Veterans' Medical Care: FY2013 Appropriations

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May 8, 2012

Congressional Research Service
7-5700
www.crs.gov
R42518

CRS Report for Congress
Prepared for Members and Committees of Congress

Summary

The Department of Veterans Affairs (VA) provides benefits to veterans who meet certain eligibility criteria. Benefits to veterans range from disability compensation and pensions to hospital and medical care. The VA provides these benefits through three major operating units: the Veterans Health Administration (VHA), the Veterans Benefits Administration (VBA), and the National Cemetery Administration (NCA).

This report focuses on the VHA. The VHA is primarily a direct service provider of primary care, specialized care, and related medical and social support services to veterans through the nation's largest integrated health care system. Veterans generally must enroll in the VA health care system to receive medical care. Eligibility for enrollment is based primarily on previous military service, disability, and income. VA provides free inpatient and outpatient medical care to veterans for service-connected conditions and to low-income veterans for nonservice-connected conditions.

The President's budget request was submitted to Congress on February 13, 2012. The President's budget is requesting $135.6 billion in budget authority for the VA as a whole. This includes approximately $75 billion in mandatory funding and $61 billion in discretionary funding. For FY2013, the Administration requests $53.3 billion for VHA. This includes $41.5 billion for the medical services account, $5.7 billion for the medical support and compliance account, $5.4 billion for the medical facilities account, and nearly $583 million for the medical and prosthetic research account. The total request for VHA represents a 4.1% increase over the FY2012-enacted appropriations.

Furthermore, as required by the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81), the President's budget is requesting $54.2 billion in advance appropriations for the three medical care accounts (medical services, medical support and compliance, and medical facilities) for FY2014.

It should be noted that FY2013 discretionary appropriations will be considered by the Appropriations Committees in the context of the Budget Control Act of 2011 (BCA, P.L. 112-25), which established discretionary spending limits for FY2012-FY2021. The BCA also tasked a Joint Select Committee on Deficit Reduction to develop a federal deficit reduction plan for Congress and the President to enact by January 15, 2012. The failure of Congress and the President to enact deficit reduction legislation by that date triggered an automatic spending reduction process established by the BCA, consisting of a combination of sequestration and lower discretionary spending caps, to begin on January 2, 2013. However, certain programs are exempt from sequestration, and special rules govern the sequestration of others. On April 23, 2012, the Office of Management and Budget (OMB) issued a letter stating that all programs administered by the VA, including veterans' medical care, are exempt from sequestration.

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Introduction

The Department of Veterans Affairs (VA) provides a range of benefits and services to veterans[1] who meet certain eligibility rules; these benefits include medical care, disability compensation and pensions,[2] education,[3] vocational rehabilitation and employment services,[4] assistance to homeless veterans,[5] home loan guarantees,[6] administration of life insurance as well as traumatic injury protection insurance for servicemembers,[7] and death benefits that cover burial expenses.[8]

The VA carries out its programs nationwide through three administrations and the Board of Veterans Appeals (BVA). The Veterans Benefits Administration (VBA) is responsible for, among other things, providing compensation, pensions, and education assistance. The National Cemetery Administration (NCA)[9] is responsible for maintaining national veterans' cemeteries; providing grants to states for establishing, expanding, or improving state veterans' cemeteries; and providing headstones and markers for the graves of eligible persons, among other things. The Veterans Health Administration (VHA) is responsible for health care services and medical and prosthetic research programs. The VHA is primarily a direct service provider of primary care, specialized care, and related medical and social support services to veterans through the nation's largest integrated health care system. The VHA is also a provider of health care education and training for physician residents and other health care trainees.

In general, eligibility for VA health care is based on veteran status,[10] presence of service-connected disabilities[11] or exposures,[12] income,[13] and/or other factors, such as status as a former

[1] In general, payments of benefits made to, or on account of, a beneficiary under any law administered by the VA are exempt from federal taxation (38 U.S.C. §5301).

[2] For a detailed description of disability compensation and pension programs see, CRS Report R42324, *"Who is a Veteran?"—Basic Eligibility for Veterans' Benefits*, by Christine Scott; CRS Report RL34626, *Veterans' Benefits: Benefits Available for Disabled Veterans*, by Christine Scott, Carol D. Davis, and Libby Perl; and CRS Report RS22804, *Veterans' Benefits: Pension Benefit Programs*, by Christine Scott and Carol D. Davis.

[3] For a discussion of education benefits see, CRS Report R40723, *Educational Assistance Programs Administered by the U.S. Department of Veterans Affairs*, by Cassandria Dortch.

[4] For details on VA's vocational rehabilitation and employment see, CRS Report RL34627, *Veterans' Benefits: The Vocational Rehabilitation and Employment Program*, by Benjamin Collins.

[5] For detailed information on homeless veterans programs see, CRS Report RL34024, *Veterans and Homelessness*, by Libby Perl.

[6] For details on guaranteed loans, direct loans, and specially adapted housing grants see, CRS Report R42504, *VA Housing: Guaranteed Loans, Direct Loans, and Specially Adapted Housing Grants*, by Libby Perl.

[7] For details on insurance programs see, CRS Report R41435, *Veterans' Benefits: Current Life Insurance Programs*, by Christine Scott.

[8] For details on death benefits see, CRS Report R41386, *Veterans' Benefits: Burial Benefits and National Cemeteries*, by Christine Scott.

[9] Established by the National Cemeteries Act of 1973 (P.L. 93-43).

[10] Veteran's status is established by active-duty status in the U.S. Armed Forces and an honorable discharge or release from active military service. Generally, persons enlisting in one of the armed forces after September 7, 1980, and officers commissioned after October 16, 1981, must have completed two years of active duty or the full period of their initial service obligation to be eligible for VA health care benefits. Servicemembers discharged at any time because of service-connected disabilities are not held to this requirement.

[11] A service-connected disability is a disability that was incurred or aggravated in the line of duty in the U.S. Armed Forces (38 U.S.C. §101 (16), VA determines whether veterans have service-connected disabilities, and for those with such disabilities, assigns ratings from 0% to 100% based on the severity of the disability. Percentages are assigned in increments of 10 (38 C.F.R. §§4.1-4.31).

prisoner of war or receipt of a Purple Heart. Veterans who served in a theater of combat operations after November 11, 1998, have a special five-year post-discharge period of eligibility, during which they may enroll without having to meet income requirements or demonstrate a service-connected disability.[14]

Veterans generally must enroll in the VA health care system to receive medical care. Once enrolled, veterans are assigned to one of eight categories (see **Table A-1**).[15] It should be noted that in any given year, not all enrolled veterans obtain their health care services from VA. While some veterans may rely solely on VA for their care, others may receive the majority of their health care services from other sources, such as Medicare, Medicaid, private health insurance, and the military health system (TRICARE).[16] VA-enrolled veterans do not pay premiums or enrollment fees to receive care from the VA; however, they may incur out-of-pocket costs for VA care related to conditions that are not service-connected.[17]

This report focuses on appropriations for VHA. It begins with a brief overview of the VA's budget for FY2012 (the current fiscal year) and the President's request for FY2013 as a whole. It then presents a brief overview of VHA's budget formulation, a description of the accounts that fund the VHA, and a summary of the FY2012 VHA budget. The report ends with a section discussing the President's request pertaining to the FY2013 VHA budget.

(...continued)

[12] For example, veterans who may have been exposed to Agent Orange during the Vietnam War or veterans who may have diseases potentially related to service in the Gulf War may be eligible to receive care.

[13] Veterans with no service-connected conditions and who are Medicaid eligible, or who have an income below a certain VA means-test threshold and below a median income threshold for the geographic area in which they live, are also eligible to enroll in the VA health care system.

[14] The Veterans Programs Enhancement Act of 1998 (P.L. 105-368) gave veterans returning from combat operations a special two-year period of eligibility for health care from the VA without having to satisfy a means test or to demonstrate a service-connected disability. The National Defense Authorization Act (NDAA), FY2008 (P.L. 110-181) extended the period of enrollment for VA health care from two to five years for veterans who served in a theater of combat operations after November 11, 1998 (generally, Operation Enduring Freedom (OEF), Operation Iraqi Freedom (OIF), and Operation New Dawn (OND) veterans).

[15] All enrolled veterans are offered a standard medical benefits package, which is described in detail in 38 C.F.R. §17.38 (2011).

[16] TRICARE provides medical care to active duty servicemembers and other eligible beneficiaries (such as military retirees) through a combination of direct care in military clinics and hospitals and civilian-purchased care. For more information on TRICARE see, CRS Report RL33537, *Military Medical Care: Questions and Answers*, by Don J. Jansen.

[17] 38 U.S.C. §1729. Veterans who are rated as 50% or more service-connected disabled are exempt from all copayments. The VA is also required to collect reasonable charges for medical care or services (including prescription drugs) from a third-party insurer if the care provided would be covered under a private insurance plan; however, the VA does not collect reimbursements from Medicare or Medicaid. 38 U.S.C. §1729(a)(2)(D); 38 C.F.R. §17.101(a)(1)(i) (2011).

Advance Appropriations[18]

In order to understand annual appropriations for the Veterans Health Administration (VHA), it is essential to briefly discuss the role of advance appropriations. In 2009, Congress enacted the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81) authorizing advance appropriations for three of the four accounts that comprise VHA: medical services, medical support and compliance, and medical facilities.[19] The fourth account, the medical and prosthetic research account, is not funded as an advance appropriation. P.L. 111-81 also required the Department of Veterans Affairs to submit a request for advance appropriations for VHA with its budget request each year. Congress first provided advance appropriations for the three VHA accounts in the FY2010 appropriations cycle. The Consolidated Appropriations Act, 2010 (P.L. 111-117), provided advance appropriations for FY2011; the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10), provided advance appropriations for FY2012; and the Consolidated Appropriations Act, 2012 (P.L. 112-74), enacted into law on December 23, 2011, provided advance appropriations for FY2013.

Under current budget scoring guidelines, new budget authority for an advance appropriation is scored in the fiscal year in which the funds become available for obligation. Therefore, throughout the funding tables of this report, advance appropriations numbers are shown under the label "memorandum" and in the corresponding fiscal year column. For example, advance appropriations for FY2013 authorized by the Consolidated Appropriations Act, 2012 (P.L. 112-74), are shown under a separate memorandum and in the FY2013 column.

Department of Veterans Affairs Budget

The VA budget includes both mandatory[20] and discretionary funding.[21] Mandatory accounts fund disability compensation, pensions, vocational rehabilitation and employment, education, life insurance, housing, and burial benefits (such as graveliners, outer burial receptacles, and headstones), among other benefits and services. Discretionary accounts fund medical care, medical research, construction programs, information technology, and general operating expenses, among other things.

[18] In general, an appropriations act makes budget authority available beginning on October 1 of the fiscal year for which the appropriations act is passed ("budget year"). However, there are some types of appropriations that do not follow this pattern; among them are advance appropriations. An advance appropriation means appropriation of new budget authority that becomes available one or more fiscal years beyond the fiscal year for which the appropriations act was passed (i.e., beyond the budget year).

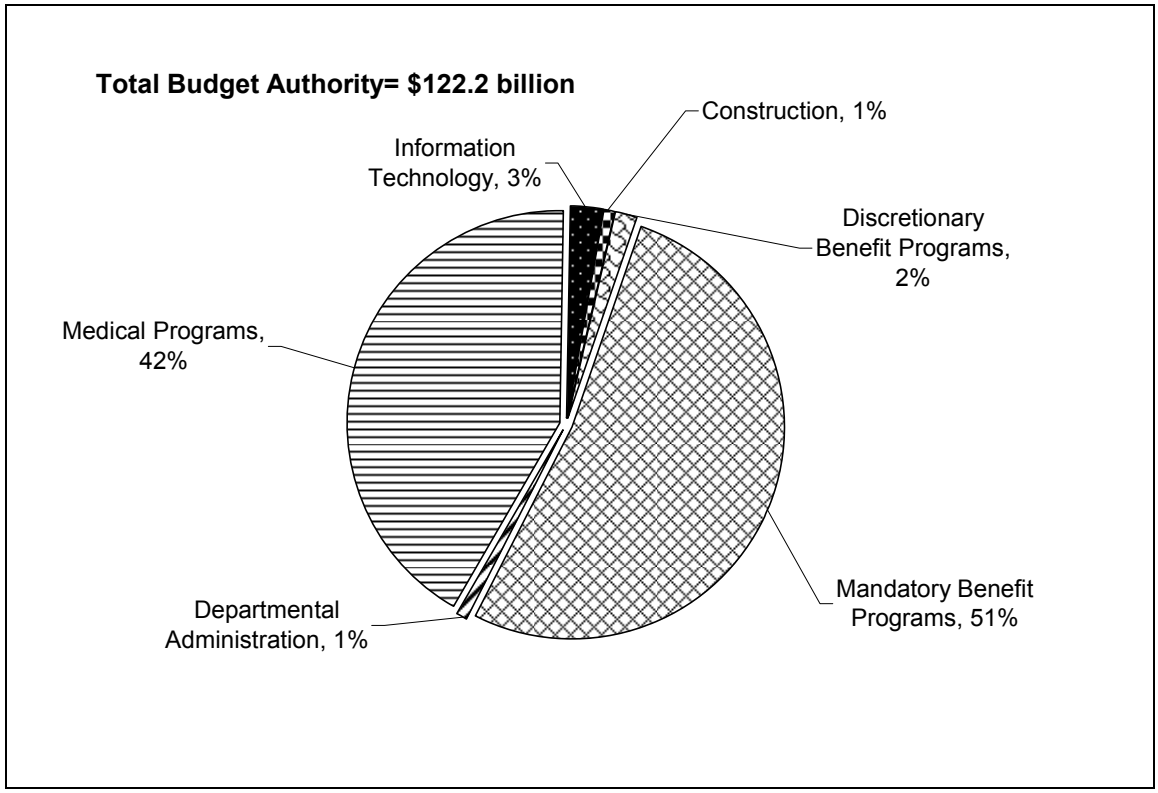
[19] Codified at 38 U.S.C. §117.

[20] Mandatory programs funded through the annual appropriations process are commonly referred to as appropriated entitlements. In general, appropriators have little control over the amounts provided for appropriated entitlements; rather, the authorizing statute establishes the program parameters (e.g., eligibility rules, benefit levels) that entitle certain recipients to payments. If Congress does not appropriate the money necessary to meet these commitments, entitled recipients (e.g., individuals, states, or other entities) may have legal recourse. For an overview of mandatory spending see, CRS Report RL33074, *Mandatory Spending Since 1962*, by D. Andrew Austin and Mindy R. Levit.

[21] Funding for discretionary programs are provided and controlled through the annual appropriations process. For more information see, CRS Report R41726, *Discretionary Budget Authority by Subfunction: An Overview*, by D. Andrew Austin.

Figure 1 provides a breakdown of FY2012 (current fiscal year) budget allocations for both mandatory and discretionary programs. In FY2012, the total VA budget authority was approximately $122.2 billion; discretionary budget authority accounted for about 49% ($58.5 billion) of the total, with about 88% ($51.2 billion) of this discretionary funding going toward supporting VA health care programs, including medical and prosthetic research. The VA's mandatory budget authority accounted for about 51% ($63.8 billion) of the total VA budget authority, with about 80% ($51.2 billion) of this mandatory funding going toward disability compensation and pension programs.

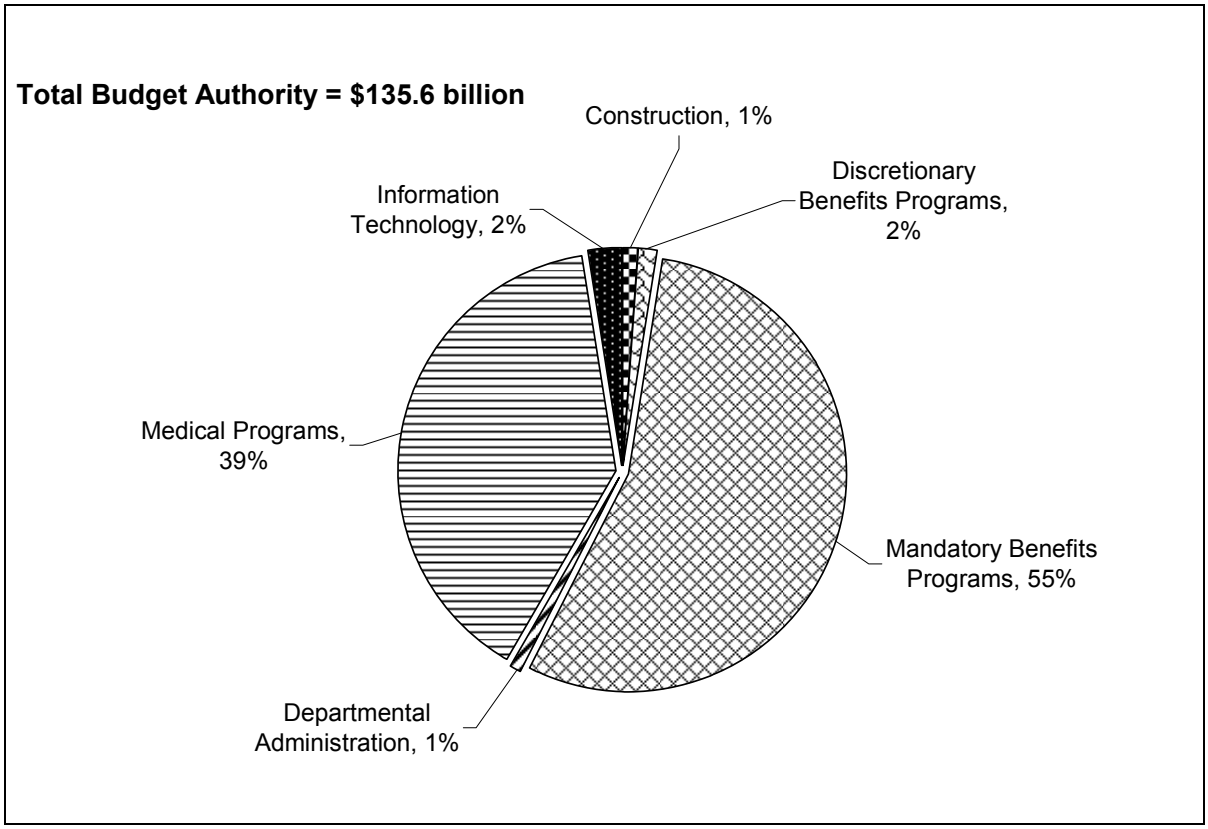
Figure 1. FY2012 VA Budget Allocations



Source: Chart prepared by the Congressional Research Service based on H.Rept. 112-331.

Notes: Discretionary budget authority includes medical programs; information technology; construction; other discretionary benefits, such as operation and maintenance of VA's national cemeteries; and departmental administration. Mandatory benefits includes, disability compensation, pensions, education, vocational rehabilitation and employment services, among other benefits and services.

Figure 2. FY2013 VA Budget Request



Source: Chart prepared by the Congressional Research Service based on *Department of Veterans Affairs, FY2013 Budget Submission, Summary* Volume, Volume 1 of 4, February 2012, p. 1B-1, and information from the House Committee on appropriations, Subcommittee on Military Construction, Veterans Affairs and Related Agencies.

Figure 2 provides a breakdown of the FY2013 President's budget request for both mandatory and discretionary programs (also see **Table 3**). For FY2013, the Administration is requesting approximately $135.6 billion. This includes approximately $61 billion in discretionary funding and nearly $74.6 billion in mandatory funding. According to the VA, the increase in mandatory funding over the FY2012-enacted amount could be attributed to increase in disability claims and the increase in readjustment benefits[22]

[22] Department of Veterans Affairs, *FY2013 Budget Submission, Summary Volume,* Volume 1 of 4, February 2012, p. 2B-2.

Overview of Veterans Health Administration's Budget Formulation[23]

Similar to most federal agencies, the VA begins formulating its budget request approximately 10 months before the President submits the budget to Congress in early February. VHA's budget request to Congress begins with the formulations of the budget based on the Enrollee Health Care Projection Model (EHCPM).[24] The model estimates the amount of budgetary resources VHA will need to meet the expected demand for most of the health care services it provides.

The EHCPM's estimates are based on three basic components: the projected number of veterans who will be enrolled in VA health care, the projected utilization of VA's health care services—that is, the quantity of health care services enrollees are expected to use—and the projected unit cost of providing these services. Each component is subject to a number of adjustments to account for the characteristics of VA health care and the veterans who access VA's health care services. The EHCPM makes projections three or four years into the future. Each year, VHA updates the EHCPM estimates to "incorporate the most recent data on health care utilization rates, actual program experience, and other factors, such as economic trends in unemployment and inflation."[25] For instance, in 2011, VHA used data from FY2010 to develop its health care budget estimate for the FY2013 request, including the advance appropriations request for FY2014.[26]

Funding for the VHA

As noted previously, VHA is funded through four appropriations accounts. These are supplemented by other sources of revenue. Although the appropriations account structure has been subject to change from year to year, the appropriation accounts used to support the VHA traditionally include medical care, medical and prosthetic research, and medical administration. Congress also appropriates funds for construction of medical facilities through a larger appropriations account for construction for all VA facilities. In FY2004, "to provide better oversight and [to] receive a more accurate accounting of funds," Congress changed the VHA's appropriations structure.[27] Specifically, the Department of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 2004 (P.L. 108-199, H.Rept. 108-401), funded VHA through four accounts: (1) medical services, (2) medical administration (currently known as medical support and compliance), (3) medical facilities, and (4) medical and prosthetic research. Brief descriptions of these accounts are provided below.

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[23] A major part of this discussion was drawn from U.S. Government Accountability Office, *Veterans' Health Care: VA Uses a Projection Model to Develop Most of Its Health Care Budget Estimate to Inform the President's Budget Request*, GAO-11-205, January 2011, pp. 4-8.

[24] The Veterans' Health Care Eligibility Reform Act of 1996 (P.L. 104-262) required the VHA to manage the provision of hospital care and medical services through an enrollment system based on a system of priorities.

[25] Department of Veterans Affairs, *FY2013 Budget Submission, Medical Programs and Information Technology Programs*, Volume 2 of 4, February 2012, p. 1A-6.

[26] VHA uses methodologies other than the EHCPM to develop estimates of the amount of resources needed for long-term care services, and various legislative and health care related initiatives that may change from year to year.

[27] U.S. Congress, Conference Committees, *Consolidated Appropriations Act, 2004,* conference report to accompany H.R. 2673, 108th Cong., 1st sess., H.Rept. 108-401, p. 1036.

Medical Services

The medical services account covers expenses for furnishing inpatient and outpatient care and treatment of veterans and certain dependents, including care and treatment in non-VA facilities; outpatient care on a fee basis; medical supplies and equipment; salaries and expenses of employees hired under Title 38, United States Code (U.S.C.); cost of hospital food service operations;[28] aid to state veterans' homes; and assistance and support services for family caregivers of veterans authorized by the Caregivers and Veterans Omnibus Health Services Act of 2010 (P.L. 111-163). For FY2013, the President's budget request is proposing to transfer funding for biomedical engineering services from the medical facilities account to this account.[29]

Medical Support and Compliance (Previously Medical Administration)

This account provides for expenses related to the management, security, and administration of the VA health care system through the operation of VA medical centers, and other medical facilities such as community-based outpatient clinics (CBOCs)[30] and Vet Centers.[31] It also funds 21 Veterans Integrated Service Network (VISN)[32] offices and facility director offices; chief of staff operations; public health and environmental hazard programs; quality and performance management programs; medical inspection; human research oversight; training programs and continuing education; security; volunteer operations; and human resources management.

Medical Facilities

The medical facilities account funds expenses pertaining to the operations and maintenance of the VHA's capital infrastructure. These expenses include utilities and administrative expenses related to planning, designing, and executing construction or renovation projects at VHA facilities. It also funds leases, laundry services, grounds maintenance, trash removal, housekeeping, fire protection, pest management, and property disposition and acquisition.

[28] In its FY2008 budget request to Congress, the VA requested the transfer of food service operations costs from the medical facilities appropriations to the medical services appropriations. The House and Senate Appropriations Committees concurred with this request. The cost of food service operations support hospital food service workers, provisions, and supplies related to the direct care of patients.

[29] Biomedical engineering services include the maintenance and repair of all medical equipment used in the treatment, monitoring, diagnosis, or therapy of patients.

[30] For more information on CBOCs see CRS Report R41044, *Veterans Health Administration: Community-Based Outpatient Clinics*, by Sidath Viranga Panangala.

[31] Vet Centers are community-based counseling centers, that provide a wide range of social and psychological services such as professional readjustment counseling to veterans who have served in a combat zone, military sexual trauma (MST) counseling, bereavement counseling for families who experience an active duty death, substance abuse assessments and referral, medical referral, veterans' benefits explanation and referral, and employment counseling, among other services.

[32] VISN offices provide management and oversight to the medical centers and clinics within their assigned geographic areas. Each VISN office is responsible for allocating funds to facilities, clinics, and programs within its region and coordinating the delivery of health care to veterans.

Medical and Prosthetic Research

As required by law, the medical and prosthetic research program (medical research) focuses on research into the special health care needs of veterans.[33] This account provides funding for many types of research, such as investigator-initiated research; mentored research; large-scale, multi-site clinical trials; and centers of excellence. VA researchers receive funding not only through this account but also from the Department of Defense (DOD), the National Institutes of Health (NIH), and private sources.

In general, VA's research program is intramural; that is, research is performed by VA investigators at VA facilities and approved off-site locations. Unlike other federal agencies, such as NIH and DOD, VA does not have the statutory authority to make research grants to colleges and universities, cities and states, or any other non-VA entities.

Medical Care Collections Fund (MCCF)

In addition to direct appropriations accounts mentioned above, the Committees on Appropriations include medical care cost recovery collections when considering funding for the VHA. Congress has provided VHA the authority to bill some veterans and most health care insurers for nonservice-connected care provided to veterans enrolled in the VA health care system, to help defray the cost of delivering medical services to veterans.[34] Funds collected from first and third party (copayments and insurance) bills are retained by the VA health care facility that provided the care for the veteran.

[33] 38 U.S.C. §7303(a)(3). The Office of Research and Development (ORD) within the Veterans Health Administration (VHA) manages the medical research program. The medical research program encompasses, among other things, biomedical laboratory research, clinical trials, health services research, and rehabilitation research.

[34] The Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), enacted into law in 1986 established means testing for veterans seeking care for nonservice-connected conditions. The Balanced Budget Act of 1997 (P.L. 105-33) established the Department of Veterans Affairs Medical Care Collections Fund (MCCF) gave the VHA the authority to retain these funds in the MCCF. Instead of returning the funds to the Treasury, the VA can use them, without fiscal year limitations, for medical services for veterans. In FY2004, the Administration's budget requested consolidating several existing medical collections accounts into one MCCF. The conferees of the Consolidated Appropriations Act of 2004 (H.Rept. 108-401) recommended that collections that would otherwise be deposited in the Health Services Improvement Fund (former name), Veterans Extended Care Revolving Fund (former name), Special Therapeutic and Rehabilitation Activities Fund (former name), Medical Facilities Revolving Fund (former name), and the Parking Revolving Fund (former name) should be deposited in MCCF. The Consolidated Appropriations Act of 2005 (P.L. 108-447, H.Rept. 108-792) provided the VA with permanent authority to deposit funds from these five accounts into the MCCF.

Table 1. Medical Care Collections, FY2007-FY2012

($ in Thousands)

	FY2007 Actual	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Estimate
First-party pharmacy copayments[a]	$760,616	$749,685	$720,238	$698,325	$729,742	$696,000
First-party copayments for inpatient and outpatient care[b]	150,964	168,274	168,092	168,519	178,469	177,000
First-party long-term care copayments[c]	3,699	3,751	3,419	3,092	3,174	4,000
Subtotal first-party copayments	*915,279*	*921,710*	*891,749*	*869,936*	*911,385*	*877,000*
Third-party insurance collections[d]	1,261,346	1,497,449	1,843,202	1,904,032	1,799,951	1,825,000
Enhanced use leasing revenue[e]	1,692	1,422	1,601	1,694	1,398	2,000
Compensated work therapy collections[f]	43,296	52,372	56,106	57,108	55,099	57,000
Parking fees[g]	3,136	3,355	3,585	3,611	3,842	4,000
Compensation and pension living expenses[h]	1,904	1,572	1,952	1,523	871	2,000
MCCF Total	**$2,226,653**	**$2,477,880**	**$2,798,195**	**2,837,904**	**2,772,546**	**2,767,000**

Source: Table prepared by the Congressional Research Service based on figures obtained from the Department of Veterans Affairs, FY2009-2013 Congressional Budget Submissions.

a. In FY2002, Congress created the Health Services Improvement Fund (HSIF) to collect increases in pharmacy copayments (from $2 to $7 for a 30-day supply of outpatient medication; currently $8 for Priority Groups 2-6 veterans and $9 for Priority Groups 7 and 8 veterans), which went into effect on February 4, 2002. The Consolidated Appropriations Resolution, 2003 (P.L. 108-7) granted the VA the authority to consolidate the HSIF with the MCCF and granted permanent authority to recover copayments for outpatient medications.

b. Authorized at 38 U.S.C. §1710(f) and 1710(g).

c. Authority to collect long-term care copayments was established by the Millennium Health Care and Benefits Act (P.L. 106-117). Certain veteran patients receiving extended care services from VA providers or outside contractors are charged copayments. The Caregivers and Veterans Omnibus Health Services Act of 2010 (P.L. 111-163) extended the authority to collect copayments for nursing home care through September 30, 2012.

d. Authorized at 38 U.S.C. §1729(a).

e. Under the enhanced-use lease authority, the VA may lease land or buildings to the private sector for up to 75 years. In return the VA receives fair consideration in cash and/or in-kind. Funds received as monetary considerations may be used to provide care for veterans.

f. The compensated work therapy program is a comprehensive rehabilitation program that prepares veterans for competitive employment and independent living. As part of their work therapy, veterans produce items for sale or undertake subcontracts to provide certain products and/or services, such as providing temporary staffing to a private firm. Funds collected from the sale of these products and/or services are deposited into the MCCF.

g. The Parking program provides funds for construction and acquisition of parking garages at VA medical facilities. The VA collects fees for use of these parking facilities.

h. Under the compensation and pension living expenses program, veterans who do not have either a spouse or child would have their monthly pension reduced to $90 after the third month a veteran is admitted for nursing home care. The difference between the veteran's pension and the $90 is used for the operation of the VA medical facility.

Total MCCF revenue increased 25% over the past four fiscal years, from approximately $2.2 billion in FY2007 to nearly $2.8 billion in FY2011 (see **Table 1**). VHA is expecting MCCF total collections to approximate $2.8 billion in FY2012, although this amount is lower than MCCF collections in FY2009 and FY2010. Furthermore, total third-party revenue increased 42.7 % over the last four fiscal years from 1.3 billion in FY2007 to approximately 1.8 billion in FY2011. However, in FY2012 VHA expects lower first-party copayments. This estimated decline is "attributable to fewer veterans with billable insurance and increased numbers of veterans requesting hardship waivers and exemptions from first-party copayments."[35] Furthermore, VHA has stated that it continues to experience a decline in third-party collections "to billings ratios as commercial health insurers shift more responsibility to the patient for health care costs including copayments and deductibles, which VHA cannot collect."[36]

FY2012 Budget Summary[37]

President's Request

The President submitted his FY2012 budget request to Congress on February 14, 2011. The Administration's FY2012 budget request for VHA (medical services, medical support and compliance, medical facilities, and medical and prosthetic research) was $51.4 billion. The President's budget proposed to set up a $953 million contingency fund that would have provided additional funds up to $953 million to become available for obligation if the Administration determined that additional funds were required due to changes in economic conditions in 2012. Furthermore, as required by the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81), the President's budget requested $52.5 billion in advance appropriations for the three medical care accounts (medical services, medical support and compliance, and medical facilities) for FY2013 (**Table 2**).

House and Senate Action

On June 14, the House passed the Military Construction and Veterans Affairs and Related Agencies Appropriations bill (MILCON-VA Appropriations bill) for FY2012 (H.R. 2055; H.Rept. 112-94). The House-passed measure provided $51.1 billion for VHA for FY2012 (**Table 2**). The Senate passed its version of the MILCON-VA Appropriations bill for FY2012 (H.R. 2055; S.Rept. 112-29) on July 20. The Senate-passed version of H.R. 2055 provided a total of $51.2 billion for VHA (**Table 2**). The House- and Senate-passed versions of the MILCON-VA Appropriations bill for FY2012 provided $52.5 billion in advance appropriations for FY2013. Furthermore, both the House and Senate versions of the MILCON-VA Appropriations bill for FY2012 (H.Rept. 112-94; S.Rept. 112-29) did not approve the President's proposal to set up a $953 million contingency fund.

[35] Department of Veterans Affairs, *FY2013 Budget Submission, Medical Programs and Information Technology Programs,* Volume 2 of 4, February 2012, p 1C-18.

[36] Ibid.

[37] For a detailed description of the FY2012 VHA appropriations see, CRS Report R41944, *Veterans' Medical Care: FY2012 Appropriations*, by Sidath Viranga Panangala.

Consolidated Appropriations Act, 2012

Congress did not pass the MILCON-VA Appropriations bill for FY2012 before the fiscal year began on October 1, 2011, and funded most of the VA through a series of short-term continuing resolutions (CRs). On December 15, 2011, House and Senate conferees of H.R. 2055 reported a conference agreement (H.Rept. 112-331), which was titled the Consolidated Appropriations Act, 2012, and included nine appropriations bills. Division H of this measure contained the MILCON-VA Appropriations Act, 2012. The Consolidated Appropriations Act, 2012 (P.L. 112-74; H.Rept. 112-331), was enacted into law on December 23, 2011. P.L. 112-74 provides a total of $51.2 billion for VHA for FY2012 and $52.5 billion in advance appropriations for FY2013 (**Table 2**). The Consolidated Appropriations Act, 2012 (P.L. 112-74), did not include the President's proposal to set up a $953 million contingency fund.

Table 2. VHA Appropriations, by Account, FY2011-FY2012, and Advance Appropriations, FY2013

($ in Thousands)

Account	Full-Year Continuing Appropriations Act, 2011 (H.R. 1473; P.L. 112-10)		President's Budget Request		House (H.R. 2055; H.Rept. 112-94)		Senate (H.R. 2055; S.Rept. 112-29)		Consolidated Appropriations Act, 2012 (P.L. 112-74; H.Rept. 112-331)	
	FY2011[a]	FY2012	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013
Medical Services	$37,061,728	—	$39,649,985	—	$39,649,985	—	$39,649,985	—	$39,649,985	—
Additional Funding over FY2012 Advance Appropriation	—	—	$240,000	—	—	—	—	—	—	—
Subtotal Medical Services	*37,061,728*	—	*39,889,985*	—	*39,649,985*	—	*39,649,985*	—	*39,649,985*	—
Medical Support and Compliance (Previously Medical Administration)	5,296,454	—	5,535,000	—	5,535,000	—	5,535,000	—	5,535,000	—
Pay Freeze Rescission (P.L. 112-10)	-34,000	—	—	—	—	—	—	—	—	—
Subtotal Medical Support and Compliance (Previously Medical Administration)	*5,262,454*	—	*5,535,000*	—	*5,535,000*	—	*5,535,000*	—	*5,535,000*	—
Medical Facilities	5,728,550	—	5,426,000	—	5,426,000	—	5,426,000	—	5,426,000	—
Pay Freeze Rescission (P.L. 112-10)	-15,000	—	—	—	—	—	—	—	—	—
Subtotal Medical Facilities	*5,713,550*	—	*5,426,000*	—	*5,426,000*	—	*5,426,000*	—	*5,426,000*	—

Account	Full-Year Continuing Appropriations Act, 2011 (H.R. 1473; P.L. 112-10)		President's Budget Request		House (H.R. 2055; H.Rept. 112-94)		Senate (H.R. 2055; S.Rept. 112-29)		Consolidated Appropriations Act, 2012 (P.L. 112-74; H.Rept. 112-331)	
	FY2011[a]	FY2012	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013
Medical and Prosthetic Research	579,838	—	508,774	—	530,774	—	581,000	—	581,000	—
Subtotal Medical and Prosthetic Research	*579,838*	—	*508,774*	—	*530,774*	—	*581,000*	—	*581,000*	—
Total VHA Appropriations (without collections)	**48,617,570**	—	**51,359,759**	—	**51,141,759**	—	**51,191,985**	—	**51,191,985**	—
Medical Care Cost Collections (MCCF)	3,393,000	—	$3,326,000	—	3,326,000	—	3,326,000	—	3,326,000	—
Total VHA Appropriations (with collections)	**$52,010,570**	—	**$54,685,759**	—	**$54,467,759**	—	**$54,517,985**	—	**$54,517,985**	—
Memorandum: Advance Appropriations[b]										
Medical Services	—	$39,649,985	—	$41,354,000	—	$41,354,000	—	$41,354,000	—	$41,354,000
Medical Support and Compliance (Previously Medical Administration)	—	5,535,000	—	$5,746,000	—	5,746,000	—	5,746,000	—	5,746,000
Medical Facilities	—	5,426,000	—	$5,441,000	—	5,441,000	—	5,441,000	—	5,441,000
Total VHA Appropriations	—	**$50,610,985**	—	**$52,541,000**	—	**$52,541,000**	—	**$52,541,000**	—	**$52,541,000**

Source: Prepared by the Congressional Research Service. FY2011 enacted figures based on information from the House Committee on Appropriations, Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, and S.Rept. 112-29. FY2012 request and House and Senate figures based on H.Rept. 112-94, and S.Rept. 112-29. Final enacted numbers for FY2012 based on H.Rept. 112-331.

a. This amount also reflects the 0.2% government-wide rescission required by Division B, Section 1119(a) of the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10), and the FY2011 pay freeze rescission.

b. The Veterans Health Care Budget Reform and Transparency Act 2009 (P.L. 111-81; codified at 38 U.S.C. §117) provided for advance appropriations (appropriations that become available one fiscal year after the fiscal year for which the appropriations act was enacted) for VA's medical services, medical support and compliance, and medical facilities appropriations accounts, and requires the VA to submit a request for advance appropriation with its budget submission year. The Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10) provided budget authority for FY2012 for the following accounts: medical services, medical support and compliance, and medical facilities. Under current budget scoring guidelines new budget authority for an advance appropriation is scored in the fiscal year in which the funds become available for obligation. Therefore, in this table the budget authority is recorded in the FY2012 column. Likewise, the Consolidated Appropriations Act, 2012 (P.L. 112-74 (H.Rept. 112-331) provided advance appropriations budget authority for FY2013 for those same accounts. Under current budget scoring guidelines, new budget authority for an advance appropriation is scored in the fiscal year in which the funds become available for obligation. Therefore, in this table this budget authority is recorded in the FY2013 column.

FY2013 VHA Budget

President's Request

The Obama Administration's FY2013 budget request was submitted to Congress on February 13, 2012. The President's budget is requesting $135.6 billion in budget authority for the VA as a whole. This includes approximately $75 billion in mandatory funding and $61 billion in discretionary funding (**Table 3**). For FY2013, the Administration requests $53.3 billion (excluding estimated MCCF collections) for VHA. This includes $41.5 billion for the medical services account, $5.7 billion for the medical support and compliance account, $5.4 billion for the medical facilities account, and nearly $583 million for the medical and prosthetic research account (**Table 4**). The total request for VHA represents a 4.1% increase over the FY2012-enacted appropriations. According to the VA, this increase reflects the increased costs of the implementation of the Caregivers and Veterans Omnibus Health Services Act (P.L. 111-163), and the Agent Orange[38] and Amyotrophic Lateral Sclerosis (ALS) presumptions established by the VA.[39]

As required by the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81), the President's budget is requesting $54.5 billion in advance appropriations for the three medical care appropriations (medical services, medical support and compliance, and medical facilities) for FY2014, an increase of approximately 3.7% over the FY2013-enacted amount of $52.5 billion for the same three accounts. In FY2014, the Administration's budget request would provide $43.6 billion for the medical services account, $6.0 billion for the medical support and compliance account, and $4.9 billion for the medical facilities account (**Table 4**).

Budget Control Act of 2011 (BCA, P.L. 112-25) and VHA Appropriations

It should be noted that the House and Senate appropriators will be considering FY2013 discretionary appropriations in the context of the Budget Control Act of 2011. The Budget Control Act of 2011 (BCA, P.L. 112-25) contained an overall discretionary spending cap for FY2013 of $1.047 trillion. On March 29, 2012, the House passed a budget resolution (H.Con.Res.

[38] In August 2010, VA issued regulations establishing presumptive service connection for three new conditions: B-cell leukemias, such as hairy cell leukemia; Parkinson's disease; and ischemic heart disease (see Department of Veterans Affairs, "Diseases Associated With Exposure to Certain Herbicide Agents (Hairy Cell Leukemia and Other Chronic B-Cell Leukemias, Parkinson's Disease and Ischemic Heart Disease)," 75 *Federal Register* 53202-53216, August 31, 2010). This rule change resulted in an increase in service-connected patients, and added new patients to VA's health care system. Furthermore, it changed the priority levels of veterans currently enrolled in VA's health care system.

[39] In 2008, the VA, through regulation, established a presumptive service connection for ALS, making those veterans with ALS eligible for free health care for symptoms associated with ALS (see Department of Veterans Affairs, "Presumption of Service Connection for Amyotrophic Lateral Sclerosis," 73 *Federal Register* 54691-54693, September 23, 2008). To be eligible for this presumptive service connection, a veteran must have served on continuous active duty for a period of 90 days or more. For more information on presumptive service connection see CRS Report R41405, *Veterans Affairs: Presumptive Service Connection and Disability Compensation*, coordinated by Sidath Viranga Panangala. U.S. Department of Veterans Affairs, *FY2013 Budget Submission, Medical Programs and Information Technology Programs*, Volume 2 of 4, February 2012, p. 1A-3.

112) that caps spending at a lower level, $1.028 trillion. The Senate has not passed a budget resolution, but on April 19 the Senate Appropriations Committee allotted subcommittee funding levels that were equal to the total $1.047 trillion cap in the BCA.

Budget Control Act of 2011 (BCA, P.L. 112-25) and VHA Appropriations

FY2013 discretionary appropriations will be considered in the context of the Budget Control Act of 2011 (BCA, P.L. 112-25), which established discretionary spending limits for FY2012-FY2021. The BCA also tasked a Joint Select Committee on Deficit Reduction to develop a federal deficit reduction plan for Congress and the President to enact by January 15, 2012. The failure of Congress and the President to enact deficit reduction legislation by that date triggered an automatic spending reduction process established by the BCA, consisting of a combination of sequestration and lower discretionary spending caps, to begin on January 2, 2013. The sequestration process for FY2013 requires across-the-board spending cuts at the account and program level to achieve equal budget reductions from both defense and nondefense funding at a percentage to be determined, under terms specified in the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA, Title II of P.L. 99-177, 2 U.S.C. 900-922), as amended by the BCA, by the Office of Management and Budget.

Certain programs are exempt from sequestration, and special rules govern the sequestration of others. For the most part, these provisions are found in Sections 255 and 256 of the Balanced Budget and Emergency Deficit Control Act (BBEDCA Title II of P.L. 99-177, 2 U.S.C. 900-922), as amended. Section 255 of BBEDCA, as amended in 2010 (P.L. 111-139), specifically excludes from sequestration, among other programs, appropriations for all programs administered by the VA. Nevertheless, Section 256(e) of BBEDCA appears to allow a maximum 2% reduction in budget authority for VA medical care for any fiscal year. This apparent discrepancy between the two sections of the law raised questions about whether VA will be totally exempt from sequestration or whether medical care will be subject to a maximum permissible 2% reduction in budget authority, if sequestration occurs as scheduled on January 2, 2013. On April 23, 2012, OMB issued a letter stating that "all programs administered by the VA, including Veterans' Medicare Care, are exempt from sequestration under Section 255(b)."[40]

House Budget Resolution

On March 20, 2012, the Chairman of the House Budget Committee released the Chairman's mark of the FY2013 House budget resolution. The House Budget Committee considered the Chairman's mark on March 21, 2012, and voted to report the budget resolution to the full House. H.Con.Res. 112 was introduced in the House March 23, 2012, and was accompanied by the House Budget Committee report (H.Rept. 112-421). The House passed H.Con.Res. 112 on March 29, 2012. According to the Committee report to accompany H.Con.Res 112:

> The resolution calls for $134.6 billion in budget authority and $135.2 billion in outlays in fiscal year 2013.... Discretionary spending is $61.3 billion in budget authority and $62.1 billion in outlays in fiscal year 2013. This resolution also provides for up to $54.5 billion in advance appropriations for medical care, consistent with the Veterans Health Care Budget and Reform Transparency Act of 2009. Mandatory spending in 2013 is $73.3 billion in budget authority and $73.2 billion in outlays.[41]

[40] Letter from Steven D. Aitken, Deputy General Counsel Office of Management and Budget (OMB), to Julia C. Matta, Assistant General Counsel for Appropriations and Budget, U.S. Government Accountability Office, April 23, 2012. http://www.murray.senate.gov/public/_cache/files/f8868d52-eec0-43a5-b5c8-cecbff4596e/VASequesterQuestion.pdf.

[41] U.S. Congress, House Committee on the Budget, *Concurrent Resolution On The Budget—Fiscal Year 2013*, Report to accompany H.Con.Res. 112, 112th Cong., 2nd sess., March 23, 2012, H.Rept. 112-112–421 (Washington: GPO, 2012), p. 107.

Table 3. VA Appropriations, FY2012-FY2013, and Advance Appropriations, FY2014

($ in Thousands)

	President's Budget Request		House (H.R. 2055; H.Rept. 112-94)		Senate (H.R. 2055; S.Rept. 112-29)		Consolidated Appropriations Act, 2012 (P.L. 112-74; H.Rept. 112-331)		President's Budget Request	
	FY2012	**FY2013**	**FY2012**	**FY2013**	**FY2012**	**FY2013**	**FY2012**	**FY2013**	**FY2013**	**FY2014**
Total Department of Veterans Affairs (VA)	$128,272,589	—	$127,796,852	—	$128,090,847	—	$122,226,272	—	$135,636,675	—
Total Mandatory	69,497,269	—	69,497,269	—	69,497,269	—	63,764,919	—	74,638,167	—
Total Discretionary	58,775,320	—	58,299,583	—	58,593,578	—	58,461,353	—	60,998,508	—
Total Veterans Health Administration (VHA)[a]	$51,359,759	—	51,141,759	—	51,191,985	—	$51,191,985	—	$53,288,674	—
Memorandum: Advance appropriations VHA[b]	—	$52,541,000	—	52,541,000	—	52,541,000	—	52,541,000	—	$54,462,000

Source: Table prepared by the Congressional Research Service. The FY2012 request and House and Senate figures are based on H.Rept. 112-94, and S.Rept. 112-29. Final enacted numbers for FY2012 based on H.Rept. 112-331. FY2013 request and FY2014 advance appropriations numbers based on information from the House Committee on Appropriations, Subcommittee on Military Construction, Veterans Affairs, and Related Agencies.

a. Includes funding for medical services, medical support and compliance, medical facilities, and medical and prosthetic research accounts, and excludes collections deposited into the Medical Care Collections Fund (MCCF).

b. The Veterans Health Care Budget Reform and Transparency Act 2009 (P.L. 111-81; codified at 38 U.S.C. §117) provided for advance appropriations (appropriations that become available one fiscal year after the fiscal year for which the appropriations act was enacted) for VA's medical services, medical support and compliance, and medical facilities appropriations accounts, and requires the VA to submit a request for advance appropriation with its budget submission year. The Consolidated Appropriations Act, 2012 (P.L. 112-74; H.Rept. 112-331) provided advance appropriations budget authority for FY2013 for the following accounts: medical services, medical support and compliance, and medical facilities. Under current budget scoring guidelines new budget authority for an advance appropriation is scored in the fiscal year in which the funds become available for obligation. Therefore, in this table the budget authority is recorded in the FY2013 column. The Administration's advance appropriations request for FY2014 is recorded in the FY2014 column.

Table 4. VHA Appropriations by Account, FY2012-FY2013, and Advance Appropriations, FY2014

($ in Thousands)

Account	President's Budget Request		House (H.R. 2055; H.Rept. 112-94)		Senate (H.R. 2055; S.Rept. 112-29)		Consolidated Appropriations Act, 2012 (P.L. 112-74; H.Rept. 112-331)		President's Budget Request	
	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2013	FY2014
Medical Services	$39,649,985	—	$39,649,985	—	$39,649,985	—	$39,649,985	—	41,354,000	—
Additional Funding over FY2012 Advance Appropriation	$240,000	—	—	—	—	—	—	—	—	—
Additional Funding over FY2013 Advance Appropriation	—	—	—	—	—	—	—	—	165,000	—
Subtotal Medical Services	*39,889,985*	—	*39,649,985*	—	*39,649,985*	—	*39,649,985*	—	*41,519,000*	—
Medical Support and Compliance (Previously Medical Administration)	5,535,000	—	5,535,000	—	5,535,000	—	5,535,000	—	5,746,000	—
Subtotal Medical Support and Compliance (Previously Medical Administration)	*5,535,000*	—	*5,535,000*	—	*5,535,000*	—	*5,535,000*	—	*5,746,000*	—
Medical Facilities	5,426,000	—	5,426,000	—	5,426,000	—	5,426,000	—	5,441,000	—
Subtotal Medical Facilities	*5,426,000*	—	*5,426,000*	—	*5,426,000*	—	*5,426,000*	—	*5,441,000*	—
Medical and Prosthetic Research	508,774	—	530,774	—	581,000	—	581,000	—	582,674	—
Subtotal Medical and Prosthetic Research	*508,774*	—	*530,774*	—	*581,000*	—	*581,000*	—	*582,674*	—

Account	President's Budget Request		House (H.R. 2055; H.Rept. 112-94)		Senate (H.R. 2055; S.Rept. 112-29)		Consolidated Appropriations Act, 2012 (P.L. 112-74; H.Rept. 112-331)		President's Budget Request	
	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2013	FY2014
Total VHA Appropriations (without collections)	**51,359,759**	—	**51,141,759**	—	**51,191,985**	—	**51,191,985**	—	**$53,288,674**	—
Medical Care Cost Collections (MCCF)	$3,326,000	—	3,326,000	—	3,326,000	—	3,326,000	—	2,527,000	—
Total VHA Appropriations (with collections)	**$54,685,759**	—	**$54,467,759**	—	**$54,517,985**	—	**$54,517,985**	—	**$55,815,674**	—
Memorandum: Advance Appropriations[a]										
Medical Services	—	$41,354,000	—	$41,354,000	—	$41,354,000	—	$41,354,000	—	$43,557,000
Medical Support and Compliance (Previously Medical Administration)	—	$5,746,000	—	5,746,000	—	5,746,000	—	5,746,000	—	6,033,000
Medical Facilities	—	$5,441,000	—	5,441,000	—	5,441,000	—	5,441,000	—	4,872,000
Total VHA Appropriations	—	**$52,541,000**	—	**$52,541,000**	—	**$52,541,000**	—	**$52,541,000**	—	**$54,462,000**

Source: Table prepared by the Congressional Research Service. The FY2012 request and House and Senate figures are based on H.Rept. 112-94, and S.Rept. 112-29. Final enacted numbers for FY2012 based on H.Rept. 112-331. FY2013 request and FY2014 advance appropriations numbers based on information from the House Committee on Appropriations, Subcommittee on Military Construction, Veterans Affairs, and Related Agencies.

a. The Veterans Health Care Budget Reform and Transparency Act 2009 (P.L. 111-81; codified at 38 U.S.C. §117) provided for advance appropriations (appropriations that become available one fiscal year after the fiscal year for which the appropriations act was enacted) for VA's medical services, medical support and compliance, and medical facilities appropriations accounts, and requires the VA to submit a request for advance appropriation with its budget submission year. The Consolidated Appropriations Act, 2012 (P.L. 112-74; H.Rept. 112-331) provided advance appropriations budget authority for FY2013 for the following accounts: medical services, medical support and compliance, and medical facilities. Under current budget scoring guidelines new budget authority for an advance appropriation is scored in the fiscal year in which the funds become available for obligation. Therefore, in this table the budget authority is recorded in the FY2013 column. The Administration's advance appropriations request for FY2014 is recorded in the FY2014 column.

Appendix. VA Priority Groups and Their Eligibility Criteria

Table A-1. VA Priority Groups and Their Eligibility Criteria

Priority Group 1
Veterans with service-connected disabilities rated 50% or more disabling
Veterans determined by VA to be unemployable due to service-connected conditions
Priority Group 2
Veterans with service-connected disabilities rated 30% or 40% disabling
Priority Group 3
Veterans who are former POWs[a]
Veterans awarded the Purple Heart[b]
Veterans in receipt of the Medal of Honor[c]
Veterans whose discharge was for a disability that was incurred or aggravated in the line of duty
Veterans with service-connected disabilities rated 10% or 20% disabling
Veterans awarded special eligibility classification under Title 38, U.S.C., Section 1151, "benefits for individuals disabled by treatment or vocational rehabilitation"
Priority Group 4
Veterans who are receiving aid and attendance or housebound benefits
Veterans who have been determined by VA to be catastrophically disabled
Priority Group 5
Nonservice-connected veterans and noncompensable service-connected veterans rated 0% disabled whose annual income and net worth are below the established VA means test thresholds
Veterans receiving VA pension benefits
Veterans eligible for Medicaid benefits
Priority Group 6
Compensable 0% service-connected veterans
Mexican Border War veterans
Veterans solely seeking care for disorders associated with
—exposure to herbicides while serving in Vietnam; or
—ionizing radiation during atmospheric testing or during the occupation of Hiroshima and Nagasaki; or
—for disorders associated with service in the Gulf War; or
—for any illness associated with service in combat in a war after the Gulf War or during a period of hostility after November 11, 1998 as follows:
- Veterans discharged from active duty on or after January 28, 2003, who were enrolled as of January 28, 2008, and veterans who apply for enrollment after January 28, 2008, for five years post discharge
-Veterans discharged from active duty before January 28, 2003, who apply for enrollment after January 28, 2008, until January 27, 2011

Priority Group 7

Veterans who agree to pay specified copayments with income and/or net worth above the VA means test threshold and income below the VA national geographic income thresholds

Priority Group 8

Veterans who agree to pay specified copayments with income and/or net worth above the VA means test threshold and the VA national geographic threshold

Subpriority a: Noncompensable 0% service-connected and enrolled as of January 16, 2003, and who have remained enrolled since that date and/or placed in this subpriority due to changed eligibility status

Subpriority b: Noncompensable 0% service-connected and enrolled on or after June 15, 2009, whose income exceeds the current VA means test threshold or VA national geographic income thresholds by 10% or less

Subpriority c: Nonservice-connected veterans enrolled as of January 16, 2003, and who have remained enrolled since that date and/or placed in this subpriority due to changed eligibility status

Subpriority d: Nonservice-connected veterans enrolled on or after June 15, 2009, whose income exceeds the current VA means test threshold or VA national geographic income thresholds by 10% or less

Subpriority e: Noncompensable 0% service-connected veterans not meeting the above criteria

Subpriority g: Nonservice-connected veterans not meeting the above criteria

Source: Department of Veterans Affairs.

Notes: Service-connected disability means with respect to disability, that such disability was incurred or aggravated in the line of duty in the active military, naval or air service

a. Veterans who are former Prisoners of War (POWs) are placed in Priority Group 3. This change occurred with the enactment of the Former Prisoner of War Benefits Act of 1981(P.L. 97-37) on August 14, 1981.

b. Veterans in receipt of a Purple Heart are in Priority Group 3. This change occurred with the enactment of the Veterans Millennium Health Care and Benefits Act (P.L. 106-117) on November 30, 1999.

c. Veterans in receipt of the Medal of Honor are in Priority Group 3. This change occurred with the enactment of the Caregiver and Veterans Omnibus Health Services Act of 2010 (P.L. 111-163) on May 5, 2010.

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