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Before the

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

On

The President's Budget Request for Fiscal Year (FY) 2003 For The Department of Veterans Affairs (VA)

FEBRUARY 13, 2002

Thank you for the opportunity to appear before you today to express the views of The American Legion concerning the President's budget request for FY 2003 for VA.

On September 11, 2001, The American Legion National Commander, Richard J. Santos, was preparing to present testimony before a joint session of the Veterans' Affairs Committees, when America was attacked by terrorists. Although the National Commander did not testify, he submitted his written testimony to both Committees. In that testimony, The American Legion outlined its FY 2003 budget recommendations for VA. Copies of this congressional testimony were shared with the Administration.

The American Legion continues to believe that the primary mission of the Veterans Health Administration is to meet the health care needs of America's veterans. The American Legion greatly appreciates the actions of all Members of Congress regarding the $1.3 billion increase in VA medical care funding for FY 2002.

Congress, like The American Legion, quickly recognized that the President's budget request for FY 2002 was totally inadequate. Immediately after the President signed the FY 2002 budget, Secretary Principi was prepared to end the enrollment of additional Priority Group 7 veterans. Many of these veterans would have included recently separated service personnel from the Persian Gulf War, Kosovo and even Afghanistan. Fortunately, President Bush intervened and agreed to seek supplemental appropriations to allow VHA to continue its enrollment of additional Priority Group 7 veterans. Recently, VA briefed The American Legion that the Administration will seek a $142 million supplement to the FY 2002 appropriations. The American Legion still believes this additional request will not cover the anticipated shortfall.

The American Legion recommends increasing the proposed supplemental to $300 million reflecting The American Legion's original FY 2002 funding level for VA medical care.

VETERANS HEALTH ADMINISTRATION (VHA)

The American Legion finds it hard to contemplate the President's FY 2003 budget request without a clear vision of FY 2002 funding. Focusing ahead, The American Legion is very concerned with VA's approach to the veterans' medical care budget in FY 2003.

The major reason for Secretary Principi's inadequate FY 2002 estimates was the dramatic increase of new patients choosing to enroll in VA. Many factors are driving more veterans to use VHA as their primary health care provider:

- Many Medicare+Choice health maintenance organizations (HMOs) withdrew from the program;
- Many HMOs have collapsed;
- VHA has opened community based outpatient clinics;
- Double-digit increase in health care premiums;
- The dramatic fluctuations in the national economy make VHA a more cost-effective option for veterans; and
- VHA's reputation for quality of care and patient safety is attracting new patients.

Where comparable data exists, VHA continues to outperform the private sector in all indicators in health promotion and disease prevention. The American Legion adamantly believes VHA is the best health care investment of tax dollars. The average cost per patient treated within VHA is unmatched by any other major health care delivery system, especially with comparable quality of care.

The reason VHA medical care continues to increase annually is not due to uncontrollable cost increases or poor cost estimates, but rather because thousands of veterans are voting with their feet. More and more veterans are choosing to use their earned benefit – access to VHA. However, enrollment in VHA is clearly limited by existing discretionary appropriations. The American Legion urges Congress to evaluate several options that would assure every veteran that wants to enroll in VHA can enjoy that earned benefit. The key factor driving the increases in medical care funding requirements is the unexpected and dramatic increase in demand for care from VHA.

The American Legion does not oppose veterans paying for the treatment of nonservice-connected medical conditions. In fact, The American Legion's GI Bill of Health (a blueprint for VA health care for the 21st Century) advocates collecting from veterans and all third-party insurers, including Federal health insurers. This plan also recommends VA provide health care benefits packages on a premium basis for those veterans with no health care coverage.

To cover the cost of the dramatic increase in the enrolled Priority Group 7 veterans population, VA proposes a $1500 deductible for the Priority Group 7 veterans. The American Legion questions the President's logic behind this new initiative to collect $363 million. The VA shows an "accounting adjustment" of $892 million, (cost of the Civil Service Retirement System and Federal Employees Health Benefit Program accrual for employees) as an increase in the medical care funding. Add to that the first-party and third-party collections from the Medical Care Collection Fund (MCCF), which VA estimates will reach nearly $1.5 billion. This budget

picture presented to veterans is seriously skewed. After stripping away all of these "increases" the *actual* request for increase in medical care funding is $1.4 billion, barely covering the cost of inflation. In essence, veterans will be paying the cost of the "increase" out of their pocket.

Under the President's plan, VA would charge Priority Group 7 veterans 45 percent of reasonable charges until the deductible amount of $1500 is reached. After the deductible is met, the inpatient and outpatient co-payments will resume. According to VA, approximately 25 percent of Priority Group 7 veterans report having billable insurance. According to VA, 55-60 percent of Priority Group 7 veterans are over the age of 65, and thus Medicare-eligible. , VA is prohibited from billing the Centers for Medicare and Medicaid Services (CMS), but can bill the Medicare supplemental insurers. Only the remaining 15-20 percent of Priority Group 7 will be expected to generate over $500 million in medical care costs.

In FY 2002, VHA estimates first-party collections will reach $228 million. VHA estimates that in FY 2003 it will collect $192 million in first-party collections. In FY 2002, VHA estimates third-party collections will reach $577 million. VHA predicts FY 2003 will generate $529 million in third-party reimbursements. VHA expects to collect $363 million in deductibles in FY 2003. This new proposal calls for fewer first-party reimbursements, fewer third-party reimbursements, but more in deductibles.

The American Legion believes these are optimistic estimates, at best. VHA's past MCCF performance in meeting collection expectations is a major concern to The American Legion. VHA's billing and collection reputation is rather embarrassing.

The American Legion believes in order for billing and collections to improve VA must be provided with the resources to obtain the necessary technology and to properly train MCCF personnel or consider contracting out the entire process.

Unlike in the private sector, Medicare-eligible veterans cannot use their Medicare benefits in a VHA facility. When Medicare-eligible veterans receive health care treatment for any medical condition in the private sector, the federal government reimburses the health care provider for a portion of that service. When Medicare-eligible veterans receive health care treatment for the same medical conditions within VHA, the federal government will not reimburse VHA for any portion of that service. This equates to a restriction on veterans' right to access health care of their choice and using their Medicare insurance coverage.

The American Legion believes that Medicare subvention will result in more accessible, quality health care for all Medicare-eligible veterans. Furthermore, Medicare subvention should greatly reduce incidents of fraud, waste and abuse in billing because it will occur between two Federal agencies with congressional oversight. Today's fiscal realities requires VHA to seek other revenue streams to supplement the growing demand for service and not simply rely on saving more dollars to serve more veterans. The American Legion strongly recommends allowing Medicare subvention for Medicare-eligible veterans enrolled in VHA.

While there is much dialogue concerning the tremendous patient population growth, very little has been mentioned about the addition of health care professionals to meet the growing demand

for health care. The American Legion understands that there are currently many veterans waiting to enroll in VHA. Additional health care professionals will also help reduce the long waiting periods for appointments, especially to specialized care. In the private health care industry, there is great concern over the growing nursing shortage, yet this budget fails to address any recruitment or retention proposal, much less, funding.

The American Legion recommends VHA medical care receive $23.1 billion in FY 2003 and that all third-party reimbursement, to include Medicare, be considered as a supplement rather than an offset.

MEDICAL AND PROSTHETIC RESEARCH

The contributions of VA medical research include many landmark advances, such as the successful treatment of tuberculosis, the first successful liver and kidney transplants, the concept that led to the development of the CT 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, brain tumor treatment, diabetes and insulin research, and heart disease. The American Legion views these research advances as so significant that it has devoted a column in its magazine to VA Research and Development.

Dollar for dollar, others recognize VA as conducting an extraordinarily productive research program. Currently the VA devotes 75 percent of its research funding to direct clinical investigations and 25 percent to bioscience.

The Quality Enhancement Research Initiative (QUERI) is the highest priority within the VA's Research and Development program. The Institute of Medicine has recognized this program as the best of its kind. QUERI is a multidisciplinary, data-driven national quality improvement program designed to promote the systematic translation of evidence into practice. In other words, "putting research results to work." Currently, QUERI focuses on 10 priority conditions. These conditions include congestive heart failure, heart disease, mental health, substance abuse, HIV/AIDS, diabetes, stroke, spinal cord injury, dementia/Alzheimer's and prostate cancer. Without sufficient funding, VA will not be able to continue all of the QUERI initiatives that involve new technology and the cutting edge of scientific advances. This will have a direct impact on the rapidly aging veteran population.

VA's overall research program requires a significant increase in funding above current levels in each of the next several years to perform important research and evaluation studies. The President's budget request of $409 million is inadequate and should be increased, especially with the growing threats of nuclear, biological and chemical terrorism.

The American Legion recommends $420 million for the research budget in FY 2003.

MEDICAL CONSTRUCTION AND INFRASTRUCTURE SUPPORT

MAJOR CONSTRUCTION

The VA major construction program continues to be under funded. The major construction appropriation over the past few years has allowed for only one or two projects per year. For FY 2001, 16 major ambulatory care or seismic correction projects were submitted to OMB. Of this number, only one major VHA project was recommended. For FY 2002, 28 major projects have been submitted for funding.

Over the past several years, The American Legion has testified that VA's major and minor construction appropriation must include all infrastructure priorities. Unfortunately, over the past several years, VA has not received appropriate funding

Private consultants have been warning for years that dozens of VA patient buildings were at the highest level of risk for earthquake damage or collapse. Currently, the VHA has identified 890 buildings in its inventory as being at risk. Of those 890, 560 are identified as essential – defined as bed, clinic, psychiatric, research, boiler plant, etc. Additionally, VHA has identified 67 patient care and other related use buildings as Extremely High Risk – danger of collapse or heavy damage. Along with the necessary ambulatory care and patient safety projects, it will require well over $250 million to address VHA's current major construction requirements.

The Capital Asset Realignment for Enhanced Services (CARES) program has impeded construction projects throughout VHA. Many much needed construction projects that would maintain and update VHA's infrastructure are being put on the back burner while CARES awaits full implementation. The American Legion fears that the CARES process does not allow for the local VA managers to implement the facility improvement projects that they know are necessary to maintain a functional service delivery system. The President's budget request for only $194 million severely inhibits VHA's ability to properly care for America's veterans.

The American Legion recommends $310 million for major construction in FY 2003.

MINOR CONSTRUCTION

The American Legion believes that Congress must be consistent from year to year in the amount invested in VHA's infrastructure. Annually, VHA must meet the infrastructure requirements of a system with approximately 5,000 buildings that support 600,000 admissions and over 35 million outpatient visits. This accomplishment requires a substantial inventory investment. The FY 2001 appropriation of $166 million for minor construction was not nearly enough to meet future physical improvement needs. With the added cost of the CARES program recommendations and the nearly $42 million request for minor upgrades in the research facilities, it is essential that funding be increased considerably from that of past fiscal years. It would be foolish to reduce this investment. The President's budget request for $211 million falls short of VHA's minor construction needs.

The American Legion recommends $219 million for minor construction in FY 2003.

GRANTS FOR THE CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

The State Extended Care Facilities Grant Program continues to be a cost-effective provider of quality care services to the nations' veterans who require domiciliary, nursing home, and hospital care. The State Veterans Home Program must continue, and even expand its role as an integral vital asset to VA. State homes are in a unique position to help meet the long-term care requirements of the Veterans' Millennium Health Care and Benefits Act (Public Law 106-117). By 2010, 42 percent of the entire veteran population, an estimated 8.5 million veterans, will be 65 or older, with half of that number over 5 years of age. By 2030, most Vietnam Era veterans will be 80 years of age or older.

As many VA facilities reduce long-term care beds and 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 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.

The Veterans Millennium Health Care and Benefits Act requires VA to provide long-term nursing care to veterans rated 70 percent disabled or greater. The new law also requires VA to provide long-term nursing care to all other veterans for service-connected disabilities and to those willing to make a co-payment to offset the cost of care. Further, it requires VHA to provide veterans greater access to alternative community-based long-term care programs. These long-term care provisions have placed greater demand on VHA and on the State Extended Care Facilities Grant Program. This legislation has been on the books for almost 2 years and it is time for full implementation.

The American Legion believes it makes economic sense for VA to look to State governments to help fully implement the provisions of PL 106-117. VA spends on average $225 per day to care for each of their nursing care patients and pays private-sector contract facilities an average per diem of $149 per contract veteran. The national average daily cost of care for a State Veterans Home nursing care resident is about $140. VA reimburses State Veterans Homes a per diem of $40 per nursing care resident. Over the long term, VA saves millions of dollars through the State Extended Care Facilities Grant Program.

The American Legion supports the State Extended Care Facilities Grant Program and believes the federal government must provide sufficient construction funding to allow for the expected increase in long-term care veteran patients. The President's budget request for $100 million should be increased to help meet the growing demand for care by veterans of the "Greatest Generation."

The American Legion recommends $110 million for the Grants for the State Extended Care Facilities for FY 2003.

NATIONAL CEMETERY ADMINISTRATION (NCA)

The National Cemetery Administration (NCA) is making great strides in meeting the interment needs of the nation's veterans and their dependents. As of October 31, 2001, NCA maintains more than 2.4 million gravesites at 120 national cemeteries in 39 states (and Puerto Rico).

Currently, 75 percent of all veterans live within 75 miles of open national or state veterans' cemeteries. The ultimate goal is to have 90 percent of all veterans living within 75 miles of open national or state veterans' cemeteries.

NCA's workload is increasing by nearly five percent per year, with cremations accounting for the majority of new interments. The peak years for the interment of World War II veterans is expected to be 2006 to 2010. Over the next decade, new national cemeteries are planned for Atlanta, GA; Miami, Fl; Pittsburgh, PA; Detroit, MI; and Sacramento, CA. P.L. 106-117 requires NCA to contract a study to determine where additional national and state veterans' cemeteries will be required through 2020.

NCA is preparing "fast track" construction projects to open new national cemeteries. This allows burials to occur in each section of a new cemetery as it is being constructed. Instead of taking the conventional approach to new cemetery construction, "fast track" authority would permit the planned new national cemeteries to open in less than half the normal time, which is seven years. The most recent cemetery to open under the "fast track" authority is the Fort Sill, Oklahoma National Cemetery. Burials began on November 5, 2001.

The National Shrine Initiative continues to be one of the highest priorities of the NCA. This is an ongoing commitment and scheduling continues to fulfill the pledge of aesthetically improving the national cemeteries. Major improvements and renovations have started at several cemeteries with wonderful results. However, there is much that remains to be done. A tremendous amount of time and money is needed to continue this commitment.

The American Legion recommends $140 million for NCA in FY 2003.

STATE CEMETERY GRANTS PROGRAM

The State Cemetery Grants Program, which provides 100 percent federal funding for new state veterans' cemeteries, has received a significant increase in the number of state cemetery applications. Within the next several years, NCA is hopeful that up to 30 new state veterans' cemeteries will be opened. The workload and budgetary requirements of NCA will continue to grow over the next 15-20 years. The American Legion continues to fully support the further development of the State Cemetery Grants Program.

The American Legion recommends $30 million for the State Cemetery Grants Program in FY 2003.

VETERANS' EMPLOYMENT AND TRAINING PROGRAMS (VETS)

The American Legion adamantly opposes the President's new initiative to transfer VETS from the Department of Labor (DoL) to VA.

In the President's budget request for FY 2003, he proposes to add $197 million to VA budget for a new competitive grant program that replaces programs currently administered by DoL. The American Legion expressed opposition to a similar recommendation proposed by the

Congressional Commission on Servicemembers and Veterans Transition Assistance back in 1999. The American Legion strongly suggests this Committee consider oversight hearings before such an initiative is allowed to prevail. DoL has all of the expertise and resources for effective job placement and training. The National Veterans Training Institute (NVTI) provides standardized training for all veterans' employment advocates in an array of employment and training functions.

Some suggest that moving VETS to VA would improve the overall performance of VA's Vocational Rehabilitation Program (Voc Rehab). Others would argue that moving Voc Rehab to VETS in DoL would be a much better approach. Nearly all VETS employees attend NVTI and receive continuing training, few (if any) Voc Rehab employees have attended NVTI training. The American Legion perceives the relationship between VETS and DoL much more germane than VETS and VA.

The American Legion welcomes the opportunity to work with the Assistant Secretary for Veterans' Employment and Training (ASVET) and his staff to improve and enhance the overall performance of VETS. However, The American Legion believes reinventing the wheel within VA would be counterproductive and ineffective. The American Legion believes that many of VETS problems stem from persistent inadequate Federal funding, failure to be staffed at Federally mandated levels, and inconsistent national leadership.

The mission of VETS is to promote the economic security of America's veterans. This stated mission is executed by assisting veterans in finding meaningful employment.

Annually, DoD discharges approximately 250,000 service members. These recently separated service personnel are actively seeking immediate employment or preparing to continue their formal or vocational education. The veterans' advocates in VETS program play a significant role in helping the recently separated service personnel (veterans) reach their employment goals.

1) VETS continues to improve by expanding its outreach efforts with creative initiatives designed to improve employment and training services for veterans.
2) VETS provides employers with a labor pool of quality applicants with marketable and transferable job skills.
3) VETS took the initiative in identifying military occupations that require licenses, certificates or other credentials at the local, state, or national levels.
4) VETS helps to eliminate barriers to recently separated service personnel and assist in the transition from military service to the civilian labor market.

VETS started an information technology project with the Computing Technologies Industry Association, to recruit veterans recently separated from the military; assess their interest and skill level for a career in information technology; provide occupational skills training and certification; and place these veterans into information technology jobs. VETS continues to expand its PROVET (Providing Re-employment Opportunities for Veterans) program. PROVET is an employer-focused job development and placement program that focuses on screening, matching and placing job ready transitioning service members into career-building jobs. PROVET programs are currently operating in several states. In additional to employment services, VETS also supports the Transition Assistance Program (TAP), the Disabled Transition

Assistance Program (DTAP), Veterans Preference in the Federal workplace, and the Uniformed Services Employment and Re-employment Rights Act (USERRA).

The American Legion strongly recommends restoring funding for the ASVET within DoL's FY 2003 budget at a funding level of $300 million. Staffing levels for Disable Veterans Employment Program Specialists and Local Veterans Employment Representatives should match the Federal mandates or those statutes should be rewritten. The American Legion recommends an increase in the NVTI budget to $3 million annually. The American Legion further recommends that VA send Voc Rehab employees to NVTI training.

VETERANS BENEFITS ADMINISTRATION

Under the proposed budget for FY 2003, mandatory spending for compensation, pension, education, burial, and other benefit programs is expected to be $31.5 billion. This is an increase of $ 3.4 billion over the level approved for FY 2002. It represents the funding requirements for ongoing statutory benefit payments to some 3.25 million veterans, dependents, and survivors, as well as the impact of recent, expanded statutory and regulatory entitlements, higher average benefit payments, and certain new legislative proposals. It also includes an estimated 1.8 percent cost-of-living adjustment.

Under General Operating Expenses (GOE), the budget request for FY 2003 includes a total of $1.2 billion for discretionary spending to cover staffing and other costs associated with the administration of the various benefits and service programs within the Veterans Benefits Administration (VBA). This represents a net increase of $94 million over the amount approved for FY 2002. It includes an additional 125 FTE to support current efforts to bring the case backlog under control and support a new case development program at the Board of Veterans Appeals. The budget request also includes funding for a number of information technology initiatives that will provide much needed direct and indirect support toward improving the claims process.

In addition to this modest staffing increase, the FY 2003 budget request for VBA describes a number of steps that, over time, are expected to steadily reduce the backlog of pending cases to about 250,000 and the claims processing time to 100 days by the end of FY 2003. As part of the strategy to reach these rather ambitious goals, VBA has implemented a broad spectrum of regulatory, programmatic, and administrative changes, in addition to its long-term strategic plan initiatives, that are intended to improve the regional offices' operational efficiency and decision-making. Also, recommendations of the Secretary's Claims Processing Task Force have been accepted and are in the process of being implemented over the next year. VA expects these changes to produce both near-term and long-term improvements in the quality and timeliness of the decision-making process.

The data upon which VBA's budget request is predicated shows a continued overall increase, rather than a decrease, in the volume of incoming claims. With more complex claims per case and the level of available adjudication expertise, it is doubtful that regional offices will be able to achieve the dramatic increases in production and improvements in quality that will be necessary to reach the claims processing goal of 100 days with a backlog of 250,000 cases. In an effort to

achieve such ambitious production goals, The American Legion is concerned that regional offices will emphasize expediency rather than ensuring full compliance with the due process and assistance requirements of the Veterans Claims Assistance Act and other provisions of the law. Even with the implementation of the many changes and efficiencies described claims development and adjudication will continue to be a very labor intensive and time-consuming process.

The American Legion believes that the requested staffing increase is insufficient to meet the expected workload demand in FY 2003.

BENEFIT PROGRAMS

The American Legion is pleased to see some special attention being given to expediting the 81,000 oldest claims by the nation's oldest veterans. No veteran or survivor should have to wait a year or longer for a decision on their claim, least of all elderly claimants. Tragically, many die before receiving a decision and the long-awaited benefits to which they were entitled. The Tiger Team initiative at the Cleveland VA Regional Office and the nine Service Delivery Network (SDN) Resource Centers will go a long way toward alleviating much of the hardship and frustration that thousands of veterans experience while waiting for their claim to be decided.

The FY 2003 budget proposal outlines the various internal changes VBA is making and intends to make to improve the level and quality of the service it provides veterans. However, there are a number of external factors that have an ongoing impact on VBA's ability to drastically improve regional office performance and production. In FY 2003, while there will be a slight decrease in the number of pension claims, this will be more than offset by the substantial increase in the overall number of compensation claims. Most of this increase is expected to come from the continued influx of new and reopened claims. The number of Agent Orange-related diabetes claims is expected to be up substantially over FY 2002. VBA must also rework thousands of cases as a result of *Nehmer v. United States Veterans' Administration*.

Congress has recently expanded entitlement to service connection for radiation-related diseases as well as disabilities affecting veterans who served in the Persian Gulf War. The requirements of the Veterans Claims Assistance Act of 2000 have greatly increased the regional office's workload and processing time. The United States Court of Appeals for Veterans Claims and the United States Court of Appeals for the Federal Circuit have continued to issue precedent decisions requiring frequent and often far-reaching changes in adjudication procedures and the reworking of thousands of previously decided and pending cases.

The American Legion tentatively supports VBA's proposed initiatives for FY 2003. We hope these will enable substantial progress to be made toward the overall goal of providing veterans proper and timely decisions on their benefit claims.

The American Legion is deeply concern that the 125 additional staff for VBA in FY 2003 may not be adequate, if VBA is to be even partially successful in meeting its stated claims processing goal of 100 days.

BOARD OF VETERANS APPEALS

Veterans or other claimants must have the right to appeal any decision by the regional office to the Board of Veterans Appeals (BVA or the Board). BVA staffing for FY 2002 is 464 FTE. In FY 2003, however, it is projected to further decline to 451 FTE. The American Legion is again concerned by this reduction. Given the current number of initial appeals and remands pending in the regional offices coupled with the fact that the Board will soon begin a major new initiative to do the development work that the regional offices would have normally done pursuant to a BVA remand, manpower shortages may adversely impact on the timeliness of decisions.

In FY 2001 and for the first quarter of FY 2002, the number of new appeals filed in the regional offices has continued to rise. This reflects a high level of dissatisfaction with regional office actions. However, over the same period of time, the number of cases transferred to the Board has steadily declined, due to the overall slow down in claims processing. In particular, regional office compliance with the requirements of the Veterans Claims Assistance Act has prolonged the development of appeals and their eventual transfer to the Board.

The American Legion's longstanding concern with the appeals process is with those factors that contribute to an annual influx of 60,000 to 70,000 new appeals. Veterans and other claimants feel they are not treated fairly or properly by a system that is very complex, highly bureaucratic, and legalistic. They feel very strongly that the process is basically adversarial and not "user friendly." This perception is reinforced by the fact that, in FY 2001, the BVA allowed the claimant's appeal in 22.3 percent of the cases and remanded 48.8 percent of the appeals for further required action. The Board only affirmed regional office decisions 27 percent of the time.

Of the approximately 60,000 appeals decided in FY 2000 and 2001, the Board remanded about 32,000 cases for additional development and readjudication. Unfortunately, most of the appellants in these cases are still waiting on action by the regional offices. Some of these appeals date from 1997 and 1998, and as noted previously, the issue on appeal in these cases is much older still.

Remands involve substantial additional work for the regional offices. To try and reduce this portion of their workload as well as provide more timely decisions on all appeals, VA regulations will go into effect later this month authorizing the BVA to fully develop appeals without the necessity of remanding them back to the regional office of such action. This will involve reorganization of the BVA staff and the reassignment of a limited number of FTE from the Compensation and Pension Service to assist in the additional development work.

Under this new program, it expected that the Board would be able to provide more expeditious and complete development of appeals. In FY 2001, with a staff of 454 FTE, the BVA issued approximately 31,000 decisions. Of these decisions, approximately 8,500 or 48.8 percent were remands. Now, the Board itself will undertake this development in the majority of those cases, which would have otherwise been remanded. The American Legion believes that more rather than fewer staff at the Board will be needed in FY 2003 to handle this additional workload.

By substantially reducing the number of remands, the regional offices should be able to concentrate on completing more pending benefit claims and completing the outstanding remands. While The American Legion believes this new procedure will ultimately benefit veterans and provide more timely service, we are concerned that, in the interest of expediency, the regional offices may try and use this program as a way around full compliance with their responsibilities under the Veterans Claims Assistance Act. In our view, the high remand rate of the past several years is a direct reflection of poor quality decision-making and the lack of an effective quality assurance program. Since the BVA will be assuming the responsibility for correcting errors and mistakes by the regional offices, there will be an incentive for the regional offices to try and shift as much of the appellate workload onto the Board as possible. VBA must ensure this does not happen. More stringent quality assurance standards and performance measures must be promptly implemented. To make this program a success there must also be a closer working relationship and improved communication between VBA and the Board at all levels.

The American Legion recommends a total of $1.3 billion in VBA-GOE.

HOMELAND SECURITY

The important role of VA in Homeland Security is not highlighted in the President's budget request. The American Legion saw the critical actions of VA in response to the September 11, 2001 disasters. VA employees sprang into action to assist response personnel, victims, and surviving family members. Yet, VA was not actually a part of any emergency response plans immediately implemented, but rather acted unilaterally. VA employees provided medical care, counseling, and claims processing. VA was prepared to do even more if called into action.

The Director of Homeland Security, Tom Ridge, will need the cooperation of an array of Federal agencies. Since VA medical facilities geographically diverse, VHA is a logical partner for the pre-positioning of inoculations and medical supplies need to address acts of terrorist or natural disasters. Currently, every VA campus is scheduled to undergo an evaluation under CARES. Homeland Security requirements must be included in the criteria used to determine possible utilization of physical plants that may currently be considered underutilized.

In the event of a nuclear, chemical, or biological terrorist attack, each VA campus may become a key element in the care and treatment of mass causalities. As national emergency plans are reviewed at every level of government – local, state, and national – VA must be seen as valuable resource. Whether housing response workers, military forces, or law enforcement personnel; providing quality medical care; or serving as a command, control and communications center, VA must have the resources to meet the assigned mission as back up to DoD and the National Disaster Medical System.

SUMMARY

Mr. Chairman and Members of this Committee, The American Legion applauds the leadership of President Bush and his Administration, especially under the current wartime conditions. As an organization of wartime veterans, we continue to stand shoulder-to- shoulder with the President, Congress, and our comrades-in-arms – past, present, and future.

The American Legion knows that the President's budget request is focused on winning the war on terrorism. Therefore, adequate defense spending is extremely critical and The American Legion fully supports the direction the President has chosen. However, the cost of waging war goes on long after the dead are buried, the guns are silenced, and the treaties are signed. The war continues to rage in the hearts and minds of its veterans. No combat veteran completely walks away from any war untouched, physically or mentally.

The cost of freedom rests in this nation's ability to recruit and retain young men and women willing to pay the ultimate sacrifice in the name of liberty. This nation has been blessed since its inception with similar citizen-soldiers, sailors, airmen, and Marines that have set a standard of excellence for others to follow. Recently, a new generation of Purple Heart recipients demonstrated on the field of battle the courage, determination, and loyal exhibited by -- the Minutemen, the Roughriders, the doughboys, the GIs – that preceded them in protecting and defending America against all enemies, foreign or domestic.

Mr. Chairman and Members of this Committee, The American Legion doesn't ask for much, just another installment in the ongoing cost of freedom.