

STATEMENT OF
CORNELIO R. HONG, M.D., F.A.C.P.
VETERANS OF FOREIGN WARS OF THE UNITED STATES

SUBMITTED TO THE
SUBCOMMITTEE ON HEALTH
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

THE DEPARTMENT OF VETERANS AFFAIRS PHARMACEUTICAL BENEFIT
WASHINGTON, D.C. MARCH 30, 2004

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the opportunity to testify before you today on this important subject.

As part of the Department of Veterans Affairs' (VA) comprehensive medical care benefits package, veterans enrolled in the VA health care system are granted a pharmaceutical benefit. Veterans pay a \$7 co-payment for each 30-day supply of medication. The co-payments are waived if the prescription is for a service connected condition, or if the veteran is severely disabled or indigent. With relatively few exceptions, such as for certain veterans living in Alaska, VA will only provide medication for prescriptions written by VA physicians, not outside physicians.

This policy, in effect, denies veterans their earned pharmaceutical benefit. It forces veterans to make medically unnecessary appointments for health care screenings

through the department. However, when the veteran makes that appointment, he or she frequently finds that they must wait months for that appointment. In the face of these delays, many of these veterans are turning to their outside physicians for timely health care, as you or I would do. They then find themselves unable to have these prescriptions filled at VA, so they are either forced to completely abandon the VA health care system, or to take their place at the back of a long line for a VA appointment.

Although significant progress has been made in reducing this backlog of appointments, increasing demand for health care by veterans and funding levels that have not kept pace, access to the system is far from optimal. At one time, it was estimated that nearly 300,000 veterans were on a waiting list for at least six months for a basic health care appointment. While the number of veterans waiting that long is significantly lower, there are still many thousands of veterans who must still unacceptably wait month after month.

I continue to believe that a significant portion of that backlog is made up of veterans waiting solely for prescriptions from VA. Early indications from VA's temporary Transitional Pharmacy Benefit Program (TBP) support our conclusion. Despite a very narrow definition of who was eligible for the benefit, VA's statistics show that 8,200 of the 41,200 eligible veterans (20%) utilized the program. Extrapolating these numbers out to the entire VA population, it is clear that a substantial number of veterans are being denied part of their complete VA health care benefit.

The solution is simple. Veterans must be allowed to bring their private prescriptions to VA. It is a solution that benefits both parties involved: the veteran and VA.

For veterans, the benefits are obvious. They would be free from policies that inhibit their ability to receive a benefit they earned while defending this country. If that 20% figure holds up system-wide, the veterans' population would be getting the pharmaceuticals it needs to combat illness and disease, especially as it grows older. These would be the same pharmaceuticals and treatments they would receive if they had complete access to the VA health care system; it would not provide them any additional benefits, just access to a current one, which is severely limited.

Additionally, as a medical doctor, I can attest to the importance of patient/doctor relationships in maintaining optimum health. When access problems turned many veterans away from VA health care, they began establishing or reaffirming old relationships with their physicians. The communication, signals and history a doctor establishes with a regular patient enables us to better serve the patient's needs. It leads to better medicine.

For VA, it would free up health care resources, which are stretched to the breaking point, in part, because of this prohibition. The extra health assessments and screenings VA undertakes duplicate the same procedures the outside physician performs. The second screening is medically unnecessary; a physician has already determined the diagnosis. All it does is waste the veteran's time and wastes health care resources that could be better spent on sick and disabled veterans who truly need VA health care. In fact, a December 2000 VA Inspector General Report found that, "the costs of re-examining the veteran in order to fill the privately written prescriptions are significant and could be reduced with a more streamlined process." The report estimated that these re-examination costs totaled \$1.3 billion in fiscal year 2001 alone.

Yes, we would probably expect the demand for prescriptions to increase, but this increased cost could be significantly offset by the reduced duplication of services and through co-payments and third party collections. Further, a December 2002 GAO study found that Priority 7 veterans, who at that time included the current Priority 8 veterans, utilized just 13% of VA's net pharmacy expenditures despite these veterans accounting for 22% of the patient population. They used less than their proportion of resources. Again, we would argue that, despite the increased demand, it would not be providing any additional benefits, just equitable access to that benefit.

To that end, the draft bill we are considering today would be a great benefit to those it covers. This bill would allow veterans receiving disability compensation or who are indigent to have outside prescriptions filled through VA. Additionally, it extends the same benefit to any Medicare-eligible veteran.

For those Medicare-eligible veterans to have their prescriptions filled through VA, they must, however, give up their right to VA health care services for one calendar year. This is an unacceptable choice. Veterans have earned the right to the full comprehensive benefits package. They should not be required to give up one portion of that package to secure access to another. Yes, these veterans would have Medicare to fall back on and it is entirely possible that some of these veterans would use Medicare anyway, but we cannot accept that as their sole health care option. VA is charged with providing the full continuum of health care to this nation's veterans. Forcing veterans out of the health care system turns VA into nothing but a pharmacy. Their other health care needs would be neglected. Veterans should be able to turn to VA, the health care system

set up just for their unique health care needs. This draft legislation would deny them that right.

Despite this, the bill is a solid step in the right direction. It provides a better benefit to more veterans at a cheaper cost than the complex Medicare prescription drug benefit. It would greatly benefit those veterans who could not otherwise afford prescription drugs.

In regard to the section of this bill that addresses immunizations, it appears that a more comprehensive immunization benefit must be addressed. Any veteran who is enrolled with VA should be able to receive immunizations free of cost as long as the immunization is recommended by the CDC in the National Immunization program. Preventive medicine is the most cost effective way of caring for any section of our population. For most of our veterans the complications of preventable diseases compound all other underlying health problems.

It is clear that the time for pharmaceutical reform is now. VA's current policies preclude veterans from accessing an earned benefit and the solution before us is an excellent step that would be beneficial to each stakeholder.

Mr. Chairman, this concludes my testimony. I would be happy to answer any questions that you or the members of this Committee may have.