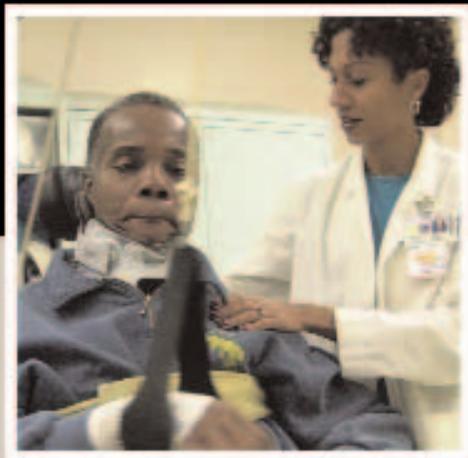




The Independent BUDGET

FISCAL YEAR 2005



**A Comprehensive
Budget and Policy
Document Created by
Veterans for Veterans**



Executive Summary

Prologue

This is the 18th year *The Independent Budget* has been developed by four veterans service organizations (VSOs): AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and Veterans of Foreign Wars of the United States. This document is the collaborative effort of a united veteran and health advocacy community that presents policy and budget recommendations on programs administered by the Department of Veterans Affairs (VA) and the Department of Labor.

The Independent Budget is built on a systematic methodology that takes into account changes in the size and age structure of the veteran population, Federal employee wage increases, medical care inflation, cost-of-living adjustments, construction needs, trends in health-care utilization, benefit needs, efficient and effective means of benefits' delivery; and estimates of the number of veterans to be laid to rest in our national and state veterans' cemeteries.

As in years past, the budget and appropriations for veterans programs for fiscal year 2005 will line up as discretionary spending in tortured competition with all other domestic discretionary programs funded by the Federal Government. *The Independent Budget* VSOs have become increasingly alarmed that this annual battle for funding is failing to meet the true needs of the veteran population. Dollar amounts are never adequate in the push and pull of the Congressional process. Furthermore, judging from the experiences of the past 2 years alone, Congress has failed to even pass a VA appropriations bill until months into the fiscal year, leaving VA hospitals limping along on wholly inadequate continuing resolutions. The system does not suffer in this process; veterans do—veterans waiting months for a doctor's appointment or hours for a nurse to answer a call button.

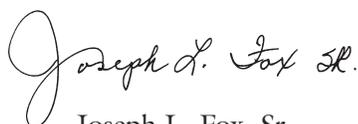
This year, as in the past, we call on Congress to find a better way to fund veterans health-care spending by removing the veterans' budget from the battle over annual discretionary spending. We call on Congress to establish a formula to provide VA health-care funding from the mandatory side of the Federal budget, assuring an adequate and timely flow of dollars to meet the needs of sick and disabled veterans.



S. John Sisler
National Commander
AMVETS



Alan W. Bowers
National Commander
Disabled American Veterans



Joseph L. Fox, Sr.
National President
Paralyzed Veterans of America



Edward S. Banas, Sr.
Commander-in-Chief
Veterans of Foreign Wars
of the United States

FY 2005 INDEPENDENT BUDGET ENDORSERS

Administrators of Internal Medicine
 Alliance for Academic Internal Medicine
 AdvaMed
 Alliance for Aging Research
 American Federation of Government Employees, AFL-CIO (AFGE)
 American Military Retirees Association, Inc.
 American Osteopathic Association
 American Psychiatric Association
 American Thoracic Society
 Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC)
 Association of American Medical Colleges
 Association of Professors of Medicine
 Association of Program Directors in Internal Medicine
 Blinded Veterans Association (BVA)
 Blue Star Mothers of America, Inc.
 Catholic War Veterans, USA, Inc.
 Clerkship Directors in Internal Medicine
 CO State Veterans Nursing Home
 Jewish War Veterans of the U.S.A.
 Legion of Valor of the United States of America, Inc.
 Military Officers Association of America
 Military Order of the Purple Heart
 National Alliance for the Mentally Ill
 National Association of County Veterans Service Officers
 National Association of State Veterans Homes
 National Association of Veterans' Research and Education Foundations
 National Mental Health Association
 Nurses Organization of Veterans Affairs (NOVA)
 Veterans Affairs Physician Assistant Association
 Veterans of the Vietnam War, Inc.
 Vietnam Era Veterans Association
 Vietnam Veterans of America

TABLE OF CONTENTS

Prologue	
FY 2005 <i>Independent Budget</i> Endorsers.....	ii
Acknowledgements	iii
Guiding Principles	iv
Summary of Recommendations	1
Key Independent Budget Recommendations	3
Recommendations to Congress	15
Recommendations to the Department of Veterans Affairs	22
Recommendations to the Administration	30
Recommendations to the Department of Defense	31

ACKNOWLEDGEMENTS

We would like to thank the staff from the four *Independent Budget* veterans service organizations for their contributions in creating this document. We especially thank Steering Committee members Rick Jones, AMVETS; Joseph Violante, DAV (FY 2005 chairman); Richard Fuller, PVA; and William Bradshaw, VFW, for their guidance on, and review of, the document.

Sections of this year's *Independent Budget* were written by:

Adrian Atizado, DAV	Richard B. Fuller, PVA	David Peters, PVA
Carl Blake, PVA	Joy Ilem, DAV	Rick Surratt, DAV
Frederick Burns, VFW	Rick Jones, AMVETS	Harley Thomas, PVA
Fred Cowell, PVA	Carol Peredo Lopez, AIA, PVA	David M. Tucker, PVA
Jim Doran, AMVETS	Michael O'Rourke, VFW	Sam Walinsky, VFW

Advisors:

Thomas D. Davies, Jr., AIA	Robert Norton, Military Officers Association of America
Ralph Ibson, National Mental Health Association	Barbara West, National Association of Veterans Research and Education Foundations
Tom Miller, Blinded Veterans Association	

Special Thanks to:

Kelly Saxton, PVA, for editorial assistance	Christine Campbell, PVA, for the cover design
---	---

Guiding Principles

- ▼ Veterans must not have to wait for benefits to which they are entitled.
- ▼ Veterans must be ensured access to high-quality medical care.
- ▼ Veterans must be guaranteed timely access to the full continuum of health-care services, including long-term care.
- ▼ Veterans must be assured burial in state or national cemeteries in every state.
- ▼ Specialized care must remain the focus of the Department of Veterans Affairs (VA).
- ▼ VA's mission to support the military medical system in time of war or national emergency is essential to the Nation's security.
- ▼ VA's mission to conduct medical and prosthetics research in areas of veterans' special needs is critical to the integrity of the veterans health-care system and to the advancement of American medicine.
- ▼ VA's mission to support health professional education is vital to the health of all Americans.

Summary of Recommendations

For the 18th year, *The Independent Budget* veterans service organizations (IBVSOs) and their endorsers face the task of predicting the needs of veterans in the coming fiscal year and determining the resources needed to meet those needs. The Department of Veterans Affairs (VA) and the veterans it serves are severely challenged by the skyrocketing cost of health care, surging demand for services from an aging veteran population, and eroding value of benefits. In addition, VA was once again forced to operate at last year's lower funding levels for nearly one-third of the current fiscal year.

Again this year, *The Independent Budget* (IB) recommends Congress take action to enact legislation providing adequate mandatory funding for the VA health-care system. The annual budget crisis only adds to the continuing struggle veterans face in obtaining timely and quality health care. Demand on the system continues to rise; prescription drug, medical equipment, supplies, and staffing costs continue to soar, yet VA is expected to operate on last year's funding level.

The Independent Budget is a needs-based budget. This FY 2005 recommendation builds on our FY 2004 proposal, based on commonly accepted percentages for staffing and inflation adjustments for the coming fiscal year. The IB uses existing VA projections for health-care demand and acknowledges the importance of the VA Medical and Prosthetic Research Program with a suitable increase. This year's IB recommends a sizeable increase in funding for major and minor construction to help eliminate the backlog caused by a virtual moratorium on facility improvement funding and to provide a "down payment" on advance planning and construction for enhancements provided for in the Capital Asset Realignment for Enhanced Services (CARES) recommendations to be announced in the second quarter of FY 2004. With the loss of increasing numbers of our senior generation of veterans, we call for major expansion and improvements in the VA Cemetery Program.

On the benefits side, *The Independent Budget* continues to be concerned over the backlog in claims processing. VA has made determined efforts to streamline and improve the adjudication process; however, the backlog and the time it takes to process a claim remain entirely too long. The IB also reiterates its concern over the declining value of benefits, such as automobile adaptive equipment, specially adapted home grants, burial benefits, and insurance programs that continue to decline in value because of a lack of increases, in some cases, for years.

The Independent Budget covers the broadest possible spectrum of veterans' benefits and services with recommendations on each to make certain we keep the Nation's obligation to those who have served and sacrificed so much in its defense.

**Department of Veterans Affairs
(Discretionary Budget Authority)
(Dollars in Thousands)**

	FY 2004 Appropriation	FY 2005 Administration Request	FY 2005 IB Recommended Appropriation
Veterans Health Administration			
Medical Care ¹	\$26,630,030	\$26,939,774	\$29,791,488 ³
Medical and Prosthetic Research	405,593	384,770	460,000
National Program Administration/MAMOE ²	78,673	78,826	86,690
Subtotal, Veterans Health Administration	27,114,296	27,403,370	30,338,178
Departmental Administration			
Veterans Benefits Administration (VBA)	999,071	1,027,193	1,286,765
General Administration	276,630	297,560	330,750
General Operating Expenses Subtotal (GOE)	1,275,701	1,324,753	1,617,515
National Cemetery Administration	143,352	148,925	175,000
Office of the Inspector General	61,634	64,711	62,000
Subtotal, Departmental Administration and Miscellaneous Programs	1,480,687	1,538,389	1,854,515
Construction Programs			
Construction, Major Projects	271,081	458,800	571,000
Construction, Minor Projects	250,656	230,779	545,000
Medical Center Master Planning	—	—	100,000
CARES Facility Planning & Individual Project Development	—	—	—
Parking Revolving Fund	—	—	—
Grants for Construction of State Extended Care Facilities	101,498	105,163	150,000
Grants for Construction of State Veterans' Cemeteries	31,811	32,000	37,000
Subtotal, Construction Programs	655,046	826,742	1,403,000
Total, Discretionary Programs	\$29,250,029	\$29,768,501	\$33,595,693

¹Medical Care figures for FY 2004 and FY 2005 request include \$270 million reflected as collections in the Administration's budget request.

²MAMOE is currently known as National Program Administration (NPA). Amounts in FY 2004 and FY 2005 Administration's budget request reflect NPA request less \$8.3 million realigned from Medical Care reimbursements.

³Does not include third-party collections.

Key Independent Budget Recommendations

1. VA health care must be provided the funding it needs, when it is needed.

The Department of Veterans Affairs (VA) health-care system is facing a critical time in its history. Provided with sufficient resources it could live up to its responsibility to provide the finest health care to our Nation's veterans. VA could be a system that can meet the demands of today and the challenges of the future. The VA could serve as a national health-care model, a laboratory for modern care and best practices. Not providing adequate funding will lead to a system starved of the resources VA needs to provide basic health care, a system that hangs onto viability by rationing basic services, disenrolling veterans, and making sick and disabled veterans wait months for appointments. In many ways, this coming fiscal year will be the year of decision for VA, and we look to this Administration, and this Congress, to fulfill our national commitment to the men and women who have served, are serving, and will serve in the future.

The Independent Budget medical care recommendation is a conservative one. The VA health-care system, in order to fully meet all of its demands and to ameliorate the effects of chronic under-funding, could use many more dollars. *The Independent Budget* recommendation provides for the impact of inflation on the provision of health care and mandated salary increases of health-care personnel. It provides resources to begin funding VA's critical fourth mission to back up the Department of Defense health-care system. Make no mistake about it, VA will be spending money to comply with its new responsibilities in this area, and if specific funding is not included, these resources will have to come directly from dollars used to care for sick veterans. The *IB* recommendation provides for increased prosthetics funding and long-term care funding, and provides enough resources, we believe, to enroll priority 8 veterans. With the VA's decision to cease enrolling priority 8 veterans, undertaken only because of a lack of resources, we are losing an entire class of veterans, veterans who are an integral part of the VA health-care system.

There is much uncertainty underlying the challenges that will face VA in the coming fiscal year. Health-care inflation may be higher, or lower, than we have estimated. Demand may increase or decrease. The

implications, as they pertain to VA health-care funding estimates, of the two-year grant of health-care eligibility to recently discharged or released active duty personnel as provided in P.L. 105-363, are difficult to account for. But what we must account for, and provide for, are the necessary resources for VA to meet its responsibilities, and this Nation's responsibilities, to sick and disabled veterans. These resources must be provided in hard dollars, not dollars magically realized out of the thin air of "management efficiencies" and other budgetary gimmicks.

We are becoming increasingly troubled by the delays in enacting VA appropriations. In FY 2000, VA appropriations were not enacted until October 20, in FY 2001 October 27, in FY 2002 November 26, in FY 2003 February 20, and this year January 23. For the past two years alone, the VA health-care system has had to struggle along at previous year's inadequate funding levels for nearly one-third of each year. This is unacceptable. These delays directly affect the health care received by veterans. This deplorable state further points to the importance of a mandatory funding mechanism for VA health care. But until that happens, we ask that this Congress move expeditiously to put the necessary funding levels in place by the start of FY 2005. We also are disappointed in the practice of using rescissions as a budgetary mechanism in the omnibus spending bills, which have become far too common. These cuts also have real consequences for veterans and their families.

As VA faces an uncertain future, we must bear in mind that VA does not operate in a vacuum: It is an integral part of our national health-care delivery system. Trends and decisions made in one part affect all other components. Indeed, such trends as the growing problem of the uninsured will have a ripple effect on the number of veterans seeking care. According to a recent Kaiser Family Foundation report, "[o]ver 43 million Americans had no health insurance coverage in 2002 according to the latest estimate from the U.S. Census Bureau—an increase of 2.5 million people over the previous year and the largest annual increase in more than a decade of monitoring this key indicator of Americans' health and health care." *The New York*

Times, in a September 20, 2003, piece by Robert Pear, stated that “middle-income households accounted for most of the increase in the number of uninsured. In households with annual incomes of \$25,000 to \$74,999, the number of uninsured people rose last year by 1.4 million to 21.5 million, and the increase was most noticeable among households with incomes of \$25,000 to \$49,999.” This is an especially troubling trend for veterans and VA health care. The very group that was hardest hit by losing its health-care insurance is the very income group cut off for health-care enrollment by VA in its attempt to ration care.

National health care trends cause more veterans to seek VA health care. VA can either meet this swelling

demand by rationing basic services or the Administration can propose, and Congress can put into effect, adequate resources to enable VA to meet its legal and moral duties.

For FY 2005 *The Independent Budget* recommends a Medical Care amount of \$29.791 billion in appropriated dollars. This figure does not include funds attributed to Medical Care Collection Fund (MCCF), which we believe should be used to augment a sufficient appropriated level of funding. This amount represents an increase of \$3.2 billion over the amount provided in FY 2004, and \$2.9 billion over the Administration’s recommended \$310 million increase.



2. It is imperative that Congress make VA health-care funding mandatory so that all enrolled veterans have access to high quality health-care services in a timely manner.

We firmly believe that our Nation’s veterans have earned the right to Department of Veterans Affairs (VA) medical care through their extraordinary sacrifices and service to this Nation. However, funding for veterans’ health care remains a discretionary program, and each year funding levels must be determined through an annual appropriations bill. Year after year, we have fought for sufficient funding for VA health care and a budget that is reflective of the rising cost of health care and increasing need for medical services. Despite our continued efforts, the cumulative effects of insufficient, inflation-eroded appropriations for health care, coupled with increased demand, have resulted in the severe rationing of medical care. We believe making VA health-care funding mandatory is a reasonable solution to address these serious problems.

In May 2001, President George W. Bush signed Executive Order 13214, creating the President’s Task Force to Improve Health Care Delivery for Our Nation’s Veterans (PTF). The PTF issued its final report on May 26, 2003. The PTF was charged with identifying ways to improve health-care delivery to VA and Department of Defense (DOD) beneficiaries. Of most importance to *The Independent Budget* veterans service organizations (IBVSOs) is the task force’s

recognition of a “growing dilemma” concerning VA health care. The PTF noted in its *Final Report* that “. . . it became clear that there is a significant mismatch in VA between demand and available funding—an imbalance that not only impedes collaboration efforts with the DOD but, if unresolved, will delay veterans’ access to care and could threaten the quality of VA health care.” As a solution to this complex problem, the PTF recommended that the Government provide full funding for VA health care for priority groups 1 through 7 by using a mandatory funding mechanism, or by some other changes in the process that achieve the desired goal to ensure enrolled veterans are provided the current comprehensive benefits package, in accordance with VA’s established access standards. The PTF also suggested the Government address the present uncertain access status and funding of priority group 8 veterans.

The PTF final report noted that the discretionary appropriations process has been a major contributor to the historic mismatch between available funding and demand for health-care services. We agree that to improve timely access to health care for our Nation’s sick and disabled veterans, the Federal budget and appropriations process must be modified to ensure full

funding for the veterans' health-care system. The long-term solution must factor in how much it will cost to care for each veteran enrolled in the system and a guarantee that the full amount determined will be available to VA to meet that need. Including priority group 8 veterans under a guaranteed funding mechanism is essential to ensuring viability of the system for its core users, preserving VA's specialized programs, and maintaining cost effectiveness.

Funding levels provided by the discretionary appropriations process have simply not kept pace with inflation or the significant increase in demand for services. VA's Under Secretary testified last year that the VA health-care system requires an annual increase of 13% to 14% just to maintain current services. VA budgets over the past few years have fallen below this minimum baseline. In addition, VA has begun far too many fiscal years operating at funding levels established for the prior year. In FY 2004 nearly 4 months elapsed before VA received its current-year funding level. In FY 2003 the VA waited nearly 5 months. Inadequate funding, and delays in receiving needed resources, call into question the VA's ability to perform its mission of service to sick and disabled veterans. We believe VA has an obligation to provide veterans timely top-quality health care and that Congress has an obligation to ensure that VA is provided sufficient funding to carry out that mission. We agree that the real problem, as the PTF aptly stated in its report, is that "the Federal Government has been more ambitious in authorizing veteran access to health care than it has been in providing the funding necessary to match declared intentions."

During the 108th Congress, mandatory funding bills have been introduced in both chambers. The Assured Funding for Veterans Health Care Act of 2003 has been introduced in the House of Representatives as H.R. 2318, by House Veterans' Affairs Committee Ranking Member Lane Evans (D-IL), and in the Senate as S. 50, by Senator Tim Johnson (D-SD). This mandatory health-care funding measure aims to guarantee adequate annual funding for health care for all sick and disabled veterans eligible to receive medical care from VA.

We have often stated that, through their extraordinary sacrifices and contributions, veterans have earned the right to free health care as a continuing cost of national defense. The Health Care Eligibility Reform Act of

1996 authorized access for eligible veterans to VA health care and brought us closer to meeting our moral obligation as a nation to care for veterans and generously provide them the benefits and health care they rightfully deserve. However, veterans' health-care funding is considered "discretionary" spending in Federal budget terms because it is within the discretion of Congress to determine how much money it will allocate each year for veterans' medical care. Because the level of funding to cover the costs of treating veterans is not guaranteed, VA is forced to ration medical care. By law, the VA Secretary must decide annually whether to maintain enrollment for all veterans given the VA's existing resources. In January 2003, the Secretary suspended new enrollments for veterans with the lowest statutory priority, priority group 8 veterans, to, in his words, help improve the unacceptably long waiting times for medical care appointments and to meet the increasing demand for services funded by a discretionary account. Secretary Principi stated that the tremendous growth in demand for health-care services, coupled with finite resources, has prevented VA from providing timely access to quality health care to all enrolled veterans.

We propose to simply shift funding for VA health care from discretionary appropriations to a mandatory funding program so all eligible veterans enrolled in the VA health-care system have timely access to VA medical programs and services currently provided by statute. We believe this will stop the severe rationing of health care that is typical of today's veterans' health-care system.

Making veterans' health-care funding mandatory would eliminate the year-to-year uncertainty about funding levels that have prevented VA from being able to adequately plan for and meet the constantly growing number of veterans seeking treatment. We believe it is disingenuous for our Government to promise health care to veterans and then to make it unattainable because of inadequate funding. Rationed health care is no way to fulfill to America's obligation to the brave men and women who have so honorably served our Nation and continue to carry the physical and mental scars of that service.

Mandatory health-care funding would not create an individual entitlement to health care nor change VA's current mission. We do not propose changing the existing eligibility criteria for priority groups 1 through

8 or the medical benefits package defined in current regulations, only the way the funds are provided for VA health care. Having a sufficient number of veterans in the health-care system is critical to maintaining the viability of the system and sustaining it into the future. By including all veterans currently eligible and enrolled for care, we protect the system and the specialized programs VA has developed to improve the health and well-being of our Nation's sick and disabled veterans.

Veterans expect this Administration to honor its commitment and obligation to those who previously served in the Armed Forces and to those who are currently serving in Iraq and the war on terror. Our Nation's sick and disabled veterans cannot wait any longer for the government to take action. Now is the perfect opportunity for this Administration and Congress to move forward on the recommendations of the PTE, charged with improving health-care delivery for our Nation's veterans, and to support a permanent solution to resolve this untenable situation.



3. Funding for VA medical and prosthetics research is inadequate to support the full costs of the VA research portfolio and fails to provide the resources needed to maintain, upgrade, and replace aging research facilities.

Department of Veterans Affairs (VA) medical and prosthetic research is a national asset that helps to attract high-caliber clinicians to the practice of medicine and to research in VA health-care facilities. The resulting environment of medical excellence and ingenuity, developed in conjunction with collaborating medical schools, benefits every veteran receiving care at VA and ultimately benefits all Americans.

Focused entirely on prevention, diagnosis, and treatment of conditions prevalent in the veteran population, VA research is patient oriented. Sixty percent of VA researchers treat veterans. As a result, The Veterans Health Administration (VHA), which is the largest integrated medical care system in the world, has a unique ability to translate progress in medical science to improvements in clinical care.

VA leverages the taxpayer's investment via a nationwide array of synergistic partnerships with the National Institutes of Health and other Federal research funding agencies, for-profit industry partners, nonprofits, and academic affiliates. This highly successful enterprise demonstrates the best in public-private cooperation. However, a commitment to steady and sustainable growth in the annual research and development (R&D) appropriation is necessary for maximum productivity.

The annual appropriation for the Medical and Prosthetics Research Program, which makes this leverage and synergy possible, relies on an outdated funding system. A thorough review of the VHA research funding methodology is needed to ensure adequate funds for both the direct and indirect costs of this world-class research program. The Office of Research and Development allocates R&D funding for the direct costs of projects, while indirect costs and physicians' and nurses' salaries are covered by the medical care appropriation, with no centralized means to ensure that each facility research program receives adequate support. As demands on medical center resources increase, physicians have difficulty finding time to fulfill their clinical, administrative, and training responsibilities and to conduct research. Also, funds to staff the necessary boards and committees, such as research and development committees, institutional review boards, animal safety committees, and biosafety committees, are scarce.

VA-funded programs are barely one-third (37%) of the total VA research enterprise, yet VA has failed to secure equitable reimbursement for its indirect costs from all of its research partners, particularly other Federal agencies. VA investigators are to be applauded for their success in obtaining extramural grants, but the medical care appropriation should not bear the entire cost of the necessary infrastructure.

For decades, VA has failed to request, and Congress has failed to mandate, construction funding sufficient to maintain, upgrade, and replace VA's aging research facilities. The result is a backlog of research sites in need of minor construction funding amounting to more than \$45 million and \$290 million for major construction. Congress and VA must work together to establish a funding mechanism designated for research facility maintenance and improvements as well as at least one major research construction project per year until the backlog is addressed.

VA medical and prosthetics research is highly productive and has a direct impact on the quality of care provided to veterans, but Congress must ensure adequate resources for both the direct and indirect costs of advancing medical diagnosis and treatment.

The Administration has proposed deep cuts in research for FY 2005, asking for only \$385 million, \$21 million less than last year's funding level. *The Independent Budget*, for FY 2005, recommends a research appropriation of \$460 million, \$54 million over the FY 2004 amount, and \$75 million over the Administration's request.



4. To maintain an equitable, effective, practical, and workable compensation program for veterans disabled in service to our Nation, our Government must refrain from ill-advised schemes to reduce and restrict eligibility for disability benefits.

The Administration and some in the majority leadership in Congress have recently shown a willingness to consider fundamental changes in VA's eligibility standards for veterans' disability compensation benefits.

A primary and paramount responsibility of any national government is to provide for the common defense. It follows that one of the most essential and fundamental obligations of government is to provide for, and guarantee, the care of those who defend and preserve it against the designs of its enemies. Those few who are willing to risk life and limb for their country and fellow citizens must be assured that their government will fulfill its reciprocal duty to care for them if they are disabled during military service. All citizens who enjoy the fruits of our democracy and national security individually bear a responsibility for the common defense. Mindful of those principles and genuinely grateful for the contributions and sacrifices of those who serve in the Armed Forces, our citizens, through our Government, have provided for our Country's military veterans since our Nation was born. Each new generation is the inheritor of the great republic that thousands of men and women of the Armed Forces have fought and died for, and we have a continuing solemn obligation to preserve it with a strong national defense, of which proper treatment of our veterans is an integral and indispensable element. The future strength of

our Nation depends on the willingness of young men and women to serve in our military, and that depends in part on the willingness of our Government to meet its obligation to them as veterans.

The core veterans' benefits are those provided to relieve to the extent possible the effects of service-incurred disabilities or to relieve the economic loss dependents and survivors suffer as consequence of veterans' service-connected disabilities and deaths. The general principle, or test, for service-connection is whether a disability was incurred or aggravated during, or "coincident with," service in the Armed Forces. Proof of a cause-and-effect relationship between military service and the disability is not required if the disability is shown during service or an applicable presumptive period immediately following service.

Unlike civilian employment—where an individual is typically on the job and under supervision of an employer eight scheduled hours a day, five days a week, and has the option to refuse unwise or unduly dangerous tasks—a member of the Armed Forces is obligated to, and under the absolute control and discretion of, the Government 24 hours a day. All daily activities are incident to military service, except those in which an individual is physically unavailable to

perform military duties, such as when absent without permission or confined by military or civilian authorities for serious crimes. The overall military environment is one inherently involving greater risks of injury and greater physical and mental stresses than those existing in civilian life. These greater risks and physical and mental stresses are not confined to times and places where the servicemember is actively engaged in the direct performance of military occupational functions. There is no practical basis to distinguish between job functions, per se, and general military duties and activities because all are necessarily directly or indirectly connected to military service and the unique military environment. Members of the Armed Forces are knowingly, and unknowingly, exposed to risks and environmental hazards associated with weaponry and military materials. Most civilians never need be concerned that they will be exposed to dioxin, the most toxic substance known to humankind; to ionizing radiation; to microwaves; to exotic tropical diseases; to mustard gas and other chemicals contained in weapons or military materials; to the extremes of the inhospitable climes of warfare in deserts, jungles, or cold regions; to the mental effects of isolation and long separations from family members; or to the stresses of combat and being stationed in war zones. The military experience is not severable into employment and non-employment activities. Injuries during service cannot practically or fairly be categorized as due to or not due to the performance of duty. Diseases arising during service (or within a presumptive period) usually cannot be associated with particular military activities or disassociated from the general military environment.

Despite the problematic and unjust nature of a strict performance of duty standard for service-connection, some in our Government, apparently blindly driven by dollar signs, sought to impose such an unworkable and unconscionable requirement upon disabled veterans seeking benefits to relieve the effects of their service-related disabilities. Such a requirement would prevent men and women returning home from the service as disabled veterans from being compensated, from being rehabilitated, and possibly from being medically treated. It would prevent many survivors from receiving indemnification for the service-connected deaths of servicemembers or veterans. Such a requirement is simply unjustifiable.

Although the Administration and those in Congress pushing for the strict performance of duty standard did not persist and include provisions for this purpose in the annual defense authorization bill as initially planned, Congress has included provisions in the bill for a commission to study the appropriateness of disability benefits. Bad ideas are hard to kill in Washington.

To protect essential benefits for service-connected disabled veterans from arbitrary, unwarranted, and unjustified elimination purely for savings to the government, *The Independent Budget* recommends that the Administration refrain from further ill-advised efforts to avoid the Government's obligation to compensate veterans disabled in the line of duty and reject any recommendations to change the terms for service connection of disabilities or deaths.



5. The Secretary of Veterans Affairs should act decisively to put an end to VA's misuse of its rulemaking authority to orchestrate an erosion of veterans' rights. If the Secretary does not act, Congress must intervene.

From America's beginnings, our citizens recognized that our Nation's very existence and future depended on strong armed forces. On the principle that those who devote part of their youth and risk their lives and health to defend their country deserve special treatment and advantages over those who do not, we, as a country, have, through Congress, accorded

veterans special honors and provided for generous benefits. Consistent with our indebtedness to veterans and our deep appreciation for their contributions and sacrifices, our citizens have charged the Department of Veterans Affairs (VA) with providing veterans seeking benefits with the highest level of personal service and assistance in obtaining those benefits. Every effort is to

be made to help veterans apply for and establish entitlement to the benefits they claim, and, within the law, VA must endeavor to grant them the benefits they seek. For VA to create procedural impediments or substantive rules to limit veterans' rights offends the very essence and spirit of benefits for veterans and is antithetical to the intent of our grateful Nation as expressed in the laws of Congress.

Congress has repeatedly stated its intent that the ultimate goal of VA's unique process is to ensure that veterans receive every benefit to which they are entitled. That goal overrides agency convenience and expedience, and toward that end, the VA system must afford veterans advantages not afforded to claimants in other agencies. When enacting legislation to improve the process, Congress has frequently sought to preempt any misinterpretation of its intent that would formalize or make VA claims procedures burdensome for veterans. On these occasions, Congress has gone to great lengths to emphasize and reaffirm its intent to preserve the "pro-claimant bias," informality, and helpful nature of the process. Congress expressly stated it intends that no changes be made to the existing system except to further the goals of informality, accuracy, and fairness.

The Federal courts have reaffirmed on many occasions the principle that laws governing veterans benefits are to be liberally construed in favor of veterans. It is a well-settled rule of statutory construction that ambiguities in such statutes are to be resolved in favor of veterans.

Historically, VA's regulations were drafted to reflect these benevolent goals and the special treatment and considerations to be accorded veterans seeking benefits. For example, a longstanding VA regulation begins with this declaration: "It is the defined and consistently applied policy of the Department of Veterans Affairs to administer the law under a broad interpretation." 38 C.F.R. §3.102 (2003). In another regulation the essence of VA policy is articulated with this statement: "Proceedings before VA are ex parte in nature, and it is the obligation of VA to assist a claimant in developing the facts pertinent to the claim and to render a decision which grants every benefit that can be supported in law while protecting the interests of the Government." 38 C.F.R. §3.103 (2003).

Regrettably, with its decisions immune to judicial review and VA operating in what has been described as

a state of "splendid isolation" for most of the 20th century, VA adjudicators often ignored the liberal provisions of VA regulations. With the advent of judicial review, the courts began enforcing the letter and spirit of the law and these regulations. In reaction, VA began to construe the statutes as narrowly as possible to limit veterans' entitlements, and it began to rewrite its rules in ways designed to diminish veterans' rights, to make the process more burdensome and formal, and to serve for VA's own advantage, convenience, and purposes rather than to serve the interests of veterans.

Now, new regulations written by VA no longer have the traditional pro-veteran tone. They often have a negative, restrictive focus. They appear calculated to give VA the upper hand against claimants and to impair veterans' due process rights or access to an open claims process and benefits. Today's VA regulations are too often self-serving; they are designed for VA expedience and to incorporate VA's resistance to liberalizing legislation. Sometimes their apparent aim is to inhibit what VA cannot prohibit. VA exploits opportunities to reinterpret statutory provisions to remove from its longstanding regulations provisions favorable to veterans. With aloofness, VA pays little real attention to public comments and offers flimsy rationales for brushing them aside. VA's justifications in response to public comments sometimes suggest pretext; are tenuous, specious, or shallow; or are as arbitrary as the text of the rules themselves. VA vigorously defends narrow or restrictive judicial interpretations of its regulations that are adverse to veterans but actively seeks to overturn judicial constructions that are more favorable to veterans than VA desires.

Outraged veterans' organizations have begun to challenge more frequently VA's regulations, but, consistent with courts' tendency to indulge Federal agencies, the results have been mixed, despite special canons of statutory construction intended to favor veterans. While veterans' organizations have had some successes in getting the most objectionable regulations invalidated, the courts have sometimes strained to defer to VA rules, and veterans' organizations have sometimes not prevailed even in exceptionally meritorious challenges. As one court noted, this practice of judicial deference "all too often is taken to mean simply that administrative agencies win any dispute involving statutory construction." *Mid-America Care Foundation v. National Labor Relations*

Board, 138 F.3d 638, 642 (6th Cir. 1998). VA's awareness of these circumstances appears to embolden it in its arbitrary rulemaking.

In matters of veterans' rights, this type of agency behavior must not be tolerated. If the Secretary of Veterans Affairs is unwilling to rein in those who write the Department's regulations, and if the courts continue to permit such behavior, we will turn to Congress to impose special constraints and requirements upon VA's rulemaking to ensure that VA carries out the will of the people to treat veterans as a special class; to ensure that VA does not deal with veterans grudgingly, indifferently, or at arm's length as if they were ordinary litigants or claimants for Federal benefits; and certainly to ensure that VA does not treat veterans like adversaries.

As has often been observed, veterans have unique needs, the Nation has an extraordinary obligation to meet those needs, *and* the VA system is therefore a unique system with an extraordinary mission. The procedures, rules, and remedies of other forums or agencies are frequently improperly suited or inadequate for the administration of veterans' programs. In view of the hardening of VA's regulations and its departure from the benevolent role assigned to

it by Congress, specially tailored laws may become necessary to bring VA's rulemaking back in line with its unique mission as the Nation's patron and benefactor for veterans. (Despite our continuing deep dissatisfaction with the VA's regular rulemaking, we acknowledge that early experience with VA's Regulations Rewrite Task Force has been much more positive.)

The *Independent Budget* will recommend the following actions:

- (1) that the Secretary of Veterans Affairs act decisively to put an end to VA's self-serving rulemaking;
- (2) that Congress scrutinize VA's rulemaking more closely as part of its oversight role;
- (3) that Congress take action or enact legislation to override VA rules that run counter to Congressional intent; and
- (4) that Congress enact special provisions to control VA rulemaking if the Secretary of Veterans Affairs fails to bring VA's rulemaking back in line with Congressional intent and VA's benevolent mission.



6. In order to reduce its high error rate and hence avoid an unacceptably large case backlog due to protracted processing times in veterans' compensation and pension claims, the Veterans Benefits Administration (VBA) must address the root causes of its quality problems.

The inability of the Veterans Benefits Administration (VBA), to process and decide veterans' compensation and pension (C&P) claims in an accurate and timely manner is widely recognized as one of the most serious and persisting problems affecting the Department of Veterans Affairs (VA) and veterans. This problem has seriously degraded VA's ability to fulfill its mission of assistance to veterans and its corresponding responsibilities to them under law. It has prevented disabled veterans from receiving within a reasonable time the compensation or pension they urgently need to relieve the economic effects of disability. Although this problem has plagued VA for several years, VA's

various initiatives and plans have failed to solve the problem. Rather, while the number of C&P claims decreased substantially over the past decade, the claims backlog continued to grow larger because production declined and because high error rates necessitated rework of large numbers of cases, thereby adding to the workload of an already overburdened system.

The historical dynamics of this intolerable situation include flawed policies and a series of management failures. In a climate of immunity from outside review over several decades, a culture and mind-set developed within VA whereby adjudicators began making

decisions based on their own personal beliefs, attitudes, and predilections. Unwritten rules evolved, and arbitrary practices became ingrained. The decisions were based more on these unwritten rules and practices than law. As a result, angry veterans demanded, and eventually received, the right to have judicial review of VA decisions.

The courts have found fundamental departure from the law in numerous areas. For a while VA attempted to resist the precedents of courts. Then VA found that its adjudicators were poorly equipped to interpret and apply case law. Other factors, such as budget reductions and inadequate resources, intervened to compound the burden. Rather than address the problems directly, VA management went through a period of denial and blamed its problems on judicial review.

The claims backlog grew. VA management began to press for increased production. VA further compromised quality for quantity. Alarming claims backlogs, and consequent pressure from Congress and the veterans' community, eventually forced VA to devote more meaningful attention to this serious problem. By that time, poor quality pervaded the claims processing system and the backlog was enormous. VA's own internal study revealed poor quality as the major cause of its inefficiency, but the poor quality was rooted in other factors, such as inadequate training and resources. Poor quality was a precipitating cause of the backlog and then, with the focus on production, also became an effect of the backlog.

To break this vicious cycle, VA needed a technically sound strategy and effective implementation. In its business process reengineering (BPR) plan, it had a well-designed and technically sound strategy to address the root causes, but VA management failed to take the decisive action necessary to implement the plan. In addition, while the BPR plan correctly identified the root causes in the sense of the process and set out appropriate remedies, it did not address the paramount need to change the negative institutional culture and strengthen management within VA. These flaws seriously hindered progress in implementing the plan's reforms. Today VA still struggles with the same enormous problem.

Studies by various panels, commissions, and other bodies have failed to produce effective solutions

because they have either recommended reducing veterans' rights and benefits to reduce VA's workload and thus accommodate its inefficiency or they have lost focus and strayed away from the root causes to various incidental and contributing factors. Reducing veterans' rights and benefits to allow VA to remain inefficient is indefensible, and any viable and effective solution will necessarily require that VA first address the root causes.

In its October 2001 report the VA Claims Processing Task Force made beneficial recommendations, but implementation of these recommendations has not resulted in the kind of systemwide and sustained improvements necessary to overcome the problem. Although VA has gained ground in reducing its large backlog of pending claims for disability benefits, these gains appear more the result of targeting of resources and stop-gap measures than systematic improvements in quality and accountability for quality. Indeed, in 2001, despite large numbers of inexperienced adjudicators and complex new procedural requirements in the Veterans Claims Assistance Act of 2000, which would be expected to both slow claims dispositions and result in increased errors, VA shifted its emphasis to increased production to meet goals of reducing the claims backlog. Under this emphasis on production, VA regional office directors became accountable for production targets, some were required to develop plans to increase production but not quality, and performance awards were based primarily on production. VA awarded bonuses for production to some regional offices that had not met VA accuracy standards. Quality again took a back seat to quantity. During fiscal year 2002, VA increased its number of claims decisions by two-thirds. Thus, there were three factors, each of which, by itself, would be expected to have a negative effect on accuracy: increased production with a corresponding de-emphasis on quality, inexperienced staff, and new complex procedural requirements. Together these three factors could be expected to have a compounding effect. According to the United States General Accounting Office (GAO) in its September 2003 report, *Veterans' Benefits: Improvements Needed in the Reporting and Use of Data on the Accuracy of Disability Claims Decisions*, GAO-03-1045, VA's accuracy in compensation and pension claims decisions declined from 89% to 81% during fiscal years 2001 to 2002. The GAO also found that VA has not made the best use of the accuracy data it collects to evaluate regional

office performance, to correct errors, to identify needed training, and to hold regional offices accountable for accuracy.

At the end of fiscal year 2003, VA had reduced its pending caseload to 253,000 claims, coming close to meeting its goal of reducing pending disability claims to 250,000. VA reported that it had increased its monthly claims decisions by more than 70% above its 2001 level despite an inexperienced workforce and increased procedural burdens on VA. VA also surprisingly reported that its accuracy improved to 85% in fiscal year 2003. With its continued net decline in accuracy over the past three years, the number of claims needing additional work to correct errors is likely to rise. Accordingly, while the unmanageable claims backlog would appear on the surface to have been largely overcome for the present, the true amount of claims work awaiting VA may be greater than indicated by the inventory of currently pending claims. The backlog of pending claims may very well again begin to quickly grow, repeating the familiar vicious cycle in which poor quality necessitates rework and results in increased workloads, increased backlogs, decline in timeliness, and greater pressure to increase production at the expense of quality. Gains on the claims backlog through increased production at the expense of quality are only cosmetic and temporary. The only way to break this vicious cycle is quality first. That requires management discipline and dogged persistence in improving quality even if timeliness and VA's pending claims statistics suffer in the short term. VA must focus primarily on the root cause of this problem to overcome it.

Clearly, VA's adjudicators make erroneous decisions because they are poorly trained in the law, they operate in a culture of indifference to the law, and they are not accountable for their poor proficiency and performance. Accordingly, in conjunction with the

deployment of better training, VA must take bold steps to change its institutional culture, and it must make its decisionmakers and managers accountable. With its primary focus on these fundamental defects, VA should intensify its efforts to make other essential process improvements, such as better disability examinations and data exchange between the VBA and its health-care facilities. With well-informed, well-reasoned claims decisions will come fairness and efficiency. Stable reductions in claims backlogs and consistent timeliness will eventually follow.

To improve quality in VA claims decisions and stabilize the inventory of pending claims to avoid the return of enormous claims backlog and consequent long delays in the delivery of compensation and pension benefits, *The Independent Budget* will recommend the following steps:

- (1) that the VBA improve the substance, implementation, and measurement of the effectiveness of its training for compensation and pension adjudicators;
- (2) that VA take decisive and immediate steps to change its negative institutional culture to instill in its decisionmakers and line management more positive attitudes and fidelity to the law;
- (3) that VA impose from top to bottom real accountability for proficiency and a quality product; and
- (4) that, in addition to these root causes of inefficiency, VA address as soon as possible other substantial contributing problems, such as the adequacy of VA disability examinations and its technology for information exchange between the VBA and its medical facilities.



7. The VA National CARES process must be used as an opportunity to expedite vital infrastructure maintenance and construction projects.

VA's Capital Asset Realignment for Enhanced Services (CARES) is a national process to reorganize VA through a data-driven assessment of its infrastructure and programs. Through CARES, VA is evaluating the health services it provides and identifying changes that will help meet the current and future health-care needs of veterans. The process is identifying both redundancies and gaps in VA health-care services and has resulted in a national plan to rectify deficiencies through realignment of VA medical centers and services. At the present time, a CARES Commission (appointed by the Secretary of the Department of Veterans Affairs) is evaluating the national plan proposed by VA. Their report was due by January of 2004.

We have been supportive of the CARES process, with primary emphasis on the "ES" (Enhanced Services) portion of the acronym. We recognized that the location and mission of some VA facilities may need to change to improve veterans' access, to allow more resources to be devoted to medical care rather than to the upkeep of inefficient buildings, and to accommodate modern methods of health-service delivery.

While we still believe the CARES process should proceed, we perceive a need for further data to support various recommendations that would close or change missions of certain VA long-term care and small-size facilities. These data should include a cost analysis associated with closures and mission changes, including the costs of transferring patients and staff; costs associated with contracting for care in the community; costs related to shutting down and disposing of property, including asbestos removal; costs of building or leasing new facilities, such as community-based clinics and patient bed towers, including associated site elements necessary for building functionality such as equipment, relocation, and activation costs; and updating facility infrastructures to handle additional patient workloads while maintaining privacy and safety requirements. We acknowledge that the VA Office of Facilities Management has assembled construction cost data for various functional building types; however, the

inclusion of the aforementioned costs could provide the rationale for reconsidering some decisions. VA must make it clear to all involved parties that the very essence of CARES is planning for a cost-effective system dedicated to direct and efficient delivery of quality health care for veterans in a timely manner.

In addition, the assumption that Congress will adequately fund all CARES-proposed changes must be questioned. We are concerned that, once CARES implementation costs are factored into the appropriations process, Congress will not fully fund the VA system, further exacerbating the current obstacles impeding veterans' timely access to quality health care. It is our opinion that VA should not proceed with CARES changes until sufficient funding is appropriated for the construction of new facilities and renovation of existing hospitals.

VA Facilities Management also has developed facility demolition costs. These costs are divided into two categories, the actual demolition cost to bring down a building and the cost to haul and dispose of the refuse. However, an asbestos-abatement factor has not been included in this computation and could drastically increase both the demolition cost and the disposal costs of eliminating excess buildings from VA's inventory. We believe that an asbestos-abatement factor should be included in demolition costs when appropriate.

Currently, most VA medical centers, with an average age of 53 years, are in critical need of repair. Sadly, the prospect of systemwide capital asset realignment through the CARES process has been used as an excuse to hold all construction projects hostage. These projects are essential to patient safety; moreover, they will eventually pay for themselves through future savings as a result of modernization. The ongoing reconfiguration of the system through CARES must not distract VA from its obligation to protect its current assets by postponing needed funding for the construction, maintenance, and renovations of VA facilities.

8. The National Cemetery Administration (NCA) faces two major challenges: first, to provide for the passing of the generation of men and women that defended freedom and democracy in World War II; and, second, to ensure the maintenance of current cemeteries and the continued planning, design, and construction of world-class, quality cemeteries that honor veterans.

America's National Cemetery Administration has a long and proud history of service to America's veterans and their families. The first national cemeteries were developed by an act of Congress in July 1862 authorizing the president to purchase "cemetery grounds to be used as national cemeteries for soldiers who shall have died in the service of the country." That year 14 new cemeteries were established.

At present, the NCA maintains more than 2.6 million gravesites in approximately 14,000 acres of cemetery land while providing interments to nearly 90,000 individuals annually. NCA responsibilities include 120 cemeteries, 61 open for full service, 25 allow only cremations, and 34 are closed to new interments. A new cemetery in Oklahoma, Fort Sill National Cemetery, is currently under construction and operating a fast-track section that permits interments to begin prior to completion of all construction activities. In addition, continued progress is anticipated on cemetery development in Atlanta, Florida, Pittsburgh, Detroit, and Sacramento.

Legislation is pending to authorize VA to continue developing new cemeteries in areas not currently served by either a national veterans' cemetery or a state veterans' cemetery. These areas include development of six new national cemeteries located in Philadelphia, Pennsylvania; Birmingham, Alabama; Jacksonville, Florida; Bakersfield, California; Greenville, South Carolina; and Sarasota County, Florida.

Clearly, the rapid aging of the current veteran population has placed great demands on NCA operations and available burial space. At present, most World War II veterans are in their late 70s, with veterans from the Korean War and Vietnam Era close behind. Nearly 655,000 veteran deaths are estimated in 2005 with the death rate peaking at 690,000 in 2009; of these, it is expected that 109,000 will seek burial in a national cemetery. As veteran deaths accelerate, it is obvious the demand for veteran burial benefits will increase.

Workload per full-time employee equivalent will grow as a result of the increasing demands of interments, gravesite maintenance, and other areas of cemetery operations. The increased burial rate with its resulting demand on cemetery support services necessitates an appropriate budgetary increase for the NCA.

An important element of the NCA national cemeteries is to honor the memory of America's brave men and women who served in the Armed Forces. Therefore, the purpose of these cemeteries as national shrines is one of the NCA's top priorities. Many of the individual cemeteries within the system are steeped in history, and the monuments, markers, grounds, and related memorial tributes represent the very foundation of these United States. With this understanding, the grounds, including monuments and individual sites of interment, represent a national treasure that deserves to be protected and nurtured.

Unfortunately, despite NCA continued high standards of service and despite a true need to protect and nurture this national treasure, the system has been and continues to be seriously challenged. The current and future needs of the NCA require continued adequate funding to ensure that the NCA remains a world-class, quality operation to honor veterans and recognize their contribution and service to the Nation.

We recommend \$175 million for the NCA operational budget. This level of funding is consistent with the NCA's growing demands and in concert with the respect due every man and woman who has worn the military uniform of the United States of America. It is also consistent with the driving needs reported in the studies mandated by the Veterans Millennium Health Care and Benefits Act (P.L. 106-117) concerning improvements, upkeep, and repair to veteran cemeteries. For the State Grants program, we recommend \$37 million. We call on the Administration and Congress to provide the resources required to meet the critical nature of the NCA mission and fulfill the nation's commitment to all veterans who have served their country honorably and faithfully.

Recommendations to Congress

BENEFIT PROGRAMS

COMPENSATION AND PENSIONS

Compensation

Enact a cost-of-living adjustment (COLA) for all compensation benefits sufficient to offset the rise in the cost of living.

Reject Administration recommendations to permanently extend provisions for rounding down compensation COLAs and allow the temporary round-down provisions to expire on their statutory sunset dates.

Reject any suggestion to change the terms for service-connection of disabilities and deaths.

Enact legislation to totally repeal the inequitable requirement that veterans' military retired pay based on longevity be offset by an amount equal to their VA disability compensation.

Reject any recommendation that it change the law to permit VA to discharge its future obligation to compensate service-connected disabilities through payment of lump-sum settlements to veterans.

Enact legislation to exempt VA disability compensation from countable income for purposes eligibility for federally funded programs.

Repeal its prohibition on service-connection for smoking-related disabilities.

Amend the law to authorize increased compensation on the basis of a temporary total rating for hospitalization or convalescence to be effective, for payment purposes, on the date of admission to the hospital or the date of treatment, surgery, or other circumstances necessitating convalescence.

READJUSTMENT BENEFITS

Montgomery GI Bill

Amend the law to remove the restriction on eligibility to the Montgomery GI Bill to those who first entered military service after June 30, 1985.

Change the law to permit refund of an individual's Montgomery GI Bill contributions when his or her discharge was characterized as "general" or "under honorable conditions" because of minor infractions or inefficiency.

Housing Grants

Increase the specially adapted housing grants and provide for future automatic annual adjustments indexed to the rise in the cost-of-living.

Establish a grant to cover the costs of home adaptations for veterans who replace their specially adapted homes with new housing.

Amend chapter 21 of title 38, United States Code, to authorize payment of reasonable fees, including travel reimbursements, for compliance inspections on housing being constructed or adapted under the specially adapted housing program.

Automobile Grants and Adaptive Equipment

Increase the automobile allowance to 80% of the average cost of a new automobile and provide for automatic annual adjustments in the future.

Home Loans

Increase the maximum VA home loan guaranty to \$75,085 for 2004 and provide for automatic annual indexing to 90% of the Fannie Mae–Freddie Mac loan ceiling thereafter.

Refrain from further increasing home loan funding fees and, as soon as feasible, repeal these fees entirely.

INSURANCE*Government Life Insurance*

Enact legislation to exempt the cash value of, and dividends and proceeds from, VA life insurance policies from consideration in determining entitlement under other Federal programs.

Service-Disabled Veterans' Insurance (SDVI)

Enact legislation to authorize VA to revise its premium schedule for SDVI to reflect current mortality tables.

Enact legislation to increase the maximum protection under base SDVI policies to at least \$50,000.

Veterans' Mortgage Life Insurance (VMLI)

Increase the maximum coverage under VMLI from \$90,000 to \$150,000.

OTHER SUGGESTED
BENEFIT IMPROVEMENTS*Protection of Veterans' Benefits
Against Claims of Third Parties*

Amend section 5301(a) of title 38 United States Code to make its exemption of veterans' benefits from the claims of others applicable "notwithstanding any other provision of law" and to clarify that veterans' benefits shall not be liable to attachment, levy, or seizure by or under any legal or equitable process whatever "for any purpose."

**GENERAL OPERATING
EXPENSES**VETERANS BENEFITS
ADMINISTRATION*Departmental Policy for Veterans'
Programs*

If the Secretary of Veterans Affairs does not act decisively to put an end to VA's self-serving rulemaking, Congress should:

- (1) scrutinize VA's rulemaking more closely as part of its oversight role,
- (2) intervene to override VA rules that run counter to Congressional intent, and
- (3) enact special provisions to control VA rulemaking if the Secretary of Veterans Affairs fails to bring VA's rulemaking back in line with Congressional intent and VA's benevolent mission.

*Compensation and Pension (C&P)
Service*

Authorize 7,757 full-time employees for C&P service in FY 2005.

Provide \$3.5 million to fund VA's Compensation and Pension Evaluation Redesign initiative.

Provide \$8 million to support continuing use of VA's Virtual VA electronic file system at its pension maintenance centers and to continue developing the system for eventual installation in all VBA regional offices.

Education Service

Authorize 708 direct program full-time employees for VA's Education Service.

*Vocational Rehabilitation and
Employment*

Authorize 1,131 direct program full-time employees for the Vocational Rehabilitation and Employment Service for FY 2005.

JUDICIAL REVIEW IN VETERANS' BENEFITS

THE COURT OF APPEALS FOR VETERANS CLAIMS

Scope of Review

Amend section 7261 of title 38 United States Code to provide that the court will hold unlawful and set aside any finding of material fact that is not reasonably supported by a preponderance of the evidence.

Preservation of Informalities of VA Claims Process

Amend section 7261 of title 38 United States Code to preclude judicial imposition of formal pleading requirements upon the VA claims process.

Court Facilities

Enact legislation and provide the funding necessary to construct a courthouse and justice center for the U.S. Court of Appeals for Veterans Claims.



COURT OF APPEALS FOR THE FEDERAL CIRCUIT (CAFC)

Review of Challenges to VA Rulemaking

Amend section 502 of title 38 United States Code to authorize the CAFC to review and set aside changes to the *Schedule for Rating Disabilities* found to be arbitrary and capricious or clearly in violation of statutory provisions.



MEDICAL CARE

MEDICAL CARE ISSUES

Financing Issues

Make funding for VA health care mandatory so that all enrolled veterans have access to high-quality health-care services.

Appropriate \$250 million in the Veterans Health Administration's (VHA's) FY 2005 appropriation to fund the VHA's fourth mission. (We have included this in the Medical Care appropriation.)

Include the funding the fourth mission as separate line item in the Medical Care Account.

Appropriate \$133 million to fund the four emergency preparedness centers created by P.L. 107-287. (We have included this in the Medical Care appropriation.)

With the assistance of the Secretaries of Defense and Veterans Affairs and the Director of the Selective Service Administration, incorporate methodology in title 10 United States Code (U.S.C.) to preclude a major active duty call of reservists employed by the VHA or modify title 50 U.S.C. to authorize compulsory service for medical professionals in VA, the Department of Defense, and the Department of Health and Human Services.

Relocate portions of P.L. 107-188, pertaining to Veterans Affairs, to title 38 U.S.C.

With the Administration, base the VA medical care budget on the principle that third-party collections are to supplement, not substitute for, appropriations.

Eliminate copayments charged to veterans for medication or health-care services.

Access Issues

Provide necessary resources to accelerate the creation of a single separation physical and "one-stop shopping" to enable veterans' benefits decisions.

Provide sufficient resources for the Department of Defense and VA to enhance information management/information technology interoperability and efficiency.

Mandate establishment of VA's published access standards in title 38 United States Code.

Require the VHA to report on numbers of enrolled priority 4 veterans.



PROSTHETICS AND SENSORY AIDS

Ensure that appropriations are sufficient to meet the prosthetics needs of all disabled veterans, including the latest advances in technology, so that funding shortfalls do not compromise other programs.

Investigate any reports of VHA facilities with holding surgeries for needed surgical implants due to cost considerations.

Incrementally augment funding for specialized treatment and support for veterans who have mental illness, post-traumatic stress disorder, or substance-use disorders by \$500 million each year from FY 2005 through FY 2009.

Specialized Services Issues

Appropriate the funds necessary to provide competitive salaries and bonuses for spinal cord injury/dysfunction (SCI/D) nurses.

Continue prudent and vigilant oversight to ensure both VA and the National Academy of Sciences adhere to time limits imposed upon them so they effectively and efficiently address the continuing health-care needs of Gulf War veterans.

Reject the recommendation of the Commission on Service Members and Veterans Transition Assistance to declare February 28, 1993, as the ending date of the 1991 Persian Gulf War.

Long-Term Care Issues

Provide the necessary resources to enable VA to meet its legislative mandate to maintain its long-term care services at the 1998 levels and meet increasing demand for these services. VA requires up to \$600 million dollars to correct this long-term care bed deficit and provide required increased number of home- and community-based services.

Pass permanent legislation and provide funding to allow VA to provide assisted living services.



VA MEDICAL AND PROSTHETICS RESEARCH

Appropriate \$460 million to offset the higher costs of research resulting from biomedical inflation and wage increases as well as opportunities for new breakthroughs.

Medical and Prosthetic Research Issues

Ensure adequate resources for both the direct and indirect costs of advancing medical diagnosis and treatment.

Work with VA to ensure sufficient funding for research facility maintenance and improvements as well as at least one major research construction project per year until the backlog is addressed.

Enact the Christopher Reeve Paralysis Act of 2003 (S. 1010, H.R. 1998, 108th Congress), which would establish a paralysis research, education, and clinical center and consortia and quality enhancement research initiatives for paralysis.

Administrative Issues

Congress must provide sufficient funding to support programs to recruit and retain critical nursing staff.

MEDICAL ADMINISTRATION
AND MISCELLANEOUS
OPERATING EXPENSES (MAMOE)

**MAMOE Recommended Budget Appropriation
(Dollars in Thousands)**

FY 2005 IB RECOMMENDATION BY TYPE OF SERVICE

Personnel Compensation	\$71,408
Travel and Transportation of Persons	1,319
Rental Payments to GSA	6,160
Communications, Utilities, and Miscellaneous Charges	1,522
Other Services	3,698
Supplies and Materials	1,353
Equipment	1,229

IB Recommended FY 2005 Appropriation \$86,689

MAMOE Issues

With the Administration, provide adequate funding to the MAMOE account to support VHA National Headquarters' role relative to quality management; policy guidance; and information collection, analysis, and dissemination.

Fund new Federal Health Information Exchange capability, which VA should then implement.



Construction Programs

**Construction, Major Projects
Recommended Appropriation
FY 2005 IB Recommendation by Type of
Service Medical Program (VHA)**

Seismic Improvements	\$285,000
Clinical Improvements	25,000
Patient Environment	10,000
Research Infrastructure Upgrade and Replacement	50,000
Advance Planning Fund	60,000
Asbestos Abatement	60,000
National Cemetery Administration	81,000
<hr/>	
IB Recommended FY 2005 Appropriation	\$571,000

**Construction, Minor Projects
Recommended Appropriation
FY 2005 Recommended by Type of Service
Medical Program (VHA)**

Inpatient Care Support	\$130,000
Outpatient Care and Support	100,000
Infrastructure and Physical Plant	150,000
Historic Preservation Grant Program	25,000
Other	25,000
VBA Regional Office Program	35,000
National Cemetery Program	35,000
VA Research Facility Improvement and Renovation	45,000
<hr/>	
IB Recommendation FY 2005 Appropriation	\$545,000



CONSTRUCTION ISSUES

Appropriate \$285 million to correct seismic deficiencies.

Ensure that there are adequate funds for the major and minor construction programs so that the VHA can undertake all urgently needed projects and correct the system's aging infrastructure.

Appropriate no less than \$400 million for nonrecurring maintenance in FY 2005 to provide for adequate building maintenance.

Specific funds should in the FY 2005 budget to develop a comprehensive program for the preservation and protection of VA's inventory of historic properties.



CARES ISSUES

Appropriate \$100 million for medical center master plans in the FY 2005 construction budget.

Congress must appropriate sufficient construction funding each year so that there is steady implementation of planning initiatives.



VOCATIONAL REHABILITATION AND EMPLOYMENT

Vocational Rehabilitation and Employment Issues

Extend the authority for unpaid work experience to private-sector and not-for-profit-sector employers who are willing to develop such unpaid work experience opportunities consistent with the veterans' training program.

Pass legislation ensuring the eligibility of all disabled veterans on a priority basis for all federally funded employment and training programs.

When notification of separation or retirement occurs in less than the time provided for by Congress, Transition Assistance Program services should begin as soon as possible following notification.

Consider the feasibility and practicality of alternative means of delivering employment services for veterans, such as a competitive bidding process.

Fund the National Veterans Training Institute at an adequate level to ensure training is continued and expanded to state and Federal personnel who provide direct employment and training services to veterans and servicemembers in an ever-changing environment.

The House or Senate Veterans' Affairs Committees should conduct oversight to assure full implementation of P.L. 107-288 to ensure the President's National Hire Veterans Committee fulfills its purposes of:

- Raising employer awareness of the advantages of hiring separating servicemembers and recently separated veterans;
- Facilitating the employment of separating servicemembers and veterans through America's Career Kit, the national electronic labor exchange; and
- Directing and coordinating departmental, state, and local marketing initiatives.

Provide the Department of Labor adequate funding to enforce Uniformed Services Employment and Reemployment Rights Act, P.L. 103-353.



NATIONAL CEMETERY ADMINISTRATION

NCA ACCOUNT

NCA Issues

Fund the State Cemetery Grants Program at a level of \$37 million and encourage continued state participation in the program.

Recognize the increased program interest by the states and provide adequate funding to meet planning, design, construction, and equipment expenses.

Increase plot allowance from \$300 to \$725 and expand the eligibility for the plot allowance for all veterans who would be eligible for burial in a national cemetery, not just those who served during wartime.

Increase the service-connected benefit from \$2,000 to \$4,000.

Increase the nonservice-connected benefit from \$300 to \$1,225.

Enact legislation to adjust these burial benefits for inflation annually.

With the Administration, use *An Independent Study on Improvements to Veterans Cemeteries* to help form the platform for adopting improvements to veterans' cemeteries and for setting the course to meet increasing burial demand.

Make funds available to ensure the proper planning and fast-track construction of needed national cemeteries. Adequate funding must be assured to complete construction of additional national cemeteries in areas that remain unserved.

With the Administration, find ways to expand the useful life of currently operating national cemeteries, build new cemeteries where appropriate, and encourage state grant program cemeteries as a means of providing service to veterans.

Recommendations to the Department of Veterans Affairs (VA)

BENEFIT PROGRAMS

BENEFIT PROGRAMS COMPENSATION AND PENSIONS

Compensation

Amend its *Schedule for Rating Disabilities* to provide a minimum 10% disability evaluation for any hearing loss for which a hearing aid is medically indicated.



GENERAL OPERATING EXPENSES

VETERANS BENEFITS ADMINISTRATION (VBA)

VBA Management

To make the management structure in the VBA more effective for purposes of enforcing program standards and accountability for quality, VA's Under Secretary for Benefits should give VBA's program directors line authority over VA field office directors.

Departmental Policy for Veterans' Programs

The Secretary of Veterans Affairs should act decisively to put an end to VA's self-serving rulemaking; if the Secretary does not, Congress should

- (1) scrutinize VA's rulemaking more closely as part of its oversight role,
- (2) intervene to override VA rules that run counter to Congressional intent, and
- (3) enact special provisions to control VA rulemaking if the Secretary of Veterans Affairs fails to bring

VA's rulemaking back in line with Congressional intent and VA's benevolent mission.

Compensation and Pension Service

To improve quality in VA claims decisions and stabilize the inventory of pending claims to avoid the return of an enormous claims backlog and consequent long delays in the delivery of compensation and pension benefits, address the root causes of the problem by:

- 1) improving the substance, implementation, and measurement of the effectiveness of its training for compensation and pension adjudicators;
- (2) taking decisive and immediate steps to change its negative institutional culture to instill in its decisionmakers and line management more positive attitudes and fidelity to the law; and
- (3) imposing from top to bottom real accountability for proficiency and a quality product.

In addition to these root causes of inefficiency, VA must address other substantial contributing problems, such as the inadequacy of VA disability examinations and its technology for information exchange between the VBA and its medical facilities.



GENERAL ADMINISTRATION

Board of Veterans' Appeals (BVA)

Amend section 19.5 of 38 Code of Federal Regulations to remove its unlawful provision exempting the BVA from VA manuals, circulars, and other Department directives, and absent timely action by VA, Congress should intervene to ensure this counterproductive problem is corrected.

MEDICAL CARE

MEDICAL CARE ISSUES

Access Issues

Advanced Clinic Initiative

The VHA should fully develop the Advanced Clinic Access Initiative to measurably improve waiting times.

The VHA should include improvements in waiting times as part of an administrator's performance measures.

Community Based Outpatient Clinics (CBOCs)

The VHA must ensure that CBOCs are staffed by clinically appropriate providers capable of meeting the special health-care needs of veterans wherever those needs justify specialized resources.

The VHA must develop clinically specific referral protocols to guide patient management in cases where a patient's condition calls for expertise or equipment not available at the facility at which the need exists.

The VHA must ensure all CBOCs fully meet the accessibility standards set forth in section 504 of the Rehabilitation Act.

Enrollment Priority 4 Not Fully Activated

The VHA should expedite the proper identification and classification of enrollment priority 4 veterans.

Emergency Services

Establish, and enforce, a policy that it will pay for emergency care received by veterans at a non-VA medical facility when they exhibit symptoms that a reasonable person would consider a manifestation of a medical emergency.

Establish a policy allowing all enrolled veterans to be eligible for emergency medical services at any medical facility.

Prosthetics and Sensory Aids

Continuation of Centralized Prosthetics Funding

The VHA must continue to nationally centralize and fence all funding for prosthetics and sensory aids.

The VHA should continue to utilize the Prosthetics Resources Utilization Workshop to monitor prosthetic expenditures and trends.

The VHA should continue to allocate prosthetic funds based on prosthetic expenditure data derived from the National Prosthetics Patients Database.

VHA's senior leadership should continue to hold its field managers accountable for failing ensure that data is properly entered into the NPPD.

Consistent Application of National VHA Prosthetic Policies and Procedures

The VHA must ensure that national prosthetic policies and procedures are followed uniformly at all VHA facilities.

All 21 VISN prosthetic representatives, in cooperation with the Chief Consultant for Prosthetics and Sensory Aids, need to develop, conduct, and/or continue appropriate prosthetic training programs for their VISN prosthetic personnel.

Assessment and Development of "Best Practices" to Improve Quality and Accuracy of Prosthetic Prescriptions

The VHA should continue the prosthetics clinical management program, provided the goals are to improve the quality and accuracy of VA prosthetics prescriptions and the quality of the devices issued.

The VHA must reassess the Prosthetics Clinical Management Program to ensure that the clinical guidelines produced are not used as means to inappropriately standardize or limit the types of prosthetic devices that VA will issue to veterans or otherwise place intrusive burdens on veterans.

The VHA must continue to exempt prosthetic devices and sensory aids from standardization efforts. National contracts must be designed to meet individual patient needs, and single-item contracts should be awarded to multiple vendors/providers with reasonable compliance levels.

VHA clinicians must be allowed to prescribe prosthetic devices and sensory aids on the basis of patient need—not cost—and must be permitted to prescribe devices that are “off-contract” without arduous waiver procedures or fear of repercussions.

The VHA should ensure that its prosthetics and sensory aids policies and procedures, for both clinicians and administrators, are consistent regarding the appropriate provision of care and services. Such policies and procedures should address issues of prescribing, ordering, and purchasing based on patient needs—not cost considerations.

The VHA must ensure that new prosthetic technologies and devices that are available on the market are appropriately and timely issued to veterans.

Restructuring of Prosthetic Programs

The VHA must require all VISNs to adopt the consistent operational parameters and authorities for reorganizing prosthetics services and hold individual VISN directors responsible for failing to do so.

Failure to Develop Future Prosthetic Managers

The VHA must fully fund and implement its National Prosthetics Representative Training program, with responsibility and accountability assigned to the Chief Consultant for Prosthetics and Sensory Aids, and continually allocate sufficient training funds and full-time employee equivalents to ensure success.

VISN directors must ensure that sufficient training funds are reserved for sponsoring prosthetics training conferences and meetings for appropriate managerial, technical, and clinical personnel.

The VHA must be assured by the VISN directors that their selected candidates for vacant VISN prosthetics representative positions possess the necessary competency to carry out the responsibilities of these positions.

The VHA and its VISN directors must ensure that Prosthetics and Sensory Aids departments are staffed by appropriately qualified and trained personnel.

Mental Health Services

The VHA must invest resources in programs to develop a continuum of care that includes intensive case management, psychosocial rehabilitation, peer support, integrated treatment of mental illness and substance-use disorder, housing alternatives, work therapy and supported employment, and other support services for veterans with serious mental illnesses.

In light of the flawed methodology regarding veterans’ mental health needs used in the CARES process, VA (and Congress in its oversight capacity) must give priority to ensuring that the Department’s strategic planning relating to mental health care and support is based exclusively on data and assumptions that have been validated by VA mental health experts. Accordingly, the Under Secretary for Health must ensure that erroneous CARES mental health projections are expunged from VA planning databases.

With the failure of many VA networks to maintain specialized mental health and substance abuse treatment capacity, and restore such lost capacity, and with the resultant lack of access to needed mental health and substance abuse care, VA must institute a mechanism to “fence” funding of monies for these programs for those networks whose mental health or substance use funding levels are markedly out of line with inflation-adjusted 1996 funding.

The VHA, its networks, and facilities should partner with mental-health advocacy organizations, such as the National Mental Health Association, the National Alliance for the Mentally Ill, and veterans service organizations to provide support services, such as outreach, educational programs, peer and family support services, and self-help resources.



Specialized Services Issues

Blinded Veterans

The VHA must restore the bed capacity in the blind rehabilitation centers to the level that existed at the time of the passage of P.L. 104-262.

The VHA must rededicate itself to the excellence of programs for blinded veterans.

The VHA must require the networks to restore clinical staff resources in both inpatient and outpatient blind rehabilitation programs.

The VHA headquarters must undertake aggressive oversight to ensure appropriate staffing levels for blind rehabilitation specialists.

The VHA must increase the number of blind rehabilitation outpatient specialist positions.

The VHA should expand capacity to provide computer access evaluation and training for blinded veterans by contracting with qualified local providers when and where they can be identified.

The VHA should ensure that concurrence is obtained from the Director of the Blind Rehabilitation Service (BRS) in VA headquarters before a local VA facility selects and appoints key BRS management staff. When disputes over such selections cannot be resolved between the BRS director and local management, they must be elevated to the Under Secretary for Health for resolution.

Spinal Cord Dysfunction

The VHA needs to count only those nurses who provide direct bedside care and use those numbers for assessing compliance with VHA Directive 2000-022 and VHA Handbook 1176.1.

The VHA needs to hire more nurses.

The VHA needs to centralize their policies systemwide for recruitment and retention bonuses.

Salaries as well as recruitment and retention bonuses need to be set at an amount that is competitive with community health-care facilities.

Gulf War Veterans

VA should continue to foster and maintain a close working relationship with the National Academy of Sciences in the effort to ascertain which toxins Gulf War veterans were exposed to and what illnesses may be associated with such exposure.

Women Veterans

Ensure laws, regulations, and policies pertaining to women veterans' health care are enforced at VISN and local levels.

Increase the priority given to women veterans' programs and evaluate which health-care delivery model demonstrates the best clinical outcomes for women.

Increase its outreach efforts to women veterans because female veterans tend to be less aware of their veteran status and eligibility for benefits than male veterans.

Ensure that clinicians caring for women veterans are knowledgeable about women's health, participate in ongoing education about the health-care needs of women, and are competent to provide gender-specific care to women.

Ensure that Women Veterans Program Managers are authorized sufficient time to successfully perform their program duties and to conduct outreach to women veterans in their communities.

Ensure that its specialized programs in such areas as post traumatic stress disorder, spinal cord injury, prosthetics, and homelessness are equally available to female veterans as male veterans.



Long-Term Care Issues

Ensure that facilities follow VA's eligibility standards when determining veteran eligibility for non-institutional long-term care services.

Refine current performance measures to help ensure that all facilities provide veterans with access to required noninstitutional services.

Meet its statutory obligation to provide long-term care services in its facilities.

Work to identify and incorporate additional noninstitutional services and programs that can improve and bolster VA's ability to meet increasing demand as required by law.

Ensure that its facilities follow VA's eligibility standards when determining veteran eligibility for noninstitutional long-term care services.

Refine current performance measures to help ensure that all facilities provide veterans with access to required noninstitutional services.

Expand and broaden the Assisted Living Pilot Program (ALPP) authorized by P.L. 106-117.

Investigate and eliminate state regulatory barriers that prevent disabled veterans from enrollment and full participation in any VA ALPP, VA assisted living program, or any other AL arrangement or contract for private AL services utilizing VA property.

Aggressively pursue development of AL capacity within existing VA programs that are adaptable to AL and through enhanced-use lease opportunities with private-sector providers and partnerships.

Specify in Department policy (and enforce) the requirement that all eligible veterans be afforded equal and timely access to noninstitutional, long-term care programs.

Promulgate performance standards and provide adequate program guidance to ensure nationwide compliance with this policy.



VA MEDICAL AND PROSTHETICS RESEARCH

Appropriate \$460 million to offset the higher costs of research resulting from biomedical inflation and wage increases as well as opportunities for new breakthroughs.

Medical and Prosthetic Research Issues

Convene a consensus committee involving VA personnel and external stakeholders to conduct a thorough review of the VA research program. The committee should propose to the Secretary and Congress a clear vision for the future with recommendations on complex policy matters in need of resolution.

The IBVSOs do not support assigning to Office of Research and Development administration of the FY 2005 Veterans Equitable Resource Allocation research support dollars. Prior to consideration of this possibility, VA must demonstrate that it has a workable plan for implementation that provides accountability while preserving the local flexibility of the current methodology. At a minimum, such a plan should be pilot-tested at three sites before contemplating national implementation.

With Congress, ensure sufficient funding for research facility maintenance and improvements as well as at least one major research construction project per year until the backlog is addressed.

The VHA should establish a paralysis research education, and clinical center and consortia to focus on basic biomedical research on paralysis; rehabilitation research on paralysis; health services and clinical trials for paralysis that results from central nervous system, trauma, or stroke; dissemination of clinical and scientific findings; and replication of the findings of the centers for scientific and transnational purposes. The formation of centers into consortia provide for the linkage and coordination of information among the centers to ensure regular communication between members.

The VHA should establish quality enhancement research initiatives for paralysis, which translate clinical

findings and recommendations into practices within the VHA; identify best practices; define existing practice patterns and outcome measurements; improve patient outcomes associated with improved health-related quality of life; and evaluate a quality enhancement intervention program for the translation of clinical research findings into routine clinical practice.

Administrative Issues

Establish recruitment programs that enable VA to remain competitive with private-sector marketing strategies.

Reestablish the VA Professional Scholarship Program.

Continue the Employee Debt Reduction Program to include all VA nursing personnel.

Continue funding for the National Nursing Education Initiative.

Implement youth outreach programs to foster selection of nursing as a career choice.

Develop special programs between local VA facilities and community colleges/universities with a focus on preparing all levels of future VA nursing personnel.

Increase support of career path development within nurses' qualification standards.

Ensure adequate nursing support personnel to achieve excellence in patient care and outcomes.

VHA facilities should designate a staff person with volunteer management experience to be responsible for recruiting volunteers, developing volunteer assignments, and maintaining a program that formally recognizes volunteers for their contributions.

The VHA should develop volunteer opportunities in community-based and home-health settings and recruit local volunteers.

The VHA should develop partnerships with local businesses and corporations for volunteer and program support.

The VHA should include Veterans Affairs Voluntary Services (VAVS) volunteer productivity data in VHA

facility productivity measurement systems and facility management performance standards to create incentives for facilities and managers to utilize VAVS volunteers effectively.

The VHA should initiate volunteer recruitment strategies for age groups 20–40 within each VISN.

Encourage all national cemeteries to expand volunteer programs.

Establish a phased-in contracted care coordination program that is based on principles of medical management.

Whenever possible, require veterans who receive care outside VA, at VA expense, to do so in the care coordination model.

Engage an experienced contractor willing to go at risk to implement and manage a care coordination program that will deliver improvements in medical management, access, timeliness, and cost efficiencies. VA and the contractor would jointly develop identifiable and achievable metrics to assess program results and will report these results to stakeholders.

Components of a care coordination program should include claims processing, centralized appointment scheduling, and a call center or advice line for veterans who receive care outside the VA health-care system—and should be implemented at VA's expense.



MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES (MAMOE)

MAMOE Issues

VHA National Headquarters must maintain hands-on oversight to meet Congressional mandates to monitor and maintain the capacity for specialized programs.

The VHA must staff the PA advisor with one Congressionally approved full-time employee equivalent position.

Once funded, VA should implement new Federal Health Information Exchange capability.

Quickly develop a format for these master plans so there is standardization throughout the system, even though the planning work will be performed in each VISN by local contractors. The format should be tested in a pilot project.

Each VA medical center should initiate their procurement process immediately so that they are ready to proceed after CARES is completed and adopted.

Develop nonconstruction alternatives to enable it to meet the projected increased demand for veterans' health-care services in the year 2012.

Conduct both medical program and facility master planning on a regular cycle that is appropriate for each activity.

Generate similar statistical data for long-term care, severe mental illness, and domiciliary.

Use CARES data to establish the magnitude of construction that is required to address current space deficiencies.

Use CARES data to identify future space deficiencies and initiate construction now to meet future needs.

Use the deficiencies data to establish current and future construction budgets and to allocate these resources among the various medical centers and medical programs.

Periodically update the CARES data as an important tool for systemwide planning and management.

Expand construction to meet the system's current and projected space needs.

Initiate new programs for facility master planning based on the CARES recommendations.

Maintain and analyze new planning data and streamline the current design and construction process.

Develop programs to address historic properties and vacant space



CONSTRUCTION PROGRAMS

Construction Issues

Schedule facility improvements projects and CARES recommendations concurrently with seismic corrections.

Direct no less than \$400 million for nonrecurring maintenance in FY 2005. VA should also make annual increments in nonrecurring maintenance in the future until 2% of the value of its buildings is budgeted and utilized for nonrecurring maintenance.

Develop a comprehensive plan for addressing excess space in nonhistoric properties that is not suitable for medical or support functions due to its permanent characteristics or location.

Cares Issues

The facility master plans should address the long-term care, severe mental illness, and domiciliary care programs that were inexplicably omitted from the CARES study. Facility master plans should also address historic properties and vacant space.

VOCATIONAL REHABILITATION AND EMPLOYMENT

Vocational Rehabilitation and Employment Issues

The VBA must place a higher emphasis on complementing VR&E's staffing requirements and needs.

The Vocational Rehabilitation and Employment Service (VR&E) should continue its efforts to improve case management techniques and use state-of-the-art information technology.

The VR&E should rewrite its operational policies and procedure manuals.

General Counsel should expedite the promulgation of new regulations for VR&E.

The VR&E must place higher emphasis on academic training, employment services and independent living services to achieve the goal of rehabilitation of severely disabled veterans.

The VR&E should develop plans and partnerships to enhance the availability of entrepreneurial opportunities for disabled veterans.

The VR&E should develop plans to continue follow-up of rehabilitated veterans for at least 2 years to ensure that rehabilitation is successful.

The Veterans Employment and Training Service (VETS) must complete development of meaningful performance standards and reward states that exceed the standards by providing additional funding.

Public Law 107-288, the Jobs for Veterans Act, authorizes VETS, through its grants to states, to provide cash and other incentives to individuals who are most effective in assisting veterans, particularly those with barriers to employment, find work. This recognition is only for individuals and not entities. Congress should amend this law so that such entities as Career One-Stops who do a good job for veterans can be recognized.



NATIONAL CEMETERY ADMINISTRATION

NCA Issues

The NCA should continue to effectively market the State Cemetery Grants Program.

Recommendations to the Administration

MEDICAL CARE

MEDICAL CARE ISSUES

Financial Issues

The Under Secretary for Health should firmly establish and enforce policies that prevent veterans from being billed for service-connected conditions and secondary symptoms or conditions that relate to an original service-connected disability rating.

The Under Secretary for Health should establish specific deadlines for the action plan to develop methods to improve the electronic exchange of information about service-connected conditions that exceed the maximum of six currently captured in the Compensation and Pensions Benefits Delivery Network master record.

With Congress, base the VA medical care budget on the principle that third-party collections are to supplement, not substitute for, appropriations.

Access Issues

Establish a physician-led program within VHA National Headquarters and provide six full-time staff to the Advanced Clinic Access Initiative.

Specialized Services Issues

Allocate an adequate portion of its appropriations to prosthetics to ensure that the prosthetic and sensory aids needs of veterans with disabilities are appropriately met.



MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES (MAMOE)

MAMOE Issues

With Congress, provide adequate funding to the MAMOE account to support VHA National Headquarters' role relative to quality management, policy guidance, and information collection, analysis, and dissemination.



NATIONAL CEMETERY ADMINISTRATION

NCA Issues

With Congress, use *The Study on Improvements to Veterans Cemeteries* to help form the platform for adopting improvements to veterans cemeteries and for setting the course to meet increasing burial demand.

With Congress, find ways to expand the useful life of currently operating national cemeteries, build new cemeteries where appropriate, and encourage state grant program cemeteries as a means of providing service to veterans.

Recommendations to the Department of Defense (DOD)

VOCATIONAL REHABILITATION AND EMPLOYMENT

Vocational Rehabilitation and Employment Issues

Ensure that separating service members with disabilities receive all of the services provided under the Transition Assistance Program as well as the separate Disabled Transition Assistance Program session by the Vocational Rehabilitation and Employment Service.

Whenever practical, the DOD should make pre-separation counseling available for members being separated prior to completion of their first 180 days of active duty, unless separation is due to a service-connected disability when these services are mandatory.

Armed Forces training schools need to pay greater attention to the activities and requirements of civilian credentialing agencies.

www.independentbudget.org

Prepared by



AMVETS
4647 Forbes Boulevard
Lanham, MD 20706
(301) 459-9600
www.amvets.org



**DISABLED AMERICANS
VETERANS**
807 Maine Avenue, SW
Washington, DC 20024-2410
(202) 554-3501
www.dav.org



**PARALYZED VETERANS
OF AMERICA**
801 Eighteenth, NW
Washington, DC 20006-3517
(202) 872-1300
www.pva.org



**VETERANS OF FOREIGN WARS
OF THE UNITED STATES**
200 Maryland Avenue, NE
Washington, DC 20002
(202) 543-2239
www.vfwdc.org