

PARALYZED VETERANS OF AMERICA
2003 ANNUAL TESTIMONY
PRESENTED BY
JOSEPH L. FOX, SR., NATIONAL PRESIDENT
BEFORE A JOINT HEARING
OF THE
HOUSE AND SENATE COMMITTEES ON VETERANS' AFFAIRS

MARCH 6, 2003

Chairman Smith, Chairman Specter, Ranking Democratic Member Evans, Ranking Minority Member Graham, members of the House and Senate Committees on Veterans' Affairs, ladies and gentlemen, I am Joe Fox, National President of Paralyzed Veterans of America (PVA). With me at the table today are Delatorro L. McNeal, PVA Executive Director; John C. Bollinger, PVA Deputy Executive Director; Douglas K. Vollmer, Associate Executive Director for Government Relations; and Richard B. Fuller, National

Legislative Director. On behalf of the members, officers, and staff of PVA, I want to express our appreciation for this opportunity to present our goals and objectives for the coming year.

I would like to take a moment to express our congratulations to the new members of the House and Senate Committees on Veterans' Affairs; we appreciate your service and commitment to veterans. We look forward to working closely with you and with the members of both Committees, old friends and new, in the months ahead.

PVA has been serving its members, and all veterans, for over half a century. PVA is the only national veterans' service organization, chartered by Congress to represent and advocate on behalf of our members and all Americans with spinal cord injury or disease. All of PVA's members, in each of the fifty states and Puerto Rico, are veterans with spinal cord injury or dysfunction. These veterans suffer from catastrophic injury and disease and face challenges every day in their quest to survive and function fully in society.

Over the years we have fought for our traditional goals. These goals are the provision of the highest quality health care to veterans and the integration of disabled veterans into the mainstream of American life. These goals have inspired our efforts in the past, and will continue to inspire our efforts in the future.

I want to thank the Committees, and Congress, for their action during the last Congress. A year ago I came before you with a number of concerns specific to the needs of paralyzed veterans. You listened and you acted. Your positive efforts in addressing the need to continue to maintain specialized services, most notably for us, the Spinal Cord Injury System, is of great importance if the Department of Veterans Affairs (VA) is to carry forward the mandate to protect its core programs.

As we look back on our efforts, we see a medical system, and a department of government, that is dedicated to the unique needs of the men and women who have answered this Nation's call to service, through wars both hot and cold. This department of government, and this medical system, are national assets. They are a tangible representation of our national commitment to veterans.

The Administration released its FY2004 budget last month, trumpeting its recommended increase for veterans' health care as historic. We've had the opportunity to dig into the details and understand the components of the Administration's request. Unfortunately, many veterans needing health care will gain their first understanding of this budget not from digging into the details of it, but from digging into their pockets when they are forced to pay for needed care.

Simply put, the Administration's budget is not adequate to meet the needs of those who need the system. The Administration's budget proposal relies far too heavily on

management efficiencies and collections from others, including veterans themselves, and not enough on appropriated dollars.

The Administration has requested an increase of \$1.3 billion in appropriated dollars.* Unfortunately, it also relies upon inflated estimates for collections and “management efficiencies,” as well as a slate of legislative and regulatory proposals that will restrict access to care.

PVA wishes to thank the House Committee on Veterans’ Affairs for its recommended health care increase of \$3.6 billion. This increase, which rejects the proposed enrollment fee and cuts in nursing home beds while adding funds for homelessness and mental health, is a direct response to the problems faced by Veterans. We also wish to commend the Committee for its recognition of *The Independent Budget*. We hope the Senate soon acts accordingly. This is a starting point in the long and arduous budget process. We must work together to realize this necessary increase. Veterans everywhere are looking to you to lead this fight.

The House Committee’s “Views and Estimates” are actually a few hundred million higher than the amount recommended by *The Independent Budget*. This recommendation of \$27.2 billion in appropriated dollars was a conservative one, and was meant to serve as a starting point for the budget debate. The VA has testified earlier that it requires \$1.9 billion in additional funding this fiscal year in order to adequately meet its obligations,

* The Administration’s FY 2004 budget submission utilized a new account structure for the VA. All amounts in this testimony are displayed in accordance with the traditional account structure.

and annually requires increases in the 13 to 14 percent range to meet the needs of its core constituency. These are funds needed to address a variety of matters as stated in detail in *The Independent Budget*.

One good example of a critical issue facing the VA is the shortage of nurses across the system. Although it's a national problem, VA must have the ability to attract and compete for this critical resource.

The average VA nurse is between 45 and 50 years old – dedicated and caring. But we will need more than enrollment fees, increased co-payments, and management efficiencies to offset the cost of replacing these essential health care workers as a generation of nurses approaches retirement and a generation of veterans approaches old age.

Long-term care for veterans will need more than enrollment fees, increased co-payments, and management efficiencies to address the needs of our aging veteran population. Care at home is important, but so are the extended care beds in VA facilities that the Administration wants to reduce drastically. We applaud the House Committee's efforts to squarely address this problem. We believe that it is essential for the VA to fully live up to its statutory obligations in this area.

Ironically, the proposed enrollment fees and increases in co-payments may swell the proposed budget but they will also chase away many veterans who very much need the system, and in some cases, rely heavily on the system.

For many who need VA's specialized services, VA health care is not only the best game in town, it's the only game in town.

Many older veterans, retired and on fixed incomes, have sought VA health care because of the rising costs of other public and private health care plans and insurance. The VA has become more than their safety net, it has become their first choice for quality health care.

Because of their designation as "catastrophically disabled," nearly all nonservice-connected PVA members can enroll in the system in Category 4. This, however, does not exempt all of them from the burden these copayment increases would impose. These PVA members with non service-connected disabilities who, because of their incomes could be classified as Category 7 or 8, can be enrolled in Category 4 but are still subject to Category 7 or 8 copayments. These higher copayments coupled with the new \$250 enrollment fee could have a devastating effect on many of them. In fact, the VA estimates that its proposed legislation and regulations would effectively drive off 378,818 Category 7 and 8 veterans in FY 2004.

Just as an example, we asked one PVA member who is in Category 8 to inventory what services, drugs, equipment and supplies he required on a monthly basis to remain active and healthy. We asked him what his current out-of-pocket cost is now, and what it would be with the higher fees the Administration is proposing. I have attached this inventory of services, pharmaceuticals and supplies to my testimony. In brief, when you count his routine prescriptions, supplies such as catheters, skin care products services and outpatient visits the total amount of co-payment liability runs to \$1,400 per year. However, under current regulation those costs are capped at \$840 per year. If the new co-payments and the annual enrollment fee go into effect, his yearly out-of-pocket costs will soar to \$3,210, an increase of 221 percent. The Administration's co-payment proposal does not include an annual cap. We have used the maximum amounts for the current regulations and the proposed new ones for comparison purposes. Keep in mind these charges are just for routine health care this PVA member needs. If he becomes ill, the costs could double or triple. For many PVA members, who cannot afford these higher costs, the alternative could be to forego necessary medical care and risk endangering their health.

PVA strongly urges the Committees to not allow the VA to price itself out of the reach of these veterans. More and more Americans are paying more and more and getting fewer health services for their money than ever before. Please do not let the VA go down this same path.

Budget strains are affecting every aspect of health care the VA now provides. VA has made itself far more accessible by opening hundreds of outpatient clinics across the country. In doing so, resources, already in short supply, have shifted to those clinics and the primary care patients they serve. The effect of this shift has put great strain the tertiary hospitals and the specialized service such as inpatient spinal cord injury care they provide. These budget shortfalls affect every PVA member seeking specialized care, the service connected and the non-service connected, the Category 1 PVA member and the Category 8 PVA member alike. Your Committees passed legislation, now law, requiring VA to maintain the capacity of beds and staff in VA spinal cord injury centers. In large part due to lack of resources, VA has never fully met its own directive to maintain beds and staff at those levels. The VA system does not pay a price for these deficiencies, but the PVA member certainly does.

Chairmen Smith, Representative Evans, we thank you for introducing legislation last year that would remove VA health care from the discretionary side of the budget process and making annual VA funding mandatory.

The lack of consistent funding for VA along with the uncertainty attached to the process, fuels efforts to deny more veterans health care and charge veterans more for the care they receive. The VA health care system can only operate properly when it knows how much funding it is going to get and when it is going to get that funding.

Guaranteed funding legislation must be designed to ensure that VA has sufficient resources to meet existing statutory obligations for all levels of care, including the specialized services PVA members require.

PVA looks forward to working with you and giving you every support to make guaranteed VA health care funding a reality.

Finally, Mr. Chairmen, speaking for PVA, we do not seek new members as a result of armed conflict. But as our Nation continues to prepare for war, let the Congress make certain that VA's health care system will be strong and well prepared for any conflict we might face in the near and distant future. Those of us who have known war and the price of war, also know that the true cost of war only begins when the last shot is fired. The obligation for American men and women to serve in our Armed Forces must be as strong as the Nation's obligation to serve them in return when they come home.

Thank you for this opportunity to present the views of the Paralyzed Veterans of America. My staff will be happy to address any questions you may have.