



Legislative Update

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HOUSE VETERANS AFFAIRS, HEALTH SUBCOMMITTEE HEARING ON VA HEALTHCARE POLICIES

On 14 September 2012, the House Veterans' Affairs (HVA), Subcommittee on Health held a hearing on healthcare policies of the Department of Veterans' Affairs (VA). The Subcommittee, chaired by Representative Ann Marie Buerkle (R-NY-25) and Ranking Member was Representative Michael Michaud (D-ME-02), heard testimony from witness of the three panels which included Mr. Adrian Arzado from Disabled American Veterans, Mr. Shane Barker from the Veterans of Foreign Wars (VFW), Mr. Brad Jones representing Humana, and the Honorable Dr. Robert A. Petzel, Under Secretary for Health at the Department of Veterans' Affairs (VA).

Chairwoman Buerkle, opened by stating her concerns with the current financial situation of the VA and what she sees as an ever growing and unsustainable pattern. Chairwoman Buerkle noted the 300% growth in the size of the VA, as well as management and oversight growth problems. Such problems have been noted, as over the course of the past three years the VA Inspector General (IG) has filed 7 separate reports on waste within the Department. Though she noted a bright spot in a more patient centered model of approach, she emphasized the point that there is a severely limited amount of oversight for the Fee Basis Care program. The current Fee Care System has cost the VA \$4.6 billion for Fiscal Year 2011 (FY11). Dr. Petzel emphasized that the Patient Centered Community Care (PCCC) was a national version of Project HERO and spoke on the internalized Non-VA Care Coordination program, the NVCC. He stressed that heavy investment into fixing the program's shortcomings included a long term strategy of actions with heavy oversight, reducing improper payments, improving data control, and better training for workers.

Ranking Member Michaud asked Dr. Petzel how they plan to reach out to veterans living in rural areas. Dr. Petzel admitted there are problems finding both private and public health facilities for them to go to. To entice cooperation, he suggested further financial incentives such as paying for doctors' medical school bills and negotiating competitive salaries. In regards to how to fix the expiring Project Hero, Dr. Petzel suggested extending current contracts that have been made with Project Hero, but if PCCC isn't implemented in time, we would need to keep veterans on the Fee Care System.

WHITE HOUSE RELEASES MANDATED SEQUESTRATION REPORT

Late last week Friday, 14 September 2012, the White House released its report, mandated by the Sequestration Transparency Act of 2012 (STA), on the potential sequestration. This was triggered by the failure of the Joint Select Committee on Deficit Reduction to propose, and Congress to enact, a plan to reduce the deficit by \$1.2 trillion, as required by the Budget Control Act of 2011 (BCA). In response to this and the STA, the Office of Management and Budget (OMB) submitted a report, attached to this blog, based on assumptions required by the STA. The report provides Congress with a breakdown of exempt and non-exempt budget accounts, an estimate of the funding reductions that would be required across non-exempt accounts, an explanation of the calculations in the report, and additional information on the potential implementation of the sequestration.

The report states that, "While the Department of Defense would be able to shift funds to ensure war fighting and critical military readiness capabilities were not degraded, sequestration would result in a reduction in readiness of many non-deployed units,

delays in investments in new equipment and facilities, cutbacks in equipment repairs, declines in military research and development efforts, and reductions in base services for military families.”

Although the Department of Veterans Affairs is largely exempt from sequestration, there are a few other veteran related accounts that would be impacted by sequestration should it go into effect January 2013. In addition, there are many Navy accounts that are impacted and sequestrable with significant BA reductions. Also, the Defense Health Program, which many servicemembers rely on, is subject to sequestration cuts as well since it falls under the jurisdiction of DOD. The report exempts care for Medicare eligibles, but care for others would be subject to sequestration. This is because the only thing in the defense budget for Medicare-eligibles is the deposit to the trust fund, which comes under the personnel account. Because the President exempted the military personnel account, Exemption 255(F) above, the trust fund deposit is exempt. The outlays for Tricare for Life (TFL) care come from the TFL trust fund, which isn't subject to sequester. However, care for currently serving and retirees and survivors and family members under 65 IS subject to sequester because that's covered by a discretionary appropriation in the defense operations and maintenance budget, which isn't exempt.

Details can be found at [AUSN'S Capitol Hill Blog Entry on White House Sequestration Report](#).

HOUSE OF REPRESENTATIVES PASSES ADDITIONAL VETERAN BILLS OF INTEREST

On 19 September 2012, the House of Representatives passed a series of pending veteran bills, all by voice vote, before preparing to adjourn for campaign season on Friday. The first two bills to pass were in the late afternoon and included [H.R. 5948, the Veterans Fiduciary Reform Act of 2012](#), and [H.R. 6375, the Department of Veterans' Affairs \(VA\) Major Construction Authorization and Expiring Authorities Extension Act of 2012](#). H.R. 5948 puts in place protections for veterans under VA's Fiduciary Program, which the House Veterans' Affairs Committee (HVA) has been found to be fraught with fraud. If the Senate takes further action and the bill is signed into law, the bill would mandate that all VA fiduciaries submit a background and credit check, and institute an appeals process to ensure that veterans and their families have recourse should they lose confidence in a VA appointed fiduciary. The second bill, H.R. 6375, would provide funding for the VA to complete construction at medical facilities across the country and extend for one year, certain long-standing existing authorities of VA services which include services for mentally ill and homeless veterans.

A third bill that passed by voice vote, late Wednesday night, was [H.R. 6361, the Vulnerable Veterans Housing Reform Act of 2012](#). The bill, introduced by Representative Joe Heck (R-NV-03), would exclude from consideration as income under the United States Housing Act of 1937 payments of pension made under section 1521 of title 38, United States Code, to veterans who are in need of regular aid and attendance. The bill eases the hardships of veterans returning home. The aid and attendance pension benefits program, provided by VA, is vital to the livelihoods of severely wounded and disabled veterans. This necessary aid should not be counted against them when determining eligibility for housing assistance, which this bill addresses.

Details can be found at [AUSN's Capitol Hill Blog Entry on House Passage of Veteran Bills](#).

HOUSE ARMED SERVICES COMMITTEE HEARING ON SEQUESTRATION

On 20 September 2012, the House Armed Services Committee (HASC) held a hearing on the effects of sequestration titled, “Department of Defense Plans for Sequestration: The Sequestration Transparency Act of 2012 Report and the Way Forward.” Witnesses included the Honorable Robert F. Hale, Under Secretary of Defense (Comptroller) and Admiral Mark Ferguson, Vice Chief of Naval Operations. The hearing focused on the impact of sequestration as well as looking at the recent release of the Sequestration Transparency Act (STA), which passed last summer as [H.R. 5872](#), mandated report by the President's Office of Management and Budget (OMB) to Congress.

HASC Chairman, Representative Howard ‘Buck’ McKeon (R-CA-25), opened by voicing his frustration over how the Sequestration Transparency Act has been addressed by the President and his Administration. He continued by saying that his view is that the President's actions, in regards to the OMB report, were untimely and do not answer any of the questions the STA put forth. He closed by saying the effects of sequestration would be devastating to the American people and he hopes that this can be resolved. In the report, which caused much of Chairman McKeon's frustration, are no specifics as to the impact at the program level for certain vital military platforms.

Under Secretary Hale notified the committee that he is 100% sure that military personnel is exempt from sequestration, but that fact alone doesn't mean military personnel won't be affected. Much to the contrary, the loss of Overseas Contingency Operation (OCO) funding with the sequestration will mean the reduction of severely needed combat training and preparation and that since

these funds are so greatly needed, that other programs will suffer more than they are already doomed to suffer. Admiral Ferguson identified close to \$12 billion loss in Navy funds for Fleet Operations, Ship Procurement and other Force Structure funding levels, for Fiscal Year 2013 (FY13). He went on to say that overall maintenance will be the most hard hit in the Navy and that the effects will be felt everywhere within the Department. This ultimately would lead the United States Navy down a path where it would be unable to fulfill its future operation goals.

The debate during the hearing included much partisan rhetoric, with everyone agreeing that sequestration was devastating and needed to be resolved, however no agreeable solutions were being offered by either party. Of particular interest, which mirrored a HASC- Oversight Subcommittee hearing on Navy shipbuilding last week, included a question by Representative Colleen Hanabusa (D-HI-01) regarding the Continuing Resolution (CR), H.J. Res 117, and its impact on the Navy. Admiral Ferguson reiterated similar concerns voiced last week by Assistant Secretary of the Navy, Sean Stackley, about the ability of the Navy to keep an 11 aircraft carrier fleet, if carrier Refueling and Complex Overhaul (RCOH) funding for CVN-71 and 72, the USS *Theodore Roosevelt* and the USS *Abraham Lincoln* respectively, don't come through by early next year.

HOUSE VETERANS AFFAIRS, ECONOMIC OPPORTUNITY SUBCOMMITTEE HEARING ON TAPS

On 20 September 2012, the House Veterans' Affairs (HVA), Subcommittee on Economic Opportunity held a hearing on the Transitions Assistance Program (TAP). Chaired by Representative Marlin Stutzman (R-IN-03), and Ranking Member, Representative Bruce Braley (D-IA-01), the Subcommittee heard testimony from the witnesses which included Mr. Danny Pummill, Director of the Veterans Benefits Administration/Department of Defense (DOD) Program office, Deputy Assistant Secretary for Operations and Management on Veterans' Employment, Mr. John Moran, of the Department of Labor, Mr. Rhett Jeppson, Associate Administrator for Veterans Business Development of the U.S. Small Business Association, and Dr. Susan Kelly, Deputy Director of the Transition to Veterans Program Office of DOD. Chairman Stutzman began his opening statement with a few facts about the current TAP and its planned replacement, TAP II. Such facts included that TAP I is currently 20 years old and is not mandatory for veterans to participate in. He then outlined what he wants from the program, emphasizing the program's necessity to become a system allowing smooth transition for veterans into either the civilian workforce or a place of higher education. He also made clear he believes Congress is here to provide the oversight for such programs. Ranking Member Braley focused on the hope that TAP II will work to explore future career and educational paths for veterans, and work on a more individual level.

The first member of the first panel, Mr. Danny Pummill, talked about the future of TAP II and that it's on schedule to be implemented and focuses on more interactivity towards veterans through new programs which include virtual presentations. Next, Mr. John Moran focused on the point of more individualized service, highlighting efforts to create better networking with employers as well as allowing heavy interaction when job hunting. Mr. Rhett Jeppson, as a veteran and small business owner, talked about the importance of allowing vets to look into entrepreneurial pathways and how pilot programs in the Marine Corps and Army have been set up. He went on to say that there are 3 Navy programs ready to become implemented. Finally, Dr. Susan Kelly talked about the collaboration of the DOD, VA, and Department of Labor in redesigning and refocusing TAP for the future.

A key point brought up during the hearing included Dr. Kelly responding to Chairman Stutzman over veterans' choice in programs by saying that veterans have free will in choosing which program to follow, but need to complete the required steps in their chosen program. Ranking Member Braley brought up the topic of apprenticeship and tradecraft for veterans and Mr. Pummill responded that technical training is offered for those who do not want to pursue other private job opportunities or higher education.

AUSN ON THE HILL

This past week, in addition to monitoring the Hill, AUSN had numerous meetings with Members of Congress and their staff. AUSN held many meetings with staff, including offices of Representative Mike McIntyre (D-NC-07), Senator Rob Portman (R-OH) and Senator Mark Pryor (D-AR). In these meetings, subjects discussed included Navy equipment and program funding, items of interest within the NDAA which includes the debate on Pharmacy Prescription Co-pays, and veteran status legislation for affected reservists. In addition, AUSN met with representatives from ECPI University on education programs tailored towards veterans in Virginia, especially in the Hampton Roads neighborhood. AUSN's Executive Director and Legislative Director also had a very productive meeting with RADM Michael T. Franken, the new Navy Chief of Legislative Affairs (CLA) about common goals in regards to Navy equipment and procurement funding. In addition, AUSN posted on its website a list of [2012 Navy Equipment Fact Sheets](#), citing critical Navy platform needs, which it has been using when meeting with Congressional offices on the Hill.

PRIORITY BILLS INTRODUCED THIS WEEK

H.R. 6455, (Official title yet to be released). Introduced by Representative Corrine Brown (D-FL-03), the bill would require the

Secretary of Veterans Affairs to establish a veteran's jobs corps.

S. 3555, (Official title yet to be released). Introduced by Senator Richard Burr (R-NC), the bill would amend title 38, United States Code, to require Federal agencies to hire veterans, to require States to recognize the military experience of veterans when issuing licenses and credentials to veterans.

In the advocacy section of the website, you can click on [Bills of Interest](#) to get daily revisions on Congressional action for priority bills. I STRONGLY encourage you all to visit our [Advocacy](#) page, especially the [Capitol Hill Blog](#) which receives almost daily submissions when Congress is in session to see what AUSN is doing for you on Capitol Hill.

We also encourage you and your friends and family to visit the re-designed [AUSN FACEBOOK PAGE](#). If you have an account, please Login and "Like" us, which will allow you to see our [TWITTER](#) feeds and other updates from AUSN that shows us monitoring Capitol Hill on your behalf!

NEW LEGISLATIVE ALERTS

There were no new legislative alerts this week. Again, when these alerts are sent to your email, please click on the **TAKE ACTION** link that is at the top of the alert email to send a letter response to your Members of Congress (a few of you have written in that you wish to send letters, but don't know how). Please continue to go to the [Legislative Alerts](#) section on the AUSN webpage and/or check your e-mail and submit ones you haven't seen yet to your Congressional delegation.

NEXT WEEK OUTLOOK

The House of Representatives is out next week, as they adjourned Friday for the campaign season. The Senate, on the other hand, is scheduled to be in session next week. As of this Legislative Update being written, a series of procedural and legislative hurdles has kept the Senate from voting on [H.J. Res 117, the Continuing Appropriations Resolution of 2012](#) (CR). The CR is expected to pass soon, either late Friday evening or, if necessary, into the weekend. The Senate needs this to pass before 30 September 2012, the end of the Fiscal Year, otherwise the Federal government risks shutting down.

Next week, the Senate will continue its work and hold a hearing by the Senate Homeland Security and Government Affairs Committee on Department of Defense (DOD) financial accountability which AUSN will be monitoring throughout. In addition, AUSN will be meeting with a few industry leaders to get their perspectives on the ongoing sequestration debate and its impact on national security. On Thursday, 27 September 2012, AUSN will be hosting the Chief of Naval Operations (CNO) Jonathan Greenert at our next Navy Now Forum ([register here](#)) to hear about the state of our Navy and how the future fleet is shaping to be, at the Ronald Reagan Building Rotunda in Washington, DC. Finally on Friday, there will be a retirement and change of office ceremony of MCPON Rick West and incoming MCPON Michael Stevens.

The Association of the United States Navy is continuously on and/or monitoring Capitol Hill, advocating for your concerns and utilizing our strong relationships with Members of Congress, Staff and cooperating with other military associations to tell the Navy and our veterans' story. This is an ALL HANDS ON DECK effort and your grassroots advocacy will help make the changes that need to happen!

QUESTIONS/COMMENTS/CONCERNS

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