

PARALYZED VETERANS OF AMERICA
2002 ANNUAL TESTIMONY
PRESENTED BY
JOSEPH L. FOX, SR., NATIONAL PRESIDENT
BEFORE A JOINT HEARING
OF THE
HOUSE AND SENATE COMMITTEES ON VETERANS' AFFAIRS

MARCH 7, 2002

Chairman Smith, Chairman Rockefeller, Ranking Democratic Member Evans, Ranking Minority Member Specter, 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 Bollinger, PVA Deputy Executive Director; Douglas Vollmer, Associate

Executive Director for Government Relations; and Richard 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 Committee on Veterans' Affairs, we appreciate your service and commitment to veterans. We look forward to working closely with you and with all the members of both Committees – both old friends and new in the months ahead.

I want to thank the Committees and the Congress for their action during the first session. 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 legislative efforts in addressing the need to continue VA's reporting requirements for the maintenance of specialized services, most notably for us, the Spinal Cord Injury system, is of great value if VA is to carry forward the mandate to protect its core programs. Of great value to our members were your efforts in securing increases in the specially adapted housing grant and automobile grant which assist in improving the lives of catastrophically disabled veterans. And, you recognized the benefit of service dogs for assisting veterans with spinal cord injury in the activities of daily living. You heard us when we illuminated the disparity of a single threshold for higher income veterans in high cost geographic areas of the country. I thank you for all your work.

PVA has been serving its members, and all veterans, for over half a century. During this time 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. With these goals as our guidance, we approach every Administration, and every Congress.

We have made many gains, and we have realized many accomplishments. Ultimately, we must account, as faithful stewards, for the state of the VA, and the state of the VA medical system. These are, as a Nation, our assets, they are commitments made by a grateful nation which should be kept as promised, they have been paid for by the sacrifices of so many.

Mr. Chairmen, Members of the Committees fifty-five years ago the founding members of Paralyzed Veterans of America met in a hospital at Hines, Illinois. They assembled to form the organization that I so proudly represent today. At that seminal meeting three issues were before our founders. First, the founders debated the nature and structure of the organization we were to become. Second, they addressed the need to expand access to existing benefits to veterans who had experienced spinal cord injury. Third, and of continuing significance to us here today, they raised concerns about the continuing inadequacy of funding for veterans health care.

Unfortunately I come before you now with the same concern as that raised fifty five years ago - the inadequacy of resources being made available for veterans health care. I recognize that the Committees have worked diligently to secure more funding, you are our advocates in these halls. We, too, have been working tirelessly to improve funding for VA health care. We have scored some successes, however, our efforts are not complete, our goal not fully reached. We again are faced with a shortfall in resources this fiscal year and the prospects for the future are bleaker still and by all means unacceptable in light of the President's recently released budget for fiscal year 2003.

It is for these reasons that I come before you today to not ask for new legislation, new programs, but rather, to highlight existing requirements for enhanced appropriations. I realize that to some people this seems to be the same old refrain - but the bottom line is "We need more money for VA." That is the message I bring before you today. This great nation has recognized the service and sacrifice of the men and women who have served in its defense. The people, through their elected officials, have created a system of benefits and services unique in the world. And, I believe, the people support the perpetuation of this system as they intended. It cannot be done without adequate resources.

The President's budget, while being touted as the largest increase in history by some, requires close scrutiny to see what in fact it is. It is in fact inadequate. It sadly is disingenuous and it certainly doesn't meet the needs of the millions of veterans who served, as these Committees well know.

Just a few short months ago we were heartened by the last minute decision by the White House to continue the enrollment of priority #7 veterans in the VA health care system. We were encouraged that the Administration was committed to securing the resources for this action. Yet when we look at the recently proposed budget we find that the funds are found in the pockets of those veterans or their insurers. Mr. Chairmen I will not go to great lengths in addressing this issue of the \$1500 deductible but I would be remiss if I did not highlight it as symbolic of the problems inherent in the proposed budget. I am also well aware that members of both Committees have openly criticized this effort and I thank you for that.

Mr. Chairmen the net results of inadequate funding need to be seen in human terms, in the effects it has on individual veterans. We are all aware of the continuing problem of waiting for care, the thousands of veterans who are told they must wait for weeks or months to secure an appointment for their care. In human terms it is the Persian Gulf combat veteran who has a severe mental health problem and turns to the VA only to be told "yes we will care for you, we can schedule an appointment in three and a half months." We are all aware that VA has staffing shortages, that it has difficulty recruiting nurses, physicians and other health care specialists. In personal terms it also means that a veteran with a service connected disability must wait months and months for a needed surgery due to the shortage of a critical specialist and that what once was a serious problem has become life threatening for so many. I call on these Committees to demand

of your colleagues and pursue the needed funding for providing the highest quality of care that is given in a timely and consistent manner to all veterans.

The Independent Budget has plotted the course that needs to be taken. *The Independent Budget* is an annual budget and policy review for veterans programs and represents an unprecedented joint effort by the veterans' community to identify the major issues facing the veterans' community today while serving as an independent assessment of the true resource and policy needs facing veterans. As we have for the past 16 years, it is our distinct pleasure, once again, to be responsible for the health care recommendations and analysis, and I shall address these in my testimony today.

For FY 2003, *The Independent Budget* recommends a medical care appropriation of \$24.468 billion, an increase of \$3.1 billion over FY 2002. This proposed increase does not assume any new initiatives or workload increases. Unfortunately, we are seeing the effects of an inadequate budget for FY 2002, a budget that we estimate to be \$1.5 billion less than the amount required. To address this shortfall, and to provide for the current services requirements of the VA, *The Independent Budget* has requested this \$3.1 billion increase.

This amount is a realistic assessment of what the VA must have in order to meet its obligations, both statutorily and morally. This recommended increase addresses the "current services" requirements of VA health care for FY 2003, while recognizing the cumulative funding shortfalls faced by the system over the last two years.

Over the last five years, the VA has served a constantly growing number of veterans with appropriations that have steadily declined in purchasing power. The FY 2001 health care appropriation was \$564 million short of the amount recommended by *The Independent Budget*, and the FY 2002 budget falls \$1.5 billion short. Already, a few months into FY 2002, the Administration has reported a shortfall of close to \$500 million, and is seeking supplementary funding, a step we fully support.

Nationally, we are witnessing an explosion in health care costs, especially in pharmaceutical costs. The VA has not been immune to this national trend. According to a report from the Department of Health and Human Services, national health care spending increased 6.9 percent in 2000. The fastest growing segment of health care spending is prescription drugs, which increased 17.3 percent in 2000. This represents the sixth consecutive year of double-digit increases. Spending on prescription drugs has doubled between 1995 to 2000, and has tripled between 1990 and 2000. VA health care budgets have not kept pace with this explosive spending growth.

The real effect of inadequate health care appropriations is felt by sick and disabled veterans every day. Inadequate appropriations force the VA to ration care by lengthening waiting times and delaying services. This is simply unacceptable, the VA must be given the resources to provide timely, quality health care. The current VA medical system must just not be maintained but the quality of its care must be enhanced.

The Administration has proposed a medical care appropriation of \$22.744 billion¹, an increase of \$1.4 billion over FY 2002. Although veterans appreciate any increase, we are also cognizant of the fact that this does not meet the needs of the VA in the coming fiscal year, and does not provide the resources necessary to overcome the effects of recent inadequate appropriations. Unless additional resources are provided, the current situation, as intolerable as it is, will continue into the foreseeable future, and sick and disabled veterans will once again be shortchanged by the very government they have served, and rely upon to care for them.

Again, we note that the Administration's budget relies upon "management efficiencies" to address real budgetary needs. It seems that every year "management efficiencies" are a handy way of making the budgets seemingly balance. As *The Independent Budget* states, "there are no more 'efficiencies' to be wrung out of the system. For the last five years, VHA [Veterans Health Administration] has served a constantly growing number of veterans with appropriations that have been steadily declining in purchasing power." And it is important to look at these efficiencies as they affect individual veterans. We know of one medical center director who is actively attempting to persuade certain veterans from utilizing his hospital so that he may serve other veterans who have no options. Others have indicated plans to no longer provide such basic items as mouthwash, tissues, lotion or soap to veteran patients. It is essential that the funding shortfall be remedied so that these intolerable actions do not occur again.

¹ We have subtracted, from all Administration requests, amounts attributable to the legislative proposal put forth by the Administration that would include accrual costs for pension and post-retirement benefits for

Again this year we have not included collections as part of our recommendations concerning appropriated dollars. As we state in the *Independent Budget*, we recognize “that nonappropriated funding may be available to expand VHA operations and ultimately improve care for veterans, we are strongly committed to the principle that the cost of VA health care is a federal responsibility that must be met in full by Congress and the Administration through adequate appropriations. VA must not be forced to rely on subsidies from veterans or their insurers to cover the costs of caring for veterans.”

Veterans must not be held hostage through collection estimates that very well may be far-fetched or issued solely to cover budgetary holes left by inadequate appropriations.

The Independent Budget is opposed to the Administration’s proposal to begin charging a \$1500 deductible for health care for category 7 veterans. The primary reason we can see for the imposition of a deductible requirement is to discourage currently eligible veterans from seeking VA health care. Recently, the Administration announced that it would continue enrolling category 7 veterans. It said that it would find the resources to cover the costs of these health care services. Instead of providing the additional resources, it has proposed to have veterans pay for this care out of their own pockets or disenroll themselves. The VA itself estimates that a deductible will deter 121,000 veterans from seeking health care. Requiring a \$1500 deductible could adversely affect lower-income veterans, veterans whose insurance will not pay the deductible, and who want and need to go to the VA particularly to provide services they cannot find elsewhere in the private sector or on Medicare, for instance long-term care, prescription drugs, or specialized services. Finally, we are concerned about the perverse disincentive that this deductible

federal retirees. For medical care, this figure is estimated to be \$793 million for FY 2003.

scheme could have on veterans who represent the core mission of the VA. *The Independent Budget* proposal fully covers the cost of providing care for these category 7 veterans.

We are very concerned that the Administration has failed to provide funding for the VA to meet its critical fourth mission – to serve as a backup to the Department of Defense in times of war or national emergency. The VA is also a critical component of the federal government’s emergency response capabilities, and an integral part of our national homeland defense efforts. Headlines read “Bush’s Budget Doubles Homeland Funds,” and “Bush to Request Big Spending Push on Bioterrorism,” but there are no resources made available to the VA. As the *Washington Post* reports, “while police and firefighters, border security agents, bioterrorism experts and intelligence agencies understandably were among the biggest winners in the new budget – which contains nearly \$38 billion for domestic security activities – agencies that once had only the most remote links to homeland security would be showered with funds for that purpose.” Pianin and Miller, “Security Permeates Budget,” *Washington Post*, February 5, 2002, A7. But the VA has been forgotten

This national emergency entails not only a crisis abroad, but a crisis here at home. As the VA serves as a backup to our Armed forces, it also serves as a backup to, and an integral part of, our Nation’s health care system. When terrorists struck New York City, the VA was there, caring for victims. In fact, the Government Accounting Office, in its January 2001 report entitled “Major Management Challenges and Program Risks” (GAO-01-255) characterizes the VA’s role as the “primary backup to other federal agencies during

national emergencies.” The VA must be prepared, and provided with the resources it needs, to accomplish this comprehensive and vital mission.

Taking its lead from requirements detailed in Congressional testimony by Secretary Principi, *The Independent Budget* has requested \$250 million to meet its duties in this area.

The stresses on the VA system will only become more severe. The VA plays an indispensable role as part of the federal commitment to states and local communities in times of national emergency and disaster. The VA does not have the resources to meet its responsibilities to sick and disabled veterans, and *The Independent Budget* fears that the VA will not be able to fulfill its important responsibilities under this critical fourth mission.

The Independent Budget has recommended an increase for Medical Administration and Miscellaneous Operating Expenses (MAMOE) of \$9 million, bringing this account up to \$76 million. The Administration has requested \$70 million, an increase of only \$3 million. Funding shortfalls in the MAMOE account have left the VA unable to adequately implement quality assurance efforts or to provide adequate policy guidance within the 21 Veterans Integrated Service Networks (VISN). Veterans Health Administration headquarters staff play the essential role of providing leadership, policy guidance, and quality assurance monitoring under the decentralized VA health care system. It is important that these important roles be strengthened.

Although VA Medical and Prosthetic Research has not suffered the same budget pressures that have beset health care, it is still suffering from the uncertainty it faces each budget cycle. Research, which is essential to VA's continuing partnerships with medical schools and universities, requires a long-term commitment and stable, reliable funding. This needed stability is undermined by the annual budget game, where the Administration submits an unreasonably low budget for this vital program and relies upon Congress to partially redress the shortfall. This has a direct impact upon the research community, hampering its planning and funding decisions as it tries to adjust to this yearly funding whiplash. This game must stop. VA research must receive consistent and adequate budget increases in order to keep pace with our national research effort. For FY 2003, *The Independent Budget* recommends an appropriation of \$460 million, an increase of \$89 million over FY 2002.

The Administration has proposed \$394 million for VA research, an increase of \$23 million over the amount provided in FY 2002, but a full \$66 million below the \$460 million recommended by *The Independent Budget*.

Health care also requires an adequate infrastructure if it is to truly be of the highest quality. Last year I came before these Committees and outlined our deep concern regarding the aging and decline of VA's facilities. The situation remains unchanged except that things are now a year older, the problems remain. VA has been allowed, or forced, to become almost derelict in the maintenance, renovation and reconstruction of its aging infrastructure. No matter what changes come in the future, whether under the

revised CARES process or other approaches, if hospitals are to be closed or realigned, VA must not be forced to make decisions to close facilities and terminate services because it has allowed its buildings to crumble by default.

Chairman Smith I thank you for your recognition of the problems with VA infrastructure. Your efforts to secure funding for repair of seismic deficiencies and much needed renovations is a very positive step in redressing this situation. I call upon these Committees and all of Congress to act now to prevent further erosion of the system and begin addressing the needs of VA's physical plant through increased major construction funding. VA must not be forced to maintain its infrastructure from already scarce medical care dollars.

We recognize that this Committee does not appropriate dollars, but you do authorize them. You serve as a resource, and as advocates, to the appropriators as they fashion budgetary policy. The authorization process must recognize the real resource requirements of the VA. We look to you, and your expertise in veterans' issues, to help us carry this message forward, to your colleagues and to the public.

The VA is facing a crucial hour in a critical time. As a Nation we must not forget the sacrifices, and the service, of the men and women who served on the ramparts of freedom. If we provide inadequate budgets we are sending a clear message concerning what we value as a society. Let us make sure that the message we send is consistent with what we believe ourselves to be.

We need your help, and we offer our assistance, to ensure that the VA receives the funding it needs to ensure that veterans receive the health care they have earned, and the health care they have been promised. Let us move forward from our accomplishments of the last couple of years and build a strong, and continuing base, for the national asset that is the VA.

CONCLUSION

Mr. Chairmen and members of the Committees I was in the Marine Corps, and am still a proud Marine. Like it has always been in the Marine Corps. I believe it is best to face obstacles and problems head-on. The Department of Veterans Affairs needs more resources. Funding for the VA last year was insufficient, this year's appropriation falls short of the VA's needs and the President's budget request for next year fails to fully address the needs of veterans.

Like the founders of PVA who fifty-five years ago understood that a healthcare system that was underfunded posed a threat to their well-being and that of their fellow veterans, I call upon you to act now to ensure that the VA gets the money it truly needs. For veterans it is not a matter of shifting priorities or competing interests, it is a daily matter of life and death.

Thank you, and I will answer any questions you may have.