KEEPING OUR PROMISE TO AMERICA'S VETERANS

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STATEMENT OF
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FOR THE RECORD OF
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
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Chairman Bost, Ranking Member Takano and Members of the Committee:

DAV (Disabled American Veterans) appreciates the opportunity to provide testimony for the record of this legislative hearing considering H.R. 4077, the "GUARD Veterans' Health Care Act" and H.R: 6047, the "Sharri Briley and Eric Edmundson Veterans Benefits Expansion Act of 2025". DAV is a Congressionally chartered non-profit veterans service organization with nearly one million wartime service-disabled veterans dedicated to ensuring our promise is kept to America's veterans.

H.R. 4077, GUARD Veterans' Health Care Act

DAV understands and greatly appreciates the intention of H.R. 4077, the Guard Veterans' Health Care Act, to strengthen funding for the Department of Veterans Affairs (VA) health care system and to reduce duplicative, unnecessary federal spending on health care through the Medicare Advantage (MA) program. These are both worthy goals we share with the bill's sponsors and DAV applauds their continuing efforts to ensure veterans have timely and convenient access to VA's high-quality, veteran-centric care. However, looking at the history of VA budget requests and Congressional appropriations, we have concerns about whether this legislation would be able to achieve these laudable goals.

Medicare Advantage companies are compensated by the Medicare program on a fixed price per enrollee basis intended to cover the cost of their enrollees Medicare-covered health care expenses. However, when a veteran who is dual enrolled in a Medicare Advantage plan and the VA health care system uses VA for their care, the insurance company is effectively receiving federal funding for care being provided by VA. In recent years, private insurance companies have been aggressively marketing their Medicare Advantage plans to veterans because, on average, veteran enrollees yield greater profits.

Currently, VA has the authority to seek reimbursement from private insurance companies for the non-service-connected care VA provides to a veteran who is also enrolled in a private health care plan, such as through their employer. VA can bill these insurance companies for care received at a VA facility or through VA's community care program with the resulting reimbursement deposited into VA's Medical Care Collections

Fund (MCCF) and subsequently appropriated back to the VA health care system to pay for veterans' health care services. However, federal law prohibits VA from seeking reimbursement from other federal health care programs, including Medicare and Medicare Advantage plans operated by private insurance companies.

H.R. 4077 would remove this statutory prohibition and allow VA to seek reimbursement from private companies operating Medicare Advantage plans. The goal of the legislation is to use this new source of revenue to increase the overall level of funding available for VA's health care programs. The bill also aims to reduce overall federal health care spending by preventing Medicare Advantage companies from receiving payment for medical care provided by VA.

Although the legislation would create a new funding stream for VA, there is nothing in the legislation that would prevent VA or Congress from offsetting this new funding by reducing other sources of funding, principally VA's annual discretionary appropriations. In fact, this is exactly what happened with the MCCF, which was originally designed to provide additional new funding for VA to extend its health care services to more veterans. However, when VA and the Office of Management and Budget (OMB) prepare VA's annual budget request, they begin by estimating how much total funding is required for the next fiscal year and then build a total budget request based on all sources of funding available. VA's budget request now includes anticipated funding from the MCCF, the Recurring Expenses Transformational Fund (RETF) and the Toxic Exposures Fund (TEF), and those additional sources become offsets for new discretionary appropriations.

For example, if VA estimates collecting $4 billion from the MCCF in a fiscal year, it reduces its request for new discretionary appropriations by $4 billion. Similarly, if VA anticipates having $25 billion in mandatory funding from the TEF, it similarly reduces its discretionary appropriations request by $25 billion. There is no reason to believe, and no provision in the legislation to guarantee, that VA would not use the new Medicare Advantage reimbursement revenue in the same manner – as an offset against future discretionary appropriations requests – rather than as extra funding above what would have otherwise been available. While we fully respect the sponsors' intention to increase overall funding for VA health care, based on the history of the MCCF and other alternate sources of funding, we have concerns about whether this would actually occur.

H.R. 6047, Sharri Briley and Eric Edmundson Veterans Benefits Expansion Act

H.R. 6047, the Sharri Briley and Eric Edmundson Veterans Benefits Expansion Act of 2025, would increase the amount of Special Monthly Compensation (SMC) for the most severely disabled veterans, increase the amount of Dependency and Indemnity Compensation (DIC) for survivors of disabled veterans, and require disabled veterans rated 70% or less to pay funding fees for using the VA home loan guaranty program more than once. While DAV strongly supports the two benefit increases included in the legislation, we cannot support the provision of funding fees on disabled veterans and urge the Committee to remove that provision.

DAV greatly appreciates the efforts of the Committee and the bill's sponsors to provide a long overdue increase in benefit levels for some of the most deserving veterans and their survivors. We have consistently advocated to increase rates of disability compensation, DIC and other critical supports that veterans have earned through their sacrifice and service. We recognize that the Committee operates under a House fiscal responsibility rule adopted in January, known as CUTGO ("cut-as-you-go"), that requires any legislation that would increase mandatory spending on veterans benefits to include commensurate mandatory spending reductions in other veterans benefit programs. Because increasing the home loan funding fee would effectively reduce this benefit for disabled veterans, we oppose this provision based on DAV's longstanding and fundamental opposition to any reduction in earned benefits for disabled veterans, particularly large ones such as the funding fee imposition.

The VA home loan guaranty program has enabled millions of veterans to purchase homes, and especially those who do not have long credit histories or are unable to make large down payments. For disabled veterans, these funding fees have been waived in recognition of the circumstances and sacrifices of these American heroes. H.R. 6047 would eliminate the current fee waiver and apply the funding fees for service-connected disabled veterans rated 70% or less who use the loan guaranty more than once. Currently, the funding fee rate for a second or subsequent use, based on a down payment of 5% or less, is 3.3% of the total loan amount. On a typical $400,000 loan, the new funding fee would be more than $12,000 if paid upfront, or more than $25,000 if financed over the course of a 30-year mortgage. To put that in context, that is about the same cost as if the veteran wanted to purchase a home with one more bedroom or bathroom for their family.

Furthermore, DAV firmly opposes all rules or statutes that require veterans benefit increases to be "paid for" by cuts to other veterans benefits. CUTGO and all similar PAYGO ("pay-as-you-go") rules and laws essentially require veterans to pay for their own benefits, whereas we believe that ***ALL Americans*** should be paying for the benefits and services veterans have earned in defending our freedom. For these reasons, we urge Congress to exempt all veterans' programs, benefits and services from House CUTGO and Senate PAYGO rules adopted for the 119th Congress, as well as the requirements of the Statutory Pay-As-You-Go Act requirements.

We look forward to continuing our work with this Committee and Congress to enact legislation and appropriations that will ensure all disabled veterans, their families, caregivers, and survivors receive the benefits and services they have earned and deserve.