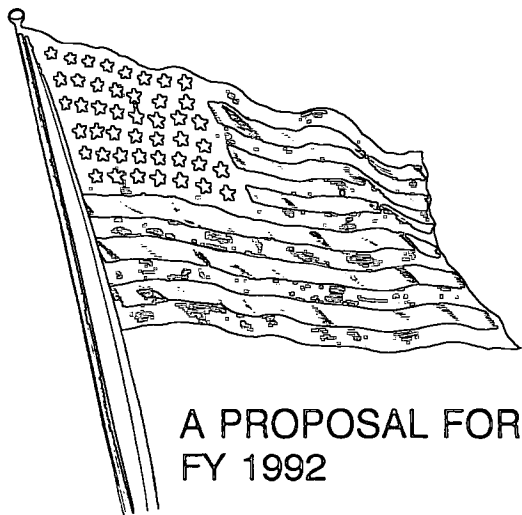


FRIENDS OF VA MEDICAL
CARE AND HEALTH RESEARCH



A PROPOSAL FOR
FY 1992

Executive Summary

Successive years of unmet financial needs have left the Department of Veterans Affairs (VA) health care system facing serious problems in 1991. The result is a system where patient care services are beginning to suffer, and opportunities for research breakthroughs are being lost. In order to correct for the mistakes of the past and provide for the needs of the future, the Friends of VA Medical Care and Health Research (FOVA) make the following recommendations for fiscal year (FY) 1992.

Medical Care

FY 1990 Actual	FY 1991 Actual	FY 1992 Administration Request	FY 1992 FOVA Recommendation
\$11.43B	\$12.31B	\$13.28B	\$14.89B

Our recommendation for medical care for FY 1992 is based on a current services budget for FY 1991 of \$14.02 billion, with enhancements for such activities as extended care for elder veterans, the replacement of obsolete equipment, treating post-traumatic stress disorder, and providing long-term psychiatric care. Once again, the FOVA join with the veteran service organizations' Independent Budget in making our medical care appropriations recommendation, which would enable the VA to provide high quality medical care services to all eligible veterans.

Health Research

FY 1990 Actual	FY 1991 Actual	FY 1992 Administration Request	FY 1992 FOVA Recommendation
\$212.6M	\$216.8M	\$216.8M	\$281.0M

The FY 1992 Friends of VA recommendation would return the research program to its FY 1985 level of effort -- the last year before the effects of sequester and budgetary cutbacks were felt in the program. The recommendation is identical to that called for the VA Secretary's Advisory Committee for VA Health Research Policy. While the needs of the program dictate that \$281 million be provided in FY 1992, the Friends of VA have the goal of achieving this level of effort by FY 1995.

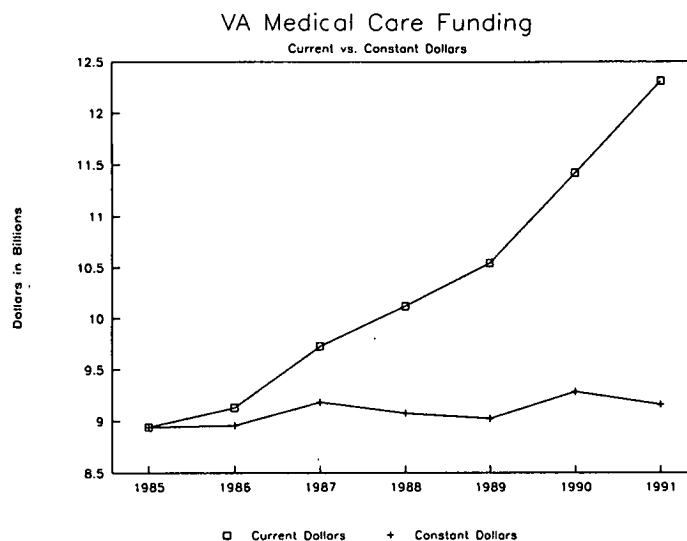
(See Appendix for Details on Recommendations)

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MEDICAL CARE

The Department of Veterans Affairs (VA) currently operates America's largest comprehensive health care delivery system, providing care to over 13 million patients at 500 facilities across the country. The VA carries out its medical care mission through inpatient, outpatient and long term care facilities, and through affiliations with medical, dental, and other health professions schools.

The VA medical care program's goal is to provide the highest quality services to VA patients. In recent years, however, the VA has seen a steady decline in its ability to fulfil its quality care mission, and to provide necessary care to all those who are eligible. This situation is a direct result of the 'flat-line' funding of the VA medical care appropriation throughout the 1980s. At a time when VA patients are aging rapidly (as early as 1995, one-third of all veterans will be over 65) and requiring more medical care services for a longer duration, VA medical care funding has remained stagnant when adjusted for inflation.



Increased resources for direct patient care services, the replacement of outdated equipment, and the recruitment and retention of health professionals of all types, particularly physicians, nurses, and other allied health professionals are needed immediately. The current lack of funding has fostered a decline in satisfaction and trust in the system among VA patients, and a weakening of morale among VA staff.

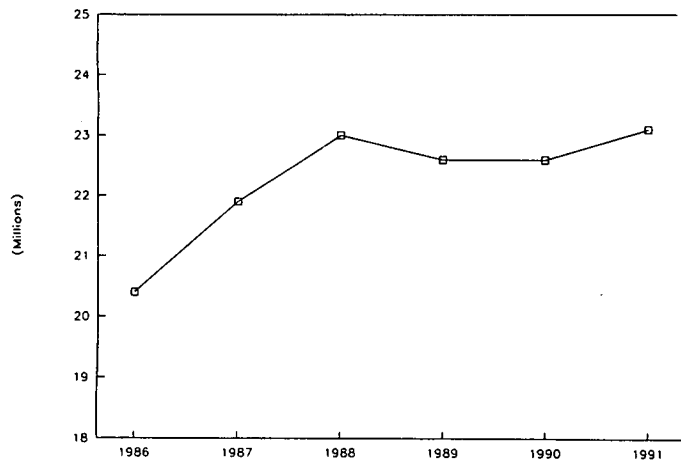
For FY 1991, Congress appropriated \$12.3 billion for VA medical care, an increase of nearly \$1 billion from the previous fiscal year. This increase was helpful, but still insufficient to meet the needs of the VA health care system and its veteran patients. Right now, VA Medical Centers and other facilities are closing beds, not replacing outmoded equipment, delaying surgical procedures, and leaving critical staff positions unfilled.

The last five years have seen a marked shift in VA workload activity. As illustrated below, fewer veterans are receiving care on an inpatient basis, and an increasing number are receiving services from VA clinics and other outpatient facilities. It must be kept in mind that while the move from the hospital to the outpatient setting is reflective of changes taking place throughout our national healthcare delivery system, it has occurred at the same time as the static VA medical care budget, as shown in the graph above.

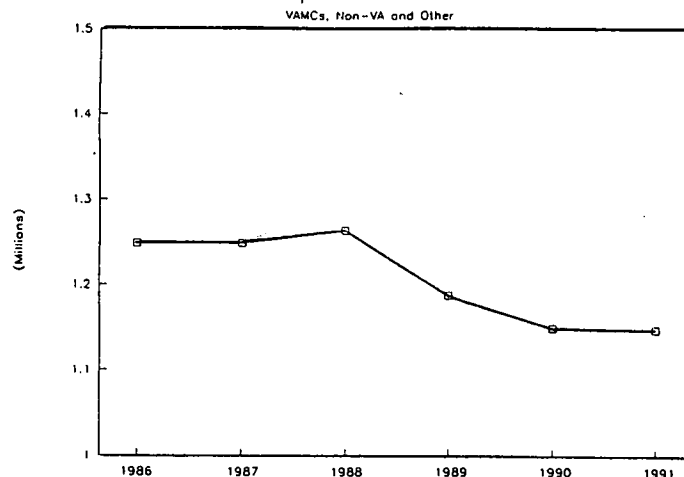
FY 1992 Friends of VA Medical Care and Health Research

Thus, concern must be given to the impact of this flat-line budgeting on limiting access to care.

VA Outpatient Visits



VA Inpatients Treated



Recommendations for appropriations for FY 1992 must include an adjustment for the previous lack of resources. To forgo such an adjustment would perpetuate the damage caused by past underfunding. Taking into account such items as general inflation, payroll adjustments, AIDS care, and facilities activations, the FY 1991 appropriated level of \$12.31 billion requires an upward adjustment of \$1.71 billion to reach the FY 1992 current service level of \$14.02 billion.

For FY 1992, the Friends of VA recommend a total medical care appropriation of \$14.89 billion. Funding at this level, which is the same as that recommended by the VSO Independent Budget, is an increase of \$2.58 billion over the FY 1991 appropriation and \$870 million over the current service level. Included in the Friends of VA recommendation are the following system enhancements:

Expanded Geriatric Care. Both the Geriatric Evaluations and Management Units (GEMs) and the Geriatric Research, Education and Clinical Centers (GRECCs) should be expanded to care for the increasingly elderly veteran population. Data indicates that the GEMs are self-financing as they reduce the need for patient institutionalization. Expanding the GRECCs from 12 to 16 will help the VA retain its leadership in research and care for the elderly, while at the same time controlling costs. An increase of \$3 million in FY 1992 should cover this expansion.

AIDS. The VA cared for over 6 percent of the nation's AIDS cases, or 11,280 patients in 1992, including over 3,000 new admissions. Additional funding urgently needed to cover this expanded workload, so that the VA will not have to transfer funds from other medical care accounts for AIDS patients. The Friends of VA recommends \$52.5 million in additional funding for AIDS in FY 1992.

Equipment. The scarcity of new equipment in VA medical centers has raised concern about the impact of outmoded equipment on the quality of patient care services. The longer the VA delays the purchase

of up-to-date equipment, the farther it will fall behind the rapid advance of medical technology. In order to modernize VHSRA's equipment, the Friends of VA recommend the appropriation of an additional \$100 million in FY 1992.

Education and Training. The affiliation agreements between the VA and medical, dental and other health professions schools are a vital component of the VA health care system. The VA's academic partners help recruit and retain highly qualified health professionals, and alleviate staffing shortages. The Friends of VA recommends an additional \$26.5 million for expanded education and training efforts, including increasing numbers of residents and fellows in high demand specialties, expansion of the VA health professions scholarship to medical students, and strengthening the continuing education of service chiefs and other key health care personnel.

Mental Illness Research, Education and Clinical Centers. Authorization for the establishment of five of these units was included in last year's Senate omnibus veterans bill (S. 2100). Like their geriatrics counterparts, the MIRECCs attempt to integrate emerging research findings into clinical care. \$6 million should be appropriated in FY 1992.

HEALTH RESEARCH

The quality of the VA's medical care services would not be as high were it not for the VA's health research program. VA-funded research in the areas of medical, health services, and prosthetics, have led to discoveries benefiting VA patients and the population at-large, the development of cost-effective treatments, and the improvement of the VA's ability to recruit and retain highly qualified health professionals.

Questions have been raised about why the VA does research at all, given that the National Institutes of Health and other federal agencies spend over \$10 billion annually on such projects. In addition to a significant impact on the recruitment and retention of physicians, the VA program produces research of high quality and knowledge of importance to the advancement of science. A short, and by no means exhaustive, list of these discoveries include:

- o A means of treating of high blood pressure with significantly lower levels of medication, reducing both the toxic side-effects caused by many anti-hypertensive agents, as well costs to the VA of purchasing the drugs.
- o The development of a computer-based analysis system that can diagnose lower back muscle disfunction, leading to a prescribed therapeutic exercise regimen in place of surgery, for treatment of chronic back pain.
- o The successful evaluation of implantable insulin pumps in diabetic patients. The wide-spread use of such devices could eliminate the need for daily injections for many with diabetes.

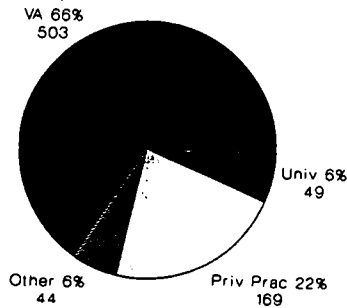
The VA attracts a substantial number of clinical investigators -- physicians dedicated to both patient care and research -- who attack those medical conditions of greatest relevance to the veteran population, and apply the results of this research to direct care of VA patients.

The research program has also been a very important tool in retaining high quality physicians within the

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VA. As the chart below indicates, of those investigators that have received VA Career Development awards (long-term research grants for promising young investigators) between 1980 and 1989, two-thirds stayed within the VA system.

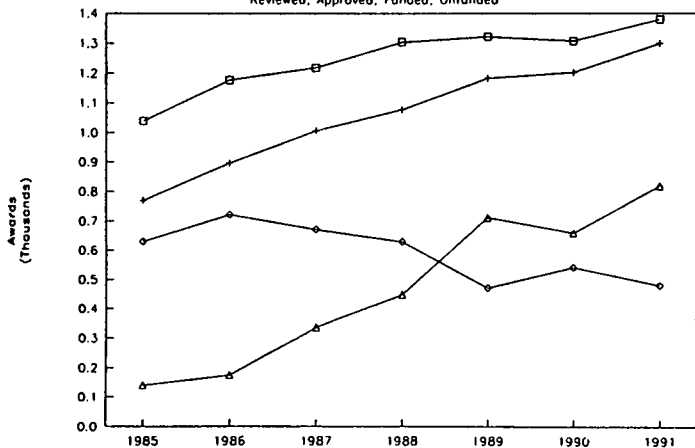
Career Development Status Awardees Since 1980



Clearly, the VA funds quality research. Unfortunately, despite these ground-breaking discoveries and the positive impact on physician recruitment and morale, financial support for VA research has been lacking. The two charts below are illustrative of this fact: over 80 percent of the applications submitted are approved for funding; yet, less than 40 percent of those approved are eventually awarded. At the same time, appropriations for medical research have declined in real terms by over \$20 million since FY 1985. The decline in funding parallels the decline in numbers of awards.

VA Merit Review Awards

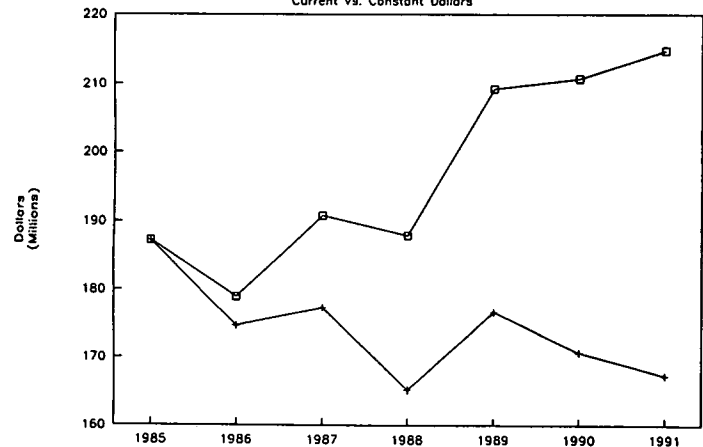
Reviewed, Approved, Funded, Unfunded



□ Total Reviewed + Total Approved ♦ Approved/Funded ▲ Approved/Unfunded

VA Health Research Appropriations

Current Vs. Constant Dollars



□ Current Dollars + Constant Dollars

FY 1992 is no exception to this damaging cycle: the President's budget includes \$216 million for VA

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research, the same level as the current fiscal year!

The Administration's lack of support is particularly disheartening given the recent recommendations of the VA Secretary's Advisory Committee on Health Research Policy. This group, known as the "Blue Ribbon Commission" was established to examine the current state of the VA research enterprise, and make recommendations for the future of the program.

Overall, the Blue Ribbon Commission concluded that the VA research program is essential to providing the best care for VA patients, and functions as a vital component of both the VA system and our national research effort. In spite of this, the Commission judged that the program has been significantly underfunded each year since 1985. The Commission concluded that the program needs to regain its FY 1985 level of effort, translating in their calculation to an FY 1992 appropriation of \$281 million.

The Friends of VA wholeheartedly support the Blue Ribbon Commission's assessment that the research program should return to its FY 1985 level of effort -- the coalition has made this identical argument for the past three years. We also share in the Commission's belief that the research program requires an appropriation of \$281 million for FY 1992. However, given the limitations placed on domestic spending, as well as the need for overall fiscal prudence, the Friends of VA recommend that the Blue Ribbon Commission's goals be achieved by FY 1995.

An FY 1992 appropriation of \$280 million would support approximately 1,840 investigator-initiated research projects, 227 career development awards, and 26 cooperative studies -- all the same number as was funded by the VA in FY 1985. The Health Services and Rehabilitation research services would be funded at levels \$17 and \$28 million, respectively. An additional \$9.7 million would be slated for special research initiatives of critical need such as AIDS, nerve regeneration, and drug abuse. The Friends of VA believe funding at this level will revitalize the research program overall, and lead to further advances against those conditions which most often afflict the veteran population.

APPENDIX -- RECOMMENDATIONS FOR FY 1992

Medical Care	
FY 1991 Appropriation	\$12,310,490
FY 1991 Current Services	\$12,919,600
FY 1992 Current Services Adjustments	
Payroll Related Increases	546,000
Inflation	250,000
Facility Activations	50,000
Adjustment to Program Base	120,000
AIDS	52,500
Special Pay	50,000
Miscellaneous - Other	32,500
Total	1,101,000
FY 1992 Current Services	14,020,600
FOVA Initiatives for 1992	
Outpatient Workload Increase	\$ 215,000
Extended Care	364,000
Homeless Program	5,000
Post-Traumatic Stress Disorder	7,250
Long-Term Psychiatric Care	1,000
Blind Vet. Rehabilitation	1,500
Prosthetic & Sensory Aids	4,000
Education & Training	157,000
Decentralized Hosp. Computer Program	14,500
Equipment	100,000
FOVA FY 1992 RECOMMENDATION	\$14,889,850

Health Research	
FY 1991 Appropriation	\$ 216,000
FOVA Initiatives For FY 1992	
Medical Research	234,500
Rehabilitation Research	28,000
Health Services Research	17,000
Agent Orange Research	1,000
FOVA FY 1992 RECOMMENDATION	\$ 281,000