

STATEMENT OF
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BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON VETERANS' AFFAIRS
WITH RESPECT TO

Pending Legislation

Washington, D.C.

December 3, 2025

Chairman Bost, Ranking Member Takano, and members of the committee, on behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and its Auxiliary, thank you for the opportunity to provide testimony regarding this pending legislation.

H.R. 4077, GUARD Veterans' Health Care Act

The VFW supports this legislation to allow the Department of Veterans Affairs (VA) to recover costs from Medicare Advantage and Medicare Part D plans. This would significantly enhance and clarify VA's authority to recover costs directly from Medicare Advantage plans, helping to offset the expenses of care provided to veterans. Currently, a problem arises with the duplication of Medicare payments for veterans enrolled in both VA and Medicare Advantage or Part D plans. Under existing law, VA is prohibited from billing Medicare for services provided to veterans, which results in private insurers receiving payments from the Centers for Medicare & Medicaid Services without actually covering veterans' care. This loophole leads to taxpayers effectively paying twice for the same services.

Resolution No. 603 (VA Medicare and TRICARE Reimbursement) approved in 2024 at the 125th VFW National Convention acknowledges the significant role that medical care collections can play in supplementing the appropriations that VA receives from Congress. Given the increased demand on VA health care due to the enactment of the PACT Act, it is crucial to ensure that the Veterans Health Administration has adequate funding.

These changes would significantly improve VA's financial flexibility and efficiency. However, careful implementation is essential to avoid unintended consequences. Strengthening VA's authority to recover costs from Medicare Advantage and Part D plans must not create new administrative barriers, delays in care, or confusion for veterans about what services are covered and by whom. VA must ensure that expanded billing authority is paired with modernized claims systems, clear guidance to insurers, and adequate training for VA staff so that reimbursement processes do not slow access to non-service-connected care or generate disputes between VA and private plans. Additionally, rigorous oversight is needed to prevent insurers from shifting

liabilities, denying claims inappropriately, or altering provider networks in response to VA's new authority. With strong coordination, transparency, and implementation safeguards, H.R. 4077 can close long-standing payment gaps, protect taxpayers, strengthen VA's financial stability, and maintain or even enhance the quality and timeliness of care veterans receive.

H.R. 6047, Sharri Briley and Eric Edmundson Veterans Benefits Expansion Act of 2025

While this legislation proposes increases to Special Monthly Compensation and enhancements to Dependency and Indemnity Compensation (DIC), these gains would come at the expense of disabled veterans. Specifically, the proposal would impose the VA home loan funding fee on veterans with disability ratings of 70 percent and below, who are currently and have always been exempt from this fee. Consistent with Resolution No. 601 (Protecting Health Care and Benefits) approved this year at the 126th VFW National Convention to safeguard the full suite of veterans' benefits and services, the VFW opposes reducing the benefits of one group of veterans to expand those of another.

The VA Home Loan Guaranty program is one of the most enduring and historically significant benefits earned through military service, rooted in the *Servicemen's Readjustment Act of 1944* that helped veterans prosper after service, creating America's middle class. However, this proposal to impose a funding fee on disabled veterans, even on the second and any subsequent uses of the loan, would fundamentally alter that legacy and represents a significant step in the wrong direction. Funding fees have traditionally been used as budgetary offset tools, but applying them to disabled veterans is unprecedented and undermines the foundational belief that these benefits are *earned* through service, not bought with fees.

This policy shift would disproportionately affect veterans who, while not totally incapacitated, often face underemployment, physical limitations, and reduced earning potential due to their disabilities. Charging them a fee for attempting to access secure, stable housing punishes them for trying to reintegrate and build a life after service. Further, while veterans rated at 80-100 percent would continue to receive full fee exemptions, as they should, imposing fees on those below that threshold would create a two-tiered system of worthiness based on disability percentage. Yet all disabled veterans earned their benefits. This sends the message to veterans with lower ratings that they are not disabled *enough* to qualify for this exemption. Disability ratings reflect medical impairment, not merit, and should not determine financial penalty or access.

Additionally, VA funding fee reduces veterans' homebuying power and increases their long-term housing costs at a time when affordability is already at historic lows. For the average VA loan in 2025 of approximately \$398,000, adding a 3.3 percent fee increases the starting loan balance by more than \$13,000. It also raises monthly payments, and adds roughly \$27,000 in total costs over the life of the loan, much of which is interest on the fee itself. Because most non-exempt veterans finance the fee, they begin their mortgage more than three percent underwater and need nearly two more years to reach a break-even equity position. Higher balances, higher payments, and longer periods of negative equity increase the risk of default for veterans.

There are broader consequences, too. This change may create perverse incentives, driving more veterans to pursue higher disability ratings just to avoid the fee, further burdening the VA claims

system. For example, bad public policy on the concurrent receipt of Department of Defense retirement and VA disability compensation pay has already created a situation for military retirees to seek disability ratings of 50 percent or higher. The proposed change to the VA home loan policy would once again raise the stakes for veterans now to 80 percent or higher. Moreover, the VFW has warned the House and Senate Committees on Veterans' Affairs *fifteen times* through testimony over the last three years about the exaggerated and fraudulent disability ratings perpetuated by unaccredited and unregulated pay-to-play Claim Sharks. VA's Office of Inspector General issued multiple fraud warnings over these schemes to maximize benefits. With one recent Department of Justice indictment in Puerto Rico and another fraud lawsuit in North Carolina, this kind of policy would likely exacerbate this scourge.

Most importantly, disabled veterans have never paid the VA home loan funding fee in the history of the program. This proposal would represent a deeply concerning shift in how our nation honors and repays the sacrifices of its disabled service members. Congress must not allow budgetary expediency to come at the expense of those who have already paid a high price in service to their country. The VFW strongly discourages rhetoric like recent *The Washington Post* articles claiming that veteran benefits are too generous. We call on our leaders to "Honor the Contract" by honoring their side of the military service contract to provide veterans with benefits and services as directed by law. If the committee changes the funding mechanism for this legislation, the VFW would be proud to lend our support to this overdue expansion of benefits.

Special Monthly Compensation provides added disability compensation beyond the standard VA schedule rates for veterans with particularly severe disabilities. This proposal would provide eligible veterans a supplemental monthly allowance of \$833.33. Veterans eligible for this supplement require 24-hour medical aid and attendance from either a trained layperson or a health care professional, depending on the severity of their injuries. Other than routine cost-of-living adjustments (COLAs) that track Social Security benefits, these severely disabled veterans have not received additional compensation increases in recent years.

For survivors, the proposal would increase DIC by an additional one percent every time Social Security benefits receive a COLA. This would take place each year for five years unless another piece of legislation were to extend it. After five years, DIC would revert to receiving increases only when Congress approved a COLA for this benefit, which is approved through legislation each year and is not automatic. If there were a year with no COLA increase, the DIC rate would not change.

DIC currently lags behind other federal survivor programs by approximately 12 percent and has not received a non-inflationary increase since the establishment of the current program in 1993. Presently, DIC pays 43 percent of the compensation of a veteran rated 100 percent permanently and totally disabled, while other federal survivor programs pay 55 percent. This proposed legislation would raise that percentage to only about 45 percent by the end of the five-year period. While an increase in DIC is desirable, the VFW has been actively advocating for ways to reach the 55 percent rate to achieve parity with other federal survivor programs. We suggest looking at ways to increase the base rate of this benefit annually, separately from COLA. Improvements to Special Monthly Compensation and DIC are well overdue, and the VFW is eager to work with the committee to find a better mechanism to fund these expansions.

Chairman Bost, Ranking Member Takano, this concludes my testimony. I welcome any questions from you or members of the committee.

Information Required by Rule XI2(g)(4) of the House of Representatives

Pursuant to Rule XI2(g)(4) of the House of Representatives, the VFW has not received any federal grants in Fiscal Year 2025, nor has it received any federal grants in the two previous Fiscal Years.

The VFW has not received payments or contracts from any foreign governments in the current year or preceding two calendar years.