

STATEMENT OF CARL BLAKE
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PARALYZED VETERANS OF AMERICA
ON BEHALF OF THE CO-AUTHORS OF THE INDEPENDENT BUDGET
BEFORE THE HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION AND VETERANS' AFFAIRS
CONCERNING
THE INDEPENDENT BUDGET AND THE DEPARTMENT OF VETERANS AFFAIRS
BUDGET FOR FISCAL YEAR 2018 AND FISCAL YEAR 2019
MARCH 29, 2017

Chairman Dent, Ranking Member Wasserman Schultz, and members of the Subcommittee, as one of the co-authors of *The Independent Budget* (IB), along with DAV and Veterans of Foreign Wars, Paralyzed Veterans of America (PVA) is pleased to present our views regarding the funding requirements for the delivery of health care for the Department of Veterans Affairs (VA) for FY 2018 and advance appropriations for FY 2019. While we appreciate that the Administration plans to request an increase in funding for the VA, the fact is the “devil will be in the details.”

The IB’s recommendations include funding for all discretionary programs for FY 2018 as well as advance appropriations recommendations for medical care accounts for FY 2019. The full budget report recently released by *The Independent Budget* addressing all aspects of discretionary funding for the VA can be downloaded at www.independentbudget.org. The FY 2018 projections are particularly important because previous VA Secretary Robert McDonald admitted last year that the VA’s FY 2018 advance appropriation request was not truly sufficient and would need significant additional resources provided this year. We hope that Congress will take this defined shortfall very seriously and appropriately address this need. Our own FY 2018 estimates affirm this need.

We also believe it is necessary to consider the projected expenditures under the Choice program authority that the previous Administration planned in FY 2017 and how that impacts the baseline that will dictate the funding needs for FY 2018. The previous Administration assumed as much as \$5.7 billion in spending through the Choice program in FY 2017, on top of the Medical Services discretionary funding and the newly created Medical Community Care account. That amount was revised to approximately \$2.9 billion. This means that the VA projected to spend more than \$59.0 billion in Medical Services and more than \$71.0 billion in overall Medical Care funding in FY 2017. Currently, the VA projects having nearly \$1 billion remaining beyond the mandated Choice expiration date in August of this year. We fully support legislation (passed by the House) that would allow the VA to spend the remaining Choice funds—approximately \$1 billion—after the expiration date in August of this year. These considerations inform the decisions of *The Independent Budget* to establish our baseline for our funding recommendations for both FY 2018 and FY 2019. Additionally, we believe going forward that services delivered through the Choice program should be integrated with the VA’s Community Care account for funding purposes to eliminate competing sources of funding for delivery of health care services in the community, while maintaining visibility on spending through the Choice program.

For FY 2018, the *IB* recommends approximately \$77.0 billion in total medical care funding. Congress previously approved only \$70.0 billion for this account for FY 2018 (which includes an assumption of approximately \$3.6 billion in medical care collections). The *IB*’s recommendation also considers the approximately \$1 billion VA is expected to have remaining in the Veterans Choice Fund and expected demand for care, including community care, that will not diminish or go away if the Choice Program expires. *The Independent Budget* recommends approximately \$82.8 billion in advance appropriations for total Medical Care for FY 2019.

Medical Services

For FY 2018, *The Independent Budget* recommends \$64.5 billion for Medical Services. This recommendation includes:

Current Services Estimate.....	\$60,897,313,000
Increase in Patient Workload.....	\$1,595,242,000
Additional Medical Care Program Cost.....	\$2,001,000,000
Total FY 2018 Medical Services.....	\$64,493,555,000

The current services estimate reflects the impact of projected uncontrollable inflation on the cost to provide services to veterans currently using the system. This estimate also assumes a 1.5 percent increase for pay and benefits across the board for all VA employees in FY 2018. It was recently reported that the new Administration would like to consider a 1.9 percent federal pay raise. Additionally, *The Independent Budget* believes that there are medical program funding needs for VA that must be considered. Those costs total approximately \$2.0 billion.

Long-Term Services and Supports

The Independent Budget recommends \$535 million for FY 2018. This recommendation reflects the fact that there was a significant increase in the number of veterans receiving Long Term Services and Supports (LTSS) in 2016. Unfortunately, due to loss of authorities—specifically fee-care no longer being authorized, provider agreement authority not yet enacted, and the inability to use Choice funds for all but skilled nursing care—to purchase appropriate LTSS care particularly for home and community-based care, we estimate an increase in the number of veterans using the more costly long-stay and short-stay nursing home care.

Prosthetics and Sensory Aids

In order to meet the increase in demand for prosthetics, the *IB* recommends an additional \$320 million. This increase in prosthetics funding reflects a similar increase in expenditures from FY 2016 to FY 2017 and the expected continued growth in expenditures for FY 2018.

Women Veterans

The Medical Services appropriation should be supplemented with \$110 million designated for women's health care programs in FY 2018. These funds will be used to help the VA deal with the continuing growth in women veterans coming to VA for care, including coverage for gynecological, prenatal, and obstetric care, other gender-specific services, and for expansion and repair of facilities hosting women's care to improve privacy and safety of these facilities. The new funds would also aid VHA in making its cultural transformation to ensure women veterans are made to feel welcome at VA, and provide means for VA to improve specialized services for preventing suicide and homelessness and improvements for mental health and readjustment services for women veterans.

Reproductive Services (to Include IVF)

Last year, Congress authorized appropriations for the remainder of FY 2017 and FY 2018 to provide reproductive services, to include in vitro fertilization (IVF), to service-connected catastrophically disabled veterans whose injuries preclude their ability to conceive children. The VA projects that this service will impact less than 500 veterans and their spouses in FY 2018. The VA also anticipates an expenditure of no more than \$20 million during that period. However, these services are not directly funded; therefore, the *IB* recommends approximately \$20 million to cover the cost of reproductive services in FY 2018.

Emergency Care

Recently, the VA has received serious scrutiny for its interpretation of legislation dating back to 2009, which required it to pay for veterans who sought emergency care outside of the VA health care system. The *Richard W. Staab v. Robert A. McDonald* ruling handed down by the US Court of Appeals for Veterans Claims last year, places the financial responsibility of these emergency care claims squarely on the VA. Although VA continues to appeal this decision, it is not expected to prevail in this case leaving itself with a more than \$10 billion dollar obligation over the next 10 years. The Staab ruling is estimated to cost VA approximately \$1.0 billion in FY 2018 and about \$1.1 billion in FY 2019, which the *IB* has included in our recommendations..

FY 2019 Medical Services Advance Appropriations

The Independent Budget once again offers baseline projections for advance appropriations for the Medical Care accounts for FY 2019. As indicated previously, we have serious concerns that the previous Administration significantly underestimated its FY 2018 advance appropriations request. This trend cannot be allowed to continue.

For FY 2019, *The Independent Budget* recommends approximately \$69.5 billion for Medical Services. Our Medical Services advance appropriations recommendation includes:

Current Services Estimate.....	\$66,334,946,000
Increase in Patient Workload.....	\$1,589,892,000
Additional Medical Care Program Cost.....	\$1,526,000,000
Total FY 2019 Medical Services.....	\$69,450,838,000

As previously discussed, the IBVSOs believe that there are additional medical program funding needs for VA. In order to meet the increase in demand for prosthetics, the *IB* recommends an additional \$330 million. We believe that VA should invest a minimum of \$120 million as an advance appropriation in FY 2019 to expand and improve access to women veterans' health care programs. Our additional program cost recommendation includes continued investment of \$20 million to support extension of the authority to provide reproductive services to the most catastrophically disabled veterans. Finally, VA's cost burden for paying emergency care claims dictated by the Staab ruling will require at least \$1.1 billion in FY 2019 alone.

Medical Support and Compliance

For Medical Support and Compliance, *The Independent Budget* recommends \$6.7 billion for FY 2018. Our projected increase reflects growth in current services based on the impact of inflation on the FY 2017 appropriated level. Additionally, for FY 2019 *The Independent Budget* recommends \$6.8 billion for Medical Support and Compliance.

Medical Facilities

For Medical Facilities, *The Independent Budget* recommends \$5.8 billion for FY 2018. Our Medical Facilities recommendation includes \$1.35 billion for Non-Recurring Maintenance (NRM). Likewise, *The Independent Budget* recommends approximately \$6.6 billion for Medical Facilities for FY 2019. Our FY 2019 advance appropriation recommendation also includes \$1.35 billion for NRM.

Medical and Prosthetic Research

The VA Medical and Prosthetic Research program is widely acknowledged as a success on many levels, and contributes directly to improved care for veterans and an elevated standard of care for all Americans. We recommend that Congress appropriate \$713 million for Medical and Prosthetic Research for FY 2018. Additionally, under the President's Precision Medicine Initiative, the IBVSOs recommend \$65 million to enable VA to process one quarter of the MVP samples collected, for a total research appropriation of \$778 million.

Thank you for the opportunity to testify. We would be happy to answer any questions you have.