

STATEMENT OF
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NATIONAL LEGISLATIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING
THE INDEPENDENT BUDGET
AND THE DEPARTMENT OF VETERANS' AFFAIRS BUDGET
FOR FISCAL YEAR 2005

FEBRUARY 4, 2004

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 2005.

This is the eighteenth 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 31 veterans service organizations, and medical and health care advocacy groups.

Mr. Chairman, we are becoming increasingly troubled by the delays in enacting VA appropriations. In FY 2000, VA appropriations were not enacted until October 20th, in FY 2001 October 27th, in FY 2002 November 26th, in FY 2003 February 20th, and this year, January 23rd. For the past two years alone, the VA health care system has had to struggle along at previous year's inadequate funding levels for nearly one-third of each year. This is unacceptable. These delays directly affect the health care received by veterans. This deplorable state further points to the importance of a mandatory funding mechanism for VA health care. But until that happens, we ask that this Congress move expeditiously to put the necessary funding levels in place by the start of FY 2005. We also are disappointed in the practice of using rescissions as a budgetary mechanism in the omnibus spending bills that have become far too common. These cuts also have real consequences for veterans and their families.

This year, as we did last year, *The Independent Budget* is presented in the traditional account format. The VA is once again presenting its budget in the format it unveiled last year, a format that did not find wide acceptance. The House Appropriations Committee has adopted its own format. Until this format dispute is settled, and until we have adequate data in which to analyze the VA health care system under whichever format is adopted, we will continue to utilize the traditional account structure. It can become confusing amid the din of competing dollar amounts based upon these different formats, but we ask you to compare oranges to oranges and to bear in mind that attractive numbers may not exactly match reality.

For FY 2005, *The Independent Budget* recommends a Medical Care amount of \$29.791 billion. This figure does not include funds attributed to MCCF, which we believe should be used to augment a sufficient appropriated level of funding. This amount represents an increase of \$3.2 billion over the amount provided in FY 2004.

The Independent Budget recommendation is a conservative one. 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 provides resources to begin funding the VA's critical fourth mission to back up the Department of Defense health care system. Make no mistake about it, the VA will be spending money to comply with its new responsibilities in this area, and if specific funding is not included, then these resources

will have to come directly from dollars used to care for sick veterans. It provides increased prosthetics funding and long-term care funding, and provides enough resources, we believe, to enroll Priority 8 veterans. With the VA's decision to cease enrolling Priority 8 veterans, undertaken only because of the lack of resources, we are losing an entire class of veterans, veterans who are an integral part of the VA health care system.

Of course, these recommendations are only estimates, and our crystal ball is often cloudy. Health care inflation may be higher, or lower than we have estimated. Demand may increase, or decrease. The implications, as they pertain to VA health care funding estimates, of the two-year grant of health care eligibility to recently discharged or released active duty personnel as provided in P.L. 105-363, are difficult to account for. But what we must account for, and provide for, are the necessary resources for the VA to meet its responsibilities, and this Nation's responsibilities, to sick and disabled veterans. These resources must be provided in hard dollars, and not dollars magically realized out of the thin air of "management efficiencies" and other budgetary gimmicks.

Early indications are that the Administration will once again rely on increased copayments and charges, as well as these budgetary gimmicks, in its FY 2005 budget submission. We categorically disagree with this approach. The VA must be accorded real dollars in order to care for real veterans. Shifting costs onto the back of other veterans is not the way to meet this federal responsibility. Likewise, budgetary smoke and mirrors do not meet the real health care needs of veterans.

We can no doubt expect increased fee proposals, as well as proposals to increase copayments or other means to restrict access or reduce demand. Punitive copayments are designed not so much to swell projected budget increases as they are to deter veterans from seeking their care at VA medical facilities. Imagine the effect of these additional costs on those who have no other choice but to get care at VA. We may indeed have the greatest health care system in the world, but if you cannot get in the door we might as well have the worst.

Mr. Chairman, *The Independent Budget* makes a strong statement in opposition to copayments. The Congress gave 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 easy way to try and find the dollars to fund health care for veterans. When appropriations are in short supply and demand for health care is high, copayments have become the new way to fund the VA out of the pockets of the veteran patient.

For Medical and Prosthetic research, *The Independent Budget* is recommending \$460 million. This represents a \$54 million increase over the FY 2004 amount, and matches this Committee's recommendation last year. This program is a vital part of veterans' health care, and an essential mission for our national health care system. We must provide additional dollars for VA research as we provide additional funding for our other national research endeavors. Over the course of five years, the budget for the National Institutes of Health was doubled. We should seek a similar commitment for VA research.

In closing, the VA health care system faces two chronic problems. The first is underfunding which I have already outlined. 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.

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 House and Senate as soon as possible.

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

RICHARD B. FULLER

Richard B. Fuller is the National Legislative Director of the Paralyzed Veterans of America (PVA), a non-profit veterans service organization chartered by the United States Congress to represent the interests of its members, veterans with spinal cord injury or dysfunction, and all Americans with disabilities. PVA's primary legislative focus centers on issues supporting the Department of Veterans Affairs health care system and the specialized services VA provides to PVA members. He is responsible for coordinating the organization's legislative and oversight activities on all veterans' benefits and services, as well as oversight on all federal health systems – Medicare and Medicaid – and research activities which benefit veterans as well as all Americans with disabilities.

Mr. Fuller served for eight years on the professional staff of the Committee on Veterans' Affairs of the U.S. House of Representatives with primary responsibilities in areas of veterans' health and education legislation. Since 1987, he has worked in the field of public policy and government relations, specializing in health policy for a wide variety of health advocacy, consumer health research and provider non-profit organizations in Washington, DC.

Mr. Fuller was Director of Public Affairs of the House Committee on Veterans' Affairs from 1979-1981. He served on the professional staff of the Subcommittee on Education, Training and Employment and for the Subcommittee on Hospitals and Health Care until 1987. In 1987, he joined the national government relation's staff of PVA, serving first as Associate Legislative Director, and then as National Legislative Director. In 1991, he joined a Washington D.C. health care consulting firm representing the public policy and legislative interests of several national medical and research societies, including: the American Federation for Clinical Research; the American Gastroenterological Association; the American Geriatrics Society; and the National Association of Veterans Research and Education Foundations. He returned to PVA in 1993 to lead the organization's outreach efforts on national and state health-care reform.

Mr. Fuller graduated with a Bachelor of Arts degree from Duke University in 1968. He served in the United States Air Force from 1968-1972, stationed two and one-half years in Vietnam and Southeast Asia as an aircrew Vietnamese linguist with the Air Force Security Service.

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2003

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— \$220,000 (estimated).

Fiscal Year 2002

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— \$179,000.

Fiscal Year 2001

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— \$242,000.