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"The Servicemember's Voice in Government"
Established 1968



**Testimony of the National Association for Uniformed Services®
on Department of Veterans Affairs Budget Request Fiscal Year 2009
Thursday, February 7, 2008
before the House Committee on Veterans' Affairs**

Chairman Filner, Ranking Member Buyer, and members of the Committee:

On behalf of the National Association for Uniformed Services (NAUS), I am pleased to present testimony to you concerning the Department of Veterans Affairs (VA) budget request for fiscal year 2009.

First we would like to thank you, Mr. Chairman, and the members of this Committee for your hard work in adding substantial funding to the FY 2008 VA Budget including a \$3.7 billion discretionary amount for the President, who requested those funds for the VA in January. This funding was sorely needed to take care of not only the troops returning from combat overseas but also for those who have been in the VA healthcare system for many years.

The National Association for Uniformed Services celebrates its 40th year in representing all ranks, branches and components of uniformed services personnel, their spouses and survivors. NAUS membership includes all personnel of the active, retired, Reserve and National Guard, disabled veterans, veterans community and their families. We support our troops, remember our veterans and honor their service.

As you approach issues this year, NAUS highly commends the recommendations of the Veterans' Disability Benefits Commission (VDBC) and the President's Commission on Care for America's Returning Wounded Warriors (the so-called Dole/Shalala Commission). The VDBC focused on all veterans, while the scope of the Dole/Shalala Commission concentrated on combat-injured troops. NAUS is pleased that its President, retired Army Major General Bill Matz, actively served on the Veterans' Disability Benefits Commission.

The final report of the Veterans' Disability Benefits Commission has received glowing praise from most veterans service organizations, and we highly endorse those recommendations. We firmly believe that the recommendations of the Veterans' Disability Benefits Commission should be used by the Committee as a road map to improvements in the nation's recognition of the service given by our honored veterans.

The National Association for Uniformed Services strongly urges the Committee to give close study to the recommendations from the Veterans' Disability Benefits and, where appropriate, merge them with those of the Dole/Shalala Commission.

We also urge you to work with your colleagues on the Senate Veterans' Affairs Committee to establish an Executive Oversight Committee, as recommended by the VDBC, to track and ensure that there is sufficient and substantial follow-up and implementation of the recommendations made by both Commissions.

Funding for the Department of Veterans Affairs (VA) Health Care

The National Association for Uniformed Services firmly believes that the veterans healthcare system is an irreplaceable national investment, critical to the nation and its veterans. The provision of quality, timely care is considered one of the most important benefits afforded veterans. And our citizens have benefited from the advances made in medical care through VA research and through VA innovations as well, such as the electronic medical record.

The National Association for Uniformed Services endorses The Independent Budget recommendation for a medical-care budget of \$42.8 billion, an increase of \$3.7 billion more than this year's operating budget and approximately \$1.6 billion more than the Administration's request.

We ask that members of the Committee give the same effort in fighting for our veterans that our veterans did in fighting for us. It is the right thing to do for the men and women who have given so much in service to our country.

In this regard, Mr. Chairman, the National Association for Uniformed Services appreciates your work in the bipartisan push to better fund veterans health care and benefits in the current fiscal year. Rejecting the fees and new charges for veterans and spending more on care for those returning from the battles in Iraq and Afghanistan is warmly welcomed. It will help veterans receive the kind of care they deserve for the sacrifices they made.

Never again should a situation occur in the VA health system as happened at James A. Haley VA Medical Center in Tampa and Bay Pines VA Medical Center in St. Petersburg last year.

The National Association for Uniformed Services is informed that the Haley Medical Center was on "divert" status for critical patients 27 percent of the time between Jan. 1, 2006, and Oct. 1, 2007, or the equivalent of about 170 days. VA figures reviewed by the St. Petersburg Times showed the hospital had diverted all patients, regardless of condition, 16 percent of the time over this period.

Since 2000, Bay Pines Medical Center diverted patients far more frequently than any other hospital in Pinellas County. In 2006, records show it diverted veterans during 1,150 hours about 48 days, or 13 percent of the time.

VA Medical Center officials stated they were looking after the welfare of their patients by diverting them to facilities that had the space and facilities to care for them.

The National Association for Uniformed Services believes that no VA medical facility should have to refuse to admit patients due to lack of resources. We understand that personnel issues and lack of qualified doctors and nurses could influence admissions, but these are conditions that should only occur very seldom and for only very short periods of time. Our veterans deserve to know that the medical center and related facilities nearest to them will be open, staffed and ready when needed.

NAUS strongly supports lifting the ban on veterans classified as Priority 8

The National Association for Uniformed Services strongly supports lifting the ban on veterans classified as Priority 8. Continuation of denial of access to VA health care for these veterans, only devalues the service of those who seek care. Restoration of Priority 8 access could be started by enrolling those veterans who can identify private or public healthcare insurance. This would also allow the VA to identify sources and bill for reimbursement for care received by these veterans.

Current policy enrolls all veterans returning from Iraq and Afghanistan at Priority 6 level initially, for a period of up to 5 years after they return from combat. If they request treatment, they are assessed and given any appropriate disability levels. However, once enrolled in the VA Healthcare System they are not disenrolled and may only qualify for a Priority 7 or 8 level once their illness or injury is

treated. We don't disagree with this decision but question why veterans from prior conflicts or periods of service before the OEF/OIF period are not afforded the same consideration.

Veterans of WWII, Korean War, Vietnam War and other periods, many of whom are older and infirm, are not being afforded similar opportunity for timely access to the VA healthcare system. They deserve equal consideration.

NAUS strongly opposes user fees

One legislative proposal contained in the VA budget request would establish a series of enrollment fees based on the income of certain veterans classified as Priority 7 and Priority 8 veterans. The VA budget request also proposes to increase copays for medications for those same Priority 7 and Priority 8 veterans to \$15 from \$8 for a 30-day supply. The National Association for Uniformed Services believes that to charge any veteran enrolled in the VA healthcare system more than a fair amount is not what we, as a nation should do. This diminishes the service these men and women gave to the country.

Disability Claims Backlog

For many years the backlog of claims for benefits has grown larger despite the best efforts of the Veterans Benefits Administration (VBA). An increase in the numbers of claims by veterans of earlier conflicts asking for increases in compensation as their disabilities worsen and the initial number claims from veterans of the OEF/OIF conflicts are a major factor in the growth of the backlog.

A decision several years ago to divert part of the VBA budget earmarked for computer hardware and software upgrades to hire more full time employees was only partly successful. In the long run, it possibly hurt processing time more by not replacing older computers with newer versions designed to handle the volume of claims being received.

Funding in the currently operating fiscal year 2008 VA appropriation provides VBA the resources necessary to hire an additional 3,100 full-time claims processors by the end of the current fiscal year. There remains, however, an enormous backlog of claims yet to be attended. At the close of January, VBA had more than 650,000 compensation and pension claims pending decision. More than 26 percent of those claims have been pending in the VBA system for more than 180 days.

At the recent briefing on the 2009 VA Budget, VA Undersecretary for Benefits, Adm. Daniel Cooper, expressed confidence that recent and continuing hiring and training efforts will allow the VBA to significantly reduce the workload and go a long way in their efforts to cut the average processing time for claims to 145 days for FY 2009. We hope that the Undersecretary is correct in his estimates.

The monetary benefits are essential to the lives of veterans and their families. Decisions which sometimes take years to resolve, have resulted in financial hardships for many including loss of homes and declarations of bankruptcy. We must speed up the decision process so not one more veteran has to suffer for lack of funds they deserve.

Restructuring the Current Disability System

The Veterans' Disability Benefits Commission and the Presidents Commission on Care of Returning Wounded Warriors both recommended that the Disability and Compensation Systems for DoD and VA should be restructured.

Under the proposed change, DoD would maintain the authority to determine fitness to serve. For those found unfit for duty, VA would then determine the extent of disability and initiate the disability compensation and benefits programs, eliminating the needless redundancy.

This would be a more streamlined system that better supports the needs of those transitioning between active duty and veteran status. It would reduce the current complexities of processing claims and help veterans seeking disability compensation gain their awards in a more timely fashion. Since it is a principal mission of the department, VA is in the best position to simplify the disability determination and compensation process.

MGIB Improvements

When the original GI Bill of Rights was passed at the close of World War II, it expressed our nation's gratitude for the "Greatest Generation's" fight against tyranny, and it formed the foundation of the prosperity that flourished following the war's end.

Our military and its missions have changed a great deal since then and the current Montgomery GI Bill, as supportive as it is, needs to be improved to reflect the tremendous contributions of our service members.

The National Association for Uniformed Services believes the SR-MGIB program should be removed from the darkness of DoD management, where it has been neglected, to the light of VA jurisdiction, where the general program has been given the serious attention it deserves.

The MGIB serves well the all-volunteer force by improving the way servicemen are recruited and retained. By making these much-needed improvements, we can help the program continue to meet its intended purpose for years to come.

"Seamless Transition" Between the DoD and VA

Efforts in 2007 have seen significant progress in the major stumbling block of electronically transferring DoD medical records to the VA. We urge both sides to continue to work together and continue this excellent progress. Soon we may be able to take the term "seamless transition" out of our vocabulary, at least as it relates to health care.

Another part of this transition was recognized by both the Veterans' Disability Benefits Commission and the Dole/Shalala Commission when they both recommended that the DoD, specifically each service, make the determinations for fitness for service and that the VA be the sole determining agency for the percentage of disability.

A test program has been in operation in the Washington, D.C., area since November 2007. Although no official reports have been made in regards to how the test is progressing, several anecdotal reports from various service members indicate they are pleased with the results. The National Association for Uniformed Services believes that an expansion of this program to the entire DoD and VA should be made a high priority.

Prescription Drug Assistance

Mr. Chairman, we are disappointed that little consideration has been given to those veterans who have been prohibited from enrollment in VA's healthcare system under a decision made by the Secretary on Jan. 17, 2003.

The National Association for Uniformed Services urges the Committee to review this policy and provide a measure of relief to allow Medicare-eligible veterans to gain access to VA's prescription drug program.

As a result of the VA decision to restrict new enrollments, a great number of veterans, including Medicare-eligible veterans, are denied access to VA. The National Association for Uniformed Services recognizes that VA fills and distributes more than 100 million prescriptions annually to 5 mil-

lion veteran-patients. As a high-volume purchaser of prescriptions, VA is able to secure a significant discount on medication purchases.

Enrolled veterans can obtain prescriptions, paying \$8.00 for each 30-day supply. However, veterans not enrolled for care before Jan. 2003 are denied an earned benefit that similarly situated enrolled veterans are able to use.

NAUS, again, asks the Committee to consider legislation that would allow Medicare-eligible veterans to gain a measure of relief and get a break on prescription drug pricing.

We recommend the Committee authorize Medicare-eligible veterans, currently banned from the system and paying retail prices or using the newly established Part D program, access to the same discount provided VA in their purchase of prescriptions.

This issue is a win-win situation. Providing the discount would not cost the government a cent. Medicare-eligible patients would pay the same price VA pays. And these veterans would see value returned in the benefit each earned through military service.

Medical and Prosthetic Research

At the recent VA Budget roll-out, Veterans Service Organizations questioned why the Medical Research budget recommended reducing funding levels below those of fiscal year 2007. The response focused on the fact that 2008 increases in VA research resulted from supplemental funding, not regular funding. It was also stated that recommendation, despite being lower than previous levels, was sufficient to cover VA research needs.

The National Association for Uniformed Services finds it incredulous that supplemental funding increases of \$2 million in 2007 and \$54 million for 2008 have answered the research matters at VA. With little known about Traumatic Brain Injury, PTSD and various other combat-related conditions, reductions in research is not a wise decision. This reduction is especially ill-advised as our troops remain in combat, and will probably do so for the foreseeable future, and more of our brave servicemen and women will likely be affected by TBI and PTSD.

One need only to visit Ward 57 at Walter Reed Hospital or the VA Prosthetics ward at the Washington VA Medical Center to see the result of cutting edge research and development in prosthetics. The VA has long led the nation in prosthetics development. The National Association for Uniformed Services urges the Committee to increase the budget for Medical and Prosthetic research.

Medicare Subvention

The National Association for Uniformed Services supports legislation to authorize Medicare reimbursement for healthcare services provided to Medicare eligible veterans in VA facilities. Medicare subvention will benefit veterans, taxpayers and VA.

Medicare subvention is a "Win-Win" situation for all. VA would receive additional, non-appropriated funding. Medicare eligible veterans would receive world-class medical treatment in a system that our government has provided for their care. And taxpayers would see the costs of Medicare-provided care reduced, because medical services can be provided by the VA at lower costs than in the private sector.

In addition, direct billing between VA and the Centers for Medicare and Medicaid Services (CMS) would reduce opportunities for fraud, waste and abuse of the Medicare system.

We urge Members of the Committee to consider legislation to enable Medicare subvention.

Construction

The budget request for 2009 for all Construction, both major and minor projects, has been reduced by \$855 million. We question the wisdom of reductions in this account.

In 2004 the VA completed a long study called Capital Asset Realignment for Enhanced Services (CARES). In it the VA laid out a well-researched plan to close some assets, build new ones and move some others. The plan stated good reasons for doing this. One of which is that the many major building assets are outdated and cost too much to maintain.

With good progress currently being made in the building and acquisition of new facilities, now is not the time for VA to reduce funding for these purposes. We urge members of the Committee to re-examine these cuts and if warranted, which we believe will be the case, restore the funding to a sufficient level necessary to upgrade VA facilities and assets.

VA Nursing Home Construction, Grants for State Extended Care Facilities

The National Association for Uniformed Services urges members of the Committee to recognize the growing long-term care needs of America's veterans.

VA is a nationally recognized leader in providing quality nursing home care. One of the settings for nursing home expenditures is in State veterans' nursing homes. As America's aging veterans population grows older, affordable State nursing homes remain an attractive pathway for veterans' nursing care close to home.

The National Association for Uniformed Services strongly supports additional funding for the State veterans' nursing home program. It is important that we do so because despite projections of decline in the overall veterans population, from 24.3 million to 20 million over the present decade, it is projected simultaneously that the number of those aged 75 and older will increase from 4 million to 4.5 million and the number of those over 85 will more than double, from about 640,000 currently to nearly 1.3 million in 2012.

VA reports that a number of State nursing home facilities, already planned and approved for construction, are hung up because current year funding falls short of needs. In the current year, the Priority 1 backlog stands at 92 validated construction projects, submitted by 23 States. In addition, it is our understanding that funding for nursing home construction in smaller States, like Utah, fall behind the schedule of funding for larger States due to VA decision methodology.

With VA paying about one-third the cost of care in State veterans' nursing homes, the shortfall of funding in the State program needs to be addressed. To continue reductions to this program is the wrong way to go in planning for the care needs of an aging veterans population.

As one of our members said, "The nation's old warriors are getting a double whammy. The Congress and Administration team up to speak for veterans' nursing homes then refuse to "walk the talk" by withholding the funding required to make nursing homes happen, especially in States smaller than New York. Conclusion: they speak with forked tongue."

The administration request for \$85 million will fund fewer than 25 of the 92 projects ready for construction. VA is unable to support the proposed new State veterans homes without a NAUS-endorsed increase of \$115 million above the administration request.

Merchant Mariner Belated Thank You

On behalf of the nationwide membership of the National Association for Uniformed Services (NAUS), we thank members of the Committee for its favorable actions on H.R. 23, "The Belated Thank You to

the Merchant Mariners of World War II Act.”

NAUS commends your strength of leadership in recognition of heroic service put forth during World War II by the thousands of young men who volunteered for service in the United States Merchant Marine. These forgotten heroes have struggled for more than six decades for acceptance among their military brethren and the public. And it is unthinkable that these brave men should be given a cold shoulder by the nation they proudly served.

Mr. Chairman, the National Association for Uniformed Services believes that it is now time for the United States to recognize properly these individuals for their exceptional contribution and strength of effort. They helped preserve the freedoms we enjoy today.

On behalf of a grateful nation, we urge you to extend these benefits to those once young men who went to sea as crewmembers of the Merchant Marine during World War II. The National Association for Uniformed Services Your action in taking up this bill and ensuring its passage by the entire House is much appreciated by NAUS and the surviving Merchant Mariners of that era.

There are not many of them left. They have aged with their country. But age does not disguise the heroic contribution those now almost-ancient mariners gave to help secure the American victory in World War II. They certainly deserve recognition and a very belated “thank you” from a grateful nation. We now ask your colleagues in the Senate take action soon and produce a similar outcome as this Committee initiated.

Appreciation for Opportunity to Testify

As a staunch advocate for veterans, the National Association for Uniformed Services recognizes that these brave men and women did not fail us in their service to country. They did all our country asked and more. Our responsibility is clear. We must uphold our promises and provide the benefits they **earned** through honorable military service.

Mr. Chairman, you and your Committee members are making progress. We thank you for your efforts and look forward to working with you to ensure that we continue to protect, strengthen, and improve veterans benefits and services.

Again, the National Association for Uniformed Services deeply appreciates the opportunity to review the previous actions of Congress and look ahead to the upcoming year.

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