

November 1, 2006

The Honorable Steve Buyer, Chairman
House Veterans' Affairs Committee
335 Cannon House Office Building
Washington, D.C. 20515-6335

Dear Mr. Chairman:

The veterans service organizations that make up the Partnership for Veterans Health Care Budget Reform would like to respond to your recent press release concerning the discretionary funding process for the Department of Veterans Affairs (VA) health care system.

You describe the current discretionary funding method as a "successful funding approach" and attribute it to the near doubling of funding for veterans' health care spending since 1995. We gratefully acknowledge and appreciate the increases in funding. We agree that VA has seen remarkable reforms over the past ten years and that the quality of the services VA renders to veterans has markedly improved. However, we respectfully disagree that the primary reason for those improvements is current management of the budget process.

We believe a seminal basis for improvements in the VA health care system stemmed from the bipartisan enactment of P.L. 104-262, the Veterans Health Care Eligibility Reform Act of 1996. Eligibility reform prompted VA's growing commitment to cultural change aimed at improving delivery of care and then maintaining veterans' health. VA pioneered better health care with its computerized patient care records, adoption of evidence-based medicine, and implementation of performance measures for management and clinical staffs, among other innovations. Documented, indisputable improvements in-patient care, satisfaction and safety have followed and have made VA a recognized leader in health care, earning it praise in numerous publications.

The discretionary budget has become highly politicized and puts at risk the VA health care system and its patient population. In the past 12 years, Congress has completed only one regular VA appropriations bill by the start of the new fiscal year. Unfortunately, the norm has become a series of continuing resolutions each year that funds VA at the previous year's level, holding down spending and finally lumping VA's budget into an omnibus spending bill.

This annual limbo hinders effective staffing decisions, construction planning, and day-to-day management by VA leaders. Additionally, VA funding growth has not nearly kept pace with its patient workload demands. A method of assured funding, such as H.R. 515, would eliminate the year-to-year uncertainty about funding levels. Annual fiscal turbulence rarely occurs in comparable mandatory spending programs. It is blatantly unrealistic to expect VA to manage efficiently and carry out its missions expertly without knowing what its projected budget will be or when funds will be approved.

Mr. Chairman, you suggest that mandatory funding is an “inferior approach to funding...and would cost taxpayers nearly half a trillion dollars.” We believe guaranteed funding would simply ensure that VA is provided the necessary resources to care for the *enrolled* patient population—not the entire veterans’ population. H.R. 515 is a responsible model compared to the uncertainties of the discretionary method. This measure would establish a funding baseline, and then use a formula consisting of the number of enrolled patients multiplied by the cost per patient, with an added adjustment each year for medical inflation to keep VA apace with increased costs.

Under pay-go, the Congressional Budget Office (CBO) had no choice but to “score” H.R. 515 at a half-trillion dollars. CBO cost estimates cannot, by Congressional rules, offset discretionary spending reductions against mandatory spending increases. Your statement fails to point out the net difference between a 10-year discretionary cost projection versus a 10-year mandatory cost estimate, that is approximately \$40 billion over ten years. We recognize that our estimate is a significant increase, but please note the \$2.7 billion added to VA’s discretionary health care appropriation this session. Likewise, we do not believe an extra expenditure of \$40 billion over a decade would be “putting hard-won quality gains at risk.”

We strongly disagree that Congress would lose its “oversight clout” of the VA health care system. All mandatory programs still receive congressional oversight. We would expect your Committee to hold VA accountable for how it spends every dollar and how well VA manages its health care programs. Congress should continue to focus on maintaining and improving the VA health care system, so that VA can deliver cost-effective high quality health care to our veterans.

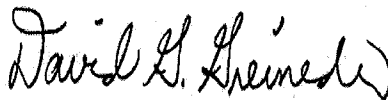
While Congress saw the necessity for the budget process to provide a mandatory funding policy for a number of “entitlement” programs, we believe it is no less important to guarantee funding for the VA health care system. Funding for veterans’ health care is a continuing cost of the national defense, and should be a top priority. A veteran injured today in Afghanistan or Iraq may need the VA health care system beyond the middle of this century. If funding for VA is assured, disabled veterans will be assured access to the special care they need and merit.

Mr. Chairman, each organization in the Partnership has approved resolutions that support guaranteed funding for veterans' health care. We welcome the opportunity to participate in Committee or Subcommittee hearings on this issue.

Sincerely,



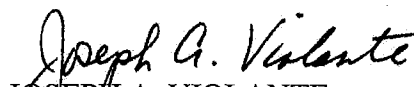
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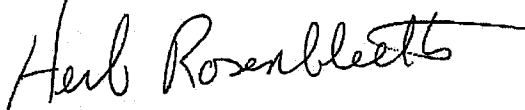
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c: Ranking Member, House Veterans' Affairs Committee Filner