

VA chief Anthony Principi is fighting two enemies—a huge backlog of claims and barriers to VA health care.

Principi's Honor

By Tom Philpott

ANTHONY J. Principi, the new secretary of veterans affairs, sometimes sounds like a commander fighting a two-front war.

On one front, he encounters tens of thousands of veterans trying to get into a besieged VA health care system, where waits for service in some portions of the country stretch beyond one year.

On the other front, he finds a huge backlog of claims—more than 490,000 of them—from vets seeking compensation for ailments or injuries they believe are a consequence of military service.

The job of VA secretary, Principi said, brought “a lot more challenges” than he anticipated when confirmed by the Senate in January 2001. He added, “I’m very pleased with the progress we have made, [though] again, I tend to be very impatient.”

Principi’s patience got a workout recently when he sent Gordon H. Mansfield, assistant VA secretary for Congressional and legislative affairs, to some clinics to test access to VA health care. Mansfield’s legs

are paralyzed from a bullet wound suffered at Ia Drang, the Vietnam battle depicted in the best-selling book *We Were Soldiers Once ... and Young* and the hit movie based on it.

In June, he wheeled himself into six different VA clinics located in Florida. Armed with his service record, he told staff that he recently had moved to the area and, as a combat-disabled veteran, sought care. Four of six clinics turned him away.

“They were too booked,” said Principi. “In one of the four clinics, one of my clerks told him, ‘Mr. Mansfield, you have to understand that Congress created all veterans equal, so if some affluent retiree who may have spent one year in uniform came in before you, we have to take him first.’”

In similar visits in Colorado in July, Mansfield was denied care at two more clinics. “One clinic told

him to go to Salt Lake City”—a distance of more than 500 miles—“to get his care,” said Principi. “And we’re talking about a guy who is 100 percent, service-connected, combat!”

Mushrooming Access Problem

As these incidents show, Principi and the VA now face an extraordinary health care access problem.

The secretary blames a spike in the number of eligible veterans, one created by the Veterans’ Health Care Eligibility Reform Act of 1996. The law directed VA to prioritize access to health care by seven beneficiary categories. It then gave the VA secretary authority to open care to every category—if resources allowed.

Principi’s predecessor in the Clinton Administration, Togo D. West Jr., used that authority in October 1998, opening VA health care to any of 25 million veterans who sought enrollment. The new eligibles included those in Priority Group 7—veterans who are not poor and have no service-related ailments. Before that, the VA mostly treated patients with service-connected ailments or low incomes.

In passing the 1996 law, Congress sought to solve some serious problems in VA health care. Patient access rules were complex and arbitrary. Physicians complained they had to turn away patients in need of care just because their disabilities were not severe enough. Some doctors began admitting patients not because they needed inpatient care but because the disability threshold was

lower for them if treated as inpatients.

On top of that, an internal VA study suggested open enrollment would have minimal impact on patient access and any added costs would be offset by reimbursements from veterans’ other health insurance. Lawmakers and VA officials dismissed warnings from the Congressional Budget Office, which projected that VA costs and patient load would skyrocket.

However, CBO was right. Clearly, lawmakers and officials underestimated the attraction to aging veterans of free or deeply discounted medications. Another factor behind patient gridlock is that VA health care transformed itself in recent years into a community-based system with 850 clinics across the country. This broadened access to care.

“Our demand has exploded,” said Principi. “They are knocking our doors down.”

VA facilities not only are inundated with new patients but also are having difficulty making services available to some of the most needy patients—combat-disabled vets like Mansfield. That is going to change, Principi promised.

“If we can’t take care of our service-connected disabled first, then as far as I’m concerned, we may as well close the doors, because that’s why we exist,” he said.

Principi has authority to tighten access again. In fact, he planned to do exactly that last fall, even in the wake of Sept. 11 and with the nation preparing for war. However, on the morning he planned to explain his decision to veterans service organizations, Principi got some surprising news. Bush and Congressional leaders had reached agreement on a way to retain open enrollment and help pay for it by pumping \$400 million into the VA health care system.

For all that, this is a problem money alone won’t solve, according to Principi. “You can’t have an open enrollment system where Congress says everybody can come in, and then you have a finite budget that doesn’t meet it.”

The Deluge

The figures are daunting. Even as the overall veteran population since 1980 has fallen by five million per-

sons, demand for VA health care has increased. In 1995, VA facilities treated 2.5 million veterans. The number of patients in 2001 hit 4.2 million and jumped another 13.5 percent through April this year. Total veterans enrolled in VA health care is now 6.6 million and rising.

This flood of enrollments has created new problems for the VA. More than 132,000 veterans find themselves on waiting lists just to *request* a medical appointment. Once an appointment is set, wait times can go beyond six months. Another 178,000 veterans are waiting for follow-up care, and many of these veterans will be on those lists six months or longer.

“I’m concerned it’s causing quality to be degraded,” Principi said. “To be told you have to wait six months or a year [for treatment] is not good medicine.”

Many veterans never expected to have access to VA health care because they are comfortable financially, have no service-connected illnesses, or both. For this category of patient, the long wait doesn’t pinch. Once seen by a VA physician, they can fill prescriptions through the VA for \$7 per 30-day supply.

“You could be the wealthiest of the wealthy,” remarked Principi, “and believe me, we have millionaires who come to the VA for health care. They don’t want to pay \$500 to \$600 a month for prescription drugs.”

Making Room

Principi suggested he will use his own authority, perhaps this fall, to block new enrollments of Priority Group 7 veterans and to set up a triage system for appointments, with combat disabled moving to the top of any list, “so that the Gordon Mansfields of this nation, who are truly disabled, can get into a clinic and can get the care they need close to their home.”

Principi’s plan does not draw universal approval, to put it mildly. Stripping veterans of benefits is not only politically risky but, as some see it, morally suspect. Both factors have come into play in recent months.

Take, for example, the fate of Principi’s move—contained in the VA’s 2003 budget request unveiled in February—to impose an annual \$1,500 deductible on category 7 en-

For the VA, Experience at the Top

Anthony J. Principi, 58, has roots that go deeply into the American military veterans community.

A 1967 Naval Academy graduate, he commanded a river patrol unit in the Mekong Delta during a combat tour in Vietnam.

He served as deputy secretary of the Department of Veterans Affairs during the George H.W. Bush Administration. Before that, he was lead Republican counsel and staff director of the Senate Veterans' Affairs Committee and, earlier, Senate Armed Services Committee.

From 1997 to 1999, Principi chaired the Congressional Commission on Service Members and Veterans Transition Assistance, which produced a comprehensive plan to overhaul veterans' benefits. Recommendations included a return to a World War II-style GI Education Bill covering all college expenses and a health care transition plan for veterans returning to civilian life.

The more costly ideas haven't been adopted, but the Principi panel also backed initiatives that have become law.

These include a military thrift savings plan and repeal of the ban on dual compensation—the so-called “double dip” prohibition—that discouraged many retired officers from working as federal civilians.

rollees. This was a direct move to limit benefits to this group. Congress refused to support the proposal.

In addition, lawmakers this summer attacked the VA after learning that Laura J. Miller, VA deputy undersecretary for health, told her networks across the country to stop the effort to market VA health care through mailings, open houses, displays at veterans service organization meetings, or health fairs. The goal was to halt the increase in enrollments. Miller warned that recent advances in quality of care are at risk if the number of patients keeps rising.

A number of veterans organizations disagree. The problem is that the White House won't supply the resources, they say. Rather than trying to conceal its services, the VA should get the resources to do the job properly.

“The recent action by [Miller] ... is wrong,” declared Kenneth Goss, director of legislative affairs for the Air Force Association. “If veterans are eligible for a benefit, it is the government's obligation to ensure they know the services are available.”

Goss added more broadly that Con-

gress “will not allow the VA to withdraw benefits or services now offered.” Instead of trying to do that, he said, the VA should streamline its business practices, aggressively seek payment from third-party insurance payers and Medicare, and ask Congress for the amount of money it needs to do the job.

As Principi sees it, however, the problem isn't inadequate funding. He asserts that Congress has been “generous” in funding VA health care. Lawmakers appropriated \$22 billion in Fiscal 2002, and the Senate Appropriations Committee voted about \$1.5 billion more for Fiscal 2003. The problem, he contends, is open enrollment.

“We try to be all things to all people,” he said. “We are a very generous country. Our [VA] budget is almost \$60 billion, bigger than the entire defense budget for Great Britain. Maintaining all of their military force, all of their veteran benefits, they [spend] about \$40 billion. So clearly our nation cares very deeply about our men and women in uniform, but we have a responsibility to continually evaluate programs.”

Principi continued, “Are they difficult to [evaluate]? You bet they are. They are very politically charged

issues, and you sometimes have to have a thick skin, but you cannot shy away from your responsibilities.”

The question is one of proper balance, he indicated.

“I do believe we need to look at the most deserving, the combat disabled or the training accident victim, and just ensure we are meeting their needs, first and foremost,” said Principi. “I don't think we can do enough for those people. And I'm concerned we aren't doing enough.”

The Once and Future Backlog

Principi has had greater success in the battle to overcome the huge backlog of claims filed by military veterans seeking a disability rating to qualify for VA compensation or pensions.

“Every day,” said the secretary, “we're getting thousands upon thousands of new claims coming into the system, but we are, in fact, bringing down that backlog.”

Principi has set an ambitious goal. He wants to hack down the backlog from 491,000 claims in early 2001 to only 250,000 by the start of 2004. So many claims are being processed now that Principi had to ask for (and receive) an additional \$1 billion appropriation to cover the larger number of payouts.

Principi brought to this task a secret weapon—Vice Adm. Daniel L. Cooper, US Navy (Ret.), a hard-charging administrator who serves as VA undersecretary for benefits. Cooper's effect on the problem was immediate, say officials.

In early 2001, the VA was processing about 28,000 ratings-related claims a month. Now, with Cooper prodding the system, the average has soared to close to 69,000 claims per month. Because about 59,000 ratings-related claims are filed each month, the backlog is melting by 10,000 claims per month.

Moreover, Principi's inherited backlog of 80,000 education benefit claims had been cut in half by summer 2002.

Principi said he has tried to make sure the VA “has in place the processes that give people tools to do their job.” He credited reductions in the backlog to a new system of “triaging” claims, of using special strengths of individual claim processors, and of setting performance goals.

The secretary noted that he es-

tablished a tiger team in Cleveland to handle claims of veterans over 70 and those who had been waiting at least a year for decisions. The troubled claims were pulled out of home offices and sent to Cleveland for direct action. The tiger team, supported by nine other satellite teams, processed 40,000 claims over a few months.

Triage technique is also used now for routine claims. In former times, the claims, when filed, were date-stamped and put in a pile being handled by a rating specialist. Now they are opened and directed to a processor familiar with the particular type of claim.

"If you're very good at developing cases in, say, the area of diabetes, ... that's what we're going to have you do," said Principi.

For all the success, however, he warned, "We have a long way to go. We're not out of the woods by any stretch."

Through the summer and early fall, Principi worried that gains on the backlog front might be undone by an influx of new claims filed by military retirees. The number, he said, could exceed 700,000 over the next five years.

The source of Principi's concern was the strong move in Congress this year to pass legislation authorizing, for the first time, "concurrent receipt." The term means, in essence, that a military retiree would be permitted to receive both his full military retirement pay as well as a certain level of VA disability compensation, if he qualified for it.

A Matter of Equity

At present, such dual payment is not legal. The amount an individual receives in military retirement compensation must be reduced by the exact amount paid in the form of veterans compensation.

Military veterans who leave active duty service short of retirement but who later retire as federal civilians face no such limitation. Their federal government retired pay is not reduced as a result of receiving VA compensation.

"There's a real equity issue," Principi conceded.

The House version of the Fiscal 2003 national defense authorization bill called for restoring full retired pay only to the most severely dis-

abled retirees—those with ratings at or higher than 60 percent. The Senate authorization bill called for going much further, ending the offset entirely.

As the issue headed for a climax in the fall, Bush Administration officials warned repeatedly that the President would veto either provision.

As Principi openly acknowledged, "The biggest concern is cost." Projections are that approval of concurrent receipt would require new spending of \$58 billion over the next decade. That, said the secretary, "is a tremendous factor."

Principi summed up the Administration's view this way: "It's not that the President, or the Secretary of Defense, or I are opposed to military retirees getting their due. It's an issue of how do you fund that, given the constraints placed on spending?"

The concern throughout the legislative fight was that relaxation of the concurrent receipt ban would bring a flood of claims from retirees, either seeking VA ratings for the first time or reconsideration of current ratings to reach a possible 60 percent threshold.

"Now we're talking about real money, not just the tax advantage of disability compensation," said Principi. "Now we're talking about receiving both."

Any new influx of claimants would add to what already is a major long-term buildup of claims. During the 1990s, the number filed by veterans jumped dramatically. The Vietnam War dragged on for a decade, creating millions of veterans, and 768,000 veterans of that war now receive VA disability pay.

The Persian Gulf War was over in four months, the ground war in a matter of days, yet 391,000 Gulf veterans draw disability pay. Why the rise? Principi points to several factors, including expectations.

"My theory," he said, "is the World War II guys saved the world, came home, and didn't ask for anything else. ... They availed themselves of the GI Bill and housing benefits, but they just came home and got on with their lives." Many "carried the scars

of war. I met several who've had shrapnel in their bodies and don't get anything. ... That was just the culture at the time."

Today, Principi said, service people are aware that modern battlefields come with environmental hazards that previous generations didn't worry about, like the defoliant Agent Orange used during the Vietnam War.

"There's just more awareness today," Principi said, "and much more outreach to veterans about their benefits, not only by the VA but the service organizations."

Finally, Persian Gulf War veterans, unlike those who returned from Vietnam or earlier wars, were well briefed on the availability of disability benefits, and so a higher proportion of separating members knew to apply.

Principi has heard criticism that the VA disability system is too generous, compensating not only the combat disabled and victims of training accidents but persons who suffer routine life diseases while on active duty.

He won't join the critics.

"We have to care for people, whether working in the private sector, or in civilian government, or in the military," Principi said. "If you become injured, or hurt, or contract some disease while employed, there is a benefit program for you—worker's comp, insurance programs offered by corporations, by the government. And the military needs a program as well. We fill that gap." ■

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