

**STATEMENT OF CARL BLAKE,  
ASSOCIATE LEGISLATIVE DIRECTOR,  
PARALYZED VETERANS OF AMERICA  
BEFORE THE HOUSE COMMITTEE ON VETERANS' AFFAIRS,  
SUBCOMMITTEE ON HEALTH  
CONCERNING PRESCRIPTION-ONLY DRUG BENEFITS  
FOR CERTAIN VETERANS**

**MARCH 30, 2004**

Chairman Simmons, Ranking Member Rodriguez, members of the Subcommittee, Paralyzed Veterans of America (PVA) would like to thank you for the opportunity to testify today on a possible "prescription-only health care benefit" in the Department of Veterans Affairs (VA) and the "transitional pharmacy benefit." Lacking a detailed legislative proposal, we can only make general comments regarding a "prescription-only health care benefit."

PVA has expressed concerns in the past about the expansion of prescription drug benefits. We previously testified that we have serious concerns about the costs associated with expanding pharmacy benefits beyond their current scope.

Prescription drugs are an increasingly large component of medical care spending. Over the last seven years, prescription drug expenditures have increased at double-digit rates, according to a fact sheet prepared last year by the Kaiser Family Foundation (KFF). Likewise, the rising costs of pharmaceuticals have far outpaced the rate of inflation. This translates into higher costs to the VA to obtain and provide pharmaceuticals to veterans.

The VA does not operate in a health care vacuum. An expansion of pharmaceutical benefits would increase demand on the system. An increase in demand would necessitate shifting scarce resources away from treating veterans. PVA believes that the VA would then be forced to treat fewer veterans and might be tempted to once again increase prescription drug co-payments, thereby, shifting these higher costs onto the backs of veterans. Now is not the time, when the VA is not being given the resources it needs to meet the needs of veterans and the servicemembers who are currently returning from Iraq and Afghanistan, to force the VA to treat fewer veterans or charge them more for services. Opening the VA up as a pharmacy would only further burden the system with additional demands on scarce resources.

Again, lacking a specific legislative proposal, we have no way of ascertaining the costs of expanding pharmacy benefits or of restructuring how pharmaceutical benefits are

provided. We believe that the VA will be unable to meet the demand of such an expansion in light of the critical budget situation it is facing for yet another year. The President's Budget Request for FY 2005, released in February, provided for only a \$300 million increase in the veterans' health care appropriation, a mere 1.2 percent increase over the FY 2004 appropriation. This amount does not even cover mandated salary increases and the rising cost of inflation for the coming year. This recommended increase falls far short of the amounts recommended by *The Independent Budget* for FY 2005, and the "Views and Estimates" of the full Committee.

PVA has also expressed concern that many recent prescription drug legislative proposals could change the basic mission of the VA which is to provide health care to sick and disabled veterans. The VA does not need to take on the role of the veterans' drug store. With the VA having taken steps to drastically reduce access by denying enrollment to Category 8 veterans last year and a budget situation that can only be described as critical, now is not the time to take chances with the lives and health of veterans by dramatically, and fundamentally, changing the nature of the VA health care system.

PVA fears that if we embark upon this path of only providing certain health benefits to certain categories of veterans, we could very well see the erosion of the VA's mission. The VA would essentially revert back to the way it provided care and services prior to eligibility reform, when health care was not governed by medical needs but rather by arbitrary budget-driven classifications.

With regards to the “transitional pharmacy benefit,” P.L. 108-199, the “Consolidated Appropriations Act of 2004” provided the Secretary of VA the authority to dispense prescription drugs from Veterans Health Administration (VHA) facilities to enrolled veterans with prescriptions written by private physicians. Included in the public law, and further explained in the Conference Report H. Rpt. 108-401, was the requirement that the VA would incur no additional cost in providing such a benefit.

PVA has expressed concern in the past with proposals similar to the “transitional pharmacy benefit.” H. Rpt. 108-401 requires the VA to “collect and independently verify data on the costs and benefits of this new drug benefit and submit a report to the Committees on Appropriations by March 2, 2004.” We are not aware of any report providing detailed information on the implementation of this benefit and the cost to the VA that has been released at this time. As I mentioned, PVA has testified that the costs associated with such a prescription drug benefit could prove to be detrimental to the VA. We look forward to any findings that the VA provides.

VA physicians, by being the sole source of care, have been fully able to monitor patients for potentially contra-indicative prescriptions. PVA is concerned that if VA is to accept non-VA physician written prescriptions, veteran patients may be put at risk with this loss of monitoring should the patient seek treatment both inside and outside the VA health care system.

PVA believes that allowing the VA to fill prescriptions written by private physicians will further exacerbate an already dangerous funding problem. I must emphasize that without adequate funding to meet increased demand for prescription drugs created by such a program, the VA will be forced to obtain funding through other means. The funding may be drawn from an already wholly inadequate health care budget or from increased costs to veterans.

PVA appreciates the opportunity to testify today on this issue. We look forward to working with this committee to find a workable solution to provide a reasonable pharmacy benefit to all veterans seeking prescription drugs. I would be happy to answer any questions that you might have.

**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 2004**

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— \$228,000 (estimated).

**Fiscal Year 2003**

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— \$228,803.

**Fiscal Year 2002**

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— \$228,413.

**William Carl Blake**  
**Associate Legislative Director**  
**Paralyzed Veterans of America**  
**801 18<sup>th</sup> Street NW**  
**Washington, D.C. 20006**  
**(202) 416-7708**

Carl Blake is an Associate Legislative Director with Paralyzed Veterans of America (PVA) at PVA's National Office in Washington, D.C. He represents PVA to federal agencies including the Department of Defense, Department of Labor, Small Business Administration, and the Office of Personnel Management. In addition, he represents PVA on issues such as homeless veterans and disabled veterans' employment as well as coordinates issues with other Veterans Service Organizations.

Carl was raised in Woodford, Virginia. He attended the United States Military Academy at West Point, New York. He received a Bachelor of Science Degree from the Military Academy in May 1998. He received the National Organization of the Ladies Auxiliary to the Veterans of Foreign Wars of the United States Award for Excellence in the Environmental Engineering Sequence.

Upon graduation from the Military Academy, he was commissioned as a Second Lieutenant in the United States Army. He was assigned to the 1<sup>st</sup> Brigade of the 82<sup>nd</sup> Airborne Division at Fort Bragg, North Carolina. Carl was retired from the military in October 2000 due to a service-connected disability.

Carl is a member of the Virginia-Mid-Atlantic chapter of the Paralyzed Veterans of America.

Carl lives in Fredericksburg, Virginia with his wife Venus and son Jonathan.