NATIONAL ASSOCIATION OF STATE VETERANS HOMES

"Caring for America's Heroes"

Testimony of

ED HARRIES, PRESIDENT

NATIONAL ASSOCIATION OF STATE VETERANS HOMES (NASVH)

Before the

HOUSE VETERANS' AFFAIRS SUBCOMMITTEE ON HEALTH

MARCH 11, 2025

Chairwoman Miller-Meeks and Ranking Member Brownley:

As President of the National Association of State Veterans Homes (NASVH), thank you for the opportunity to testify today before the House Veterans' Affairs Subcommittee on Health to provide our comments on and strong support for the "Providing Veterans Essential Medications Act." This important legislation would remove an inequity in the law concerning high cost medications for veterans that has prevented many from living in State Veteran Homes (SVHs) during their twilight years.

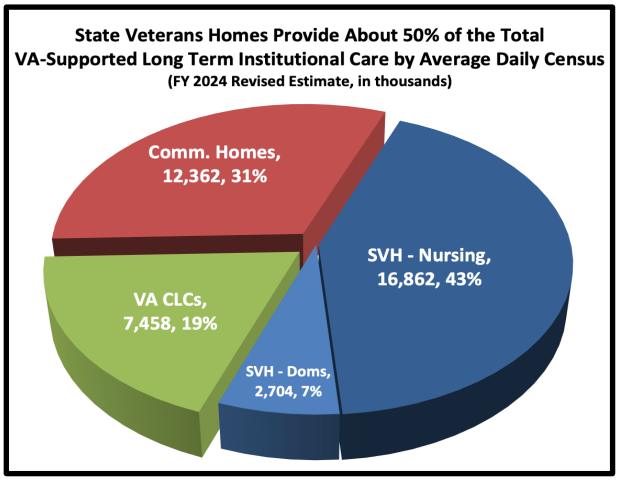
As you may know, NASVH is an all-volunteer organization dedicated to promoting and enhancing the quality of care and life for the veterans and families in our Homes through education, networking, and advocacy. In addition to my role with NASVH, I work full time as the Executive Director/CEO of the Tennessee State Veterans Homes, which includes five veterans' homes in Murfreesboro, Humboldt, Knoxville, Clarksville, and Cleveland.

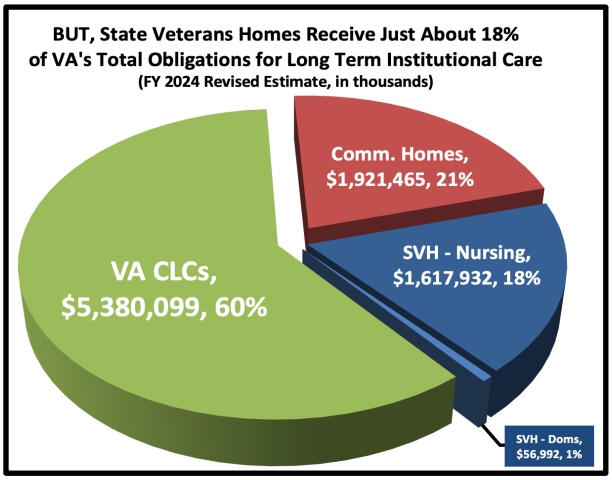
BACKGROUND OF THE STATE VETERANS HOME PROGRAM

Madame Chairwoman, the State Veterans Homes program is a partnership between the federal government and State governments that dates back to the post-Civil War period. Today there are 172 VA-recognized State Veterans Homes across the nation operating 166 skilled nursing care programs, 47 domiciliary care programs, and 3 adult day health care (ADHC) programs. NASVH is the only organization that represents their collective interests, and our membership is expected to continue growing as new Homes seek VA recognition.

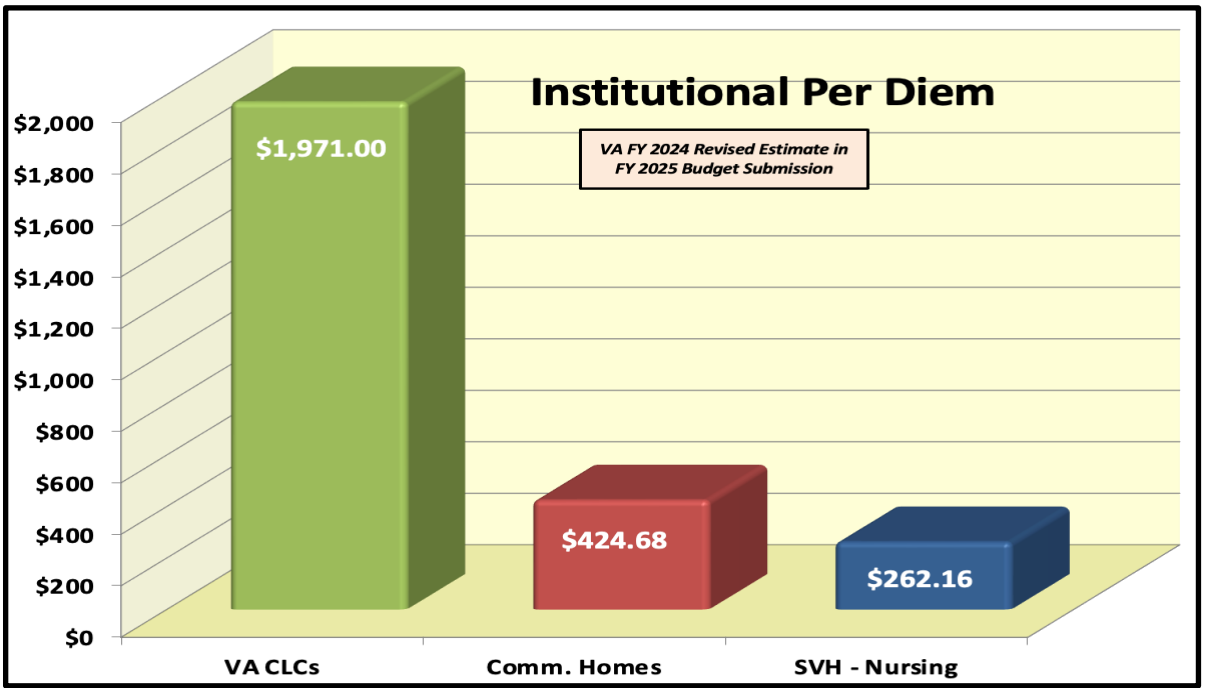
To help cover the cost of care for veterans in SVHs, VA provides per diem payments at different rates for skilled nursing care, domiciliary care, and ADHC. For veterans who have service-connected disabilities rated 70 percent or greater, VA has a statutory obligation to provide nursing home care and the law requires VA to reimburse SVHs – as well as private contract nursing homes – at higher "prevailing rates" intended to cover the full cost of caring for these severely disabled veterans.

Today, there are over 30,000 authorized State Home beds providing a mix of skilled nursing and domiciliary care, which accounts for **half** of all federally-supported institutional long-term care for our nation's veterans, according to VA's most recent FY 2025 budget submission. However, in providing this care, State Veterans Homes only consumed about 18 percent of VA's total funding for veterans' long-term nursing home care. It's clear that the State Home program provides significant value to VA in meeting their obligations to the men and women who served.





Furthermore, according to VA's FY 2025 budget, the institutional per diem for SVH skilled nursing care is currently $262; by comparison, the rate for private sector community nursing homes is $424, about 60% higher, and the rate for VA's Community Living Centers (CLCs) is $1,971, about 750% higher. Although there are important differences among these programs that account for some of these cost differences, there's no question that SVH partnership plays a vital role by leveraging State matching fundings for the benefit of the veterans we all serve.



PROBLEMS CAUSED BY HIGH COST MEDICATIONS

As referenced above, SVHs can receive a basic per diem payment from VA for providing skilled nursing care to veterans that is currently equivalent to between 20-30 percent of the cost of caring for those veterans, depending on cost-of-living in the state. However, for seriously disabled veterans – those who have service-connected disabilities rated 70 percent or higher – VA provides a higher "prevailing rate" intended to cover the full cost of care for such veterans. While this would normally result in SVHs receiving high reimbursement under the prevailing rate program, many Homes are losing hundreds of thousands of dollars per year because of a misguided provision in the statute related to medications for veterans in SVHs.

Currently, VA is required to furnish drugs and medications for veterans residing in SVHs who are receiving the basic per diem if the veteran: 1) is rated 50 percent or greater; 2) needs the medication for a service-connected disability; 3) is receiving VA Aid and Attendance benefits; or 4) has been determined by VA to be catastrophically disabled. However, if the veteran is seriously disabled (70 percent service connected or greater) and the Home is receiving the prevailing rate for that veteran, VA will **not** furnish or reimburse the cost of any medications since a small portion of the prevailing rate is intended to cover the cost of medications. However, some veterans require extremely expensive medications that cost more than the entire prevailing rate paid to the State Home.

For example, the Iowa State Veterans Home is caring for a 55-year-old service connected Air Force veteran who suffers from Crohn's Disease. Fortunately, he is receiving a drug called Stelara, which is administered through IV infusion, to help control his symptoms. However, this medication costs about $5,000 a week, for a total cost of over $20,000 a month. Despite the financial burden, the Iowa State Home decided to care for this veteran at a significant operating loss per day, but that likely means the Home will have to cut costs somewhere else. They might have to admit fewer deserving veterans, their spouses, or Gold Star parents; or perhaps cut back on social, recreational, or other non-clinical services that contribute to their quality of life.

This same situation is occurring in State Veterans Homes across the country. At the Long Island State Veteran Home in New York, they are caring for an 85 year old Army veteran who is 100 percent service connected for his disabilities. He is a graduate of West Point and served as a Captain during the Vietnam War. This former Army Ranger, who received the Bronze Star, Silver Star & Purple Heart, was recently diagnosed with breast cancer and is on a high cost chemotherapy drug called Ibrance. The monthly cost for this drug is about $20,000 and the veteran will be on this medication for the foreseeable future.

The Long Island State Home also has a 79-year old Army Vietnam veteran and Purple Heart recipient rate 100 percent service connected, who was recently diagnosed with lymphoma. He was put on the drug Imbruvica at a cost of approximately $20,000 per month, and this is just one of the many medications he takes to treat his multiple chronic conditions. Unfortunately, due to the financial impact from these high cost medications, the State Home can only afford to care for a limited number of such veterans.

Recently A 78-year-old Army Vietnam veteran who was living in a private community nursing home applied for admission to the Long Island State Veterans Home's skilled nursing facility. The veteran has multiple myeloma and was prescribed a chemotherapy medication called

Revlimid, which cost almost $15,000 per month. The veteran was receiving the drug from VA at no cost to him or to the community nursing home, however if he were admitted to the State Veterans Home, VA would no longer pay for that drug. Due to the financial risk, the Home was forced to make the hard decision to turn down his request at this time. However, the Home looked to see whether the veteran could qualify for its medical model Adult Day Health Care (ADHC) program as an acceptable alternative to traditional nursing home care. If accepted into the ADHC program, the VA would continue to pay for the high-cost medication, and he would get the care he needs and wants. VA's irrational policy is penalizing veterans by limiting their choices of where and how to receive long term care services they are entitled to receive.

At the Bill Nichols State Veterans Home in Alexander City, Alabama they have been unable to admit and care for a 55-year-old Gulf War veteran who is 100% service connected and has a cerebral infarction and chronic myelogenous leukemia. He is currently prescribed the medication Asciminib which costs about $600 per day or $18,000 per month.

At the Idaho State Veterans Home in Pocatello, a 63-year-old, 100 percent service-connected Army veteran with Parkinson's disease was recently admitted. This veteran required Duopa, an IV medication administered via a pump 24 hours a day, 7 days per week, at a cost of over $500 per day or about $16,000 per month. Prior to admission, the VA covered the medication while the veteran was living at home. The State Home's in-house pharmacy was unable to obtain this medication through the VA Prime Vendor contract, and efforts to secure an outside pharmacy agreement were unsuccessful. As a result, the veteran was unfortunately discharged to return home to continue receiving the medication through VA coverage. As a result, the veteran decided to unfortunately discharge and return home to continue receiving the medication through VA coverage. If the Home had been able to obtain this medication, the prevailing rate Idaho receives would not have fully covered the cost of this single medication, in addition to the other care this veteran needed to be provided by the Home.

Unfortunately, the Idaho Veterans Home in Boise recently had to deny the admission of a 76-year-old, 100 percent service connected Air Force Veteran because of the financial strain of high cost medications. The veteran was living in a VA-contracted community nursing home and wished to be admitted to the Idaho facility. The veteran was taking a special medication (Promacta) for low blood platelet counts that cost approximately $18,000 per month. The VA was providing this medication to the veteran's spouse, who picked up this medication from the nearest VA medical center (VAMC) and took it to the VA-contracted private nursing home where they could administer the medication. Although the private nursing home was receiving a prevailing rate for the full cost of that veteran's care, their contract included a provision allowing them to receive or be reimbursed for such high cost medications. The veteran's spouse asked to continue to pick up the medication and bring it to the SVH, but current law prohibits this, effectively denying the veteran the choice to reside in a State Veterans Home.

There are also examples demonstrating of how this inequitable and unwise provision in the statute is literally throwing away money that could be used to improve the care of veterans. In Wisconsin, A 76-year-old, 100 percent service-connected veteran, a Marine sharpshooter, was admitted to a Wisconsin SVH while receiving the drug Enzalutamide (Xtandi), a chemotherapy medication that was being provided to him free of charge through an Astellas Patient Assistance Program (PAP). This program is used by many pharmaceutical companies to help people receive new and breakthrough medications that have exorbitant costs. The grant, which covers the full

cost of these drugs for eligible patients, was active for the veteran from June 2023 to August 2024.

When the veteran moved into the SVH he did not end his participation in the program and the medication continued to be shipped to his wife, who brought it to the SVH to be administered to the veteran. However, according to VA's rules, the SVH could not use this medication for the veteran, but instead had to purchase the same medication at a cost of about $12,000 per month, even though it was being provided for free to the veteran under the grant program.

Wisconsin also had another 100% service-connected Army veteran in one of their State Homes who during an oncology appointment was prescribed pirobrutinib chemotherapy by his provider. The drug was subsequently shipped directly from the VA pharmacy to the SVH where the veteran resided. When the medication arrived at the SVH, they contacted VA to return it since they were aware that under the prevailing rate program the SVH is responsible for all medications. However, they were told that VA would not accept any returns once the medication left their facility.

When inquiring about how to avoid wasting the $20,000 medication, VA advised that using it would be a violation of the law and could result in a citation. The VAMC confirmed the medication could not be returned, even though it was in the original sealed packaging. Instead, the Home was told to simply throw away the $20,000 medication.

PROVIDING VETERANS ESSENTIAL MEDICATIONS ACT

Madame Chairwoman, on behalf of NASVH and our members, I would like to thank you for drafting the Providing Veterans Essential Medications Act, legislation that would correct this inequity in the law. I'd also like to thank Representative Pappas for cosponsoring the legislation, as well as other members who are supporting the legislation.

If enacted, the bill would require VA to furnish or reimburse high cost medications for seriously disabled veterans residing in State Veterans Homes. The bill defines a high cost medication, or "costly medication", as one for which the average wholesale price for one month's supply, plus a 3 percent transaction fee, exceeds 8.5 percent of the SVH's total prevailing rate for that month. This definition is modeled on a provision that has been included in contracts between VA and private nursing homes receiving a full-cost-of-care prevailing rate for veterans rated 70 percent or greater. This legislation would provide equity between State Veterans Homes and private nursing homes caring for similar veterans.

The bill also includes language to allow a State Veteran Home the choice of whether to have VA furnish the high cost medication or receive reimbursement to purchase it directly. This provision recognizes that the SVH program allows each state to organize themselves in a manner appropriate to their state. Some State Homes may be better situated to purchase or to administer these drugs and the bill leaves that decision to each individual SVH.

NASVH strongly supports this legislation which would empower veterans who need high cost medications to receive necessary skilled nursing care in the facility of their choice. It would alleviate a financial burden placed on State Veterans Homes that has too often resulted in veterans effectively losing the option to choose a State Home over a private contract nursing

home that does not bear this financial burden. The legislation would provide equity between private contract nursing homes and State Veterans Homes when faced with seriously disabled veterans who rely in very expensive drugs and medications.

ISSUES RELATED TO HIGH COST MEDICATIONS

Madame Chairwoman, there are some issues related to this legislation that NASVH would like to bring to the attention of the Subcommittee. Public Law 117-328, enacted in December 2022, required VA to create a standardized process for State Homes to enter into sharing agreements with VA medical facilities providing medical services to veterans in SVHs. Unfortunately, VA's cursory implementation of this legislation did not resolve the problem. Since the Providing Veterans Essential Medications Act would allow State Homes the option to have VA provide them with high cost medications, a sharing agreement between the SVH and VA would be required. Unless VA fully commits to resolving this longstanding problem with sharing agreements, this provision of the legislation might be ineffective. NASVH believes additional congressional oversight or legislation will be required to end this problem and we would be pleased to work with the Subcommittee in this regard.

Another similar financial challenge for State Homes is VA's failure to cover the cost of specialty care for veterans in SVHs. Although VA is required by law to pay for specialty care, especially when the care is due to a service-connected condition, in practice VA is regularly refusing to cover the cost for veterans to receive certain specialized health care services, including psychiatric care.

For example, VA has interpreted mental health services to include psychiatric care services and has stated that there are no specified "specialty" mental health services that the VAMC may provide to eligible residents without a signed written sharing agreement with the SVH. Psychiatric services are outside the scope of primary care services provided in the SVHs and, therefore, should be considered and treated as specialty care, similar to cardiology and urology specialty care services. This interpretation is not right, and it is not oriented for the benefit of the veterans we care for. We would like to work with this Subcommittee to explore legislation to mandate that VA pay for all specialty care – including psychiatric care – for veterans residing in State Veterans Homes.

Finally, many State Veterans Homes face continuing and significant financial challenges, in part because they have never fully recovered from the severe impacts of the COVID pandemic. Every State Home had to significantly increase expenditures to prevent and contain COVID outbreaks. During that same time, occupancy levels in most SVHs declined significantly as new admissions were suspended, thereby reducing the amount of VA per diem support provided to them. Many Homes still have significant challenges in bringing their occupancy rates back up to normal levels, primarily due to national staffing shortages that impact all health care facilities. Many SVHs have had to reduce admission levels and even close bed wards due to these financial difficulties. It is in this context that the Providing Veterans Essential Medications Act can make a real difference to State Veterans Homes and the veterans they serve.

We would also note that VA is authorized to pay a basic per diem that covers up to 50% of the cost of a veteran's care, however the rate in recent years has fallen to the point that it is less than 30 percent of the actual cost on average, and as low as 20 percent in some states with higher

costs-of-living. NASVH would also welcome conversations with the Subcommittee about potential legislation that would set the basic per diem rate permanently at 50 percent of the daily cost of care.

CONCLUSION

Chairwoman Miller Meeks, State Veterans Homes can and must continue to play a leading role in meeting the long-term care needs of aging veterans. Over the past decade, VA has been placing greater focus and resources on home- and community-based services (HCBS) and NASVH strongly supports expanding these services to provide aging veterans a full spectrum of long term care options. However, the amount of nursing home care offered by VA today is woefully inadequate compared to the overall number of eligible veterans. Although the need for nursing home care may diminish as the veteran population declines in future years, it will never go away: there will always be significant numbers of veterans who lack adequate family support to allow them to age at home. Given the leading role that State Veterans Homes play in providing such care for aging, disabled veterans, it is imperative that Congress and VA continue to strongly support this program. Enactment of the Providing Veterans Essential Medications would be an important step towards strengthening State Veterans Homes and improving the lives of the veterans we serve.

NASVH looks forward to continuing to work with you and your colleagues to ensure that veterans can continue to choose where and how they spend their twilight years, without inequitable statutes or regulations limiting their long-term care options. That concludes my statement, and I would be pleased to answer any questions that you or Members of the Subcommittee may have.
