



STATEMENT FOR THE RECORD

PRESENTED BY

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PARALYZED VETERANS OF AMERICA

BEFORE THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

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Mr. Chairman and members of the Committee, Paralyzed Veterans of America (PVA) appreciates this opportunity to present our views on VA's efforts to meet current health care demand and access challenges. PVA is the only national veterans service organization, chartered by Congress and recognized by the Department of Veterans Affairs, to represent and advocate on behalf of our members and all veterans. All of PVA's members, in each of the fifty states and Puerto Rico, are veterans with spinal cord injury or dysfunction. Because of the unique nature of these disabilities, and the highly specialized care provided through VA's network of spinal cord injury centers, up to 80 percent of PVA's members use VA for all or part of their care. This is a higher utilization rate than

Chartered by the Congress of the United States

any other veterans service organization can claim. According to a recent study, VA spinal cord injury programs provide more acute, rehabilitative and sustaining services, with higher quality and lower cost than any comparable system in the world.

The VA health care system is praised by veterans and the medical community alike for making vast improvements in the quality, quantity, and efficiency of the services it provides. Because of this fact, and the rising cost and declining value of other federal and private health-care providers and insurers, VA has become a magnet, attracting record number of veterans enrolling in the system and presenting themselves for care.

In 1995, VA treated 2.7 million veterans with a workforce of 205,000. In 2002, 183,700 employees provided care for 4.5 million patients. Over six and one-half million veterans are enrolled in the VA health care system. That VA has been able to absorb this workload with wholly inadequate resources is a testament to the flexibility of management and the quality of VA's health-care providers.

Clearly, however, the system is under great strain.

Over 230,000 enrolled veterans are currently waiting six months or longer for initial appointments. Many overburdened Veterans Integrated Service Networks (VISNs) have stopped enrolling veterans in certain categories altogether.

Secretary Principi announced plans to curtail enrolment of Category 8 veterans affecting 160,000 potential enrollees this year alone. Surely these actions address the symptoms of the ongoing utilization crisis facing VA. But apart from

the severe inconvenience these actions impose on thousands of veterans, they are certainly not reasonable solutions to the crisis in themselves. The problem is far greater than that. Simply curtailing access to the system will never solve the underlying and long-standing condition of chronic under-funding. The Congress or the Administration could stop all new enrollments in every category and those veterans who remain in the system would still be faced with a health care system that is constantly starved for resources.

PVA was saddened by the decision to curtail enrollment for new Category 8s. Still, that decision would have, at first glance, little impact on most PVA members. Under current enrollment regulations veterans who are classified as "catastrophically disabled" are eligible to enroll as Category 4, a currently protected classification. Certain PVA members, those with milder or early on-set spinal cord dysfunction, not meeting the definition of "catastrophic," could be affected by the decision. We hope to work with the Secretary to see that those who have a need for the specialized services only provided by VA could gain entry into the system. On a second look, however, PVA members have not found a "safe haven" in the VA enrollment system seeking services. Those who gain entry into the system are at equal risk of losing access to services as those who are seeking care for the first time. Budget strains are affecting every aspect of health care the VA now provides.

This Committee and the Congress, over the years, have certainly recognized the threat to VA's expensive inpatient specialized services programs such as those provided in VA spinal cord injury centers. Rising costs, increasing demand and

the shifting of resources from inpatient to outpatient programs had seriously eroded the ability to fund beds and staff in these centers. We greatly appreciate the efforts of this Committee in drafting statutory direction requiring VA to maintain the capacity of this core VA program. We have worked diligently with the Department of Veterans Affairs to help shape a directive that has gone out to the field setting specific capacity levels for beds and staff. We monitor and report on the capacity levels every month for each of VA's 21 acute and sustaining spinal cord injury centers and 4 spinal cord injury extended care facilities.

Statutory capacity language notwithstanding, VA has never met the capacity requirements defined in its own directive. The continuing budget shortfalls threaten the services provided in the centers for Category 1 enrolled veterans as they would for a Category 4 or Category 7. According to our more recent survey and report, as of December 31, 2002:

The directive calls for a "staff bed requirement" of 824 acute and sustaining beds in the system.

In December 2002 VA only had 747 staffed acute and sustaining beds.

As for staffing, the December report shows a deficit of 117 registered nurses below the capacity requirement. (A full copy of the "December 31, 2002 Survey of Spinal Cord Injury Center Beds is attached to this testimony.)

Under-funding is not a new threat to the system. It is a challenge this Committee, the Congress, the VA and the veterans service organizations struggle with every year. Because of the arcane and convoluted budget process for domestic discretionary accounts, funding issues preoccupy our attention twelve months out of every year. Preparing for this testimony I took a look back to see if there was ever a time when a "funding crisis" or "budget shortfall" for VA health care wasn't a cause for concern.

The Independent Budget (IB), annual budget and policy analysis, published annually by AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and Veterans of Foreign Wars is now in its seventeenth year. The Administration and the Congress have never met the IB recommendations that are determined on need-based formulas and annual projections for the costs of health care services. The VA "funding shortfall" has been, and still is, a major cause of concern for all of these years. In fact, 24 year ago, in 1979, the House and Senate Committees on Veterans' Affairs, held what was then called an "unprecedented" joint hearing to decry the seriously under-funded VA health care system and the impact this was having on the veteran population. I am certain the problem, whether it was under-funding or inconsistent funding, goes farther back than most of us can remember.

Fiscal Year 2002 is a classical example of the state we are in. The Congress approved FY 2002 funding levels that were higher than the Administration's proposal, but still inadequate to meet the projected demands on the system. The Secretary proposed and the Congress approved a \$400 million supplemental

appropriation last summer, but the Administration only allowed \$140 million of that to be applied. The Congress adjourned last Fall without approving a FY 2003 VA appropriation. The health care system has been limping along for the past 5 months at inadequate FY 2002 funding levels. The Senate, last week, voted for a version of the FY 2003 appropriation that, after across-the-board reductions, cut \$700 million from the health care line item. If this proposal is allowed to stand in conference, that reduction equates to a loss of health care options for 240,000 currently enrolled veterans.

In 1993, when the Administration and the Congress were debating the future of a national health-care system, ten major veterans organizations, including PVA joined together to form "The Partnership for Veterans Health Care Reform." Our object was to make certain that if national reforms were to take place, the VA and veterans health care would be part of that solution. Among a list of recommendations we made at that time was to guarantee VA health care funding on an annual basis. Citing "chronic under-funding" The "Partnership" proposed the following solution.

"Guaranteed Funding: Funding must be guaranteed for the provision of a comprehensive benefit package to all eligible veterans who choose VA.

Rationing must stop. Congress must make VA health care accounts non-discretionary, set at risk adjusted capitated rates that reimburse VA adequately for care provided. Unlike today's situation, currently eligible veterans must be guaranteed provision of promised services."

Mr. Chairman, those words were true ten years ago - they are even more so today.

Thank you for this opportunity to represent Paralyzed Veterans of America before the Committee. I will be happy to answer any questions you may have.