

VETERANS OF FOREIGN WARS OF THE UNITED STATES



THE COMMANDER-IN-CHIEF

STATEMENT OF

RAY C. SISK

COMMANDER-IN-CHIEF

VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

JOINT HEARING OF THE

COMMITTEES ON VETERANS' AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES AND

UNITED STATES SENATE

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Chairman Smith, Chairman Specter, Ranking Democratic Member Evans, Ranking Democratic Member Graham, distinguished members of the Veterans' Affairs Committees, hard working professional staff and all of you outstanding veterans advocates gathered here, I want you to know that I am honored and privileged to represent the views and objectives of the nation's oldest and largest combat veterans' organization, the Veterans of Foreign Wars of the United States (VFW).

On January 20, 2003, buried within the *Washington Post*, there was an article that probably drew little notice amidst the columns devoted to the crisis of potential war. The VFW noticed. It was about the passing of Gertrude Janeway on January 17, 2003. Mrs. Janeway was the widow of a Union veteran of the Civil War, John Janeway, whom she referred to as the "love of her life."

★ WASHINGTON OFFICE ★

VFW MEMORIAL BUILDING ● 200 MARYLAND AVENUE, N.E. ● WASHINGTON, D.C. 20002-5799
AREA CODE 202-543-2239 ● FAX 202-543-6719

Why is this of note? It is of note because, according to the article, she received a \$70 pension check each month from the Department of Veterans Affairs (VA). It is of note because the Civil War ended in 1865 and our government took care of this widow until 2003. And it is of note because it is one of the finest examples of our nation's compassion and commitment to "care for him who shall have borne the battle, his widow, and his orphan."

If only it were as simple as paying a pension check once a month for VA to meet all its commitments. That is why today is about the VFW's commitment: commitment to our country; commitment to our comrades in arms; commitment to our nation's sick and disabled veterans; commitment to their survivors and dependents; and commitment to ensuring that a promise made by a grateful nation is a promise kept.

Soaring costs and the ever-growing legions of under and uninsured have made VA the only health care option for an increasing number of veterans. Further, the major strides made in improving the quality and accessibility of veterans' health care, primarily a result of a shift from inpatient to outpatient care and open enrollment under the *Health Care Eligibility Reform Act of 1996*, along with a prescription drug benefit have drawn a rapidly growing number of non-service disabled veterans into the system.

Consequently, the VA system has enrolled an additional 2.4 million patients just over the last two years and the number stands to rise even higher. At the same time per patient resources have plummeted from about \$9,600 to just over \$4,000 over the past decade resulting in health care rationing. Further, according to VA's own national data, it has resulted in over 200,000 veterans waiting 6 months or more just to get in the VA medical system, and it can take over eighteen months for certain types of specialty treatments.

In response to this bleak situation, created by the fact that access to VA health care is controlled by available dollars, not our veterans' health care needs, VHA issued a memorandum

this past fall that directed network directors and their staffs to discontinue any outreach campaigns to enroll veterans despite the fact that the more veterans enrolled in a network the more funding a network would expect to receive under the Veterans Equitable Resource Allocation (VERA) system. Furthermore, the Secretary recently issued regulations ensuring the most severely disabled service-connected veterans have priority access to health care.

These administrative decisions to suppress demand and ensure access for one group of veterans over another were driven by the failure to receive the full amount of requested supplemental funding in Fiscal Year (FY) 2002 and the breakdown of the budget/appropriations process where Congress failed to pass 11 appropriations bills for FY2003. VA had to make do with FY 2002 appropriation levels for nearly 5 months while at the same time health care inflationary costs soared consuming an astounding 14.1 percent of our nation's Gross Domestic Product.

Clearly, the efforts to meet the demand for services have failed to produce the desired results leading VA to believe it will have a \$1.9 billion shortfall in FY 2003. This led to the recent concession by the Secretary of Veterans Affairs to suspend enrollment of Category 8 veterans in order to focus resources on "those with service-connected disabilities, the indigent and those with special health care needs" while at the same time announcing the "largest requested increase [in discretionary funding] in VA history" for FY 2004.

Does it really matter that it is the largest requested increase if it is still inadequate to provide timely access to quality health care for all eligible veterans authorized access to VA health care under the *Eligibility Reform Act*? No veteran should ever be left behind. The enrollment announcement would have been unnecessary if the budget request were truly adequate, not just historic.

After deducting the estimated \$2.1 billion in third-party collections—a target VA has never met—VA’s request for FY 2004 is a mere \$1.3 billion increase for veterans’ medical care and a \$1.6 billion increase in total discretionary funding over FY 2003 levels. These amounts are \$2 billion and \$3.1 billion short respectively of the need projected in the *Independent Budget* of which we are co-authors. While we certainly applaud the President for requesting funding increases for VA in this uncertain fiscal climate, we find ourselves adamantly opposed to the way in which he proposes to achieve those increases.

We do not support the legislative proposal contained in VA’s budget request to charge a \$250 annual enrollment fee to non-service connected veterans in priority groups 7 and 8. While recognizing that the Secretary of VA has authority to do so, we also disagree with his provision to sharply increase user-fees for pharmaceuticals and outpatient care. I feel as though I am experiencing déjà vu as the pharmaceutical fees were just tripled last year and the Administration tried, unsuccessfully I might add, to impose a \$1,500 enrollment fee last year as well. If our estimates are correct, the veteran would shoulder \$775 million of the proposed operating budget for FY 2004. Shifting the cost burden to the veteran is not an acceptable solution to VA’s financial problems and is incongruous with this nation’s obligation to them. It is our contention that other solutions remain available and that no veteran should be denied medical treatment for which he or she is eligible because of a lack of funding.

Every year that the VA, particularly the Veterans’ Health Administration (VHA), remains inadequately funded, the more of a challenge VA faces to fulfill its commitment on behalf of a grateful nation. If we are to have a system that allows VA to meet the actual demand for services versus tailoring services to meet the budget, then we must consider alternative funding formulas. There is a Western proverb that states, “It doesn’t help to jump a twenty foot chasm in two ten foot jumps.” That is exactly the game we have been playing with VA funding: Inadequate

budget requests followed by supplemental funding requests that still leave us three feet short. The time has come to ensure that VA receives necessary funding to fully provide for veterans' medical care, and to make sure those dollars are provided in a timely and predictable manner.

It is for this reason that we of the Veterans of Foreign Wars of the U.S. have made funding the VA Health Care System on a mandatory basis a priority legislative goal. It is only by providing necessary dollars in this way that the Department may meet its own access goals of thirty days for a routine appointment, thirty days for a specialty appointment and twenty minutes waiting time prior to an appointment.

Much like TRICARE for Life guaranteed health care funding for military retirees, mandatory funding for VA health care, based on a per capita formula, would guarantee veterans continued access to VA health care embodying a phrase once used by the great Prime Minister of England, Winston Churchill: it will "bring the magic of averages to the rescue of millions." This system would have the additional advantage of providing a regulated and predictable funding stream that will greatly facilitate both short and long-term planning. Finally, VA and the veterans it serves will no longer be subject to the unwarranted and harmful delays in budgetary increases that have occurred in recent years under discretionary funding.

We urge your support for legislation to remove veterans' health care from the appropriations process' annual political struggles and instead mandate a fair and necessary budget for VA. America's veterans have earned timely, top quality and readily accessible health care.

Along with the alternative source of mandatory funding, we have long supported the enactment of Medicare Reimbursement. We applaud the VA Secretary and the Secretary of Health and Human Services for their groundbreaking initiative to establish a new program that will allow Category 8 veterans who are Medicare eligible to join a "VA Plus Choice Medicare"

plan. We view this as a step in the right direction and are anxious for the expansion of this program to include all priority categories of Medicare-eligible veterans.

While our testimony up to this point has focused on VA health care funding, we cannot afford to forget the importance that construction and maintenance play in the process. VHA is charged with maintaining over 2,026 buildings, which includes 162 hospitals, 675 outpatient clinics and 137 Nursing Homes, with almost half of them over fifty years old. It is essential that VA repair and enhance this vital, but aging, infrastructure. We are, however, once again left with a budget that falls short.

Using the old budgetary methodology, the request calls for \$272.7 million and \$252.1 million for major and minor construction projects respectively. This is far short of the \$436 million and \$425 million we recommend for those same major and minor construction projects. Further, VA's request for major and minor construction includes funding for the Capital Assets Realignment for Enhanced Services (CARES) process which is something we believe should be kept separate. Our request of \$436 million does not include these CARES projects. Removing the \$183 million earmarked for the CARES process, VA is left with a paltry \$89.3 million for major construction projects. When we consider the CARES numbers separately, the construction accounts are even more strikingly deficient.

If VA does not invest proper amounts of money in its infrastructure, it will have immense repercussions in the coming years when patient comfort, safety and VA's ability to modernize equipment and facilities are compromised. As in past years, we cite an independent study of VA's facilities conducted by Price Waterhouse. Their study indicates that VA should allocate between two and four percent of their asset value into maintenance and an additional two to four percent for improvements. Again, the budget is not sufficient to meet these needs when one considers that VA should spend over \$700 million annually on upkeep alone.

Years of inadequate construction budgets have led to a backlog of nonrecurring maintenance issues that must be addressed before VA's aged properties deteriorate further. This backlog includes the 890 buildings deemed at "significant risk" and the 73 buildings considered an "exceptionally high risk" of catastrophic collapse or major damage because of seismic deficiencies. We believe that VA needs \$285 million to begin the correction of these seismic deficiencies while the FY 2004 budget provides less than 10% of that amount, \$20 million. The VFW also believes that VA should have an additional \$400 million for the reduction in backlog of nonrecurring maintenance issues. Supporting additional funding now will lessen future burdens on patients and staffs, improve patient and worker safety, make health care delivery simpler, and even reduce costs in the end.

We recognize that VA must often carry out these backlogged maintenances and improvements within the context of the larger CARES process. Despite this, just as we strongly urge VA to exercise restraint in divesting itself of properties until the process is complete, we also point out that it is essential that construction and repair continue on existing facilities. The pending status of CARES has led to the deferral of many basic projects vital to the sustenance of VA's physical plant. VA has identified a number of high-risk buildings in desperate need of repair, and the CARES process should not distract VA's obligation to protect its assets, whether they are to be used for current capacity or to be realigned.

We acknowledge that there are some VA facilities that are unusable or unnecessary due to the aging infrastructure as well as the transformation of VA health care into a more outpatient-focused system. It is because of this that we remain generally supportive of the CARES process. But only to the extent that it is applied to improving the VA medical care system, it must not result in pushing veterans out of VA.

We remain concerned that the actuarial service VA used for projections during planning—at least partially based on private sector data—may not accurately reflect the challenges inherent in veterans’ medical care. VA has many specialized programs for illnesses and diseases unique or particularly problematic for an aging veterans population. The specialized care provided for chronic mental illness, spinal cord injuries, post-traumatic stress disorder, and other similar illnesses are not accurately reflected in statistical data based on outside medial facilities. VA must ensure that the statistical model used reflects the particulars of VA’s many specialized treatments to ensure that CARES really does serve the veterans population both now and in the future.

We also insist that CARES fully provides for the provision of long-term care as directed by the *Veterans Millennium Health Care Act*, to include both non-institutional and nursing home care. It is no secret that despite a statutory requirement, the number of VA long-term care beds is far below the mandated 1998 level. The Administration, however, has proposed closing 5,000 VA nursing home care beds at a time when the demand for nursing home care is about to be at an all-time high. Given that veterans who are 70% service connected or higher are guaranteed VA nursing home care by law, and the average age of a veteran using the VA health care system is 60 years old, we must ask how VA can possibly properly fulfill this mandate when its own infrastructure is so deficient in this regard. We look to you, the Congress, to reject the Administration’s proposal and ensure that VA is fully able to provide needed long-term care and services.

Finally, with respect to CARES, we would insist that the line of communication between VA and the VSO/veterans community must be improved upon. The implementation of Phase I was particularly problematic in this regard. Many of our members in the involved area felt they had been ignored throughout the process. In the end, if there is not clear communication among

all involved parties, this initiative to better configure and align VA medical care resources will surely fail.

Shifting focus, we of the VFW would also urge the Congress to continue to monitor and promote improvements in the Veterans Benefits Administration (VBA).

A major VFW concern is the high attrition rate of VBA employees in key areas, particularly among new hires. A February 2003 GAO report indicates that among new Claims Examiners hired in FY 2000, an alarming 15% left within 12 months of hire. This is more than double the rate of 6% VBA wide and has serious negative implications for the push to improve the timeliness and quality of veterans' claims adjudication.

Acknowledging that this is a highly demanding, technical field where a certain degree of attrition may be expected, we are concerned that VBA does not have adequate data determining why new adjudicators are leaving in such large numbers. Even more troubling is that VBA has not conducted analysis as to how it can stop or reduce such high attrition among these essential employees for whom it takes two to three years of work and training to become fully productive.

While recognizing VA's significant accomplishment in reducing the number of veterans' cases pending over 180 days by more than 100,000 as compared to last year, there still remains an overall backlog of over 440,000 claims for Compensation and Pension. This is not just an idle statistic: It means that there are many thousands of veterans in need, with families and dependents, who are being delayed and even denied benefits and services owed them by a grateful nation. We caution that timeliness should not take the place of quality decisions, and we stand ready with our nationwide network of service officers to work with you and VA until the claims backlog is resolved.

Returning to a key point I mentioned earlier is the fact that the veterans population is rapidly aging. In turn, this is placing increased demand on the National Cemetery

Administration (NCA) to provide burial space as the “Greatest Generation” passes on. We encourage Congress to provide NCA the proper amount of funding to maintain these historic cemeteries as shrines as well as to plan, design, and construct additional cemeteries to meet growing demand. This is one area that VA cannot afford the luxury of a backlog.

Another important issue is the ability of veterans to acquire and maintain gainful employment. Recently discharged Armed Forces personnel are expressing increased concern that this crucial aspect of their transitioning from military to civilian life may not be easy to accomplish. The VFW strongly believes veterans deserve and have earned an employment service that is dedicated exclusively to them. We would hope that the Department of Labor's Veterans Employment and Training Service (VETS) would be the provider of choice for veterans seeking employment. But, for that to happen, VETS must be effective and held accountable in their delivery of service. The enactment of Public Law 107-288 provides VETS with the increased tools and flexibility to attain a high degree of effectiveness and accountability. Whether this is accomplished will depend on how the provisions of the Act are implemented.

In addition, with the increasing role of reservists and members of the National Guard in prosecuting the war on terrorism, more and more service members are being affected by call-ups to active duty. This nation has a moral as well as statutory obligation to ensure that when they return to civilian life their jobs and earned veterans preference rights are there. We call on Congress to be vigilant in making sure the provisions of the *Uniformed Service Employment and Reemployment Rights Act* are not undermined, and that Veterans Preference is not diminished or circumvented.

Finally, a strong veterans employment and training program is a vital component in addressing what is certainly a national tragedy -- the approximately 275,000 veterans who are homeless. The *Veterans Comprehensive Assistance Act* can do much to eliminate veteran

homelessness, but it can only be effective if Congress provides full funding for its implementation.

We will continue the fight to ensure that these veterans have the necessary assistance and services—to heal their wounds, allow them to assume their proper places in society and grant them all a peace of mind and spirit that may prove elusive for some. No less than this will do.

At this point, I would like to turn the attention to our nation's military personnel. I want to unequivocally state that there must be no question in anyone's mind that the Veterans of Foreign Wars of the U.S. fully supports our young men and women in uniform—members of the Active Duty, Guard and Reserve—who are putting themselves in harm's way in the service of this great nation. After all, we were once in their shoes. That is why today we use our voice and visibility to carry their concerns to you.

Regardless of whether they fight the war against terrorism in Iraq, the Philippines, any other hostile land or here within our own borders, this Congress must ensure that both they and their families want for nothing, that they are fully provided for with respect to having every possible advantage to engage the battle as well as all the necessary quality of life issues important to them and their dependents.

The quality of life issues that are the most important to today's Armed Forces are operations tempo, pay, housing, health care, and education. We will fight to increase end strength for the Active Duty because the demand on Guard and Reserve components has taken its toll with many members facing back-to-back activations and frequent deployments for up to one year. We will continue the fight to secure pay raises that will bring our military personnel in line with their civilian counterparts. We will fight to rid bases of substandard housing. We will fight to ensure that military personnel and their families have access to the best possible health

care available and we will fight to secure educational benefits to ease their transition into civilian life.

On this note, the VFW has long sought to secure passage of a GI Bill for the 21st Century. Our efforts have been largely based on the original GI Bill of 1944 that empowered servicemembers with the transitional assistance needed to assume their proper place as federal, corporate and private sector leaders. No one can debate the success of that original program.

That is what we seek today. While the post-Vietnam Montgomery GI Bill of 1985 has provided educational assistance for hundreds of thousands of military members and veterans, it has lost much of its value due mainly to inadequate funding and the constantly escalating cost of attending college. Consequently, a staggering number of recently discharged veterans have been prevented from attending college because of the widening gap between what the GI Bill monthly stipend pays toward expenses and the out-of-pocket expenses, such as student loans, that must be covered by the veteran to make up the shortfall.

Congress' recent efforts to enhance the GI Bill benefit have not gone unnoticed, however, more remains to be accomplished before we reach our shared goal. First, we must repeal the \$1,200 buy-in and; second, we must continue to increase the monthly stipend to fully cover the tuition, fees, books and expenses of a veteran attending a four-year college or university.

I will also address here today the VFW's unwavering commitment to obtaining a full accounting of all our MIAs and POWs. This nation has a sacred obligation to bring home all of our missing defenders or, in those cases where they have made the ultimate sacrifice, their remains. I have personally visited Vietnam in the past two years and a high level VFW delegation comprised of four Vietnam veterans has just returned from there after having actively worked with members of the Joint Task Force Full-Accounting at three remote crash sites in Quang Binh Province. While no remains were found at these sites, life-support equipment was

discovered at one site indicating the remains of pilots could eventually be recovered. The VFW is proud to play an on-going role in this process, and we urge the Congress to continue to support and fund such operations wherever our men and women in uniform have stood in harm's way worldwide.

Another area of vital concern to the VFW is in support of our military retirees, those who have made a career of defending America. We will continue to fight to get a law on the books authorizing full concurrent receipt—the authority for service-connected retirees to receive their full retirement money without a dollar-for-dollar offset for disability monies they also receive from Department of Veterans Affairs.

Acknowledging this past Congress' accomplishment in authorizing "special compensation" for combat-wounded Purple Heart recipients and some other combat disabled retirees, we are deeply disappointed that this unjust, century-old law prohibiting concurrent receipt remains in effect. Our military retirees are the only group of federal employees who are forced to pay for their disability compensation out of their hard-earned retirement pay. This is a terrible inequity, and we will not stop until it is fully rectified.

In closing, I would like to share a short story with you that I think summarizes the crossroads we have come to with respect to VA funding. The congregation of a small stone church in England decided that the stone, which formed the step up to the front door had become too worn by its years of use, and would have to be replaced. Unfortunately, there were hardly any funds available for the replacement. Then someone came up with the idea that the replacement could be postponed for many years by simply turning the block of stone over.

They discovered that their great-grandparents had beaten them to it.

The moral is that we can fix it now or our grandchildren can fix it later. I can only hope that we have the courage and the fortitude to fix it now.

I also hope that the issues I have conveyed here will help guide your deliberations in seeing that veterans' just needs are better met. I thank you and I commend that we should all continue marching on together under the banner of "Service, Honor, Pride" so that we as a nation may best fulfill that commitment to "...care for him who shall have borne the battle and for his widow and his orphan."

Messrs. Chairmen, I hope all of you will be able to join us tonight for our VFW Legislative Conference reception. The reception will be held in the Regency Ballroom of the Omni Shoreham Hotel on Calvert Street, N.W. from 6:00 p.m. until 8:00 p.m..

We will be honoring Senator Christopher S. "Kit" Bond, with our 39th annual VFW Congressional Award for his many years of exemplary service on behalf of America's veterans. The award will be conferred at 6:45 P.M., and I trust you will find time in your busy schedules to share in this special moment. I look forward to welcoming you there personally.

Thank you.