

STATEMENT

of

**THE NON COMMISSIONED OFFICERS ASSOCIATION
OF THE UNITED STATES OF AMERICA (NCOA)**

On the

**FY 2005 DEPARTMENT OF VETERANS AFFAIRS
BUDGET REQUEST FOR FISCAL YEAR 2005**

Before the

HOUSE COMMITTEE ON VETERANS AFFAIRS

On

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Presented by

**RICHARD C. SCHNEIDER
NATIONAL DIRECTOR, VETERANS AND STATE AFFAIRS**

The Non Commissioned Officers Association of the USA (NCOA) would like to thank Chairman Chris Smith and the distinguished members of the Committee for the opportunity to present the Association's crystal ball glimpse of the Department of Veterans Affairs FY2005 Budget Request. We note that only eight workdays ago VA formally recognized receipt of its budget for 2004 nearly four months into its budget year. Up to that time, the VA was operating on a continuing resolution based on 2003 spending levels. Just Monday of this week the Department of Veterans Affairs (DVA) shared the Administration's 2005 Budget Request for the Department. NCOA recognizes that the Committee is correctly pursuing information from the Veteran Service Organizations, Coalitions and Others to set its strategy to provide the necessary budget emphasis within the 108th Congress to adequately execute the defined mission of the DVA. .

INTRODUCTION

NCOA as you are aware represents active duty enlisted servicemembers of all military services, the United States Coast Guard, Guard and Reserve Forces as well as veterans of all components. The association represents these members through every stage of their military career from enlistment to their eventual separation, retirement and on to their final military honors rendered by a grateful Nation. As such, the Association defines well describes its membership service as "cradle, or enlistment, to grave" and then continues to provide services to the veterans surviving family members.

The Association's representation of enlisted members from all services and components makes it unique in that regard and provides a full and comprehensive perspective on veteran and survivor issues for the Administration and this Congress.

NCOA while relying on Legislative Resolutions developed by its membership also is especially cognizant of its vital responsibilities to be in the forefront of issues impacting the large numbers of active duty, Guard and Reserve members in harm's way deployed around the world in America's War against Terrorism. Beyond the military members deployed, this association is ever mindful of their spouses and family members on the home front. These marvelous military families live with not only the heartbreak and frustration of separation but the reality of that separation when compounded with the anguish of daily televised and news reporting of personnel either killed or wounded.

THE QUESTION TODAY

What is the NCOA perspective and priorities for the FY 2005 budget appropriation for the Department of Veterans Affairs?

The answer to that question is rooted not only in prior fiscal years' inadequate appropriations but also in the increased demands for service.

Inadequate Fiscal Appropriations:

- It's important to reflect that the past nine fiscal years have been characterized by five years where fiscal growth was nearly steady state yielding an increase of less than 3 percent; followed by four years (through 2003) of notable budget growth which while significant paled in comparison to the events of a nearly completed decade in which:

Veterans Benefit Administration

- Benefit Claim Backlog caused extreme processing delays.
- Significant numbers of new original claims entering the pipeline
- High VBA employee retirement turnover; lack of hiring authority
- Training Issue
- Flawed technology innovations to expedite claim processes
- Poor quality of adjudicated claims resulting in appealed decisions
- Presumptive Findings established for Agent Orange; undiagnosed Illnesses of Persian Gulf War
- Backlog of Claims at Board of Veteran Appeals
- Significant numbers of Court and VBA remanded claims

Veterans Health Administration:

- Medical inflation far outpaced budget increases.
- Transformation of VHA from Inpatient to Outpatient System
- Significant reduction in Mental Health and Substance Abuse Beds and as importantly reductions in mental health professionals.
- Reduction in VHA employees
- Establishment of Veterans Integrated Service Networks
- Open Enrollment allowing non-service connected (NSC) veterans access to VA health care
- Unprecedented growth of Veterans enrolling for health care
- Failed expectation that most NSC veterans would have health insurance for medical care cost recovery
- August 1997 VA authorized to retain collections from health insurers and veteran copayments at local medical centers or in regional networks which were previously returned to the Department of Treasury
- Establishment of Community Based Outpatient Clinics
- Health care support to End Chronic Veteran Homelessness in a Decade
- Suspension of New Enrollment for NSC Priority 8 Veterans
- Unsuccessful efforts to secure TRICARE and MEDICARE Subvention Funding

Increased Demands for VA Service

NCOA notes that the Department is still in the process of transformation in its efforts to best serve America's veterans. Its work continues to optimize efficient benefits delivery, veteran access to health care, achieve performance standards in benefit claim processing, clinical/specialty appointments, and increase the availability of national and state cemeteries to meet the burial demands of an aging veteran population.

Steady progress while being achieved in the transformation of VA to meet mission and service delivery requirements takes place as large numbers of veterans return from the War on Terrorism in Afghanistan and Iraq. VA reports that already more than 83,000 returning veterans have sought health care at VA medical facilities for one or more medical conditions. Reports indicate that over 10,000 wounded active duty personnel are being released from military hospitals and as veterans will file their service connected benefit claims and concurrently begin a lifetime of health care treatment and support from VA medical facilities. These veterans are in this Association's judgment only the start of countless hundreds of thousands of active duty, Guard and Reserve personnel whose rotation this year and in the future in support of wartime contingency requirements will result in disability claim processing and health care needs. This new group of war time veterans enters the system at a time when DoD, Medical Researchers and VA are still working the issue of Undiagnosed Gulf War Illnesses of those who served in the same war theater in the early 1990s.

Also contributing to increased demands for VA services is the growing number of woman veterans applying for disability compensation and using VA health care for their medical needs. Women make up approximately 14 percent of the military force and whose utilization of VA is expected to top 10 percent in the immediate foreseeable future. Their medical needs requires logistical preparation, medical specialties, and development of quality procedures for their care. Additionally, VA is a proactive leader in the Nation's effort to eliminate Chronic Homelessness among Veterans in a decade. Their service requirement will entail claim development, appeal processes, and the full array of physical rehabilitation and mental health services. Without these systems in place their movement from the streets and alleyways to a productive life style will not be permanent. And, significant numbers of senior veterans emerge in today's VA nationwide community with the needs for nursing homes, Long Term Care, day care, hospice and other end of life support along with respite care for their family support providers.

In 2003, VA Actions recognized that:

- That the number of veterans seeking health care appointments and the continued projected growth in service-connected and NSC veterans exceeded patient services available.

These factors are undiminished in FY 2004 and will remain prevalent in FY 2005.

- Severely disabled veterans were waiting months for primary and specialty care appointments

The system while improved still requires extraordinary efforts to serve the medical needs of all veterans.

- VA's cardiac care program was not as effective as civilian programs and required system wide change.
- Eligible veterans seeking enrollment for VA health care were waiting over a year for their required clinical appointments.
- There was a need to establish special provisions allow a window of opportunity to access VA pharmaceuticals for veterans awaiting clinical appointments who had current civilian prescriptions.
- For the second year in a row VA would have to deny new Priority Group 8 veterans from enrolling for VA health care.
- The existing potential to enroll a new Priority Group 8 - Medicare Plus Choice veteran to enroll for VA health care.
- VA had served more than 4.5 million of the over 7.2 Million veterans enrolled for VA health care.

VA has cited its FY 2004 Budget as a Record Budget. While NCOA would have preferred additional resources allocated to VA we remain confident that with the Nation fully engaged in the War on Terrorism that the FY 2005 Appropriation will be reflect significant increases to further the restoration of VA programs

The FY04 "numbers do look good" until you think about them. Among the major items are \$28.4 Billion for health care projected as an increase of approximately \$2.9 Billion over the previous year. Included in that number is \$1.7 Billion in VA Collections (co-payments and fees paid by veterans and third party insurers for medical services and pharmaceuticals received). These Collections were originally programmed in 1997 as "retained by VA for use at local medical centers or in regional networks" to provide additional services and clinics as opposed to becoming a major offsetting segment of the annual VA appropriation. Now veterans health care copayments originally deemed to be temporary and only brought to bear because of the national deficit and budget crisis has not only been extended beyond the original sunset provision now pay the bill for the care and support of all veterans. The budget authority also provisions the transfer of over \$500 Million to health care construction. The real medical budget growth appears lower than projected when adjusted for veterans paying the bill for their health care and the budget numbers allowing utilization in construction.

The VBA budget must be sufficient to fully man Regional and Satellite processing centers. Without adequate manning, training programs, and completion of transformation projects in IT and consolidation programs, VA will see claims backlogs which had significantly decreased over the fast two years begin to falter and begin to grow as the service requirements of our new war era veterans enter the system.

Also to be integrated in the current or future year fiscal programs is the initial implementation of the Recommendations of the Presidents Task Force (PTF) designed to improve the health care of the nation's veterans through joint DoD and VA initiatives and improve benefits delivery by development of an automated patient clinical health care record initiated when an individual begins military service.

The issue of Priority Group 8 Access to VA Health Care and TRICARE reimbursement to VA for DoD beneficiary health care must be resolved. Here it appears that VA's inability to guarantee a 7 day standard for clinical appointment and a standard within 30 days for specialty appointments preclude either TRICARE or Medicare Subvention Funding related to the envisioned VA Medicare plus Choice care program.

NCOA strongly recommends that VA's health care program be a mandatory funding program to guarantee veteran health care for enrolled veterans.

These financial requirements in the FY 2005 appropriation must be sufficient to continue the transformation of VA.

NCOA strongly believes the future of VA Health Care involves the dynamic expansion of Mental Health Programs into the primary medical care clinics. Recent studies reveal mental health intervention and support starting in the health care clinic can significantly reduce costs associated with both medical intervention and use of prescription medications.

NCOA recognizes that VA Health Administration has begun to study this 21st Century approach to medicine more actively involving mental health practitioners as an active component of the healing team.

It is apparent that the VA Mental Health Program currently lacks adequate staffing to support VA clinics, substance abuse (drug and alcohol) programs, homeless veterans, rehabilitation programs, and geriatric programs. NCOA on site visits has recognized that mental health professionals have their workload distributed by specific hours to different locations in support of veterans programs. Reductions in mental health bed spaces throughout VA are a deterrent to quality health care. This Association differs with the perspective that outcomes are the same in either inpatient or outpatient settings. Homeless veterans and those suffering substance abuse problems need structured control in their environment as opposed to weekday group sessions that leave them living under bridges or associating with people with like substance problems.

The investment in mental health transformation will take years and considerable appropriated budget costs but the time and expense will result in cost savings and better total health care of veterans.

NCOA would share the additional following program priorities for the Committee of Veterans Affairs to consider for 2005.

- Further expansion of Concurrent Receipt Entitlement to veterans rated lower than 50 percent.
- Clarification on the intent of the 108th Congress relative Concurrent Receipt of DIC benefits and Military Survivor Benefits. Was the Intent of Congress to allow survivors to receive both entitlements?

- Allow DIC widow(er) who remarries after age 55 to retain DIC status and benefits.
- Authorize a one-time MGIB open enrollment opportunity be authorized for VEAP-era non-participants this year.
- Allow active drilling Guard and Reserve personnel whose MGIB benefits entitlement is expired with unused remaining benefits be granted an additional 5 years to use the benefit if activated and deployed to a combat theater.

NCOA is scheduled to present its annual legislative agenda to the Joint Session of the Committees on Veterans Affairs at which time additional membership legislation elements will be provided.

Conclusion

This Association remains confident that the Veteran Budget for 2005 will receive maximum bipartisan support and provide ample resources to care for America's veterans. We know the heart of this Nation is with our combat forces in harm's way, with the families of those killed and wounded in action. We must care for "those who have borne the battle, and their families.

Thank you for the opportunity to present this testimony.

DISCLOSURE OF FEDERAL GRANTS AND CONTRACTS

The Non Commissioned Officers Association of the USA (NCOA) does not currently receive, nor has the Association ever received, any federal money for grants or contracts. All of the Association's activities and services are accomplished completely free of any federal funding.

BIOGRAPHY

of

Richard C. Schneider National Director of State/Veterans Affairs

Mr. Schneider is the National Director of State/Veterans Affairs, Non Commissioned Officers Association of the United States of America. His responsibilities include executive management of all NCOA programs that support America's veterans. These include service transition, employment, benefit rights and adjudication processes. He directs 473 NCOA Veteran Service Officers located in the United States and overseas. Additionally, he provides legislative focus for 46 NCOA State Legislative Coordinators, which represent NCOA in State Legislative Affairs. Mr. Schneider concurrently serves as the Executive Director of the NCOA National Defense Foundation. In this capacity, he is responsible for the Association's Voter Registration Program including the operation of the National Voter Registration and Information Center in cooperation with the Department of Defense. He also serves as Executive Director of the NCOA National Defense Foundation which benefits veterans of America's Uniformed Services and other Foundation designated humanitarian outreaches.

Mr. Schneider was born in New Jersey. He was raised in the Garden State attending elementary and secondary schools in Lyndhurst. He has a Bachelor of Science from the University of Southern Colorado (1972) and a Master of Arts from the University of Northern Colorado (1974).

He serves on the following Councils and Committees:

Department of Veterans Affairs:

- Secretary's Advisory Committee on the Readjustment of Veterans
- Secretary's Advisory Committee on Homeless Veterans

Department of Labor:

- Secretary's Advisory Committee on Veterans' Employment and Training
- National Veteran Service Organizations
- Chairman, Veterans Organization Homeless Council, Washington DC

He served in the United States Air Force from August 1957 to September 1990. Mr. Schneider retired in the grade of Chief Master Sergeant. He held significant assignments in management and personnel planning throughout his military career. His military decorations include the Legion of Merit, the Meritorious Service Medal with two Oak Leaf Clusters and the Air Force Commendation Medal with four Oak Leaf Clusters. His overseas assignments have included: England, Scotland, Republic of Vietnam, and Germany

He is currently the Secretary, Board of Directors, Pentagon Federal Credit Union, Alexandria, VA.

Mr. Schneider is married to the former Anne Ferguson of Prestwick, Ayrshire, Scotland. They have four children: three daughters, Kristin, Leslie, and Fiona; and a son, Richard.