STATEMENT OF
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NATIONAL COMMANDER
THE AMERICAN LEGION
BEFORE A
JOINT SESSION OF THE
VETERANS' AFFAIRS COMMITTEES
UNITED STATES CONGRESS
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Messrs. Chairmen and Members of the Committees:

As the newly elected National Commander of The American Legion, I thank you for the opportunity to present the views of its 2.8 million members on issues under the jurisdiction of your committees. At the conclusion of the Eighty-First National Convention of The American Legion in Anaheim, California, over 4,000 delegates adopted 52 legislative mandates for the remainder of the 106th Congress. These mandates are added to the legislative agenda of The American Legion for implementation during my year as National Commander.

The American Legion greatly appreciates the role the Veterans' Affairs Committees play in shaping the substance and direction of veterans' benefits and services. Although we may sometimes disagree on specific issues, we are in agreement to do what is right for America's veterans and their families. Fortunately, for the veterans' community, both Committees have distinguished Members and dedicated professional staff willing to work in a bipartisan manner to address issues of significant importance. These include veterans' health care, rehabilitation, compensation and pension, home loan guarantees, education, burial benefits, and survivor's benefits.

The American Legion was dismayed by President Clinton's budget request for Fiscal Year (FY) 2000 and greatly appreciates the actions of the Congress regarding a badly needed increase in VA health care funding. Slightly less than a year ago, you will recall that Past National Commander Butch Miller, on behalf of The American Legion, recommended a $1.5 billion increase in VA medical care funding for FY 2000. We know that the suggested increase will allow VA to better meet the needs of veterans who require care for their service-connected and nonservice-connected conditions. The need for these improvements in VA medical care does not end with the 2000 budget. There is still some significant unfinished business of the 106th Congress regarding VA programs and services. The American Legion appreciates the difficult issues that you and your colleagues have addressed thus far this year. However, in the time remaining in the 106th Congress, these important issues still require urgent resolution:

- **Setting the veterans' health care system on a sound financial footing for meaningful long-term strategic planning and program performance purposes,**
- **Reducing waiting periods for medical care and treatment,**
- **Passing Medicare subvention legislation,**
- **Developing a proactive and aggressive long-term care strategy with greater accessibility to such programs,**

- **Reducing the tremendous claims backlog and improving the quality of the claims process,**
- **Enactment of legislation that requires all preference eligible veterans employed under the *Veterans Employment Opportunities Act of 1998 (Public Law 105-339),* be hired as either "career" or "career conditional" employees, rather than "schedule B" employees,**
- **Improving the Montgomery GI Education Bill,**
- **Enacting legislation to call for the expansion of new national cemeteries in areas of greatest geographic need, and**
- **Repeal of the statute that eliminated service-connection for tobacco related illnesses.**

The American Legion recognizes this is an ambitious agenda and many of the priority items may not be accomplished in the remainder of the 106th Congress. However, it is possible to establish the foundation for many of these vital issues now.

The American Legion is counting on the Veterans' Affairs Committees to safeguard and advance certain benefit programs for America's veterans. We are convinced that veterans have earned special benefits and deferred compensation on the basis of the significant sacrifices and burdens resulting from military service. The recognition of the special contributions of veterans – and their unique rights and privileges – could be no more eloquently stated than was done by Supreme Court Justice William H. Rehinquist in a landmark decision of the high court affirming the unfettered right of veterans to petition the government. He stated in the May 23, 1983 decision as follows:

> "Veterans have been obligated to drop their own affairs and take up the burdens of the nation, subjecting themselves to the mental and physical hazards as well as the economic and family detriments which are peculiar to military service and which do not exist in normal civil life.
>
> "Our country has a long-standing policy of compensating veterans for their past contributions by providing them with numerous advantages. This policy has always been deemed to be legitimate."

The American Legion is convinced that Congress has a serious obligation to ensure that VA benefits are reviewed on a regular basis and improved, where necessary, to keep pace with the needs of all veterans in an ever-changing socioeconomic environment. In this presentation, I will offer our perspectives on specific VA programs, and provide funding recommendations for particular VA programs for FY 2001.

The report of the *Congressional Commission on Servicemembers and Veterans' Transition Assistance,* commonly known as the Principi Commission, which was published in January 1999, proposes certain steps to ensure that the men and women in military service have access to the tools necessary to building a successful future. The report includes recommendations on veterans' education programs, health care, employment, disability, housing, and other important programs. The purpose of some of these recommendations is to help attract good men and women into the armed services, to retain them, and then to help them make the best possible transition back to civilian life. Clearly, this report reflects numerous shortcomings in veterans'

benefits, many of which reaffirm what The American Legion and other veterans' service organizations have been advocating for years. The American Legion does not agree with all of the Commission's recommendations, but we do believe it is now time to seriously address and fix concerns raised by the Commission's Report.

If adequate benefits and incentives are not made available, the armed forces will be hard-pressed to continue to attract high caliber men and women into its ranks. The American Legion has long stated that this nation has a duty -- an obligation -- to provide an appropriate array of benefit programs and services to all servicemembers to help maintain the United States' commitments around the globe. Once promises have been made to servicemembers, the United States is morally, if not legally, obligated to deliver on those promises.

THE AMERICAN LEGION
BUDGET PROPOSALS FOR SELECT VA PROGRAMS
FISCAL YEAR 2001

Medical Care	$20.5 billion
Medical and Prosthetic Research	$375 million
Office of Planning and Analysis	$ 8 million
Construction	
• Major	$200 million
• Minor	$200 million
Grants for Construction of State Extended Care Facilities	$110 million
National Cemetery Administration	$110 million
Grants for Construction of State Veterans Cemeteries	$ 25 million
Department Administration	
Veterans Benefits Administration	$750 million
• Includes an increase of 400 C&P FTE	
General Administration	$210 million
Subtotal - General Operating Expenses (GOE)	$960 million

VETERANS' HEALTH CARE: MYTHS AND FACTS

Media coverage of a recent General Accounting Office report propagated myths about the state of VA health care. Some of these myths are reflected below.

Myth 1: ***VA hospitals are half-empty due to a "dwindling" veterans population.***

Fact: While it is true that the overall veterans population is declining in real numbers, the demand for VA health care continues to increase. Today, VA is treating a half-million more veterans than one year ago due to the recently established enrollment process and other factors. Older veterans rely more on VA as their health deteriorates and the availability of other treatment options decline. Over the past three years, VA hospitals have reduced overall bed availability more in relation to budgetary constraints and the emphasis on primary care than to a decline in the veterans' population. The Eligibility Reform Act of 1996 helped create a significant shift away from inpatient hospital treatment.

Myth 2: ***A ceiling can be placed on veterans' health care funding so it does not exceed agreed upon spending limits.***

Fact: The Veterans Health Administration treats veterans and their medical problems. Every year, maintaining the current level of health care service requires an increase in the VHA budget of nearly $900 million. Over the past several years, VA has reorganized its field structure and consolidated many medical facilities to increase efficiency. In some instances, these changes have been more harmful than helpful with respect to patient care. Obvious examples include increased appointment delays, terminated programs, forced travel at longer distances for treatment and reduced numbers of health care providers and support staff.

Myth 3: ***VA health spending is too costly to the federal government.***

Fact: With respect to the percentage of total federal spending, funding for the Department of Veterans Affairs amounts to less than two percent of overall expenditures. Over half of VA's annual funding (55 percent) is for non-discretionary compensation and pension programs. The Veterans Health Administration consumes 45 percent of VA funding. Dollar for dollar, VA health care is a much better value than other federal health care programs such as Medicare or TRICARE.

Myth 4: ***Any veteran seeking VA health care can receive immediate treatment.***

Fact: Many VA medical facilities maintain long waiting lists for treatment in specialty clinics. Additionally, some facilities maintain waiting lists for enrolled veterans to receive initial “non-urgent” appointments. While the quality of VA medical care is good once a veteran is treated, all too often veterans do not receive necessary care in a timely manner.

Myth 5: ***All veterans receive free health care through the Department of Veterans Affairs.***

Fact: Any veteran with private health insurance, even if rated 100 percent service disabled, is subject to third-party insurance reimbursement for any condition unrelated to a service-connected disability. Approximately 40 percent of the $550 million collected annually from third-party payers are recovered either from service-disabled veterans' insurance or through their prescription copayments. Treatment for nonservice-connected conditions is also subject to certain copayments and deductibles.

Myth 6: ***The American Legion opposes any attempt to close obsolete, half-empty hospitals.***

Fact: The American Legion does not believe there is one VA hospital today that is not needed in some capacity. However, we do not oppose realigning VA medical care facilities. There is clearly a difference between closing and changing the mission of a facility. The American Legion supports VA undertaking various studies to determine whether certain market areas within VA can substantially improve health care services through the realignment of particular services. Any such recommendation should include input from representatives of local veterans groups. The American Legion further supports using the resources saved from facility realignment to expand access to primary care and long-term care within VA.

It must be recognized that once a VA facility is closed or undergoes a significant change in mission, it would be extremely difficult to reverse the process, should demographic shifts necessitate such action. Several issues must be deliberated when considering facility realignment such as, whether or not a VISN is adequately meeting the health care needs of all veterans; the feasibility of underutilized facilities being renovated to satisfy unmet needs; and the possibility of underutilized buildings being used to meet the needs of homeless veterans or to provide treatment alternatives for long-term care, substance abuse, or other needed specialized treatment programs.

Myth 7: ***The longer the delay in closing unused buildings and obsolete hospitals, the fewer resources there will be to spend on veterans who need and deserve care in their twilight years.***

Fact: This premise depends upon whether or not the strategic plan for VHA's future includes opening up the system to new users and new revenue streams. The American Legion supports the development of new, non-appropriated revenues to strengthen the funding of the Veterans Health Administration. Authorization of VHA to collect more third-party insurance payments and other revenues would provide VA additional resources to fund new programs.

Myth 8: ***The American Legion believes that additional appropriations are the sole answer to VHA's funding problems.***

Fact: Since 1995, The American Legion has advocated the GI Bill of Health as a realistic solution to alleviating VA's annual funding shortfall. The GI Bill of Health would bring about less reliance on direct congressional funding and greater reliance on alternative revenue sources. The GI Bill of Health would increase the utilization of VHA by permitting veterans and their eligible dependents to enroll in a VA health plan that offers several health care packages. In the long-term, a strong VA health care system is essential to veterans and to the nation. The key to planning for VHA's future is to determine how best to reconfigure the system to meet the projected needs of veterans.

Health care is mainly a family decision and veterans want to take care of their families first. A majority of veterans have some form of health insurance coverage, and are willing to pay for quality care that is timely and accessible. Many veterans and their dependents would switch to VA if the premiums for enrolling in a VA Health Care Network were attractive and the timeliness, accessibility, and quality of care were comparable to other non-VA providers.

VETERANS HEALTH ADMINISTRATION

FY 1999 has been a very challenging year for the Veterans Health Administration (VHA). Operating with essentially a flat-line budget for the third consecutive fiscal year, VA medical care professionals have found it necessary to ration, delay, or postpone the delivery of health care to veterans on a frequent basis. VHA is increasingly being forced to reduce operating beds beyond essential levels, reduce inpatient programs by placing a greater reliance on primary care, and operate with a greater awareness of cost efficiency than ever before. This is due, in part, to the ongoing budgetary crisis the VA health care system is experiencing.

The FY 2000 health care budget is crucial to VHA's future success. Increased funding will help alleviate problems brought about by VHA's fixed-costs such as medical inflation, staff pay raises and cost-of-living adjustments, and the projected 23 percent increase in pharmaceutical expenses. Additionally, an adequate level of funding will help provide emergency health care to service-connected veterans, increase community-based long-term care, enhance Hepatitis C treatment and expand community-based outpatient care. An increase in the FY 2000 health care budget is absolutely necessary to guarantee VHA's future.

The American Legion is cognizant of the need for cost awareness within VHA. Any competitive health care system must balance the quality of care, access to care, and operating costs. Since the mid-1990s, VHA has been reorganizing the way in which it delivers health care services. Managed care and its concomitant shift to primary care is one of the major strategies VHA has applied to treat patients in the most appropriate setting. Additionally, as part of the recent reorganization of its medical centers, VHA now places greater reliance on decentralized hospital operations. According to Dr. Ken Kizer, former VA Under Secretary of Health, VHA is currently in the third and last significant phase of its makeover. The first two phases included the reorganization of VA's 173 medical centers into 22 Veterans Integrated Service Networks (VISNs), and the implementation of eligibility reform. The gradual shift from inpatient care to primary care continues.

Some of the forces driving change in VHA relate to changes in health care delivery in the private sector and VHA's inclination to emulate the private sector's service delivery. Additionally, VHA must set its priorities based upon limited health care resources. Relative to its recent successes, it is axiomatic that VHA's complete transformation will not be successful until its budgetary problems are resolved. Whether VHA will meet its 30-20-10 goals by the year 2002 is uncertain.

Recent changes in VHA's health care delivery system have produced mixed results. One positive change is the increased number of community-based outpatient clinics. A negative consequence is the reduced hospital capacity and increased waiting time as a result of the emphasis on primary care. Today VHA is not adequately maintaining some specialized programs, especially in mental health and substance abuse. The American Legion supports increasing primary care but not at the expense of sacrificing essential inpatient capacity.

VHA is largely dependent upon the annual appropriations process for its funding, and as a result is expected to provide high quality, timely health care, while being ever mindful of its

resources. This challenge has been met, to a degree, over the past several years. However, to continue on this path will necessitate VHA's continued reliance on the vagaries of the appropriations process.

To build upon its recent successes, and to provide essential health care services, The American Legion recommends $20.5 billion in VHA funding in FY 2001.

VA Long-Term Care

Today, an increasing number of Americans require long-term care. Unprecedented growth in the elderly population is projected for the 21st Century. The population age 85 and older - those most in need of long-term care services - is expected to outpace the rate of growth for the entire elderly population. The rapidly aging World War II veteran population already requires a greater level of long-term care. Closely following are the veterans of the Korean and Vietnam wars. Veterans 65 or older will peak at 9.3 million in 2000. By 2010, 42 percent of the entire veteran population - an estimated 8.5 million veterans - will be 65 years of age or older. Clearly, VA will need to provide greater long-term care services to a larger proportion of veterans than ever before.

The Department of Veterans Affairs is uniquely positioned to expand long-term care services to veterans. VA has a comprehensive array of long-term care services to meet veterans' needs. These include VA operated services, contract care, State Veterans Homes, and services arranged by VA, but financed by another payer. Currently, long-term care represents about 13.8 percent of all VA healthcare expenditures. In total, VA provides long-term care services to approximately 63,000 veterans per year, which equates to merely 21.4 percent of Category A veterans requiring such care. Clearly, budget considerations effect the delivery of long-term care. In order to expand the current level of long-term care available within VA, and to meet the growing demand for such care, a means must be developed by which to help pay for that care.

VA must provide a mandatory continuum of care to all 100 percent service-connected veterans; to service-connected veterans whose medical condition requires such care; to Category A (Priority 5) low-income veterans whose medical conditions require such care; and to all other eligible veterans through the establishment of a health benefit plan that operates on a premium and co-payment basis, as recommended by the GI Bill of Health. Additionally, to improve VA long-term care service:

- Congress must define and clarify eligibility for long-term care as an essential service,
- VA must expand the use of non-institutional care settings,
- VA must have the flexibility to form partnerships with state and local entities,
- VA must have the ability to develop new revenue sources (Medicare, Medicaid, TRICARE), and
- Congress must appropriate adequate funding for VA long-term care services and programs.

The American Legion views long-term care as pivotal to the health care debate in the new millennium. As the veteran population ages and medical technology advances, end of life issues will become more prominent. The VA, as a significant contributor to shaping humanity's knowledge of the aging process, must be properly supported to continue its groundbreaking

research and acclaimed service delivery. This nation's veterans cannot be cast off and left to "fade away." They deserve the acclamations of a grateful nation. The best way for Congress to act in a moral fashion and uphold the virtue and reverence this nation has for its veterans is to adequately fund VA long-term care. Additionally, VA, Congress and the veterans service organizations must devise new methods of funding VA long-term care to allow the treatment of greater numbers of elderly and disabled veterans. The Veterans Millennium Health Care Act (H.R. 2116) provides an excellent beginning from which to devise creative funding sources for VA long-term care.

VA OFFICE OF PLANNING AND ANALYSIS

The Government Performance and Results Act of 1999 (GPRA) requires all agencies to assess program results and outcomes as a major element of strategic planning. Existing statutes require VA to evaluate its programs to ensure that they are effective and efficient and are meeting the needs of veterans and their families. The VA's Office of Planning and Analysis is assigned the responsibility to organize and implement the department's program evaluation efforts in concert with its responsibilities to implement key elements of GPRA.

A list of program areas has been developed and scheduled for evaluation. Currently, annual funding of $2 million is available in the Office of Planning and Analysis to conduct evaluations. In accordance with the schedule of evaluations included in the FY 2000 Performance Plan, six evaluations are scheduled to begin in FY 2000: prosthetics, spinal cord injury, pension, extended care, loan guaranty, burial benefits, and medical education. The estimated cost of these evaluations is $8 million.

In FY 2001, four additional program areas are planned for evaluation. They are vocational rehabilitation and counseling, disability compensation, environmental medicine, and mental health. The latter three areas are extensive and sensitive and will require very complex and costly methodologies to ensure a comprehensive evaluation.

Currently, an evaluation of education programs is underway. The purpose of the evaluation is to assess the effectiveness and efficiency of three programs (active duty, selected reserves, and dependents). These component programs should meet their statutory intent as well as the expectations of program beneficiaries, veteran service organizations, Congress, school officials, the Department of Defense, VA program officials, and other interested parties. The evaluation will also examine why some people choose not to use benefits or use only a portion of them. Additionally, this evaluation will include information on the projected educational, vocational and career training needs of program beneficiaries in the future. A contract for the education program evaluation was awarded in September 1998 and will be completed in approximately one year.

VA plans to conduct evaluations in the following program areas, subject to change to reflect requests from Congress, topical issues that arise, and the availability of funds.

Veterans Health Administration

- Basic Medical Care
- Cardiovascular Care
- Rehabilitation
- Spinal Cord Injury
- Prosthetics, Preservation Amputation Treatment and Care
- Blind Rehabilitation
- Extended Care
- Medical Education
- Environmental Medicine (Agent Orange, Ionizing Radiation, Gulf War)
- Mental Health (Homelessness, Substance Abuse, PTSD, Readjustment Counseling)
- Severely Disabled (Seriously Mentally Ill, Traumatic Brain Injury)
- Medical Research
- Emergency Preparedness

Veterans Benefits Administration

- Dependency & Indemnity Compensation & Survivors Insurance Benefits
- Nonservice-Connected Pension for Veterans and Survivors
- Disability Compensation for Veterans
- Vocational Rehabilitation and Counseling
- Servicemembers' Group Life Insurance
- Loan Guaranty
- Burial Benefits and Services

The American Legion strongly supports the objectives and purpose of GPRA. For FY 2001, The American Legion recommends a budget of $8 million for the Office of Planning and Analysis to organize and implement the Department's program evaluation efforts.

MEDICARE SUBVENTION AND MEDICAL CARE COST FUND (MCCF)

The proposal to conduct a limited Medicare subvention pilot program within VHA, similar to the Department of Defense (DoD), will not generate sufficient new revenues to support current VHA funding requirements. The program, as proposed, would permit VHA to select a number of facilities in a few VISNs to provide primary care to Priority Group 7 veterans, the cost of which is to be reimbursed by the Department of Health and Human Services (HHS). The reimbursement would be set at a discounted rate from what HHS would pay private sector facilities. The length of the pilot program would be three years and the annual HHS Medicare reimbursement would be capped at $50 million.

VHA projects that it would cost approximately $300 million to conduct the Medicare subvention pilot program. When compared with the anticipated three-year reimbursement of $150 million, it seems highly inconsistent to spend twice as much money to study a program than would be recovered in the process. The American Legion believes the reimbursement rate should at least be equal to the cost of the pilot program. For example, if the first year

reimbursement is capped at $50 million, the annual cap should be increased the second and third years of the study, so as to at least recover the three-year cost of the program.

The American Legion questions the need for a pilot Medicare subvention program in the first place. Indian Health Services (IHS) has been conducting this program since 1988 and this year Congress intends to make it a permanent program. IHS should be able to demonstrate to VA how to conduct a successful Medicare subvention program. Our concern about a Medicare subvention pilot program is that health care is not a faucet that can be turned on and off. Once a commitment has been made to take care of patients, it cannot stop when the reimbursement runs out. If Medicare eligible veterans leave VA, they will just go to another provider who will bill HHS at the full Medicare rate. Therefore, HHS still ends up paying for the veteran's health care, but at a higher rate. With so many senior citizens losing their Medicare HMO coverage, it seems likely that many Medicare eligible veterans would consider VA health care to be a very attractive alternative.

The Medical Care Cost Fund program within VHA has achieved mixed results over the course of its existence. Each year the program fails to reach its collection estimates and the cost to conduct the program continues to increase. VHA expects that the planned October 1, 1999 shift to billing "reasonable costs" will increase the amount of MCCF recoveries. However, in the long-term, it is uncertain whether or not Medicare subvention and MCCF recoveries will provide VHA with the increased revenues that it so desperately requires, absent sufficient appropriations.

The American Legion is strongly convinced that if VHA is to receive the necessary resources to maintain an effective, first-rate health care system, additional revenue streams beyond Medicare subvention and MCCF collections will be required. For that reason among others, The American Legion proposed the GI Bill of Health, which will significantly change the nature of the VA medical care system. The basic premise of the GI Bill of Health is to provide VHA with the tools and the means required to attract additional non-appropriated revenues, which would help make up for the annual shortfall in congressional appropriations. If VHA is to provide health care to eligible beneficiaries on a par with the best managed health care organizations, it is incumbent upon Congress to seriously review and ultimately implement the provisions set forth in the GI Bill of Health.

The MCCF program was never intended as a substitute for adequate appropriations. The program is designed to complement the annual appropriations process. There are many issues within the program that require the attention of Congress. The American Legion feels strongly that VHA should continue to perform the MCCF functions it does well, and that other means to strengthen the program should be explored.

THE GI BILL OF HEALTH

The central principle of the GI Bill of Health (GIBOH) is that all veterans should have permanent access to VA health care based on honorable military service to the nation. All individuals who enter military service have been promised and should be assured that there is a health care system dedicated to serving their needs upon leaving the military. That system may

either provide free care, or be fashioned on a cost-sharing basis, depending on the individual's experience while in the military. Regardless, veterans need to know that the federal government will have a program in place to address their health care needs should they choose that option. In that regard, the GIBOH will ensure the continuation of an effective and efficient health care delivery system for the nation's veterans well into the 21st Century. Under the GIBOH, veterans without service-connected disabilities or those who are eligible for care based on their low-income would reimburse VA for their care through Medicare, Medicaid, CHAMPUS or TRICARE, private health insurance or insurance premiums. Additionally, the GIBOH would permit certain eligible dependents to enroll in a VA health plan.

For the past 50 years, VA has provided quality health care to America's veterans, and has educated and trained thousands of physicians to meet the patient care needs of the VA and the nation. VA has also expanded its medical knowledge through applied clinical and prosthetic research, and provided for the medical contingency backup needs of the Department of Defense (DoD) and the National Disaster Medical System.

The major challenge confronting VHA today is inadequate resources provided through the appropriations process. The GI Bill of Health proposes to reverse that course by providing VHA with the means to significantly increase its health care funding through non-appropriated channels.

Purpose and Objectives

The GI Bill of Health serves as a blueprint for VHA in the 21st Century. The GIBOH transforms VHA into a nationwide veterans health care network serving all veterans (including those service members on active-duty and in the Reserves and National Guard).

The GIBOH would permit VHA to become a full partner with other federal and state health care insurers and providers, including Medicaid, Medicare, DoD, the Indian Health Service, and the Public Health Service. The GIBOH would also augment DoD's CHAMPUS and TRICARE system and provide an enhanced focus on military retirees and their eligible dependents. There should be nothing that prevents VA and DoD from forging an agreement for a defined health benefits package for military retirees and their dependents. A direct arrangement between these two agencies would save taxpayers millions of dollars. These departments should be able to provide attractive benefit packages to meet the health care needs of all veterans and eligible dependents.

The basic concept underlying the GIBOH is to provide access to VHA for all eligible veterans, either through government-funded care or through a combination of government or private health insurance. At the time a veteran enrolls for care, the veteran will identify the source of payment. Similarly, veterans' eligible dependents will also identify their source of payment at the time they enroll for care.

Under the GIBOH, all veterans determined to meet the requirements for a core entitlement category will not be precluded from receiving any needed care, support services, supplies, devices, or diagnostic service. The full continuum of care will be available for the core entitled;

including any and all clinical services, programs, and supplies needed to ensure that a veteran's care is comprehensive and appropriate.

The GIBOH will also provide VA the authority to define a variety of health benefit packages varying in scope and cost. Services covered in these benefit packages will range from the full continuum of care described for the core entitled, to a limited package that may exclude long-term care, ancillary services and other specialized programs. Eligible veterans could choose a benefit package related to their needs, interests, and the ability and willingness to offset its cost. Opportunities to change selected coverage will be provided by VA with reasonable frequency and in consideration of significant changes in the veteran's and his or her family's circumstances. The GIBOH would provide that all honorably discharged veterans would be eligible for VA health care as they will fall into one of the core entitlement categories, or into a reimbursement, payment, or buy-in category.

Present Reality and Future Challenges

One of the major issues before these Committees is how to improve and strengthen VHA without an escalating cost spiral. The American Legion believes the answer lies in the GI Bill of Health. Through this approach, VHA will be able to fully utilize the system's capacity by offering permanent access to all veterans and eligible dependents.

If VHA meets the three core health care conditions (timeliness, quality and accessibility), a large number of veterans and dependents would select VA as their primary health care provider. Currently, VHA provides health care to approximately 3.7 million veterans and is dependent on annual federal discretionary appropriations of about $17.8 billion (including approximately $500 million from third-party insurers). The GI Bill of Health provides the potential to substantially enhance VHA's ability to meet the growing health care needs of millions of Americans.

The GI Bill of Health would:

- Identify substantially new revenue sources, thereby reducing VHA's dependency on discretionary funding.
- Assure all veterans with service-connected illnesses or disability ratings of 50 percent or more, continued access to VA health care at no charge.
- Allow veterans, military retirees and their dependents to use existing Medicare, Medicaid, CHAMPUS or TRICARE, third-party payers or employer health benefit plans to pay for treatment received at VA.
- Assure all special category veterans, indigent veterans and service-connected veterans rated less than 50 percent, access to VA health care services at no charge for service-connected or a reduced charge for nonservice-connected conditions.
- Assure all catastrophically ill veterans access to VA health care.
- Improve the long-term financial stability of VA's health care system by allowing VA to retain all third-party reimbursements from other federal programs, third-party payers and employer health plans.
- Allow VA to contract health care services with the private sector.
- Allow VA to retain and strengthen all specialized services.

MEDICAL AND PROSTHETIC RESEARCH

Contributions of VA medical research include many landmark advances, including successful treatment for tuberculosis, the first successful liver and kidney transplants, the concept that led to development of the CAT scan, drugs for treatment of mental illness, and development of the cardiac pacemaker. The VA biomedical researchers of today continue this tradition of accomplishment. Among the latest notable advances are identification of genes linked to Alzheimer's disease and schizophrenia, new treatment targets and strategies for substance abuse and chronic pain, and potential genetic therapy for heart disease. Many more important potentially groundbreaking research initiatives are underway in spinal cord injury, aging research, brain tumor treatment, diabetes and insulin research, and heart disease, among others.

Dollar for dollar, VA is widely recognized for conducting a very effective research program. VA devotes 75 percent of its research funding to direct clinical investigations and 25 percent to bioscience. Patient-centered research comprises one of every two dollars spent on research within VA. During FY 1999, three new Rehabilitation Centers of Excellence were established in ambulated technologies, VAMC Pittsburgh; spinal cord injury/multiple sclerosis, VAMC West Haven; and brain research, VAMC Gainesville, Florida. This brings to nine the number of Rehabilitation Centers of Excellence within VA.

The "Quality Enhancement Research Initiative" (QERI) currently targets 10 high priority research areas. After an initial evaluation period, VA hopes to fund additional areas of high quality research in the most promising QERI programs. If sufficient funding is unavailable, VA may only be able to continue half of the QERI initiatives. Without proper funding, certain major projects in the Cooperative Studies Program may have to be terminated. These projects include major studies in the Hepatitis C virus, prostate cancer and certain Gulf War illnesses. VA has submitted various proposals for further research in the Cooperative Studies Program and how additional funding will be used.

Department facilities are seriously short of research space. With over 3,000 underutilized buildings across the system, minor construction improvements are critically necessary. VA estimates that infrastructure improvements at the 25 neediest sites would cost approximately $25 million.

Two years ago the Administration committed to a goal of doubling VA's research budget over a five-year period. The budget was then in the range of $282 million. VA's overall research program requires a significant increase in funding above current service levels in each of the next several years to perform important research and evaluation studies.

The American Legion recommends a VA research budget of $375 million for FY 2001.

GULF WAR VETERANS' ILLNESSES

The Gulf War was one of the shortest and most complete military conflicts in history. Coalition forces, led by the United States, significantly defeated the fourth largest army in the

world. However, like all past wars, the Gulf War left some disabled veterans in its wake. Some of these disabled veterans suffer from illnesses, diseases and disabilities that are well understood by medical science. Thousands of others, however, suffer from unexplained physical symptoms, collectively known as "Gulf War Syndrome." Due to the fact that no unique and distinct syndrome has been identified in this sick population, the medical and veterans community has adopted the phrase "Gulf War veterans' illnesses." This phrase better describes what has been found to date: Gulf War veterans who suffer from unexplained physical symptoms. Due to a number of causes, they exhibit a number of illnesses.

Battlefield deaths in the Gulf War, 149, were very low. More troops died in accidents during the period than on the battlefield. The war itself was short, and sustained ground combat operations were only 100 hours long. However, like all our wars since the Civil War, returning troops soon began to report poor health.

Gulf War Veterans' Illnesses

Some Gulf War veterans suffer from unexplained physical symptoms. Most are listed below.

- Fatigue; Skin Problems; Headaches; Joint & Muscle Pain; Memory Loss; Respiratory; Heart Symptoms; Menstrual Disorders; GI Symptoms; Sleep Problems

Scope of Problem

- 697,000 deployed to the Persian Gulf
- 120,000 voluntarily undergo complete physical examinations at Department of Veterans Affairs and Department of Defense Hospitals
- Over 20,000 report no health problems. They sought the exam out of concern over media reports about "Gulf War Syndrome."
- Over 25,000 do not receive a diagnosis for their medical complaints.

Congress

Congress has been very active on this subject. It has passed legislation creating the VA Persian Gulf Veterans Registry, which administers physical examinations to any Gulf War veteran who wants one. It also relaxed the rules for disability compensation allowing VA to pay benefits to disabled Gulf War veterans without a diagnosis. VA's implementation of this law has been poor, although it has improved over the last few years.

Last year, Congress passed Public Law 105-368. This law was strongly supported by The American Legion, and some of its key provisions were actually conceived by The American Legion. Some of the key provisions follow.

- Healthcare for Gulf War and Future War Veterans: Gulf War veterans priority healthcare access in VA was extended for three years, and war veterans from future wars were allowed access to VA healthcare for any war-related diagnosed or undiagnosed illnesses.

- War as an Exposure: The law recognizes that war itself is a hazardous exposure. Therefore, veterans exposed to it who subsequently fall ill do not have to prove they were exposed to anything specifically.

- Presumption of Exposure in the Persian Gulf: The law gives veterans the benefit of the doubt regarding exposure to harmful substances in the Persian Gulf.

- National Center for War-Related Illnesses: The Law directed VA to design a National Center for War-Related Illnesses in order to consolidate the lessons learned from all of our wars, and to try to prevent these illnesses after future wars.

American Legion Programs for Gulf War Veterans: Service

- Persian Gulf Task Force: The Task Force has spearheaded outreach and lobbying efforts on behalf of Gulf War veterans, and it has coordinated our internal activities in order to better serve these veterans.

- Toll Free Number: We have a toll free number, 1-800-433-3318, for Gulf War veterans or family members to call when they are in need of information or assistance.

American Legion Programs: Research

- Medical Consultants: We consult with medical experts on a formal and informal basis, and we have systematically overseen the research efforts investigating Gulf War veterans' illnesses.

- Investigation of Economic and Social Impact of Gulf War Mobilization: We are collaborating with Boston University and the Massachusetts Institute of Technology in order to investigate the economic and social impact of the Gulf War mobilization on members of the National Guard and Reserves.

American Legion Programs: Outreach

- Internet: Our homepage on the Internet, www.legion.org, offers up-to-date information for Gulf War veterans on the latest research and benefits.

- Direct Mailings: We have mailed over 10,000 benefits booklets, free of charge, to Gulf War veterans. These booklets advise them of their benefits, and on how to get assistance.

- The American Legion Magazine: Our award-winning magazine has consistently informed Gulf War veterans about their new benefits, Gulf War veterans' illnesses, and of reunions of their former units.

The American Legion urges Congress to continue aggressive oversight of the implementation of the landmark Gulf War legislation passed by the 105th Congress (P.L. 105-368).

MEDICAL CONSTRUCTION AND INFRASTRUCTURE SUPPORT

Major Construction

At this time, there has not been a strong case made to close any VA medical centers. There are five market locations out of 40 within VHA that are being reviewed as potential sites for the complete integration and closure of a VA medical center. These sites are Boston, Chicago, Los Angeles, New York and San Francisco. While no decisions have yet been made to close any VA medical center, the possibility exists that future studies could recommend closure as one of several realignment options. On this issue, The American Legion supports the provisions contained in H.R. 2116, the Veterans Millennium Health Care Act. This bill, recently passed by the House, is particularly germane because it contains elements targeted at capital asset management issues, such as improving access through facility realignment and extended enhanced-use applications. Enhanced stakeholder involvement is a critical element of this legislation.

The American Legion does not believe there are any unneeded VA medical care facilities. We do not object, however, to impartial studies that examine if VA can better utilize its assets in major market areas. The American Legion suggests that if any VA facilities are considered as underutilized, it is incumbent upon VA and Congress to develop plans that would increase the utilization of those facilities.

The families of older veterans are desperate to find long-term care solutions for their loved ones. Military retirees are searching for medical treatment options to replace military facilities that have closed. Americans everywhere want good, affordable health care. Providing increased access to the VA health care system can solve the health care concerns of many citizens. This is one of the primary reasons The American Legion developed the GI Bill of Health, which would bring more paying customers into the VA health care system, while continuing to provide care on a priority basis to service-connected veterans.

Today, VA is several years away from completing its Capital Assets Disposal Initiative. VHA developed a draft policy that would establish capital planning committees in each VISN to focus attention on planning for capital asset realignment. It is estimated by VHA that it will require up to three years completing a capital assets review of all 40 health care markets. The ultimate objective of the Capital Assets Disposal Initiative is to allow VA to dispose of excess and underutilized property and to use 90 percent of the proceeds for infrastructure needs.

The sale of VA property is a potential outcome of significant mission realignment. The use of this tool would allow most of the revenues from disposal of real property to be used to enhance veterans' healthcare. Ten percent of the assets from the sale of VA property would be transferred to the Department of Housing and Urban Development -- Homeless Assistance Grants Housing account. All of these market studies will require approximately $35 million.

Many VA buildings were built in the 1950s and it will require considerable investment to make these buildings functionally effective and ADA compliant. In many cases it is more efficient to replace existing buildings with new state-of-the-art outpatient clinics. There are also

many patient safety and building modernization requirements. Additionally, a recent mandated review determined that VA has 69 patient care buildings, totaling 2,300 beds that require seismic corrections.

The American Legion recommends $200 million in FY 2001 for VA to adequately meet its major construction requirements.

Minor Construction

With few major construction projects planned in its immediate future, VA must still meet the minor construction requirements of a system with approximately 4,700 buildings. VA must be able to adequately support the primary care mission of VHA and meet the usual and customary physical plant requirements of a healthcare system providing 600,000 annual admissions and over 35 million outpatient visits.

VA currently has an inventory of over 3,500 buildings either being used in a patient support capacity or not being used at all. Many of these buildings could be used to increase the provision of long-term care and to meet other diverse requirements, such as increased research space, shelter to homeless veterans, and for other purposes. A complete inventory of all buildings is essential to determine the proper utilization of VA's large infrastructure.

The American Legion recommends minor construction funding of $200 million for FY 2001.

GRANTS FOR THE CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

Currently, this nation is faced with the largest aging veterans population in its history. VA estimates the number of veterans 65 years of age or older will peak at 9.3 million in the year 2000. By 2010, 42 percent of the entire veteran population, an estimated 8.5 million veterans, will be 65 or older, with half that number above 85 years of age. By 2030, most Vietnam veterans will be 80 years of age or older. The State Veterans Home Program must therefore continue, and expand its role as an extremely cost-effective, but vital, asset to VA.

State Homes provide over 24,000 beds with a 90 percent occupancy rate that will generate more than seven million days of patient care each year. The authorized bed capacity of these Homes is: 90 nursing care units in 40 states (17,844 beds); 46 domiciliaries in 32 states (5,841 beds); and 5 hospitals in 4 states (469 beds). For FY 1998, VA spent $255 per day to care for each of their long-term nursing care residents, while paying private-sector contract nursing homes an average per diem of $149 per contract veteran. The national average daily cost of caring for a State Veterans Home nursing care resident during FY 1998 was $137. VA reimbursed State Veterans Homes a per diem of only $40 per nursing care resident.

On the basis of the available funding in FY 1999 and the President's FY 2000 budget request, a total of 42 priority-one state home construction grant projects with an estimated cost of $104.8 million will remain unfunded. Additionally, the estimated backlog does not take into account the applications that are received between August 1998 and August 1999. As many VA facilities

reduce long-term care beds, and as VA has no plans to construct new nursing homes, State Veterans Homes are relied upon to absorb a greater share of the needs of an aging veteran population. If VA intends to provide care and treatment to greater numbers of aging veterans, it is essential to develop a proactive and aggressive long-term care plan. VA should work with the State Veterans Home Association to convert some of its underutilized facilities on large multi-building campuses to increase the number of available long-term care beds.

For FY 2001, The American Legion requests $110 million for the State Veterans Home Extended Care Construction Grant Program.

NATIONAL CEMETERY ADMINISTRATION

The National Cemetery Administration (NCA) oversees 116 national cemeteries in 39 states in the United States and Puerto Rico. The Army or the Department of the Interior administers sixteen other national cemeteries. Currently 57 national cemeteries are closed to first interments. The 116th national cemetery was recently dedicated in Albany, NY and the first burial took place on July 14th. Three new national cemeteries are scheduled to open over the next 12 months. These cemeteries will be located near Chicago, IL; Dallas, TX; and Cleveland, OH. Major construction projects are planned at other existing sites to extend the active life of the cemeteries for as long as possible.

The National Cemetery Administration does not operate national cemeteries in some critically needed areas. Among these are Atlanta, GA; south Florida; Pittsburgh, PA; Sacramento, CA; Detroit, MI; and Oklahoma City, OK. Additionally, some existing cemeteries will soon run out of available space without significant expansion.

The National Cemetery Administration recorded approximately 77,000 burials during 1998. The number of veterans deaths is projected to peak at 620,000 in 2008 and slowly return to the 1995 level of 500,000 by 2020. Notwithstanding the development of six new national cemeteries over the past 10 years, there is an urgent requirement to continue the recent expansion well into the next decade. Each new national cemetery requires approximately seven years from design to activation. The American Legion is concerned that, without a strong commitment within Congress to undertake this effort, many veterans will not have proper access to burial in a national cemetery.

The NCA must begin to make improvements in the burial sections of older cemeteries. These cemeteries never had graveliners installed and now many flat bronze markers have sunk and must be repaired.

The American Legion recommends that Congress minimally provide $110 million for the operational requirements of the NCA in FY 2001. Additionally, Congress should commit to building six new national cemeteries by FY 2008, and provide appropriate Advance Planning Funds in VA's major construction program for this purpose.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES

The State Cemetery Grants Program is an excellent complement to NCA. The enactment of P.L. 105-368 in November 1998 significantly improves the state grants program but does not ensure that the states will commit to developing veterans cemeteries in the areas of greatest need. Therefore, to strengthen the program, Congress must increase the burial plot allowance paid to the states and make the allowance applicable to all veterans. Additionally, to lessen the demand to invest millions of dollars in the construction and long-term maintenance of new national cemeteries, a significant increase in state grants applications funding must be provided. The American Legion believes that the state grants program can serve as a complimentary balance to the National Cemetery Administration.

The American Legion recommends approximately $25 million in new state cemetery grants applications funding for FY 2001.

VETERANS BENEFITS ADMINISTRATION

There are a number of issues of concern with respect to veterans benefits and the operations of the Veterans Benefits Administration (VBA) which we would like to discuss.

VBA is responsible for the administration of over $21 billion in statutory benefits and services to disabled veterans, their dependents, and survivors through the compensation and pension, education, vocational rehabilitation, insurance, loan guaranty, and burial programs. If these provisions of the law are to achieve the purposes which Congress intends, it is essential that VBA handle all claims for benefits and assistance in an efficient and timely manner.

The American Legion is convinced that to carry out its mission, VBA must have adequate personnel and computer resources, a sound and effective business plan, and competent management. Most of all, VBA must have strong leadership, if it is going to successfully carry out its ambitious service improvement plans and solve its many long-standing problems. VBA leadership must also clearly identify and justify funding levels necessary to achieve these goals. Congress has the responsibility of providing adequate funding for the various benefit programs, staffing, and other general operating expenses. Congress, through these committees, also provides continued strong oversight to all benefit programs to ensure that they reflect the will of Congress and that they meet the needs of veterans and their families.

Final action is pending on VA's FY 2000 budget. Earlier this year, The American Legion appreciated the expression of broad congressional support for an increase of $1.7 billion over the President's budget request. However, there was no provision for additional regional office personnel included in the FY 2000 budget request. Without increased budgetary support, VBA's efforts to implement needed changes in the current system will fall far short of its goal of better, more timely service to veterans and their families.

Despite the continued increase in the volume and complexity of VBA's workload over the past 10-15 years, time and time again, budgets for staffing and training were cut. With the loss

of experienced adjudication personnel and the consolidation of the adjudication and veterans services functions, a substantial part of the VBA workforce is now made up of inexperienced trainees. As a result, American Legion Service Officers have seen a steady deterioration in the timeliness and quality of claims adjudication. It is now to the point where there are far too few workers to properly handle the current workload, let alone the workload projected for next year.

The risks and consequences of VBA's management policy of trying to "do more with less" or "too much with too little," were recently illustrated in the report of the VA Inspector General on two cases of embezzlement by VA employees. In an effort to try and meet the demand for increased production and improve timeliness with severely constrained resources, little or no attention was paid to curing weakness and vulnerabilities in VBA's computer system. Longtime adjudication and authorization policies, providing for quality control and the separation of duties and authority, were compromised or abandoned. This allowed several unscrupulous individuals to bypass existing controls and make illegal payments to themselves. While VBA is now addressing the management and computer issues highlighted by the Inspector General's report, we urge Congress to ensure that VBA staffing is adequate.

In addition to staffing shortages, VBA has publicly acknowledged there are serious, core problems in its claims adjudication process as well as deficiencies in its employee training programs. Efforts to address these have been outlined in VBA's long-term strategic plan, "Roadmap to Excellence." The American Legion commends the Under Secretary for Benefits and his staff for their candor and commitment to improving the system.

The American Legion continues to be supportive of VBA's multi-year service improvement initiatives. They generally reflect a more integrated strategic planning approach with an emphasis on expanding user and stakeholder input, improving access to the system, providing better information, and realigning field activities. Central to this plan is the continued implementation of Business Process Reengineering (BPR), along with more clearly identified resource needs, including staffing and information technology.

These initiatives, however, are not without unanticipated problems, as illustrated by VBA's proposed TRIP program (Training, Responsibility, Involvement, and Preparation of Claims). As part of its various efforts to try and maximize its severely constrained resources, VBA is actively promoting a more active role for the veterans service organization representatives (VSOs) in the claims development process. In their roles as partners with VA, under this program, VSOs would be expected to assume certain functions currently performed by VBA adjudication personnel. In return for their services, when this concept is fully implemented, the VSOs would be provided greater access to the VA computer system. The American Legion has long advocated the need for enhanced computer access and better development of claims both by VA and our own service officers.

As a VBA stakeholder, we have worked closely with VBA to improve our working relationship and to find solutions to their many problems. However, in this instance, we cannot accept a role in any type of partnership program which compromises or which may give rise to the perception that we are compromising our role as the veteran's representative. VBA and the VSOs each have separate and distinct duties and responsibilities. The American Legion believes

VBA should have recognized that it cannot delegate any part of its statutory duty to assist and inform, no matter how critical its resource needs are. We strongly urge Congress to favorably consider the request for additional regional office staffing.

To assess the impact of "Roadmap" on customer satisfaction, VBA conducts periodic stakeholder surveys. This will also help in determining where further improvements or refinements may be necessary. Initial surveys indicate a clear lack of "customer satisfaction" with many regional office decisions, confusing correspondence, lack of understandable information, and processing delays.

Claimants' dissatisfaction with the quality of regional office service and decision making continues to be reflected in the substantial number of Notices of Disagreement (NOD) being filed. In FY 1998, there were over 66,600 NODs and as of the third quarter of FY 1999, over 43,600 NODs had been received.

It is clear that VBA must continue implementing the "Roadmap" quality-improvement changes. However, the problem both for VBA management and workers is that claims adjudication is a very complex and dynamic process. It is not like a production line that can be shut down for changes to be quickly made, and then restarted. At any moment, there are tens of thousands of cases at various stages of development. As in past years, the overriding priority for VBA is the rising tide of pending claims and the number of remanded appeals. The day-to-day priority of regional office managers, adjudicators, and support personnel continues to be production rather than "doing it right the first time."

The American Legion does not relish having to explain to veterans and surviving spouses that they have to wait six months, nine months, or perhaps a year for a decision on their claims. Nor do we like having to explain to them that there is a thirty to forty percent chance that after waiting all that time, the decision they receive may be wrong. It is wrong that we must tell them that after all their waiting, if they want to appeal, it will be another two years or longer before the case will come before the Board of Veterans Appeals. And then, there is a forty-percent chance the case will be sent back to the regional office for action which probably should been done in the first place. The American Legion does not believe this is the system Congress intended for veterans and their families.

The American Legion remains very concerned at the fact that the claims adjudication system still lacks sufficient personal and management accountability as well as an effective quality assurance program. As a result, thousands of cases continue to come through the regional offices and the Board of Veterans Appeals wasting critical resources. This often causes serious financial hardship and needless frustration and worry for many veterans and their families. In addition, despite repeated criticism, VBA has yet to implement a work measurement system which can provide accurate and reliable data on how long it really takes to process a claim from start to finish, or the amount and location of personnel and other required resources.

Within the claims adjudication system there is a natural tension between trying to process as many cases as possible in order to reduce the backlog of pending claims, and rendering decisions which are fair, proper, and timely. In recent years, many decisions have been perceived by

veterans and other claimants as neither fair nor timely. These have generated additional workload for the regional offices in the form of unnecessary correspondence to and from the claimant, phone calls from the claimant, additional hearing requests, and thousands of new appeals. The lack of appropriate action by the regional offices is reflected in the combined reversal rate of fifty-nine percent by the Board of Veterans Appeals. This is not true "customer service."

In the past, The American Legion has primarily relied on anecdotal and statistical information regarding errors and problems in the claims adjudication process. In order to obtain firsthand data on the quality of regional office decisions, The American Legion began a series of quality review visits to regional offices to assess the propriety of rating action on claims represented by the organization. To date, staff of the National Veterans Affairs and Rehabilitation Commission has made visits to eight regional offices and reviewed a representative sample of recently decided claims. Their findings of an error rate of thirty to forty percent parallel those reported by VBA's own Statistical Accuracy Report program (STAR). Discussions with regional office management indicate that lack of training, inadequate staffing, and the continued emphasis on production are the primary underlying causes for the high error rate. Reports on these visits are shared with regional offices and Central Office management. We are hopeful this effort will assist VBA in solving these difficult and complex management and resource problems.

The American Legion has also been concerned by the lack of progress and problems in VBA's long-term plans for the modernization of its computer and information technology systems. Within the last several years, reports by the General Accounting Office (GAO) and those of others have been highly critical of VBA managers' efforts. One of the key components in their modernization plan has been the development of the VETSNET project. The project basically intended to replace the existing antiquated benefits delivery network with new hardware and software to support more rapid, accurate management decisions and claims processing. The goal is to provide better service and to make more effective use of VBA resources. The American Legion supports this goal.

VBA has implemented a number of system improvements to date. However, VBA's ability to successfully implement the VETSNET program remains open to serious question, according to the findings, conclusions, and recommendations of the June 10, 1998 **Risk Analysis Report** prepared for VBA by SRA International Incorporated. This report provides a frank assessment of the strengths, as well as those weaknesses and risks, that places this initiative in serious jeopardy. Congress is encouraged to closely monitor VBA's response to these challenges to ensure that VA's resources are not wasted and that veterans are well served.

The American Legion, therefore, recommends a funding level of $960 million in VBA-GOE appropriations for FY 2001 in order to provide necessary staff training, augmentation of current staffing levels, employee pay raises, succession planning, technology enhancements, and improved quality assurance in the Compensation and Pension Service.

Dependency and Indemnity Compensation (DIC)

Congress has at last removed the bar to reinstatement to DIC benefits for remarried spouses of veterans who died on active duty or as a result of a service-connected disability following the termination of the remarriage. This restriction had been imposed by the Omnibus Budget Reconciliation Act of 1990 (OBRA 90) purely as a "budget saving" measure. This action will help eliminate many of the hardships and financial insecurity faced by this group of surviving spouses. It will also remove the disincentive by those surviving spouses currently in receipt of DIC who may wish to remarry, since they can return to the DIC roll if the remarriage terminates by reason of death or divorce. This may also result in some small reduction in VA's actual benefit costs.

The American Legion is pleased that entitlement to this benefit has been restored. However, we are keenly disappointed that Congress felt this could only be achieved by taking away the entitlement to service-connected disability of those veterans suffering from illnesses or death related to their use of tobacco products during military service.

Some DIC surviving spouses face another type of financial problem. If they are without dependents, and are a patient in a Medicaid-covered nursing home, they are required to utilize all funds received from VA toward the cost of their nursing home care. This may leave them without funds or with very limited funds for personal needs and wants. In contrast, surviving spouses with no dependents who are in the same nursing home, who are in receipt of VA death pension benefits, are entitled to receive $90 monthly in pension benefits for personal wants and needs. No part of this $90 can be used to reduce the amount of Medicaid paid to the nursing home facility. The American Legion believes that DIC surviving spouses with no dependents in Medicaid-covered nursing homes should be similarly allowed to receive and retain $90 of their monthly DIC benefits.

Tobacco-related Claims

The fact that Congress chose to take away veterans' rights and VA funds to pay for the highway and transportation programs in P.L. 105-178 remains deeply disturbing to The American Legion. As a result of this action, sick veterans have been told that they forfeited their rights to VA disability compensation and VA medical care, and their survivors to service-connected death benefits (DIC), because of their addiction to nicotine while on active duty. The American Legion believes these individuals have been done a grave injustice.

From the time of World War I through the late 1980s, the Department of Defense (DoD) essentially promoted the use of tobacco products by members of the armed forces. DoD continues to be the major distributor of tobacco products world wide through military commissaries, military exchanges and ships stores, among others. DoD has only recently established physical fitness policies to discourage tobacco use by active- duty personnel and reservists. Many veterans, whose use of tobacco started in service and continued after discharge or retirement, were not fully informed or aware of the long-term potential health risks of nicotine addiction and tobacco use.

In 1993, the General Counsel of the VA issued a precedential opinion, which determined that the claim of service connection for a tobacco-related disability or death was permissible under

the law. In 1997, the VA General Counsel issued a second opinion setting forth the evidentiary criteria and procedures for adjudicating such claims. These parameters were consistent with the stringent legal and medical standards that apply to any other claim for service-connected disability. However, shortly afterward, VA released a study which indicated that the impact on its budget would be $15 billion over five years and result in an increased workload of 600,000 to 2 million claims. These estimates are highly unrealistic. In reality, VBA received only about 9,000 claims in the preceding five years, between 1993 and 1998. Of these, benefits were granted in less than 600 cases.

We trust that upon further consideration and reflection, Congress will restore this most valuable right and the funds necessary to pay compensation, DIC, and medical care costs to veterans and their survivors, based on a tobacco-related illness traceable to their military service.

Hepatitis C Virus

Within the past two years, the Hepatitis C virus has become a recognized major public health concern. According to the Veteran Health Administration, there are three and a half to four million Americans who have the Hepatitis C virus. The annual incidence of new cases of Hepatitis C is 135,000 to 180,000. There are approximately 8,000 to 10,000 annual deaths related to this disease. What is particularly disturbing are findings indicating the infection rate among veterans is significantly higher than within the general population.

In response to this challenge, The American Legion is encouraged by VA's fairly aggressive health care approach. VHA has established education and outreach programs promoting awareness of the risks and dangers of this disease, and the treatment options for veterans with Hepatitis C and related medical problems. VA believes it is important and more cost effective to provide early screening and treatment to those veterans with the disease. Treatment in the later stages involves very risky and expensive procedures such as liver transplants. VHA is proceeding with plans to supplement the education and treatment programs with a national hepatitis registry and research initiatives.

These initiatives have significant near-term and long-term budget implications. VA's budget request for FY 2000 includes approximately $250 million for Hepatitis C testing and treatment. This will not enable VHA to treat all the effected veterans who are suitable candidates for treatment. Congress has recognized that additional funding is necessary for VHA to meet the needs of not only those veterans with Hepatitis C but also the thousands of other veterans who use and rely on VA for their health care. The American Legion continues to urge Congress to approve an adequate budget for VHA in FY 2000 and our members are deeply appreciative of the support and leadership provided by both of the these Committees.

In addition to our concerns regarding health care funding, there is also the issue of service connection for Hepatitis C and, along with it, entitlement to VA medical care. There is compelling scientific data that many veterans developed acute hepatitis or were unknowingly exposed to a variety of risk factors for hepatitis during their military service. Veterans who now test positive for Hepatitis C may be entitled to service-connected disability benefits and related VA medical care, even though this condition did not become manifest until many years after service. VBA has determined that a current diagnosis of Hepatitis C and evidence of treatment

for hepatitis or a history of exposure to certain risk factors during service are sufficient to make their claim plausible or "well grounded." If this requirement is met, development of medical evidence linking the current medical condition to service is required. However, many veterans are unable to establish this link because military medical records are often inaccurate, incomplete or otherwise inadequate to meet VA's standard of proof.

To help meet the immediate and long-term needs of veterans with Hepatitis C, The American Legion encourages Congress to enact a statutory presumption for Hepatitis C for any veteran who meets certain specified criteria. We take this opportunity to express our support for H.R. 1020 and S. 71, which would establish presumptive service connection for Hepatitis C in certain veterans. The American Legion urges Congress to undertake consideration of this legislation in the very near future. As an alternative to the legislative process, The American Legion has requested the Secretary of Veterans Affairs, in accordance with 38 USC 501, to consider establishing regulations providing for presumptive service connection for Hepatitis C. Such action would help ensure that affected veterans receive the compensation benefits and medical care to which they are entitled.

BOARD OF VETERANS APPEALS (BVA)

Over the last several years, Congress has authorized an increase in the number of Board members, additional staffing, and increased salaries as part of a concerted effort to reduce the amount of time a veteran has to wait for a decision on his or her appeal. The American Legion supported these initiatives. This has enabled the Board to dramatically reduce the backlog of pending cases. While the Board's performance is encouraging, we remain concerned that it is still taking the regional offices 810 days to develop an appeal and send it to the Board of Veterans Appeals.

The repetition of claims through the adjudication and appeals process is wasteful and inefficient. When a regional office certifies a case and sends it to the Board, it is supposed to be ready for a final decision that will either allow or deny the claim. On the one hand, poor quality decision making in the past is evident in the improvement of the allowance rate by the Board, which has increased from 17.2 percent in FY 1998 to 21.6 percent currently. VBA's efforts to reduce the number of remands have also been somewhat successful. Remands have gone from over 45 percent to less than 41.2 percent currently. The real tragedy of these statistics is that, after waiting for more than three years, thousands of appellants essentially find themselves back where they were in 1995 or 1996, with little prospect of an immediate resolution of their long-standing claims. It is, therefore, little wonder that veterans are disappointed, frustrated, and angry about the regional offices and the Board of Veterans Appeals. Of equal concern is the waste of government resources resulting from less-than-complete development and poor quality decision making.

Despite the Board's ongoing efforts to improve its quality-assurance program, fundamental quality problems persist. Over the past ten years, only about twelve percent of the Board's decisions have been appealed to the U.S. Court of Appeals for Veterans Claims. Of those appeals, the Court has granted the benefit in only a few cases. However, the Board can draw

little comfort from these statistics, given the upward trend of the Court's remand rate. Moreover, the precedents established in this stream of remands continue to have a profound affect on the workload and resource needs of the Board of Veterans Appeals and the regional offices. It highlights the fact that VBA and BVA management policies and priorities have not been fully responsive to the demands of judicial review. Veterans are still waiting for the promised service improvements.

VETERANS EDUCATION BENEFITS

The American Legion firmly believes that, outside of combat, the transition from the military lifestyle into the civilian workforce can be among the most difficult challenges veterans will face during their lifetime. Recently separated veterans are most likely to need assistance in making decisions about employment and education, because most military occupational skills are not directly transferable to the civilian workplace. The Montgomery GI Bill (MGIB) was enacted in 1987 to assist veterans in making this transition. It has also been used by the armed forces as an important recruitment and retention incentive.

However, in recent years, The American Legion has become deeply concerned by the increasing disparity between benefit levels and the actual cost of higher education. In contrast to the GI Bill program that ended with the Vietnam War, the payment to veterans (with no financial contribution required) covered between 90 to 100 percent of college costs; MGIB payments of $520 per month cover only a little more than half the cost of college. In addition MGIB participants must make a $1,200 generally non-refundable contribution while on active duty. Clearly, MGIB education benefits make military service with its experiences and hazards less attractive to young Americans. This, along with the continued downsizing of the active duty, reserves, and National Guard, make many young people seriously question the value of military service, especially since so many other opportunities now exist with similar benefits and relatively little or no personal sacrifice.

For years, The American Legion has appeared before your committees advocating increased benefits for MGIB participants as well as other program improvements. The response has always been that budget constraints prevented these long-overdue changes. When the President released his FY 1999 budget request for VA, we were momentarily pleased that it included a proposed twenty percent increase in MGIB benefits. However, The American Legion was shocked and disappointed that this much needed increase was to be financed by taking the rights and benefits from veterans who developed a disease traceable to their use of tobacco products during military service. The American Legion does not support penalizing one group of veterans to provide additional benefits for another group of equally deserving veterans.

The American Legion at its Eightieth National Convention in 1998 adopted a resolution in support of certain changes and enhancements to the current MGIB. The American Legion proposes:

- Comparable benefits for honorably discharged veterans and serving members of the armed forces, reserves and National Guard.

- Health care, child care, and all other benefits granted to individuals eligible for National Service Plan benefits should be available to veterans and serving members of the armed forces, reserves, and National Guard.
- Annual cost-of-living adjustment (COLA) in education assistance benefits.
- Tax exemptions for MGIB payments to veterans.
- Continuing the requirement for out-of-pocket contributions before servicemembers are eligible for the program.
- Expanding the time that servicemembers can make monthly contributions toward educational benefits from the current one year to four years.
- Using education assistance benefits to pay for education debts incurred before an individual entered service.
- Maintaining the current 1 - to - 12 contribution/payback ratio.
- Provide that, if, after ten years, a veteran decides not to access the MGIB fund, he or she would be able to receive the amount contributed into the fund, with no accrued interest.

The American Legion strongly believes that Congress has a responsibility to maintain an up-to-date, viable, attractive GI Bill as an integral part of the armed forces recruiting and retention programs and to promote higher education for America's military veterans. Since World War II, the GI Bill has proven to be a wise investment by the federal government in the nation's future.

VETERANS EMPLOYMENT AND TRAINING PROGRAMS

Before commenting on the Economic issues that The American Legion requests action on before the end of the 106th Congress, I want to thank the members of both chambers for your support of H.R. 1568, the *Veterans Entrepreneurship and Small Business Development Act of 1999.* By passing that legislation, Congress took a major step forward in ensuring that this country's veteran-entrepreneurs receive the assistance they need to open, operate and grow small businesses. The American Legion appreciates your concern for our veterans and your efforts to pass this critical legislation on their behalf.

In the past six years, the Veterans' Employment and Training Service (VETS) has endeavored to reinvent itself within the confines of funding constraints, while faced with major changes to the Employment and Training Service (ETS) made under the Workforce Investment Act. VETS makes up about 15 percent of the system operated in the states by the Employment Training Administration (ETA).

At the same time, several states were in the process of reinventing the public labor exchange using funds made available by the Department of Labor (DoL). Even though DoL retained approval authority of any changes made, veterans were supposed to be protected under statutory provisions. But the perception was illusory. In one case, the Secretary of Labor even withheld a major portion of the ETA grant until the state complied with department regulations. When told that veterans' funds might also be withheld, the governor's representative said, ***"So what!"***

Also during this time, appropriations for the agency declined 11 percent in real terms and the money made available does not support the statutory levels of the Disabled Veterans' Outreach

Program Specialists (DVOPs) and Local Veterans' Employment Representatives (LVERS) provided for by law.

Given these circumstances, The American Legion believes VETS continues to perform reasonably well. When VETS implemented performance measures for the states, they discovered some anomalies and immediately revised the performance standards. VETS prepared a strategic plan, which fits into the strategic plan adopted by the DoL.

While doing the research for this testimony, The American Legion discovered that 56.2 percent of all unemployed veterans are over the age of 45. Therefore, many of these veterans are victims of corporate restructuring, have been overtaken by technology changes, or are victims of age discrimination. These veterans need training to remain in their previous professions or to begin new careers.

Section 168 of the Workforce Investment Act (formerly JTPA IV-C) is that portion of the statute which provides for this type of training for veterans. For at least the past three years, this account received $7.3 million in annual funding, which has allowed the program to continue to operate in only 11 States. ***This is absolutely unacceptable.*** There are thousands of veterans available for work in this new economy, but they lack marketable, technological skills. The problem is clearly a lack of adequate funding.

Congress has apparently chosen to ignore this program. The only participants in this specific program are veterans of the armed forces of the United States, those brave young persons to whom this nation owes a debt of gratitude.

Try explaining to the young person who is packing his duffelbag for Kosovo, that if he or she comes home and leaves the military, he can receive job training only if he lives in one of eleven states. If the $7.3 million funding level continues in authorizing legislation, it becomes the baseline for future budgets. The hole just gets deeper and darker for the next generation of veterans. This baseline needs to be at least $32 million to allow VETS to begin training in ***all*** fifty states.

There is an important issue with respect to employment barriers faced by recently separated veterans. Although these outstanding young men and women possess excellent vocational skills, which are easily transferable to civilian careers, the lack of "official" recognition of their vocational training hampers their smooth transition from active-duty military service to meaningful civilian employment. Honorable military service should advance patriots' vocational opportunities rather than stymie their employability.

Leaving active-duty military service is a landmark event in one's life. It involves decisions that will affect veterans and their families for the rest of their days. Recently separated veterans face similar challenges: they need a job, they need housing, and they need health care. Meaningful employment is essential to meeting these challenges. Removal of a *paper barrier* will help make a fully qualified, recently separated veteran *job ready*.

The armed forces of the United States releases more than 220,000 people from active duty each year and will continue to do so for the foreseeable future. Historically, these veterans are some of the most productive members in society. Over 50 percent of recently separated veterans are married. They receive training on leadership, management, and teamwork. They have an excellent work ethic - reliability, promptness, dependability, personal accountability, attendance - essentials in the military. They are certifiably drug free. In short, they are a valuable national resource.

In the course of pursuing the basic mission of national defense, the military services produce significant coincidental benefits to the economy: support of scientific research, infrastructure development, and investment in human capital through extensive military personnel training activities. As of the end of Fiscal Year 1999, there will be approximately 1.4 million members of the military services on active duty. Further, there will be almost 950,000 members in the Selected Reserves. Clearly, these exiting service members offer excellent skills and experience to the civilian sector.

The military is a selective employer and represents an unparalleled educational and training institution. These employees live under an entirely different set of laws than other Americans, the Uniform Code of Military Justice. They can be punished for violations of dress code, personal appearance, handling of personal finances and their personal conduct on and off duty. The majority of jobs to which today's service members are assigned have civilian counterparts. The military community is just a mirror of every other community. A recent study by the Commission on Servicemembers and Veterans Transition Assistance showed that 38 percent of separating service members (over 83,000 people) have experience (both classroom and on-the-job-training) in fields with direct application to civilian life where some type of credential is required.

The health care career field is an especially important occupation category in the military services. In 1994, over 21 percent of officers and 6 percent of enlisted personnel were engaged in health-related specialties. Equipment repair and maintenance specialties, including aircraft maintenance, are other large categories, accounting for 20 percent of enlisted personnel and 10 percent of officers. Service members in this group of occupations maintain and repair aircraft, trucks, automobiles, specialized vehicles, wire communications, missiles, precision equipment, power generators, and other engines and equipment. Only one in six enlisted members serve in purely combat jobs, whereas one in four serve in high-tech jobs in fields like electronic equipment repair, communications or other allied specialties.

Those who are separating from the armed services have attended some of the finest technical and professional training schools in the world. Military education covers a broad spectrum of vocational career fields including health care, police and investigative work, electronics, computers, engineering, drafting, air traffic control, nuclear power plant operation, mechanics, carpentry, and many other fields. In the civilian workforce, many of these career fields require some type of license or certificate. Often, this license or certificate requires training that is comparable or identical to the military standards in armed forces training programs. Unfortunately, however, an active-duty servicemember who completes professional military

training does not receive the appropriate licenses or certificates rendered to civilians who complete similar training.

Since most military personnel will eventually leave the service and enter the civilian labor market, the benefits of professional military training are particularly critical to their continued productivity and competitiveness in the civilian labor force. Servicemembers should be able to expect to use vocational skills gained during military service to their advantage when they re-enter the civilian labor market. Data from a recently completed study of Army veterans, for instance, found that nearly 70 percent rated the opportunity to gain job skills as an important or very important reason for their enlisting in the military. The all-volunteer military depends on perception of the value of career-relevant training as an important recruitment incentive. Any barriers to the transferability of military job training to comparable civilian careers discourage potential enlistees and significantly hinder recruiting objectives.

The House Veterans' Affairs Subcommittee on Benefits has examined this topic in detail. We respectfully urge both of the Veterans' Affairs Committees to continue to show an interest in this important subject. It saves taxpayer dollars and puts veterans to work sooner in our booming economy.

On October 31, 1998, the *Veterans' Employment Opportunities Act of 1998* (P.L. 105-339) was signed into law. The American Legion lobbied long and hard for that legislation because it would eliminate the loopholes that federal managers use to discriminate against veterans in federal hiring and retention. For far too long, qualified veterans have not been on a level playing field with other qualified candidates because of their veteran status.

Unfortunately, before The American Legion and other members of the veterans community could discuss implementation of the new law with representatives of the U.S. Office of Personnel Management (OPM), that agency issued interim regulations for its implementation that were completely contradictory to the intent of Congress.

As the law did not specifically provide that preference eligibles hired under the Act "shall" have career or career conditional status, OPM gave them Schedule B status. That decision is in opposition to the spirit and intent of the law because it creates an artificial barrier for appointees by denying them an opportunity to apply for merit promotion vacancies opened only to internal agency candidates. Currently, preference eligibles hired under the Act still do not have a level playing field because they are being denied equal access.

The American Legion also believes that the interim regulations are in violation of existing Civil Service Regulations. Subsection 3301 of title 5, United States Code states: "The President may -- (1) prescribe such regulations for the admission of individuals into the civil service in the executive branch as will best promote the efficiency of that service." By virtue of that authority, Executive Order 10577 was issued which established the Civil Service Rules.

Section 1.2 of those rules states: "The Competitive Service shall include (a) all positions in the executive branch of the Government unless specifically excepted there from by or pursuant to

statute." Thus, OPM had the statutory authority to make those hired under the provisions of P.L. 105-339 Schedule A appointments to the Competitive Service.

Despite the urging of The American Legion and others, OPM steadfastly refused to admit its error by rescinding the interim regulations and issuing new ones. Subsequently, corrective language was introduced in the House during this session of Congress. That language was attached to H.R.807 and was sent to the Senate where it was stripped from that bill and added to other legislation that is still under consideration by that body.

The American Legion respectfully requests that both chambers take the steps necessary to ensure that the intent of the last Congress is realized by passing legislation that will provide a cure for the Schedule B dilemma.

CONCLUSION

Messrs. Chairmen, The American Legion contends that the benefits, medical care and rehabilitation programs administered through the Department of Veterans Affairs are a continuation of the legal and moral obligations the United States have with those men and women who have served honorably in its armed forces. In addition, VA administers benefits for the survivors of those who made the ultimate sacrifice or died as the result of diseases or disabilities incurred during military service.

Historically, the citizens of this nation have seen fit to provide the availability of medical care for those veterans who were injured in the service of their country, or who are too poor, old and sick to be able to afford treatment for nonservice-connected illnesses and disabilities. The treatment and services are provided primarily through a medical care system consisting of hospitals, outpatient clinics, domiciliaries and nursing homes.

Adequate funding necessary to maintain the VA medical care system has, for the most part, been provided through the Congress – the elected representatives of the people. The overall annual budget of the Department of Veterans Affairs may appear to be overly large and ominous to some. However, over one-half of VA's funding is consumed by non-discretionary program requirements of the agency. Approximately forty-five percent of VA's annual budget is devoted to the operation of the Veterans Health Administration – the medical care system.

The veteran population in the United States is aging. Although we mourn the fact that our World War II veterans are dying at a rate of 1,000 per day, veterans in general – as is the case with the population as a whole – are living longer. With this aging process comes the need for more acute medical care, and in many instances long-term care for chronic illnesses and disabilities. In addition, a significant number of our youngest generation of veterans who served in the Persian Gulf are suffering from unexplained illnesses that require diagnosis and treatment. Many Vietnam veterans continue to suffer from, among other things, the long-term health effects of Agent Orange exposure. And Korean veterans are seeking treatment in increasing numbers. Add to this the need for expanded emergency care services throughout the system and the treatment requirements of increasing numbers of veterans who have manifested symptoms

related to the Hepatitis C virus, and you have a situation where the demand for VA medical care is urgently requiring additional funding.

For just short of a year, The American Legion has been pursuing additional funding for VA health care so that the Veterans Health Administration will be able to at least maintain a level of current services. We were appalled by the President's budget request for FY 2000, particularly since during its development, we had desperately attempted to warn both the President and the Office of Management and Budget of the need for additional funding for VHA. Our pleas were based on the above noted requirements as well as an increasing number of veterans who were enrolling for VA medical care. Unfortunately, they fell on deaf ears. However, thanks to the work of the Veterans Affairs Committees and others in Congress it appears certain that the badly needed funds will be appropriated.

The American Legion is now focusing on the budget for the Department of Veterans Affairs for fiscal year 2001, and our recommendations and the justification for them are set forth in this statement. Unfortunately, there is no doubt that while deliberations are going forward on the FY 2001 budget, concurrently there will be efforts on the part of some to begin closing VA hospitals. The General Accounting Office has just recently offered recommendations toward commencing such a process. They are based primarily on the myth that the shrinking veteran population has caused a decrease in the utilization of VA facilities. The American Legion does not buy into that reasoning.

The reason empty beds exist in VA hospitals is that they have not been adequately funded. We realize there has been a recent shift toward outpatient treatment by VA physicians. However, the empty bed syndrome preceded this shift by several years. We have chosen to call it an artificial cap on the average daily bed census, and have noted it as such in testimony and other communications for some time. As you are aware, in 1986, legislation was enacted to means test eligibility for medical care for nonservice-connected veterans. Prior to that veterans signed a "poverty oath" in order to receive VA care. Veterans with service-connected disabilities and certain others were categorized as to eligibility for treatment.

The American Legion opposed that legislation as we knew it would lead to further ratcheting down of the eligibility criteria in the future, in the name of cost savings. That is exactly what has happened, as each year another omnibus reconciliation act was passed by Congress, and more recently the balanced budget act has been implemented. The categories became tighter as further restrictions were added, and the next thing we knew, thousands of beds were empty in VA hospitals. Empty beds do not have to be staffed, which leads to further cost savings. And so it has gone.

As previously noted in this statement, The American Legion is not convinced there is one VA hospital today that is not needed in some capacity. Having said that, we do not oppose realigning the mission of VA medical care facilities, once a determination has been made that the provision of health care services to veterans may be improved by such a move.

As has been discussed in our testimony in great detail, a solution to many if not most of the problems we have enumerated lies within the provisions of the GI Bill of Health, which The

American Legion has been advocating for several years. Service-connected veterans and others who are currently entitled to VA health care would continue to be treated through appropriated funds. Beyond that, the reliance on appropriated federal dollars would diminish as additional military retirees, other veterans and their dependents receive medical care for which VA will be reimbursed through alternative revenue streams such as Medicare, Medicaid, TRICARE/CHAMPUS, and other third-party payers. The American Legion is convinced that the GI Bill of Health is the best solution for the future of the VA medical care system. It would not only reduce the dependence on tax dollars, but also enhance the vitality of the system through increased accessibility for more and more veterans and their dependents. Appreciative of the fact the House Health Subcommittee has demonstrated some interest in the GI Bill of Health, we urge both Committees to examine it seriously.

The American Legion has proposed an increase in Veterans Benefits Administration funding for FY 2001, to enable VBA to improve employee training and other quality assurance activities, provide appropriate succession planning, augment its staffing and enhance its technology capabilities. Although, to the credit of the Undersecretary and his staff, some improvements have been made, much more needs to be done to improve both the quality and timeliness of claims adjudication. Continued congressional oversight will undoubtedly be helpful.

Messrs. Chairmen, thank you for the opportunity to appear before you today.