

STATEMENT OF THE HONORABLE ANTHONY J. PRINCIPI

SECRETARY OF VETERANS AFFAIRS

**FOR PRESENTATION BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS**

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Mr. Chairman, and members of the Committee, good afternoon. Thank you for inviting me here today to discuss the President's FY 2002 budget proposal for the Department of Veterans Affairs. I am honored to present my first congressional statement as Secretary before this distinguished Committee.

As you know, the President released his budget blueprint last week. Additional information regarding specific funding levels for each of our programs will be provided early next month. I look forward to addressing the details of our request at that time. Until then, I am pleased to discuss the overall budget request for VA and my priorities for the next fiscal year.

We are requesting more than \$51 billion for veterans' benefits and services: \$28.1 billion for entitlement programs and \$23.4 billion for discretionary programs, such as medical care, burial services, and the administration of veterans' benefits. Our budget increases VA's discretionary funding by \$1 billion or 4.5 percent over the FY 2001 level. With an increase in medical care collections of approximately \$200 million, this brings the total increase to \$1.2 billion or 5.3 percent.

The budget ensures veterans will receive high-quality health care, that we will keep our commitment to maintain veterans' cemeteries as national shrines, and that we will have the resources to tackle the challenge of providing veterans more timely and accurate benefits claims determinations.

The President promised a top-to-bottom review of our benefits claims processing. He has designated this area as a key budget initiative and I have made it one of my top priorities. I know you share this Administration's commitment to restore the confidence of many veterans who have lost faith in VA's ability to fairly and promptly decide their benefits claims.

Mr. Chairman, as we all know, VA is not completing work on benefits claims in as timely a manner as our veterans deserve. I am proud to say this budget will rejuvenate VA's efforts to process compensation claims promptly and accurately.

This request fully implements new legislation that strengthens VA's "duty to assist" role in helping veterans prepare their claims. It also will enable us to carry out the new policy of adding diabetes to a list of presumptive conditions associated with exposure to herbicides. The 2002 budget provides additional staffing for these efforts. Additional resources will be coupled with a proactive approach to solving problems. I plan to establish a task force that will address claims processing and develop hands-on, practical solutions.

Our future approach to benefits delivery will incorporate a paperless technology. The Veterans Benefits Administration plans to consolidate its aging data centers into VA's core data center in Austin, Texas. This is an important step in realizing our vision for the future.

For veterans' health care, the budget request reaffirms our primary commitment to provide high-quality medical care to veterans with service-connected disabilities or low incomes. VA provides comprehensive specialty care that other health care providers do not offer, such as services related to spinal cord injury, Post Traumatic Stress Disorder, prosthetics and addiction programs. I am proud of our unique accomplishments and will insist on full funding to continue our leadership role in these areas.

We recognize the need to improve access to health care for eligible veterans. The budget supports the President's new health care task force, which will make recommendations for improvements. The task force will be comprised of representatives from VA and the Department of Defense (DoD), service organizations, and the health care industry.

The budget request also ensures that our National Cemeteries will be maintained as shrines, dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice of our veterans. Funding will be used to renovate gravesites and to clean, raise and realign headstones and markers.

Mr. Chairman, our 2002 budget is not simply a petition for additional funding. It also reflects opportunities for cost savings and reform. VA will do its part to ensure the most efficient use of limited resources, while maintaining the highest standards of care and service delivery.

The National Defense Authorization Act for Fiscal Year 2001 established a new DoD benefit for military retirees over age 64 who have Medicare coverage. These retirees will be able to use their own private doctors for free care and receive a generous drug benefit. Currently, 240 thousand of these retirees are enrolled in VA's health care system. Our budget assumes that 27 percent of them will switch to the DoD benefit in 2002, which shifts \$235 million in VA medical liabilities to DoD.

This recent legislative change underscores a critical need for better coordination between VA and DoD. The Administration will seek legislation to ensure DoD beneficiaries who are eligible for VA medical care enroll with only one of these agencies as their health care provider. We will work with DoD to avoid duplication of services and enhance the quality and continuity of care.

Restructuring efforts in our health care system will continue in 2002. VA has begun an infrastructure reform initiative that will enhance our ability to provide health care to eligible veterans living in underserved geographic areas. Savings from this effort will allow us to redirect funds from the maintenance of underused facilities to patient care. As we await the results of this assessment – referred to as “CARES” – we will continue to expand sharing agreements and contracting authorities with other health care providers.

The budget also includes legislation for several proposals that will yield mandatory savings totaling \$2.5 billion over the next ten years. Most of these proposals will extend previously enacted mandatory savings authorities that would otherwise expire over the next several years.

Finally, we will continue to reform our information technology. New technology offers VA opportunities for innovation. It also offers a means to break down the bureaucratic barriers that impede service delivery to veterans, divide VA from other Federal government departments, and create inefficiencies within VA itself.

I have gone on record as stating that I will not initiate any new technology-related activities until an integrated strategy for addressing our information systems and telecommunications is developed. We will continue to improve coordination among our three administrations to implement a technology plan that serves veterans first. Reforms will include developing a common architecture, establishing common data definitions, and coordinating systems across VA.

Mr. Chairman, that concludes a general overview of VA's 2002 budget request. I thank you and the members of this Committee for your dedication to our Nation's veterans. I look forward to working with you. My staff and I would be pleased to answer any questions.