

**STATEMENT OF
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THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON HEALTH
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
THE DEPARTMENT OF VETERANS AFFAIRS'
PRESCRIPTION-ONLY HEALTH BENEFIT
AND
TRANSITIONAL PHARMACY BENEFIT**

MARCH 30, 2004

Mr. Chairman and Members of the Subcommittee:

I appreciate this opportunity to express the views of the 2.7 million members of The American Legion on the Department of Veterans Affairs' (VA) prescription-only health benefit. We commend the Subcommittee for holding a hearing on this important and timely subject.

In fiscal year 2003, the VA's total pharmaceutical expenditures increased by approximately 11 percent from \$2.9 billion in fiscal year 2002 to \$3.2 billion. Under current law, to use VA pharmacy veterans must be: 1) enrolled and either receiving care or; 2) be waiting in excess of 30 days for an initial appointment with a VA provider. As VA's enrolled patient population continues to reach record-high levels and the rate of veterans actually using VA health care benefits grows, increased demands for VA pharmaceutical services system-wide have heightened demands for timely access to health care. In fiscal year 2003, over 200 million 30-day equivalent prescriptions were filled.

Many factors are attracting veterans to enroll in VA to meet their health care needs:

- Collapse of many health maintenance organizations and preferred provider organizations;
- Dramatic increases in private health care premiums;
- No affordable Medicare prescription plan;
- Dependence on costly maintenance medications;
- VA's reputation for high quality primary and specialty care and patient safety.

Prescription-Only Health Benefit

The American Legion believes VA's pharmacies are very much a part of its integrated, holistic approach to medical care. VA's pharmacies were established to support the nation's largest health care delivery system and was never intended to become a mail-order prescription house or

the corner drugstore. The American Legion is concerned about the overall cost of VA filling a larger number of prescriptions. With the increase in enrollment since the implementation of P.L. 104-262, the Veterans' Health Care Eligibility Reform Act of 1996, and a projected actual increase in utilization by a traditionally older, sicker population, additional funding and pharmacy personnel will be required to meet the demands of any such benefit.

The success of a permanent prescription-only benefit is dependent on adequate funding levels. VA's pharmacies are already overtaxed, given that over 4 million veterans currently receive their prescription medications through VA. Even without enactment of a permanent prescription-only benefit, VA expended \$2.8 billion in outpatient pharmacy, or 88 percent of its total pharmacy budget. This share is due to many factors including increased enrollment, medical inflation and new drug therapies.

Should such a benefit be enacted, it must not be simply another unfunded mandate, but must include adequate appropriations to pay for it. VA should not be required to absorb what will be certainly an astronomical cost, further stretching its already seriously under-funded programs and causing cuts in other service areas.

Without details of the proposed prescription-only benefit, it must be assumed that VA would fill non-VA prescriptions without examination or testing of the veteran by VA. Questions must be answered while evaluating changes to current pharmacy policies and practices:

- What impact would any suggested changes have on patient safety?
- What safeguards are in place to incorporate a comprehensive inspection of drug interactions and duplicate drug class orders?
- What impact, positive or negative, will there be on the medical care budget?
- What is the role of VA pharmacy?
- What safeguards are in place to deter potential fraud, waste and abuse?
- What requirements will be placed on participating private practitioners?

Mr. Chairman, while The American Legion agrees with the need to ensure veterans receive prescriptions in a timely manner, we fear the possible detrimental effects a prescription-only benefit may have on the overall delivery of health care by VA. Veterans must be able to have their prescriptions filled through VA without having to join the line of more than 30,000 veterans currently waiting for appointments. It is our hope that the information presented on the status of the "transitional pharmacy benefit" presented here today will provide some insight into the effectiveness of such a plan.

The American Legion stands ready to assist this Subcommittee and VA in developing a pharmacy benefit that will improve the current VA pharmacy plan without creating new liabilities for the VA health care system. Thank you again for this opportunity to provide testimony on behalf of the members of The American Legion.