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U.S. House of Representatives

COMMITTEE ON VETERANS' AFFAIRS

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February 28, 2008

Honorable John Spratt
Chairman
Committee on the Budget
207 Cannon House Office Building
U.S. House of Representatives
Washington, DC 20515

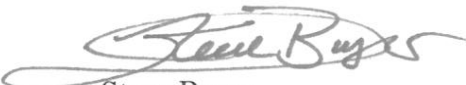
Dear Mr. Chairman:


Pursuant to House Rule X, clause 4(f)(1), I herewith submit to the Committee on the Budget the Views and Estimates of the Republican Members of the Committee on Veterans' Affairs regarding the Administration's FY 2009 budget request with regard to programs and matters within the jurisdiction of the Committee, along with Supplemental Views and Estimates.

In recommending record discretionary funding for veterans' health care and benefits, the Republican Budget Views and Estimates reflects our enduring priorities: to care for veterans who have service-connected disabilities, those with special needs, and the indigent; to ensure a seamless transition from military service to the care of the Department of Veterans Affairs (VA); and to provide veterans every opportunity to live full, healthy lives.

We look forward to working with the Committee's Majority Members as well as the Members of the Budget Committee to put forth a budget that will honor and enhance the lives of our nation's veterans, as well as remain fiscally responsible to the American taxpayer.

Sincerely,


Steve Buyer
Ranking Republican Member


Cliff Stearns
Deputy Ranking Republican
Member

Jerry Moran

Jerry Moran
Committee Member

Henry E. Brown, Jr.

Henry E. Brown, Jr.
Committee Member

Jeff Miller

Jeff Miller
Ranking Republican Member
Subcommittee on Health

John Boozman

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Ranking Republican Member
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Opportunity

Ginny Brown-Waite

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Michael R. Turner

Michael R. Turner
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Doug Lamborn
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Affairs

Gus M. Bilirakis

Gus M. Bilirakis
Committee Member

Vern Buchanan

Vern Buchanan
Committee Member

cc: Honorable Bob Filner
Honorable Paul Ryan

COMMITTEE ON VETERANS' AFFAIRS
REPUBLICAN VIEWS AND ESTIMATES FOR FISCAL YEAR (FY) 2009

February 28, 2008

OVERVIEW

For veteran's healthcare and program costs in FY 2009, the Republican Members of the Committee on Veterans' Affairs recommend \$3.831 billion above the Administration's request for discretionary spending in FY 2009. In addition, we recommend \$2 billion for a legislative initiative to modernize GI Bill education and training benefits for servicemembers of the Reserves and National Guard.

United States Department of Veterans' Affairs

Veterans Benefits Administration

Mandatory Funding

The Veterans Benefits Administration (VBA) administers a broad range of non-medical benefits to veterans, their dependents, and survivors through 57 regional offices. These programs include disability compensation, non service-connected pension, education, vocational rehabilitation, burial, insurance, and home loan guaranty.

The Republican Members support the Administration's FY 2009 budget request of \$46.4 billion in mandatory funding for veterans' programs, a 3.5 percent increase over the enacted level for FY 2008, except for the additional \$2 billion we recommend to modernize the GI Bill.

Discretionary Funding

With the exception of the recommendations noted below, the Republican Members support the Administration's FY 2009 request of \$1.371 billion in discretionary funding for the management of the benefits programs – disability compensation, pension, education, vocational rehabilitation and employment, housing, burial, and life insurance.

Disability Compensation and Pension Service – The Administration requests \$1.113 billion in budget authority to fund the discretionary portion of the disability compensation, pension, and burial programs. This includes administrative expenses for 12,120 Full Time Equivalent Employees (FTEE), an overall increase of 703 FTEE over the FY 2008 level. This increase includes an additional 694 Direct FTEE over the FY 2008 level.

For FY 2009, VBA projects receipt of 872,002 claims, an increase of 17,098 claims over FY 2008 levels. Though the accumulation of the claims backlog has slowed, the Republican Members remain concerned that VBA still has an inventory of over 400,000 claims. Of this inventory, 103,410 claims (or 25.8 percent), have been pending over 180 days.

VBA intends to address this large workload in three ways:

First, VBA plans to enhance its use of information technology to help with claims processing. VBA plans to increase collaboration with the Department of Defense to obtain medical and discharge information electronically. VBA will also begin funding a paperless claims processing initiative (known as Virtual VA), which will reduce reliance on burdensome paper claims files. Additionally, VBA will utilize rules-based technology to help claims adjudicators make rating decisions in a more accurate and timely manner. VA has spent more than \$600 million over the past decade in an attempt to automate the compensation and pension (C&P) claims processing system. This complicated, paper-driven process is more than twenty-five years old.

The Republican Members applaud this initiative, which reflects our long-held position favoring increased use of information technology, and recommend an additional \$10 million to fund this initiative. This increase is reflected in our recommended increase in the Virtual VA account of the Office of Information and Technology.

Second, VBA expects to reduce the backlog of claims by continuing to consolidate all original pension claims processing to three pension maintenance centers. This will take the burden of adjudicating pension claims off regional offices.

Third, VBA expects to reduce the backlog by continuing to train and prepare the 2,900 direct FTEE that VBA plans to hire for C&P service by the end of FY 2009. This includes funding for 1,830 direct FTEE for C&P service that was appropriated with the contingent emergency funding in the Consolidated Omnibus Appropriations Act of 2008.

All three of these are part of VBA's overall strategy to reduce the average processing time for C&P claims to 145 days. This would represent a thirty eight day (or 26 percent) improvement in processing timeliness from FY 2007, and a twenty seven day (or 18 percent) reduction in the amount of time required to process claims in FY 2008. The Republican Members believe that in order to realistically reach this strategic goal the C&P service will need additional FTEE and recommend an additional \$31.2 million to fund an additional 300 FTEE for the C&P service.

Since it takes new raters an average of up to two years before most C&P employees become fully productive, increased training of new hires is vital to reducing the backlog. Therefore, the Republican Members recommend an additional \$8 million for Training and Performance Support Systems, and an additional \$2 million for skills certification. The Republican Members also recommend an additional \$1.88 million to fund 20 additional FTEE for VBA's National Training Academy in Baltimore, MD.

The Republican Members recognize that additional direct compensation FTEE will not improve quality, accuracy, and timeliness in claims processing without corresponding increases in training resources.

Intergovernmental Partnerships – The Republican Members recommend \$15 million for a pilot program to explore the feasibility of intergovernmental partnerships in the development of compensation and pension claims between VA and municipal, county and state veterans departments and service officers, as well as veterans' and military service organizations. This pilot program would also use information technology to assist in the development and transmittal of veterans claims to VA regional offices. We recommend the pilot occur in three states: New York, Missouri, and Wyoming, or other states with varied veteran demographics. This expanded pilot would build on findings from the 2002 intergovernmental pilot conducted between the VA regional office in Buffalo and the New York State Division of Veterans Affairs.

Veterans Choice in Filing Pilot Program – The Republican Members also recommend \$5 million for a two-year pilot program where veterans who live in the jurisdiction of VA regional offices in New York, NY; Newark, NJ; Atlanta, GA; and Detroit, MI would be able to submit their disability claims to any VA regional office for adjudication. This pilot program would give veterans a choice about where they would like to have their claim adjudicated.

Systematic Technical Accuracy Review (STAR) Reviews – STAR reviews are one of many ways that VBA reviews the quality of their ratings decisions. Despite the recent increase in the number of STAR reviews, the Republican Members believe that too much emphasis is placed on the number of claims decided by VBA instead of the quality of decisions made. The Republican Members would rather the adjudication of a disability claim take longer and be right than not take as long and be wrong. The Republican Members recommend \$4 million to increase the number of claims reviewed by STAR reviewers and increase the amount of STAR staff training at regional offices.

Education Service – The Republican Members were pleased with the results of the pilot call center project during FY 2007 and understand VA intends to implement a permanent education call center in Muscogee, OK during FY 2008. They believe this project is vital to continuing the progress made in reducing the processing times for education claims. VBA estimates a workload increase of about 13,000 education claims, but the Administration requests only 23 additional direct support FTEE. As of February 11, 2008, the backlog of education claims was nearly 66,000, and average processing times for original and supplemental claims were 24 and 11 days respectively, with targets of 19 and 10 days. While this is an improvement over the previous year, it is insufficient to meet the needs of veterans. Passage of the FY 2008 National Defense Authorization Act included several provisions such as post-discharge use of chapter 1607 education benefits for members of the Guard and Reserves that will increase the workload of the Education Service.

It is difficult to determine the exact magnitude of the increased workload due to those provisions and expanding participation in nearly all other education programs administered by VA. However, the continuing loss of experienced staff from retirements, increased workloads, staffing the call center and the pending backlog of claims convince the Republican Members that

an additional 160 FTEE are needed for the Education Service with a projected discretionary cost of \$12.32 million.

Vocational Rehabilitation and Employment Service – With the continuing Global War on Terror producing large numbers of severely wounded service Members and the challenges entailed in rehabilitating those with multiple trauma including significant numbers of traumatic brain injury, the Republican Members are disappointed that the Administration did not request additional staff for the VR&E program. We applaud the Department's continuing efforts to realign functions and duties to allow counseling and employment staff to concentrate on increasing rehabilitation rates. However, we believe current average caseload, which now exceeds 130 per counselor nationally, should be not more than 100 per counselor to provide appropriate levels of service including oversight of cares served through contract counselors. Therefore, we recommend \$13.5 million to fund an additional 150 professional level FTEE. The Republican Members also recommend an additional \$18.02 million to contract for continued rehabilitation services for veterans.

Loan Guaranty Service – The Republican Members recommend an additional 40 FTEE at a cost of \$3.656 million to improve the percentage of loans transmitted through VA's Foreclosure Avoidance through Closing (FAC) system within the Loan Guaranty Service.

VA-USOC Military Paralympic Program – This coming summer, America's Olympic and Paralympic teams will compete in the Beijing Olympics. In 2005, at the urging of then Chairman Buyer, VA signed a Memorandum of Understanding (MOU) with the US Olympic Committee (USOC) to begin a cooperative effort to increase disabled veteran participation in sports at all levels, including elite events such as the Paralympics.

Over the three years since the MOU, the USOC has held a series of military sports summits for recently-injured veterans of the War on Terror, and VA has assisted by providing medical and recreational therapy staff and disabled veterans undergoing rehabilitation. As a result of this collaboration, as well as interest by the disabled veteran's community in general, it is possible that as many as eight disabled veterans will compete in Beijing.

Competition at elite levels of athletic events requires significant dedication to training, especially for service-disabled athletes. Therefore, we believe it is appropriate for VA to defray expenses for service-disabled athletes participating at elite levels in the program. We estimate the cost at \$2 million per year. The Republican Members also recommend an additional \$5 million to improve opportunities for these veterans to participate in sporting or other special events. To facilitate these opportunities the Republican Members recommend an additional \$1.05 million to fund and additional 10 FTEE for the National Programs and Special Events.

Board of Veterans' Appeals

The Administration requests \$64.744 million to support 487 FTEE for the Board of Veterans' Appeals (BVA), an increase of \$2.475 million and 21 FTEE over FY 2008 level. The Republican Members recommend an additional \$14.865 million to support an additional 113 FTEE for a total BVA staffing of 600 FTEE. The BVA provides independent reviews of VA regional office decisions and makes the final administrative decision on behalf of the Secretary of Veterans Affairs. While BVA has made improvements, it continues to experience difficulties meeting the production levels. We believe that additional staff is necessary if BVA is to provide timely and accurate decisions to veterans and their families. The Republican Members recommend \$79.609 million for the BVA program account.

National Cemetery Administration

The Administration requests \$425 million in discretionary funding for the National Cemetery Administration (NCA). This includes \$181 million for operations and maintenance of VA's national cemeteries and 1,603 FTEE, a decrease of \$14 million and increase of 51 FTEE over the FY 2008 level. This also includes \$25 million in minor construction to address cemetery infrastructure improvements. The administration also requested \$6 million to create an advance planning account that will give NCA flexibility in purchasing land for future cemeteries.

Cemetery Operations and Maintenance – The Republican Members recommend an additional \$19 million to the Administration's request of \$181 million for a total of \$200 million for NCA operations and maintenance, and an additional \$144 million for minor construction.

NCA Major Construction and Gravesite Expansion – The Republican Members recommend an additional \$100 million to accelerate VA's five-year strategic plan to fund National Cemetery gravesite expansion. VA will inter an estimated 111,000 veterans in 2009, with similar projections for the near future, most from our "Greatest Generation." The Republican Members believe accelerated expansions are an appropriate response to assure veterans a final resting place in a national shrine. Expansions funded in FY 2009 would include National Cemeteries in Annville, PA, Fort Mitchell, AL, Dayton, OH, Kent, WA, Triangle, VA, Houston, TX, Elwood, IL, St. Louis, MO, Phoenix, AZ, and Riverside, CA. The Republican Members also recommend an additional \$100 million to fund the construction of additional columbarium space for veteran internments in populated areas.

National Shrine Commitment – The Republican Members also recommend an additional \$300 million to complete the NCA's National Shrine Commitment. The funding from the commitment would be used on infrastructure projects such as irrigation improvements, renovation of historic structures, and road resurfacing. This additional funding would be part of the NCA's major construction account. The total funding for

the NCA major construction account recommended by the Republican Members is \$610 million which is \$500 million above the administration's request.

Grants for the Construction of State Cemeteries – The Republican Members also recommend an additional \$10 million for grants for the construction of state cemeteries for a total of \$42 million. This program gives funding to states to build national cemeteries and requires that the state then pay all operation and maintenance costs once the cemetery is built. This program continues to have a waiting list and additional funding would provide better access to veterans cemeteries for veterans and their families.

Veterans Health Administration

For FY 2009, the Administration requests \$41.2 billion in appropriations for discretionary spending on veterans' medical care, an increase of \$2 billion or 5.4 percent over the FY 2008 appropriated level.

Medical Services – The Administration requests \$34.1 billion for medical services. In the FY 2009 request, VA merged the medical services and medical administration appropriation accounts. VA argues that merging these two accounts will improve the budget execution and allow VA to respond rapidly to unanticipated changes in the health care environment throughout the year.

The Republican Members recommend \$35.2 billion for medical services which is \$1.137 billion above the Administration's request. This increase is recommended as follows:

Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF) – We recommend a \$50 million increase to account for the enactment of Public Law 110-181 that extends the period during which combat veterans can receive care in priority category 6 from two to five years from their date of discharge, and provides for multiple requirements for wounded warrior assistance programs. The Administration requests \$1.267 billion to meet the needs of veterans from OIF/OEF, an increase of \$216 million, or 21 percent from expected costs for FY 2008. The Republican recommendation would bring funding to \$1.317 billion for OIF/OEF veterans;

Traumatic Brain Injury (TBI) - We recommend a \$50 million increase to support the care of our wounded warriors with TBI and the needs of their family caregivers. VA should establish a centralized policy and procedures to ensure that best practices for both short and long-term TBI rehabilitation are rapidly disseminated and adopted throughout the VA system.

Rural Health Care – We recommend a \$200 million increase to improve the access and quality of care for enrolled veterans residing in

rural areas. This includes additional funding for the Office of Rural Health and improving access to care by utilizing existing non-VA rural health infrastructure;

Dental Care - We recommend a \$100 million increase to provide dental care for the increasing number of returning OIF/OEF servicemembers accessing VA for dental care. Many OIF/OEF active duty, Guard, and Reserve servicemembers are returning with serious dental problems and are not receiving corrective dental care prior to separation from active duty. VA is then obligated to treat these separated servicemembers, often through costly contract care. Although we include this additional funding, we also anticipate enacting legislation that would require VA to seek reimbursement from DoD for the post-deployment dental care VA is providing;

Health Professional Educational Assistance Program – We recommend a \$50 million increase to provide scholarships to employees pursuing degrees or training in health care disciplines for which recruitment and retention of qualified personnel is difficult. We expect this additional funding to include support for the recruitment and retention of staff to provide mental health care in rural settings;

Mental Health Care – We recommend a \$213 million increase for VA to continue to implement the Mental Health Strategic Plan and to enhance efforts to identify and respond to mental health problems of returning OIF/OEF service members, including members of the National Guard and Reserve;

Emergency Care – We recommend a \$50 million increase to reimburse certain veterans enrolled in VA health care without a service-connected disability for the cost of emergency treatment received in a non-VA facility until such time as such veterans are transferred to a VA facility;

Medical Patient Workload - We recommend a \$100 million increase to provide timely and accessible high-quality health care to core constituency veterans – the service-connected disabled, injured and indigent;

Prosthetic and Sensory Aids – We recommend a \$50 million increase to cover the increased costs of providing, repairing and replacing prosthetics and sensory aids;

Long-term care – We recommend a \$200 million increase to support long-term care services;

Medical Care Collections Fund – We recommend a \$74 million increase in medical services, as we remain concerned that VA cannot meet its estimated collections goal.

Medical Facilities – We recommend a \$400 million increase above the Administration’s request of \$4.661 billion for necessary costs associated with operating and maintaining VA’s health care system infrastructure.

Medical and Prosthetic Research – The Administration requests \$442 million in appropriations for medical and prosthetic research, a decrease of \$38 million below the FY 2008 appropriated level. We place a high premium on conducting research into injuries and illnesses related to military service that benefit the clinical treatment needs of veterans. While the Department intends to place additional reliance on outside federal grants to realize a net gain in research funding, we recommend an \$83 million increase above the Administration’s request for a total of \$525 million for this program account.

Legislative Proposals – The Administration includes seven new legislative proposals as well as legislative policy proposals from last year. The Republican Members support the seven new health legislative proposals that would: exempt co-payments from all hospice care provided through VA from co-payments; allow VA to pay for specialized residential care and rehabilitation for OEF/OIF veterans in medical foster homes; update HIV testing policy; provide permanent authority for IRS income data matching for VA eligibility determinations; authorize VA to release certain health information to secure third-party reimbursement for care provided by VA; allow “in-lieu-of” reimbursement for certain continuing medical education; and extend the application time for post discharge dental benefits from 90 to 180 days. (The extension of dental benefits has already been enacted in Public Law 110-181.)

The Republican Members continue to reject the three policy proposals that would: allow VA to establish a tiered annual enrollment fee for priority groups 7 and 8 veterans based on family income; increase pharmacy co-payments for priority groups 7 and 8 veteran from \$8 to \$15 dollars; and eliminate the practice of offsetting or reducing VA first-party co-payment debts with collection recoveries from third-party health plans. These proposals do not reduce the Administration’s request for discretionary medical care appropriations. The additional revenue would be classified as mandatory receipts to the Treasury and would not be retained in VA for veterans’ health care programs.

VHA Major Construction Projects – The Administration requests \$471.5 million for VHA major construction projects. We recommend a \$752 million increase above the Administration’s request. This increase includes funding to cover increased costs of construction and increased funding for the advanced planning fund for developing the design of major construction projects including public-private ventures to support the future demand for health care services. This would bring the total to \$1.224 billion for this program account or \$752 million above the Administration’s request.

VHA Minor Construction Projects – The Administration requests \$273.418 million for VHA minor construction projects and the Republican Members recommend a \$200 million increase over the Administration’s request, for a total of \$473.418 for this account.

Grants for Construction of State Extended Care Facilities – The Administration requests \$85 million in appropriations for grants for the construction of state extended care facilities, the same amount as the FY 2008 appropriated level. The partnership between the federal government and the states is a long-standing and honored tradition of cost sharing. We recommend a \$90 million increase above the Administration’s request for a total of \$175 million for this account.

Office of Information and Technology

The Republican Members concur with the Administration’s request for \$2.442 billion for the Office of Information and Technology (OI&T). This should be the last year for appropriations for VETSNET application development. Any further funding should be for code-conversion and operations and maintenance.

Additionally, the Committee recognizes the value of programs designed to reduce the backlog of claims, and provide improved services to veterans. Therefore, we recommend an additional funding amount of \$10 million for Virtual VA.

The Republican Members also recommend an additional \$100 million for 915 FTEE to provide for information technology services at all VA locations nationwide, and an additional \$200 million to be used to consolidate the multiple infrastructures presently in existence at the VA. Without a significant injection of funds to consolidate, the VA will spend at least 10 years to slowly combine these multiple infrastructures into one. The Republican Members also believe in encouraging IT innovation at the outlying VA facilities, and therefore recommend an additional \$16 million for field innovation in order to continue a program started in FY 2008 by the Office of Information and Technology.

The Republican Members recommend reducing funding to The Education Expert System (TEES) in the amount of \$5.259 million until the VA can articulate a measurable performance outcome for the program for FY 2009.

The total recommended amount for the Office of Information and Technology is \$2.762 billion, which is \$320 million above the Administration’s request.

Office of the Inspector General

The VA Office of Inspector General (OIG) is responsible for the audit, investigation, and inspection of all VA programs and operations. For FY 2009, the Administration request \$76.5 million and 440 FTEE to support the activities of the OIG. This compares with the FY 2008 request of \$72.6 million for administrative expenses and 445 FTEE. However, this FY 2009 funding level would result in a reduction of 48 FTEE from current staffing levels. In order to maintain the current level of audits, inspections, and investigations completed, as well as the monetary benefits identified, Congress would need to provide funding of \$84.9 million (a \$8.4

million increase over the Administration request). Major audits, reviews and investigations would have to be cancelled should this reduction in staffing occur. During FY 2007, OIG identified over \$670.2 million in monetary benefits, for a return of \$11 for every dollar expended on OIG oversight. The Republican Members recommend adding \$8.9 million in FY 2009, in order to provide for a total of 540 FTEE at a cost of \$93.8 million.

Additionally, the Republican Members recognize the importance of forward looking initiatives and investigations provided by the OIG. Therefore, the Republican Members also recommend an additional increase in funding to the OIG by \$17.3 million for the following initiatives: \$10.3 million and 60 FTEE for DoD/VA Transitional Health Care; \$3.5 million and 20 FTEE for information technology security; and \$3.5 million and 20 FTEE for acquisition reform. The total funding for the OIG account recommended by the Republican Members is \$111.1 million which is \$34.6 million above the Administration's request.

General Operating Expenses

The Republican Members recommend an additional \$1.03 million be made available to fund an additional 10 FTEE to improve timeliness and customer service at the VA Office of Congressional and Legislative Affairs. The Republican Members also recommend an additional 19 FTEE at a cost of \$2.09 million for the Center on Veterans Employment to improve implementation of the service disabled veteran-owned small business provisions in P.L. 109-461. The Republican Members further recommend an additional 10 FTEE for the Office of Small and Disadvantaged Business Utilization to improve small business procurement opportunities within VA at a cost of \$1.1 million. These increases combined with other general operating expenses from VBA bring the Republican Member recommendation for general operating expenses to \$1.841 billion, which is \$142 million above the Administration's request.

United States Department of Labor

Veterans' Employment and Training Service

Homeless Veterans Reintegration Program (HVRP) - The Republican Members are pleased with the increase in HVRP funding that will allow VETS to contract with an additional 7 grantees. The program has been cited by GAO as the most cost-effective employment program for the homeless, placing 65 percent of homeless veterans with an average cost per placement of about \$2,400. We recommend an additional \$1 million to bring the total number of potential new grantees to 10.

National Veterans Training Institute – In Public Law 109-461, Congress mandated several changes in the state grant program that will require greater training capacity at the National Veterans Training Institute in Denver, CO. The Committee recommends an additional \$2 million to fund increased NVTI operations.

USERRA Training and Enforcement – The Veterans Employment and Training Service has primary responsibility for enforcing veterans’ employment and reemployment rights under USERRA. Case loads are climbing and additional resources are required to ensure timely resolution of USERRA-related cases. Therefore, we recommend an additional \$1 million to fund six additional professional investigators.

State Grants for DVOPS and LVERs & the Transitional Assistance Program – The Republican Members are concerned that the small increases over the past few years have resulted in a gradual reduction in state veterans’ employment staff while demands related to the Transition Assistance Program (TAP) continue to increase. The economic downturn will also result in more veterans seeking employment. Therefore, we recommend an additional \$1.5 million.

Proposed Legislation

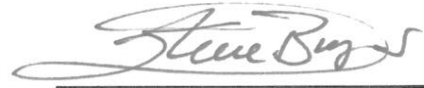
GI Bill – During the 109th Congress, the Economic Opportunity Subcommittee conducted a series of hearings and site visits to determine the need to modernize the Montgomery GI Bill (MGIB) for both active duty and members of the Selected Reserve. MGIB benefit levels for active duty members have not nearly kept pace with the increasing cost of higher education, and extensive utilization of the Reserve Components in the Global War on Terror justifies increases in the basic levels of their benefits. Therefore, we propose an additional \$2 billion in mandatory spending to improve education benefits. This includes indexing the basic payment at 100 percent of the Department of Education average four year public school cost.

Disability Benefits Reform Bill – The Republican Members propose legislation that will implement disability compensation reform for VA and the Department of Defense. The bill is based on some of the recommendations of the President’s Commission on Care of America’s Returning Wounded Warriors, also known as the Dole-Shalala Commission and the Veterans Disability Benefits Commission. Our proposal would end dual disability systems run by the Department of Defense (DOD) and Department of Veterans Affairs (VA). Currently, servicemembers who are medically separated receive a physical evaluation and disability rating from their respective branch of service and then typically go to the VA for another physical and disability rating based on service-related conditions. Our proposal would use a single examination and rating, and take DOD out of the disability rating business altogether. Those deemed unfit for service due to injury would receive an annuity from DOD based on rank and years of service. VA would conduct a study to determine appropriate amounts of compensation under a new, modern disability compensation rating schedule. The new schedule would reflect average loss of earning capacity and loss of quality of life due to disability.

Comprehensive Health and Benefit Improvements – The Republican Members recognize that improvements need to be made in a variety of VA programs so that they meet the emerging needs of both newly returning veterans from recent conflicts and our aging veterans from previous wars. Therefore, the Republican Members plan to introduce comprehensive legislation that will address a variety issues facing the VA, including a proposal to provide dental insurance

to eligible veterans and expanding contract care for rural veterans. Other proposals will include, increased funding for adaptive housing and auto grants, and make adjustments to the Home Loan Guarantee program to bring it in line with current market conditions. In addition, the legislation will address the current claims backlog by increasing training for veteran's service officers, establishing a paperless and rules based adjudication system, and establishing a pilot program to give veterans a choice of where they file their claims. Finally, the proposed legislation will increase the burial plot allowance for veterans.

-END-



Steve Buyer, M.C.

SUPPLEMENTAL VIEWS OF THE HONORABLE STEVE BUYER

VIEWS AND ESTIMATES FOR FY 2009

February 28, 2008

The Administration's requested FY 2009 budget for veterans' programs includes legislative proposals to change the Department of Veterans Affairs (VA) fee structure for health care. These proposals for certain fees and co-payments are more fully described in the Republican Views and Estimates for FY 2009. According to the legislative proposals, the revenue generated by these fees and co-payments would be mandatory receipts to be deposited in the U.S. Treasury, rather than retained by the VA for the benefit of veterans.

The Administration proposes includes fees and co-payments related to enrollment of category 7 and 8 veterans in VA medical care. Tiered enrollment fees would range from \$250 per year for a veteran with an income of \$50,000 to \$750 per year for a veteran with an income of \$100,000 or greater. Copayments for pharmaceuticals would rise from the current \$8 to a new level of \$15 per 30-day supply. VA would also be authorized to discontinue the current practice of offsetting or reducing a patient's first party co-payment debt from funds received from third-party insurance for non service-connected treatment. I would only support these initiatives to generate \$378.7 million in the first year and \$5.204 billion over 10 years, if the revenues generated were retained by the VA for its veterans' health care programs.