

May 7, 1986

Statement of the AAMC on the FY 1987 Appropriations for the Department of Medicine and Surgery of the Veterans Administration, Folder 3

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STATEMENT

OF THE

ASSOCIATION OF AMERICAN MEDICAL COLLEGES

on the

FY 1987 Appropriations for the
Department of Medicine and Surgery
of the Veterans Administration

May 7, 1986

Submitted to the House Appropriations Subcommittee on HUD-Independent Agencies for its hearing on FY 1987 appropriations for the Veterans Administration. Oral testimony presented by L. Thompson Bowles, M.D., Ph.D., Dean for Academic Affairs, George Washington University School of Medicine and Health Sciences, May 7, 1986.



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The Association of American Medical Colleges (AAMC) appreciates the opportunity to submit its views to this Subcommittee for its consideration of FY 1987 appropriations for the Veterans Administration (VA). Since its founding in 1876, the Association has steadily expanded so that today it represents the whole complex of individual organizations and institutions charged with the undergraduate and graduate education of physicians. It serves as the national voice for 127 accredited medical schools and their students; 82 professional and academic societies, and 435 teaching hospitals, including 72 VA hospitals.

Currently, affiliation agreements are in force between 101 medical schools and 133 of the VA's 172 medical centers. The medical schools have assumed responsibility for operating the graduate medical education programs, i.e., residency programs, of the VA; as such, most of the senior professional staff of the affiliated VA hospitals have been recruited by, and been tendered faculty appointments in, the affiliated medical schools. The Association firmly believes that these mutually rewarding affiliations that have been in force since the end of World War II have made significant contributions to the health care of veterans as well as the rest of America's citizens. Jointly, the two entities conduct vital research programs in areas of specific importance to the veteran population, but also of considerable applicability outside the VA medical system. Veterans are the ultimate winners in this situation, as they can expect the highest quality of health care.

Unfortunately, these high expectations on the part of our nation's veterans may soon fade. The President's FY 1987 budget request for the medical care programs of the VA contains sharp reductions in current services as well

as strict limits on future growth, despite the rapidly aging veteran population which will likely require and consume relatively more health care services. The AAMC, as well as almost every American, is aware of the financial difficulties plaguing our government today and recognizes that the ever-increasing federal budget deficit must be dealt with. However, by the same token, we are all very aware of the extreme sacrifices of the veterans who laid their lives on the line to protect our country. The Association firmly believes that we cannot and must not attempt to balance the budget on the backs of these veterans, an increasing number of whom are elderly and indigent. Somehow, money must be found to keep the VA medical program alive and responsive to the anticipated growing demands on the VA for health care services in the coming decades.

Medical Care

The Association was deeply disturbed to learn that the President has requested only \$9.1 billion in FY 1987 for the VA's medical care program---\$172 million, or 2 percent less than the level appropriated by Congress in FY 1986. In constant dollars, the VA medical care budget has not increased in 9 years, despite the escalating costs of providing health care over this period.

Perhaps even more alarming than the funding reductions, however, are proposals within the Administration's budget that would drastically reduce the number of health care professionals within the VA medical system. This year's budget request continues a disturbing proposal that began last year to impose a "productivity assessment" that will result in an annual one percent reduction in the VA's full-time-employee-equivalent (FTEE) complement for each of the next 5 years. The implicit policy is that productivity can be increased and personnel therefore can be reduced; whether or not the assumption is borne

out by the facts, employment reductions consonant with it will be effected. This policy is expected to result in a total personnel loss by FY 1991 of 10,000 FTEEs, over and above the 1,306 FTEEs lost in FY 1986 due to Gramm-Rudman-Hollings sequestrations. The Association agrees with former VA Administrator Harry Walters that this productivity assessment "will ultimately result in a reduced quality of medical care" for our nation's veterans. At a time when the demand for VA medical care is expected to rise significantly until the year 2000, this Administration would take away the human resources that are necessary to provide that care.

Another proposal contained in the President's budget documents is one that proposes to treat fewer "low priority" veterans by curtailing medical services for veterans with non-service-connected disabilities. In FY 1987 alone, it is expected to produce "savings" of \$351 million and to reduce VA medical personnel by another 7,000 FTEEs, while turning away 62,000 in-patient and 1.3 million out-patients from VA hospitals. This drastic proposal, when coupled with the means test recently enacted by Congress, raises the real possibility of a massive shrinkage of the VA medical care system. Many VA officials have predicted all of these reductions---the productivity assessment, the new means test, and possible future sequestrations of VA funding and manpower if Gramm-Rudman-Hollings prevails over the next five years---will result in significant mission changes for the VA, and may force the consolidation or even closure of some VA medical centers. The Association is deeply concerned that such mission changes will result in a significant diminution of the quality of VA medical care and may serve to thwart the substantial gains and growth the VA has enjoyed since the end of World War II.

The AAMC has other concerns regarding the impact of the proposed budget for VA medical care:

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- o The Administration's budget documents indicate that the staffing ratio of FTEEs per census in the medical bed sections of VA medical centers will increase by a scant .02 percent to a ratio of 2.86 in FY 1987. Even with this slight increase, the FTEE/census ratio in VA hospitals is still substantially lower than that in non-federal hospitals, which averaged 3.78 in 1984.
 - o The President's budget also contains a proposal to convert approximately 59 acute care beds to nursing home care beds, with concomitant reductions in expenditures and personnel, respectively, of \$2.4 million and 70 FTEEs in FY 1987. This proposal reportedly is the first step in a 5-year effort to convert approximately 1400 acute care beds to long-term care beds by the year 1991. Though the AAMC recognizes the growing need for chronic care beds to accommodate the growing aging veteran population, we do not believe that it should be at the expense of the VA's acute bed capacity. The latter is not only critical to meeting current needs of the veteran population as discussed above, but also as an important back-up to our nation's military program. In light of the President's strong support for substantial increases for the Department of Defense, surely the VA's medical system could be viewed as delayed defense expenditures and should be spared the types of reductions that have been proposed.
 - o The FY 1987 budget request also contains only a modest increase of \$277,000 and 1 FTEE to continue vital training and research at the VA's 10 Geriatric Research, Education and Clinical Centers (GRECCs), although Public Law 99-166 signed into law on December 3, 1985 mandated that the number of GRECCs be expanded to 25. The AAMC agrees

with Congress' intent that this program should be expanded substantially, as it plays a significant role in developing innovative approaches to caring for the elderly and has encouraged many health care professionals to specialize in geriatric medicine, research and education. As the veteran population rapidly ages, there will be a great need for further research in such areas as Alzheimer's and Parkinson's diseases, the cardiomyopathy of aging, and age-related modifications in glucose-insulin metabolism, to name but a few.

The AAMC strongly recommends that the VA's medical care budget be funded at \$9.7 billion in FY 1987, which essentially is current services based on 1986 pre-Gramm-Rudman-Hollings levels. We believe that this recommendation is prudent given the fact that all sources predict that the VA will face its biggest challenge ever in meeting the demands of aging veterans who require and consume relatively more health services but rarely have viable alternatives to hospital care.

Education and Training

The AAMC is heartened that the Administration has not requested reductions in the VA's medical education and training program for FY 1987. The budget request proposes a funding level of \$226 million for medical housestaff positions for the 1986-87 academic year. This level represents an increase of \$8.6 million and 215 housestaff positions from the previous academic year, an important increase given the fact that the Administration had proposed substantial reductions in this program in its FY 1986 budget request. The Association wholeheartedly supports the education and training funding levels contained in the Administration's request.

Medical and Prosthetic Research

The medical research conducted by the VA represents a unique Federal intramural program in which clinician investigators focus on research questions directly relevant to the health problems of veteran patients. This research and development program of the VA complements the medical care and education components of the VA's three-pronged effort to improve and maintain the quality of health care provided to veterans.

Despite the importance and renown of this program, the Administration has once again proposed a reduction in the medical and prosthetic research account to \$188.9 million in FY 1987, a reduction of \$350,000 from 1986 appropriated levels. Although the President's request would restore some of the cuts resulting from FY 1986 Gramm-Rudman-Hollings sequestrations, the proposed funding level would terminate support for 147 FTEEs and an as-yet undetermined number of research projects. The AAMC is distressed by this proposed reduction in VA research funding, particularly since the program has not increased in real terms for the past 12 years. The plight of the VA's research budget becomes even more poignant when one considers that the President's FY 1987 budget request proposes a substantial 25 percent increase for the R&D budget of the Department of Defense and a 17 percent increase for R&D government-wide.

The VA research enterprise is a vitally important national resource, one that has already sustained more than its fair share of retrenchments over the last decade. Thus, the AAMC urges that the Subcommittee approve at least a current services budget for the VA's medical and prosthetic research account. A current services level, based on 1986 pre-Gramm-Rudman-Hollings appropriations, would provide the VA with \$193.5 million in FY 1987, allow the VA to

keep pace with the increasing costs and complexities of conducting biomedical research in the modern age, and insure continued VA participation in the current revolution in biomedical research.

Construction

The quality of health care delivered to veterans is heavily dependent on the availability of up-to-date facilities and equipment; it is difficult to maintain high esprit de corps in ramshackle surroundings. Despite the essentiality of adequate facilities, however, the President has proposed a whopping 40 percent reduction in the VA's major construction program, and a 22 percent cut for minor projects. Such drastic cutbacks undoubtedly will delay much needed renovation and replacement projects in certain geographic areas and therefore threaten the VA's ability to maintain the staff morale so essential for quality health care.

The VA's 1984 report entitled "Caring for the Older Veteran," projects that "construction to meet all of the estimated 1990 service needs would require an increase of up to 140 percent in VA hospital beds, and an increase of up to 101 percent in VA-operated long-term beds during the five years after 1995." The Association believes that these projections on the magnitude of need in the coming decade mandates that sufficient funding and flexibility be provided to the VA to at least replace or renovate obsolete VA medical facilities.

Conclusion

There is no doubt that the veterans of this Nation rely heavily on the VA for high-quality medical care. Of necessity, this reliance requires the support of adequate numbers of staff, the maintenance of a viable biomedical

research program, the provision of up-to-date facilities and equipment, and sufficient funding to make it all work. The AAMC urges this Subcommittee to once again take the lead in ensuring the continued health of the VA's medical care enterprise, and to approve an FY 1987 appropriation that reflects its continued commitment to this especially deserving population.