S. HRG. 109–516

THE LEGISLATIVE PRESENTATIONS OF THE FLEET RESERVE ASSOCIATION, THE AIR FORCE SERGEANTS ASSOCIATION, THE RETIRED ENLISTED ASSOCIATION, THE GOLD STAR WIVES OF AMERICA, INC., AND THE MILITARY OFFICERS ASSOCIATION OF AMERICA

HEARING

BEFORE THE

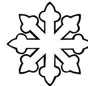
COMMITTEE ON VETERANS' AFFAIRS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

MARCH 2, 2006

Printed for the use of the Committee on Veterans' Affairs



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U.S. GOVERNMENT PRINTING OFFICE

28–132 PDF WASHINGTON : 2007

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THURSDAY, MARCH 2, 2006

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:01 a.m., in room 106, Dirksen Senate Office Building, Hon. Larry E. Craig, Chairman of the Committee, presiding.

Present: Senators Craig, Thune, and Akaka.

OPENING STATEMENT OF HON. LARRY E. CRAIG, CHAIRMAN U.S. SENATOR FROM IDAHO

Chairman CRAIG. Good morning, ladies and gentlemen. The Committee on Veterans' Affairs will now come to order.

Good morning to all of our presenters. It is a great honor to have you before the Committee and a pleasure to welcome each of you to this second opportunity that we have had this week to receive legislative presentations from our veterans and military service organizations. We are looking forward to your comments.

I would like to extend a very special welcome to the organization members who have traveled here, and we have not filled the room, but we know that all good intentions are out there. My guess is we are probably competing a little bit. The Secretary is on the other side of Capitol Hill at this time. So the House and the Senate are competing for attention. That will not stop us from focusing on your testimony and that which you have to present to us.

You presenters are not merely important to us, but you will help us shape what is going to be an awfully important year. This is a unique opportunity for us to give our thanks for your dedication and for all of the work on behalf of the veterans and their families.

We have mutual goals, mutual responsibilities, and your presentation in these hearings will help us tackle the difficult task of appropriately handling a myriad of very important issues in this session.

Before I turn it over to the panel, I would like to say a few words about the Committee's activities last year and some important challenges that we will undertake this year.

By any measure, this Committee had a busy and productive first session, convening 23 hearings here in Washington, 9 field hearings, and 4 markups. Despite the depth and breadth of these issues and the many challenges we encountered, we accomplished many good things together: the enactment of legislation to increase disability compensation and survivor payments, to provide traumatic injury insurance protection to seriously wounded servicemembers, to increase the maximum amount of veterans' and servicemembers' life insurance coverage, and to close the parole loophole that allowed certain capital offenders to receive burial and funeral honors.

In addition, the Committee also worked to fill a gap in VA health care funding which resulted in 6 consecutive years that VA's health care system has outranked the private sector for customer satisfaction.

We also approved legislation to improve housing and PTSD and bereavement services, readjustment counseling, blindness rehabilitation, and other enhancements to health care programs. In the coming year, we will continue to work on issues of this magnitude.

In your testimony, many of you have expressed interest in improving upon the seamless transition from military servicemember to civilian veteran. With the aid of pace-setting electronic medical records and world-class health care, I believe we have the necessary tools to make great strides. But through the spring, the Committee's focus must be on the President's fiscal year 2007 budget proposal. For the Department of Veterans Affairs, this is important.

As I have stated at a hearing earlier this month and again earlier this week, I believe this record budget request is extraordinary and shows that in this fiscally austere climate, the President has chosen to make veterans a top budget priority.

That said, I am concerned that at present spending rates, VA spending will double almost every 6 years and will soon collide with spending demands in other areas of Government. Although we may wish that veterans funding existed in a vacuum, it simply does not. It is a reality of our budget processes here, and we may face some important decisions about how to deal with these realities sooner than we would like.

As I am sure everyone here is aware, the President has proposed one way for us to respond to these fiscal realities by asking Priority 7 and 8 veterans with no service-related disabilities to contribute $21 a month to enroll in the VA health care system and pay $15 for a 30-day supply of medicine. Although I personally find these proposals to be reasonable, I know some organizations have voiced strong opposition.

I will reiterate my hope that your organization and others will engage this Committee in serious and candid discussion, if not about the President's proposal, then about other options. It is our collective responsibility and our collective obligation to sustain the incredible VA health care system into the future. If we begin addressing these issues now, we can help ensure that future veterans

will not be faced with even bigger challenges and more radical changes to meet those challenges.

Personally, I do not want to pass this issue on to the next guy. I want to pass on to tomorrow's veteran what we have collectively created, a health care system that provides quality care, that is accessible to those who need it, but affordable to those who want it.

I hope you would agree with me about the goals that we are willing to work for, and if you will work with me, somehow we can accomplish these rather difficult tasks.

Again, thank you all for joining us today. I think that the next few years will be ones of progress and wisdom in handling veterans' issues. I look forward to hearing your testimony and to continuing a dialogue with your organizations about the important issues concerning today's veterans.

In that spirit, let me extend a warm welcome to the members of this panel. Joe Barnes is the national executive secretary of the Fleet Reserve Association. We welcome Deirdre Parke Holleman, the national legislative director for the Retired Enlisted Association, and also retired Master Sergeant Morgan Brown, the manager of Military and Government Relations of the Air Force Sergeants Association. Representing the Military Officers Association of America is the deputy director of Government Relations, Colonel Robert Norton, United States Army, retired. Finally, a warm welcome to Rose Lee, chairman of the Legislative Committee of the Gold Star Wives of America.

Just this past year, Ms. Lee, you talked with us about the challenges that survivors face in accessing necessary benefits information, and we did something about it, and I intend to hold a hearing later this year to further evaluate the VA survivor benefits homepage. This is work in progress, and we will stay with it until it is usable, easily accessed, and understandable by all.

It is a pleasure to work with all of you and to continue that work as we set our targets on the good and true service to our country's veterans.

With that, let me turn to our Ranking Member Danny Akaka for any opening statements he would like to make, and then we will move on.

Edie, I guess I didn't say hello to you. Accompanying Rose Lee, of course, is Edie Smith. Welcome.

STATEMENT OF DANIEL K. AKAKA, RANKING MEMBER, U.S. SENATOR FROM HAWAII

Senator AKAKA. Thank you, Mr. Chairman.

I want to add my welcome and greetings to all of you here. As the Chairman pointed out, we have a full house of panelists. We don't have any empty chairs at the table, and I am so glad to see all of you here.

I want to thank you veterans for being here and representing the service organizations. There are five of them that you are representing here, and we are delighted to have all of you here. I know some of you have made this journey to our Nation's Capital, to express your concerns.

Your being here at this hearing is truly democracy in action. Your organizations have a long and proud tradition, and this Com-

mittee relies heavily on your concerns and agendas for the coming year.

At this time, I would like to share some concerns that I have. During this time last year—let's go back to that—many of us here in Congress were sounding the alarm that the VA budget was facing a crisis situation. Many months later, the Administration acknowledged this fact, and Congress took action, this Committee took action, to provide emergency funding.

This year, I remain dedicated to ensuring that VA has the resources it needs to care for all veterans.

We must learn a lesson from last year's budget crisis and do everything we can to ensure that veterans and their family members have access to health care and benefits they have earned.

We cannot fund the VA system out of the pocket of middle-income veterans, as many of these men and women make as little as $26,902 a year. Higher copayments and enrollment fees are not justified.

Caring for servicemembers when they return home, in addition to veterans already in this system, must be considered part of the continuing cost of war. To date, a quarter of a million veterans have been excluded from VA health care. Over 700 veterans in Hawaii have knocked on the doors of VA for care, only to be denied, and I am sure this has happened in other States. We must work to overturn this Administration's decision and open the VA system up to those who need it.

I also am concerned about the VA research program being slated for a cut under this budget. Since its inception, the VA research program has made landmark contributions to the welfare of not only veterans, but the entire Nation, illustrating the unique importance of keeping it adequately funded.

With thousands of military personnel engaged in conflict overseas, it is vital that Congress invest in research that could have a direct impact on their post-deployment quality of life.

With regard to the VBA budget, I am concerned whether or not this budget provides an adequate level of staffing for compensation claims rating. Whatever the reason for the increase in compensation claims, VA must be ready to adjudicate claims in a timely and accurate manner.

I will continue to monitor VA's workload and rating output because our veterans deserve nothing less than their claims rated accurately and in a reasonable amount of time.

I will continue to oppose efforts to reduce veterans' compensation, as we saw with the ill-fated PTSD review. Now the Institute of Medicine and the Veterans' Disability Benefits Commission are reviewing veterans' disability compensation. It is my hope that these groups will recommend new ways for Congress to improve benefits, not call for cuts in current benefits. In this time of conflict abroad, a reduction in benefits would send the wrong message to veterans, servicemembers, and their families.

My last priority is near and dear to my heart. As a veteran of World War II, I owe a great deal of where I am today to the GI bill, educational benefits I used as a young man. With this in mind, I will continue to look for ways to enhance and modernize edu-

cational benefits to more adequately prepare veterans for new challenges of our economy.

In closing, I would like, once again, to thank the panelists for their testimony and all members of the organizations here today. Your service and your dedication to this Nation and its veterans is unquestionable.

I also want to apologize that I will not be able, Mr. Chairman, to stay for the entire hearing this morning. My presence is required at another committee.

I look forward to your presentation and working with you in the future.

Thank you very much. Thank you, Mr. Chairman.

Chairman CRAIG. Danny, thank you very much, and we certainly understand this is a busy time here on the Hill as we are trying to hear all aspects of the budget and begin the processes of an early portion of a session. So thank you for being here, and thank you for those opening remarks.

Now, let us turn to our panelists. Joe Barnes, national executive secretary, Fleet Reserve Association, and he is accompanied by Chris Slawinski, a national veteran service officer, Fleet Reserve Association.

Joe, please proceed.

STATEMENT OF JOSEPH L. BARNES, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION; ACCOMPANIED BY CHRIS SLAWINSKI, NATIONAL VETERAN SERVICE OFFICER, FLEET RESERVE ASSOCIATION

Mr. BARNES. Mr. Chairman, Senator Akaka, thank you for the opportunity to present FRA's recommendations on the fiscal year 2007 Department of Veterans Affairs budget.

As you noted, accompanying me today on my right is Chris Slawinski, our national service officer.

FRA appreciates the increased funding in the fiscal year 2007 budget, particularly for VA health care, long-term care, mental health, and other key accounts. This marks significant progress over last year's budget request and follows emergency supplemental appropriations that were necessary at the end of the last fiscal year, and I would note we sincerely appreciate your leadership in addressing this emergency funding shortage.

Our members are very concerned about the discovery of inaccurate projections and faulty models used to prepare the previous budgets and GAO findings about the methods used to project management efficiency savings.

FRA is also concerned about the assumptions used to prepare the budget which assumes congressional approval of a $250 enrollment fee and significantly higher prescription copays for Priority 7 and 8 beneficiaries. This is not a new proposal, and FRA strongly opposes the establishment of these increases.

VA health care funding must be adequate to meet the needs of the growing number of veterans seeking services, many from Operations Enduring Freedom and Iraqi Freedom, and the budget must be based on realistic projections.

FRA believes that adequately funding health care and other programs for veterans, their families and survivors, is part of the cost of defending our Nation and ensuring our freedoms.

The VA suspended enrollments in Priority Group 8 in 2003, and FRA urges the sufficient resources be authorized to allow resumption of enrollment for all veterans.

FRA supports the authorization of Medicare reimbursements as an alternative to the enrollment fee in higher pharmacy copays. A significant number of veterans enrolled in the VA health care system have paid into Medicare. Yet, the VA is not authorized to receive reimbursements for providing services to these veterans.

Injured combat veterans from Iraq and Afghanistan should be immediately processed into the VA system. This is also important for personnel retiring from military service with service-connected disabilities. Electronic medical records, plus expanded and improved coordination between DOD and VA, will ensure the seamless transitions of these personnel.

FRA believes DVA's efforts in decreasing the backlog of initial disability claims are commendable, but the backlog of veterans waiting for decisions on their claims has grown significantly. Increased staffing levels within the VBA claims processing system would be a positive step toward reducing this backlog.

FRA strongly supports adequate funding for medical and prosthetic research and is concerned about the budget for these programs and its reliance on partnering initiatives with other institutions. Ensuring sufficient funds to maintain VA's world-class research program is very important.

FRA supports the modernization of the MGIB to include much-needed changes to Guard/Reserve benefits. The association believes MGIB benefits should cover the average cost of a 4-year public college or university education.

FRA also believes that Congress should restore and sustain education benefits to members of the selected Reserve to 47 percent of basic benefits, as authorized when the MGIB was established in 1984.

The Reserve MGIB should also be transferred from title 10 to title 38 to allow better accountability and improved processing. There are thousands of senior enlisted personnel who entered service during the Veterans Education Assistance Program period, or VEAP era, from 1977 to 1985. They are seeking an opportunity to sign up for the MGIB. Included in this total are about 14,000 Navy personnel and nearly 5,000 Marines.

FRA urges authorization of an open enrollment period to provide an opportunity for them to sign up for the MGIB. This is a major issue within the career senior enlisted communities.

Finally, some additional priority concerns for our members, these include full concurrent receipt of military retired pay and VA disability for all disabled retirees, support for shifting the effective paid-up date for SBP from 2008 to 2006 for participants who have paid premiums for 30 years and are 70 years of age, and last, FRA strongly supports needed reform of the Uniformed Services Former Spouses' Protection Act.

Mr. Chairman, in closing, allow me to again express the appreciation of the association for what all the Members of the Veterans'

Affairs Committee and the professional staff do for our Nation's veterans. Our legislative team stands ready to assist you and your staff at any time, and I stand ready to answer any questions you may have.

Thank you.

[The prepared statement of Mr. Barnes follows:]

PREPARED STATEMENT OF JOSEPH L. BARNES, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

Mr. Chairman, and distinguished Members of the Committee, the membership of the Fleet Reserve Association (FRA) appreciates this opportunity to present the Association's fiscal year 2007 legislative goals. On behalf of more than 110,000 shipmates, I extend sincere gratitude for the concern, active interest and progress to date generated by the Committee in protecting, improving, and enhancing benefits that are truly deserved by our Nation's veterans. We look forward to working with you to further enhance the quality of life for over 25 million of our Nation's veterans, their families and survivors.

FRA was established in 1924 and its name is derived from the Navy's program for personnel transferring to the Fleet Reserve or Fleet Marine Corps Reserve after 20 or more years of active duty, but less than 30 years for retirement purposes. During the required period of service in the Fleet Reserve, assigned personnel earn retainer pay and are subject to recall by the Secretary of the Navy.

As a congressionally chartered association, FRA's mission is to act as the premier "watch dog" organization in maintaining and improving the quality of life for Sea Service personnel and their families. FRA is a leading advocate on Capitol Hill for enlisted active duty, Reserve, retired and veterans of the United States Navy, Marine Corps, and Coast Guard.

THE FISCAL YEAR 2007 DVA BUDGET

FRA appreciates the Administration's proposed record $80.6 billion fiscal year 2007 budget, representing an $8.8 billion increase over the DVA's 2006 budget. And the 11.3 percent increase for veterans' health care, totaling $34.3 billion, is a step in the right direction toward maintaining the highest quality care for our Nation's veterans.

However, the Association also questions the assumptions used to determine these amounts, particularly in shifting part of the cost burden on to veterans' shoulders.

FRA strongly opposes the plan to impose a $250 enrollment fee for veterans in Priority Groups 7 and 8. The Administration's request also includes a recommendation to nearly double prescription drug copayments from $8 to $15, for a 30 day supply—a plan FRA also opposes.

According to DVA estimates, 200,000 veterans would be discouraged from seeking VA health care, and more than a million veterans currently enrolled in Priority Groups 7 and 8 would drop out of the system if this fee structure were implemented. Beneficiaries in these Priority Groups are veterans, and FRA adamantly opposes shifting costs to them.

Fortunately, the House Veterans Affairs Committee rejected the proposed enrollment fees, and increased copays in its Budget Views and Estimates. Instead, the Committee called for a $795.5 million increase to the budget, the amount of revenue projected from the fees and increased copays.

PERSISTENT SHORTFALLS

This past year is perhaps the most unique ever in the debate over the Department of Veterans' Affairs (DVA) budget. The Department acknowledged that it did not have the resources necessary to meet the growing demands being placed on its health care system due primarily to Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF).

During the past year, DVA acknowledged that it was facing a shortfall of approximately $1 billion for veterans' health care funding for fiscal year 2005. During a subsequent hearing conducted by this distinguished Committee, Under Secretary for Health, Jonathan Perlin, MD, stated that because of flaws with its health care model, DVA would be transferring approximately $1 billion from other health care accounts in order to continue to meet the demand for care. During subsequent hearings, Secretary of Veterans Affairs James Nicholson explained that it would be necessary to transfer approximately $600 million from operations and non-recurring

maintenance accounts, and approximately $400 million from fiscal year 2006 funding.

FRA appreciates your leadership and the Committee's immediate response to this situation by authorizing additional appropriations totaling $1.2 billion to cover the shortfall.

However, despite these actions, DVA still faces the real possibility that it will not receive adequate resources in future budgets, and funds may not become available until after the start of each fiscal year. These factors place enormous stress on the system and will leave the DVA struggling to provide care that all veterans have earned and deserve.

Assumed management efficiency savings also places a heavy burden on the Department to cut corners and do more with less which may lead to another shortfall and associated reductions to care for our Nation's veterans.

Research by the Government Accounting Office (February 1, 2006) on methodology used by DVA, found that unrealistic assumptions, estimate errors, insufficient data, and inaccurate budget models resulted in the 2005 DVA budget shortfalls. Hopefully these issues were taken into account in the preparation of the proposed fiscal year 2007 DVA budget.

DISCRETIONARY VERSUS MANDATORY FUNDING

Currently only the Veterans Benefits Administration (VBA) portion of the DVA budget is designated as mandatory spending, while the entire Veterans Healthcare Administration (VHA) part of the DVA budget is discretionary spending. Unfortunately the budgetary process has become more and more politicized and continues to fail veterans who depend on DVA for all or part of their healthcare.

FRA concurs with, and endorses recommendations that the Committee on the Budget convert the veterans' health care account from discretionary to mandatory spending. FRA understands the jurisdictional and other challenges associated with this issue and believes that veterans' health care is as important as other Federal benefits funded in this manner. Regardless of the method used, the Association supports any efforts to help ensure full funding for VA Healthcare to ensure care for all beneficiaries.

VETERANS HEALTH ADMINISTRATION

VA–DOD Collaboration

The Departments of Defense (DOD) and Veterans Affairs have made great progress in sharing information and resources, but much more is needed, particularly with regard to access standards, to truly provide a "seamless transition" from military service to veteran status.

This came to light during the January 2006 meeting of the Veterans Disability Benefits Commission (VDBC). Commissioners heard testimony of the real life stories from combat injured personnel returning from the front lines. The most compelling story came from Sarah Wade, wife of retired U.S. Army Sergeant Edward Wade who suffered a traumatic brain injury. He had his right arm amputated above the elbow, broke his right foot and suffered shrapnel wounds. While still in a coma, Wade was medically "retired" and shifted to the DVA. In her presentation to the Commission, Mrs. Wade reflected how her husband was pushed back and forth between the two departments to receive proper care. Unfortunately, this is not unique and there are other examples of personnel encountering challenges in moving from the military to DVA.

Some OEF/OIE combat-injured servicemembers are being discharged or medically retired and transferred to VA without adequate consideration of family needs for adjustment counseling and seamless follow-up services.

The Final Report of the "President's Task Force (PTF) to Improve Health Care Delivery for Our Nation's Veterans" (June 2003) addressed these and other issues that would smooth the transition of servicemembers to veterans' status and speed the development of their claims.

FRA urges the Committee to review these recommendations, and due to the ongoing war on terror and the heightened importance of sharing services between departments, recommends hearings to review progress in implementing major PTF recommendations. This may also be beneficial to establishing outcome measures after assessing CARES, BRAC actions and other DOD Military Treatment Facilities initiatives.

Waiting Times

FRA is encouraged by the goal of DVA to schedule 93.7 percent of all appointments within 30 days of a patient's desired date. The Association welcomes a de-

tailed clarification on waiting times for appointments for veterans rated less than 50 percent service connected either on their first visit or those veterans who are already in the VHA system. FRA believes that a 30–day maximum wait is reasonable for routine care and will require that VA Medical Center directors monitor all appointments and make any necessary changes in a timelier manner.

DVA Medicare Subvention

In 2003, then DVA Secretary Principi suspended enrollment in Priority Group 8. According to Congressional estimates, more than 260,000 veterans who do not have illnesses or injuries incurred during military service and earn more than the average wage in their community have been prevented from enrolling. Although termed "temporary" at the time, it appears that this suspension will continue with no end in sight. FRA urges sufficient funding be authorized and appropriated to allow resumption of the enrollment process for all veterans.

As previously stated, FRA opposes the imposition of a "user's fee" and an increase in copayments for prescriptions. A much better alternative would be the full and immediate implementation of DVA Medicare Subvention. The funds recovered from the Department of Health and Human Services (HHS) and specifically the Centers for Medicare and Medicaid Services (CMS), for health care provided to those eligible veterans, would go a long way in ensuring adequate health care for more veterans. But it would be incumbent that Congress mandate any funds recovered from CMS be provided to the VA and not put in the General Fund. It is puzzling to our members why this program has not been given serious consideration and enacted long ago.

VA+Choice

In 2003, DVA also announced that a VA+Choice program would be established for veterans unable to enroll in the VA Health Care System. Subsequently, DVA's Health Services Research and Development Service conducted a study in 2005 to investigate the potential of developing a program now known as "VA Advantage" and how it would impact veterans' care to VA beneficiaries.

FRA urges Congress to closely examine the report from this study before "VA Advantage" is fully implemented. There are numerous problems with Medicare+Choice programs in the country and it is becoming more difficult for Medicare-eligible beneficiaries to locate plans and doctors willing to accept new Medicare insured patients.

Nursing Homes, Long-Term Care, and Other Health Care Programs

The Veterans Millennium Health Care Act, Public Law 106–117, Section 101, made great strides in providing long-term care for our veterans. However, this program is only authorized for a 4-year period, and only for veterans who need care for a service-connected disability, and/or those with service-connected disability ratings of 70 percent or more. This program should be extended, and expanded to include veterans with service-connected disability ratings of 50 percent or more.

World War II and Korean veterans are in their late 60's and older, as are some Viet Nam veterans, and many require a greater level of long-term care. No one can argue that as veterans age, more and more of them will become dependent upon the VA to provide the necessary care in nursing homes, domiciles, state home facilities, and its underused hospital beds. The Nation can ill afford to wait for out-year funds before it expands nursing or long-term care.

Congress and the Administration must ensure sufficient funding for the construction of new facilities and renovation of existing hospitals outlined by the CARES plan. Funding intended for implementation of CARES initiatives should not be diverted to other projects and CARES-based construction should be allowed to proceed as planned.

In implementing the CARES plan, DVA must ensure that mental health services and long-term care are made part of the full continuum of care for veterans. FRA commends DVA for moving forward on implementing the national strategic plan for mental health services, and progress on this plan should be incorporated into DVA's reporting to Congress on its capacities to care for veterans.

Medical and Prosthetic Research

DVA is widely recognized for its effective research program and FRA continues to strongly support adequate funding for medical research and for the needs of the disabled veteran. The value of both programs within the veterans' community cannot be overstated. Noteworthy is the fact that the fiscal year 2007 proposed DVA Budget for Medical and Prosthetic Research shows a slight 1 percent increase ($17.3 million) in one of the most successful aspects of all VA Medical Programs. Even the DVA CARES Commission recommends the improvement and expansion of VA Medical Research Facilities.

VETERANS BENEFITS ADMINISTRATION

Total Force Montgomery GI Bill

The Montgomery GI Bill is important and aids in the recruitment and retention of high-quality individuals for service in the active and Reserve forces; assists in the readjustment of service men and women to civilian life after they complete military service; extends the benefits of higher education (and training) to service men and women who may not be able to afford higher education; and enhances the Nation by providing a better educated and productive workforce.

Double-digit education inflation is dramatically diminishing the value of MGIB. Despite recent increases, benefits fall well short of the actual cost of education at a 4-year public college or university. In addition, thousands of career servicemembers who entered service during the Veterans Education Assistance Program (VEAP) era, but declined to enroll in that program (in many cases, on the advice of government education officials) have been denied a MGIB enrollment opportunity.

Unfortunately, not all of MGIB objectives are being achieved, particularly for mobilized members of the National Guard and Reserve forces. Specific concerns include:

- Delayed implementation of MGIB benefits for mobilized Reservists authorized under Chapter 1607 of Title 10 USC. Few educational benefits claims have been processed for the more than 500,000 personnel who have served on active duty under contingency operation orders since 9/11/01.
- Mobilized Reservists lack of a readjustment benefit. They must leave behind remaining MGIB benefits upon separation unless the separation is for disability.
- During the early years of the MGIB, benefits earned by Guard and Reserve members amounted to 47 cents to the dollar compared to active duty MGIB participants. Since 9/11/01, the ratio has dropped to 29 cents to the dollar.
- Reserve MGIB programs are under Title 10, whereas basic MGIB benefits for active duty servicemembers are codified under Title 38. There are major challenges in coordinating the oversight and management of MGIB programs. Outmoded information management and information technology is part of this.

The Nation's active duty, Guard and Reserve forces are effectively being integrated under the Total Force concept, and educational benefits under the Montgomery GI Bill should be re-structured accordingly.

FRA, along with its partners in The Military Coalition, the American Legion, the Veterans Independent Budget for fiscal year 2007, and major higher education associations, support enactment of a "Total Force Montgomery GI Bill" for the 21st century. The integration of active and Reserve force MGIB programs under Title 38 is very important and will provide equity of benefits for service performed, enable improved administration, and facilitate accomplishment of statutory purposes intended by Congress for the MGIB.

Disability Compensation Claims Processing

DVA can promptly deliver benefits to entitled veterans only if it can process and adjudicate claims in a timely and accurate fashion. Given the critical importance of disability benefits, DVA has a paramount responsibility to maintain an effective delivery system, taking decisive and appropriate action to correct any deficiencies as soon as they become evident. However, DVA has neither maintained the necessary capacity to match and meet its claims workload nor corrected systemic deficiencies that compound the problem of inadequate capacity.

Rather than making headway and overcoming the chronic claims backlog and consequent protracted delays in claims disposition, DVA has lost ground on the problem, with the backlog of pending claims growing substantially larger.

FRA believes DVA's efforts in decreasing the backlog of initial disability claims are commendable but the backlog has swelled, increasing the lists of veterans waiting for decisions on their claims. FRA commends the Chairman for his statements at the December 8, 2005 hearing on VBA claim processing and agrees that "the increase in disability claims can be directly related to the increase in U.S. military operations abroad. Doing more with less is not a strategy of success." An increase in staffing levels within the VBA claims processing system is essential to moving forward to reduce this backlog.

Separation Pay

Under current law, servicemembers released from active duty who fail to qualify for veterans' disability payments, and are not accepted by the National Guard or Reserve, never have to repay any portion of separation pay. However, if qualified for either, it's time for payback. FRA has difficulty understanding why the indi-

vidual willing to further serve the Nation in uniform, or is awarded service-connected disability compensation, should have to repay the Federal Government for that privilege.

FRA is opposed to the repayment requirement and recommends the repeal of, or the necessary technical language revision, to amend the applicable provisions in Chapters 51 and 53, 38 USC, to terminate the requirement to repay the subject benefits. (Also requires an amendment to 1704(h)(2), 10 USC.)

Court-Ordered Division of Veterans Compensation

The intent of service-connected disability compensation is to financially assist a veteran whose disability may restrict his or her physical or mental capacity to earn a greater income from employment. FRA believes this payment is that of the veteran and should not be a concern in the states' Civil Courts. If a Civil Court finds the veteran must contribute financially to the support of his or her family, let the court set the amount allowing the veteran to choose the method of contribution. FRA has no problem with child support payments coming from any source. However VA disability should be exempt from garnishment for alimony. If the veteran chooses to make payments from the VA compensation award, then so be it. The Federal Government should not be involved in enforcing collections ordered by the states. Let the states bear the costs of their own decisions. FRA recommends the adoption of stronger language offsetting the provisions in 42 USC, now permitting Federal enforcement of state court-ordered divisions of veterans' compensation payments.

NATIONAL CEMETERY ADMINISTRATION

Cemetery Systems

The National Cemetery Administration (NCA) has undergone many changes since its inception in 1862. Currently, the administration maintains almost 2.5 million gravesites at 124 national cemeteries in 39 states, the District of Columbia, and Puerto Rico.

VA estimates that about 24.4 million veterans are alive today. They include veterans from World War I, World War II, the Korean War, the Vietnam War, the Gulf War, and the global war on terrorism, as well as peacetime veterans. Nearly 688,000 veteran deaths are estimated to occur in 2006 and it is expected that one in every six of these veterans will request burial in a national cemetery.

FRA is grateful to Congress for funding new cemetery sites and urges authorization of funding for new cemeteries in Bakersfield, California, Birmingham, Alabama, Columbia/Greenville, South Carolina, Jacksonville, Florida, Southeastern Pennsylvania, and Sarasota, Florida. The NCA needs initial funding for these cemeteries in order to meet the expected demand over the next several decades. The NCA is doing much to meet resource challenges and the demand for burial spaces for aging veterans. With additional resources, the NCA will hopefully be able to meet the demand. FRA urges increased funding, which is fenced for the purchase of land, preparation, construction and operation of new cemeteries, the maintenance of existing cemeteries, and the expansion of grants to States to construct and operate their own cemeteries.

As part of the Veterans Education and Benefits Act of 2001, the government is to provide grave markers for veterans whenever requested, even if there is another marker on the grave. However, as written, the law only applies to burials after December 27, 2001. FRA believes the grave-marker rule should be amended to include the thousands of families denied grave markers in the past decade.

OTHER RECOMMENDATIONS FOR CONSIDERATION

Concurrent Receipt

FRA continues its advocacy for full concurrent receipt of military retired pay and veterans' service-connected disability payments as envisioned in H.R. 303, introduced by Representative Michael Bilirakis of Florida.

The fiscal year 2006 Defense Authorization Act reduced the phase in period for disabled military retirees deemed "individual unemployable" (IU) from 2014 to 2009, and FRA appreciates this progress. However, our members are extremely disappointed and perplexed that such undeserved discrimination will be allowed to continue for three more years.

FRA urges the Committee to end the disability offset to retired pay immediately for otherwise-qualifying members rated as "individual unemployable" by the DVA.

Progress has been made in recent years to expand Combat-Related Special Compensation (CRSC) to all retirees with combat-related disabilities and authorize concurrent receipt of retired pay and veterans' disability compensation for retirees with disabilities of at least 50 percent.

While the concurrent receipt provisions enacted by Congress benefit tens of thousands disabled retirees, an equal number are still excluded from the same principle that eliminates the disability offset for those with 50 percent or higher disabilities. The fiscal challenge notwithstanding, eliminating the disability offset for those with disabilities of 50 percent is just as valid for those with 40 percent and below, and FRA urges the Committee to be sensitive to the thousands of disabled retirees who are excluded from current provisions.

As a priority, FRA asks the Committee to consider those who had their careers cut short solely because they became disabled by combat or combat-related events, and were forced into medical retirement before they could complete their careers.

Under current law, a member who is shot in the finger and retires at 20 years of service with a 10-percent combat-related disability is rightly protected against having that disability compensation from his or her earned retired pay. But a member, who is shot through the spine, becomes a quadriplegic and is forced to retire with 19 years and 11 months of service, suffers full deduction of VA disability compensation from his or her retired pay. This is grossly unfair.

For chapter 61 (disability) retirees who have more than 20 years of service, the government recognizes that part of that retired pay is earned by service, and part of it is extra compensation for the service-incurred disability. The added amount for disability is still subject to offset by any VA disability compensation, but the service-earned portion (at 2.5 percent of pay times years of service) is protected against such offset.

FRA believes strongly that a member who is forced to retire short of 20 years of service because of a combat disability must be "vested" in the service-earned share of retired pay at the same 2.5 percent per year of service rate as members with 20+ years of service, as envisioned in H.R 1366, also introduced by House Representative Michael Bilirakis of Florida. This would avoid the "all or nothing" inequity of the current 20-year threshold, while recognizing that retired pay for those with few years of service is almost all for disability rather than for service and therefore still subject to the VA offset.

Veterans Disability Benefits Commission

FRA understands that many in Congress are looking to the Veterans Disability Benefits Commission (VDBC) for recommendations on this and other issues, and we fully expect the Commission will validate the principle that a military retiree should not forfeit any portion of earned retired pay simply because he or she also had the misfortune of incurring a service-connected disability.

But FRA is concerned that the recent extension of the Commission's work can only delay an equitable outcome further. In the meantime, FRA believes action is needed on the critical areas which we believe there should be little question as to their propriety.

Uniformed Former Spouses Protection Act (USFSPA)

The USFSPA was enacted over 20 years ago; the result of Congressional maneuvering that denied the opposition an opportunity to express its position in open public hearings. With one exception, only private and public entities favoring the proposal were permitted to testify before the Senate Manpower and Personnel Subcommittee. Since then, Congress has made 23 amendments to the Act: eighteen benefiting former spouses. All but two of the amendments were adopted without public hearings, discussions, or debate. Since adoption, opponents of the USFSPA or many of its existing inequitable provisions have had opportunities to voice their concern to a Congressional panel. The last hearing, in 1999, was conducted by the House Veterans Affairs Committee and not the Armed Services Committee that has the oversight authority for amending the USFSPA.

One of the major problems with the USFSPA, of its few provisions protecting the rights of the servicemember, none are enforceable by the Department of Justice or DOD. If a State court violates the right of the servicemember under the provisions of USFSPA, the Solicitor General will make no move to reverse the error. Why? Because the Act fails to have the enforceable language required for Justice or the Defense Department to react. The only recourse is for the servicemember to appeal to the court, which in many cases gives that court jurisdiction over the member. Another infraction is committed by some State courts awarding a percentage of veterans' compensation to ex-spouses, a clear violation of U.S. law, yet, the Federal Government does nothing to stop this transgression.

FRA believes Congress needs to take a hard look at the USFSPA with a sense of purpose to amend the language therein so that the Federal Government is required to protect its servicemembers against State courts that ignore provisions of the Act. More so, a few of the other provisions weigh heavily in favor of former

spouses. For example, when a divorce is granted and the former spouse is awarded a percentage of the servicemember's retired pay, this should be based on the member's pay grade at the time of the divorce and not at a higher grade that may be held upon retirement. The former spouse has done nothing to assist or enhance the member's advancements subsequent to the divorce; therefore, the former spouse should not be entitled to a percentage of the retirement pay earned as a result of service after the decree is awarded. Additionally, Congress should review other provisions considered inequitable or inconsistent with former spouses' laws affecting other Federal employees with an eye toward amending the Act.

Survivor Benefit Plan

FRA appreciates recent enhancements to the military's Survivor Benefit Plan (SBP) to increase benefits for survivors over several years. Unfortunately, there is another inequity to the program that is a major concern for our membership.

FRA strongly supports an amendment to the program to accelerate from 2008 to 2006 the time the military retiree will be a paid-up participant after paying premiums for 30 years and is at least 70 years of age. This is an equity issue for participants who've paid premiums since the program was established in 1972.

CONCLUSION

Mr. Chairman, in closing, allow me to again express the sincere appreciation of the Association's membership for all that you and the Members of the Veterans Affairs Committee do for our Nation's veterans.

Our Legislative Team stands ready to meet with you, other Members of the Committees or their staffs at any time, to work together to improve benefits and entitlements for all veterans.

Chairman CRAIG. Joe, thank you very much for that very thoughtful testimony.

Now let's turn to Deirdre Parke Holleman. I think I misused that last name a little bit when I introduced you.

Ms. PARKE HOLLEMAN. That is fine.

Chairman CRAIG. National legislative director, the Retired Enlisted Association. Welcome.

STATEMENT OF DEIRDRE PARKE HOLLEMAN, NATIONAL LEGISLATIVE DIRECTOR, THE RETIRED ENLISTED ASSOCIATION

Ms. PARKE HOLLEMAN. Thank you. Good morning, Mr. Chairman.

May I ask that our full written testimony be made part of the record?

Chairman CRAIG. Thank you for asking. It certainly will be. All of your full written statements and any accompanying material will be a part of the official record.

Ms. PARKE HOLLEMAN. Thank you.

Mr. Chairman, it is always an honor for TREA to speak on the issues and concerns facing today's and tomorrow's veterans and their families.

As we all know, this is a crucial time for our country. We are waging a war on terror, both at home and abroad. There are additional servicemembers deployed in numerous hot spots throughout the world, and the veterans who have protected us throughout history, in both hot and cold wars, are getting older and in more need of their Nation's help.

TREA is a nationwide organization whose members have served a career in the enlisted ranks or of our military or are doing so at this time. The services and benefits, that they are the provenance of the Department of Veterans Affairs and this Committee, are crucial for them to be able to live the life in their retirement years

that they have so justly earned. TREA is grateful to everyone who has worked to create these benefits and to make sure that they are implemented in an efficient and fair way.

We should start with the statement that TREA was pleased and relieved at the realistic figure that the Administration put in its budgetary request for VA health care this year. It is a far more sensible and workable amount than what had previously been requested and what you had to repair.

We are also pleased that the President exempted the VA from the across-the-board cuts that most of the Federal Government is dealing with. During this time of increased medical needs, it is clear that returning veterans need more focus, not less, on the VA health care system.

Of course, we do not agree with all of the Administration proposals for the last several years. TREA, as well as other organizations, has been firmly opposed to the proposed imposition of a $250 enrollment fee for those veterans presently enrolled in Category 7 and 8, and we are opposed to it again this year.

This proposal is unwise and unfair for several reasons. First of all, this was not what these veterans were promised when they enrolled at the urging of the VA.

Second, the veterans in 7 and 8 do not have priority to be seen or access standards for care. Therefore, they are the equivalent of "Space A," space available. There is no guarantee of care. However, everyone in this large room knows that if you start charging a yearly fee, the beneficiaries will predictably and rightly demand the care that they are paying for. Rather than lessening the work requirements of the VA, it will most likely increase them.

The VA predicts that 325,000 beneficiaries will leave Categories 7 and 8 in the coming fiscal year. We presume that number is based on the expectation that many present enrollees will drop out rather than pay the yearly fee, but that is not an appropriate way to lessen one's caseload, and we believe the ones who remain will be predictably more demanding. So it is not even an effective way.

Additionally, the VA states in their proposal that they expect to collect $3 billion, more or less, in third-party insurance claims, OHI. We are doubtful that they will be able to reach that heady goal. In the past, they have had trouble. They have not been very successful in collecting private insurance claims, but if this is a serious goal for them, these beneficiaries in Categories 7 and 8 should be the main source of such insurance. These veterans cannot depend on the VA for all their health care and so are much more likely to have plans that the VA may look to for collections.

Numerous people, both in this Committee and at the VA, believe that veterans choose to enroll in the Categories 7 and 8 to get the drug benefit. If that is correct, the new Medicare Part D benefit, once it settles down, should cause a drop in enrolled veterans looking to obtain service. The new drug plan will have several advantages for them. They can use their civilian doctor scripts. They can have them filled near their homes, et cetera. If we are correct, the concerns about the cost of Categories 7 and 8 should subside without unfair and unpopular steps being taken.

TREA is also firmly against the Administration's proposal to raise the pharmacy copays to $15 for a 30-day prescripton for 7s

and 8s. This year, the VA raised its copay from $7 to $8, and I assure you, it caused great consternation in many of our members. These veterans are not being petty or cheap. They are on fixed incomes, and many have many daily medications.

TREA assures you that practically doubling the copay would be disastrous to many of our members, and we hope you will oppose that proposal.

These proposals, as well as the draconian proposed increases in enrollment fees and deductibles in TRICARE Prime and TRICARE Standard on the DOD side are meant, we believe, not primarily to raise money, but rather to disabuse veterans and military retirees from using the benefits that they have earned and deserve due to their brave and dedicated service. This is not the way to try and save money, and we hope and expect that Congress will also find it unacceptable.

The VA, as you well know, is tasked not only to care for those who have borne the battle, but also widows and orphans. TREA was very pleased and grateful that Congress increased the top amount of SGLI to $400,000 as well as increasing the death gratuity to $100,000. Thank you so much for these improvements.

As you well know, TREA and all the members of the Coalition Alliance have also worked hard last year to try and end the SBP/DIC offset. Of course, we are well aware that is not your Committee of jurisdiction, but we also know of your focus and concern for military widows and that many of you are also on the Armed Services Committee. Therefore, we urge all of you to convince your colleagues that this is the time to finally correct this unfair situation.

Although we know it is a great task, TREA also hopes that this Committee will take on more work. It is crucial to look toward improving and modernizing the Montgomery GI bill. As stated by Mr. Barnes, the split between title 10 and title 38 makes the coordination and improvements of the bill that you have done much harder to accomplish, and we hope that joining them together, this bill will no longer be the stepchild in the title 10 for Guard and Reserve, but rather be in its proper place here.

There are more suggestions in our written testimony, and we would be grateful if you would consider them all. We all share a love and admiration for our servicemembers, our veterans, our military retirees and their families and survivors. Because they have served and dared, we can live in freedom and argue public policy.

TREA is grateful for all the efforts and time the Members of this Committee and their staff has dedicated to making the VA the best that it can be. We believe that adoption of our suggestions would make its service even more effective.

We thank you for your time and attention. I would be honored to try and answer any questions you may have, Mr. Chairman.

[The prepared statement of Ms. Parke Holleman follows:]

PREPARED STATEMENT OF DEIRDRE PARKE HOLLEMAN, NATIONAL LEGISLATIVE DIRECTOR, THE RETIRED ENLISTED ASSOCIATION

DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Retired Enlisted Association does not currently receive, nor has it received during the current fiscal year or either of the two previous years any Federal money for grants or contracts. All the Association's activities and services are accomplished completely free of any Federal funding.

Mr. Chairman, Senator Akaka and Members of the Committee: It is always an honor for The Retired Enlisted Association to testify about the needs and concerns of America's veterans and their families and survivors.

The Retired Enlisted Association is a Veterans Service Organization founded over 40 years ago to represent the needs and points of view of enlisted men and women who have dedicated their careers to serving in all the branches of the United States Armed Services active duty, National Guard and Reserves, as well as the members who are doing so today.

Today there are hundreds of thousands of enlisted men and women serving in war zones and dangerous locations throughout the world. While they protect our freedom, we all embrace the duty to make sure that when they return they will find all the care and benefits they need and were promised. This includes health care and education and much more. The Nation also has a sacred duty to provide for the survivors of those who will not be coming back. We also have a duty never to forget those who protected us in past years and conflicts and to make sure that they are properly cared for and treated. It is an honor for TREA to be a part of the noble work that Congress, the VA and our brother and sister organizations do to make sure that these goals are reached.

VA HEALTH CARE

As always when appearing before you our first concern is to make sure that first rate and adequately funded healthcare is available for our Veterans. Last year was a shambles that no one wishes to occur again. We are happy and relieved that the Department has requested $80.6 billion for its budget for fiscal year 2007. This includes $34.3 billion for Health care. This is a reasonable and rational number and TREA is pleased. However there are calculations and proposed income sources that we are opposed to or do not believe will materialize. Additionally, there are some programs that we are still concerned will not be adequately funded. The GAO report requested by Congress, "VA Health Care: Preliminary Findings on the Department of Veterans Affairs Health Care Budget Formulation for Fiscal Years 2005 and 2006" GAO–06–43OR February 2, 2006, indicated that the "VA's internal process for formulating the medical programs funding requests were informed by, but not driven by projected demand." We hope that this Committee will carefully oversee the funding levels needed for several crucial programs that are likely to see large increases in needs of services. These include the 2 year qualification for healthcare that all returning veterans from Iraq and Afghanistan are entitled to have at the VA as well as the need to increase the number and size of the "politrauma centers" dealing with the large numbers of severely and multiple injured veterans who are returning home and looking to the VA for hope in their future lives. There are presently 4 of these centers but we may very well need more as the War on Terror continues. There is also likely to be a substantial increase in the necessity of mental health services (both outpatient and in patient) for Veterans returning from the War. And for older Veterans there will be growing need for nursing home care. TREA is concerned that the budgetary calculations have not been sufficiently increased. We hope this Committee will again exercise its oversight function to make sure as the next year goes on that sufficient funds have been requested and will be obtained. It is critical that the VA's healthcare service is fully funded. And that that this full funding is predictable so the VA can truly make sensible long term plans rather than living from year to year's budget with no ability to predict the next several year's finances.

We are also deeply concerned that a segment of the VA's increased health care budget, once again, rests in part on an expectation on proposed increases in enrollment fees and prescription drug copayments. In the past year the Department raised the copay for drugs from $7 to $8. This may not sound like a great deal at first glance but that is when you are looking at 1 prescription. Many veterans are not taking 1 medication a day but 10 or 15. Even a small increase in the copay can have a harsh affect on a veteran on a fixed income. But the proposed budget calls for a copay of $15. This almost doubles the present copay. This proposal could be

truly financially crippling to many TREA members and we are strongly opposed to it.

TREA is also firmly opposed to the proposal of a $250 enrollment fee. Categories 7 and 8 members would be required to pay the proposed enrollment fees while they would have no guarantee that they will be served. While those Veterans who are 50 percent or more disabled or are being treated for the service connected disability get priority others are inevitably pushed to the back of the line. Veterans in Categories 7 and 8 have no guarantee that they will be seen at all. Additionally those that are 50 percent disabled or are being treated for their service connected disability have an access standard. They will be seen at the VA within 30 days for their primary care appointment or the VA will arrange for outside care. But again Category 7 an 8 Veterans have no such guarantee. They will be seen when an appointment becomes available. So these men and women who served our Country so well are not overwhelming the system; they are simply waiting for an appointment to become available. It is a space available system for them now. But we all know well that if the government starts charging a yearly fee for their status there will be a much greater push for the VA to provide guaranteed service. And there is no reason to believe at this time that it is a service they will be able to provide. Rather than lessening the pressure on the VA due to its waiting lists, this proposal will in all likelihood increase the pressure and discontent. This proposal has been made for the last several years and each time Congress has refused to implement it. We hope that you will once again take that wise path.

The VA's proposed budget also includes an expected increase of 3rd party insurance collections (OHI). The Department of Veterans Affairs predicts that they will collect $3 billion this year. While we can hope that this is true none who has watched the VA try to collect civil insurance claims in the past has a great deal of faith that they will be successful.

TREA indeed doubts that the VA will be able to reach their goal. However it is obvious that the VA enrollees who are most likely to have other health insurance are those who are enrolled in Categories 7 and 8. These are the people who cannot completely rely on the VA for their everyday care and will therefore have insurance plans. These are the people that the VA could look to for the 3rd party collections. TREA knows that the VA, and indeed, some members of this Committee have been worried that the VA would be overwhelmed by elderly Veterans looking for a pharmacy benefit. The VA predicts that membership in Categories 7 and 8 will decline by 235,000 this coming year. Clearly they hope that the proposed enrollment fee and increased copayments will force many to leave. But that is unnecessary. For those 7 and 8 enrollees who are on Medicare a new drug benefit has been put into effect since the last time TREA testified. While the standup of Medicare Part D has been a bit rocky that group of Veterans now have a plan that is not limited to the VA formulary. They can use it for prescriptions that their civilian doctor has written and they can use it at their local pharmacy or many mail order programs. So this previous concern should no longer be as worrisome.

TREA have argued for years that the VA should be able to collect from Medicare for non service connected treatments provided to Veterans who are enrolled in and pay premiums for Medicare Part B. This would put the Department of Veteran Affairs in the same position that Indian Health Care Service is in under Title 25 Section 1645. The CBO has indicated that about half of all enrolled veterans are also enrolled in Medicare. This would be a large and fair income flow to VA health care. Obviously, this proposal would not be under your Committee's jurisdiction but it is an idea that should be considered.

TREA urges this Committee to exercise your oversight to make sure that VA's crucial healthcare programs continue to be adequately funded throughout the budgetary year.

TREA urges Congress to reject the proposed increases in drug copays and the proposed $250 yearly user fee for Categories 7 and 8 enrollees.

TREA urges the Committee Members to support legislation to allow the VA to become a Medicare provider.

IMPROVEMENTS IN THE MONTGOMERY GI BILL (MGIB)

One of the most important benefits that this Nation provides to its Veterans is the Montgomery GI Bill (MGIB) for both its active duty and its National Guard and Reserve members. It serves as a crucial recruiting tool and as a way for patriotic, disciplined and intelligent men and women to move up in the civilian world. However, with all its virtues the MGIB has structural flaws that should be changed. The Active Duty MGIB is sensibly under Title 38, Veterans Benefits and under this Committee's authority. However, Selected Reserve Programs are still under Title 10,

the Armed Forces Code. Your many improvements to the Montgomery GI Bill have not been reflected in the Selected Reserve Program. With the massive call ups of the Guard and Reserve and the future outlook that this will not change, it's time to properly coordinate the two programs. TREA feels strongly that it is time, for the long term good of the program that the SR MGIB should be placed under Title 38 and the jurisdiction of this Committee. Needed modifications and improvements could then be made in tandem in both programs. These include increasing the monetary benefit (as you have for the Active Duty plan) and allowing Guard and Reserve members to be allowed to continue using their benefits after they leave the Guard and Reserves. Since 9/11 the role the Guard and Reserve plays in our National Defense has changed dramatically. Additionally, with the increased pace of call ups and our increasing reliance on the Guard and Reserve (a reliance that TREA doubts will change in the foreseeable future) the benefit itself should be readjusted and increased. With your focus on the whole program this is the Committee with both the focus and the expertise necessary to properly coordinate the two programs.

When looking at the Active Duty program TREA, along with our fellow members of the Partnership for Veterans Education, has called for the Montgomery GI Bill to cover the average costs of a 4-year education at a State University. When hundreds of thousand of members of the military are stationed throughout the world fighting the War on Terror this would show our gratitude as a Nation and would make a huge improvements in these servicemembers' lives when they return home. It would also be a wonderful recruitment tool at this difficult time. The original GI Bill after World War II transformed the Nation. This change would also improve the future for the entire Nation, not just the servicemembers and their families who it will directly help. We also urge this Committee to broaden the types of education programs that can be paid for by the MGIB. This is a new world—this is a new world where a great deal of critical higher education is presented in non-four year degree programs. These changes would reflect the changes in America's changing Education System.

TREA urges this Committee to attempt to move the SR Montgomery GI Bill under its jurisdiction in Title 38.

TREA urges that the SR MGIB benefit be readjusted to both reflect the improvements in the Active Duty MGIB program and to reflect the added duties and burdens that are being placed on the Reserve Components.

TREA urges this Committee to move toward having the Active Duty Montgomery GI Bill cover the costs of a four (4) year Public University education.

VA CLAIMS BACKLOG

This is a perennial concern and worry. With all the best efforts and motives in the world the VA disability claims backlog has not improved. According to the Department of Veteran Affairs submission in 2005 it took 167 days to process a claim as compared to 166 days in 2004. In 2005 the number of filed claims increased to 788,298 up from 771,115 in the year before the VA states that they are expecting a 3 percent increase in filings to 811,947 (with an additional approximate 100,000 cases resulting from the new outreach program created in the fiscal year 06 Appropriation Act). This means that the average case is taking almost half a year. Furthermore as the cases become more complicated from injuries returning from Iraq and Afghanistan the delays may grow even larger. This is just too long. Desperate people are anxiously waiting so they can know how they can move on with their lives. TREA is sure that all Members of this Committee are extremely concerned about this continuing back log. Hopefully, correcting this problem will remain a top priority of the VA.

TREA urges the Committee to closely monitor the Department of Veterans Affairs on their efforts to increase both the speed and the accuracy of their claim decisions.

CAPITAL ASSET REALIGNMENT FOR ENHANCED SERVICES (CARES)

While there certainly has not been as much public discussion about CARES as there has been about BRAC this year, this program is still proceeding apace. And it is still a major concern for TREA. We certainly agree with the stated goal of CARES to modernize the VA plant and make their operations more efficient. However we are still greatly concerned that the needs analysis for CARES did not take into account the VA's future Mental Health and Long term health care (nursing home care) requirements. The Department of Veteran Affairs is obligated to provide nursing home care for Veterans with a 70 percent or over disability rating or for those Veterans who require Nursing Home care due to their service connected disability. We are all aware of the Nation's demographics and the growing number of

citizens that will need Nursing Home care. There is no reason to believe that the Veterans population will require less such care than the general population. So when planning for CARES this important and predictably growing duty of the VA should have been analyzed. The CARES needs analysis also failed to consider mental health needs. If anything, 4 years of War has made this omission more serious than it was before the War. Of course it is a treatment goal of mental health practitioners to have as much care be conducted outpatient as possible. However there are times when inpatient treatment is clearly necessary. When dealing with Post Traumatic Stress Disorder (PDSD) and other war related conditions there is no institution that has more experience and skill than the VA. And there is no place where Veterans would feel more at home. Before the VA takes irreversible steps they should make sure that these future needs are factored into the calculation.

During this dramatic time of War and returning Veterans, it seems unwise to dramatically destabilize the plant structure. And it is certainly unwise to do so based on a plan that did not take into account two of the VA's important and growing missions.

TREA urges that no additional steps in the CARES process occurs until a full study on the future needs of the VA for both long term health care and mental health facilities are studied and incorporated into any future plans.

MILITARY RETIREES AND THE VA

This Committee knows well that all Military Retirees are Veterans. The combination of their military retiree benefits and their Veterans benefits make it possible for them to achieve the quality of life they deserve in their retirement years. They have served their Nation for at least 20 years. Many of these Military Retirees are daily patients in the VA Health Care system. It is already true that 30 percent of all enrollees in Categories 1–3 (Service Connected Disabilities) are Military Retirees. They have been found to have been wounded, injured or developed illnesses and conditions while serving their Country. But many other retirees have also lived the hard and wearing life of a career servicemember. But this health care needs that are caused by this life have not been acknowledged by the VA. They deserve and need to be able to get the expert care for their service connected conditions from the VA while receiving normal healthcare near their homes through DOD's healthcare programs. They deserve to be seen as a special category of patients. To place retirees in Category 3 would acknowledge the lifetime of service they have provided to the military and their special medical needs.

TREA urges Congress to place military retirees into Category 3 of the VA Health Care System.

DOD–VA COLLABORATION/SEAMLESS TRANSITION

Another goal for all of us who are concerned with the well being of America's Veterans is to create a seamless transition between the status of a member of the military to that of a Veteran. This is another area where this Committee's oversight function is critical. We need to know whether the much praised VA electronic health record program will be able to speak to DOD's new ALHTA electronic health record program. We need to know when both Departments will be able to create an electronic health care record that all TRICARE and VA health care patients can carry with them wherever they are throughout the world for their entire lives. We need to know when will DOD and the VA be able to stand up throughout the country on a single separation exam? This would be a boon to the Veteran, and both the VA and DOD. Years have gone by and only partial implementation has occurred. Now is the time Congress should insist that the Government improve the hand off from DOD to the VA for the future.

TREA hopes your Committee will continue to monitor the progress in this crucial area.

SURVIVORS BENEFITS

Everyday in this time of our War on Terror wives, husbands and children are becoming survivors. We are presently in the exact situation that President Lincoln faced at when he gave the Nation's its call: With malice toward none; with charity for all; with firmness in the right, as God gives us to see the right, let us strive to finish the work we are in; to bind up the nation's wounds, to care for him that has borne the battle, his widow and orphan . . ." from his glorious Second Inaugural address. TREA is very grateful to all of Congress, and especially this Committee for last year's significant improvements in the SGLI coverage. When combined with the new $100,000 death gratuity passed last year, the families of those "who gave their full measure of devotion" for this Nation will be able to try to re-

start their lives without the extreme and immediate financial difficulties that they had to deal with in the past.

In the first half of the 109th session of Congress TREA along with many of our other Veterans Service and Military Service Organizations worked very hard to end the Survivor Benefit Plan Dependency and Indemnity Compensation Program (SBP/DIC) Offset. (The program often referred to as the widow's concurrent receipt.) And we intend to work just as hard again this year. We are well aware that the VA pays the full DIC amount to the surviving widow and thus any change to this program will have to go through the Committee on Armed Services. But this Committee has always shown great interest in Veterans' survivors and we hope that you can work with your colleagues to pass Senator Bill Nelson's S. 185 and finally end this unfair practice.

S. 185 would also move up the paid up provisions for SBP (Another subject under the jurisdiction of the Armed Service Committee). This would help elderly couples who have paid into SBP for at least 30 years and whose servicemember is at least 70 years old.

Both provisions would help survivors who have served our Nation faithfully but have not been touched by recent improvements this Congress has enacted.

Additionally we hope that you will all support the concept in the House encompassed in Representative Michael Bilirakis's H.R. 1462 and allow survivors to retain DIC if they remarry at the age of 55 or older. At this time the age for retention of DIC is 57. However the age to retain CHAMPVA upon remarriage is the normal Federal program age of 55. The difference is because the two benefits were reinstated in different years and during different Congressional negotiations. There are no policy reasons for this awkward and unequal distinction and we hope that this year it can finally be corrected.

TREA urges Congress to finally end the SBP/DIC dollar for dollar offset and urges this Committee to support S185 and allow surviving spouses to retain their DIC if they remarry after reaching the age of 55.

CONCLUSION

The members of TREA are grateful for the opportunity to speak about the needs and concerns of our members and the needs of all American Veterans, their families and survivors. Veterans and their families need and deserve all the benefits and services—healthcare, education and others—that the VA provides and that you oversee. During this critical time for our Nation it is crucial that the VA has the money and expertise that is necessary to accomplish its duty. TREA is sure that this dedicated Committee will strive to make sure that our veterans, whether young or old, and their families are provided that they receive the quality care and benefits services that we owe them for the dedicated service they have given to their Country.

Chairman CRAIG. Thank you very much, Deirdre.

Now let's turn to Morgan Brown, manager, Military and Government Relations, Air Force Sergeants Association.

STATEMENT OF MORGAN D. BROWN, MANAGER, MILITARY AND GOVERNMENT RELATIONS, AIR FORCE SERGEANTS ASSOCIATION

Mr. BROWN. Good morning, Mr. Chairman, and thank you again for the opportunity to appear before this Committee.

I am honored to represent the leadership of the Air Force Sergeants Association and its 130,000 members as you work on legislation for this coming fiscal year.

I would like to begin by letting you know that we sincerely appreciate your leadership to overcome last year's health care funding shortfalls and in particular increases in SGLI coverage. On behalf of the Air Force enlisted community, we thank you.

Having listened to my colleagues and having spoken with others who will appear before you, we, too, are concerned about some of your primary focus items such as VA health care funding, seamless transition efforts, and the accelerated adjudication of the claims process. I have covered these and other items in my full written

statement, and therefore, this morning, I will restrict my comments strictly to educational benefits, primarily the Montgomery GI bill because of its importance to the well-being of noncommissioned members.

As a member of the Partnership for Veterans Education, AFSA supports a restructuring of the Montgomery GI bill, which Congress intended to support military recruitment, as well as transition. As such, we urge this Committee's support for educational enhancements. This includes increasing the amount of the benefit to cover the actual cost of a 4-year education at a public institution and indexing future increases to prevent further reduction of the benefit.

Currently, the Montgomery GI bill does not keep up with the inflation that affects educational programs. According to the college board reports, in order to cover the cost of books, tuition, and fees at an average State college or university for a commuter student, the program should be worth about $1,700 per month. It is now worth $1,034 per month.

The fix is to increase the value of the benefit and then tie the value of this important program to the college board's reports annual cost assessment to reflect educational inflationary increases and base it on a nonresident commuter student.

Many of the rules relating to the application of the GI bill discourage its use. For instance, young servicemembers are given a one-time irrevocable decision to enroll in the Montgomery GI bill at basic military training. They are automatically enrolled unless they identify themselves to the TIs or the DIs and say they don't want the program. At this point in their careers, they are making the least pay, and to a young enlisted recruit that has a family and other financial obligations, expecting them to give $100 out of an $1,100 monthly paycheck seems unreasonable.

Other young recruits turn down enrollment because they just joined the military, deciding to forego education for the time being, and, of course, many of them later regret that decision and tell us they would enroll if given the opportunity. However, the program, as currently administered, does not offer a second chance, not even at a penalty for late enrollment.

Basic training is a tumultuous time. Young recruits leave the familiar and secure environment they are accustomed to and are thrust into an intense fast-paced environment as designed to ensure they can physically and mentally withstand the rigors of military service.

Considering all the demands of basic training, is it really necessary to have these young recruits make this important decision during basic training? Keep in mind, it takes 2 years of active-duty service to be able to use the basic entitlement. Why do we ask them to make this decision in a matter of a day or two?

Our recommendation would be to move the decision out of basic training and allow new recruits the ability to enroll in the Montgomery GI bill at any point during their first 18 months of service. Additionally, once enrolled, allow them to have the $1,200 payroll deduction spread out over a period of 18 months. This change alone would greatly improve the program without significant additional obligation of funds.

The primary purpose of the Montgomery GI bill is to help servicemembers readjust to civilian life after their separation from military service, and therefore, I would be remiss if I also didn't mention those currently serving that turned down the old Veterans Educational Assistance Program, otherwise known as VEAP.

VEAP was the educational program in place from 1977 to July 1985. It was poorly counseled and a relatively inadequate program. Thousands of military members chose not to enroll in VEAP, and many were even advised not to enroll in VEAP because a better program was coming along, the current Montgomery GI bill. Unfortunately, when that happened, they were not allowed to enroll into that program.

Several years ago, Congress afforded VEAP participants two enrollment opportunities, but VEAP decliners were not included. Today, less than 50,000 servicemembers in all branches, primarily noncommissioned members, are getting ready to end their military careers without that transitional education benefit. Fairness alone would suggest they deserve a similar opportunity to enroll in the GI bill.

In closing, I ask this Committee to seriously consider these items mentioned in my testimony, and again, adjusting the initial participation decisionmaking point and extending the payroll deduction period would have no or minimal additional obligation to the American taxpayer. However, both changes would be a large step toward making the Montgomery GI bill a more user friendly, sincere, and equitable benefit for the noncommissioned men and women serving today.

Chairman Craig, on behalf of the association and noncommissioned members for whom you work so very hard, I thank you again for the opportunity to present our views, and I too am ready to respond to any questions you may have.

[The prepared statement of Mr. Brown follows:]

PREPARED STATEMENT OF MORGAN D. BROWN, MANAGER, MILITARY AND GOVERNMENT RELATIONS, AIR FORCE SERGEANTS ASSOCIATION

Mr. Chairman and distinguished Committee Members, on behalf of the 130,000 members of the Air Force Sergeants Association, thank you for this opportunity to offer the views of our members on the fiscal year 2007 priorities of the Department of Veterans Affairs. This hearing will address issues critical to those serving and who have served our Nation. AFSA represents active duty, Guard, Reserve, retired, and veteran enlisted Air Force members and their families. Your continuing effort toward improving the quality of their lives has made a real difference, and our members are grateful. In this statement, I will list several specific goals that we hope this committee will pursue for fiscal year 2007 on behalf of current and past enlisted members and their families. The content of this statement reflects the views of our members as they have communicated them to us. As always, we are prepared to present more details and to discuss these issues with your staffs.

How a nation fulfills its obligation to those who serve reflects its greatness. How we treat them also influences our ability to recruit future servicemembers since a significant percentage of those wearing the uniform today were once members of military families. They watched to see how their moms and dads were treated as they put their lives on the line for America. And that trend continues. People observe how the servicemember is taken care of during service and after they have served. Simply speaking, if we want to keep good people in the military, it is important that our country live up to the commitments made to our veterans—the role models for today's and tomorrow's force.

It is important that this committee view America's veterans as a vital national resource rather than as a financial burden. As you deliberate on the needs of America's veterans, this association is gratified to play a role in the process and will work

to support your decisions as they best serve this Nation's veterans. We believe this Nation's response for service should be based on certain principles. We urge this committee to consider the following principles as an underlying foundation for making decisions affecting this Nation's veterans.

GUIDING PRINCIPLES

1. *Veterans Have Earned a Solid Transition Back Into Society.* This country owes its veterans dignified, transitional, and recovery assistance. This help should be provided simply because they served in the most lethal of professions.

2. *Most Veterans Are Lower-Paid Enlisted Members.* Enlisted veterans served with lower pay, generally re-entered the civilian populace with non-transferable military skills, probably had relatively little civilian education, and most likely served in skills that are less marketable. We should factor in the unique circumstances of enlisted veterans, especially in the area of transitional education; i.e., the Montgomery G.I. Bill.

3. *Decisions on Veterans' Funding Primarily Should be Based on Merit.* Funding for military veterans must, of course, be based on fiscal reality and prudence. However, Congress and, in turn, the VA must never make determinations simply because "the money is just not there" or because there are now "too many" veterans. Funding for veterans' programs should be viewed as a national obligation—"must pay" situation.

4. *Remember That Reservists Are Full-Fledged Veterans.* In Iraq, Afghanistan, and around the world, reserve component members are valiantly serving, ready to sacrifice their lives if necessary. Record numbers have been called up to support operations since September 11, 2001. By spring of this year, nearly half of U.S. forces serving in Iraq will be guardsmen and reservists. Without question, enlisted guardsmen and reservists are full-time players as part of the "Total Force." Differences between reserve component members and the full-time force, in terms of VA programs or availability of services, need to be critically examined.

5. *The VA Must Openly Assume the Responsibility for Treatment of the Maladies of War.* We are grateful for VA decisions in recent years that show a greater willingness to judge in favor of the servicemember. The VA focus on health care conditions caused by battle should be on presumption and correction, not on initial refutation, delay, and denial. It is important that the decision to send troops into harm's way also involves an absolute commitment to care for any healthcare condition that may have resulted from that service. Many veterans call and write to this association about our government's denial, waffling, then reluctant recognition of illnesses caused by conditions during past conflicts. We applaud past decisions of this committee toward reinforcing a commitment to unconditional care after service, and encourage the committee to do the same in the future.

This statement will focus on three main areas: education, health care, and general issues that we hope you will consider as you deliberate the fiscal year 2007 VA budget and policies.

EDUCATION PROGRAMS

Frankly speaking, this is an enlisted, non commissioned officer issue. Unlike commissioned officers, few enlisted members enter the service with a college degree. Relatively few of them are able to achieve one while in the service.

Prior to 9/11 this committee did a good job of increasing the value of the Montgomery G.I. Bill (MGIB), but very little has been done since. There's no escaping the fact that college costs are rising and last year the average public school tuition rates jumped 10.5 percent. As the gap between the cost of an education and value of the MGIB widens, the significance of the benefit becomes less apparent. Without an overhaul to reinvigorate the MGIB, this benefit will lose its effectiveness when it comes to recruiting this Nation's finest young men and women into service. As a member of the Military Coalition and Partnership for Veterans' Education, we strongly recommend you transform the program to something similar to the post-WW II G.I. Bill. We ask this committee to work toward funding a program that pays for books, tuition, and fees, and that the benefit be annually indexed to reflect the actual costs of education, especially for enlisted members.

When young enlisted men and women opt for military service, they should know that this "company" will provide them with a no-cost, complete education, as do numerous companies in the private industry. But our government does not do this in the way that it should. It gives them a one-time chance to enroll in the MGIB during basic training. It charges them $1,200 to enroll at a time when they can least afford it. It limits the use of the benefit to a designated monthly amount which prevents its use for all educational expenses as needed, or in amounts to support accel-

erated programs, or courses with lab requirements, or advanced programs; and it imposes a benefit-termination clock that starts ticking when the servicemember separates from military duty. Each of these provisions suggests the government's lack of sincerity toward providing a user-friendly benefit that may be fully used to benefit the servicemember and this Nation. Remember, enlisted initially make about half that a new commissioned officer makes. Enlisted members who actually need the MGIB, must proportionally agree to pay twice the portion of their initial pay as commissary officers do. This is just plain unfair.

Despite the extremely commendable, fairly recent value increases in the MGIB (which, in October 2005 increased to $1,034 per month for 36 months), more needs to be done. If this Nation is going to have an effective, beneficial military educational benefit program, it should mirror the comprehensive ones provided by civilian industry. Recent studies show that the average costs for colleges and universities are approximately $1,770 per month—a figure that reflects the cost of books, tuition, and fees at the average college or university for a commuter student (based on the annual "College Board" report). That means that despite the recent increases in the MGIB, it will only cover about 58 percent of the average cost of a 4–year public college or university for academic year 2005–2006. As educational costs rise and if Congress does not increase funding, the value of the MGIB will continue to deteriorate. Without automatic indexing for inflation, MGIB purchasing power continues to erode, thereby negating the previous hard work of this committee. We ask that you look toward further increases in the MGIB program by legally indexing the MGIB benefit to annual increases in "educational" inflation.

We are aware of recent interest among some Members of Congress to "renovate" the MGIB. Specific characteristics that a new comprehensive benefit should include are as follows:

Provide an MGIB Enrollment Opportunity for All Currently Serving Enlisted Members Who Declined Enrollment in the Old Veterans Educational Assistance Program (VEAP). We are mindful that VEAP was intended to be a transitional benefit which enabled departing servicemembers to secure necessary skills as they transition back into the civilian workforce. It's only in more recent years that the MGIB has evolved into a recruiting incentive. That being the case, and without question, one of the greatest needs cited by our members is to provide a second chance for those who turned down their initial opportunity to enroll in the Veterans Educational Assistance Program (VEAP). VEAP was the program in place for those who were serving immediately prior to the July 1985 initiation of the Montgomery G.I. Bill. VEAP was a far less beneficial program than the MGIB.

Hundreds of thousands of military members chose not to enroll in the VEAP program. Many were advised not to enroll in VEAP because a better program was coming along. Unfortunately, when the MGIB program began, those who turned down the VEAP program were not allowed to enroll in the MGIB program. So many turned down their one-time opportunity (during the 1980's) to enroll in the VEAP program that approximately 50,000 military members who declined VEAP enrollment are still serving.

Approximately 15,000 still-serving commissioned officers turned down VEAP; by definition they already have at least bachelor's degrees when they enter service—most have graduate and higher degrees by the time they reach retirement. For that reason, and considering funding challenges, AFSA would contend that the MGIB enrollment opportunity should be limited to still-serving enlisted (noncommissioned) members who turned down the old VEAP program.

Rep. Dave Camp has introduced H.R. 269 which would provide an MGIB enrollment opportunity to the estimated less than 50,000 currently serving who turned down the old VEAP program—including commissioned officers. In evaluating this same legislation in the 108th Congress, CBO scored this bill at $173 million over 10 years (figure based on the 96,000 plus eligible active duty personnel at that time) Taking into consideration that the number of eligibles is now halved, estimated costs of implementation would now be in the range of $86 million. However, if we limit the enrollment opportunity to enlisted members only, it will reduce the number by more approximately one-fourth and, therefore, the cost by 25 percent. The projected scoring would then be reduced to somewhere in the neighborhood of 65 million over 10 years if limited to enlisted members only.

Time is running out for Congress to provide these deserving individuals an MGIB enrollment opportunity; unfortunately many have already retired. As of July 1, 2005, all actively serving members who enlisted in this era were eligible to retire. We urge these committees to act quickly before it is too late to at least provide a transitional education assignment to the remaining VEAP-era enlisted members. Remember these citizens served a full career of dedicated service and sacrifice fighting this Nation's wars and preserving the peace.

Provide a Second Chance for Those Currently Serving Enlisted Members Who Declined Enrollment in the MGIB. Since the end of the VEAP program, tens of thousands more have declined enrollment in the MGIB. Most enlisted members did so because they were (and still are) given only a one-time, irrevocable enrollment opportunity at basic military training when many simply could not afford to give up $100 per month for the first 12 months of their career. While this may not apply to all accessions, it certainly applies to enlisted members.

In fact, in the Air Force alone, there are now over 25,000 on duty who came in during the MGIB era but who declined to enroll in the MGIB. Hundreds of noncommissioned members tell us that they want a second chance to get into the MGIB, now that they can afford to do so. This is particularly a serious problem among enlisted members—those who generally enter military service without a college degree and with prospects of relatively little income. As we said earlier, thanks to the fine work of these committees, the MGIB value has been significantly increased in recent years. Although more work needs to be done, the benefit is now a comparatively "lucrative" benefit—a far cry from that which most VEAP and MGIB non-enrollees turned down. For that reason alone, fairness would dictate an enrollment opportunity for any military member not currently enrolled in the MGIB. They have made freedom possible during their service; now let's say "Thank You" to them! H.R. 3195 by Rep. Peter Visclosky specifically calls for an enrollment opportunity for these deserving individuals.

Eliminate the $1,200 MGIB Enrollment Fee. The Montgomery GI Bill is the one of the only company-provided educational programs in America that requires a student to pay $1,200 (by payroll deduction during the first 12 months of military service) in order to establish eligibility. This $1,200 DOD payroll cost-avoidance method amounts to little more than a tax penalty on a benefit that must be paid before it is received.

Sadly, this fee causes many young noncommissioned servicemembers to decline enrollment simply because they are given a one-time, irrevocable decision when they are making the least pay and under the pressure of initial training. Those who decline enrollment—many due to financial necessity—do not have a second chance to enroll in the program. This is probably the biggest complaint we get from the lowest-ranking airmen. They feel that, in a sense, it is a "dirty trick" to offer such an important program only when it is clearly a financial burden for enlisted members to enroll in the program. After all, because of lower pay, enlisted members must sacrifice a significantly higher percentage of their income (in relation to new commissioned officers) in order to be eligible for the program. Further, it sends a very poor message to those who enter service expecting a world-class educational benefit.

We would imagine that a good case could be made to show that eliminating the fee will not be as expensive as estimated since the administration of the fee (tracking and collection) most likely costs nearly as much as, if not more than, the fee itself. To our knowledge, this has never been explored, and we encourage these committees to investigate this matter further. S. 43, by Sen. Chuck Hagel, and its companion bill, H.R. 786, by Rep. Lee Terry, would eliminate the $1,200 user fee for those serving during the period of Executive Order 13235. Both bills would also give a second MGIB enrollment opportunity for those serving during this period. AFSA maintains that both elimination of the $1,200 payroll reduction and a second MGIB enrollment opportunity should be permanently provided for enlisted servicemembers.

Allow Enlisted Military Members to Enroll in the MGIB Later During Their Careers. As I explained above, the one-time enrollment opportunity at Basic Training is a problem. Of course, abolishing the $1,200 fee would eliminate the non-enrollment problem while simultaneously reintroducing some honesty into the recruitment promises made concerning educational benefits. This would alleviate the need for young recruits to make a monumental financial decision under the pressure of Basic Military Training when they are making very little money. Another option would be to allow them to enroll at any time during their first or subsequent enlistments. In the 108th Congress, H.R. 3041, which was introduced by House Veterans Affairs Committee Vice Chairman Congressman Michael Bilirakis, would have allowed individuals to make an election to participate in the MGIB at any time during the first 2 years of service. AFSA would strongly encourage the committee to incorporate this legislation as they look to revamp the benefit.

Extend or Eliminate the Ten-Year Benefit Loss Clock. Once an MGIB enrollee separates or retires, they have 10 years to use their benefit or they lose any unused portion. Transitioning from a military career to civilian life requires a period of readjustment and satisfying survival needs—especially for enlisted members. These include relocation, job and house hunting, and family arrangements, just to name a few. For many, using their "earned" educational benefit (for which they paid

$1,200), must be delayed a few years—or their education must be pursued piecemeal (e.g., a class at a time) due to conflicting work and family obligations. However, the benefit self-destruct clock is ticking as the government prepares to take the benefit away. We urge you to extend that 10-year clock to 20 years, or repeal the "benefit-loss" provision altogether. The benefit program has been earned, the Federal computer program that tracks the MGIB usage is not earmarked to go away, and extending the 10–year benefit loss clock would have negligible cost implications.

Provide "Portability" (Transferability) of MGIB to Family Members. "Critical skills" portability for family members was signed into law in the fiscal year 2002 NDAA. To date, this powerful retention incentive has gone largely unused as only a very small percentage of personnel were ever provided this opportunity. Part of the problem is the service secretaries get to determine just what "critical" means. For example, in the Air Force, less than 500 personnel in a dozen career fields were provided this opportunity despite the fact that over 60 career fields were considered critical enough to require Selective Reenlistment Bonuses. The vast majority of MGIB enrollees, many of whom have been told their jobs are "critical," find it unfair that they have not also been afforded this opportunity. As an issue of fairness, we urge that the portability feature be extended to all MGIB enrollees.

Portability would be an important career incentive for the vast majority of military members and, if we are wise, a good retention tool across the board. For enlisted members, in particular, it could mean the ability to offer greater educational opportunities to their children. A career-promoting alternative would be to offer the option to transfer (at least a portion of) the benefit to family members once the individual has served 12 to 15 years. This would make the option available in time to help send their kids to college, and it would serve as an incentive to stay in the service. Please work to extend the "portability" option across the board to all military enrollees (enlisted ones in particular).

MEDICAL CARE

The health care system administered by the Veterans Administration impacts, in one way or another, all of those who served. As reported, the Administration's fiscal year 2007 budget proposal provides an 8 percent or $2.65 billion increase in discretionary funding for VA health care, which gives Congress a much better starting point in the appropriations process than in previous years. AFSA, like most military and veterans associations remain concerned that the requested levels of funding and the calculations utilized to arrive at these figures may not reflect the true needs of this department. We recommend the committee scrutinize the Administrations proposals closely so as to avoid previous It is critical that those fighting wars today receive care when needed, while at the same time, full funding is provided to cover past veterans. Recent practice is that in order to keep funding down we progressively redefine the categories of eligibility to exclude a portion of currently eligible veterans.

Once again the Administration is proposing to increase prescription copayments and create an annual "enrollment fee" of $250 for almost two million Category 7 and 8 veterans who do not have service-connected disabilities. The copayment would jump 88 percent—from $8 to $15—per 30-day supply, per prescription. AFSA feels these two proposals are unacceptable and urges Congress to reject it in similar fashion to last year's proposed $250 "enrollment fee." Our feeling is that such an enrollment fee should only be applied prospectively. Current veterans should not be charged a fee for access which earlier Congresses determined was not appropriate. One would have to wonder what the next Congress is going to add or eliminate as the policies relative to veterans health care change based on the changing economy and personal preferences and interpretations. Upon what can veterans depend when it comes to national provision of benefits and services?

The fiscal year 2007 VA Budget should be sufficient to provide full health care and program needs for those who are currently defined as eligible for care. Funding should not be based on additional redefinitions of who is eligible and on a proposed institution of additional copayments and enrollment usage fees.

I wish to briefly touch on some issues that have been reflected in the many letters and phone calls that AFSA has received from the field. As a general rule, we tend to hear most loudly (and frequently) from those who are not happy with the adjudication of their claims or the treatment they have received. I am not going to go into isolated problems, because anecdotal information is just that. Rather, I want to briefly touch on some specific health-related situations/conditions that we feel need to be addressed.

Work Toward Mandatory Funding and Program Permanence. This association believes that the parameters of who will be served, what care will be provided, the

facilities needed, and the full funding to accomplish those missions should be stabilized as mandatory obligations. If that were so, and Congress did not have to go through redefinition drills as economic philosophies change, the strength of the economy fluctuates, and the numbers of veterans increases or decreases—these committees and this Nation would not have to re-debate obligations and funding each year. We believe that these important programs should be beyond debate and should fall under mandatory rather than discretionary spending.

Policy Consistency Needed. The pervading feeling among veterans is that the Administration's approach to providing adequate service to an ever-growing number of veterans is to shrink the number of patients by excluding increasing classes of veterans. These veterans who are being excluded were expressly included in earlier congressional legislation. In other words, rather than funding for increased needs, the VA's allowable clientele definition is changed by adding an increasing number of "Priority" groups, raising copays, and charging fees for use. The VA's "temporary" moratorium on Priority Group 8 enrollment has now assumed a "permanent" status.

Seek Proactive Cost-Saving Approaches. Provisions in the fiscal year 2005 budget proposal allowed the VA to pay for emergency room care at non-VA facilities. This proactive approach prevented delays in treating life-threatening conditions, thereby saving the lives of veterans who do not reside in close proximity to a VA medical facility. Periodically the VA has agreed to a change in policy and filled prescriptions written by non-VA providers under very specific circumstances. These are excellent examples of how the VA can enhance the care provided to veterans at a modest cost through using new approaches!

Support VA Subvention. With more than 40 percent of veterans eligible for Medicare, VA-Medicare subvention is a very promising venture, and AFSA offers support for this effort. Under this plan, Medicare would reimburse the VA for care the VA provides to non-disabled Medicare-eligible veterans at VA medical facilities. This funding method would, no doubt, enhance some older veterans' access to VA health care. The VA has an infra-structural network to handle this, and we anticipate the effort would be successful. This is an opportunity to ensure that those who served are not lumped in with all those who have not, and would, no doubt, save taxpayer dollars by potentially reducing an overlap in spending by Medicare and the VA for the same services.

Support Judicious VA–DOD Sharing Arrangements. We believe the enlisted force would be pleased with judicious use of VA–DOD sharing arrangements involving network inclusion in the DOD health care program, especially when it includes consolidating physicals at the time of separation. This decision alone represents a good, common sense approach that should eliminate problems of inconsistency, saves time, and takes care of veterans in a timelier manner. In that sense, such initiatives will actually save funding dollars. AFSA supports testing such program but recommends that the committee closely monitor the collaboration process to ensure these sharing projects actually improve access and quality of care for eligible beneficiaries. DOD beneficiary participation in VA facilities must never endanger the scope or availability of care for traditional VA patients, nor should any VA–DOD sharing arrangement jeopardize access and/or treatment of DOD health services beneficiaries. VA and DOD each have a lengthy and comprehensive history of agreeing to work on such projects but have yet to follow-through on most of them. A memorandum of understanding to renew their commitment to joint ventures was recently signed by the two departments. With this committees urging, perhaps this latest effort won't go by the wayside as past "restarts."

Support State Veterans Homes. One hundred and thirty-three state-run veterans' homes, serve about 30,000 former servicemembers. These homes are a good Federal investment since the states provide funding for two-thirds of total operating costs. Funding reductions in this area could be devastating and would force the closure of several facilities. We urge the committees to take a close look at the required level of support to protect these important national assets. We urge these committees to provide full funding for state veterans homes—building on levels established in the past with inflation factored in. If changes are to be made in the future, they should be announced for future implementation and should be applied prospectively without harming those who have come to depend on these facilities.

Care for Women Veterans. We applaud the actions of these committees in recent years to directly address the issue of the unique health challenges faced by women veterans. Between 1990 and 2000, the women veteran population increased by 33.3 percent from 1.2 million to 1.6 million, and women now represent approximately 7 percent of the total veteran population. By the year 2010, the VA estimates that women veterans will comprise well over 10 percent of the veteran population. Currently women make up 15 percent of the active duty force and approximately 23 percent of the Reserve force. Many of these female veterans have served in more

recent years. Tens of thousands of female troops have been serving, or have already returned from service in Iraq and Afghanistan. As the number of women veterans increases, the VA must be funded to increasingly provide the resources and legal authority to care for female-specific healthcare needs.

GENERAL ISSUES

Speedier Claims Processing and Improved Accuracy. For many veterans association with the VA begins with the claims process. Two years ago, the Veterans Benefit Administration announced they had reached a steady state of 250,000 claims in progress but recent numbers reflect a number three times that. Not mentioned in the Administrations fiscal year 2007 budget plan was how this agency intends to address a claims backlog that currently exceeds more than 800,000 cases!

The key to sustained improvements in claims processing rests primarily on adequate funding to attract and retain a high-quality workforce of claims workers who are supported by full investment in information management and technology. This agency is facing a mass exodus of experience once the baby-boomer generation retires from Federal service over the next 5 years. It's becoming more and more apparent that this particular section of the agency needs additional funding consideration verses funding reductions to overcome this growing backlog. Additionally, proper training impacts the quality and consistency of claims decisions. An infusion of funding specifically for this purpose could save the agency millions, if not more as errors in processing claims and the subsequent appeals they generate are reduced. Much of the past success of this agency can be directly attributed to the funding and support of this committee. The time to take a closer look is long overdue.

"Seamless," Transferable Medical Records. The record numbers of veterans being generated by the wars in Afghanistan and Iraq underscore the importance of accelerating DOD and VA plans to seamlessly transfer medical information and records between the two Federal departments. A lifetime DOD-VA service medical record could help veterans obtain early, accurate, and fair VA disability ratings, save the Department of Veterans Affairs funding, and facilitate pre- and post-deployment research that could advance standards of care. Additional savings would be realized by preventing the "doubling" of diagnostic testing which currently occurs when VA runs similar testing (MRIs/X-rays, etc) to validate DOD findings. Common sense and cross flow of information between the DOD and VA systems could save taxpayers a great deal of money. With thousands of servicemembers retiring each year, this amount could easily total several billion dollars. Accepting service connected diagnosis's made by DOD providers and their accompanying documentation would help resolve another problem that plagues VA by freeing up thousands of doctors and specialists thereby reducing the wait list times for specialized care. According to recent VA statistics about 50,000 veterans can presently be expected to wait more than 6 months for care its increases in demand and expected changes in the intensity of service delivery.

At an Oversight and Investigations Subcommittee hearing in November 2003, it was pointed out that the technology already exists to accomplish the goal of a seamless record. We urge this committee to assume an oversight role and facilitate implementation of this important document as quickly as possible.

Legitimate, Sincere Veterans' Preference. In recent years, Congress has taken steps toward making "Veterans' Preference" a reality. We have seen commendable moves in this Administration involving the VA and the Department of Labor to enhance the job preferences available to veterans. We continue to urge these committees to support any improvement that will put "teeth" into such programs so that those who have served have a "leg up" when transitioning back into the civilian workforce.

Support of Survivors. AFSA commends this committee for previous legislation which allowed retention of DIC, burial entitlements, and VA home loan eligibility for surviving spouses who remarry after age 57. However, we strongly recommend the age 57 DIC remarriage provision be reduced to age 55 to make it consistent with all other Federal survivor benefit programs. H.R. 1462 introduced by Rep. Bilirakis would make this important change in law. We also endorse the view that surviving spouses with military Survivor Benefit Plan (SBP) annuities should be able to concurrently receive earned SBP benefits and DIC payments related to their sponsor's service-connected death. We regret that the 109th Congress felt it was unable to address this issue as it finalized the fiscal year 2006 National Defense Authorization Act.

Protect VA Disability Compensation. Despite being clearly stated in law, veterans' disability compensation has become easy prey for former spouses and lawyers seeking money. This, despite the fact the law states that veterans' benefits "shall not

be liable to attachment, levy, or seizure by or under any legal or equitable process, whatever, either before or after receipt by the beneficiary." Additional legislation is needed to enforce the probation against court-orders or state legislation that would award VA disability dollars to third parties in divorce settlements.

Provide a Written Guarantee. Many veterans are frustrated and disappointed because existing programs they thought they could depend on have been altered or eliminated due to changing budget philosophies. That creates a perception among servicemembers and veterans that the covenant between the Nation and the military member is one-sided, with the military member/veteran always honoring his/her obligation, and hoping that the government does not change the law or the benefits upon which they depend. We urge this committee to support a guarantee in writing of benefits to which veterans are legally entitled by virtue of their service. This would demonstrate that the government is prepared to be honest and consistent with its obligation to its servicemembers.

Veterans Disability Benefits Commission. AFSA remains concerned about the intent of the Veterans Disability Benefits Commission set up as part of recent years' concurrent receipt legislation. We are encouraged that various military and veterans' associations and individual veterans have had the opportunity to provide input into the panel's deliberations and hope that trend continues. Congress recently granted the panel an extension that carries its reporting date into the latter part of 2007. Until then, and understanding the budgetary constraints faced by this committee, we simply ask that the following items be included in deliberations on the impact of future decisions as they will apply to current veterans.

Obviously, budgetary parameters/limitations must be set by sound fiscal decisions. However, one dynamic of changing the definition of those who are to be served by the Department of Veterans Affairs in the future is that these decisions can have a life-altering affect on current veterans and their families. Many have already made decisions to purchase housing near a VA facility and have made other financial and life-altering decisions based on earlier decisions and philosophies of governmental decisionmakers.

Whereas this committee has made "access" decisions in the past (as to who would be eligible for full access to VA programs) based on the urging of veterans groups, the voters, their fellow Members of Congress, or simply fiscal restraints, the ultimate decisions was made by Congress. As such, once the congressional decisions are signed into law, it is understandable that veterans would have a reasonable expectation that the VA programs available today will be available on the same terms in the future. Accordingly, these veterans make/made life-affecting decisions based on their faith and trust in the United States government.

It is also understandable that significantly redefining the system, adding user fees, significantly increasing costs for certain categories of veterans who are already using the system, etc., lead to further mistrust, frustration, and in some cases significant financial hardship. In that sense, this association urges that future funding decisions and the implementation of the decisions of the blue ribbon panel be applied prospectively. That is, current veterans should not be significantly affected by the periodic and aperiodic changing decisions of governmental bodies; citizens ought to be able to depend on standing governmental decisions.

As the government changes its decisions from Congress to Congress, because the economy changes or there are now too many veterans, we would hope that the members of the applicable committees will consider the impact on current veterans and set timetables or effective dates for future applications of its decisions. For that reason, we cannot endorse annual user fees and significantly increased pharmaceutical costs for certain categories of veterans—except prospectively. That is, these congressional decisions should most properly apply to new veterans entering the system. While this may seem unfair to new veterans, we believe that is the way the law generally and properly has been applied for changes to the military retirement system and other major benefit reductions—the changed laws were applied in such a way that they would not negatively affect the financial and family security of those to which the current law applies.

Mr. Chairman, in conclusion, I want to thank you again for this opportunity to express the views of our members on these important issues as you consider the fiscal year 2007 budget. We realize that those charged as caretakers of the taxpayers' money must budget wisely and make decisions based on many factors. As tax dollars dwindle, the degree of difficulty deciding what can be addressed, and what cannot, grows significantly. However, AFSA contends that it is of paramount importance for a nation to provide quality health care and top-notch benefits in exchange for the devotion, sacrifice, and service of military members, particularly while the Nation remains at war. So too, must those making the decisions take into consideration the decisions of the past, the trust of those who are impacted, and the nega-

tive consequences upon those who have based their trust in our government. We sincerely believe that the work done by this committee is among the most important on the Hill. On behalf of all AFSA members, we appreciate your efforts and, as always, are ready to support you in matters of mutual concern.

Chairman CRAIG. Morgan, thank you very much, and I appreciate your focusing on the Montgomery GI bill. You make some very solid proposals. Thank you.

Now, let me turn to Colonel Robert Norton who is retired, and currently the deputy director of Government Relations, Military Officers Association of America.

Robert.

STATEMENT OF COLONEL ROBERT F. NORTON (RET.), U.S. ARMY; DEPUTY DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION

Mr. NORTON. Thank you, Mr. Chairman. Good morning.

I am pleased to have this opportunity to appear before you today on behalf of the 360,000 members of the Military Officers Association.

At the beginning, Mr. Chairman, I want to echo, as my colleagues did, our great appreciation to you, to Senator Akaka, and to the Committee for setting a new standard for engaging veterans' issues in this Committee. We greatly appreciate it. We also want to thank you for the work that the Senate in particular did last year on the traumatic injury insurance rider to SGLI and on raising SGLI coverage levels. These are very important benefits to our wounded servicemembers and their families, and it is a great show of the support of Congress to these great young Americans.

MOAA is pleased to see a significant increase in the medical services budget in the VA for fiscal year 2007. This is an important first step in matching resources to the rising demand for care.

We continue to support the President's task force recommendation that the VA health care system should be fully funded either by mandatory means or by any other means that will accomplish that objective.

MOAA is opposed to the $250 user tax for certain enrolled veterans. Instead, to avoid another VA medical budget shortfall, we recommend a $795 million increase to the VA health care budget.

Less than 1 percent of the American population is fighting to protect the Nation in the War on Terror, and those who have served should not have to pay for their access to VA care.

MOAA recommends that the Committee and Congress continue to press VA and the Department of Defense to speed up seamless transition initiatives.

When Army Captain Mark Giammatteo returned home from Iraq with serious wounds to his right leg, he underwent 30 surgeries at Walter Reed. On convalescent leave, he had problems with his surgery and attempted to check into the local VA facility. There, he was turned away. VA officials said they couldn't treat him because he was on active duty. Captain Giammatteo's story illustrates the personal dimension of the importance of getting seamless transition right, and our statement goes into greater detail on the rec-

ommendations we feel need to be pressed in terms of seamless transition.

Advances in medical treatment and casualty management have raised the survival rates for our wounded warriors to unprecedented levels, what the medical folks call the "golden hour." MOAA leadership has seen firsthand the need for polytrauma center upgrade and expansion. The need is not adequately addressed, however, in the budget request. MOAA strongly urges the Committee to restore the proposed $627 million cut in VA health care construction and to increase medical research funding to $460 million.

Turning now to benefits, MOAA strongly recommends the Committee endorse needed increases in full-time-equivalent positions, training, and technology upgrades, so that the long and costly delays in processing disability claims can be fixed.

I want to thank you, Mr. Chairman and Senator Akaka and the Committee, for holding a hearing on the 2nd of February concerning the 15 percent unemployment rate among young veterans. MOAA believes that stronger transition assistance programs are an important tool to help attack this problem, and we recommend that the Committee support expanding and tailoring TAP services for all of our veterans, including the Guard and Reserve.

Another issue related to potential veteran unemployment is the Montgomery GI bill. National Guard and Reserve servicemen and women who have been mobilized earn Montgomery GI bill benefits during their active-duty service under chapter 1607 of title 10. However, when they complete their Reserve contracts, they forfeit those benefits, and they don't get an opportunity to use them to gain the skills and education they need to be competitive in the workforce and to avoid unemployment.

Let me illustrate. According to the Defense Department, there are 579 citizen soldiers from Idaho currently on active duty from units in Boise, Gowen Field, Lewiston, and Pocatello. These great young Americans are serving in the War on Terror, defending the rest of us. They earn Montgomery GI bill benefits which range from about $15,000 to $29,600, depending on the length of their call-up. When they return home to Lewiston and Pocatello and someday complete their service commitment, they must forfeit every penny of those benefits unless they stay in the Guard and Reserve. That is not right, Mr. Chairman, and it must be fixed.

Along with my colleagues, we recommend that the Montgomery GI bill be restructured so that a basic principle is underwritten, namely that service in the Armed Forces should be matched by appropriate benefits, including the Montgomery GI bill. So we also recommend that the title 10 Reserve programs be transferred to Title 38 and that a readjustment benefit be authorized for men and women who serve on active duty from the Guard and Reserve, so that they can take their benefits with them when they complete their service, avoid unemployment, and enable this great Nation of ours to be competitive in the marketplace.

Thank you again, Mr. Chairman, for this opportunity to testify, and I look forward to your questions.

[The prepared statement of Mr. Norton follows:]

PREPARED STATEMENT OF COLONEL ROBERT F. NORTON (RET.), U.S. ARMY; DEPUTY DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION

Mr. Chairman and distinguished Members of the Committee, on behalf of the 360,000 members of the Military Officers Association of America (MOAA), I am honored to have this opportunity to present the Association's legislative agenda for veterans health care and benefits programs.

MOAA does not receive any grants or contracts from the Federal Government.

VETERANS HEALTH CARE

Health Funding Overview

MOAA is grateful to Congress for addressing a woefully inadequate VA health care budget for the past (fiscal year 2005) and current fiscal year, fiscal year 2006. Since 9/11, we have been particularly concerned that VA demand projections have not properly accounted for the increased number of veterans from the Iraq and Afghanistan conflicts (OIF/OEF). In accordance with VA's 2-year "open door" policy, more than 525,000 Guard and Reserve veterans are now eligible for VA care, in addition to the active duty veteran population. VA data show that greater numbers of active duty veterans than Guard/Reserve veterans are enrolled in the VA, but Guard-Reserve usage is higher. The GAO recently confirmed that the VA's demand model is inadequate for estimating projected costs for the VA health care system.

MOAA fully supports reforming the VA's enrollment projection model used to justify the VA health care budget and strongly endorses the President's Task Force recommendation that the VA health care system should be fully funded by mandatory spending or by some other means that will ensure the full-funding objective is met.

The fiscal year 2007 VA Medical Care Budget includes $31.5 billion in discretionary appropriations and $2.8 billion in increased collections for a total of $34.3 billion for VA medical care. The budget request recognizes the need to provide timely care to those who have served the Nation in uniform and is in range of the budget estimate set forth in the Veterans Independent Budget for fiscal year 2007, which MOAA endorses. Included in the spending plan is an estimated $795 million in collections that would come directly out of veterans' pockets, not the Federal treasury.

MOAA recommends that Congress provide $33 billion for veterans' health care, an increase of $4.2 billion over the fiscal year 2006 appropriation, and approximately $1.5 billion over the administration's fiscal year 2007 budget request, without collections.

Usage Fees and Drug Copays

MOAA is surprised and disappointed to note that after twice being rejected by Congress, the Administration is again seeking enactment of a $250 usage fee for 2.3 million Priority Group 7 & 8 enrolled veterans.

The Administration is also reviving its proposal to increase pharmacy copayments from $8 to $15 for these veterans. The fees would generate revenue of $251 million in fiscal year 2007.

What's wrong with this picture? First, under the VA's 2–year open door policy for OIF / veterans, many thousands of veterans are completing their "trial" enrollment and, if they have not been determined to have a service-connected disability, are being assigned to PG–7 or 8 depending on income levels. We must ask if it is right that a Nation that sent these veterans into harm's way in the War on Terror should now charge them a fee for their VA care? Second, the proposals fail to consider the lost revenue from PG 7 and 8 veterans who may have other health insurance (OHI).

Third, attempts to correlate the fees with TRICARE Prime fees are fallacious: the VA is not a health insurance system with managed care standards. TRICARE Prime is a managed care (HMO) component of the military health system. TRICARE Prime fees are optional for those who choose this coverage over TRICARE Standard. Participants pay modest annual fees in order to obtain assured access to TRICARE providers under established access standards. The fees the Administration seeks bring no reciprocal benefit in terms of access to care in a timely manner. Their only purpose is to depress demand and save money by driving veterans away.

MOAA is opposed to VA usage fees and higher drug copays. During this long and difficult war on terror, Congress would send the wrong signal to the Nation's warriors and future veterans by endorsing usage fees for VA health care.

Medical and Prosthetic Research

The budget request shows a $17 million increase in the research budget above the 2006 level. Additionally, the VA indicates that OIF/OEF research is a high priority and special research is being done concerning PTSD, traumatic brain injury, prostheses and injuries associated with blast injuries. However, we are concerned that

the $17M increase appears to be due only to funds from other Federal and non-Federal resources that may or may not actually be available.

MOAA strongly urges Congress to ensure a funding level of $460 million for medical research—including traumatic brain injury, spinal cord injury, prosthetic devices, and burn therapies.

Polytrauma Centers Funding

Advances in medical treatment and casualty management during the "golden hour" have raised the survival rates for our wounded warriors to unprecedented levels. But, unfortunately, the injuries often are much more severe and may involve multiple systems intervention and rehabilitation in highly advanced polytrauma centers. The VA has four such polytrauma centers throughout the United States and the DOD is planning to establish three more. Senior MOAA leaders have been privileged to visit some of these facilities. We have seen first hand the need for facility modification and expansion in order to keep up with demand and enable the most efficient use of modern technology. But the need is not adequately addressed in the budget request, which proposes a $627 million cut in minor and major construction dollars.

MOAA strongly urges the Committee to reverse the $627 million cut in construction allocations and restore construction funding required for needed upgrades to VA polytrauma centers and for other critical construction needs.

Seamless Transition Road Map

MOAA appreciates the leadership of the Committee in keeping up the pressure on the VA and DOD to accelerate accomplishment of "seamless transition" policies, procedures, and supporting objectives for our Nation's service men and women and their families.

What is seamless transition? In its 2003 report, the President's Task Force on DOD–VA health care collaboration outlined the following objectives:

- Single separation physical: "The Departments [of Defense and Veterans Affairs] should implement by fiscal year 2005 a mandatory single separation physical as a prerequisite of promptly completing the military separation process."
- Electronic Medical records: "VA and DOD should develop and deploy by fiscal year 2005 electronic medical records that are interoperable, bi-directional, and standards based."
- Privacy: "The Administration should direct the Department of Health and Human Services (HHS) to declare the two Departments to be a single health care system for the purposes of implementing HIPAA regulations."
- Occupational and Hazard Exposure Data: "VA and DOD should expand their collaboration in order to identify, collect, and maintain the specific data needed by both Departments to recognize, treat, and prevent illness and injury resulting from occupational exposures and hazards experienced while serving in the Armed Forces; and to conduct epidemiological studies to understand the consequences of such events."
- Joint Health Surveillance and Reporting: "The Departments [of Defense and Veterans Affairs] should: (1) add an ex officio member from VA to the Armed Forces Epidemiological Board and to the DOD Safety and Occupational Health Committee; (2) implement continuous health surveillance and research programs to identify the long-term health consequences of military service in high-risk occupations, settings, or events; and (3) jointly issue and annual report on Force Health Protection, and make it available to the public."

The record of accomplishment on these goals is mixed, though there is some progress. We offer the following observations on policy, procedures, and technologies supporting seamless transition objectives:

- Transparency in oversight and policy coordination. MOAA commends Congress for enacting legislation that established a formal coordination process between the Departments of Defense and Veterans Affairs. The DOD-VA Joint Executive Council (JEC) and its subordinate Benefits Executive Council (BEC) and Health Care Executive Council (HEC) have the potential to spearhead greater progress on seamless transition initiatives.

MOAA recommends greater transparency and oversight of the DOD-VA Joint Executive Council activities.

- Electronic Medical Records. The VA has fielded a standard-setting electronic medical records system for its hospital facilities and outpatient clinic networks. Known as VISTA, the VA system has received high marks in the medical community and is being adopted by a growing number of civilian provider networks. DOD is now fielding a military electronic medical records system called AHLTA. AHLTA

is expected to be on line this year. The question, however, is whether VISTA and AHLTA can "talk to each other."

MOAA continues to strongly urge accelerated development of bi-directional, interoperable standards-based electronic medical records between DOD and the VA.

• Medical Evaluation Board (MEB)/Physical Evaluation Board (PEB).

MEBs are conducted to determine suitability for continued service following an injury, wound, or illness. MEBs follow a "period of observation" or "time to heal" for ill or injured service men and women. MEBs average 121 days, but can vary considerably depending on the medical condition and healing process. For example, Army MEBs currently take 67 days to complete. The PEB is charged with making personnel decisions based on the input from the MEB. DOD requires a PEB in peacetime to be completed within 40 days following an MEB. The average PEB completion time since OIF and OEF is 87–280 days. Taken together, the convalescence, MEB and PEB processes appear to average between nine and fifteen and a half months for Army soldiers.

MOAA has recommended that the Veterans Disability Benefits Commission evaluate MEB–PEB policy and procedures to ensure fair treatment among the Services including members of the Guard and Reserve.

• Single Separation Physical. MOAA remains concerned about known gaps in implementing a single separation physical. Some time ago, DOD and VA announced an agreement on a single separation physical protocol. Yet, at key medical treatment facilities like the Walter Reed Army Medical Center and the National Naval Medical Center neither facility has implemented a single, systematic process for a separation physical under a joint DOD-VA protocol. That being the case at the Army and Navy's premier medical facilities, it's unlikely that a single separation physical has been implemented elsewhere.

MOAA continues to urges support for accelerated development of a single separation physical.

• Seriously Wounded Transition Program. DOD and VA have made commendable progress in coordinating services for injured and ill servicemembers. DOD has established a joint center to oversee care and services for injured and ill OIF and OEF servicemembers. The VA has assigned caseworkers to major military medical facilities that are providing care and rehabilitation services to severely injured or ill troops. Last year, the GAO recommended improving information sharing between DOD and VA on seriously injured service men and women (Vocational Rehabilitation; More VA and DOD Collaboration Needed to Expedite Services for Seriously Injured Service Members (January 2005).

MOAA recommends continued emphasis on improving the coordination of care and information sharing between DOD–VA for seriously wounded servicemembers.

Expansion of Mental Health Services

Recent studies project that 1 out of 6 servicemembers returning from Iraq and Afghanistan will need care for PTSD and other mental health conditions. The budget request increases funding for mental health services from $2.8 billion to $3.2 billion. We are pleased that the VHA Mental Health Strategic Plan Workgroup is developing a 5-year strategic plan to eliminate deficiencies and gaps in the availability and adequacy of mental health services.

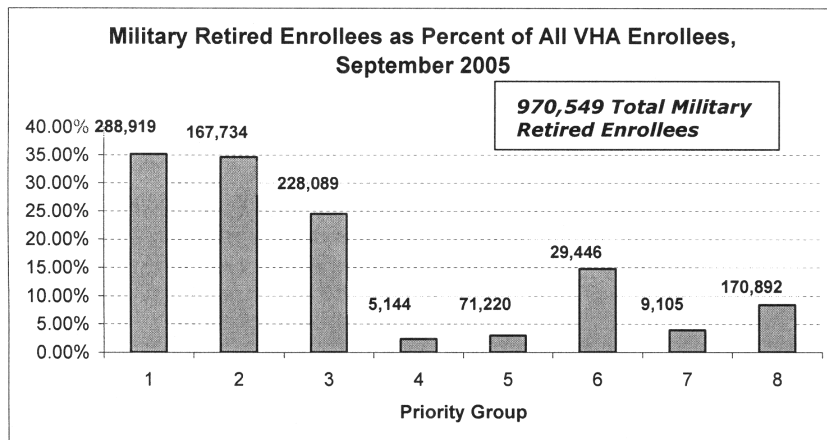
Retired Military Veterans Access to Earned DOD–VA Health Care Benefits

Veterans who complete a full career in the Armed Forces earn lifetime entitlement to health care benefits in the Department of Defense TRICARE system, and eligibility for VA health care services.

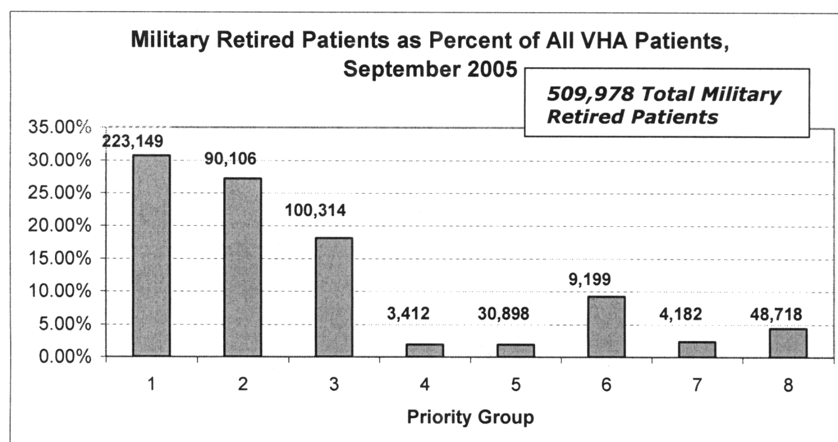
• About one out of eight enrolled veterans is a dual-eligible veteran.

• One out of ten users ("unique patients") of VA care is a dual-eligible veteran.

• Enrollment of military retired veterans has increased by a little over one-third since June 2000 when VA began tracking the data (600,870 retired veteran enrollees to 970,549 as of Sept. 2005).



Source: VHA. Data as of 30 September 2005.



Source: VHA data as of 30 September 2005.

The more severe a disability, the more likely it is that a veteran would seek VA care:

- 77 percent of dual-eligibles with disabilities rated at 50 percent or greater (PG–1) used VA care last year.
- 54 percent of dual-eligibles with disabilities rated 40–50 percent (PG–2) used VA care last year down.
- 44 percent of dual-eligibles with disabilities rated 10–30 percent (PG–3) used VA care last year down.
- By contrast, only 26 percent of PG–8 retired veterans used VA care last year down from 29 percent in 2004.

In 2005, 53 percent of enrolled military retired veterans used VA health care in some way.

Because many enrolled retired veterans have serious disabilities, it is imperative that they have assured access to the VA's spectrum of health care services including its well-regarded specialty care capabilities.

As we have noted in past testimony, military retired veterans often prefer to obtain their routine health care locally from the TRICARE network, but are willing to travel some distance to have access to VA specialty care services.

MOAA appreciates Congress' continued support in opposing "forced choice" proposals that would compel dual-eligible veterans to relinquish access to earned DOD or VA health care services.

Capital Assets for Enhanced Services (CARES)

MOAA and other military and veterans organizations have noted that the CARES planning process does not include planning for mental health services and long-term care. MOAA continues to urge inclusion of mental health care and long term care services in ongoing facilities decisions resulting from the CARES process.

VETERANS BENEFITS

Overview. The 2007 VA Budget Request includes $42.1 billion for entitlement costs associated with benefits administered by the Veterans Benefits Administration (VBA). The total includes an additional $4 billion for disability compensation for veterans and their survivors for disabilities or diseases incurred or aggravated in military service.

Disability Claims: Quality and Process Improvements Needed

The workload and complexity of VA disability claims continues to increase. The VA projects over 900,000 claims this year. The estimate includes almost 100,000 claims from "special outreach" programs mandated by Congress last year. Disability claims processing time rose to 167 days on average in 2005. The VA's performance goal for claims processing is 100 days. In addition to increased workload, a continuing challenge is replacing retiring claims workers with highly trained individuals and providing them with the tools, policies and procedures to improve the quality and timeliness of production. The VA "tiger team" model, which is used to adjudicate claims of WWII and other older veterans, should be used throughout the system. Additional investment in training, full time positions, and technology also will be needed to reach sustainable quality and timeliness goals.

MOAA continues to urge additional claims-workers, technology upgrades, and training to reach and sustain the VA's original strategic performance goal of 100 days on average per VA claim.

Seamless Transition—TAP/DTAP Programs and Related Issues. MOAA appreciates that this Committee held a hearing on 2 February 2006 to examine the issue of rising unemployment among veterans recently separated from military service. The rate of unemployment among veterans aged 20–24 is 15 percent, almost double that for non-veterans (8 percent unemployment). Since 2001 the active Armed Forces have separated an average of 200,000 service men and women each year. In addition, the call-up of more than 525,000 Guard and Reserve service men and women since 9/11 has increased the demand on transition assistance programs (TAP). MOAA believes there is a link between strong military TAP programs and the goal of reducing unemployment among young veterans.

A GAO report issued last year stated that TAP resources have been "flat since fiscal year 1995" and that DOD's budget has not taken into account the needs of separating veterans from the National Guard and Reserve.

MOAA recommends that the Committee support policy and funding initiatives to:

- Enable TAP services to be delivered in local communities for separating Guard and Reserve veterans.
- Expand VA outreach to provide "benefits delivery at discharge" services in local settings convenient to de-mobilizing Guard and Reserve veterans.

MOAA urges the Committee to support seamless transition initiatives that underwrite TAP/DTAP programs in order to reduce the potential of unemployment and homelessness among veterans of the war on terror.

Total Force Montgomery GI Bill

Congress intended that the all-volunteer force Montgomery GI Bill would support DOD recruitment and retention programs, enable a smoother readjustment to civilian life, and enhance the Nation's competitiveness.

But these goals are not being fully realized especially for mobilized members of the National Guard and Reserve forces. Ongoing challenges include:

- Delayed implementation of MGIB benefits for mobilized reservists authorized under Chapter 1607 of Title 10 USC. Only a handful of educational benefits claims have been processed—and these, manually—for the more than 525,000 Guard and Reserve troops who have served on active duty under contingency operation orders since 9/11.
- Lack of a readjustment benefit for mobilized reservists. After serving the Nation on active duty in the war on terror and successfully completing a Guard or reserve service commitment, reservists are not authorized any readjustment benefit. They

must leave behind remaining MGIB benefits upon separation unless the separation is for disability.

• Benefit disparities. For the first 15 years of the MGIB, benefits earned by individuals who initially joined the Guard or Reserve paid 47 cents to the dollar for active duty MGIB participants. Since 9/11, however, the ratio has dropped to 29 cents to the dollar.

• Administrative difficulties. DOD and VA officials report enormous challenges in de-conflicting and coordinating the oversight and management of MGIB programs. Policy and procedural challenges are compounded by outmoded information management and information technology support for the MGIB.

The Total Force MGIB for the 21st Century

The Total Force MGIB has two broad concepts. First, all active duty and reserve MGIB programs would be organized under Title 38. (The responsibility for cash bonuses, MGIB "kickers", and other enlistment/re-enlistment incentives would remain with the Department of Defense under Title 10). Second, MGIB benefit levels would be structured according to the level of military service performed.

The Total Force MGIB would restructure MGIB benefit rates as follows:

• Tier one—Chapter 30, Title 38—no change. Individuals who enter the active Armed Forces would earn MGIB entitlement unless they decline enrollment.

• Tier two—Chapter 1606, Title 10: MGIB benefits for initial entry into the Guard or Reserve. Chapter 1606 would transfer to Title 38. No other change is envisioned at this time. In the future, the Committee should consider adjusting benefit rates in proportion to the active duty program. Historically, Selected Reserve benefits have been 47–48 percent of active duty benefits.

• Tier three—Chapter 1607, Title 10, amended—MGIB benefits for mobilized members of the Guard / Reserve on "contingency operation" orders. Chapter 1607 would transfer to Title 38 and be amended. Mobilized servicemembers would receive 1 month of "tier one" benefits (currently, $1034 per month) for each month of activation after 90 days active duty, up to a maximum of 36 months for multiple call-ups.

A servicemember would have up to 10 years to use remaining entitlement under Tier One or Tier Three programs upon separation or retirement. A Selected Reservist could use remaining Second Tier MGIB benefits only while continuing to serve satisfactorily in the Selected Reserve. Reservists who qualify for a reserve retirement or are separated/retired for disability would have 10 years following separation to use all earned MGIB benefits. In accordance with current law, in cases of multiple benefit eligibility, only one benefit may be used at one time, and total usage eligibility extends to no more than 48 months.

MOAA strongly supports enactment of a "Total Force Montgomery GI Bill".

OTHER EDUCATIONAL BENEFITS ISSUES

Benchmarking MGIB Rates to the Average Cost of Education. Department of Education data for the 2005–2006 academic year show the MGIB reimbursement rate for full-time study covers 61 percent of the cost at the average public 4-year college or university. MOAA recommends the Committee increase MGIB benefit rates to keep pace with the average cost of education at a 4-year public college or university.

Enrollment Option for Career Servicemembers who Declined "VEAP". Approximately 50,000 career servicemembers who continue to serve on active duty declined to enroll in the precursor to the MGIB known as "VEAP", the Post-Vietnam Era Veterans Education Assistance Program (Chapter 32, Title 38). Many declined VEAP on the advice of military counselors. They were told that they would do better to invest the VEAP enrollment fee of $2700 and wait to enroll in the coming Montgomery GI Bill. MOAA supports enactment of H.R. 269.

Transferability of Benefits. About two-thirds of today's force is married. Many re-enlistment decisions are based on family needs. MOAA supports enactment of legislation to permit a servicemember to transfer up to one-half of remaining MGIB–AD entitlement to immediate family members in exchange for a career commitment (e.g., those who commit to serve at least 14 years normally will later complete 20 or more years service).

MGIB Eligibility for Certain Officers. Under current law, officers commissioned from a Service Academy or Senior ROTC scholarship program are ineligible for the MGIB. Most officers today are required to obtain advanced degrees for future assignments and promotion competitiveness. But Service tuition assistance programs are limited to a discrete number of designated specialties. MOAA recommends the Committee consider establishment of MGIB entitlement for officers commissioned from a Service Academy or Senior ROTC Scholarship program in exchange for extension of their active duty service commitment.

Uniformed Services Employment and Reemployment Rights Act (USERRA)

MOAA is grateful to Congress for enacting legislation that requires the posting of USERRA rights and responsibilities in the workplace.

We are also grateful for Veterans Affairs Committees' past support in urging that the Department of Labor issue implementing regulations and guidance for the USERRA. The new USERRA rule explains the law using a "question and answer" format that is clear and understandable.

Other adjustments to the USERRA are still needed, however. It is our understanding that mobilized reservists are treated as "severed employees" with respect to their employer-based retirement plans such as 401k or 403b programs. Consequently, they are not authorized to contribute to retirement plans during the period of activation. Although employers must match any 401k contributions that would have been made during the absence upon the return to the workplace, the reservist is prohibited from making personal contributions during the period of lengthy active duty. MOAA recommends the Committee endorse a change to the USERRA that would permit optional contributions to reservists' 401k plans during a call-up.

Servicemembers Civil Relief Act (SCRA)

MOAA has heard from active duty service families regarding tax problems that arise from changing duty stations. States of residence often treat military spouses differently than their sponsors with respect to the tax code and on matters such as the joint registration of vehicles at the new duty station. MOAA supports a review of these type issues with the goal of providing fair tax treatment of military families who are compelled to make frequent relocations.

Arlington National Cemetery Interment Rules

On multiple occasions since 1998 the House of Representatives by unanimous or near-unanimous vote favorably reported legislation that would codify the rules governing interment in our Nation's most hallowed ground for its military heroes. In addition, this Committee has previously endorsed legislation that would authorize burial in ANC for reservists on inactive duty and for retired reservists eligible to retire but not yet 60 years of age.

The most recent House-passed legislation would authorize an in-ground burial to:

- Members of the Armed Forces who die on active duty.
- Retired members of the Armed Forces, including Reservists who served on active duty.
- Former members of the Armed Forces who have been awarded the Medal of Honor. Distinguished Service Cross, Air Force Cross, or Navy Cross, Distinguished Service Medal, Silver Star, or Purple Heart.
- Former prisoners of war.
- Members of the National Guard/Reserve who served on active duty and are eligible for retirement, but who have not yet retired.
- Members of the National Guard/Reserve who die in the performance of inactive duty training.
- The President or any former President.
- The spouse, surviving spouse, minor child and at the discretion of the Superintendent of Arlington, unmarried adult children of the above categories.

MOAA understands that many Members of the Senate support codification of these rules, but also want to maintain longstanding tradition and practice of considering certain exceptions in the case of individuals who have made extraordinary contributions to the Nation.

MOAA continues to recommend codification of the rules governing interment in Arlington National Cemetery.

Presumption of Service Connection for Hepatitis-C Infection

Medical research has established that there is a significantly higher rate of Hepatitis-C (HCV) infection among veterans than in the general population.

Before development of a reliable HCV screening test in the early 1990s, many thousands of servicemembers were exposed to HCV through air-gun inoculations, surgery, other medical procedures, and battlefield exposure. Accordingly, it is reasonable to presume service-connection for servicemembers exposed to the HCV virus prior to development of definitive screening tools.

MOAA recommends legislation adding presumption of service connection for Hepatitis-C in servicemembers determined to have been exposed to this disease prior to development of definitive screening protocols in 1992.

Survivors Issues

MOAA is extremely grateful to the Committee and Congress for passage of legislation last year to raise Servicemembers' Group Life Insurance (SGLI) to $400K, enact a Traumatic Injury Insurance rider to SGLI, and affirm the "24–7" principle for service-connected disabilities.

SBP–DIC Offset. MOAA was extremely disappointed that House and Senate conferees failed to make at least some progress in the fiscal year 2006 Defense Authorization Act to ease the unfair law that reduces military Survivor Benefit Plan (SBP) annuities by the amount of any survivor benefits payable from the VA Dependency and Indemnity Compensation (DIC) program.

Under current law, the surviving spouse of a retired member who dies of a service-connected cause is entitled to DIC from the Department of Veterans Affairs. If the military retiree was also enrolled in SBP, the surviving spouse's SBP benefits are reduced by the amount of DIC (about $1,000 per month). A pro-rated share of SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. The offset also affects all survivors of members who are killed on active duty. There are approximately 60,000 military widows/widowers affected by the DIC offset.

MOAA believes SBP and DIC payments are paid for different reasons. SBP is purchased by the retiree and is intended to provide a portion of retired pay to the survivor. DIC is a special indemnity compensation paid to the survivor when a member's service causes premature death. In such cases, the VA indemnity compensation should be added to the SBP the retiree paid for, not substituted for it. It's also noteworthy as a matter of equity that surviving spouses of Federal civilian retirees who are disabled veterans and die of military-service-connected causes can receive DIC without losing any of their purchased Federal civilian SBP benefits.

In the case of members killed on active duty, a surviving spouse with children can avoid the dollar-for-dollar offset only by assigning SBP to the children. But that forces the spouse to give up any SBP claim after the children attain their majority—leaving the spouse with only a $1,000 monthly annuity from the VA.

MOAA notes that most large city fire departments continue 100 percent of pay for survivors of firefighters killed in the line of duty, in addition to far larger lump sum payments than military members' survivors receive. Military members whose service costs them their lives deserve fairer compensation for their surviving spouses.

MOAA strongly supports legislation to repeal the SBP-DIC offset introduced by Sen. Nelson (D–FL) (S. 185).

Retain DIC on Remarriage at Age 55. Legislation was enacted in 2003 to allow eligible military survivors to retain Dependency and Indemnity Compensation (DIC) upon remarriage after age 57. At the time, Congressional staff advised that age–57 was selected only because there were insufficient funds to authorize age–55 retention of DIC upon remarriage. MOAA's goal remains age 55 retention of DIC upon remarriage in order to bring this benefit in line with rules for the military SBP program and all other Federal survivor benefit programs.

CONCLUSION

The Military Officers Association of America greatly appreciates the opportunity to present the Association's legislative priorities on veterans' health care and benefits issues for the second session of the 109th Congress.

Chairman CRAIG. Well, thank you very much.

Now let's turn to Rose Lee, chairman, Legislative Committee, Gold Star Wives of America. She is accompanied by Edith Smith, member, Legislative Committee, Gold Star Wives.

Please proceed, Rose.

STATEMENT OF ROSE ELIZABETH LEE, CHAIRMAN, LEGISLATIVE COMMITTEE, GOLD STAR WIVES OF AMERICA, INC.; ACCOMPANIED BY EDITH SMITH, MEMBER, LEGISLATIVE COMMITTEE, GOLD STAR WIVES OF AMERICA, INC.

Ms. LEE. Yes. Thank you very much, Mr. Chairman. Good morning to you, and thank you for the opportunity to testify before you today on behalf of Gold Star Wives.

In the audience, by the way, are a few Gold Star Wives members, I must add.

Gold Star Wives was founded in 1945 and is a Congressionally chartered service organization comprised of surviving spouses of military servicemembers. We are the widows of those who died while on active duty or as a result of a service-connected disability.

I will present to you the collective goals of the Gold Star Wives with the hope that they will alert you to certain discrepancies and inefficiencies that you may be able to alleviate in your deliberations this year.

I want to thank the Members of this Committee and the staff for your continued support of programs that directly support the well-being of our servicemembers' widows and their families.

Too often, we feel that survivors, widows, and orphans, if you will, are overlooked. They shouldn't be. A couple of years ago, I took this snapshot of the VA's mission statement that is on the wall of the VA building. It is Lincoln's statement, and it reads: "To care for him who shall have borne the battle and for his widow and his orphan."

Last month, I attended the VA's budget briefing, and at this briefing, I was glad to hear them say that they had convinced OMB and got the budget increase requested for 2007.

What bothered me is that nowhere in this briefing handout did the words "survivors" or "widows" and "orphans" appear. We seem to get lost in the shuffle. We hope that these oversights will be corrected and we are not forgotten.

If there is one message I could leave with you today, it is that there is never enough good communication. The casualty assistance calls officers have a difficult mission in a difficult time, but they don't always know about the benefits and entitlements managed by the VA or the DOD.

Gold Star Wives sponsors a chatroom for new widows following 9/11. New widows joined this chatroom and asked questions about benefits. Our widows do need our help.

We need to examine the coordinating process between agencies more closely and work hard to prevent these widows and their children from encountering gaps in identifying benefits.

The VA and DOD have cohosted meetings that focus on improving outreach to surviving family members. Thanks to you, Mr. Chairman, VA has created a survivors Web site that offers communications channels for all service widows and widowers. We participate in this outreach and applaud these efforts. However, often widows still do not even know where to turn simply to identify their benefits.

Periodically, by the way, thanks to your chief of staff, Ms. Lupe Wissel, I sent e-mails to the chatroom to remind them of the survivor Web site. I also frequently provide them with contact information on the Military Services Headquarters Casualty Assistance offices. However, to enhance these efforts, Gold Star Wives asks your serious consideration of creating an oversight office for survivors across the VA and DOD to assure improved delivery of benefit information and benefits to survivors.

Despite valiant efforts over the past year, the dollar-for-dollar offset of survivor benefit plans—that is the SBP—annuity payments from the VA's DIC was not eliminated.

To illustrate the bad publicity that this issue is getting, the New York Times op-ed published an article by Attorney Dan Shea on February 13, 2006, just last month, in which he wrote: "My brother LTC Kevin Shea was killed by a rocket attack in Falluja on September 14, 2004." Dan Shea went on to describe the problem which prevents his brother's wife to receive both SBP and DIC without offset. We do recognize you must act with your colleagues on the Committee on Armed Services on this issue. We thank Senator Bill Nelson for introducing S. 185 to eliminate the offset and encourage Congress to provide this real relief for our military surviving spouses.

Current law provides for remarriage at age 57 to retain VA benefits. For those who remarried before the law was enacted, there was a 1-year period to apply for reinstatement. Lowering the age to 55 would bring this benefit in line with rules for SBP and other Federal survivors programs and open up the reinstatement period with renewed outreach efforts to make survivors aware of their eligibility.

There are inequities for the child survivor that needs immediate attention. The additional monthly $250 child DIC payment per family only applies to survivors of deaths after January 1, 2005. This should be made retroactive to October 7, 2001. It makes no sense that the survivors of those who died first should be prohibited from accessing a benefit given to survivors of those who died later in the same war.

The program evaluation of benefit study recommended that surviving spouses with dependent children receive the $250 for 5 years instead of 2 years that this has currently provided, and that amount should be indexed for inflation to avoid a devaluation of the benefit.

Unfortunately, those recommendations were ignored. The $250 child DIC is the only DIC benefit that doesn't receive the cost-of-living adjustment. We request that the Committee work on this until it is given the rightful COLA.

CHAMPVA currently does not carry with it a dental plan. In order to increase beneficiaries' access to dental care at a reasonable cost, Gold Star Wives seek the widows and all CHAMPVA beneficiaries the ability to purchase a volunteer dental insurance plan similar to the TRICARE program for military service retirees' dental care. Gold Star Wives recommend Congress fix this and provide a dental plan for CHAMPVA beneficiaries.

We request Congress to review how the DIC rate is established, which is currently a flat rate of $1,033. The SBP is calculated at 55 percent of retired pay, as if the member had retired for total disability on the date of death. We recommend that the DIC be calculated in a similar manner at 55 percent of the disabled veteran's 100 percent disability compensation. We recognize that there are complexities in this, depending on rank of the deceased and on date of death, but we do believe this would help alleviate growing financial difficulties of widows from wars prior to this conflict who are receiving only DIC.

In conclusion, we do not want our widows to be forgotten, whether they are experiencing their losses in the global war on terror or over the past 5 years, or whether they are members of the so-called "greatest generation" and experienced their loss many years ago during World War II.

I thank this Committee for using this hearing as one more avenue of awareness and education and for giving me an opportunity to share my thoughts and the goals of Gold Star Wives.

We will be happy to work with the Committee on any of these initiatives.

Thank you.

[The prepared statement of Ms. Lee follows:]

PREPARED STATEMENT OF ROSE ELIZABETH LEE, CHAIR, LEGISLATIVE COMMITTEE, GOLD STAR WIVES OF AMERICA, INC.

Mr. Chairman, Senator Akaka and Members of the Senate Veterans' Affairs Committee, I would like to thank you for the opportunity to testify before you today on behalf of all Gold Star Wives regarding the importance of addressing critical services for America's military widows and their children.

My name is Rose Lee. I am a widow and I am here before you as the Chair of the Gold Star Wives (GSW) Committee on Legislation. I am also currently President of the Potomac Area Chapter. In the past, I have held the positions of National President and Chair, Board of Directors for GSW. For many years now I have been working to achieve the overall goals of the Gold Star Wives, and more specifically to assist our young, new widows, one by one, wind their way through the maze that lies before them with first notification of the death of their loved one.

The Gold Star Wives of America, Inc. was founded in 1945 and is a Congressionally chartered service organization comprised of surviving spouses of military servicemembers who died while on active duty or as a result of a service-connected disability. We could begin with no better advocate than Mrs. Eleanor Roosevelt, newly widowed, who helped make GSW a truly national organization. Mrs. Roosevelt was an original signer of our Certificate of Incorporation as a member of the Board of Directors. Many of our current membership of over 10,000 are the widows of servicemembers who were killed in combat during World War II, the Korean War, the Vietnam War and the more recent wars including the one we are currently in, the Global War on Terrorism (GWOT).

In my testimony I will respond to your request for our legislative views on the past year, an assessment of the present, and a look ahead into 2008. In doing so, I will present to you the collective goals of the Gold Star Wives with the hopes that they will alert you to certain discrepancies and inefficiencies that you may be able to alleviate in your deliberations this year.

I do want to thank the Members of this Committee and the staff for your continued support of programs that directly support the well-being of our servicemembers' widows and their families. It is imperative that the difficulty of the sacrifice of our husbands' lives should not be compounded by lack of information, confusing information and sometimes even erroneous information that prevent our widows from accessing the assistance she needs to begin the rest of her life without that core person who had been her most critical support.

Too often, we feel that survivors—widows and orphans if you will—are overlooked, though they shouldn't be. A couple of years ago, I took a snapshot of the VA's Mission Statement that's on the VA building—its Lincoln's statement: "To care for him who shall have borne the battle and for his widow, and his orphan." Last month, I attended the VA's budget briefing. I was glad to hear them say, that they convinced OMB and got the budget increase requested for 2007. What bothered me is that nowhere in the briefing handout did the words "survivors or widows and orphans" appear. We seem to get lost in the shuffle—we hope that these oversights will be corrected and we are not forgotten.

THE CHALLENGE

We are unmistakably in a time of war. Warriors are dying and leaving behind young families. If there is one message I could leave you with today it is that there is never enough good communication. The Casualty Assistance Calls Officers (CACOs) have a difficult mission in a difficult time. They act to assist survivors from the death notification to assistance with coordinating funeral arrangements to

applying for benefits and entitlements. They do a valiant job but CACOs are not trained to be the subject matter expert for the benefits and entitlements managed by the VA or the DOD.

Our widows need our help. We need to identify and reach out to them. In addition, we must coordinate with our counterparts in other agencies to ensure that the message given is thorough and consistent as they transition to their lives made forever different by the loss of a loved one.

Gold Star Wives sponsors a chat room for new widows following 9/11. New widows join this chat room and ask questions about benefits. One recent example concerns a remarried widow with two children. She was told by her assigned Casualty Assistance Officer that upon her remarriage, her children are no longer covered by the Survivor Benefit Plan (SBP), but she couldn't understand why and asked that question in the chat room. I sent her question to Mr. Brad Snyder, Armed Forces Services Corporation and to Mr. Mark Ward, Department of Defense (DOD). Mr. Snyder and Mr. Ward both agreed that the remarried widow's children are indeed eligible for SBP. They instructed her to contact the Headquarters Casualty Assistance Office to get her records corrected and have her two children receive the SBP until age 22 if in college. This is an example of wrong information provided by the assigned CAO. Just imagine if she didn't question the reason why, her children would not have received their rightful SBP benefit throughout their childhood years.

We need to examine the coordination process between agencies more closely and work hard to prevent these widows and their children from encountering gaps in identifying benefits.

GOVERNMENT INITIATIVES

The Departments of Veterans Affairs (VA) and Defense (DOD), including the Military Services, have several on-going programs which merit attention as critical facets in serving widows in this most difficult time of their lives. These organizations together have cohosted meetings that focus on improving outreach to surviving family members. VA in collaboration with DOD and the Social Security Administration has created a Survivors Web Site that offers communication channels for all services widows and widowers who are entitled to and need to continue their daily living. Often widows do not even know where to turn simply to identify their benefits. We participate in this outreach and applaud these efforts. To enhance these efforts, GSW asks your serious consideration of creating an oversight office for survivors across the VA and DOD to assure improved delivery of benefit information and benefits to survivors.

BRIDGING THE GAPS

Getting the right information to the right people at the right time is important. Getting the right benefit is important as well. There are gaps in the benefit for survivors that we have called for corrective action on over time. Most will not be new to you. It is time to act.

1. Despite valiant efforts over the past year, the dollar for dollar offset of Survivor Benefit Plan (SBP) annuity payments by benefits from the VA's Dependency and Indemnity Compensation program was NOT eliminated. The SBP was meant to provide income protection for survivors. This income is not protected when the DIC benefit offsets the SBP income to which a survivor is entitled, sometimes eliminating the entire SBP. To illustrate the bad publicity that this issue is getting, the *NY Times* Op Ed published an article by Attorney Dan Shea on February 13, 2006 in which he wrote: "My brother LTC Kevin Shea was killed by a rocket attack in Falluja on Sept. 14, 2004. He knew the risks when he joined the Marine Corps in 1989. But he also thought that if anything ever happened to him, the United States government would take care of his wife Amy and his two children. Sadly, that's not the case." Dan Shea went on to describe the problem which prevents his brother's wife to receive both SBP and DIC without offset. We recognize you must act with your colleagues on the Committee on Armed Services on this issue. We thank Senator Bill Nelson for introducing S. 185 and encourage Congress to provide this real relief for our military surviving spouses now.

2. The law currently allows for surviving spouses who remarry after age 57 to retain their VA DIC survivor benefit. For those who remarried before that law was enacted, there was a 1-year period to apply for reinstatement. Communication in the form of outreach was lacking during the retroactive period. We recommend that two equitable changes to the law are made:

a. allow survivors to retain DIC on remarriage at age 55 in order to bring this benefit in line with rules for SBP and other Federal survivor programs; and

b. open up the reinstatement period with renewed outreach efforts to make survivors aware of their eligibility.

3. There are inequities among several payments for the child survivor that need immediate attention. The SBP child option applies now only to survivors of deaths after November 24, 2003. We seek this benefit to be linked to October 7, 2001, the beginning of the Global War on Terror as are other survivor benefits. Similarly, the additional monthly $250 child DIC payment per family only applies to survivors of deaths after January 1, 2005. This too should be linked to October 7, 2001. It makes no sense that the survivors of those who died "first" should be prohibited from accessing a benefit given to survivors of those who died later in the same war. There's another grievous oversight concerning the $250 child DIC. The program evaluation of benefits study recommended that surviving spouses with dependent children receive the $250 for FIVE years instead of TWO years this is currently provided and that amount should be indexed for inflation, to avoid a devaluation of the benefit. Unfortunately, those recommendations were ignored. I want to note that the $250 child DIC is the only DIC benefit that doesn't receive the Cost of Living Adjustment (COLA). However, we wish to thank those of you who tried to include a COLA in legislation for the $250 child DIC.

4. CHAMPVA, the Civilian Health and Medical Program of the Department of Veterans' Affairs, currently does not carry with it a dental plan. In order to increase beneficiaries' access to dental care at a reasonable cost, GSW seeks for widows and all CHAMPVA beneficiaries the ability to purchase a voluntary dental insurance plan. We are in agreement that the model of the TRICARE program for military service retirees for dental care in which the payment of premiums or services is completely funded by the enrollee is an acceptable model. Beneficiaries are simply looking for affordable dental care, which can be accomplished through a group plan. Allowing for assignment of VA benefits to cover the cost of dental insurance premiums would be an additional benefit to ease the payment process. This would require a modification to Title 38, Chapter 53.

5. We would like to begin the process of reviewing how the DIC rate is established, which is currently a flat rate of $1,033. The SBP is calculated at 55 percent of retired pay, as if the member had retired for total disability on the date of death. We recommend that the DIC be calculated in a similar manner at 55 percent of the disabled veterans 100 percent disability compensation amount. We recognize there are complexities in this depending on rank of the deceased and on date of death, but we do believe this would help alleviate growing financial difficulties of widows from wars prior to this conflict who are receiving only DIC. We would welcome the opportunity to work with the committee in determining how to implement these changes, which will provide more equitable compensation to our survivors.

Finally, there are three other issues that we want to bring to your attention:

1. Widows whose husband died in VA hospitals due to wrongful VA hospital care receive only DIC without any other VA benefits (Title 38 USC 1151). We urge the Committee to support the measures necessary to allow these widows to be entitled to the CHAMPVA benefit also. These wrongful deaths are not much different than those killed by friendly fire.

2. We recommend that the Committee ensure that medical benefits be provided fairly and equitably include surviving spouses and eligible children (i.e., seek legislation to remove Part B penalties and interest for late enrollment and promote a feasibility study to convert VA facilities to Long Term Care facilities which would welcome widows/widowers).

3. Education benefits for surviving spouses who are on active duty should be able to use the education benefit derived from her deceased husband while still serving on active duty. Currently, the active duty widow must resign from the military in order to use the derived educational benefit. GSWs urge this Committee to review and change this law.

CONCLUSION

In conclusion, we do not want our widows to be forgotten whether they are experiencing their losses in the Global War on Terror over the past 5 years or whether they are members of the so-called Greatest Generation and experienced their loss many years ago during World War II. Whenever the ultimate sacrifice is given, there is family left behind. In the same way we have asked some to give their lives, we have also asked some to continue their lives with a chasm so large it is difficult to transgress. Let us show the spirit of this Nation by not forgetting these widows, whose numbers grow daily.

I thank this Committee for using this hearing as one more avenue of awareness and education and for giving me an opportunity to share my thoughts and the goals

of the Gold Star Wives. We will be happy to work with the committee on any of these initiatives. Thank you.

Chairman CRAIG. Rose, thank you very much, and again, to all of you, thank you very much for your time here and your testimony.

Before I run by a couple of questions—and I will offer some of them in kind of a generic way that you may all wish to respond to—it is fresh in my mind that you, Rose, had mentioned, if you will, the charge of the VA.

I just finished a book in which Lincoln at that time in his life and on through to his assassination—well, I should say the book dealt with just that period. It is called "Manhunt." I recommend it to all of you. It is a very good book, but what is coincidentally unique, that speech in which that statement is embodied was his second inaugural speech delivered on March 4, 1865. Today is March 2, so on Saturday, 141 years ago—I think, if my math is correct—and from that point forward, we have used that thought to remind ourselves of our responsibility as a Nation, appropriately so and I think necessary. I ran right into it again as I started this book, because that is about when the book starts, during that period from the second inaugural speech on to the collapse of the confederate capital in Richmond and then on down the road to his assassination and the 12 days in the effort to capture John Wilkes Booth. I highly recommend it, a good book to read, fascinating history.

My question to all of you, because you have all spoken to it, as have I, is the challenge we have in front of us today—and it is not going to go away, it is going to continually increase—is if we do not use the President's proposal or VA's proposal and find no alternative source of revenue—and you have said it—we are looking at approximately for this budget about a $795 million shortfall. I don't believe any VSO today has come out in favor of this proposal, and I understand that, and I understand the tough choices that are involved in here.

So my challenge to you is, if not this, then what? I am not going to put this Congress through another emergency funding device and just stack it onto the deficit. I don't think that is responsible for anyone, including the VA.

The Chairman of the Budget Committee and I have had some talks with implementation already. He is very frustrated by this, as is Senator Hutchison, the Chair of the Appropriating Committee, because the Budget Committee is just beginning to sit down to put all of this together and to make the 302(b) allocations which must adhere to the budget framework.

It is a tremendous challenge for all of us. There is no question about it. As I mentioned, we are looking at a VA budget that is nearly doubling now every 6 years. Good health and all of that says that.

I chair a VA Committee in which we will look at our first $100 billion budget in a relatively short time. We are almost on the threshold of that now, looking at the multiplier of just what is in the President's budget of about 11.3 percent as it relates to health care.

Visit with me, and I mean it just that way. Visit with me about what we do. Back when we reformed this program in the 1990s, almost every organization out there said, "No. The 7s and 8s certainly can afford to pay something to gain access." It was reasonable. It was appropriate.

Now, back in 1996 and 1997, we all know that VA health care was maybe not the health care of first choice for a lot of veterans it is today. We have improved it dramatically. We all know that. It has been written up and recognized nationwide as one of the top health care providers in the Nation today. Obviously, that sends a signal out to all, here is a program that you can qualify for if you are a veteran.

For those that are not disabled, for those that are not service-connected, I understand the minimum income level. Maybe that is an adjustable proposition, but I would find it very difficult for someone out there who meets all of the qualifications, who has health care now—90-some percent of those in the 7s and 8s have health care now, access to insurance all of that—for $21 a month, to deny what they have got, to come to what they can get.

I am not sure that is good policy if we don't recognize all of the capability of our health care delivery system and the private and the public and work to resolve that because the true commitment we have, in my opinion, is truly to the disabled and the needy, and that has to have a priority in it that we just simply cannot deny.

You have all described—and I have been there. I have seen it. I am spending time with these young men and women coming out of Iraq and Afghanistan, and they are unique, unique in spirit, but also unique in injury because of our phenomenal capabilities in the field today and our immediate response to delivering that.

I flew out of Baghdad to Landstuhl, Germany, and I was walking through the hospital corridors, and the director of the hospital said to me, "Those who we will treat this evening have not yet been injured," and I am in Germany, not Iraq. I found that statement that has stuck in my mind—because never have we applied that capability before, but we are today, and there they are, out at Bethesda and Walter Reed and other places across the country. They are surviving, and they are going to be, in time, productive citizens in most instances. Some will not be, and we have phenomenal obligations to them.

Well, I have gone on long enough. Visit with me, if you would. I cannot, in a fiscally responsible way, turn my back on the need to look for alternative revenue measures in the totality of the VA budget.

Deirdre.

Ms. PARKE HOLLEMAN. Mr. Chairman, Mr. Barnes did—I wasn't here when the changes—the creation of 7s and 8s, occurred. I was here, however, when there was a large push to have Medicare subvention——

Chairman CRAIG. Yes.

Ms. PARKE HOLLEMAN [continuing].—both on the DOD and the VA side, and it sort of frittered away.

As Mr. Barnes said, these are people who have paid into Medicare. The Medicare budget is getting—and I know it is perhaps undiplomatic—a break on the cost there with what is being covered

by the VA. A subvention of VA, subvention of Medicare to the VA budget, I think would go a long way, since so many of the 7s and 8s are over 65 at this point, to paying for that. I know that would be a huge war because people protect their own budgets. I do understand the difficulties, Lord knows, in dealing with this, but I do think that would be an appropriate thing.

And I did say, as you said, with the 90 percent of these folk having OHI, having other health care, they will be the people who do have the health care. A greater effectiveness in collecting from the private sector for the care, that is being provided, just as they would collect from another hospital. It would be totally appropriate.

I would add something that has nothing to do with it. I haven't gone to read "Manhunt" yet, but I understand Harrison Ford bought it to star in it. So, presumably, we will all see it pretty soon.

Mr. BARNES. Mr. Chairman.

Chairman CRAIG. I think you are right. I don't think he is going to be John Wilkes Booth, though.

Ms. PARKE HOLLEMAN. No.

Chairman CRAIG. Yes, Joe.

Mr. BARNES. Mr. Chairman, I appreciate the challenge here as do our members. A couple of observations about the perception of priorities with regard to the entire budget process. With regard to funding veterans' programs, our members question this in a time of incredible amounts of money being allocated for earmarks in the appropriations process. They look at this from outside—obviously, we are very involved in this process—and bring their concerns forward, but their perception is about the priorities—and this is very much the case on the active-duty side with regard to TRICARE—and the proposed fees that are being—and were referenced by, I believe, Deirdre in her presentation. This is something that we are looking at very closely and we are very concerned about with regard to TRICARE, the amount of the GDP that is being allocated for Defense and, by association, Veterans Affairs is lower proportionately than it has been historically, particularly during times of war.

There is discussion that if TRICARE—if retirees pay a fee for TRICARE Prime, which they do now, 230/460, which is related to the fee proposals on the DOD side, that by association the Priority 7s and 8s should also pay a fee, and I understand the rationale for that.

However, there is a significant difference with regard to access standards. Military retirees in TRICARE by paying that fee have access, guaranteed access, to care. Whereas, if these fees were authorized and implemented in the Department of Veterans Affairs, these veterans would go on a long waiting list, and there is a significant difference with regard to the TRICARE fees.

I will echo again may comments about Medicare subvention. Our membership is perplexed that this is not being looked at or that it is not possible. It is an issue that was addressed in the Presidential Task Force, which I am sure you are familiar with. I draw attention, perhaps renewed attention, to the recommendations that are there with regard to seamless transition, working smarter with the Department of Veterans Affairs health care program and DOD.

There are authorizations, programs that have been authorized since I believe the early 1980s that have been really slow to be implemented. There are opportunities for cost savings, but I appreciate your concern and the challenge here, as do our membership. Hopefully, that sheds a little perspective from our members.

Chairman CRAIG. Surely.

Mr. BROWN. Thank you again, Mr. Chairman, for I guess the additional opportunity to speak.

First and foremost, ditto on the comments of my two colleagues here, and since you suggested looking within the entire VA budget for potential funding resources, I would like to take a moment first to begin with my own personal situation because I am a disabled veteran.

You hear the VA, and I know the Administration routinely used the word as it relates to the VA, "management efficiencies," improving management efficiencies. I would suggest that the Committee take a hard look at either policy or legislation to induce a change in behavior in the way that VA applies some of their management principles.

As in my own situation, I retired from the military. I was facing the possibility of actually a third medical evaluation board. I have severe damage to my spine, relatively minor spinal cord injury and a lot of damage to my joints. So, essentially, I guess you could say my practical use toward the active-duty service—I was deemed used up and they suggested I retire.

At my retirement physical, I went through an MRI. I had to go back to see the neurologist. I saw the neurosurgeon. I saw the orthopedic surgeon, the rheumatologist. I was poked and prodded by just about every specialist that you could possibly think of. They did an outstanding job for me in preparing my package and sent me on my way, and in turn, I turned that information over to the VA.

About 6 months after I retired, the VA turned around and called me in, did another MRI, sent me to the same specialist and whatnot, presumably to establish service connection, despite the fact my medical records are actually about that thick and my condition is very well documented for about the past 14 years.

My point here is this is a VA policy that they do this, and as part of the seamless transition process, if we could just get the VA to rely on the diagnosis and the establishment of service connection made by the DOD, we are not talking millions here. We are talking probably billions could be saved by that, by that change in focus alone.

The second one is when I was called up to the VA, I came home. It was like 8, 9 at night, and I had a message on my answering machine at home saying this is a reminder about your appointment tomorrow. Nobody sent me a letter. Nobody called me.

When I called the VA that following morning, come to find out, I had had an appointment the day prior that they failed to notify me, and I am told that this is a routine process in talking to a lot of our members. There are lots of instances where patients are scheduled for appointments. I am assuming the doctor is sitting there waiting. Yet, they haven't notified the patient to make sure that they are there.

Likewise, depending on the situation, when the VA calls you to the facility to do like an evaluation or a CMP exam, they are required to reimburse the individual, and in my case, I was called to the VA facility up here on Irving Street one time—I wasn't even aware of the reimbursement part—and the doctors weren't there. They had canceled the appointment, but they are still required to reimburse me. So there again, a change in those two policies would save some additional money.

The last one would be in regard to the Priority Group 7 and 8 folks, the ones that are currently in the system right now. VA at one time I know had a policy where if you were waiting for an appointment over 30 days, then you could have a prescription written by a civilian provider. They would fill that prescription. I might suggest that maybe we need to look at lowering that time frame because the reality of it is a lot of them are not going to be seen within 30 days, and even if they are, it is at the 29th day just to meet the bare minimum. If that is the only thing that they are going to use the VA for, why would we bring them in and have them come and see a doctor for an issue that we already know that they are required to receive medication for?

Again, Mr. Chairman, that is just three thoughts, and hopefully, that will help.

Chairman CRAIG. I appreciate that.

Mr. NORTON. If I could just add a couple of brief comments, Mr. Chairman, I would like to second what my colleagues have said about VA Medicare subvention.

As you probably know, a couple of years ago, the VA conducted an internal study of veterans enrolled in Priority 7 and 8 who are Medicare-eligible. They found in this study that in order to access VA health care, they have to go through the procedures, the tests, the screenings, blood tests and so forth in order to get access to prescriptions.

At the same time, they are using Medicare on the outside and obtaining those services. So the reality is that in many cases for Medicare-eligible veterans enrolled in 7 and 8, the Government is paying twice for the same services. The VA demonstrated this in its internal study.

The second point I would make is that I believe in this room a couple of years ago, your predecessor, Senator Specter, said that at the time—and I believe the Senate ultimately passed a VA Medicare subvention test. What Senator Specter said at the time—and I remember it so clearly—was that he hoped that a test would demonstrate the potential of a win-win-win situation, a win for veterans certainly, the pre-eminent objective, a win for the Government overall, and a win for the VA health care system.

So, if overall VA Medicare subvention is beyond the realm of the possible right now, certainly the idea of a test in 10 facilities, which has already once passed the Senate and it has passed the House on a number of occasions, but never in both chambers in the same session, we believe that would be a way to get at this issue.

Finally, I would reinforce the point that Morgan Brown made about cost efficiencies and cost savings. As you well know, the GAO just came out with a report fairly criticizing the VA for a lot of smoke and mirrors about how it calculates cost savings and cost ef-

ficiencies. I think all of us here feel that there is a lot of lack of credibility in terms of the VA numbers. We would hope that the Committee would frankly get on top of the VA to be rigorous in terms of finding out where are the real numbers here, and what are we really talking about in terms of the actual cost of operating the system. Then from there, debate can begin about how we can go forward to cost out this situation and meet the very critical challenge that you so articulately laid out for us.

Chairman CRAIG. Thank you.

Yes, Rose, please.

Ms. LEE. Mr. Chairman, I want to tell you a little bit about something that I experienced quite a number of years ago. I was at a VA budget hearing in the early 1990s, and I was there just listening. All of a sudden, I heard that a particular benefit for widows was being eliminated. The reason it was being eliminated was because it has the least number of people affected and they were going to save money by just wiping out that one benefit on these widows. I think that is really unfair.

In fact, as I talk with many of our widows, they agree with me. They say, "Because we are the smallest group that is in this budget, why shouldn't they keep it instead?" That is what I think we should do. When there is anything that has to be cut, they shouldn't have to cut the widows.

Chairman CRAIG. I am not disagreeing with you at all, Rose.

Ms. LEE. Thank you.

Chairman CRAIG. Deirdre.

Ms. PARKE HOLLEMAN. I just can't contain myself. I was the care-giver where Morgan is entering his phase of dealing with disability. My husband and these ladies' husbands were 100-percent disabled, and we were their care-givers. That means managing their care and paying the bills and all that.

So my passion and real concern is those that are coming back that are young and returning from this war, in 29 months they will be Medicare-eligible, and then the financial incentive for the VA and the military treatment facility to treat the most expensive, the catastrophically ill, is not there. It is real easy to do this subtlely by—just appointments are difficult. These cases need more time and energy and skill, and so my husband, 100 percent disabled, never was able to access care in a VA.

They did provide him with a battery-powered scooter with very little difficulty at all, but his access to care even got down to being when he refused to use the wheelchair where we could go to local doctor for cold and things where he could walk into the office, you know, with some ease.

So I don't pretend to know what your answer is, but I am aware, since I belong to a couple of these associations, that most of their membership is older, and I am really concerned that we are not even telling our young people, while the attitude is we don't worry about it, you are here at X-military facility, and we are really going to take care of you.

I would also like to point out there is supplemental insurance, to the best of my knowledge. While the supplemental insurance policies for Medicare are required at age 65 without pre-existing conditions that you can enroll, there is no law for those under 65

to be included in supplemental insurance without pre-existing conditions. So some of them maybe can speak more to that, but I just didn't want to see the youngsters left out.

Chairman CRAIG. Well, thank you for those thoughtful comments. You all know the system very well, and many of you have been in it or accessed it. I think those are extremely valuable comments as we work our way through this.

Let me recognize one of my colleagues that has joined us, Senator John Thune.

John, do you have any opening comments you would like to make or questions you would like to ask of this group?

STATEMENT OF HON. JOHN THUNE, U.S. SENATOR FROM SOUTH DAKOTA

Senator THUNE. Thank you, Mr. Chairman, and let me express my appreciation to you for holding this hearing to give our veterans service organizations an opportunity to weigh in on their legislative priorities before the Senate for this year and also to welcome the leaders of those service organizations and express my deepest appreciation to you for your very distinguished service to our country.

As I have noted before, budgets are indicative of where a nation places its priorities, and clearly, veterans funding is a high priority for this Committee, for the Congress. I think in this budget request, it is one of the few areas of the budget that has been proposed to receive a generous increase in funding.

I know there are organizations who have testified that it is still not sufficient to the need. Certainly, as we work through the budget and appropriations process up here, we will be listening closely to the input that we receive from your organizations and look forward to working through that process.

Again, I want to just say thank you for your testimony today and for the record that you help us build in giving us some insights about what you believe are the highest needs.

I have a couple of questions actually. Maybe I will submit one for the record because I can't probably get them all answered right now, but I do have one in particular I would like to raise with all of you because it is something that we hear about.

One of the problems that veterans have expressed to me is the laborious process of having to reconcile their military records with their VA medical records, and these are some cases for veterans who are affected by illnesses or injuries several years after their service, being able to prove that their injury is, in fact, service-connected. And I see it evidently that some of you had mentioned that in your testimony, and I guess what I would like to know is what steps need to be taken to make sure that the Department of Veterans Affairs and the Department of Defense can have seamless access to the servicemembers' records, and how would you suggest that we alter the President's budget to combat that problem. Also, a follow-up question to that, do you think that the Independent Budget fairly addresses that issue?

Mr. BARNES. If I may.

Chairman CRAIG. Joe.

Senator THUNE. Go ahead.

Mr. NORTON. Thank you, Senator. I think it is a very important question.

From our perspective, the objective that you talk about, I think, can be achieved by the development of what we call a single separation physical, a common platform for capturing information on servicemembers while they are on active duty.

We believe that a separation physical can and should be designed that would address both VA protocols, as well as essential military medical management requirements.

It is really amazing that when these young men and women come home, many of them wounded, they arrive at Walter Reed and Bethesda. There is no common physical even between Walter Reed and Bethesda, and as a result, problems accrue years later. That accrual really comes home in terms of the growing complexity of the VA disability system.

So there are tremendous long-term benefits about getting seamless transition right up front. We think this is a major priority, especially during this time of war, and coupled with the development of a single separation physical, we believe more needs to be done to deliver benefits at discharge, the BDD program, Benefits Delivery at Discharge.

There are about 137 military separation transfer points throughout the world where VA people are located and where servicemembers can apply and actually get their rating before they even separate. Getting this right up front, not only is good for servicemembers and veterans, but potentially downstream, it saves the Government a lot of money because you have the clear evidentiary documentation for what ailments occurred to them while they served their country.

So your leadership on this and that of the Committee would be extremely important in pressing DOD and VA to get together and get this thing done for the benefit of our serving men and women.

Mr. BARNES. Senator, I would just add to Colonel Norton's comments that on the DOD side, there is a project called the ALTA project which addresses this. We have been tracking this very, very closely. This was briefed at the recent TRICARE conference, and I would, as I said, echo his comments.

The administrative challenge between the two Departments, while on the face of it, looks like that would be fairly simple, it is very, very complex. We appreciate your attention to that and encourage resourcing and questioning the respective Departments as opportunities allow as to how to enhance that.

I can tell you firsthand from some of our members and some of the stories we hear—I think we have an example in our statement about individuals coming back from the war and what they have encountered—and I know that has been documented not just here, but in various, local newspapers, local members that have gone to serve and have come back, and they have had significant problems, as have, in the case if they expired, their widows with regard to benefits.

Senator THUNE. Thank you all very much. I appreciate your answers and again your testimony, and we look forward to working with all of you to make sure that we are doing the appropriate

things and the right things to ensure that our veterans get all the benefits, receive all the benefits that they deserve.

Certainly, this Committee is intensely interested, as I think the Chairman demonstrated last year as we went through the budget process, in making sure that the VA is appropriately funded to meet the need that is out there. So thank you very much for your testimony.

Mr. Chairman, I yield back.

Chairman CRAIG. John, thank you very much.

Let me ask this. Several of you have mentioned this, and I think you did, Colonel, the Montgomery GI bill and the character of how we are using the Guard and Reserve today and the change there that is upon us.

As was mentioned, 500 folks from Idaho, at one time a year ago this time, we had the second largest contingency of Guard and Reserve on a per-capita basis of any State in the United States in Iraq out of Idaho—and Afghanistan. There is no question, the character of how we look at the Guard may well be changing.

Vice Chief Cody, General Cody, is talking about a substantial realignment of forces in relation to that. I had lunch with him recently, and he is saying that at a minimum of every 6 years, Guard and Reserve will go active. Of course, that is a significant change from our historic perception of the Guard and Reserve and our reflection of them within policy.

So you are right to ask the question and to challenge us to review that in relation to the commitment and what the Montgomery bill does for them because it is a phenomenal asset.

Now that they have served—and, in this instance, they were active. The 116th from Idaho was active for a period of, I think, 13 months and, of course, served in a foreign theater. They qualify, and yet you are right it extinguishes. That particular benefit does. I am going to be taking a look at that, to spread that out over what the new policy is, see how it fits, see what the realities of that are. It is an expensive item, but it is also a tremendously valuable asset, these young men and women who might find themselves finally at that point in their lives when they want to look at higher education for helping them out.

Let me ask this question of you. I think I know what the answer is. I was amazed at an editorial published in *The Washington Post* last month which posed this question, and this is in relation to the current law that a veteran is not permitted to hire an attorney to assist in filing a claim for VA benefits.

The quote was: “If American soldiers are mature and responsible enough to choose to risk their lives for their country, shouldn’t they be considered competent enough to hire a lawyer?” Does anyone want to react to that rather astute observation on the part of *The Washington Post*?

Ms. PARKE HOLLEMAN. Well, as a lawyer, I always think we are of use.

I think it would help a great deal of the repetitive nature of the filings that we have. So many people are not going to a veterans service offices. Some of the large groups have wonderful veterans services offices who, I am unhappy to concede, I am sure do it just as well as we do.

However, the huge percentage are representing themselves. They are going *pro se,* and they don't plead right. The aid is not, you know, the help, as good as it may be when the VA is not successful. So there are filings after filings after filings, and when you are talking about the backlog and an efficient professional filing of an appeal might help enormously not just for that person, the strain, it is hard for lawyers to remember how exhausting a lawsuit or filings or waiting for something to happen are to people. It upsets them enormously. So the pending matter is not just difficult to the VA, but it is difficult to the individual.

Certainly, that was a long time ago. I don't find any logic to it except history anymore that has barred that. I would think it would be a fine idea.

Chairman CRAIG. Any disagreement with that statement?

All right. Let me ask one last question because several of you have broached it, and probably what I am going to ask you to do is keep your eyes on it, and we will watch it and monitor it and see where we can nudge it along and insist that it get better from the physicals you talk about, the development of medical records. What I am talking about is the issue of smooth transition or seamless transition from servicemembers to veterans' status.

I agree with those of you who have spoken to it. The Committee shares your goals for this seamless transition. It sounds awfully good, but the test is how it works obviously and the smoothness with which it works and hopefully the efficiency that it produces and the ability to connect together medical records and all of those things electronically.

I know that work is underway on that. We are going to watch it and monitor it very closely. As reports come in to all of you, let us know about them, because we are going to stay on top of it. This is a modern sophisticated world out there, and if we can't get it right just simply because that isn't the way it was done in the past, shame on us.

Talking about the issue is one thing. Doing it is another, and monitoring it and staying on top of it and maybe causing DOD and VA to think out of the box is at best a challenge, but certainly one that we can tackle.

Anyway, beyond what you have said, any other recommendations in that particular area?

Yes, Rose.

Ms. LEE. Mr. Chairman, there are three issues that I didn't cover in my oral statement, but some of it I think overlaps. Well, it all concerns bucks, money.

Chairman CRAIG. Sure.

Ms. LEE. May I just list them off, please? We have a couple of widows that have been contacting me for quite sometime now, widows whose husbands die in a VA hospital, and their deaths were malpractice deaths. So they are given DIC, but no other VA benefit.

The widows who have contacted me are requesting at least CHAMPVA as a benefit, in addition to just the DIC, and to us, we think it is similar to a wrongful death, killed by friendly fire. That is how we look at it.

Then the other issue would be, we recommend that the Committee ensure that medical benefits be provided fairly and equitably, and that would include surviving spouses and eligible children. In other words, to seek legislation to remove Part B penalties and interest for late enrollment, and promote a feasibility study to convert VA facilities to long-term care facilities, which would welcome widows and widowers.

The third one—and this is becoming very common from our experience on the chatroom—we have young widows who are on active duty themselves, and they are having difficulty with the education benefit. They are not able to use their derived education—derived from their deceased military husband's education benefit while they are on active duty. They have to resign from the military service in order to use it, and these young ladies are also feeling this is terribly unfair. So that is another big issue that has come up, and it is really becoming quite common to have young widows who are still on active duty. There are other problems in that area, but this is one that has come to our attention over the past several months.

Chairman CRAIG. Thank you.

Ms. LEE. Yes, sir.

Chairman CRAIG. We will take a look at that.

Ms. LEE. Thank you.

Mr. BARNES. Mr. Chairman.

Chairman CRAIG. Yes, Joe.

Mr. BARNES. If I could just respond and reiterate a point I was attempting to make in my oral statement. The final report of the Presidential Task Force to Improve Health Care Delivery for our Nation's Veterans, I believe that was June 2003. It has a number of recommendations in there.

Chairman CRAIG. Yes.

Mr. BARNES. Something that has not been brought up is where we are heading with the CARES initiative, BRAC actions, and DOD's re-basing initiatives, which are really significant and have major impact on personnel and many of the issues we are talking about today. So I just wanted to make that point.

Chairman CRAIG. Yes. The point is well made. We have plenty of work to get done in this Committee. That is very true.

Yes, Morgan.

Mr. BROWN. Yes. I would just say, Mr. Chairman, if you don't mind, I will swing back to the seamless transition issue real quick.

Chairman CRAIG. All right. Please do.

Mr. BROWN. I honestly believe you really hit the nail on the head as far as the Committee is going to need to, I guess you could say, exercise a very deliberate oversight between the DOD and the VA on this.

The first time I heard about the seamless medical record or the medical record that would track me and my care in DOD, and then in turn be used by the VA, was 25 years ago when it went through the processing station at Lackland. Admittedly, at this time, I am not even sure we had computers in the military back then, but as the GAO indicated in a fairly recent study within the past couple of years, the technology exists. The potential for savings is tremendous, and I would certainly hope that the Committee will do every-

thing in its power to make sure that that happens, as I am sure we will.

Chairman CRAIG. Thank you.

Well, to all of you again, thank you very much. I don't even have to ask you to stay tuned. I know you will as we work our way through these issues. We are a phone call away or a few steps down a hallway, but as all develops, please work with us to see where we get. As I say, we are looking at some of the challenges we will tackle this year beyond the budget. We will spend the next month probably resolving the budget issues before we get on with some of these oversight issues, but we will certainly stay very active and tackle them. There is a great deal of work to be done out there.

Mr. BARNES. Thank you.

Ms. PARKE HOLLEMAN. Thank you, Mr. Chairman.

Ms. LEE. Thank you.

Mr. BROWN. Thank you, Mr. Chairman.

Mr. NORTON. Thank you.

Chairman CRAIG. Thank you all very much. The Committee will stand adjourned.

[Whereupon, at 11:30 a.m., the Committee was adjourned.]