

Fiscal Year 2019 Budget for Veterans' Programs and Fiscal Year 2020 Advance Appropriations Request

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Joint Statement of

The Co-Authors of The Independent Budget:
Disabled American Veterans
Paralyzed Veterans of America
Veterans of Foreign Wars

Before

Committee on Veterans' Affairs
United States Senate

With Respect To

“Fiscal Year 2019 Budget for Veterans' Programs and
Fiscal Year 2020 Advance Appropriations Request”

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Chairman Isakson, Ranking Member Tester, and members of the committee, on behalf of the co-authors of *The Independent Budget* (IB)—DAV (Disabled American Veterans), Paralyzed Veterans of America (PVA), and Veterans of Foreign Wars (VFW)—we are pleased to present the views of the IB organizations regarding the funding requirements for the Department of Veterans Affairs (VA) for fiscal year (FY) 2019, including advance appropriations for FY 2020.

The IB's recommendations include funding for all discretionary programs for FY 2019 as well as advance appropriations recommendations for medical care accounts for FY 2020. The full budget report recently released by the IB addressing all aspects of discretionary funding for the VA can be downloaded at www.independentbudget.org. However, the current FY 2018 funding for VA medical care programs is particularly concerning because previous VA Secretary Robert McDonald admitted last year that the VA's FY 2018 advance appropriation request was not sufficient and would need significant additional resources provided this year.

This insufficient level is reflected in the "Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017" as approved and amended by Congress. VA's medical care programs are currently funded at \$71.7 billion and in light of the Administration's revised request of \$74.7 billion for FY 2018, submitted last year, VA has been forced to operate under a \$3 billion shortfall for nearly half this fiscal year despite increased demands on the system.

The IB veterans service organizations (IBVSO) believe that the FY 2019 VA revised budget request for VA medical programs and construction is similarly insufficient to meet the health care needs of ill and injured veterans, their families and survivors.

The Administration's revised budget request for medical programs includes \$74.1 billion in total discretionary spending and \$1.9 billion in mandatory spending for FY 2019. Considering the additional \$1.9 billion that the Administration requests to replenish the Choice Act funds in addition to the \$14.2 billion Congress has already appropriated under emergency designation since 2014,¹ the total projected expenditure from VA for medical programs in FY 2019 is approximately \$76 billion. The IBVSOs recommend \$82.6 billion in total medical care funding for the VA. For FY 2020, the Administration is requesting \$79.1 billion for medical care programs and the IB recommends \$84.5 billion.

The IBVSOs share growing concerns about the massive growth in expenditures in community care spending in FY 2019, which includes \$8.4 billion in community care, \$1.9 billion and any remaining Choice Act funds. We understand the need for leveraging community care to expand access to health care for many veterans, as discussed in the IB framework, but we are troubled by the virtually uncontrolled growth in this area of VA health care spending.

Congress and the Administration must be sure to devote critical resources to expand capacity and increase staffing of the VA health care system, particularly for specialized services such as spinal cord injury or disease, blind rehabilitation, polytrauma care, mental health care, and to address the added health care reliance of veterans on the VA attributed by the Department from the Choice Act. The integrated and holistic nature of VA health care cannot simply be punted into the private sector. Simply outsourcing more care to the community without the same accountability of health outcomes, quality of care, and treatment efficacy could yield higher costs to the tax payer and will ultimately undermine the larger health care system on which so many veterans with the most catastrophic disabilities must rely.

The Bipartisan Budget Act of 2018 (BBA) significantly raised the defense and non-defense discretionary spending caps in FY 2018 and FY 2019, and the President has signed these new caps into law. In light of the BBA, the Administration modified its FY 2019 budget request to account for these new cap levels.

Medical Services

For FY 2019, the IB recommends \$53.7 billion for Medical Services. This recommendation includes:

- Current Services Estimate \$50,794,232,000
- Increase in Patient Workload \$1,636,092,000
- Additional Medical Care Program Costs \$1,230,951,000
- Total FY 2019 Medical Community Care \$53,661,275,000

The IBVSOs believe that significant attention must be placed on ensuring adequate resources are provided through the Medical Services account to ensure timely delivery of high quality health care. The budget shortfall this fiscal year is emblematic of the insufficient funding that has plagued, and may continue to plague, the VA health care system going forward. In FY 2018 (and subsequent fiscal years), the problem will be

compounded as the VA will be shedding funds from its traditional Medical Services account to push more care into the community. With these thoughts in mind, for FY 2019, the IB recommends \$53.7 billion for Medical Services.

Additionally, we believe the Administration's advance appropriation request for Medical Services in FY 2020—\$48.5 billion—is woefully inadequate to meet even today's demand for VA health care services. The Administration appears to ignore its responsibility to request a budget that meets its requirements particularly for VA medical care. In light of recent history of Congress advance appropriating based on VA's initial advance appropriation request, the request for FY 2020 is an unacceptable proposition. For FY 2020, the IBVSOs recommend Congress appropriate \$54.7 billion as an advance appropriation for Medical Services.

Our recommendations for Medical Services reflect the estimated impact of uncontrollable inflation on the cost to provide services to veterans currently using the system. We also assume a 1.1 percent increase for pay and benefits across the board for all VA employees in FY 2019, as well as 1.2 percent in the advance appropriation recommendation for FY 2020.

Our medical programs funding recommendation for FY 2019 is adjusted in the baseline for funding within the Medical Services account based on VA's revised request for FY 2018. *The Independent Budget* believes this adjustment is necessary in light of the nearly \$3 billion shortfall that the VA health care system is currently experiencing. If the baseline from FY 2018 is not adjusted to better reflect the true demand for services, we believe VA will once again face a shortfall this fiscal year and the next, while forcing veterans who choose VA for care to unnecessarily wait to receive such care.

Additional Medical Care Program Costs:

The Independent Budget report on funding for FY 2017 and FY 2018, delivered to Congress on February 9, 2016, also includes a number of key recommendations targeted at specific medical program funding needs for VA. We believe additional funding is needed to address the array of long-term-care issues facing VA, including the shortfall in institutional capacity; critical resources to address the continually increasing demand for life-saving Hepatitis C treatments; to provide additional centralized prosthetics funding (based on actual expenditures and projections from the VA's Prosthetics and Sensory Aids Service); funding to expand and improve services for women veterans; and new funding necessary to improve the growing Comprehensive Family Caregiver program.

Long-Term Services & Supports

The Independent Budget recommends a modest increase of \$82 million for FY 2019. This recommendation reflects a significant demand for veterans in need of Long-Term Services and Supports (LTSS) in 2017 particularly for home- and community-based care, we estimate an increase in the number of veterans using the more costly long-stay and short-stay

nursing home care. This increase in funding also reflects a rebalancing of available resources towards home- and community-based care, which will likely yield a commensurate decrease in institutional spending as is being achieved by states with their rebalancing of spending initiatives.

Prosthetics and Sensory Aids

In order to meet the increase in demand for prosthetics, the IB recommends an additional \$320 million. This increase in prosthetics funding reflects a similar increase in expenditures from FY 2017 to FY 2018 and the expected continued growth in expenditures for FY 2019.

Women Veterans

The Medical Services appropriation should be supplemented with \$500 million designated for women's health care programs, in addition to those amounts already included in the FY 2018 baseline. These funds would allow the Veterans Health Administration (VHA) to hire and train an additional 1,000 women's health providers to meet increasing demand for health services based on the significant growth in the number of women veterans coming to VA for care.

Additional funds are needed to expand and repair VA facilities to meet environment of care standards and address identified privacy and safety issues for women patients. The new funds would also aid VHA in continuing its initiative for agency-wide cultural transformation to ensure women veterans are recognized for their military service and made to feel welcome at VA. Finally, additional resources are needed to evaluate and improve mental health and readjustment services for catastrophically injured or ill women veterans and wartime service-disabled women veterans, as well as targeted efforts to address higher suicide rates and homelessness among this population.

Reproductive Services (to Include IVF)

Congress authorized appropriations for the remainder of FY 2018 and FY 2019 to provide reproductive services, to include in vitro fertilization (IVF), to service-connected catastrophically disabled veterans whose injuries preclude their ability to conceive children. The VA projects that this service will impact less than 500 veterans and their spouses in FY 2019. The VA also anticipates an expenditure of no more than \$20 million during that period. However, these services are not directly funded; therefore, the IB recommends approximately \$20 million to cover the cost of reproductive services in FY 2019.

Emergency Care

VA has issued regulations to begin paying for veterans who sought emergency care outside of the VA health care system based on the *Richard W. Staab v. Robert A. McDonald* ruling by the U.S. Court of Appeals for Veterans Claims.

The requested \$298 million increase in funding reflects the amounts VA has estimated it will need to dispose of pending and future claims. VA has indicated it will not retroactively

pay benefits for such claims that were finally denied before April 8, 2016, the date of the *Staab* decision, and will only apply the new interpretation to claims pending on or after April 8, 2016.

Extending Eligibility for Comprehensive Caregiver Supports

Included in this year's IB budget recommendation is funding necessary to implement eligibility expansion of VA's comprehensive caregiver support program to severely injured veterans of all eras. Funding level is based on the Congressional Budget Office estimate for preparing the program, including increased staffing and IT needs, and the beginning of the first phase as reflected in our \$11 million FY 2019 recommendation.

Medical Community Care

For Medical Community Care, the IB recommends \$14.8 billion for FY 2019 and \$15 billion for FY 2020.

- Current Services Estimate \$14,534,613,000
- Increase in Patient Workload \$235,009,000
- Total FY 2019 Medical Community Care \$14,752,153,000

Our recommended increase includes the growth in current services to include current obligations under the Choice program. The Choice program is a temporary mandatory program funded under emergency designation and is outside the annual budget process that governs discretionary spending. VA received an infusion of \$2.1 billion in August 2017 and another \$2.1 billion in December 2017 after it notified Congress program resources could be depleted. While increasing access to community care, the Choice program has in turn increased veterans' reliance on VA medical care.

We also believe funding VA programs for community care with a discretionary and mandatory account creates unnecessary waste and inefficiency. *The Independent Budget* has advocated for moving all funding authorities for the Choice program (and other community care programs) into the discretionary accounts of the VA managed under the Medical and Community Care account.

Medical Support and Compliance

For Medical Support and Compliance, *The Independent Budget* recommends \$6.8 billion in FY 2019. Our projected increase reflects growth in current services based on the impact of inflation on the FY 2018 appropriated level. Additionally, for FY 2020 *The Independent Budget* recommends \$7.4 billion for Medical Support and Compliance. This amount also reflects an increase in current services from the FY 2019 advance appropriation level.

Medical Facilities

For Medical Facilities, *The Independent Budget* recommends \$7.3 billion for FY 2019, which includes \$1.2 billion for Non-Recurring Maintenance (NRM). The NRM program is VA's primary means of addressing its most pressing infrastructure needs as identified by Facility Condition Assessments (FCA). These assessments are performed at each facility every three years, and highlight a building's most pressing and mission critical repair and maintenance needs. VA's request for FY 2019 includes \$1.4 billion for NRM funding assumes an investment of \$1.9 billion in FY 2018. While the Department has actually spent on average approximately \$1 billion yearly for NRM, we are concerned its FY 2019 request includes diverting funds programmed for other purposes—\$210.7 million from Medical Support and Compliance and \$39.3 million from the Medical Services/Medical Community Care accounts.

For FY 2020, the IB recommends approximately \$7.5 billion for Medical Facilities. Last year the Administration's recommendation for NRM reflected a projection that would place the long-term viability of the health care system in serious jeopardy. This deficit must be addressed in light of its \$627 million request for FY 2020.

Medical and Prosthetic Research

The VA Medical and Prosthetic Research program is widely acknowledged as a success on many levels, and contributes directly to improved care for veterans and an elevated standard of care for all Americans. The research program is an important tool in VA's recruitment and retention of health care professionals and clinician-scientists to serve our nation's veterans. By fostering a spirit of research and innovation within the VA medical care system, the VA research program ensures that our veterans are provided state-of-the-art medical care.

For VA research to maintain current service levels, the Medical and Prosthetic Research appropriation should be increased in FY 2019 to go beyond simply keeping pace with inflation. It must also make up for how long the continuing resolution funding level for FY 2018 has been in effect. Numerous meritorious proposals for new VA research cannot be funded without an infusion of additional funding for this vital program. Research awards decline as a function of budgetary stagnation, so VA may resort to terminating ongoing research projects or not funding new ones, and thereby lose the value of these scientists' work, as well as their clinical presence in VA health care. When denied research funding, many of them simply choose to leave the VA.

Emerging Research Needs

IBVSOs believe Congress should expand research on emerging conditions prevalent among newer veterans, as well as continuing VA's inquiries in chronic conditions of aging veterans from previous wartime periods. For example, additional funding will help VA support areas that remain critically underfunded, including:

- post-deployment mental health concerns such as PTSD, depression, anxiety, and suicide in the veteran population;
- gender-specific health care needs of the VA's growing population of women veterans;
- new engineering and technological methods to improve the lives of veterans with prosthetic systems that replace lost limbs or activate paralyzed nerves, muscles, and limbs;
- studies dedicated to understanding chronic multi-symptom illnesses among Gulf War veterans and the long-term health effects of potentially hazardous substances to which they may have been exposed;
- innovative health services strategies, such as telehealth and self-directed care, that lead to accessible, high-quality, cost-effective care for all veterans; and
- leverage the only known integrated and comprehensive caregiver support program in the U.S. to help inform policy makers and other health systems looking to support informal caregivers.

Million Veteran Program

The VA Research program is uniquely positioned to advance genomic medicine through the "Million Veteran Program" (MVP), an effort that seeks to collect genetic samples and general health information from one million veterans over the next five years. When completed, the MVP will constitute one of the largest genetic repositories in existence, offering tremendous potential to study the health of veterans. To date, more than 620,000 veterans have enrolled in MVP, far exceeding the enrollment numbers of any single VA study or research program in the past, and it is in fact one of the largest research cohorts of its kind in the world. The VA estimates it currently costs around \$75 to sequence each veteran's blood sample.

Accordingly, the IBVSOs recommend \$65 million to enable VA to begin processing the MVP samples collected. Congress must begin a targeted investment to go beyond basic, surface-level genetic information and perform deeper sequencing to begin reaping the benefits of this program.

Construction Programs

Major Construction

Each year VA outlines its current and future major construction needs in its annual Strategic Capital Investment Planning (SCIP) process. In its FY 2018 budget submission, VA projected it would take between \$55 billion and \$67 billion to close all current and projected gaps in access, utilization, and safety including activation costs. Currently, VA has 21 active major construction projects, which have been partially funded or funded through completion.

In its FY 2018 Budget Request, VA requested and Congress intends to appropriate a significant reduction in funding for major construction projects—between \$410 million and \$512 million. While these funds would allow VA to begin construction on key projects, many other previously funded sites still lack the funding for completion. One of these projects was originally funded in FY 2007, while others were funded more than five years ago but no funds have been spent on the projects to date. Of the 21 projects on VA's partially funded VHA construction list, eight are seismic in nature. Seismic projects are critical to ensuring VA's facilities do not risk the lives of veterans during an earthquake or other seismic events.

It is time for the projects that have been in limbo for years or that present a safety risk to veterans and employees to be put on a course to completion within the next five years. To accomplish this goal, the IBVSOs recommend that Congress appropriate \$1.73 billion for FY 2017 to fund either the next phase or fund through completion all existing projects, and begin advance planning and design development on six major construction projects that are the highest ranked on VA's priority list.

The IBVSOs also recommend, as outlined in its Framework for Veterans Health Care Reform, that VA realign its SCIP process to include public-private partnerships and sharing agreements for all major construction projects to ensure future major construction needs are met in the most financially sound manner.

Research Infrastructure

State-of-the-art research requires state-of-the-art technology, equipment, and facilities. For decades, VA construction and maintenance appropriations have not provided the resources VA needed to maintain, upgrade, or replace its aging research laboratories and associated facilities. The average age of VA's research facilities is more than 50 years old, and those conditions are substandard for state of the art research.

The IBVSOs believe that Congress must ensure VA has the resource it needs to continue world class research that improves the lives of veterans and helps recruit high-quality health care professionals to work at VA. To do so, Congress must designate funds to improve specific VA research facilities in FY 2019 and in subsequent years. In order to begin to address these known deficits, the IBVSOs recommend Congress approve at least \$50 million for up to five major construction projects in VA research facilities.

Minor Construction

In FY 2018, VA requested \$372 million for minor construction projects. Currently, approximately 900 minor construction projects need funding to close all current and future year gaps within the next 10 years. To complete all of these current and projected projects, VA will need to invest between \$6.7 and \$8.2 billion over the next decade.

To ensure that VA funding keeps pace with all current and future minor construction needs, the IBVSOs recommend that Congress appropriate an additional \$761 million for minor

construction projects. It is important to invest heavily in minor construction because these are the types of projects that can be completed faster than other capital infrastructure projects and have a more immediate impact on services for veterans.

State Veterans Home Construction Grants

Grants for state extended-care facilities, commonly known as state home construction grants, are a critical element of federal support for the state veterans' homes. The state veterans' home program is a very successful federal-state partnership in which VA and states share the cost of constructing and operating nursing homes and domiciliaries for America's veterans.

State homes provide more than 30,000 nursing home and domiciliary beds for veterans, their spouses, and gold-star parents of deceased veterans. Overall, state homes provide more than half of VA's long-term-care workload, but receive less than 22 percent of VA's long-term care budget. VA's basic per diem payment for skilled nursing care in state homes is significantly less than comparable costs for operating VA's own long-term-care facilities. This basic per diem paid to state homes covers approximately 30 percent of the cost of care, with states responsible for the balance, utilizing both state funding and other sources.

State construction grants help build, renovate, repair, and expand both nursing homes and domiciliaries, with states required to provide 35 percent of the cost for these projects in matching funding. VA maintains a prioritized list of construction projects proposed by state homes based on specific criteria, with life and safety threats in the highest priority group. Only those projects that already have state matching funds are included in VA's Priority List Group 1 projects, which are eligible for funding. Those that have not yet received assurances of state matching funding are put on the list among Priority Groups 2 through 7.

With almost \$1 billion in state home projects still in the pipeline, The Independent Budget recommends \$200 million for the state home construction grant program to address a portion of the projects expected to be on the FY 2019 VA Priority Group 1 List when it is released this year.

Grants for State Veterans Cemeteries

The State Cemetery Grant Program allows states to expand veteran burial options by raising half the funds needed to build and begin operation of state veterans cemeteries. NCA provides the remaining funding for construction and operational funds, as well as cemetery design assistance. Funding additional projects in FY 2019 in tribal, rural and urban areas will provide burial options for more veterans and complement VA's system of national cemeteries. To fund these projects, Congress must appropriate \$51 million.

Office of Information Technology

We are pleased to hear Secretary of Veterans Affairs David Shulkin's decision to have the

Department adopt the same electronic health care record (EHR) system as the Department of Defense (DOD), putting an end to the saga of not being able to efficiently integrate military treatment records into a veteran's treatment plan. This plan will greatly improve the delivery of care to ill and injured veterans, and ensure truly integrated care as service members transition from DOD to VA care.

While improvements to information technology (IT) systems are an important part of VA's mission, the cost of doing so cannot come at the expense of health care veterans have earned. We call on Congress to balance the needs of an improved VA with the need to ensure high quality health care is provided to all eligible veterans. In VA's fiscal year (FY) 2019 budget request, VA states it will transfer \$782 million from its FY 2018 medical care and Office of IT appropriations to its EHR modernization program. We support an integrated VA-DOD EHR, but we do not endorse taking critical funds away from health care to pay for it.

We call on Congress to allocate the nearly \$800 million VA needs in FY 2018 for EHR modernization from the additional fiscal year 2018 discretionary non-defense appropriations included in the recent bipartisan budget deal. Doing so would ensure VA can begin its work to provide a truly seamless transition for our service members and our veterans.

General Operating Expenses (GOE)

The Veterans Benefits Administration (VBA) account is comprised of six primary divisions. These include Compensation; Pension; Education; Vocational Rehabilitation and Employment (VR&E); Housing; and Insurance. The increases recommended for these accounts primarily reflect current services estimates with the impact of inflation representing the grounds for the increase. However, two of the subaccounts—Compensation and VR&E—also reflect modest increases in requested staffing to meet the rising demand for those benefits and backlogs of pending workload.

The IB recommends approximately \$3.104 billion for the VBA for FY 2019, an increase of approximately \$194 million over the estimated FY 2018 appropriations level. Our recommendation includes approximately \$92 million in additional funds in the Compensation account above current services, and approximately \$18 million more in the VR&E account above current services to provide for new full-time equivalent employees (FTEE).

Compensation Service Personnel

In recent years VBA has made significant progress in reducing the claims backlog, which was over 610,000 claims in March 2013. Today, the claims backlog is roughly 79,000 claims, a decrease of 87 percent from its peak, and a decrease of about 18,000 claims compared to the one year prior. VA defines a backlogged disability claim as one pending

over 125 days. Overall, the total pending claims workload decreased from about 390,000 in January 2017 to just over 320,000 claims today, a decrease of 18 percent in the past year. During that time, the average days to complete a claim dropped from 119 days last year to 103 days this January.

However, the trends on accuracy have gone the other direction. In January 2015, the 12-month issue-level accuracy was approximately 96 percent; today it is down to about 94.5 percent, though it has leveled off over the past 8 months. The 12-month claim-based accuracy measurement has dropped from approximately 91 percent in January 2015 to less than 85 percent today. While it is critical to continue reducing the backlog and the time it takes to complete a claim, VBA must refocus on completing claims accurately the first time.

In addition, VBA has a backlog of non-rating related claims, such as for dependency status changes, that must also be addressed in a timely manner. While continued advancements in the functionality of e-Benefits and other IT systems have been allowed veterans and their representatives directly make dependency changes more quickly, this non-rating related workload is too often given low priority status in Regional Offices. VBA must provide the resources and attention necessary to consistently complete this work in a timely manner.

It is also critical that VBA have sufficient funding for IT development and maintenance. In particular, VBA must devote additional resources to stakeholder IT enhancements in order to allow VSOs to more efficiently submit and review claims they represent. This will not only provide better service to veterans, it will also reduce some of the burden and workload that would otherwise fall on VBA personnel.

Another major driver of VBA workload is appeals processing. There were approximately 470,000 pending appeals of claims decisions at various stages between VBA and the Board of Veterans Appeals (Board), with approximately 350,000 requiring further processing at VBA Regional Offices.

Last year, Congress approved the Veteran Appeals Improvement and Modernization Act (P.L. 115-55) in order to help streamline the appeals process and provide better, timelier decisions for veterans. In November, VBA began early implementation of the law through the Rapid Appeals Modernization Program (RAMP) pilot that invites veterans with pending appeals to opt into the new system through either a the Higher Level Review or Supplemental Claim option. RAMP may have the effect of redirecting some workload from the Board back to VBA, however once implemented, the new law will also eliminate many of the current appeal processes that take place at the AOJ, such as Statements of Case, and Form 9 Certification.

Over the past several years, VA has requested, and Congress has provided, additional funding to increase staffing at VBA to address the claims backlog. However, there have not been commensurate increases in funding to address the backlog of appeals pending inside

VBA.

For FY 2019, the IBVSOs recommend an additional 900 FTEE for VBA. Of those, 500 should be allocated to the Compensation Service to address the pending and future appeals workload; another 350 should be allocated to address the growing backlog of non-rating related work such as dependency claims; and 50 should be allocated to the Fiduciary program to address increased workload in recent years, particularly related to veterans participating in VA's Caregiver Support programs. A July 2015 VA Inspector General report on the Fiduciary program found that, "...Field Examiner staffing did not keep pace with the growth in the beneficiary population, [and] VBA did not staff the hubs according to their staffing plan...." Last year the IBVSOs recommended 100 additional FTEE to address this problem, however, since VBA reallocated an additional 51 FTEE to the Fiduciary program this year, the IBVSOs have reduced our recommendation to 50 new FTEE for FY 2019.

Finally, as the Veterans Appeals Improvement and Modernization Act of 2017 continues to be fully implemented, including RAMP, VBA must develop more accurate workload, production and staffing models in order to accurately forecast future VBA resource requirements.

VR&E Service Personnel

The Vocational Rehabilitation and Employment Service (VR&E), also known as the VetSuccess program, provides critical counseling and other adjunct services necessary to enable service disabled veterans to overcome barriers as they prepare for, find, and maintain gainful employment. VetSuccess offers services on five tracks: re-employment, rapid access to employment, self-employment, employment through long-term services, and independent living.

An extension for the delivery of VR&E assistance at a key transition point for veterans is the VetSuccess on Campus (VSOC) program deployed at 94 college campuses. Additional VR&E services are provided at 71 select military installations for active duty service members undergoing medical separations through the Department of Defense and VA's joint Integrated Disability Evaluation System (IDES).

Over the past four years, program participation has increased by an estimated 16.8 percent, while VR&E staffing has risen just 1.8 percent. VA projects program participation will increase another 3.1 percent in FY 2019, and it is critical that sufficient resources are provided not only to meet this rising workload, but also to expand capacity to meet the full, unconstrained demand for VR&E services.

In 2016, Congress enacted legislation (P.L. 114–223) that included a provision recognizing the need to provide a sufficient client-to-counselor ratio to appropriately align veteran demand for VR&E services. Section 254 of that law authorizes the Secretary to use appropriated funds to ensure the ratio of veterans to Vocational Rehabilitation Counselors

(VRC) does not exceed 125 veterans to one full-time employment equivalent. Unfortunately, for the past three years, VA has requested no new personnel for VR&E to reach this ratio.

In order to achieve the 1:125 counselor-to-client ratio established by Congress, the IBVSOs estimate that VR&E will need another 143 FTEE in FY 2019 for a total workforce of 1,585, to manage an active caseload and provide support services to almost 150,000 VR&E participants. At a minimum, three-quarters, of the new hires should be VRCs dedicated to providing direct services to veterans.

General Administration

The General Administration account is comprised of ten primary divisions. These include the Office of the Secretary; the Office of the General Counsel; the Office of Management; the Office of Human Resources and Administration; the Office of Enterprise Integration; the Office of Operations, Security and Preparedness; the Office of Public Affairs; the Office of Congressional and Legislative Affairs; and the Office of Acquisition, Logistics, and Construction; and the Veterans Experience Office (VEO). This marks the first year that the VEO has been included in the divisions of General Administration. Additionally, a number of the divisions reflect changes to the structure and responsibilities of those divisions. For FY 2019, the IB recommends approximately \$355 million, an increase of more than \$25 million over the FY 2018 estimated level. This increase primarily reflects an increase in current services based on the impact of uncontrollable inflation across all of the General Administration accounts.

Board of Veterans' Appeals

With the enactment of the Veterans Appeals Improvement and Modernization Act (P.L. 115-55), the Board in 2018 will be developing and implementing the new appeals system scheduled to begin in February 2019. Once fully implemented, the Board will operate five separate dockets concurrently, which will require new training and new IT functionality to manage this workload. The Board has presented its implementation plans to Congress and must adhere to the timelines laid out in order to finalize new regulations and prepare its workforce. In addition, sufficient IT resources must be provided to the Board to complete development of new workload management tools.

Once the new appeals system is stood up in 2019, overall workload coming into the Board is expected to begin leveling off, or perhaps begin to decrease, as veterans take advantage of the expanded options to resolve appeals at the AOJ level. Thus, it is too early to project whether the Board will require more or less resources in its future state.

For FY 2018, the Board is projecting that it will produce 81,000 decisions, the highest total in the Board's history, though there will still remain a significant backlog of appeals in the pipeline to the Board. VA's budget submission for FY 2018 requested funding to increase

FTEE levels to 1,050, continuing staffing increases in recent years to expand capacity and allow the Board to address both the backlog of legacy appeals and the transition to the new appeals system.

For FY 2019, the IBVSOs do not recommend any additional staffing increases at the Board; however, it is critical that the Board complete the hiring and training of new personnel as rapidly as possible. Further, it will be critical for VA and Congress to carefully and regularly monitor workload, timeliness, quality and other metrics to ensure that the Board is and remains appropriately staffed in the future.

National Cemetery Administration

The National Cemetery Administration (NCA), which receives funding from eight appropriations accounts, administers numerous activities to meet the burial needs of our nation's veterans.

In a strategic effort to offer all veterans burial options within 75 miles of their home, the NCA continues to expand and improve the national cemetery system by adding new and/or expanded national cemeteries. Due to a continued increase in demand for burial space which is not expected to peak until 2022, NCA must continue to expand national cemeteries and provide more burial options for veterans. This much-needed expansion of the national cemetery system will help to facilitate the projected increase in annual veteran interments, and will simultaneously increase the overall number of graves being maintained by the NCA to 3.7 million in 2018 and 4 million by 2021.

The IBVSOs strongly believe that VA national cemeteries must honor the service of our veterans and fully supports NCA's National Shrine initiative which ensure our nation's veterans having a final resting place deserving of their sacrifice to our nation. The IBVSOs also support NCA's Veterans Legacy Program which helps educate America's youth on the history of national cemeteries and the veterans they honor.

In order to minimize the dual negative impacts of increasing interments and limited veteran burial space, the NCA needs to:

- Continue developing new national cemeteries;
- Maximize burial options within existing national cemeteries;
- Strongly encourage the development of state veteran cemeteries; and
- Increase burial options for veterans in highly rural areas.

With the above considerations in mind, The Independent Budget recommends \$311 million for FY 2019 for the Operations & Maintenance of the NCA.

Administration Legislative Proposals

Medical Foster Homes

The Independent Budget supports the proposal to include in VA's medical benefits package the authority to pay for care only in VA-approved Medical Foster Homes, and specifically for veterans for whom VA is currently required to provide more costly nursing home care. VA estimates cost reductions that will increase annually from \$12 million up to nearly \$90 million over five years if Congress enacts this proposal.

Treatment of Other Health Insurance

The Independent Budget opposes the proposal to end the current practice of offsetting a veteran's copayment debt with reimbursements it receives from that veteran's health plan. This will shift the cost of over \$50 million of care annually from the federal government onto the backs of ill and injured veterans.

he IB also opposes the proposal to impose punitive enforcement to make veterans pay over \$8 million annually of the care they receive from VA, if the veteran fails to provide third-party health plan coverage information and any other information necessary to VA for billing and collecting from the third-party payer.

Clarify Evidentiary Threshold for Ordering VA Examinations

VA seeks to amend 38 U.S.C. § 5103A(d)(2) to clarify the evidentiary threshold at which VA, under its duty to assist obligation in § 5103A, is required to request a medical examination for compensation claims. *The Independent Budget* opposes this proposal which would raise the threshold for obtaining medical evidence and make it more difficult to receive favorable claims decisions. While this proposal estimates it would save the federal government over \$900 million in ten years, it does not reflect the amount of rightful compensation that would be lost to veterans, nor does it contemplate the additional resources necessary to resolve an increase of appeals on claim denials.

Elimination of Payment of Benefits to the Estates of Deceased Nehmer Class Members and to the Survivors of Certain Class Members

VA seeks to amend 38 U.S.C. § 1116 to eliminate payment of benefits to the estates of deceased Nehmer class members, and to survivors of certain class members when such benefits are the result of presumptions of service connection established pursuant to §1116 for diseases associated with exposure to Agent Orange and certain other herbicide agents. This proposed legislation would deny veterans' families benefits that would have otherwise been due to the deceased veteran is family members as a result of exposure to these toxic chemicals while in service. *The Independent Budget* opposes any such legislation.

Clarify Chemicals at Issue for Purposes of Presumptive Service Connection for Veterans Serving in the Republic of Vietnam

VA seeks to amend 38 U.S.C. § 1116 to define the harmful chemicals, specifically Tetrachlorodibenzo-p-dioxin (TCDD), used in herbicides by claiming those were only used

in Vietnam. Herbicides with TCDD were used outside of Vietnam, and suggesting otherwise appears to be an attempt to save money at the expense of disabled veterans. *The Independent Budget* strongly opposes this proposal to limit disability benefits based on the location of herbicide exposure.

Amendment of Policy to Eliminate Pay Cap for Registered Nurses

The Independent Budget supports VA's proposal to eliminate the pay cap for registered nurses to ensure it is able to hire and retain high-quality nurses.

Legal Services for Homeless Veterans

Legal issues are often a significant barrier to homeless reintegration. *The Independent Budget* supports the proposal to authorize VA to enter into agreements with entities to provide legal services to veterans who are homeless or at risk of becoming homeless.

Modernizing VA: Anywhere to Everywhere VA Telehealth

The Independent Budget supports the proposal to clarify that VA health care professionals have authority to practice telemedicine across state lines, regardless of where the veteran is located. Doing so would ensure veterans no longer have to travel long distances to receive telemedicine.

Extend the Authority for Operations of the Manila VA Regional Office

The Independent Budget supports extending VA's authority to operate the Manila VA Regional Office.

Spousal and Dependent Inscriptions on Veteran Headstones and Markers

The Independent Budget supports VA's proposal to inscribe veterans' headstones, upon request, to honor their spouses or dependent children.

Mr. Chairman, thank you for the opportunity to submit testimony and to present our views regarding FY 2019 and FY 2020 advance funding requirements to support VA's ability to deliver benefits and services to veterans, their families and survivors. We would be happy to respond to any questions that you or members of the committee may have.

¹\$10 billion under P.L. 113–146 enacted August 7, 2014, \$2.1 billion added August 12, 2017 under P.L. 115-46, and December 22, 2017 under P.L. 115-96.