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U.S. House of Representatives

COMMITTEE ON VETERANS' AFFAIRS

ONE HUNDRED TENTH CONGRESS
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February 28, 2008

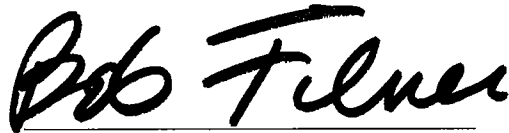
Honorable John M. Spratt, Jr.
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Pursuant to § 301(d) of the Congressional Budget Act of 1974, and House Rule X, clause 4(f), and Rule 7 of the Rules of the Committee on Veterans' Affairs, the Committee on Veterans' Affairs hereby submits its Views and Estimates with regard to programs and matters within the jurisdiction of the Committee to be set forth in the concurrent resolution on the budget for fiscal year 2009. The Minority will be submitting Additional and Dissenting Views under separate cover.

Caring for our veterans is an ongoing cost of war, and a continuing cost of our national defense. As a Congress, and a nation, we must fulfill our obligations to the men and women who have served. We hope that you will carefully consider these Committee views and estimates. We have a lot of work ahead of us if we are to keep our promises to veterans. Working together, we can make sure that our veterans are not forgotten, and that we meet our obligations to them as a nation.

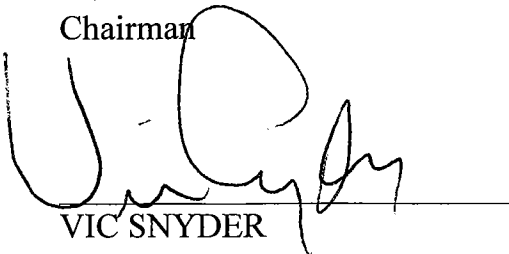
Sincerely,



BOB FILNER
Chairman



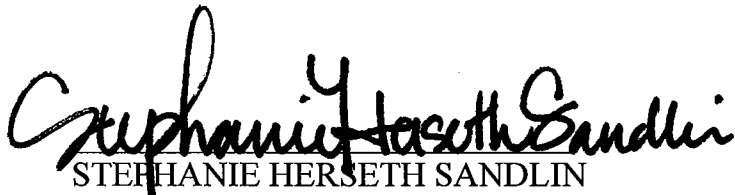
CORRINE BROWN



VIC SNYDER



MICHAEL H. MICHAUD

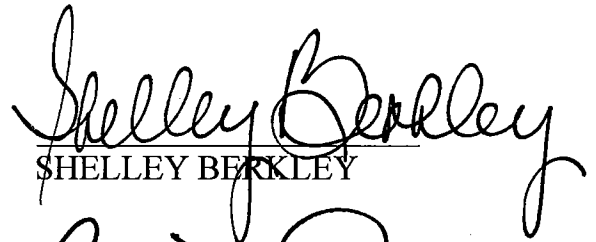

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Committee on Veterans' Affairs
U.S. House of Representatives
110th Congress

Views and Estimates
FY 2009

February 28, 2008

Section 1 – Discretionary Accounts

Department of Veterans Affairs

The Committee¹ is recommending an overall level of \$48.6 billion for the discretionary accounts of the Department of Veterans Affairs (VA) for FY 2009. This recommendation is \$5.5 billion, or 12.7 percent, above the FY 2008 level of \$43.1 billion, and \$3.8 billion, or 8.6 percent, above the Administration's FY 2009 request of \$44.8 billion.

This recommended discretionary level includes an increase for VA medical care of \$4.5 billion, or 12.3 percent, above FY 2008, and \$2.5 billion, or 6.5 percent, above the Administration's request. The Committee believes these additional resources are necessary if we are to provide sufficient funding for veterans' health care, restore many of the cuts proposed by the Administration, and keep our promises to our veterans.

VA Medical Care

For VA medical care (the Medical Services, Medical Administration, and Medical Facilities accounts) the Committee is recommending \$41.2 billion in appropriated dollars, \$2.5 billion above the Administration's FY 2009 budget request of \$38.7 billion, and is a \$4.5 billion, or 12.3 percent, increase over the FY 2008 levels. The Administration requests a 5.5 percent increase over FY 2008 levels.

Including total available resources (including medical collections), the Committee recommendation would provide \$43.7 billion for VA Medical Care. This recommended level in total medical care resources is \$882 million above the amount recommended by the Independent

¹ While the Views and Estimates reflect a consensus effort, the Committee wishes to note that not all Members of the Committee necessarily agree with every aspect of the report. Accordingly, the Committee reserves its flexibility to determine program needs and recognizes the potential for funding changes as the Committee and Congress work their will through the legislative process.

Budget, co-authored by AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of Foreign Wars.² Including funding for the VA's Medical and Prosthetics Research account, the Committee is recommending a total for the Veterans Health Administration (VHA) \$41.8 billion (\$44.3 billion including collections), \$4.6 billion above the FY 2008 level and \$2.6 billion above the Administration's FY 2009 request.

The Committee recommendation would better enable the VA to provide quality health care in a timely fashion and to meet high-priority needs in the coming fiscal year. The recommended funding level would provide additional dollars to account for a higher level of inflation than estimated by the Administration to ensure the health care received by veterans tomorrow is not less than the care received today. The Committee recommends additional resources to account for a greater workload level and health care demand than estimated by the VA, including a greater-than-estimated number of veterans returning from Iraq and Afghanistan. The Committee provides additional resources for mental health care and services, long-term care, homeless programs, prosthetics, and Traumatic Brain Injury (TBI) care and treatment. The Committee recommendation restores proposed cuts to Non-Recurring Maintenance funding, funding that is essential if the VA is not to experience deteriorating medical facilities that impede the delivery of quality health care. The Committee also recommends providing funding to end the Administration's ban on enrollment of Priority 8 veterans (veterans with incomes above the geographically adjusted Housing and Urban Development threshold for low-income housing – \$28,430 in some communities – and who do not have compensable service-connected conditions) first instituted by the Administration in January 2003.

As Congress contemplates further spending on the war in Iraq through the supplemental funding process, the Committee plans to seek opportunities to add additional resources for veterans' programs – for we should not forget the warrior as we fund the war.

Medical Care – Total Resources (Including Collections)

| FY 2008 Enacted | FY 2009 Request | Independent Budget | FY 2009 Recommendation | Recommendation vs. Request |
|--------------------|--------------------|-----------------------|---------------------------|-------------------------------|
| 39,135,220,000 | 41,203,363,000 | 42,821,903,000 | 43,703,870,000 | 2,500,507,000 |

The Committee, as it has every year they have been proposed, emphatically rejects the Administration's proposal to institute enrollment fees and increase co-payments for certain veterans. The Administration estimates that instituting an enrollment fee and increasing pharmaceutical co-payments would result in \$2.3 billion (over 5 years) and \$5.2 billion (over 10

² In prior years, the Independent Budget recommendation did not include amounts attributable to medical collections. This year, the Independent Budget changed its methodology and included amounts attributable to medical collections in its FY 2008 Medical Services baseline and is recommending that these amounts be fully provided for in the Medical Services appropriation, in accordance with its long-standing position that these amounts should be "a supplement to, not a substitute for" appropriated levels. In FY 2008, medical collections amounted to 6.2 percent of the amount available for VA medical care; in FY 2009, these collections are 6 percent of the VA's request. If the collection amounts estimated for FY 2009 are subtracted from the Independent Budget recommendation, the Independent Budget is requesting \$40.3 billion for VA Medical Care, which compares to the Administration request of \$38.7 billion (\$1.6 billion above the Administration's request) and the Committee recommendation of \$41.2 billion (\$900 million below the Committee's recommendation).

years) in mandatory receipts. The Administration proposes that these dollars be considered “mandatory” as compared to “discretionary dollars” and would direct that they be deposited in the Treasury instead of being retained by the VA. According to the VA, as many as 444,000 veterans next fiscal year would choose not to be enrolled in the VA and 146,000 individual veterans would not seek VA health care if the Administration’s fee and co-payment proposals were accepted by Congress. The Committee remains puzzled as to why the Administration requests these proposals annually in the face of consistent Congressional opposition, and is concerned about the effect these proposals have, especially in terms of workload and resource estimates, on VA budget estimates and planning for future years.

Medical Care – Total Resources (by Account)

| | FY 2008 Enacted | FY 2009 Request | Independent Budget | FY 2009 HVAC Recommendation | Recommendation vs. Request |
|---|-----------------------|-----------------------|-----------------------|-----------------------------|----------------------------|
| Medical Services | 29,104,220,000 | 29,465,503,000 | 32,153,138,000 | 31,656,100,000 | +2,190,597,000 |
| Medical Administration | 3,517,000,000 | 4,610,000,000 | 3,625,762,000 | 4,610,000,000 | 0 |
| Medical Facilities | 4,100,000,000 | 4,661,000,000 | 4,576,143,000 | 4,971,000,000 | +310,000,000 |
| Total, Medical Care | 36,721,220,000 | 38,736,503,000 | 40,355,043,000 | 41,237,100,000 | +2,500,597,000 |
| MCCF Collections | 2,414,000,000 | 2,466,860,000 | 2,466,860,000 | 2,466,860,000 | 0 |
| Total, Medical Care (with Collections) | 39,135,220,000 | 41,203,363,000 | 42,821,903,000 | 43,703,960,000 | +2,500,597,000 |

*** Important Notes:**

- For comparison purposes, and unless otherwise noted, amounts attributable to medical collections have been subtracted from the Independent Budget’s Medical Services recommendation (and, when appropriate, are displayed on the MCCF Collections line). Medical collections are not included in the discretionary estimates relied upon by the Committee on the Budget. In a departure from previous recommendations, the Independent Budget has included collections in its baseline for Medical Services for FY 2008 and is advocating that these amounts be fully appropriated in the Medical Services account for FY 2009. Therefore, the Independent Budget is recommending \$34.6 billion in Medical Services to account for this. The Independent Budget has not provided clear recommendations regarding how Congress and the Administration are to treat the \$2.5 billion, or 6 percent of the VA health care budget, received in collections. The Administration’s request, and the Committee recommendation, does not include appropriating medical collections in the Medical Services account.
- The Administration’s FY 2009 budget submission proposed abolishing the Medical Administration account and including these activities in the Medical Services account. Under this structure, the VA is requesting \$34.1 billion for the Medical Services account. The Views and Estimates displays the VA’s request in the traditional three-account structure and amounts attributable to the Medical Administration account have been subtracted from the Medical Services account and restored to the Medical Administration account.

Medical Services

| FY 2008 Enacted | FY 2009 Request | Independent Budget | FY 2009 Recommendation | Recommendation vs. Request |
|--------------------|--------------------|-----------------------|---------------------------|-------------------------------|
| 29,104,220,000 | 29,465,503,000 | 32,153,138,000 | 31,656,100,000 | +2,190,597,000 |

Description³

This appropriation provides for medical services of eligible veterans and beneficiaries in Department medical centers, outpatient clinic facilities, contract hospitals, State homes, and outpatient programs on a fee basis. Hospital and outpatient care is also provided by the private sector for certain dependents and survivors of veterans under the civilian health and medical programs for the Department of Veterans Affairs.

Recommendation

For FY 2009, the Administration has requested \$29.5 billion for the Medical Services account, an increase of \$400 million above the FY 2008 level of \$29.1 billion. The Committee recommends \$31.7 billion, \$2.6 billion above FY 2008 levels and \$2.2 billion above the Administration's request.

The Committee recommendation would:

- Provide additional resources for medical inflation – \$166 million;
- Provide for additional workload, including increased number of OEF/OIF veterans – \$613 million;
- Provide additional funding for mental health – \$223 million;
- Provide additional funding for long-term care – \$332 million;
- Provide additional amounts for homeless veterans by matching the authorization level for the Grant and Per Diem program – \$8 million;
- Provide for an additional 5 percent increase for the VA's Prosthetics program – \$66 million;
- Provide additional resources for TBI care and treatment – \$32 million;
- Provide funding to end the Administration's ban on enrollment of Priority 8 veterans – \$750 million.

Inflation: The VA is estimating an overall medical inflation rate of 4.63 percent. According to the Bureau of Labor Statistics, “[f]or the 12 months ended in December, the medical care index rose 5.2 percent, its largest annual advance since a 5.4 percent increase in 1993.” (*Bureau of Labor Statistics, Consumer Price Index: December 2007, released January 16, 2008*). Although as with any forward-looking estimate the future remains uncertain, the Committee believes that it is more likely than not that medical inflation will be closer to the level experienced in 2007 than the amount estimated by the VA. The Committee, therefore, recommends that an additional \$166 million be provided to match the estimated rate of medical inflation in FY 2009.

³ Unless otherwise noted, account descriptions are from H.Rept. 110-186.

Workload: The Committee is concerned that the Administration may have, once again, underestimated the total number of unique patients it expects to see in FY 2009. From FY 2003 through FY 2008, the VA saw an average annual increase in unique patients of 2.7 percent and from FY 2002 through FY 2008 the VA saw a 3.3 percent average annual increase. For FY 2009, the VA estimates a 1.6 percent increase, including an increase of only 2,621 Priority 7 and 8 veterans. As part of this 1.6 percent increase, the VA expects it will see 333,275 OEF/OIF veterans, an increase of 39,930 from the FY 2008 current estimate. The VA is now estimating it will see 293,345 OEF/OIF veterans in 2008, an increase of 87,717 over FY 2007 while initially estimating last year that this increase would only amount to 57,717. The Committee recommends \$613 million in additional funding to provide for an increased number of OEF/OIF veterans that more closely matches the VA's recent experiences and ongoing combat activities in Iraq and Afghanistan, as well as to provide a modest increase in overall unique patients that more closely tracks the VA's average annual workload increases.

Mental Health: For FY 2009, the VA has requested a 9 percent increase in mental health care spending. With the VA facing an ever-growing demand for mental health services, especially from veterans returning from Iraq and Afghanistan, the Committee is recommending a 15 percent increase for FY 2009, or \$212 million in additional resources. The Committee recommendation also provides funding for an additional 15 Vet Centers, bringing the total for FY 2009 up to 247. The VA estimates 232 for FY 2009, which matches the current estimate for FY 2008 and is 23 more than the number in FY 2007.

Long-Term Care: The Committee recommends an additional \$332 million for VA's Long-Term Care program. The Administration is in violation of its statutory responsibility to maintain FY 1998 levels for the Average Daily Census (ADC) for VA nursing home care, as mandated by P.L. 106-117, the Veterans Millennium Health Care and Benefits Act. The VA's FY 2009 budget submission requests resources to support an estimated 11,000 ADC, an amount 2,391 below the 1998 figure, and equal to its FY 2008 budget request. The Committee recommends additional long-term care funding for the VA to begin to meet its statutory obligations. In addition, the Committee recommends additional funding for non-institutional and community-based services, especially those programs targeting the unique needs of younger, wounded veterans returning from Iraq and Afghanistan who need long-term care services.

Homeless Veterans: The Committee recommends an additional \$8 million to bring the VA's Grant and Per Diem program up to the levels authorized in the 109th Congress. Although Congress has authorized this program at a level of \$130 million, the VA is requesting \$122 million. The Committee plans to explore changes to the Grant and Per Diem program where appropriate in order to begin to effectively address the tragedy of homeless veterans.

Prosthetics: The Committee recommends providing an additional 5 percent increase for the VA's Prosthetics program. This will assist the VA in meeting the needs of a new generation of wounded veterans needing technologically advanced prosthetics, while not forgetting the needs of our older veterans.

TBI Care and Treatment: VA's budget estimate regarding spending for TBI states that data used to make these estimates are preliminary and "based on stable growth patterns with small

increases thru 2009 and beyond.” (*FY 2009 VA Budget Submission, Volume 2, 1H-18*). The Committee understands that insufficient data may not provide an accurate or realistic picture of the needs of veterans with TBI, from mild to more severe cases. TBI is often called the signature wound of the current conflict, and the Committee believes the VA must be in the forefront of providing health care to our veterans with TBI. The Committee recommends an additional \$32 million for TBI care and treatment, a 15 percent increase above FY 2009 estimated levels. Additionally, the Committee believes that VA should look at innovative programs, such as increasing the number of patient or bedside advocates to help insure that our seriously wounded veterans receive the health care and services they need, as well as rapidly meeting its responsibilities under title XVII of the FY 2008 National Defense Authorization Act (P.L. 110-181).

Women Veterans: Although the Committee is pleased that the VA has requested an additional \$14 million over FY 2008 levels for the Women Veterans Outreach Program, the Committee believes that the VA must ensure that women veterans get the care and treatment they have earned. Additional resources may well be necessary in order to meet the needs of an ever-increasing cohort of women veterans.

VA/DoD Health Care Sharing Incentive Fund: The VA has transferred \$15 million to this cooperative effort in FY 2008, but plans to provide no funding in FY 2009. In FY 2007, \$35 million was transferred. The Committee believes it is essential that the VA find the needed resources to continue this important endeavor.

The Committee urges the VA to work closely with the DoD to institute and operate an innovative program to address the needs of returning servicemembers, especially regarding mental health care, and their families. We believe that an approach involving servicemembers and their families receiving information on benefits, necessary training and support, as well as specific services in a joint and comprehensive manner at the point of discharge or immediately prior to discharge offers a unique manner in which the VA and DoD can address the needs of veterans returning from Iraq and Afghanistan who are beginning the process of integrating back into civilian life.

Ending Enrollment Ban on Priority 8 Veterans: The Committee recommendation includes \$750 million to meet the costs associated with ending the Administration’s enrollment ban on Priority 8 veterans. The Committee requested a detailed report from the VA regarding the costs the VA believes it would incur if the enrollment ban was lifted. This report was promised to the Committee by January 1, 2008. The Committee finally received a copy on February 26, 2008.

The Committee is disappointed at the level of detail provided by the VA. The report provides no specific information regarding how the VA ended up estimating that it would “require \$3.1 billion dollars to provide health care services to the additional 1.4 million enrollees and approximately 750,000 patients during the first year of implementation,” nor does it include detailed information regarding facility requirements and staffing levels. The VA believes that 2013 would be the first year it would be able to allow enrollment of new Priority 8 veterans by putting into place “needed infrastructure to accommodate increases in demand” and questions its ability to meet staffing requirements by this time.

