

Mr. Richard B. Fuller, National Legislative Director, Paralyzed Veterans of America

STATEMENT OF
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BEFORE THE
SENATE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING
THE INDEPENDENT BUDGET
AND THE DEPARTMENT OF VETERANS' AFFAIRS BUDGET
FOR FISCAL YEAR 2006

FEBRUARY 15, 2005

Mr. Chairman and members of the Committee, as one of the four veterans services organizations publishing 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 2006.

This is the 19th year, PVA, along with AMVETS, Disabled American Veterans and Veterans of Foreign Wars have presented The Independent Budget, a policy and budget 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 26 veterans service organizations, and medical and health care advocacy groups.

This FY 2006 budget request for health care is a shocking one, providing once again a woefully inadequate funding level for sick and disabled veterans. The Administration request of \$27.8 billion amounts to an increase of \$111 million in appropriated dollars ? less than one-half of one percent over the amount provided in FY 2005. Last year's request was the smallest health care appropriation request in nearly a decade. This year's request is even lower. Health care is not a luxury, but this budget request treats it like it is. Keep in mind that the VA itself has testified in the past that it requires a ?13 or 14 percent per year increase in the money available to take care of just our core population of veterans.? (Department of Veterans Affairs Health Care System: Hearing Before the House Committee on Veterans' Affairs, 108th Congress, January 29, 2003).

In place of dollars we are presented with a budget that relies far too heavily on gimmicks, accounting tricks, and on forcing some veterans to pay for the health care of other veterans. Shifting costs onto the back of other veterans is not the way to fulfill this nation's responsibilities to veterans. Once again, the Administration has proposed a \$250 annual enrollment fee, and increased pharmaceutical co-payments, ideas soundly rejected in the past by Congress. The budget also estimates that the VA will find \$590 million in management efficiencies, requiring major cutbacks in personnel and services at VA hospitals across the country. Last year, VA estimated ?savings? of \$340 million. Absent a detailed list or plan to achieve these savings, we

can only assume that these are only included to mask the true extent of the funding chasm faced by the VA in the upcoming fiscal year.

Punitive co-payments, enrollment fees, and other charges are designed not so much to raise revenues as they are meant to deter veterans from seeking their care at VA medical facilities. The VA estimates that its enrollment fee and co-payment proposals will cause more than 213,000 veterans to disenroll. In fact, if this budget submission is enacted, the VA expects enrollment to drop by nearly one-million veterans, a decrease of 12 percent, during FY 2006. This is not a lean budget, rather, it is a budget designed to strangle a health care system relied upon by sick and disabled veterans.

The Independent Budget is adamantly opposed to increasing co-payments. Veterans should not be forced to pay for the health care of their fellow veterans. Although Congress has given the Secretary of Veterans Affairs the authority to set and raise fees, what was once thought of as only an administrative function has now become, in times of tight budgets, an expedient way to find the dollars needed to fund health care for veterans. Providing health care to veterans is a federal responsibility, and we look to Congress to provide the necessary resources to provide this care.

If this budget tells veterans that they better not get sick, what is it telling to veterans in need of long-term care? Although the true extent of the VA's cuts to long-term care may be difficult to fully discern, it is clear that this budget would gut long-term care, and violate the VA's statutory responsibility to maintain the capacity to provide long-term care.

The VA has proposed zeroing out grants for the construction of state extended care facilities, while slashing the per diem grants it provides state homes by \$229 million, a loss of revenue that could very well lead to closures in certain circumstances. The VA estimates that close to 30,000 fewer veterans will be treated under its proposals. The VA proposes \$124 million in cuts by ? revising? eligibility criteria for long-term care. In the VA's budget submission in a chart summarizing obligations by activity, nursing home care is shown as being cut by \$351 million, and it is estimated that the VA's proposed budget would eliminate 5,000 nursing home beds. These cuts would have a drastic effect on some of our neediest veterans.

It is clear that the Administration's budget does not begin to meet the health care needs of veterans, nor does it reflect the resources needed by the VA to provide this care. We believe that The Independent Budget provides a conservative estimate that more accurately represents the needs of the VA.

For FY 2006, we are recommending a total appropriation for medical care of \$31.2 billion, an increase of \$3.5 billion. This reflects an increase of close to 13 percent. This estimate does not include funds attributed to MCCF, which we believe should be used to augment a sufficient appropriated level of funding and not used to replace appropriated dollars.

The VA health care system, in order to fully meet all of its demands and to ameliorate the effects of chronic under-funding, could use many more dollars. The Independent Budget recommendation provides for the impact of inflation on the provision of health care, and mandated salary increases of health care personnel. It would provide the resources to begin to meet the demands of specialized services and programs, as well as the ever-increasing influx of

new veterans entering the system. It is estimated that of the more than 168,000 Iraq veterans who are no longer on active duty, sixteen percent have sought VA health care. The full impact of the two-year grant of priority health care for these veterans is yet to be fully felt. We also believe that The Independent Budget recommendation, if enacted, would allow the VA to begin enrolling Category 8 veterans once again.

For Medical and Prosthetic Research, The Independent Budget is recommending \$460 million. This represents a \$58 million increase over the FY 2005 amount. The Administration has proposed a \$9 million cut. Research is a vital part of veterans' health care, and an essential mission for our national health care system.

In closing, the VA health care system faces two chronic problems. The first is a budget submission that ignores the costs of providing care while advocating draconian health care rationing. The second is a lack of consistent funding. 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. Far too often veterans' funding is the subject of an omnibus bill that is enacted months after the start of the fiscal year.

Health care delayed is health care denied. If the health care system cannot get the funds it needs when it needs those funds the resulting situation only fuels efforts to deny more veterans health care and charge veterans even more for the health care they receive.

The only solution we can see is for this Committee and the Congress as a whole to approve legislation removing VA health care from the discretionary side of the budget process and making annual VA budgets mandatory. The health care system can only operate properly when it knows how much it is going to get and when it is going to get it. We look forward to working with this Committee in order to begin the process of moving a bill through the Senate, and the House, as soon as possible.

It is easy to forget, when dealing with dollars and budgets, that we are ultimately dealing with real people, people who will be affected personally by the cuts and so-called "savings" proposed by this Administration. We ask that you remember these men and women, these veterans who have sacrificed so much for us, when you are drawing up 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.