and is intended to be used as a guide to policy makers to make necessary adjustments to meet the challenges of serving the America's veterans.

The IB for FY 2012 recommends an eight percent increase over the proposed FY 2011 VA

budget. The Administration's FY 2012 VA budget and the IB call for increased funding for medical services, women veterans programs, mental health services, expanded caregiver assistance, and helping homeless veterans. The IB notes that the proposed FY 2012 budget cuts various VA programs that include construction, information technology, and medical and prosthetic research. The annual IB is strongly supported by FRA and has served as a guide for VA funding for 25 years.

DISABILITY CLAIMS BACKLOG

FRA strongly believes that the cost of war should include treating the nation's wounded warriors, and is deeply concerned about the backlog of claims at the Department of Veterans Affairs (VA). The Association appreciates the thousands of additional claims adjusters hired since January 2007. Despite the additional resources and manpower the backlog of disability claims continues to increase. It is becoming clear that the VA does not need more people but needs more automation of the disability rating system.

FRA believes there is strong bi-partisan support to reform the system and that lawmakers have made clear that they want to improve the antiquated paper claims process to eliminate bureaucratic delays and ensure more uniformity between branches of the military and the VA in how they rate disabilities. The VA has an overriding responsibility to maintain an effective delivery system, taking decisive and appropriate action to correct deficiencies and improve processes. That said, the VA can promptly deliver benefits to veterans only if it has modern technology, adequate resources and staffing.

Media reports, include the January 3, 2010 60 Minutes story clearly demonstrate that the disability claims backlog is a systemic problem and new technology should be deployed to reform the Veterans' Benefits Administration (VBA) paper claims system. Currently, there is no comprehensive system that allows for a streamlined transition of health care records between DoD and the VA.

FRA strongly supports the Administration's efforts to create a Joint Virtual Lifetime Electronic Record (VLER). A VLER for every service member would be a major step towards the Association's long-standing goal of a truly seamless transition from military to veteran status for all service members and would permit a DoD, VA, or private health care provider immediate access to a veteran's health data. There is some sharing now between DoD and VA, but information in the private sector is invisible to VA. The VLER strategy would utilize secure messaging standards, similar to that which is used for email, to securely relay information between sources. The VLER working group is collaborating with VBA and its paperless processes and while being HIPPA (Health Insurance Portability and Protection Act) compliant, there are legislative hurdles to overcome, similar to that which the VBA is facing with its paperless process.

A 2010 Government Accountability Office (GAO) report (GAO-10-450T, February 10, 2010) cites gaps in the Benefits Delivery at Discharge (BDD) program management, accountability, and access. The BDD involves VA and DoD partnering to streamline access to veteran's disability benefits by allowing some current service members to file a VA disability claim and undergo a single collaborative exam process up to 180 days prior to being discharged. The report also indicates that VA's Quick Start initiative designed to streamline the claims process for members of the Reserve Component could not be verified by VA data, and that the VA was ineffective in its efforts to increase awareness of the program in Reserve Component

communities.

WOUNDED WARRIOR AND CAREGIVER SUPPORT

The recently enacted caregiver stipend provided by the Department of Veterans Affairs (VA) is beneficial to those caring for wounded warriors, however, FRA shares the concerns of the leadership for both Committees about the slow pace of implementation. A recent Navy Times survey (November 29, 2010) indicates that 77 percent of wounded warrior care givers reported they have no life of their own; 72 percent feel isolated; and 63 percent suffer from depression. The improvements will help caregivers, however, the enactment of legislation is only the first step and jurisdictional challenges notwithstanding, effective oversight and adequate sustained funding are essential to sustaining this program. FRA also supports the following substantive changes in conjunction with ensuring adequate care for our wounded warriors:

- Establish a permanent and independent office for the DoD/VA Interagency program and expand it's authority to include oversight of all components of achieving a true seamless transition;
- Authorizing full active duty TRICARE benefits, regardless of accessibility of VA care, for three years after medical retirement to help ease transition from DoD to VA;
- Extend and make permanent the charter of the "Special Oversight Committee" to ensure improved coordination with DoD and VA initiatives to help wounded warriors;
- Exempt severely wounded medically retired Medicare part B premiums until age 65;
- Providing up to one year of continuous habitation in on-base housing facilities for medically retired, severely wounded and their families;
- Eliminate the service member's premium for the Traumatic Service Member Group life Insurance (TSGLI); and
- Ensure the full implementation of the Virtual Lifetime Electronic Record (VLER) for all currently serving military that will help ensure a seamless transition from DoD to VA for wounded warriors.

DISABILITY EVALUATION SYSTEM

The Dole/Shalala Commission report prompted establishment of a pilot program per the FY 2008 National Defense Authorization Act (Public Law 110-181) known as the Disability Evaluation System (DES). This initiative has shown great promise by providing a single disability exam conducted to VA standards that is used by both VA and DoD plus a single disability rating by VA that is binding upon both Departments. FRA believes this is a common-sense approach that will reduce bureaucratic red-tape and help streamline the process. Jurisdictional responsibilities notwithstanding, the Association urges the committees to provide oversight as the new system is implemented. According to a recent GAO report, the DES program takes a disabled veteran 10 months to traverse as compared to the current system that on average takes about 18 months. Achieving an effective delivery system between DoD and VA to guarantee seamless transition and quality services for wounded personnel, particularly those suffering from Post Traumatic Stress (PTS) and Traumatic Brain Injuries (TBI) is very important to our membership. DoD should also make every effort to de-stigmatize mental health conditions that should include outreach, counseling, and mental health assessment for all service members returning from combat zones.

FRA believes that failure to invest in essential immediate treatments for personnel with PTS will result in the government facing high alternative costs in the years ahead due to homelessness, unemployment, underemployment and lost tax revenue.

FRA is cautiously optimistic about reducing backlog of disability claims due to the initial success

of the “fast track” program used for Agent Orange claims. That program allows a veteran to file a disability claim with the help of his/her private doctor who fills out a VA questionnaire. More than 6,500 claims have been filed using this system, which dramatically reduces development time for Agent Orange presumptive claims. Additionally this program allows the veteran with Internet access to instantly see the status of his/her claim.

AGENT ORANGE PRESUMPTION

The Association continues its advocacy regarding the need to reverse current VA policy that prevents so-called “blue water” veterans and military retirees who were deployed off the coast of Vietnam and may have been exposed to Agent Orange, from filing claims associated with this exposure. Agent Orange was a herbicide used during the Vietnam War and more than 500,000 service members served aboard ships off the coast from 1964-1975. Many of these personnel now have health problems commonly associated with herbicide exposure and have endured lengthy legal struggles to prove these problems are service-related. FRA strongly supports the “Agent Orange Equity Act” (H.R. 812), sponsored by Ranking Member Filner that will reverse the VA’s decision preventing “Blue Water Navy” military retirees and veterans from claiming presumptive status for the diseases associated with Agent Orange exposure. The Association awaits the Institute of Medicine (IOM) report scheduled to be released in May 2011 that will likely validate the 2002 Royal Australian Navy report that demonstrates that the desalinization process used on Australian and US Navy ships off the coast of Viet Nam magnified the dioxin exposure contained in diminutive amounts of the Agent Orange herbicide in the water.

FRA appreciates the VA’s efforts to expand presumption to ships exposed to Agent Orange during the Vietnam era. The updated list, released by the VA in January, is continuously updated to include vessels that operated primarily or exclusively on Vietnam’s inland waterways; ships that temporarily operated in these waterways or were moored at the shore line; and ships that operated in close coastal waters of Vietnam for extended periods with evidence that crewmembers went ashore. If a veteran's service aboard one of these ships can be confirmed through his military records during the time frames specified, exposure to herbicides can be presumed, thus expediting claims for VA benefits. The Association also applauds the VA’s decision to expand presumptive service-connection for Vietnam veterans who have B cell leukemia, Parkinson’s disease or ischemic heart disease.

FRA also notes expanded Agent Orange presumption for veterans who served in Korea between April 1, 1968, and Aug. 31, 1971, in a unit determined to have operated in an area in or near the Korean DMZ in which herbicides were applied. Previously, the VA presumed service-connection only for veterans who served in certain units along the Korean DMZ between April 1968 and July 1969. Eligible veterans who meet these service criteria and have specific herbicide-related illnesses do not have to prove an association between their illness and their military service. This “presumption” simplifies and speeds up the application process for benefits.

TREATING GULF WAR ILLNESSES

FRA applauds the establishment of a new presumptions of service connection for certain diseases associated with service in Southwest Asia (including Iraq) or Afghanistan. Nine specific infectious diseases (brucellosis, campylobacter jejuni, coxiella burnetii (Q fever), malaria, mycobacterium tuberculosis, nontyphoid salmonella, shigella, visceral leishmaniasis and West Nile virus) have been associated with military service in Southwest Asia beginning on or after the start of the first Gulf War on Aug. 2, 1990, through the conflict in Iraq and also service in Afghanistan on or after Sept. 19, 2001.

With these new presumptions a veteran must only certify service in the specified region, have

contracted one of the nine diseases within a certain time after service and have a current disability as a result of that disease. Most of these diseases would be diagnosed within one year of return from service and there are time limits associated with seven of the diseases. According to the VA approximately 3,400 Gulf War veterans have qualified for benefits under this category.

ACCESS TO VA CARE

FRA appreciates the lifting of the “temporary” 2003 ban on enrolling Priority Group 8 veterans, and is encouraged that the VA opened enrollment for some of these beneficiaries. The ban significantly limited access to care and more than 260,000 veterans have been impacted by the policy. Our Nation made a commitment to all veterans for their service and limiting enrollment conveys the wrong message to our service personnel currently serving in Iraq and Afghanistan and those who have served in the past.

Expanding access to VA Hospitals and Clinics for TRICARE beneficiaries is important and FRA supports opportunities to expand DoD/VA joint facilities demonstration projects such as combining the VA Hospital and the Naval Hospital at Great Lakes Naval Base, Illinois, and ensuring that military retirees are not required to pay for care in VA facilities. (Currently 151 of the 153 VA medical centers accept TRICARE beneficiaries.)

MEDICARE SUBVENTION

FRA believes authorization of Medicare subvention for eligible veterans would improve access for Medicare-eligible veterans and enhance health care funding for the Department of Veterans Affairs (VA). Under current law, VA hospitals are not reimbursed for care provided to Medicare-eligible veterans who must choose between receiving veterans-centric specialized care at a VA hospital without benefiting from Medicare coverage and reimbursement to the facility, or seeing an outside Medicare provider his/her office or at a non-VA hospital.

SCRA OVERSIGHT

The Association thanks Chairman Miller for conducting oversight hearings on alleged violations of the Servicemembers Civil Relief Act (SCRA) that provides a wide range of protections for individuals entering the service, called to active duty or deployed on military orders. The law postpones or suspends certain civil obligations so service members can devote their full attention to their military duties and relieve stress on the family members. The hearing focused on the alleged violations by one bank. FRA members wonder if this is only the “tip of the iceberg” regarding SCRA violations in the financial community. FRA would welcome more oversight by both committees to ensure that regulatory agencies are monitoring.

PROJECT HERO

FRA staff is monitoring developments in Project HERO (Public Law 109-114) program that requires the VA to develop a model for better managing fee-basis care by establishing relationships with community providers to complement VA’s health care system. Project HERO (Healthcare Effectiveness through Resource Optimization) also focuses on maintaining continuity of care between a veteran’s private provider and the VA by ensuring that medical files generated by a private provider are included in his/her VA medical file. Veterans residing in rural areas and others with unique health care needs often require assistance outside of the conventional VA system. The Department spends more than \$2 billion through this fee-basis program to purchase private, non-VA health care for eligible veterans. Critics have expressed concern that Project HERO is a parallel health care system in competition with traditional VA facilities and supplanting the VA, rather than supplementing it. FRA believes that economies of scale associated with serving rural area veterans requires a fee-based program to

allow veterans to buy health care services outside the VA health care system. The program still requires a veteran to wait for non-VA provider authorization and coordination, rather than allowing the veteran go to a private provider when needed, and then reimburse him/her after the appointment. FRA supports Project HERO with the caveat that there is adequate continuing oversight by Congress and the VA.

FEMALE VETERANS

Women are now the fastest growing segment of eligible VA health care users, representing about 15% of our active duty military, 20% of new recruits, and 17% of the Reserve Component. Women represent 5.5% of the 27 million veterans, and this number is expected to increase to 10% by 2018. There are more than 100,000 OIF/OEF women veterans, and more than 44 percent have enrolled in VA as compared to only 15 percent utilization by female veterans from earlier eras. According to “Women Veterans Health Care” by Patty Hayes, Ph.D., traditionally women veterans have under utilized VA health care and those now seeking care from the VA are younger than their male counter parts. The average female veteran age is 48, and the male veteran average age is 61.

FRA supports many of the recommendations of the 2010 report of the Advisory Committee on Women’s Issues and these include:

- Establishing childcare options at VA centers;
- Creating more gender-specific health treatment programs;
- Providing employees who have received women veterans’ awareness training; and
- Creating a VBA full-time Women Veterans Administrator.

FRA also encourages the Committees to schedule oversight hearings periodically to ensure that our women veterans are adequately served.

SBP / DIC

FRA supports the “Military Surviving Spouses Equity Act” (HR 178) sponsored by Rep. Joe Wilson and Senate companion legislation sponsored by Sen. Bill Nelson (S. 260). This legislation addresses the issue of reducing SBP annuities for survivors by the amount of DIC they receive. Current DIC payments are \$1,154 and enacted legislation in 2009 partially addressed this inequity by authorizing an increase via the Special Survivor Indemnity Allowance of only \$50 per month for that year, with increases to \$100 in 2014. The above referenced legislation would increase the allowance to \$150 per month in 2014 with gradual increases to \$310 per month in 2017.

SBP and DIC payments are paid for different reasons. SBP coverage is purchased by the retiree and intended to provide a portion of retired pay to the survivor upon his/her death, while DIC is indemnity compensation paid to survivors of service members who die of service connected causes. And it’s important to note that surviving spouses of federal civilian retirees who are disabled veterans and die of service connected causes do receive DIC without offset to their federal civilian SBP benefits.

GI BILL IMPROVEMENTS

The VA has successfully deployed a new automated system to deliver faster, more accurate payments to veterans attending school under the Post-9/11 GI Bill. At the programs inception it took the VA on average 59 days to process applications, and currently the processing time has dropped to 25 days. FRA also understands that the processing time will be reduced even further on August 1, 2011 when further automation is scheduled to be implemented.

The program has paid out more than \$8 billion in benefits to more than 440,000. Further, 13,000 spouses and more than 38,000 dependents have taken advantage of the transferability options in

the program. The Association also salutes former Chairman Akaka for sponsoring the “Post-9/11 Veterans Educational Assistance Improvements Act” (S. 3447) which was enacted last year to improve educational assistance for those who served in the military after September 11, 2001. The bill expands benefits to include vocational training, some on-the-job-training programs, and allows active-duty service members and their spouses to receive the \$1,000/year book stipend (previously available only to veterans and retirees). The legislation also extends housing stipends for distance-learning students.

The Post 9/11 GI Bill is a tremendous benefit for service members who qualify for benefits under the new program and has had an immeasurable improvement on the morale of those currently serving. The Association urges the committees to continue effective oversight of the program to ensure that the changes in the law do not delay timely processing of benefits.

FULL VETERANS STATUS FOR RESERVE COMPONENT SERVICE

FRA supports full veteran status for Reservists with 20 years or more of service, who do not otherwise qualify for same with associated benefits under current law. The Association appreciates Sen. Mark Pryor’s leadership by introducing the “Honor American’s Guard-Reserve Retirees” (S. 491) bill and urges the Senate Veterans Affairs Committee to approve this legislation. FRA also supported H.R. 3787 in the 111th Congress which was introduced by Rep. Timothy Walz (Minn.), and Senate companion legislation (S. 1780), introduced by Senator Blanche Lincoln (Ark.). The House bill passed the House by voice vote but was not acted on by the Senate.

MEDICAL AND PROSTHETIC RESEARCH

VA’s research must focus on improving treatments for conditions that are unique to veterans. Medical and prosthetic research is one of the most successful aspects of all VA medical programs and FRA opposes the \$72 million (12.4%) proposed FY 2012 reduction in this important program.

NATIONAL CEMETERY ADMINISTRATION

The National Cemetery Administration (NCA) maintains over three million gravesites at 131 national cemeteries in 39 states, the District of Columbia, and Puerto Rico.

The VA estimates that about 23 million veterans are alive today. They include veterans from World War II, the Korean War, the Vietnam War, the Gulf War, and the War on Terror, as well as peacetime veterans. It is expected that one in every six of these veterans will request burial in a national cemetery. Annual internments are estimated to gradually increase to 116,000 in FY 2013 and remain at that level until 2015.

FRA appreciates the increased burial plot allowance from \$300 to \$700 effective October 1, 2011, and the \$10 million increase requested in the FY 2012 budget. The Association also supports the IB recommendation that burial benefits should be periodically increased to keep pace with inflation.

COURT-ORDERED DIVISION OF VETERANS COMPENSATION

The intent of service-connected disability compensation is to financially assist a veteran whose disability may restrict his or her physical or mental capacity to earn a greater income from employment. FRA believes this payment is that of the veteran and should not be a concern in the states’ Civil Courts. If a court finds the veteran must contribute financially to the support of his or her family, let the court set the amount allowing the veteran to choose the method of contribution. FRA has no problem with child support payments coming from any source. However, VA disability should be exempt from garnishment for alimony unless the veteran chooses to make payments from the VA compensation award. The Federal government should

not be involved in enforcing collections ordered by the states. Let the states bear the costs of their own decisions. FRA recommends the adoption of stronger language offsetting the provisions in 42 USC, now permitting Federal enforcement of state court-ordered divisions of veterans' compensation payments.

CONCURRENT RECEIPT

FRA continues its advocacy for legislation authorizing the immediate payment of concurrent receipt of full military retired pay and veterans' disability compensation for all disabled retirees. The Association appreciates the progress that has been made on this issue. There still remain disabled service members collecting Concurrent Retirement and Disability Payments (CRDP) that are 50 percent disabled or greater that are slowly being phased in over a ten-year period (2004-2014). They should receive full benefits starting in 2014. Additionally those Chapter 61 retirees receiving CRDP and retirees with less than 50 percent disability rating should also receive full military retired pay and VA disability compensation without any offset.

UNIFORMED SERVICES FORMER SPOUSES PROTECTION ACT (USFSPA)

FRA urges Congress to take a hard look at the USFSPA with a sense of purpose to amend the language therein so that the Federal government is required to protect its service members against State courts that ignore provisions of the Act.

The USFSPA was enacted 28 years ago; the result of Congressional maneuvering that denied the opposition an opportunity to express its position in open public hearings. The last hearing, in 1999, was conducted by the House Veterans' Affairs Committee rather than the Armed Services Committee which has oversight authority for amending the USFSPA.

Few provisions of the USFSPA protect the rights of the service member, and none are enforceable by the Department of Justice or DoD. If a State court violates the right of the service member under the provisions of USFSPA, the Solicitor General will make no move to reverse the error. Why? Because the Act fails to have the enforceable language required for Justice or the Defense Department to react. The only recourse is for the service member to appeal to the court, which in many cases gives that court jurisdiction over the member. Another infraction is committed by some State courts awarding a percentage of veterans' compensation to ex-spouses, a clear violation of U. S. law; yet, the Federal government does nothing to stop this transgression.

There are other provisions that weigh heavily in favor of former spouses. For example, when a divorce is granted and the former spouse is awarded a percentage of the service member's retired pay, the amount should be based on the member's pay grade at the time of the divorce and not at a higher grade that may be held upon retirement. Additionally, Congress should review other provisions considered inequitable or inconsistent with former spouses' laws affecting other Federal employees with an eye toward amending the Act.

CONCLUSION

In closing, allow me again to express the sincere appreciation of the Association's membership for all that you and the Members of both of the House and Senate Veterans' Affairs Committees and your outstanding staffs do for our Nation's veterans.

Our Legislative Team stands ready to meet with you, other members of the Committees or their staffs at any time, to work together to improve benefits for all veterans.

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