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Veterans' Medical Care: FY2014 Appropriations

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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 funding for 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. Eligibility for VA health care is based primarily on previous military service, disability, and income.

The President's FY2014 budget request was submitted to Congress on April 10, 2013. The President's budget requested $147.9 billion in budget authority for the VA as a whole. For FY2014, the Administration requested $55.2 billion for VHA. This included $43.7 billion for the medical services account, $6.0 billion for the medical support and compliance account, $4.9 billion for the medical facilities account, and nearly $586 million for the medical and prosthetic research account. Furthermore, as required by the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81), the President's budget requested $55.6 billion in advance appropriations for the three medical care accounts (medical services, medical support and compliance, and medical facilities) for FY2015.

On May 15, 2013, the House Military Construction and Veterans Affairs Subcommittee approved its version of a Military Construction and Veterans Affairs and Related Agencies Appropriations bill for FY2014 (MILCON-VA Appropriations bill). The full House Appropriations Committee voted to report the measure on May 21, 2013, and the House passed H.R. 2216 on June 4, 2013. The MILCON-VA Appropriations bill for FY2014 (H.R. 2216; H.Rept. 113-90) proposes a total of $147.6 billion for the VA as whole. For FY2014, H.R. 2216 proposes $54.9 billion for VHA. This included $43.6 billion for the medical services account, $6.0 billion for the medical support and compliance account, $4.9 billion for the medical facilities account, and nearly $586 million for the medical and prosthetic research account. H.R. 2216 (H.Rept. 113-90) proposes to rescind $156 million of funding already appropriated for VHA in FY2014 (as advance appropriations) and gives the Secretary the discretion to allocate these reductions across VHA accounts. H.R. 2216 includes $55.6 billion in advance FY2015 funding for the medical services, medical support and compliance, and medical facilities accounts—the same level included in the House-passed Budget Resolution, and the President's request.

On June 18, 2013, the Senate Military Construction, Veterans Affairs, and Related Agencies Subcommittee approved its version of the MILCON-VA Appropriations bill. The full Senate Appropriations Committee voted to report (H.R. 2216; S.Rept. 113-48) on June 20. H.R. 2216 (S.Rept. 113-48) proposes appropriations totaling $147.9 billion for FY2014 for the functions of the VA as a whole and $55.2 billion for VHA. VHA's total includes $43.6 billion for the medical services account (an additional $25 million over the FY2014 advance appropriations), $6.0 billion for the medical support and compliance account, nearly $5.0 billion for the medical facilities account (an additional $100 million over the FY2014 advance appropriations), and almost $586 million for the medical and prosthetic research account. Similar to the House version, the Senate Committee approved version includes $55.6 billion in advance FY2015 funding for the medical services, medical support and compliance, and medical facilities accounts.

Contents

Figures

Tables

Appendixes

Contacts

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).[9] The Veterans Benefits Administration (VBA) is responsible for, among other things, providing compensation, pensions, and education assistance. The National Cemetery Administration (NCA)[10] 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.[11] 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. Inpatient and outpatient care are also provided in the private sector to eligible dependents of veterans under the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA).[12] The VHA is also a provider of

[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 et al.; 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 R42785, *GI Bills Enacted Prior to 2008 and Related Veterans' Educational Assistance Programs: A Primer*, by Cassandria Dortch; and CRS Report R42755, *The Post-9/11 Veterans Educational Assistance Act of 2008 (Post-9/11 GI Bill): Primer and Issues*, 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] The BVA is part of the Department of Veterans Affairs, located in Washington, DC, and makes the final determination on an appeal within the VA. The BVA reviews all appeals for entitlement to veterans' benefits, including claims for service connection, increased disability ratings, pension, insurance benefits, educational benefits, home loan guaranties, vocational rehabilitation, dependency and indemnity compensation, health care services, and fiduciary matters. For more information see CRS Report R42609, *Overview of the Appeal Process for Veterans' Claims*, by Daniel T. Shedd.

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

[11] 38 U.S.C. §7301 and 38 U.S.C. §7303.

[12] For more information on CHAMPVA see, CRS Report RS22483, *Health Care for Dependents and Survivors of Veterans*, by Sidath Viranga Panangala.

health care education and training for physician residents and other health care trainees.[13] The other statutory missions of VHA are to serve as a contingency backup to the Department of Defense (DOD) medical system during a national security emergency,[14] and to provide support to the National Disaster Medical System and the Department of Health and Human Services as necessary.[15]

In general, eligibility for VA health care is based on previous military service,[16] presence of service-connected disabilities,[17] and/or other factors.[18] 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 **Appendix**).[19] It should be noted that in any given year, not all enrolled veterans obtain their health care services from the VA. While some veterans may rely solely on the 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).[20] 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.[21]

The Veteran Patient Population

In FY2013, approximately 8.9 million of the 22.2 million living veterans in the nation were estimated to be enrolled in the VA health care system (see **Table 1**). From FY2010 through FY2013 the total number of enrollees has increased by 6.6%. Of the total number of enrolled veterans in FY2013, VA anticipated treating approximately 5.75 million unique veteran patients (see **Table 2**).[22] For FY2014, VHA estimates that it will treat about 5.8 million unique veteran patients, and of these, VA anticipates treating more than 674,000 Operation Enduring Freedom

[13] 38 U.S.C. §7302.

[14] 38 U.S.C. §8111A.

[15] 38 U.S.C. §1785.

[16] Veteran 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.

[17] 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).

[18] For information on eligibility for VA health care see, CRS Report R42747, *Health Care for Veterans: Answers to Frequently Asked Questions*, by Sidath Viranga Panangala and Erin Bagalman.

[19] Ibid.

[20] 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 and Katherine Blakeley.

[21] For more information on VA cost-sharing requirements see, CRS Report R42747, *Health Care for Veterans: Answers to Frequently Asked Questions*, by Sidath Viranga Panangala and Erin Bagalman.

[22] In a given year not all enrolled veterans receive care from the VA, either because they are not sick or they have other sources of care such as the private sector.

(OEF), Operation Iraqi Freedom (OIF), and Operation New Dawn (OND) veterans.[23] In FY2014, OEF, OIF, and OND patients would represent approximately10.4% of the overall patients served by the VA.

VHA also provides medical care to certain non-veterans; in FY2014 this population is expected to increase by almost 18,000 patients over the FY2013 level.[24] In total, including non-veterans, it is estimated the VHA will treat nearly 6.5 million patients in 2014, a slight increase of 1.3% over the number of patients treated in FY2013 (see **Table 2**). Between FY2010 and FY2013, the number of patients treated by VA has grown by 7.1%.

The total number of outpatient visits, including visits to Vet Centers, reached 88.7 million during FY2012 and is projected to increase to approximately 92.2 million in FY2013 and 95.5 million in FY2014.[25]

Table 1. VHA Unique Enrollees, FY2010-FY2014

Priority Groups	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Estimate	FY2014 Estimate
1	1,255,856	1,385,482	1,539,632	1,579,719	1,667,147
2	630,907	656,828	680,339	702,111	720,254
3	1,137,864	1,154,954	1,173,673	1,195,923	1,208,452
4	238,810	242,385	241,626	238,444	236,024
5	2,253,353	2,243,148	2,215,449	2,281,035	2,279,493
6	526,079	569,400	593,478	547,304	552,274
Subtotal Priority Groups 1-6	*6,042,869*	*6,252,197*	*6,444,197*	*6,544,536*	*6,663,644*
7	175,088	188,823	171,031	246,932	247,455
8	2,125,160	2,133,178	2,147,320	2,106,206	2,119,159
Subtotal Priority Groups 7-8	*2,300,248*	*2,322,001*	*2,318,351*	*2,353,138*	*2,366,614*
Total Enrollees	8,343,117	8,574,198	8,762,548	8,897,674	9,030,258

Source: Table prepared by Congressional Research Service based on data from Department of Veterans Affairs, *FY2014 Budget Submission, Medical Programs and Information Technology Programs,* Volume 2 of 4, April 2013, p. 1C-27.

Notes: For a description of Priority Groups see **Appendix**.

[23] On September 1, 2010, the combat mission in Iraq (Operation Iraqi Freedom, OIF) formally ended and transitioned to Operation New Dawn (OND), which ended on December 15, 2011. VA considers OND to be part of the same contingency operation that was formerly called OIF. Therefore, VA considers participants in OND to be eligible for health care under the legal authorities pertaining to OIF. OEF/OIF/OND data from Department of Veterans Affairs, *FY2014 Budget Submission, Medical Programs and Information Technology Programs,* Volume 2 of 4, April 2013 p.1A-4.

[24] Non-veterans include Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) patients (certain dependents of veterans), reimbursable patients in VA affiliated hospitals and clinics, care provided on a humanitarian basis, veterans of World War II allied nations, and employees receiving preventative occupational immunizations such as Hepatitis A&B and flu vaccinations.

[25] Department of Veterans Affairs, *FY2014 Budget Submission, Medical Programs and Information Technology Programs,* Volume 2 of 4, April 2013 p.1C-28.

Table 2. VHA Unique Patients, FY2010-FY2014

Priority Groups	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Estimate	FY2014 Estimate
1	1,071,438	1,179,333	1,307,750	1,377,280	1,443,404
2	425,966	442,665	456,050	464,482	472,713
3	677,682	687,284	697,548	700,730	704,633
4	189,381	191,177	191,521	187,606	184,485
5	1,500,313	1,487,637	1,464,198	1,459,971	1,452,259
6	244,546	266,374	272,043	270,203	273,793
Subtotal Priority Groups 1-6	*4,109,326*	*4,254,470*	*4,389,110*	*4,460,272*	*4,531,287*
7	160,251	170,690	155,093	160,623	161,100
8	1,171,482	1,157,011	1,136,171	1,129,238	1,126,161
Subtotal Priority Groups 7-8	*1,331,733*	*1,327,701*	*1,291,264*	*1,289,861*	*1,287,261*
Subtotal Unique Veteran Patients	**5,441,059**	**5,582,171**	**5,680,374**	**5,750,133**	**5,818,548**
OEF/OIF/OND veterans included in the above total	*400,127*	*470,755*	*539,970*	*607,362*	*674,754*
Non-veterans[a]	559,051	584,020	652,717	676,576	694,470
Total Unique Veteran and non-Veteran Patients	**6,000,110**	**6,166,191**	**6,333,091**	**6,426,709**	**6,513,018**

Source: Table prepared by Congressional Research Service based on data from Department of Veterans Affairs, *FY2014 Budget Submission, Medical Programs and Information Technology Programs,* Volume 2 of 4, April 2013, p. 1C-27. OEF/OIF/OND data from Department of Veterans Affairs, *FY2014 Budget Submission, Medical Programs and Information Technology Programs,* Volume 2 of 4, April 2013 p.1A-4.

Notes: For a description of Priority Groups see **Appendix**. Unique patients are those that receive at least one episode of care from the VA or whose treatment is paid for by the VA and is counted only once in a given fiscal year.

a. Non-veterans include Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) patients (certain dependents of veterans), reimbursable patients with VA affiliated hospitals and clinics, care provided on a humanitarian basis, veterans of World War II allied nations, and employees receiving preventative occupational immunizations such as Hepatitis A&B and flu vaccinations.

The rest of this report focuses on appropriations for VHA. It begins with a brief overview of VA's budget as a whole for FY2013 and the President's request for FY2014. 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 FY2013 VHA budget. The report ends with a section discussing recent legislative developments pertaining to the FY2014 VHA budget.

Advance Appropriations[26]

In order to understand annual appropriations for the Veterans Health Administration (VHA), it is essential to understand 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.[27] The fourth account, the medical and prosthetic research account, is not funded with 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. Subsequently, each successive appropriation measure has provided advance appropriations for the VHA accounts: the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10), provided advance appropriations for FY2012; the Consolidated Appropriations Act, 2012 (P.L. 112-74), provided advance appropriations for FY2013; and the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6), provided advance appropriations for FY2014.

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. However, it should be noted that budget authority for FY2013 refers to the budget authority authorized in P.L. 112-74 and augmented by supplemental funding provided by the Disaster Relief Appropriations Act, 2013 (P.L. 113-2), and by additional funding provided by Division E of the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6), which included funding for the medical and prosthetic research account (the account that is not funded as advance appropriations). Funding shown for FY2013 does not include advance appropriations provided in FY2013 by P.L. 113-6 for use in FY2014. Instead, the advance appropriation provided in FY2013 for use in FY2014 is shown in the memorandum in the FY2014 column. Similarly, funding shown for FY2014 does not include advance appropriations provided in FY2014 for use in FY2015.

Department of Veterans Affairs Budget

The VA budget includes both mandatory[28] and discretionary funding.[29] Mandatory accounts fund disability compensation, pensions, vocational rehabilitation and employment, education, life

[26] 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).

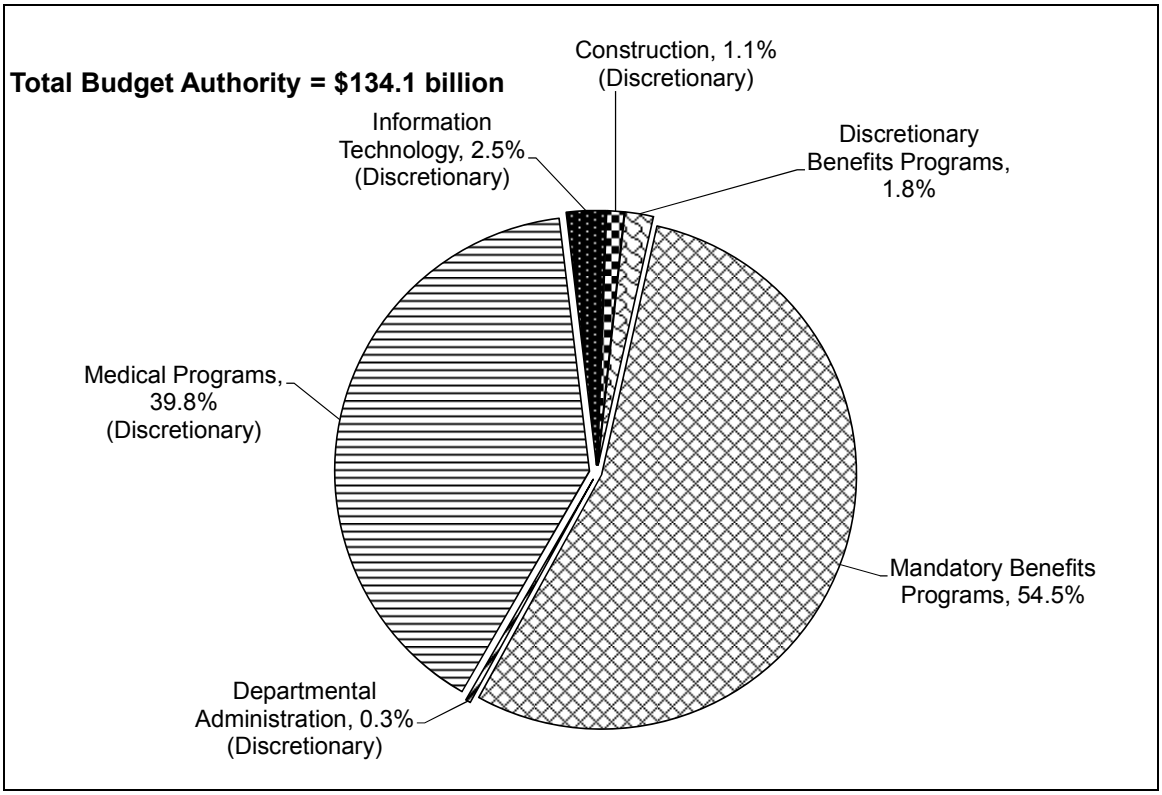
[27] Codified at 38 U.S.C. §117.

[28] 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 (continued...)

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.

Figure 1 provides a breakdown of FY2013 budget allocations for both mandatory and discretionary programs (see also **Table 4**). In FY2013, the total VA budget authority was approximately $134.1 billion; discretionary budget authority accounted for about 46% ($61.2 billion) of the total, with about 87% ($53.3 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 54% ($72.9 billion) of the total VA budget authority, with about 83% ($60.63 billion) of this mandatory funding going toward disability compensation and pension programs.

Figure 1. FY2013 VA Budget Allocations



Source: Chart prepared by the Congressional Research Service based on H.Rept. 113-90 and S.Rept. 113-48. CRS calculated the FY2013 budget authority to reflect the 0.1% across-the-board rescission required of all discretionary accounts of the VA by Section 3001 in Division G of P.L. 113-6, and the 0.032% across-the-board

(...continued)

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 Mindy R. Levit.

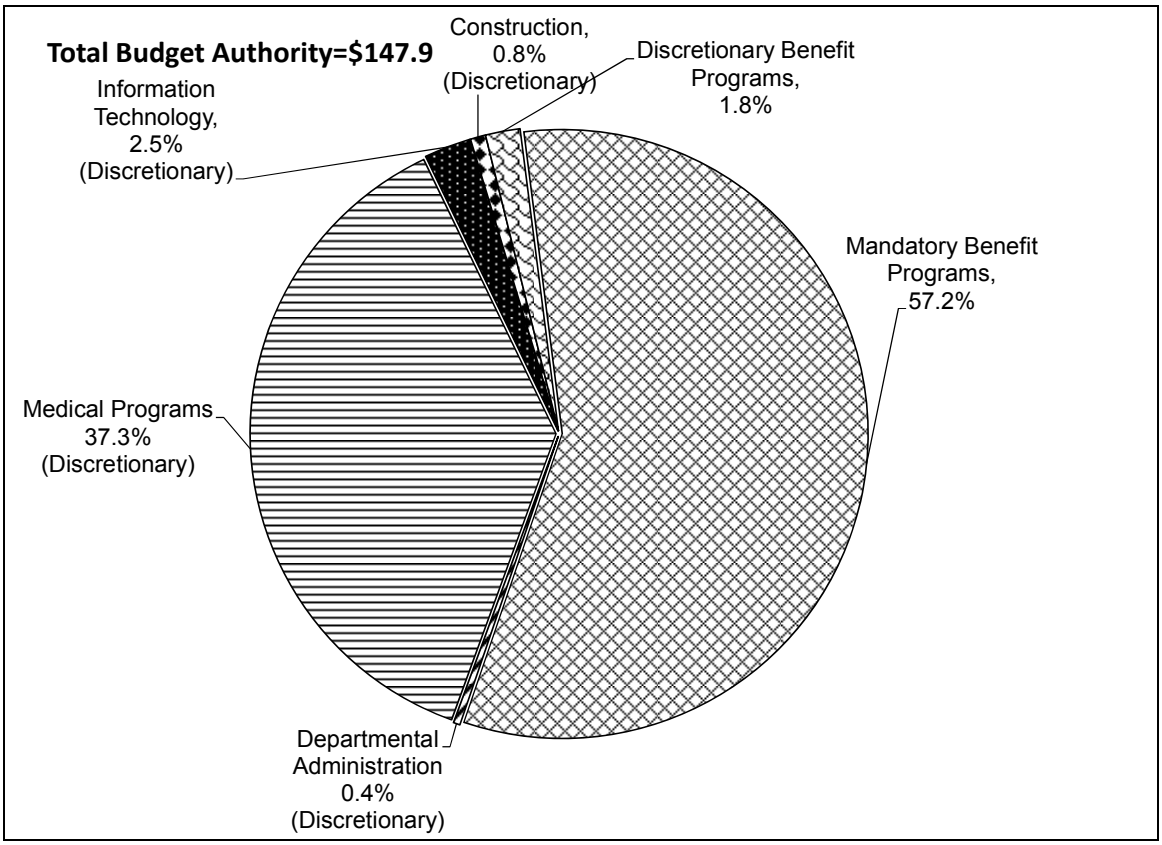
[29] Funding for discretionary programs are provided and controlled through the annual appropriations process. For more information see, CRS Report R41726, *Discretionary Budget Authority by Subfunction: An Overview*, by D. Andrew Austin.

rescission required from all discretionary accounts of the VA as a result of Section 3004 in Division G of P.L. 113-6. CRS calculations were based on the allocated reductions calculated by the Office of Management and Budget (OMB), available at http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/reductions/fy13_atb_reductions_04_25_13.pdf (accessed June 10, 2013).

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 include disability compensation, pensions, education, vocational rehabilitation and employment services, among other benefits and services. Totals may not add due to rounding.

Figure 2 provides a breakdown of the FY2014 President's budget request for both mandatory and discretionary programs (also see **Table 6**). For FY2014, the Administration requested approximately $147.9 billion. This includes approximately $63.5 billion in discretionary funding and $84.5 billion in mandatory funding.

Figure 2. FY2014 VA Budget Request



Source: Chart prepared by the Congressional Research Service based on H.Rept. 113-90 and S.Rept. 113-48.

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 include disability compensation, pensions, education, vocational rehabilitation and employment services, among other benefits and services. Totals may not add due to rounding.

Overview of Veterans Health Administration's Budget Formulation[30]

Similar to most federal agencies, the VA begins formulating its budget request approximately 10 months before the President submits the budget to Congress, generally 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).[31] 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."[32] For instance, in 2012, VHA used data from FY2011 to develop its health care budget estimate for the FY2014 request, including the advance appropriations request for FY2015.[33]

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.[34] 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

[30] 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; and U.S. Government Accountability Office, V*eterans' Health Care Budget: Better Labeling of Services and More Detailed Information Could Improve the Congressional Budget Justification*, GAO-12-908, September 2012, pp. 5-6.

[31] 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.

[32] Department of Veterans Affairs, *FY2014 Budget Submission, Medical Programs and Information Technology Programs*, Volume 2 of 4, February 2013, p. 1A-6.

[33] 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.

[34] 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.

(currently known as medical support and compliance), (3) medical facilities, and (4) medical and prosthetic research. Brief descriptions of these accounts are provided below.

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;[35] 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 proposed the transfer of funding for biomedical engineering services from the medical facilities account to this account.[36] The Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6), approved this transfer. The President's budget request for FY2014 proposed to continue funding for biomedical engineering services in the medical services account. The Military Construction and Veterans Affairs, and Related Agencies Appropriations bill for FY2014 (H.R. 2216; H.Rept. 113-90) that was passed by the House of Representatives June 4, 2013, and the Senate Appropriations Committee reported version of H.R. 2216 (S.Rept. 113-48) continued this transfer for FY2014.

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) and Vet Centers.[37] It also funds 21 Veterans Integrated Service Network (VISN)[38] 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.

[35] 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.

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

[37] 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.

[38] 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 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.

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.[39] 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 the 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.[40] 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. **Table 3** provides details of MCCF collections from FY2009 through FY2014.

[39] 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.

[40] 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) and 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.

In its FY2014 congressional budget submission, the Administration is proposing two legislative proposals to increase collections in FY2014. The first proposal would amend 38 U.S.C. Section 7332(b) and allow the VHA to disclose the veteran's patient records, including the identity, diagnosis, prognosis, or treatment of a patient relating to drug abuse, alcoholism or alcohol abuse, infection with the human immunodeficiency virus (HIV), or sickle cell anemia to the veteran's private health insurance plans for the purpose of VHA obtaining reimbursement for nonservice-connected care.[41] The second proposal would provide authority for VHA to be considered a participating provider whether or not an agreement is in place with a veteran's private health insurance plan. This would allow VHA to collect charges for treatment of a veteran's nonservice-connected conditions.[42]

Table 3. Medical Care Collections, FY2009-FY2014

($ in thousands)

	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Estimate	FY2014 Estimate
First-party pharmacy copayments[a]	$720,238	$698,325	$729,742	$706,784	$724,000	$799,000
First-party copayments for inpatient and outpatient care[b]	168,092	168,519	178,469	183,688	188,000	189,000
First-party long-term care copayments[c]	3,419	3,092	3,174	3,088	4,000	4,000
Subtotal first-party copayments	*891,749*	*869,936*	*911,385*	*893,560*	*916,000*	*922,000*
Third-party insurance collections[d]	1,843,202	1,904,032	1,799,951	1,847,531	1,860,000	1,878,000
Enhanced use leasing revenue[e]	1,601	1,694	1,398	9,671	2,000	2,000
Compensated work therapy collections[f]	56,106	57,108	55,099	58,835	57,000	57,000
Parking fees[g]	3,585	3,611	3,842	3,732	4,000	4,000
Compensation and pension living expenses[h]	1,952	1,523	871	1,559	2,000	2,000
MCCF Total	**$2,798,195**	**$2,837,904**	**$2,772,546**	**$2,814,888**	**$2,841,000**	**$2,935,000**

Source: Table prepared by the Congressional Research Service based on figures obtained from the Department of Veterans Affairs, FY2011-FY2014 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 all copayments for outpatient medications.

[41] Department of Veterans Affairs, *FY2014 Budget Submission, Medical Programs and Information Technology Programs,* Volume 2 of 4, April 2013, p. 1G-18.

[42] Ibid, p. 1G-21.

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 Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 (P.L. 112-154) extended the authority to collect copayments for nursing home care through September 30, 2013.

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 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.

FY2013 Budget Summary[43]

President's Request

The President's FY2013 budget request was submitted to Congress on February 13, 2012. The President's budget requested $135.8 billion in budget authority for the VA as a whole (see **Table 4**). This included approximately $75 billion in mandatory funding and $61 billion in discretionary funding. For FY2013, the Administration requested $53.3 billion for VHA. This included $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 (see **Table 5**). The total requested amount for VHA represented 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 requested $54.5 billion in advance appropriations for the three medical care accounts (medical services, medical support and compliance, and medical facilities) for FY2014. On December 7, 2012, the President submitted a $236.6 million supplemental request for VA for costs associated with Hurricane Sandy, which included $27 million for VHA.

Congressional Action

Congress did not enact a regular Military Construction and Veterans Affairs and Related Agencies Appropriations bill for FY2013 (MILCON-VA Appropriations bill) prior to the beginning of

[43] For a detailed discussion of the FY2013 VHA appropriations see, CRS Report R42518, *Veterans' Medical Care: FY2013 Appropriations*, by Sidath Viranga Panangala.

FY2013, and funded most of the VA (excluding the three medical care accounts: medical services, medical support and compliance, and medical facilities) through a six-month government-wide continuing resolution (P.L. 112-175). On January 29, 2013, the Disaster Relief Appropriations Act, 2013, was enacted as P.L. 113-2. This act provided the approximately $236.6 million in supplemental funding requested by the President for the VA, which included $27 million for VHA.

On March 6, 2013, the House passed the Department of Defense, Military Construction and Veterans Affairs, and Full-Year Continuing Appropriations Act, 2013 (H.R. 933). The Senate passed an amended version of the bill on March 20, 2013, and the House agreed to the amended version the next day. The Consolidated and Further Continuing Appropriations Act, 2013 (H.R. 933; P.L. 113-6), was signed into law by the President on March 26, 2013. Division E of P.L. 113-6 contained funding for the VA. P.L. 113-6 provided $133.9 billion in budget authority for the VA as a whole (excluding the Hurricane Sandy Funding Needs supplemental funding provided in P.L. 113-2). This includes approximately $72.9 billion in mandatory funding and $61 billion in discretionary funding. For FY2013, funding for VHA is $53.3 billion (excluding the Hurricane Sandy Funding Needs supplemental funding provided in P.L. 113-2). Furthermore, as required by the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81), P.L. 113-6 provides $54.5 billion in advance appropriations for the three medical care accounts (medical services, medical support and compliance, and medical facilities) for FY2014.

The Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6), required across-the-board rescissions for all discretionary accounts including those of the VA. Section 3001 in Division G of the act required a 0.1% across-the-board rescission for discretionary VA accounts appropriated in FY2013. Section 3004 in Division G of P.L. 113-6 was intended to eliminate any amount by which the new budget authority provided in the act exceeded the FY2013 discretionary spending limits in Section 251(c)(2) of the Balanced Budget and Emergency Deficit Control Act, as amended by the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012. Subsequent to the enactment of P.L. 113-6, the Office of Management and Budget (OMB) calculated that additional rescissions of 0.032% of security budget authority, and 0.2% of nonsecurity budget authority, would be required. **Table 4** and **Table 5** shows the FY2013 amounts (based on OMB calculations) following the 0.1% and 0.032% across-the-board rescissions. Additionally, **Table 4** and **Table 5** shows the Hurricane Sandy Funding Needs supplemental funding provided in P.L. 113-2).

Table 4. VA and VHA Appropriations, FY2013, and Advance Appropriations, FY2014

($ in thousands)

	President's Budget Request		House (H.R. 5854; H.Rept. 112-491)		Senate Committee (S. 3215; S.Rept. 112-168)		Disaster Relief Appropriations Act, 2013 (P.L. 113-2); and Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)		With Across-the-Board Rescissions
	FY2013[a]	FY2014	FY2013[b]	FY2014	FY2013	FY2014	FY2013[c]	FY2014	FY2013[d]
Total Department of Veterans Affairs (VA)	$135,872,279	—	$135,377,850	—	$135,636,648	—	$134,147,884	—	$134,119,910
Total Mandatory	74,638,167	—	74,638,167	—	74,638,167	—	72,912,772	—	72,912,772
Total Discretionary	61,234,112	—	60,739,683	—	60,998,481	—	61,235,112	—	61,207,138
Total Veterans Health Administration (VHA)[e]	$53,315,674	—	$53,123,674	—	$53,278,674	—	$53,305,674	—	$53,287,887
Memorandum: Advance appropriations VHA[f]	—	$54,462,000	—	$54,462,000	—	$54,462,000	—	$54,462,000	—

Source: Table prepared by the Congressional Research Service. FY2013 House and Senate figures and FY2014 advance appropriations figures are based on H.Rept. 112-491; S.Rept. 112-168; *Congressional Record*, daily edition, vol. 158 (May 31, 2012), pp. H3311-H3314; *Congressional Record*, daily edition, vol. 159 (January 15, 2013), p. H111; Congressional *Record,* daily edition, vol. 159 (March 11, 2013), pp. S1585-S1587; H.Rept. 113-90; S.Rept. 113-48; and Office of Management and Budget (OMB) Reduction Report to the Congress dated April 25, 2013.

a. The amounts shown in this column include the President's regular FY2013 budget request that was submitted to Congress on February 13, 2012, and the Hurricane Sandy Funding Needs supplemental request that was submitted to Congress on December 7, 2012.

b. The amounts shown in this column reflect the 0.5% rescission of the federal employee pay raise (the House-passed measure did not provide funding for the 0.5% percent federal employee pay raise assumed in the President's budget request).

c. The amounts shown in this column do not reflect the 0.1% across-the-board rescission required of all discretionary accounts of the VA by Section 3001 in Division G of P.L. 113-6, or the 0.032% across-the-board rescission required from all discretionary accounts of the VA as a result of Section 3004 in Division G of P.L. 113-6. Adjusted figures are provided in the next column.

d. CRS calculated the FY2013 budget authority shown in this column to reflect the 0.1% across-the-board rescission required of all discretionary accounts of the VA by Section 3001 in Division G of P.L. 113-6, and the 0.032% across-the-board rescission required from all discretionary accounts of the VA as a result of Section 3004 in Division G of P.L. 113-6. CRS calculations were based on the allocated reductions calculated by the Office of Management and Budget (OMB), available at http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/reductions/fy13_atb_reductions_04_25_13.pdf (accessed June 10, 2013).

e. 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).

f. 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 annual congressional budget submission. 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 Administration's advance appropriations request for FY2014 and advance appropriations budget authority for FY2014 provided in the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6), are recorded in the FY2014 column.

Table 5. VHA Appropriations by Account, FY2013, and Advance Appropriations, FY2014

($ in thousands)

	President's Request		House (H.R. 5854; H.Rept. 112-491)		Senate Committee (S. 3215; S.Rept. 112-168)		Disaster Relief Appropriations Act, 2013 (P.L. 113-2); and Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)		With Across-the-Board Rescissions
Account	**FY2013[a]**	**FY2014**	**FY2013**	**FY2014**	**FY2013**	**FY2014**	**FY2013[b]**	**FY2014**	**FY2013[c]**
Medical Services	$41,354,000	—	$41,354,000	—	$41,354,000	—	$41,354,000	—	$41,340,767
Additional funding over FY2013 Advance Appropriations	165,000	—	—	—	155,000	—	155,000	—	154,795
Disaster Relief Appropriations Act, 2013 (P.L. 113-2)	21,000	—	—	—	—	—	21,000	—	21,000
Subtotal Medical Services	*41,540,000*	—	*41,354,000*	—	*41,509,000*	—	*41,530,000*	—	*41,516,562*
Medical Support and Compliance	5,746,000	—	5,746,000	—	5,746,000	—	5,746,000	—	5,744,161
Subtotal Medical Support and Compliance	*5,746,000*	—	*5,746,000*	—	*5,746,000*	—	*5,746,000*	—	*5,744,161*
Medical Facilities	5,441,000	—	5,441,000	—	5,441,000	—	5,441,000	—	5,439,259
Disaster Relief Appropriations Act, 2013 (P.L.113-2)	6,000	—	—	—	—	—	6,000	—	6,000
Subtotal Medical Facilities	*5,447,000*	—	*5,441,000*	—	*5,441,000*	—	*5,447,000*	—	*5,445,259*
Medical and Prosthetic Research	582,674	—	582,674	—	582,674	—	582,674	—	581,905
Subtotal Medical and Prosthetic Research	*582,674*	—	*582,674*	—	*582,674*	—	*582,674*	—	*581,905*
Total VHA Appropriations(without collections)	**53,315,674**	**—**	**53,123,674[d]**	—	**53,278,674**	—	**53,305,674**	—	**53,287,887**
Medical Care Collection Fund (MCCF)	2,527,000	—	2,527,000	—	2,527,000	—	2,527,000	—	2,527,000
Total VHA Appropriations (with collections)	**$55,842,674**	**—**	**$55,650,674**	—	**$55,805,674**	—	**$55,832,674**	—	**$55,814,887**

	President's Request		House (H.R. 5854; H.Rept. 112-491)		Senate Committee (S. 3215; S.Rept. 112-168)		Disaster Relief Appropriations Act, 2013 (P.L. 113-2); and Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)		With Across-the-Board Rescissions
Memorandum:									
Advance Appropriations	**FY2013**	**FY2014**	**FY2013**	**FY2014**	**FY2013**	**FY2014**	**FY2013**	**FY2014**	**FY2013**
Medical Services	—	$43,557,000	—	$43,557,000	—	$43,557,000	—	$43,557,000	—
Medical Support and Compliance	—	6,033,000	—	6,033,000	—	6,033,000	—	6,033,000	—
Medical Facilities	—	4,872,000	—	4,872,000	—	4,872,000	—	4,872,000	—
Total VHA Advance Appropriations	—	$54,462,000	—	$54,462,000	—	$54,462,000	—	$54,462,000	—

Source: Table prepared by the Congressional Research Service. FY2013 House and Senate figures and FY2014 advance appropriations figures are based on H.Rept. 112-491; S.Rept. 112-168; *Congressional Record*, daily edition, vol. 158 (May 31, 2012), pp. H3311-H3314; *Congressional Record*, daily edition, vol. 159 (January 15, 2013), p. H111; Congressional *Record,* daily edition, vol. 159 (March 11, 2013), pp. S1585-S1587; H.Rept. 113-90; S.Rept. 113-48; and Office of Management and Budget (OMB) Reduction Report to the Congress dated April 25, 2013.

a. The amounts shown in this column include the President's regular FY2013 budget request that was submitted to Congress on February 13, 2012, and the Hurricane Sandy Funding Needs supplemental request that was submitted to Congress on December 7, 2012.

b. The amounts shown in this column do not reflect the 0.1% across-the-board rescission required of all discretionary accounts of the VA by Section 3001in Division G of P.L. 113-6; or the 0.032% across-the-board rescission required from all discretionary accounts of the VA as a result of Section 3004 in Division G of P.L. 113-6. Adjusted figures provided in the next column.

c. CRS calculated the FY2013 budget authority shown in this column to reflect the 0.1% across-the-board rescission required of all discretionary accounts of the VA by Section 3001 in Division G of P.L. 113-6, and the 0.032% across-the-board rescission required from all discretionary accounts of the VA as a result of Section 3004 in Division G of P.L. 113-6. CRS calculations were based on the allocated reductions calculated by the Office of Management and Budget (OMB), available at http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/reductions/fy13_atb_reductions_04_25_13.pdf (accessed June 10, 2013).

d. This amount does not reflect the 0.5% rescission of the federal employee pay raise (the House-passed measure did not provide funding for the 0.5% percent federal employee pay raise assumed in the President's budget request).

FY2014 VHA Budget

President's Request

The President submitted his FY2014 budget request to Congress on April 10, 2013. The FY2014 President's Budget is requesting $147.9 billion for the VA as a whole (see **Table 6**). For VA medical services, the Administration's budget is requesting $157.5 million in additional funding above the FY2014 advance appropriations of $43.6 billion provided in FY2013. According to the VA, the increased funding levels requested for FY2014 reflect the increased costs of medical care requirements resulting from the implementation of the Caregivers and Veterans Omnibus Health Services Act of 2010 (P.L. 111-163) and the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 (P.L. 112-154).[44] In total, the President is requesting $55.2 billion for VHA for FY2014. This includes $43.7 billion for the medical services account, $6.0 billion for the medical support and compliance account, $4.9 billion for the medical facilities account, and nearly $586 million for the medical and prosthetic research account (see **Table 7**). As required by the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81), the President's budget is requesting $55.6 billion in advance appropriations for the three medical care appropriations (medical services, medical support and compliance, and medical facilities) for FY2015 (see **Table 7**).

House Budget Resolution[45]

On March 13, 2013, the House Budget Committee reported a budget resolution (H.Con.Res. 25H.Con.Res. 25, 113th Congress), and the budget resolution was agreed to by the House on March 21, 2013. According to the committee report that accompanied H.Con.Res. 25 (H.Rept. 113-17):

> The resolution calls for $145.7 billion in budget authority and $145.4 billion in outlays in fiscal year 2014 [for Veterans Benefits and Services]. Discretionary spending is $63.3 billion in budget authority and $63.1 billion in outlays in fiscal year 2014. This in an increase of 3.1 percent from last year's discretionary level. Mandatory spending in 2014 is $82.4 billion in budget authority and $82.3 billion in outlays. The ten-year totals for budget authority and outlays are $1.7 trillion and $1.7 trillion, respectively. This resolution also authorizes up to $55.483 billion for fiscal year 2015 in advance appropriations for medical care, consistent with the Veterans Health Care Budget and Reform Transparency Act of 2009. Since the President has yet to submit a budget request this year, the VA's request for veterans-medical-care advance appropriations for fiscal year 2015 is unavailable as of the writing of this concurrent resolution. The amount authorized in this resolution reflects the amount requested in the administration's fiscal year 2013 request for fiscal year 2015 and is the most up-to-date estimate on veterans' health-care needs requested by the Department of Veterans Affairs.[46]

[44] Department of Veterans Affairs, *FY2014 Budget Submission, Medical Programs and Information Technology Programs,* Volume 2 of 4, April 2013, p. 1A-4.

[45] For more details of the budget resolution see, CRS Report R43068, *The Federal Budget: Issues for FY2014 and Beyond*, by Mindy R. Levit.

[46] U.S. Congress, House Committee on the Budget, *Concurrent Resolution on the Budget Fiscal Year 2014*, report to (continued...)

Senate Budget Resolution[47]

On March 14, 2013, the Senate Budget Committee reported a budget resolution (S.Con.Res. 8, 113th Congress), and the budget resolution was agreed to by the Senate on March 23, 2013. According to the committee print that accompanied S.Con.Res. 8 (S.Rept. 113-12):

> The budget resolution sets fiscal year 2014 levels at $145.5 billion for budget authority [BA] and $145.3 billion for outlays for [Veterans Benefits and Services]. Over the FY 2014-2018 period, BA totals $779.5 billion, with $776.4 billion in outlays. From FY 2014-2023, the [Veterans Benefits and Services] function totals $1.688 trillion in BA and $1.68 trillion in outlays. For discretionary spending, the resolution calls for FY 2014 levels of $63.1 billion in BA and $62.9 billion in outlays. BA totals $336.3 billion and outlays equal $333.6 billion over five years. From FY 2014-2023, the discretionary total for [Veterans Benefits and Services] is $730.9 billion in BA and $723.8 billion in outlays.[48]

House Action

On May 15, 2013, the House Military Construction and Veterans Affairs Subcommittee approved its version of a Military Construction and Veterans Affairs and Related Agencies Appropriations bill for FY2014 (MILCON-VA Appropriations bill). The full House Appropriations Committee voted to report the measure on May 21, 2013, and the House passed H.R. 2216 on June 4, 2013. The MILCON-VA Appropriations bill for FY2014 (H.R. 2216; H.Rept. 113-90) proposes a total of $147.6 billion for the VA (see **Table 6**). The total includes $84.5 billion for mandatory programs, and $63.1 billion for discretionary programs (see **Table 6**).

H.R. 2216 (H.Rept. 113-90) (see **Table 6**) as passed by the House proposes $54.9 billion for VHA for FY2014, which comprises four accounts: medical services, medical support and compliance, medical facilities, and medical and prosthetic research. The House-passed measure does not include the additional funding amount of $157.5 million (above the FY2014 advance appropriations) for the medical services account that was requested by the President for FY2014, and proposes to rescind $156.0 million from the FY2014 VHA amount that was provided as an advance appropriation in FY2013, giving the Secretary the discretion to allocate these reductions across VHA accounts. H.R. 2216 proposes $55.6 billion in advance FY2015 funding for the medical services, medical support and compliance, and medical facilities accounts—the same level included in the House-passed Budget Resolution, and the President's request (see **Table 7**).

Senate Appropriations Committee Action

On June 18, 2013, the Senate Military Construction, Veterans Affairs, and Related Agencies Subcommittee approved its version of the MILCON-VA Appropriations bill. The full Senate Appropriations Committee marked up the bill and voted to report the measure on June 20, 2013.

(...continued)

accompany H.Con.Res. 25, 113th Cong., 1st sess., March 15, 2013, H.Rept. 113-17 (Washington: GPO, 2013), p. 95.

[47] For more details of the budget resolution see, CRS Report R43068, *The Federal Budget: Issues for FY2014 and Beyond*, by Mindy R. Levit.

[48] U.S. Congress, Senate Committee on the Budget, *Concurrent Resolution on the Budget FY2014*, committee print, 113th Cong., 1st sess., March 2013, S.Rept. 113-12 (Washington: GPO, 2013), pp. 128-129.

The MILCON-VA Appropriations bill for FY2014 (H.R. 2216; S.Rept. 113-48) proposes a total of $147.9 billion for the VA for FY2014. The total includes $84.5 billion for mandatory programs, $63.5 billion for discretionary programs.

The Senate Appropriations Committee approved measure does not include the full additional funding amount of $157.5 million (above the FY2014 advance appropriations) for the medical services account that was requested by the President for FY2014, and instead proposes a $25 million increase for the medical services account (see **Table 7**). The committee notes that:

> The justification accompanying the budget request provides few details regarding the data and assumptions that were modified in the updated actuarial model projection. Absent this data, the Committee cannot accurately assess the merits of an additional request. The Committee also notes that the Department routinely carries forward significant funds from one fiscal year to the next and directs that any of funding carried forward from fiscal year [FY] 2013 be applied to unanticipated needs.[49]

Furthermore, the Senate Appropriations Committee approved measure (H.R. 2216; S.Rept. 113-48) proposes an additional $100 million for the medical facilities account for FY2014 for nonrecurring maintenance projects (see **Table 7**).

[49] U.S. Congress, Senate Committee on Appropriations, *Military Construction, Veterans Affairs and Related Agencies Appropriations Bill, 2014,* report to accompany H.R. 2216, 113th Cong., 1st sess., June 27, 2013, S.Rept. 113-48, p. 42.

Table 6. VA and VHA Appropriations, FY2013-FY2014, and Advance Appropriations, FY2015

($ in thousands)

	Disaster Relief Appropriations Act, 2013 (P.L. 113-2); and Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)		With Across-the-Board Rescissions	President's Budget Request		House (H.R. 2216; H.Rept. 113-90)		Senate Committee (H.R. 2216; S.Rept. 113-48)	
	FY2013[a]	FY2014	FY2013[b]	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015
Total Department of Veterans Affairs (VA)	$134,147,884	—	$134,119,910	$147,919,266	—	$147,581,766	—	$147,938,308	—
Total Mandatory	72,912,772	—	72.912,772	84,461,636	—	84,461,636	—	84,461,636	—
Total Discretionary	61,235,112	—	61,207,138	63,457,630	—	63,120,130	—	63,476,672	—
Total Veterans Health Administration (VHA)[c]	$53,305,674	—	$53,287,887	$55,205,164	—	$54,891,664	—	$55,172,644	—
Memorandum: Advance appropriations VHA[d]	—	$54,462,000	—	—	$55,634,227	—	$55,634,227	—	$55,634,227

Source: Table prepared by the Congressional Research Service based on *Congressional Record,* daily edition, vol. 159 (March 11, 2013), pp. S1585-S1587; H.Rept. 113-90; S.Rept. 113-48; and Office of Management and Budget (OMB) Reduction Report to the Congress dated April 25, 2013.

a. The amounts shown in this column not reflect the 0.1% across-the-board rescission required of all discretionary accounts of the VA by Section 3001in Division G of P.L. 113-6, or the 0.032% across-the-board rescission required from all discretionary accounts of the VA as a result of Section 3004 in Division G of P.L. 113-6. Adjusted figures are provided in the next column.

b. CRS calculated the FY2013 budget authority shown in this column to reflect the 0.1% across-the-board rescission required of all discretionary accounts of the VA by Section 3001 in Division G of P.L. 113-6, and the 0.032% across-the-board rescission required from all discretionary accounts of the VA as a result of Section 3004

in Division G of P.L. 113-6. CRS calculations were based on the allocated reductions calculated by the Office of Management and Budget (OMB), available at http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/reductions/fy13_atb_reductions_04_25_13.pdf (accessed June 10, 2013).

c. 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).

d. 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 annual congressional budget submission. 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 Administration's advance appropriations request for FY2014 and advance appropriations budget authority for FY2014 provided in the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6), are recorded in the FY2014 column. Likewise, the Administration's advance appropriations request for FY2015 and advance appropriations budget authority for FY2015 proposed in the Military Construction and Veterans Affairs, and Related Agencies Appropriations bill, 2014 (H.R. 2216; H.Rept. 113-90; and S.Rept. 113-48), are recorded in the FY2015 column.

Table 7. VHA Appropriations by Account, FY2013-FY2014, and Advance Appropriations, FY2015

($ in thousands)

Account	Disaster Relief Appropriations Act, 2013 (P.L. 113-2); and Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)		With Across-the-Board Rescissions	President's Request		House (H.R. 2216; H.Rept. 113-90)		Senate Committee (H.R. 2216; S.Rept. 113-48)	
	FY2013[a]	FY2014	FY2013[b]	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015
Medical Services	$41,354,000	—	$41,340,767	$43,557,000	—	$43,557,000	—	$43,557,000	—
Additional funding over FY2013 Advance Appropriation	155,000	—	154,795	—	—	—	—	—	—
Additional funding over FY2014 Advance Appropriation	—	—	—	157,500	—	—	—	25,000	—
Disaster Relief Appropriations Act, 2013 (P.L. 113-2)	21,000	—	21,000	—	—	—	—	—	—
Subtotal Medical Services	*41,530,000*	—	*41,515,061*	*43,714,500*	—	*43,557,000*	—	*43,582,000*	—
Medical Support and Compliance	5,746,000	—	5,743,961	6,033,000	—	6,033,000	—	6,033,000	—
Subtotal Medical Support an Compliance	*5,746,000*	—	*5,743,961*	*6,033,000*	—	*6,033,000*	—	*6,033,000*	—
Medical Facilities	5,441,000	—	5,439,009	4,872,000	—	4,872,000	—	4,872,000	—
Additional funding over FY2014 Advance Appropriation	—	—	—	—	—	—	—	100,000	
Disaster Relief Appropriations Act, 2013 (P.L. 113-2)	6,000	—	6,000	—	—	—	—	—	—
Subtotal Medical Facilities	*5,447,000*	—	*5,445,009*	*4,872,000*	—	*4,872,000*	—	*4,972,000*	—
Medical and Prosthetic Research	582,674	—	581,905	585,664	—	585,664	—	585,644	—

Account	Disaster Relief Appropriations Act, 2013 (P.L. 113-2); and Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)		With Across-the-Board Rescissions	President's Request		House (H.R. 2216; H.Rept. 113-90)		Senate Committee (H.R. 2216; S.Rept. 113-48)	
Subtotal Medical and Prosthetic Research	*582,674*	—	*581,905*	*585,664*	—	*585,664*	—	*585,644*	—
Across-the-Board Administrative Rescission	—	—	—	—	—	*(156,000)*	—	—	—
Total VHA Appropriations(without collections)	**53,305,674**	**—**	**53,285,936**	**55,205,164**	**—**	**54,891,664**	**—**	**55,172,644**	—
Medical Care Collection Fund (MCCF)	2,527,000	—	2,527,000	2,485,000	—	2,485,000	—	2,485,000	—
Total VHA Appropriations(with collections)	**$55,832,674**	**—**	**$55,812,936**	**$57,690,164**	**—**	**$57,376,664**	**—**	**$57,657,644**	—

Memorandum:									
Advance Appropriations[c]	**FY2013**	**FY2014**	**FY2013**	**FY2014**	**FY2015**	**FY2014**	**FY2015**	**FY2014**	**FY2015**
Medical Services	—	$43,557,000	—	—	$45,015,527	—	$45,015,527	—	$45,015,527
Medical Support and Compliance	—	6,033,000	—	—	5,879,700	—	5,879,700	—	5,879,700
Medical Facilities	—	4,872,000	—	—	4,739,000	—	4,739,000	—	4,739,000
Total VHA Advance Appropriations	**—**	**$54,462,000**	**—**	**—**	**$55,634,227**	**—**	**$55,634,227**	—	**$55,634,227**

Source: Table prepared by the Congressional Research Service based on *Congressional Record,* daily edition, vol. 159 (March 11, 2013), pp. S1585-S1587; H.Rept. 113-90; S.Rept. 113-48; and Office of Management and Budget (OMB) Reduction Report to the Congress dated April 25, 2013.

a. The amounts shown in this column do not reflect the 0.1% across-the-board rescission required of all discretionary accounts of the VA by Section 3001 in Division G of P.L. 113-6, or the 0.032% across-the-board rescission required from all discretionary accounts of the VA as a result of Section 3004 in Division G of P.L. 113-6. Adjusted figures are provided in the next column.

b. CRS calculated the FY2013 budget authority shown in this column to reflect the 0.1% across-the-board rescission required of all discretionary accounts of the VA by Section 3001 in Division G of P.L. 113-6, and the 0.032% across-the-board rescission required from all discretionary accounts of the VA as a result of Section 3004 in Division G of P.L. 113-6. CRS calculations were based on the allocated reductions calculated by the Office of Management and Budget (OMB), available at http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/reductions/fy13_atb_reductions_04_25_13.pdf (accessed June 10, 2013).

c. 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 annual congressional budget submission. 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 Administration's advance appropriations request for FY2014 and advance appropriations budget authority for FY2014 provided in the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6), are recorded in the FY2014 column. Likewise, the Administration's advance appropriations request for FY2015 and advance appropriations budget authority for FY2015 proposed in the Military Construction and Veterans Affairs, and Related Agencies Appropriations bill, 2014 (H.R. 2216; H.Rept. 113-90; and S.Rept. 113-48), are recorded in the FY2015 column.

Appendix. Priority Groups and Their Eligibility Criteria

Table A-1. 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

Veterans who served on active duty at Camp Lejeune in North Carolina for not less than 30 days during the period beginning on January 1, 1957, and ending on December 31, 1987, for any of the 15 medical conditions specified in 38 U.S.C. 1710(e)(1)(F).[d]

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 (**Currently not eligible for enrollment**)

Subpriority g: Nonservice-connected veterans not meeting the above criteria (**Currently not eligible for enrollment**)

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.

d. Veterans who served on active duty at Camp Lejeune in North Carolina between January 1, 1957 and December 31, 1987 are placed in Priority Group 6. These veterans are eligible to receive free medical care for the following 15 illnesses or conditions: esophageal cancer; lung cancer; breast cancer; bladder cancer; kidney cancer; leukemia; multiple myeloma; myleodysplasic syndromes; renal toxicity; hepatic steatosis; female infertility; miscarriage; scleroderma; neurobehavioral effects; and non-Hodgkin's lymphoma. This change occurred with the enactment of the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 (P.L. 112-154) on August 6, 2012.

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