

**STATEMENT OF
THE HONORABLE GORDON H. MANSFIELD
DEPUTY SECRETARY OF VETERANS AFFAIRS
BEFORE THE
SUBCOMMITTEE ON HEALTH
COMMITTEE ON VETERANS' AFFAIRS
U. S. HOUSE OF REPRESENTATIVES**

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Good morning, Mr. Chairman and Members of the Subcommittee.

I am pleased to be here to present the Department's views on several bills and a draft bill, which pertain primarily to veteran's health care and related administrative matters.

H.R. 4231

This bill would help make VA more competitive in its ongoing efforts to recruit and retain registered nurses. I am especially pleased that the bill includes VA's proposal allowing enhanced flexibility in scheduling tours of duty for registered nurses. Mr. Chairman, in testimony last Fall before this Committee, we noted the projected increase in the number of aging veterans and increased enrollment in the VA healthcare system by veterans of all ages over the next several years and the projected national shortage of registered nurses. VA's health care providers are its most important resource in delivering high-quality, compassionate care to our Nation's veterans. VA's nurses are critical front-line components of the VA health care team. We must be able to recruit and retain well-qualified nurses. The ability to offer compensation, employment benefits and working conditions comparable to those available in their community is

critical to our ability to recruit and retain nurses, particularly in highly competitive labor markets and for hard-to-fill specialty assignments. Thanks to the efforts of this Committee and the Senate Veterans' Affairs Committee, VA has been able to offer generally competitive pay for nurses in most markets. VA continuously monitors the recruitment and retention of health care providers, particularly nurses, monitoring trends in private sector employment and workforce projections.

VA generally supports H.R. 4231 as it will assist VA in meeting the increasing challenge of recruiting and retaining sufficient nurses to meet its patient care needs.

Section 3 of H.R. 4231 adopts a VA proposal for enhanced flexibility in scheduling tours of duty for registered nurses. VA strongly supports this provision. This provision will help VA remain a competitive place of employment for nurses and to meet current and future veteran healthcare needs.

Your bill would also establish a pilot program to study innovative recruitment tools to address nursing shortages at VA health-care facilities, to be carried out in a region adversely affected by a nursing shortage. Using the services of a contractor, VA would identify and implement proven private sector recruitment practices. Such practices would include employer branding and interactive advertising strategies; internet technologies and automated staffing systems; and the use of recruitment, advertising and communication agencies. In carrying out the pilot program, the bill would require VA to streamline hiring procedures. If necessary, VA would be required to submit proposed legislation. Within one year, VA is to report to the House and Senate Veterans' Affairs committees on the pilot program. VA is already undertaking numerous initiatives to improve nurse recruitment and retention. Some of the aspects of the bill appear duplicative of these initiatives. Therefore, we believe this proposal is unnecessary.

H.R. 4231 also would amend section 7403 of title 38 to provide that a registered nurse who applies for appointment and who meets VA's qualification standards may not be denied appointment based on the fact that such nurse does not have a baccalaureate degree. VA believes this proposal is unnecessary.

The lack of a baccalaureate degree is not a bar to appointment under VA's current qualification standards. We note that we have provided the Committee with information that VA currently employs and continues to appoint many nurses educated in diploma and associate degree programs. VA hires graduates of associate degree and diploma programs at the Nurse 1 grade, and graduates of associate degree and diploma programs with bachelor degrees in related fields are eligible for appointment and promotion to the Nurse II grade, the same grade as are nurses with a Bachelor of Science in Nursing (BSN). In addition, VHA provides financial support to nurses desiring to obtain a higher nursing degree. VA does not "deny" appointment based on the lack of a baccalaureate degree.

Finally, section 5 is a technical amendment to correct the titles of some of the new hybrid occupations, and adds additional occupations to those converted. Public Law number 108-170 converted a number of additional VHA health care positions to hybrid status. This section would substitute "dental hygienists" and "dental assistants" for "dental technologists", and would substitute "technologists" for "technicians" and therapeutic radiologic technologists" for therapeutic radiologic technicians". VA supports the clarification of the occupations converted to hybrid status. In addition, this section would convert blind rehabilitation specialists and blind rehabilitation outpatient specialists to hybrid status. VA is currently reviewing the need for additional hybrid positions and, therefore, cannot comment on this proposal at this time.

H.R. 4020

H.R. 4020 would add a new section to title 38, United States Code, to require VA to make payments to States to assist them in hiring and retaining nurses at State veterans homes. To receive these payments, a State would need to establish an employee incentive scholarship program or other a similar program designed to reduce nursing shortages at its State homes. The programs would also need to meet any criteria that VA prescribes by regulation. VA would contribute 50% of the actual cost of the State program, but limited to 2% of the total per diem payments that the State would receive for that home for any fiscal year. States would be required to submit reports to VA on their use of the funds and the effectiveness of their programs.

VA opposes this proposal. This bill would require VA to make these payments from the Medical Services appropriations account. We estimate this bill could cost about \$8.2 million per year. These funds would be taken from medical care programs for veterans. VA already pays States a per diem for the care of each veteran. These payments are intended to help cover all the costs of operating State homes including those involved in nurse recruitment. In times of fiscal constraint, we do not believe this additional grant to state homes at the expense of VA's own medical programs can be justified.

Draft Bill re Qualifications and Selection of Under Secretary for Health

This draft bill would amend section 305 of title 38, which concerns the procedures for appointment and qualifications of the Under Secretary for Health. As currently written, section 305 requires that the Under Secretary be a physician. The proposal would delete that requirement and substitute in its stead a requirement that the Under Secretary have executive knowledge, skill and

ability. It would require that such knowledge, skill and ability be in health care administration, policy formulation and financial management. The draft bill also would eliminate the current four-year term for that position, and the current search commission process utilized to recommend candidates to the President for vacancies. Instead, the Secretary would be required to conduct a search for candidates and make a recommendation to the President. In conducting the search, the Secretary would be required to "consult" with stakeholders similar to those required to be on the search commission under the current procedure.

VA supports enactment of these amendments as an improvement over current law, but we believe that the best outcome would be to amend section 305 to provide simply that the Under Secretary is appointed by the President, by and with the advice and consent of the Senate, and that the Under Secretary shall supervise the Veterans Health Administration under the authority of the Secretary of Veterans Affairs. The VHA medical system is the largest in the world, with 158 hospitals, more than 850 ambulatory care and community-based outpatient clinics, 132 nursing homes, 42 domiciliaries, 73 comprehensive home-care programs, 21 service networks and 206 Vet (Readjustment Counseling) Centers. More than 4.8 million people received care in VA health care facilities in 2003, with nearly 600,000 inpatient admissions and approximately 49.8 million outpatient visits.

VHA also manages the largest medical education and health professions training program in the United States. VHA facilities are affiliated with 107 medical schools, 55 dental schools and more than 1,200 other schools across the country. Each year, about 81,000 health professionals are trained in VHA medical centers. More than half of the physicians practicing in the United States have had part of their professional education in the VA health care system.

VA's medical system additionally serves as a backup to the Department of Defense during national emergencies and as a federal support organization during major disasters.

Moreover, VHA has experienced unprecedented growth in the medical system workload over the past few years. The number of patients treated increased by nearly seven percent from 2002 to 2003.

Because of the complexity, size and scope of VHA's operations, the person who heads VHA first and foremost must be someone with significant executive leadership ability and a demonstrated track record. The President should not be limited to appointing a physician to this critical leadership position, but should be able to appoint the person with those executive qualifications that best meets the needs of VHA.

We also favor the proposal to replace the formalized Search Commission process with a less-formal search process. The Search Commission process has proven to be very cumbersome and very slow. Importantly, the less-formal search process would retain stakeholder's involvement on a consultative basis. This proposal would allow the President to fill a vacant Under Secretary position in a more expeditious manner, without sacrificing important stakeholder input.

Finally, we note that the Subcommittee has inserted as section 2 of the draft bill a technical amendment to section 8111(d)(2) of title 38 to clarify the purposes for which the DOD-VA Health Care Sharing Incentive Fund may be used. The amendment would add at the end "and shall be available for any purpose authorized by this section". We thank the Subcommittee for this and strongly concur with this provision.

H.R. 4248

H.R. 4248 would extend to September 30, 2008, VA's authority to carry out the Homeless Providers Grant and Per Diem Program. Currently, authority for the program will expire on September 30, 2005. It would also authorize \$100

million in appropriations for each of fiscal years 2005, 2006, 2007, and 2008. Currently, \$75 million is authorized for fiscal year 2005.

VA strongly supports H.R. 4248. VA's Homeless Providers Grant and Per Diem Program is a highly successful collaborative effort between VA and non-profit organizations and local and state government agencies to furnish needed outreach, supportive services, and transitional housing services to homeless veterans. Since the program was authorized in 1992, VA has obligated \$76 million to the grant component of the program. These funds have resulted in the development of 6,400 transitional housing beds and 17 independent service centers and the purchase of 128 vans.

Similar success is found with the per diem component of the program. The most recent awards were used to support 1,583 beds in 80 programs. To date, under the per diem only program, 3,799 new beds are either operational or coming on-line.

Still, VA needs to continue working with its community partners to develop more transitional housing for homeless veterans across the country. VA estimates the cost associated with enactment of this proposal to be \$8,956,672 above the currently authorized level for fiscal year 2005. We estimate that to ensure full funding for this program for fiscal years 2006, 2007, and 2008, we will require \$91,698,224, \$81,996,208, and \$86,282,778, respectively. We therefore welcome the Committee's proposal to increase the level of authorized appropriations for this program.

H.R. 3849

H.R. 3849 would permanently authorize VA's program to provide counseling services and care for sexual trauma. Currently, VA's authority for this program extends only through December 31, 2004.

VA strongly supports making this treatment authority permanent. The number of women veterans seeking VA counseling and treatment for military sexual trauma continues to increase at a substantial rate. Likewise, the number of women who serve in the Armed Forces, the Reserves, and the National Guard continues to grow. VA must therefore be able to provide needed sexual trauma counseling and related health care to these current and future veterans without any lapse in program authority. Enactment of H.R. 3849 would achieve that goal. VA estimates there would be no additional costs associated with enactment of this proposal.

Mr. Chairman, we understand that the Committee will be working with the Senate Veterans' Affairs Committee concerning VA's proposed legislation to reform of VA's Physicians and Dentists pay authority. VA very much appreciates the Committee's interest in this very important subject. VA is in a critical situation with increasing needs of veterans for health care while our current pay system leaves us in a very non-competitive position for recruiting the physician and dentist staff we need today and into the future. The expense of contracting for necessary specialty care continues to increase.

We also request the committee to act on draft bills we forwarded to Congress that would provide for comparability pay for the Director of Nursing Programs, Nurse Executive Pay, and clarify the authority of the Secretary to promulgate regulations relating to title 38 employees' conditions of employment, and to clarify the exclusion from coverage under general civil service laws of title 38 personnel laws and regulations. All of these proposals are important to the Department and its ability to better serve America's veterans.

This concludes my prepared statement. I would be pleased to answer any questions you may have.

