

***STATEMENT OF  
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OF THE  
DISABLED AMERICAN VETERANS  
BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES  
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Mr. Chairman and Members of the Committee:

Thank you for inviting me to testify today on behalf of the Disabled American Veterans (DAV) about the continuing cost of war. With 1.2 million members, all of whom were disabled while serving during times of war, no organization understands the true costs of war better than the DAV. Our core mission is to build better lives for America's disabled veterans and their families and survivors, which we do through our service, transportation, volunteer, advocacy and charitable programs.

For example, last year DAV National Service Officers provided claims representation to nearly a quarter of a million veterans and their families, helping them obtain almost \$4.5 billion in new and retroactive benefits. Our fleet of DAV vans, driven by almost 9,000 volunteers, transported more than 645,000 veterans to VA health care facilities across the country, traveling over 24 million miles in the process. Overall, DAV volunteers donated more than 2.2 million hours to serve hospitalized veterans, saving the federal government more than \$40 million in 2009 alone. We understand that everyone who serves during wartime is forever changed by that experience, and a grateful nation must always stand up for those who stood up for us.

Today there are about 23 million veterans, almost 17 million of whom served during periods of war and conflict. More than eight million veterans are enrolled in the VA health care system, and more than 3.1 million receive disability compensation for service-connected disabilities. To meet these needs, the Department of Veterans Affairs (VA) employs over 300,000 people with a budget now topping \$125 billion annually. These numbers provide a baseline for the cost to care for veterans and any calculation of the true cost of war must fully fund programs and services for veterans, not just today, but far into the future. Since there are witnesses here today who will provide specific estimates and projections of the monetary requirements, my testimony will focus instead on the moral and practical obligations we have to the men and women who served in uniform.

Mr. Chairman, the true cost of war is not sufficiently measured by the dollar cost alone, but must include the human costs. War leaves a legacy of pain and hardship borne by the men and women who suffer the wounds and bear the scars – both visible and invisible – of having served their nation. War also profoundly affects the families who suffer heartbreak and agony of losing a loved one, as well as the family members who bear the burden of caring for disabled veterans for a lifetime. They too have earned the thanks of a grateful nation.

The true cost of war must also include the cost of peace because all who defended our nation and have wounds or disabilities as a result of their service—regardless of when or where they served—have earned benefits that must be paid for. For these men and women, the price they paid in service will continue for years and decades to come.

Our nation must fully and faithfully meet all obligations to veterans, especially disabled veterans, and my testimony will highlight some of the most important obligations that Congress can and must meet in the coming years.

First, we must ensure that all benefits earned by disabled veterans are paid in full; Congress must not allow veterans benefits to be offset against other federal benefits, nor eroded by inflation, nor whittled down by budget gimmicks, such as the practice of “rounding down” cost-of-living adjustments (COLAs) for disability compensation payments. Every benefit payment must have an appropriate mechanism to account for inflation or other rising costs so that its value is not reduced over time. After two years with zero increase in disability compensation, we would urge Congress to consider whether the Social Security COLA is the most appropriate index. Since disability compensation is intended to compensate for the average loss of earnings, we believe that there are more accurate and appropriate indexes or other methods to set rates, such as those that determine wage increases for federal workers or the military.

Congress must also ensure that disability compensation is paid in full to all service-connected disabled veterans, including those who retire after a career in the military, by fully eliminating the prohibition on concurrent receipt of disability compensation and military retirement pay. It is simply unfair that a disabled veteran who chooses to complete a career in the military will have his or her retirement pay offset by disability compensation, whereas those who leave the military to work in any other public or private sector job can receive their full retirement benefits and their full disability compensation.

Second, we must fully compensate disabled veterans for their sacrifice and loss, which must include compensation for non-economic loss and loss of quality of life, not just loss of earnings capacity. In its final report released in 2007, the Veterans Disability Benefits Commission, which was authorized by Congress in Public Law 108-136, recommended that, “... *VA disability compensation should recompense veterans not only for average impairments of earning capacity, but also for their inability to participate in usual life activities and for the impact of their disabilities on quality of life.*” The Institute of Medicine made the same recommendation in 2007, and such a system has been successfully implemented in other countries with comprehensive veterans benefits, including Canada and Australia. The true price paid by disabled veterans includes a loss in the quality of their lives, and we urge Congress to begin instituting a system that fairly compensates for this continuing cost of war.

Third, Congress must ensure that existing veterans' benefits are paid accurately and on time in order to effectively fulfill their intended purpose. The ability of disabled veterans to care for themselves and their families often depends on the timely delivery of these benefits. But long waits and incorrect decisions by VA end up causing many disabled veterans and their

families to suffer severe financial hardships; and these protracted delays can lead to further deprivation, bankruptcies, and even homelessness.

The reality today is that too many veterans continue to wait too long for their claims to be resolved, and the results are too often wrong. The problem, put simply, is that the VA benefits claims processing system is broken and must be reformed.

Although recent increases in staffing and funding were necessary to keep pace with a growing workload, it will take fundamental change to reform the claims processing system. VA needs to undergo a major cultural shift so that rather than focusing on production and cycle times, they concentrate on improving accuracy and quality. Instead of defining success as the elimination of the backlog, VA must realize that for veterans, success is having their claims done right the first time.

Mr. Chairman, the Veterans Benefits Administration (VBA) today is at a critical juncture in reforming its claims process. In November, VBA will roll out their new Veterans Benefits Management System (VBMS) as a pilot program at the Providence Regional Office (RO). At the same time, they are continuing to experiment with process improvements with more than 50 pilots ongoing at ROs across the country. Over the next six months, it is imperative that Congress provide strong oversight and leadership to help guide VBA towards real and lasting reform. The VBMS must receive the full funding required over the next several years, and it must be developed so that quality control is built-in at every stage of production. Congress must aggressively oversee VBA's myriad of ongoing pilots and initiatives to ensure that "best practices" are adopted and integrated into a cohesive new claims process. Each pilot or initiative must be judged first and foremost by its ability to help VA get claims done right the first time.

Fourth, we must fully support all families who have lost loved ones in service or who are caring for loved ones disabled in service. The true cost of war must include generous support for the widows and children of those who make the ultimate sacrifice in defense of our nation. While nothing can restore their families, VA must ensure that survivor benefits are sufficient. One way Congress can help is by eliminating the offset of Survivor Benefit Plan (SBP) payments against Dependency and Indemnification Compensation (DIC) benefits to help these widows and their families.

To assist family caregivers of disabled veterans, Congress approved the "Caregivers and Veterans Omnibus Health Services Act of 2010" (Public Law 111-163) earlier this year. This historic law authorizes comprehensive benefits and services for family caregivers of severely wounded and disabled veterans, and we thank this Committee for its role in moving that legislation. Unfortunately, due to budgetary concerns, the law provided direct financial support to a limited set of caregivers: those caring for veterans with the most severe disabilities and only for caregivers of veterans from the most recent conflicts. The true cost of war includes the cost of supporting caregivers of all severely disabled veterans from all wars and eras, and we call on Congress to continue expanding this benefit until all such needs are met.

Fifth, we must ensure that disabled veterans receive high quality, comprehensive health care from a robust VA health care system; and that requires VA to have sufficient, timely and

predictable funding. Congress made historic progress in health care funding reform last year with enactment of Public Law 111-81, the “Veterans Health Care Budget Reform and Transparency Act,” which authorizes Congress to provide one-year advance appropriations for VA health care programs. The law also requires VA to meet a number of financial and budgetary reporting requirements to assure the transparency necessary for Congress to make the new funding system work.

While DAV and our allies in the Partnership for Health Care Budget Reform remain grateful for the broad, bipartisan support that made advance appropriations a reality, we are concerned that less than one year later Congress and VA appear to be falling short of the promise of the law. With the new fiscal year beginning tomorrow -- and no federal budget in sight -- the fact that we have advance appropriations for VA’s fiscal year (FY) 2011 medical care budget already in place demonstrates the importance and effectiveness of this new funding mechanism. However Congress’ failure to approve the regular FY 2011 VA appropriations before adjournment also means that there is no FY 2012 advance appropriation approved for next year. Moreover, the likelihood of a long-term continuing resolution makes it unclear when or whether Congress will approve the FY 2012 advance appropriation at all.

Furthermore, in a July 30 report required by Public Law 111-81, VA Secretary Shinseki stated that as a result of increased reliance on the VA health care system, as well as newly authorized caregiver programs, the level of funding contained in VA’s FY 2011 advance appropriation was no longer projected to be sufficient. Yet, the Secretary did not request any additional funding, instead indicating that VA could reprogram existing funding from other “lower-priority areas,” which is exactly why the report was required in the first place: to identify supplemental needs that manifest subsequent to the approval of advance appropriations.

Congress must ensure that the advance appropriations process, which was supported by virtually every member of the House and Senate on both sides of the aisle, is fully and faithfully implemented to assure sufficient, timely and predictable funding for VA health care. When VA reports that funding requirements have changed due to unforeseen circumstances, VA must request supplemental funding and Congress must provide such funding to fully meet their obligations to the veterans who rely on VA health care. The true cost of war includes the provision of comprehensive medical care to veterans, especially those disabled by their service, and that requires a fully-funded VA health care system.

Finally, we must ensure that our nation never backs away from its sacred obligation, as Lincoln put it so eloquently, “...to care for him who shall have borne the battle, and for his widow and his orphan...,” because of our government’s inability to keep its fiscal house in order. While the federal government faces serious financial and budgetary challenges that must be addressed, any nation that fails to meet its obligations to those who served, sacrificed and suffered is a country already morally bankrupt. As such, any recommendations that seek to balance the budget on the backs of disabled veterans, whether they come from the President's National Commission on Fiscal Responsibility and Reform, or from the Office of Management and Budget, or from any other source, must be rejected.

For example, there are those who would restrict access to VA health care to only the most severely disabled veterans or those requiring specialized care, as a way to reduce the price of VA health care and thus reduce the budget deficit. However, moving veterans out of VA care will force many of them to utilize Medicare, Medicaid or other public options that actually cost the federal government more per capita than the same care provided through VA. Moreover, efforts to shrink the size of the VA health care system or reduce it to so-called “core functions” threaten both the quality of care and the viability of the system itself. The true cost of war includes the cost of medical care to treat the wounds and disabilities of those who served.

Mr. Chairman, the true cost of defending our nation, whether at war or in peace, includes the full cost to compensate and care for veterans, as well as to support their family caregivers and survivors. The Disabled American Veterans stands ready to work with this Committee and others in Congress to meet the sacred obligations to America's veterans, especially disabled veterans. That concludes my testimony and I will be happy to answer any questions the Committee may have.