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BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES**

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Chairman Bost, Ranking Member Takano, and Members of the Committee, thank you for the opportunity to testify today in support of the ongoing budget needs for the Veterans Health Administration and the Veterans Benefits Administration. VA is honored to serve the Nation's heroes: Veterans.

VA is delivering more health care and benefits to more Veterans than ever before. Since Congress supported and President Biden signed the Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act into law, we have done everything in our power to reach out to every Veteran and survivor who is eligible for PACT Act benefits to bring them to VA as quickly as possible—because Veterans who come to VA are proven to do better. These steps included:

- **Expediting health care eligibility under the PACT Act by up to 8 years to ensure that Veterans could access care as quickly as possible:** VA used its authority under the PACT Act to [expedite health care eligibility by up to 8 years](#) so that all Veterans who were exposed to toxins are eligible to enroll directly in VA health care—regardless of whether they served at home or abroad—as long as they meet basic eligibility requirements. This means that they do not need a service-connected disability to enroll in VA health care. This also allowed some

Veterans who are already enrolled to transition to higher-level priority groups. This step expanded access to care under this authority for many Veterans, including: 1) some Veterans who served in Iraq or Afghanistan, dating back to the Gulf War, 2) Veterans who deployed in support of the Global War on Terror Contingency Operations, and 3) Veterans who were exposed to toxins here at home. Without expediting this eligibility, the first group of those Veterans would not have become eligible for care until this October 2024, and the last group would not have become eligible until 2032. It expanded access to life-changing or life-saving care to many Veterans, including more than 70,000 Veterans who have already enrolled under this authority.

- **Expediting presumptive benefits under the PACT Act by up to 4 years:** VA used its authority under the PACT Act to [expedite benefits eligibility determinations](#), deciding not to phase in presumptive conditions over several years as prescribed by the law. This expedited presumptive status for head cancer, neck cancer, gastrointestinal cancer, reproductive cancer, lymphoma, pancreatic cancer, kidney cancer, melanoma, hypertension for Vietnam Vets, and much more. Most of those disabling conditions would have only become presumptive in October 2024, and some would not have become presumptive conditions until 2025 and 2026.
- **Launching the most aggressive outreach campaign in VA history:** From the moment the PACT Act passed the Senate, VA has been conducting an all-hands-on-deck outreach campaign to bring more Veterans to VA. This includes launching a one-stop launch website for Veterans to apply for PACT Act benefits, hosting thousands of events since the passage of the PACT Act, sending millions of letters and emails directly to eligible Veterans, conducting a nationwide advertising campaign, enacting the first-ever text messaging campaign to reach out to eligible Veterans, and working with influencers and partners to spread the word about the PACT Act.

VA made these decisions so that millions of Veterans who got sick while fighting for our country could get the benefits and health care they deserve as quickly as

possible and save lives. Data also clearly indicates that when Veterans are receiving VA benefits and health care, their risk for suicide decreases. Without VA's outreach campaign, many Veterans would not know about the PACT Act.

The generous resources provided by Congress enabled us to reach Veterans and survivors with more care and benefits than ever before, and we remain grateful for your support. Key results over the past fiscal year include:

- **Providing more world-class health care to Veterans:** VA delivered more than 131 million health care appointments, representing an increase over last year's record. During this fiscal year, [wait times decreased](#), and [VA health care outperformed non-VA care](#) on independent reviews for patient satisfaction and care quality.
- **Delivering more earned benefits to more Veterans:** VA delivered \$187 billion in benefits (including \$173 billion in compensation and pension (C&P) benefits) to 6.7 million Veterans and survivors this year — all of which are all time records. VA also processed 2,517,519 disability compensation benefit claims, a 27% increase over last year's all-time record of 1,981,854 claims.
- **Earning Veteran Trust:** Veteran trust in VA reached [80.4% this year](#), an all-time record and an increase of 25% since 2016. Veteran trust in VA health care also [reached 92%](#), another record.
- **Encouraging Veterans to apply for health care and benefits under the PACT Act:** Thanks to the largest outreach campaign in VA history, more than 796,000 Veterans have enrolled in VA health care since the PACT Act was signed into law — a nearly 37% increase over the previous equivalent period. VA has received 4,414,334 claims for disability compensation benefits over the past 2 fiscal years — a 29.8% increase over the 2 years prior. Additionally, 913,459 Veterans upgraded their priority groups, making them eligible for care with fewer copays.
- **Supporting Veterans in crisis:** VA provided [no-cost emergency health care](#) to more than 50,000 Veterans in acute suicidal crises. Additionally, the Veterans

Crisis Line is supporting more Veterans than ever, receiving 1,123,591 calls, texts, and chats — surpassing last year's record by 12%.

- **Supporting Veterans experiencing or at risk for homelessness:** VA housed 47,925 Veterans experiencing homelessness in fiscal year (FY) 2024 and ensured that 96% of the Veterans housed during this time did not return to homelessness. The [2024 Point-in-Time](#) (PIT) Count showed a record low in Veteran homelessness since measurement began in 2009 and a 7.5% decrease since 2023. Overall, the data show a 11.7% reduction in Veterans experiencing homelessness since 2020 and a 55.6% reduction since 2010.
- **Supporting a record number of survivors of Veterans:** 519,453 spouses and dependents received [survivor benefits](#) from VA, representing a 4.5% increase over last year's record and totaling an estimated \$10.6 billion in earned benefits.
- **Supporting a record number of Veteran caregivers:** VA provided services, resources, and assistance to a record 88,095 Veteran family caregivers, representing an 18.6% increase over last year's record.
- **Supporting a record number of women Veterans:** A record 741,259 women Veterans received compensation payments from VA this year, representing an 8.2% increase over last year and totaling an estimated \$20.4 billion in earned benefits. Additionally, 52,130 women Veterans enrolled in VA health care in FY 2024. VA now has more women Veterans enrolled in its health care system than ever before.
- **Providing record dental care to Veterans:** VA dental clinics provided over 6 million procedures to more than 630,000 Veterans, representing 9% and 12.5% increases over last year's records, respectively. Through community care, VA delivered a record additional 3.4 million procedures to more than 330,000 Veterans.
- **Providing life insurance to Veterans, Service members, and spouses:** VA provided \$1.5 trillion in life insurance coverage to 5.6 million policyholders, matching last year's record.
- **Helping Veterans, Service members, and spouses become and remain homeowners:** VA guaranteed over 416,300 home loans, saved over 158,000

borrowers from foreclosure, and approved 2,439 [Specially Adapted Housing grants](#).

- **Processing record numbers of Veterans' appeals:** VA processed 116,192 Veteran appeals for benefits, representing a 12.5% increase over the Board's previous year's record.
- **Commemorating more Veterans on the Veterans Legacy Memorial:** Nearly 10 million of the Nation's heroes now have individual commemorative pages in the [Veterans Legacy Memorial](#) – the Nation's largest digital platform dedicated to the memory of Veterans and Service members. This is an all-time annual record, reflecting an increase of more than 5,055,400 Veterans over the past year alone.
- **Giving Veterans final resting places in VA National Cemeteries:** A record 5,572,495 people — including 3,981,362 Veterans — are now buried in VA national cemeteries.

These important results for Veterans, caregivers, and survivors have exceeded even the most aggressive projections and expectations. Because of that, VA has identified a need and has asked Congress to provide \$6.6 billion in FY 2025 in additional VA medical care funding.

Medical Care Anomaly Request

On the four occasions when Secretary McDonough testified before Congress in support of the President's FY 2025 Budget Request, he mentioned that VA may need to come back to Congress to request additional funding if we continued to bring record numbers of Veterans to VA. On July 15, 2024, VA did just that, updating this Committee and its counterparts on the overall fiscal state of benefits and medical care, and the increased needs for funding to meet the increased Veteran demand. On August 28, 2024, the Administration requested a funding anomaly of \$12 billion for the Cost of War Toxic Exposures Fund to cover a potential shortfall in medical care funding in FY 2025.

VA has now updated its request for additional funding for health care for 2025. Based on the latest budget execution data, we now anticipate a potential shortfall closer to \$6.6 billion in FY 2025. VHA's shortfall estimate is anticipated to be less than the original estimate provided to Congress earlier this year as VHA's actual spending more closely aligned with the FY 2025 President's Budget than anticipated at the time of the original request in August. This was a result of several factors. The community care grew at a rate lower than projected in the original anomaly request, the cost of our workforce was lower than expected, and we delayed purchases of new equipment.

Our budget outcome in FY 2024 was a result of our efforts to manage the budget and resources responsibly. However, we recognize some of these strategies are not sustainable in the long run. For example, VA cannot continue to delay medical equipment purchases year over year. As we briefed Congress last year, we still need to hire approximately 5,000 additional employees compared to the level we had in mid-June 2024, especially in high growth areas such as mental health. While VHA is not hiring at the same rate as it did in recent years, it will continue to hire best-in-industry talent to fill critical, high-priority vacancies and positions to meet the needs of Veterans.

In addition to needing funds to hire clinicians and purchase much-needed equipment, as noted above, we also need additional funding to support a higher growth rate for community care than previously projected in the 2025 President's Budget, but lower than projected in the original anomaly request. Enactment of the 2018 VA Maintaining Internal Systems and Strengthening Integrated Outside Networks (or MISSION) Act dramatically changed the way VA leverages community care to meet the needs of Veterans. In FY 2024, VA set a record for community care appointments for the sixth year in a row, and we project continuing to need additional resources in 2025 to deliver community care for Veterans. The increase in community care obligations from FY 2023 to FY 2024 registered at just under 15%, lower than the year-over-year growth rate in the 3 previous years. However, as the costs of community care continue to grow, it places increasing pressure on VA's medical care capabilities. The updated estimate assumes community care will grow at the same year-over-year rate of just

under 15% in FY 2025, to ensure that VHA has the resources it needs to support community care needs for Veterans.

Finally, we continue to need relief for cost pressures occurring in the pharmacy and prosthetics programs that were not anticipated when VA developed its FY 2025 budget. Costs for drugs and prosthetic devices (including eyeglasses and hearing aids – two high volume service lines for VA) are higher than anticipated due to market pressures and increased demand for newer, high-cost weight-loss and other medications. In fact, obligations for drugs and medicine in FY 2024 increased by just over 13% compared to the approximately 9% increase that had been estimated at the time of the 2025 President’s Budget, and we continue to expect further escalation in FY 2025. The updated projected shortfall estimate includes an approximate \$2 billion increase to address demand for injectable medications for weight loss, and new treatment for metabolic dysfunction-associated steatohepatitis (MASH); in both cases, a significant number of Veterans are anticipated to meet clinical prescribing criteria.

Our updated anomaly request assumes additional funding would be made available by December 2024. If VA medical care does not receive additional funding early in FY 2025, VA will be forced to make difficult decisions to remain within the current budget, most notably on outreach, care coordination, and more. Thus, this funding is necessary to maintain the excellent outcomes for Veterans that VA is achieving on quality, access, and Veteran trust.

Benefits Supplemental Appropriation

VA is deeply appreciative for Congressional support in enacting P.L. 118-82, the Veterans Benefits Continuity and Accountability Supplemental Appropriations Act, 2024. As you know, this summer, VA identified several emerging issues that required it to reassess its FY 2024 mandatory funding needs, largely driven by an increase in the total number of anticipated disability C&P claims.

As a result of the updated June projections, and out of an abundance of caution, VA requested \$2.883 billion in additional mandatory benefits funds for FY 2024. These funding estimates were conservative to ensure VA would be available to get through the remainder of FY 2024 and deliver on the promise to provide Veterans their earned benefits, especially as VA continues to break records in benefits delivery. Critically, any funding shortfall of just \$1 would have prevented VA from processing its September pay file, and, as a result, delay disability compensation, pension, and education benefit payments to approximately 7 million Veterans and survivors. Those Veterans and survivors rely on those monthly payments, and any delay could have been devastating for them and their families.

While VA did not immediately use the supplemental funding Congress provided, prudent management still compelled VA to request the mandatory benefits funding to ensure that Veteran benefits payments continued without the potential for interruption. The amount of the supplemental funding and more was used in October 2024, and it went directly to providing disability compensation, pension, and education benefits for Veterans, survivors, and their families. VA ultimately only carried over 2.5% of C&P benefits funding and 4.6% of education benefits funding this year. This is dramatically less carryover than in previous years, when VA carried over 10.1% and 30% last year and 11.7% and 43.2% the year before. This demonstrates how close VA managed its budget during this year – and why the supplemental funding was necessary to avoid a worst-case scenario. (Without \$2.3 billion in supplemental funding, C&P carryover would have been 1.2% of total obligations. Without the supplemental funding, education benefits would have only carried over 0.6% of total FY 2024 obligations.)

VA is currently updating its mandatory budget estimates for the 2026 President's Budget. These updates will include final FY 2024 data and revised assumptions based on these data, such as refined workload projections, updated economic assumptions, an updated cost estimate for the *Rudisill v. McDonough* Supreme Court ruling, and estimates for regulatory changes. VA will share updated budget estimates with the Committee once they are finalized.

Conclusion

We are honored to be serving the Nation's Veterans and their families and am proud to be working with Congress to deliver more care and more benefits to more Veterans than ever before. These results are life-changing for millions of Veterans and their survivors, and we look forward to working with you to address this need for additional funding so we can continue to ensure the Nation's Veterans get the health care and benefits they have earned and deserve. This concludes our testimony, and we look forward to answering your questions.