



**Department of  
Veterans Affairs**

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# **News Release**

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## **VA Announces Record Budget, Health Care Changes**

WASHINGTON – Secretary of Veterans Affairs Anthony J. Principi today announced a record increase in the budget for Department of Veterans Affairs (VA) medical care, the annual decision required by law (PL 104-262) on health care enrollment and a new plan between VA and the Department of Health and Human Services for a program that will allow eligible veterans to use their Medicare benefits for VA care.

The President's FY 2004 Budget includes a total of \$63.6 billion for VA -- \$30.2 billion in discretionary spending (mostly for health care) and \$33.4 billion for VA-administered entitlement programs (mostly disability compensation and pensions). The budget includes \$225 million in new construction funding for VA's nationwide infrastructure initiative (CARES) to ensure that VA can put services where veterans live.

"VA is maintaining its focus on the health care needs of its core group of veterans – those with service-connected disabilities, the indigent and those with special health care needs," Principi said.

"We're able to do so because of the generous budget proposed by President Bush for fiscal year 2004, beginning Oct. 1, 2003. It will be 7.7 percent more for health care than the expected FY 2003 budget. This would be the largest requested increase in VA history," he said.

In order to ensure VA has capacity to care for veterans for whom our Nation has the greatest obligation – military-related disabilities, lower-income veterans or those needing specialized care like veterans who are blind or have spinal cord injuries -- Principi has suspended additional enrollments for veterans with the

**- More -**

## **Enrollment 2/2/2/2**

lowest statutory priority. This category includes veterans who are not being compensated for a military-related disability and who have higher incomes.

The suspension of enrollment affects only veterans in Priority Group 8, the lowest group in VA's eight-level system for setting health care priorities, who have not enrolled in VA's health care system by January 17. Priority Group 8 veterans already enrolled will be "grandfathered" and allowed to continue in VA's health care system.

Work is underway with the Department of Health and Human Services to determine how to give Priority Group 8 veterans aged 65 or older who cannot enroll in VA's health care system access to the "VA+Choice Medicare" plan. The plan calls for VA to participate as a Medicare+Choice provider. Eligible veterans would be able to use their Medicare benefits to obtain care from VA.

In return, VA would receive payments from a private health plan contracting with Medicare that would cover costs. The "VA+Choice Medicare" plan would become effective later this year as details are finalized between VA and the Department of Health and Human Services.

"With this record budget increase, I expect access to medical facilities for severely disabled veterans to improve, along with a reduction in waiting times for all veterans," Principi said.

VA has been unable to provide all enrolled veterans with timely access to health care services because of the tremendous growth in the number of veterans seeking VA health care. More than half of all new enrollees have been in Priority Group 8. This demand for VA health care is expected to continue in the future.

Between October 2001 and September 2002, VA enrolled 830,000 additional veterans. Since 1996, VA enrollment has increased from 2.9 million to 6.8 million today. Non-service disabled, higher income veterans accounted for the majority of the rapid enrollment growth, hindering the ability of VA to care for the service-disabled, the indigent and those with special needs. Even with the suspension of new

### **Enrollment 3/3/3/3**

enrollments for Priority Group 8 veterans, another 380,000 veterans in Priority Groups 1 through 7 are projected to enroll by the end of FY 2003.

"Last year, VA treated 1.4 million more veterans with 20,000 fewer employees than in 1996," said Principi. "Nonetheless, VA leads the nation in many important areas like patient safety, computerized patient records, telemedicine, rehabilitation and research. I not only want to see this standard continue, I intend to see it get even better."

Congress mandated in 1996 that VA establish an enrollment system to manage hospital and outpatient care within budgetary limits and to provide quality care to those enrolled. By law, the VA secretary must decide annually whether to maintain enrollment for all veterans.

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