

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

3061 SCOMM 139: HOUSE SPECIAL COMM.ON MIL.&VET.AFFAIRS 2005-2006 ⁷⁴⁷

SCOMM

139:19



Representative Beth Kerttula

Alaska State Legislature, District 3

State Capitol • Juneau, Alaska 99801-1182 • (907) 465-4766 • Fax (907) 465-4748

E-mail: Representative_Beth_Kerttula@legis.state.ak.us • <http://www.kerttula.net>

MEMORANDUM

TO: Representative Bob Lynn, Chair Military & Veterans' Affairs Committee
FROM: Representative Beth Kerttula *Beth*
SUBJECT: Changes in the CS for HJR 25
DATE: February 8, 2006

Committee Substitute 24-LS1274\Y for HJR 25 reflects the fact that the American Veterans Homeownership Act language was included in the United State House of Representatives version of the Tax Relief Extension Reconciliation Act of 2005. The references to the American Veterans Homeownership Act have been deleted and language referring to the Tax Relief Extension Reconciliation Act has been added.



Representative Beth Kerttula

Alaska State Legislature District 3

Sponsor Statement House Joint Resolution 25 Supporting Veterans Home Ownership Act

Alaska is one of five states participating in the Veterans Homeownership Program, which makes low-interest home loans available to veterans who served before 1977 and apply within 30 years of leaving active military duty. Unless Congress takes action to extend the program, its effectiveness will dwindle as less and less veterans qualify.

With about 70,500 veterans, Alaska has the largest per capita population of veterans in the United States. Approximately 11,700 Alaskan veterans have benefited from the program since 1983. During the first three years of the program, over 1,000 veterans per year qualified for the loan. Last fiscal year, the number was down to 57.

The American Veterans Homeownership Act, repealing the pre-1977 service requirement, was inserted into the Tax Reconciliation Bill last year. The U.S. House of Representatives approved a version of the Tax Reconciliation Bill with the language, but the U.S. Senate's version doesn't have the language.

HJR 25 urges Congress to approve the American Veterans Homeownership Act language in the U.S. House version of the Tax Reconciliation Bill. This program is a way for our nation to express its gratitude to those who have served in the armed forces and should be extended to benefit current and future veterans.

Available Combinations

In addition to possible use of FHA, VA, or RD, this program may be combined with other AHFC programs, including Energy Efficiency Interest-Rate Reduction (EEIRR) Program, Interest-Rate Reduction for Low-Income Borrowers (IRRLIB) Program, and Affordable Housing Enhanced Loan Program (AHELP), provided both borrower and property meet all the program criteria for any combined programs used.

Alaska Housing Finance Corporation

4300 Boniface Parkway
PO Box 101020
Anchorage, AK 99510-1020
907-338-6100
1-800-478-AHFC (2432)

Interest Rate Hotline

907-330-8400
1-888-854-3884
(toll-free statewide)

www.ahfc.us

How To Apply

To apply for an AHFC mortgage, contact any AHFC-approved lender. **Note: Other lenders may originate AHFC loans in partnership with an AHFC-approved lender.**

AHFC Lenders

- Alaska First Bank & Trust
- Alaska Pacific Bank
- Alaska USA Mortgage Company
- Central Pacific Mortgage Company
- Countrywide Home Loans
- Denali State Bank
- First Bank
- First National Bank Alaska
- GMAC
- Guild Mortgage
- Homestate Mortgage Company
- Kodiak Island Housing Authority
- Mt. McKinley Mutual Savings Bank
- Northern Schools Federal Credit Union
- Pacific Alaska Mortgage
- Residential Mortgage
- Seattle Mortgage Company
- Tlingit-Haida Regional Housing Authority
- Wells Fargo Home Mortgage

Veterans Mortgage Program (VMP)

Veterans Mortgage Program (VMP)

Please note: This program is not the same as a Veterans Administration (VA) Guaranteed Loan. However, a VA Guarantee may be used with this program.

Under this program, certain eligible veterans may obtain financing at a lower interest rate, because the funds come from tax-exempt bonds.

Eligible Properties

Owner-occupied, single-family residences, condos, PUDs, Type 1 mobile homes, and duplex, triplex, and four-plex dwellings are eligible for this program. On multi-family dwellings, all units must have been in existence and initially occupied as a multi-family dwelling at least five years immediately preceding execution of the new mortgage.

Terms

Loan is a fixed interest rate and may be either a 15-year or 30-year loan.

Interest Rates

Interest rates for this program fluctuate. For the current rate, contact an AHFC-approved lender, or AHFC's interest rate hotline or Web site.

Loan Limits

Loan limits periodically change. For the most current loan limits, contact any AHFC-approved lender.

Borrowers' Eligibility

A person is a qualified veteran for purposes of this program if the person satisfies the following requirements:

The person has served on full-time duty, other than for training, in a branch of the Armed Forces; AND

- ♦ **was on active duty* prior to January 1, 1977; AND**
- ♦ **was not discharged from active duty more than 30 years prior to the date of submission of the loan file to AHFC; AND**
- ♦ **if retired, discharged, or released, separation was under conditions other than dishonorable.**

*** Active duty which began after 1/1/77 is ineligible, even if the veteran enlisted under a deferred entry prior to that date.**

This program is also available to certain individuals in the Public Health Service and military academies, or certain individuals in NOAA or CGS. Contact your lender for qualifying criteria if you are in one of these career fields.

If there is more than one borrower and the applicants are unmarried, then both borrowers must be qualified veterans.

Documentation Required

The following two items must be submitted to determine the borrower's eligibility: (1) DD-214 or Statement of Service and (2) Certificate of Veteran Eligibility or Title 38 Letter.

Down Payment Required

Conventional loans require a minimum down payment of 5% on a single-family residence and 10% on a duplex. A minimum of 20% down is required on all triplex and four-plex residences for conventional financing.

If the loan is federally insured or guaranteed—Veterans Administration (VA), USDA Rural Development (RD), or Federal Housing Administration (FHA)—the down payment required is generally lower.

Assumptions

Loans made under VMP are assumable by buyers who qualify under this program.

United States Senate

WASHINGTON, DC 20510

January 13, 2006

The Honorable Charles Grassley
Chairman
Committee on Finance
Subcommittee on Defense
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Max Baucus
Ranking Member
Committee on Finance
Subcommittee on Defense
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Grassley and Senator Baucus:

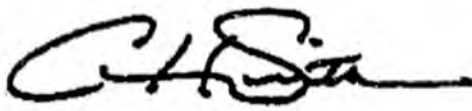
We are writing to request your support for Section 303 (Veterans' Mortgage Bonds) of the House's version of the Tax Reconciliation bill. We strongly urge you to support its inclusion in the final conference report.

Under current law, California, Texas, Wisconsin, Oregon, and Alaska have the ability to issue tax-exempt bonds, the proceeds of which are used to finance mortgage loans to veterans. These loans can only be made to veterans who served on active duty before 1977 and who applied for the financing within 30 years of the last date of their active service. As a result of these limits, veterans of Operation Iraqi Freedom, Operation Enduring Freedom, Kosovo, Bosnia, Haiti, Somalia and the 1991 Persian Gulf War are not eligible for these mortgage loans.

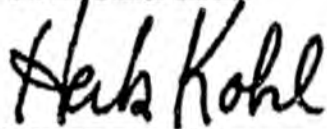
Section 303 of the House bill would repeal the requirement that veterans receiving loans must have served in the military before 1977. This change would ensure that we can continue to honor and reward our veterans by offering them low-cost home loans. Our veterans deserve this benefit, and we urge you to work to see that Section 303 is retained in the final conference agreement.

Thank you for working with us on this important issue.

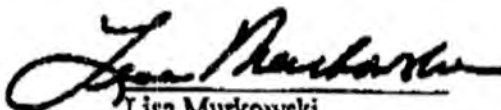
Sincerely,



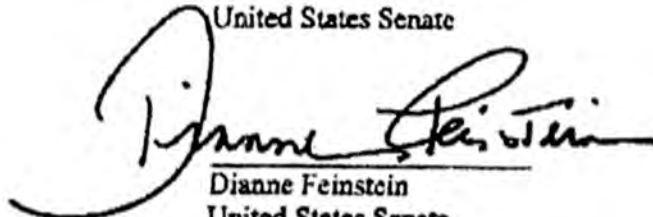
Gordon H. Smith
United States Senate



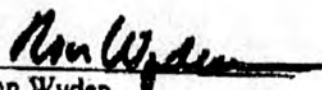
Herb Kohl
United States Senate

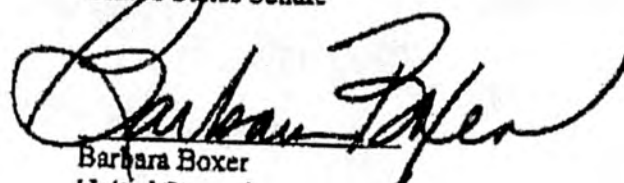


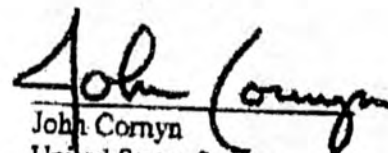
Lisa Murkowski
United States Senate

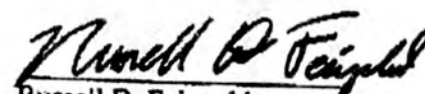


Dianne Feinstein
United States Senate


Ron Wyden
United States Senate


Barbara Boxer
United States Senate


John Cornyn
United States Senate


Russell D. Feingold
United States Senate

**Statement of
Congressman Paul Ryan (WI-01)
On the introduction of
The American Veterans Homeownership Act of 2005
June 16, 2005**

Mr. Speaker, I, along with Congressman Wally Herger, introduced today, the American Veterans Homeownership Act of 2005, and I ask my colleagues to support this legislation.

As you know, under current law, the States of Alaska, California, Oregon, Texas and my home state of Wisconsin, have the authority to issue tax-exempt bonds, which are called Qualified Veterans Mortgage Bonds (QVMBs). The proceeds of these bonds are used to finance mortgage loans to veterans who served on active duty before 1977 and who applied for the financing before the date of 30 years after the last date of which the veteran left active service.

As a result of the limits under current law, veterans of Operation Iraqi Freedom, Operation Enduring Freedom, Kosovo, Bosnia, Haiti, Somalia and the 1991 Persian Gulf War are not eligible for these mortgage loans that are financed by QVMBs. In addition, the QVMB program has, in effect, ended or is ending in the five affected states due to the current 30-year time limitation.

My legislation, the American Veterans Homeownership Act of 2005, would allow all veterans in these five States to be eligible for QVMB-financed mortgage loans by repealing the requirement that veterans receiving loans financed by QVMBs must have served before 1977 and would provide new State limits for these bonds. These veterans deserve the homeownership opportunities this program provides. I ask my colleagues to join me in supporting these veterans and cosponsor this important legislation.

HOUSE COMMITTEE ON -

Date Referred to Committee: January 11, 2006

FURTHER REFERRALS: State Affairs

Date of Committee Action: 2-16-06

The HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS considered: **HJR 25**

HOUSE JOINT RESOLUTION NO. 25

SUPPORTING VETERANS HOME OWNERSHIP ACT

Urging the United States Congress to enact the American Veterans Homeownership Act of 2005.

Recommends it be replaced with ☐ HCS or ☒ CS for HJR 25 (MLU)
For Senate Bills with new title: ☐ Technical Title ☐ New Title: HCR _____ Same Title ☒ New Title

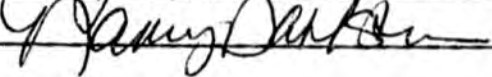
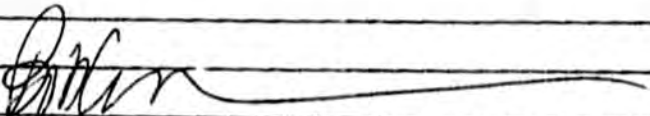
☐ attach amendments

☐ add new referral to _____ Committee

[] Letter of Intent _____ Committee

*List of
Abbrev
for
Depts.:*
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
HSS
LEG
LAW
LWF
MVA
DNR
DPS
REV
DOT
UA

[illegible][illegible]

Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
		Greenberg	-			
		Thompson	✓			
		CISSNA	✓			
		ELKINS	✓			
		Dalstrom	X			
Chair: 		LYNN	X			
Chair:						

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS

February 16, 2006

1:07 p.m.

MEMBERS PRESENT

Representative Bob Lynn, Chair
Representative Jim Elkins
Representative Bill Thomas
Representative Nancy Dahlstrom
Representative Sharon Cissna
Representative Max Gruenberg

MEMBERS ABSENT

Representative Lesil McGuire

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 25

Urging the United States Congress to enact the American Veterans Homeownership Act of 2005.

- MOVED CSHJR 25 (MLV) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HJR 25

SHORT TITLE: SUPPORTING VETERANS HOME OWNERSHIP ACT

SPONSOR(s): REPRESENTATIVE(s) KERTTULA

01/11/06	(H)	READ THE FIRST TIME - REFERRALS
01/11/06	(H)	MLV, STA
02/16/06	(H)	MIV AT 1:00 PM CAPITOL 124

WITNESS REGISTER

REPRESENTATIVE BETH KERTTULA

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Speaking as the sponsor, testified in support of HJR 25.

HANNAH McCARTY, Staff
to Representative Beth Kertttula
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Explained the difference between HJR 25 and CSHJR 25.

CLAYTON LOVE, Commander
Disabled American Veterans (DAV)
Department of Alaska
Auke Bay, Alaska

POSITION STATEMENT: Testified in support of HJR 25.

JOHN WILKINS, Director of Services
Disabled American Veterans (DAV)
Department of Alaska
Juneau, Alaska

POSITION STATEMENT: Testified in support of HJR 25 and discussed the importance of it.

BRYAN BUTCHER, Director
Governmental Relations and Public Affairs
Alaska Housing Finance Corporation (AHFC)
Department of Revenue (DOR)
Anchorage, Alaska
POSITION STATEMENT: Discussed AHFC's Veterans' Loan Program.

ACTION NARRATIVE

CHAIR BOB LYNN called the House Special Committee on Military and Veterans' Affairs meeting to order at 1:07:30 PM. Representatives Lynn, Elkins, Thomas, Dahlstrom, and Cissna were present at the call to order. Representative Gruenberg arrived as the meeting was in progress.

^#hjr25

HJR 25-SUPPORTING VETERANS HOME OWNERSHIP ACT

1:07:50 PM

CHAIR LYNN announced that the only order of business would be HOUSE JOINT RESOLUTION NO. 25, urging the United States Congress to enact the American Veterans Homeownership Act of 2005.

1:08:06 PM

REPRESENTATIVE ELKINS moved to adopt CSHJR 25, Version 24-LS1274\Y, Bullock, 2/7/06, as the working document. There being no objection, Version Y was before the committee.

1:08:35 PM

REPRESENTATIVE KERTTULA relayed that she received an Alaska Housing Finance Corporation (AHFC) flyer last summer, which noted that without an act of Congress, Alaska was going to see dwindling numbers of veterans who would be eligible for special homeowner loans. She further relayed that HJR 25 encourages Congress to change the law so that veterans who served after 1977 would be able to take advantage of the homeowner loans.

1:10:19 PM

CHAIR LYNN requested that Representative Kerttula discuss the difference between [HJR 25 and CSHJR 25].

HANNAH McCARTY, Staff to Representative Beth Kerttula, explained that the language from the American Veterans Homeownership Act was included in the U.S. House of Representatives version of the Tax Relief Extension Reconciliation Act. However, the language is not included in the U.S. Senate version. Therefore, CSHJR 25 encourages the adoption of the language from the American Veterans Homeownership Act in the U.S. House of Representatives version of the Tax Relief Extension Reconciliation Act, Section 303.

1:12:13 PM

CLAYTON LOVE, Commander, Disabled American Veterans (DAV), Department of Alaska, informed the committee that he served from December 1972 to January 1990. He said that it doesn't make a difference whether it's a 10-day war or a 20-year war, "you're still getting shot at." He noted that the housing prices have risen and the government has [increased] the Government Issue (GI) loan. He opined that HJR 25 is a good idea and remarked, "I love it, and it's showing more support from the state and how much they really care about the veterans and the service that they've done, the time they spent not just in the state of Alaska, but America." He added that HJR 25 is something that would assist [veterans] once they return home.

CHAIR LYNN remarked that it's one thing for us to care about veterans, and another thing to do something about it.

1:13:56 PM

JOHN WILKINS, Director of Services, Disabled American Veterans (DAV), Department of Alaska, explained that his prime job with

the DAV is to ensure that the veterans receive what they need - medical [care], mental [care], and housing [assistance]. He remarked that things have changed since [the U.S.] started the War on Terrorism. When troops are deployed and families are left behind, it causes a great hardship on the deployed member and his/her family. If the American Home Ownership Act of 2005, HR 2952, is passed, it will be a great relief to many service personnel to know that their families will be comfortable in a home of their own and not be concerned with renting or leases running out and having to move.

1:15:04 PM

MR. WILKINS explained that sometimes when one is deployed, money is held up and there are glitches in the system - families don't get the money for one or two months and the rent is not paid. He relayed that if the veteran owns his/her home, it's not likely that the families would have to move because of rent not being paid. He said that HJR 25 is a good bill all around and noted that military personnel don't make a lot of money. When one starts in the military, he/she is on the low end of the salary chart. He opined that HJR 25, a low-cost interest loan, will help even the playing field and noted that the average troop can't afford a house. He said, "This bill in some way says we care about you and your family, and thanks for all of your sacrifices."

1:16:17 PM

CHAIR LYNN declared a conflict of interest because he's a licensed Alaska real estate broker acting in the capacity of a social broker.

→ *Associate*

1:16:45 PM

REPRESENTATIVE THOMAS inquired as to what's currently going on with the troops coming home. "Is there anything in the department for Posttraumatic Stress help for veterans coming home?"

MR. WILKINS assured the committee that the commanders and first sergeants who are returning have all been informed [of the available services]. In regard to psychiatrists, there are two in Juneau and one each in Sitka and Ketchikan. Therefore, Posttraumatic Stress Disorder (PTSD) is currently covered very well. He added that he's a volunteer and that he believes in

helping the young people returning because it was so hard for [previous veterans to obtain needed services].

1:20:16 PM

BRYAN BUTCHER, Director, Governmental Relations and Public Affairs, Alaska Housing Finance Corporation (AHFC), Department of Revenue (DOR), informed the committee that he's available to answer any questions regarding the federal legislation or the AHFC program itself. In response to Chair Lynn, he relayed that AHFC strongly supports HJR 25. The AHFC has been working on getting the language changed in Congress for about 15 years and it is currently closer than it has ever been.

1:20:58 PM

REPRESENTATIVE GRUENBERG noted that on line 10 of HJR 25 it reads that the number of veterans who qualified for loans has decreased to fewer than 60. He asked, "That means there are only 60 people in the state who are eligible for this?"

REPRESENTATIVE KERTTULA clarified that line 10 reads qualified for and applied for. Therefore, there very well may be more than 60. For those who applied for loans, less than 60 were qualified. She added that 57 loans were [granted].

REPRESENTATIVE KERTTULA, in response to Representative Gruenberg, clarified [that 57 loans were granted] in 2005.

REPRESENTATIVE GRUENBERG corrected that it doesn't read 2005 on lines 9-11.

REPRESENTATIVE KERTTULA concurred and relayed that HJR 25 can be changed to read whereas in 2005.

1:23:02 PM

REPRESENTATIVE GRUENBERG moved to adopt Amendment 1, as follows:

Page 1, line 9, following "WHEREAS":
Insert "in 2005"

REPRESENTATIVE KERTTULA opined that [Amendment 1] would make HJR 25 clearer.

1:23:18 PM

CHAIR LYNN announced that there being no objection, Amendment 1 was adopted.

REPRESENTATIVE GRUENBERG referred to the Statement of Congressman Paul Ryan in the pill packet, which read in part: "As you know under current law, the State of Alaska, California, Oregon and Texas and my home state of Wisconsin, have the authority to issue tax-exempt bonds..." He offered his understanding that the purpose is for these five states. He asked, "Am I correct that it's targeted at these five states?"

REPRESENTATIVE KERTTULA replied yes.

1:24:24 PM

REPRESENTATIVE GRUENBERG stated that currently, [Alaska] is only able to issue general obligation (GO) bonds for veterans homes and construction. [Alaska] can't issue GO bonds for any other purpose. He said, "If this is tied to federal law, then if we amend this provision of the constitution, maybe we can do it without worrying about the federal law. Would I be right?"

MR. BUTCHER responded that what makes it necessary to be passed by Congress is the ability for AHFC to sell tax-exempt bonds to fund the Veterans' Loan Program, thus allowing AHFC to offer a reduced interest rate from its normal taxable rate.

REPRESENTATIVE GRUENBERG clarified that [selling tax-exempt bonds] is exempt from federal tax. He asked, "Is there any other way we can do this under current law without amending the tax law or is this the only way we can do it?"

1:25:44 PM

MR. BUTCHER stated that [selling tax-exempt bonds] is the only manner in which AHFC is able to [operate the Veterans' Loan Program] and receive tax-exempt financing. He acknowledged that there could be a way the State of Alaska would be able to set up some kind of veterans' program on its own. However, there would need to be some kind of monetary break that would allow the corporation to give a reduced interest rate. For example, the interest rate that the Veterans' Loan Program receives depends on the cost of AHFC tax-exempt financing. During times of higher interest rates, it's approximately 1 percent lower than the taxable single-family rate and currently, with lower interest rates, it's not quite that big of a difference. However, it's still substantial. For example, today's interest

rate for AHFC's normal taxable program is 6.5 percent, while in the Veterans' Loan Program it's reduced to 5.875 percent.

1:27:07 PM

MR. BUTCHER, in response to Representative Gruenberg, relayed that he doesn't know how the AHFC Veterans' Loan Program relates to any kind of a federal Department of Veterans Affairs (VA) program. He added that as the years go by, the number of Alaskans that can take advantage of it continues to dwindle.

1:27:41 PM

REPRESENTATIVE DAHLSTROM moved to report CSHJR 25, Version 24-LS1274\Y, Bullock, 2/7/06, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHJR 25(MLV) was reported out of the House Special Committee on Military and Veterans' Affairs.

#

1:28:39 PM

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 1:28 p.m.

SCOMM

139:20

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: January 18, 2006

FURTHER REFERRALS: State Affairs

Date of Committee Action: 3-2-06

The **HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS** considered: **HJR 27**

HOUSE JOINT RESOLUTION NO. 27

ALLOTMENTS FOR NATIVE VIETNAM VETERANS

Urging the United States Congress to pass legislation amending the Alaska Native Vietnam Veterans Allotment Act to allow deserving veterans to obtain allotments of vacant land within the State of Alaska; and to reopen and legislatively approve allotments in the Tongass National Forest.

Recommends it be replaced with ☐ HCS or ☒ CS for HJR 27 (MLV)
For Senate Bills with new title: ☐ Technical Title ☐ New Title: HCR ☒ Same Title ☐ New Title

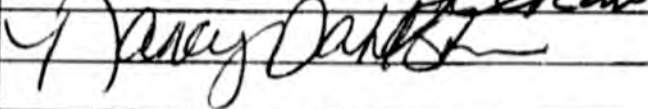
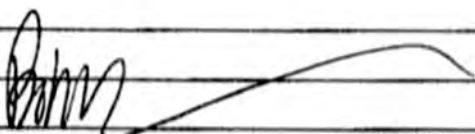
☐ attach amendments

[] add new referral to _____Committee

☐ Letter of Intent	Committee
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*List of
Abbrev
for
Depts.:*
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
HSS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

[illegible][illegible]

Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
		Thomas A Ekins	✓			
		Nancy D. Ekins	X			
Chair: 		LYNN	X			
Chair:						

ALASKA STATE HOUSE OF REPRESENTATIVES

Contact:

Interim Address:

3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4271

**Session**

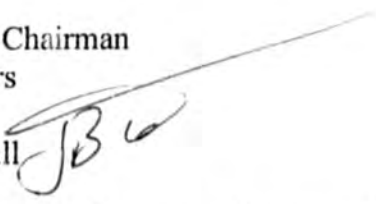
(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 204

REPRESENTATIVE JOHN COGHILL

MEMORANDUM

Date: February 21, 2006

To: Representative Bob Lynn, Chairman
Military & Veterans Affairs

From: Representative John Coghill 

Re: HJR 27 – Alaska Native Vietnam Veterans Allotment Act

I am requesting HJR 27 be scheduled for hearing at your earliest convenience.

I have attached the sponsor statement. Thank you.

ALASKA STATE HOUSE OF REPRESENTATIVES

Session Contact:**Interim Address:****(907)-465-3719****3340 Badger Road****FAX# (907)-465-3258****North Pole, AK 99705****State Capitol****(907)-488-5725****Room 204****Fax# (907)-488-4271**

REPRESENTATIVE JOHN COGHILL

*HJR 27**"The Alaska Native Vietnam Veterans Allotment Act"*

SPONSOR STATEMENT

This Act urges Congress to reopen the legislatively approved allotments in the Tongass National Forest, which were closed under the court case, *Shields v. United States*.

This Act also urges Congress to amend the Alaska Native Vietnam Veterans Allotment Act to give a fair opportunity to obtain allotments.

My reason for introducing this resolution is twofold.

First, a promise made to Natives from 1906 through 1998 that allotments were going to be offered under certain circumstances has not been fulfilled. The slow, cumbersome, and unwilling behavior of the federal government to perform on legitimate claims filed properly by people who have watched family members die while the government would not act cannot go unchecked.

Secondly, land that should be in private hands has been kept for government purposes only. This is a matter of fairness that has too long been unresolved for the Natives of Alaska. Applications have been lost, denied, sat on for decades, and finally the repealing of the Act in 1971 was swift and confusing because of the last ditch efforts by the federal government to inform people of their opportunity.

The reopening of the Act in 1998 did allow certain Vietnam Veterans to apply for allotments, giving some credibility to the argument that the last year was confusing. However, the restrictions on the reopening were unfair and very difficult for applicants. We simply ask Congress to give a fair opportunity to revisit a reopening only possible through legislation.

(24-LS1543/A)

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS

March 2, 2006

1:06 p.m.

MEMBERS PRESENT

Representative Bob Lynn, Chair
Representative Jim Elkins
Representative Bill Thomas
Representative Nancy Dahlstrom
Representative Sharon Cissna (via teleconference)

MEMBERS ABSENT

Representative Lesil McGuire
Representative Max Gruenberg

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 27

Urging the United States Congress to pass legislation amending the Alaska Native Vietnam Veterans Allotment Act to allow deserving veterans to obtain allotments of vacant land within the State of Alaska; and to reopen and legislatively approve allotments in the Tongass National Forest.

- MOVED CSHJR 27 (MLV) OUT OF COMMITTEE

HOUSE JOINT RESOLUTION NO. 33

Urging the Alaska Department of Health and Social Services to seek authority and funding from the United States Department of Veterans Affairs to establish a system allowing Alaska veterans treatment in both public and private Alaska facilities.

- MOVED HJR 33 OUT OF COMMITTEE

HOUSE BILL NO. 465

"An Act relating to marine safety and security; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HJR 27

SHORT TITLE: ALLOTMENTS FOR NATIVE VIETNAM VETERANS

SPONSOR(s): REPRESENTATIVE(s) COGHILL

01/18/06 (H) READ THE FIRST TIME - REFERRALS
01/18/06 (H) MLV, STA
03/02/06 (H) MLV AT 1:00 PM CAPITOL 120

BILL: HJR 33

SHORT TITLE: SUPPORTING IN-STATE MED. CARE FOR VETS

SPONSOR(s): REPRESENTATIVE(s) KOTT

02/13/06 (H) READ THE FIRST TIME - REFERRALS
02/13/06 (H) MLV, HES
03/02/06 (H) MLV AT 1:00 PM CAPITOL 120

WITNESS REGISTER

REPRESENTATIVE JOHN COGHILL

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Speaking as the sponsor, explained the reasoning behind HJR 27 and the corresponding CS.

JOHN HOPKINS

Native Village of Eyak Veterans

Cordova, Alaska

POSITION STATEMENT: Testified in support of HJR 27.

PAUL MAYO, Director

Real Estate Services

Tanana Chiefs Conference

Anchorage, Alaska

POSITION STATEMENT: Testified that HJR 27 is of great importance to Alaska Natives throughout the state.

EDWARD K. THOMAS, President

Central Council

Tlingit & Haida Indian Tribes of Alaska

Juneau, Alaska

POSITION STATEMENT: His testimony supporting HJR 27 was read by Desiree Duncan.

TED SUCKLING

Alaska Native Veterans Association

Post 3

Nenana, Alaska

POSITION STATEMENT: Testified in support of HJR 27.

REPRESENTATIVE RICHARD FOSTER

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified in support of HJR 27.

REPRESENTATIVE PETE KOTT

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Speaking as the sponsor, explained the intended effects of HJR 33.

RIC DAVIDGE, President

Vietnam Veterans of America

Chapter 904;

Chairman, Alaska Veterans Foundation

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 33.

ACTION NARRATIVE

CHAIR BOB LYNN called the House Special Committee on Military and Veterans' Affairs meeting to order at 1:06:27 PM. Representatives Lynn, Elkins, and Thomas were present at the call to order. Representatives Dahlstrom and Cissna (via teleconference) arrived as the meeting was in progress.

1:06:45 PM

^#hjr27

HJR 27-ALLOTMENTS FOR NATIVE VIETNAM VETERANS

1:06:55 PM

CHAIR LYNN announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 27, urging the United States Congress to pass legislation amending the Alaska Native Vietnam Veterans Allotment Act to allow deserving veterans to obtain allotments of vacant land within the State of Alaska; and to reopen and legislatively approve allotments in the Tongass National Forest.

1:07:14 PM

REPRESENTATIVE JOHN COGHILL, Alaska State Legislature, speaking as the sponsor, explained that HJR 27 is a result of conversations he had with Vietnam veterans who had applied for allotments and weren't able to have their applications completed. This resolution asks Congress to reconsider a

reopener on legislatively formulated allotments and asks for the opening on a court case, Shields v. United States. He remarked that the proposed CS is a result of legal counsel informing him that there are two bills in Congress regarding the same subject matter. He clarified that [the CS] doesn't alter the verbiage of this resolution, rather changes the recipient. The two bills in Congress, S. 2000 and H.R. 1811, are sponsored by U.S. Senator Lisa Murkowski and Congressman Don Young, respectively. He noted that this resolution would encourage and support those bills.

1:10:17 PM

JOHN HOPKINS, Native Village of Eyak Veterans, relayed that he agreed with what the committee said about the first "go around" being confusing and very restrictive. He said that it almost seemed to him, when he was filling out some of the applications and looking at some of the maps, that [the federal government] wanted this allotment "thing" to fail. He opined that it would have been nice if [Alaska veterans] were allowed half as many choices as those who went before them. He remarked that Vietnam veterans have missed out on a lot of things like limited entry, for example. He further remarked that it would be nice if [Alaska veterans] had some kind of legacy that they could pass on to their children and grandchildren.

1:12:10 PM

PAUL MAYO, Director, Real Estate Services, Tanana Chiefs Conference, stated that this resolution is of great importance to Alaska Natives throughout the state because it's pivotal in persuading Congress to amend the Alaska Native Vietnam Veterans Act, and to reopen allotments which were previously denied because they were located in the Tongass National Forest. He continued that by passing HJR 27, the Alaska State Legislature will become the leader in [the Tanana Chiefs'] quest to Washington, D.C., to right a wrong on behalf of its Alaska Native Vietnam veterans. He informed the committee that the Tanana Chiefs Conference consists of 15,000 members spread across 235,000 square miles. He noted that many of its members and clients are veterans who honorably served in the military during the Vietnam era. As a result of their military service, many Alaska Native veterans were overseas when the government took allotment applications during the late 1960s and early 1970s, right before the Allotment Act of 1906 was repealed in 1971. He remarked that the Veterans Allotment Act was intended to give those veterans another chance to get an allotment, but

it has not done so. He noted that both congressional bills were referred to committees, but no action has occurred since then.

MR. MAYO relayed that the Tanana Chiefs Conference believes that HJR 27 will persuade Congress to amend the Veterans Allotment Act, as it needs to be changed. Of the estimated 700 veterans who applied for an allotment, approximately 60 percent have been denied and only 1 application has been approved. He said, "Obviously, the law needs to be changed." He continued that there are three major reasons why so many veterans' applications have been denied and why the law needs to be changed. The first reason the existing law needs to be amended is that there is hardly any land left in Alaska that meets the many restrictions. He remarked that the case of Gilbert Ketzler, Jr., illustrates the need to change the type of land available for veteran allotments. Mr. Ketzler volunteered and bravely served as an Army medic in Vietnam until he was killed in action in 1969. Mr. Ketzler volunteered to go to Vietnam in order that his three younger brothers would not have to go. Mr. Mayo informed the committee that Mr. Ketzler's father applied for a veterans' allotment for Mr. Ketzler's heirs, but it was rejected because the land he used was not the type of land available because the land was selected by a Native corporation. Mr. Ketzler's heirs, he further related, could receive an allotment under the pending amendments, which allow Native corporations to voluntarily relinquish land for better allotments.

1:14:59 PM

MR. MAYO stated that the second reason is the current use restriction requirements are unreasonable and take a lot of time and money to sort out. The pending amendments solve this by replacing the existing use requirements with legislative approval. He relayed that legislative approval is the identical method allowed for all non-veteran allotments and would greatly help veterans, or their heirs, obtain allotments. The third reason the law needs to be changed is that many deserving veterans, who bravely served during the Vietnam era, don't meet the existing military service time restrictions. Only veterans who served between January 1, 1969 to December 31, 1971 are now eligible. He noted that approximately 1,700 veterans are now excluded simply because they bravely served their country a little too early or a little too late. The case of Ronald Paul illustrates this problem. After serving in the National Guard for over five years, Mr. Paul enlisted in the U.S. Army in 1967. He was on the front-line in Vietnam for 11 months until he was critically wounded in 1968. He was told he needed numerous

surgeries available to him only in a Veterans Affairs (VA) hospital. Mr. Paul was hospitalized for over a year and today he's a disabled veteran who isn't eligible for an allotment under current law because he left the military service too early. Mr. Mayo highlighted that although Mr. Paul did receive a purple heart, he did not receive an allotment. However, Mr. Paul could receive an allotment under the pending amendments, which expand the military service dates to include the entire Vietnam era.

1:16:31 PM

MR. MAYO added that Ruben Mixsooke also volunteered and bravely served in Vietnam, but in 1969 he was forced to leave military service because both of his legs were blown off by a mine. Mr. Mixsooke's veterans' allotment was denied because he didn't serve the required six months of military service between January 1, 1969 and December 31, 1971. Mr. Mixsooke could also receive an allotment under the pending amendments, which expand the military service dates to include the entire Vietnam era.

1:19:38 PM

REPRESENTATIVE THOMAS surmised that there are between 20 and 30 Native Vietnam veterans in Haines, Klukwan, and Skagway that would qualify [for an allotment].

CHAIR LYNN inquired as to how many people are excluded because of the time limits.

MR. MAYO responded that he didn't have that breakdown with him.

1:20:32 PM

EDWARD K. THOMAS had his testimony read by Desiree Duncan as follows:

The Central Council of the Tlingit & Haida [Indian Tribes of Alaska] represents about 26,000 members throughout Alaska and the United States. Our council evolved out of the dedication of our people to retain our subsistence way of life. Crucial to this way of life is the lands we have used for many, many generations. Most of this land is now within the Tongass National Forest and has been since 1909. The problem for us is about in order to get an allotment, you must prove you used the land before it was

withdrawn. This means we have very few allotments as compared to other areas of Alaska. Our 26,000 members have only 22 certified or approved allotments and 31 allotments that are pending, but not approved. The Sitka Tribe has recently told me that its 3,900 members have only 13 certified, 3 approved, and 1 pending allotment. We are certain that your resolution will convince Congress to amend the Alaska Native Vietnam Veterans Act and reopen allotments located in the Tongass National Forest that were denied because the land in Southeast Alaska was withdrawn for the Tongass in the very early 1900s. It is well known that the government did not tell people about allotments until the late 1960s and early 1970s, but by then, many who could have applied for allotments in the Tongass were deceased. A federal court case named Shields v. United States was brought in 1983 by several hundred people who had applied [for] allotments in the Tongass, but were born after the land was withdrawn. The applicants hoped that the court in the Shields case would interpret the language in the allotment act in a manner that would allow their ancestors use of their allotment land to count, but the court ruled the law required the applicants to personally use land before it was withdrawn. Thus, there are very few allotments in Southeast Alaska. Adding to the pending amendments, a provision to reopen (indisc.) under Shields will solve this disparity.

MR. THOMAS' testimony continued:

Our veterans are also prevented from obtaining allotments because the Veterans Allotment Act specifically prohibits veterans' allotments in national forests. The amendments to the Veterans Allotment Act, introduced in Congress as H.R. 1811 and S. 2000, will allow for allotments in the Tongass National Forest. The amendments also provide other important changes. The amendments open up the qualifying dates for the veterans who served in the Vietnam era, covering August 5, 1964 to May 7, 1975. It allows veterans' allotments on any vacant federal land, extends legislative approval for veterans' allotments unless protests are lodged, allows the state and Native corporations to voluntarily give up land for veterans' allotments, and allows heirs of

deceased veterans to apply. For those who might think allowing more allotments will just increase the time it takes for the federal government to finalize the land transfers in Alaska, including the land the state is entitled to, I assure you that the amendments will not add more time, it will decrease it. This is true because of the legislative approval provision in the amendment. Legislative approval saves time and money. In fact, the finalization of land transfers cannot happen by 2009 without the expansion of legislative approval to all pending cases Congress enacted the Alaska Native Allotment Act in 1906 so that Alaska Natives would obtain title to land and resources that fed, clothed, and sheltered them for thousands of years. Many Alaska Natives still wait for that promised title. I urge this committee to pass House Joint Resolution (HJR) 27 and in doing so, urge Congress to amend the Veterans Allotment Act and reopen allotments in the Tongass National Forest.

1:25:56 PM

TED SUCKLING, Alaska Native Veterans Association, Post 3, expressed his hope that HJR 27 passes. He relayed that while growing up around Nenana, the land which he was using during the late 1960s/early 1970s was federal land which has since been taken over by the [State of Alaska]. He further relayed that he has very little [land] to choose from [in Nenana].

1:27:33 PM

REPRESENTATIVE RICHARD FOSTER, Alaska State Legislature, informed the committee that [constituents] in his district would easily qualify under the provisions of this bill. He noted that due to cultural differences, it's difficult for many of his constituents to complete paperwork, which is why nonprofits in Nome have taken it upon themselves to help veterans do so. He surmised that at least half of the eligible veterans who would have qualified in the late 1990s, before the deadline, probably didn't even bother applying. He relayed that these people have had the use of these lands since childhood for their subsistence needs. He stated that he would support this bill all the way and he would encourage/hope that the committee members move the bill and keep it going.

1:30:51 PM

REPRESENTATIVE COGHILL requested that upon a quorum, the committee adopt Version G, which is dated 2/21/06. He added that copies of HJR 27 will be sent to the [the chair of the U.S. Senate Committee on] Energy and Natural Resources and the chair of the [U.S.] House Committee on Resources. Therefore, the resolution will be sent to the committees of referral and then to [the Alaska] congressional delegation. He opined that from 1906 until now, the Native allotment issue has been handled rather poorly. He said, "This is our opportunity, really, to open up a window, or at least request that a window be opened up for those that were in service when they closed down the allotment issue in 1969." He further opined that it's a reasonable request. He relayed that there is a possibility of state land being involved and that he will do whatever he can to ensure the flexibility to get state land into hands where it's needed as well as to work closely with the [Alaska] congressional delegation. He noted his intention to follow this resolution all the way to Congress and make the case for Alaska Native Vietnam veterans.

1:33:15 PM

REPRESENTATIVE THOMAS suggested that the committee waive HJR 27.

REPRESENTATIVE CISSNA agreed to waiving HJR 27.

REPRESENTATIVE COGHILL said that if the committee waived HJR 27, he would present the CS to the other committee of referral.

1:37:37 PM

REPRESENTATIVE THOMAS moved to adopt CSHJR 27, Version 24-LS0291\G, Bullock, 2/21/06, as the working document. There being no objection, Version G was before the committee.

1:38:05 PM

REPRESENTATIVE THOMAS moved to report CSHJR 27, Version 24-LS0291\G, Bullock, 2/21/06, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHJR 27(MLV) was reported out of the House Special Committee on Military and Veterans' Affairs.

^#hjr33

HJR 33-SUPPORTING IN-STATE MED. CARE FOR VETS

1:38:52 PM

CHAIR LYNN announced that the final order of business would be HOUSE JOINT RESOLUTION NO. 33, urging the Alaska Department of Health and Social Services to seek authority and funding from the United States Department of Veterans Affairs to establish a system allowing Alaska veterans treatment in both public and private Alaska facilities.

1:39:19 PM

REPRESENTATIVE PETE KOTT, Alaska State Legislature, speaking as the sponsor, explained that HJR 33 encourages the [U.S.] Department of Veterans Affairs to consider allowing Alaska veterans who currently receive [health care] services in the Lower 48, primarily in Portland or Seattle veterans' hospitals, to receive health care services in Alaska. He noted that in 2004, [the State of Alaska] spent approximately \$2 million in transporting Alaska veterans to Portland or Seattle veterans' hospitals. In addition, HJR 33 is requesting the consideration of a credit-like card, which would allow veterans to receive health care services from their provider in Alaska. The provider would be reimbursed by the Alaska Department of Health and Social Services, which would be reimbursed by the U.S. Department of Veterans Affairs. He mentioned that Alaska doesn't have the population to justify building a veterans' hospital.

1:41:59 PM

REPRESENTATIVE KOTT, in response to Chair Lynn, confirmed that the concept of a credit-like card, which would allow veterans to receive health care services from their provider in Alaska, is a novel one. He opined that it would be more efficient, and added that it would alleviate the burden of paperwork placed on veterans.

1:46:17 PM

RIC DAVIDGE, President, Vietnam Veterans of America, Chapter 904; Chairman, Alaska Veterans Foundation, provided the following testimony:

As most of you know, over the last three years, all of the nine National Veterans Organizations of America have been working together, which is a unique thing, to address the failure of Congress and our various administrations to meet the legally required, and

certainly morally obligated needs, of our current and future veterans (indisc.) in their health care area. But we've seen little progress. The problems actually, in our study, appear to be structural and it's time for some new ideas. I think, as a nation, we recognize that we ensure the health care of the poor, the old, and even our illegal immigrants, but not for the men and women who stand guard for America. Alaska is now, and will likely continue to be, at its highest military deployment since World War II. It means more and more Alaskans are serving in harm's way overseas. Alaskans are being killed and wounded, and their families are hurting. Not just because their husbands, wives, or family members are in harm's way, but also because they're financially distressed. If you have a copy of our talking paper, one of the interesting things that Alaskans don't understand is if you're in the active reserve or National Guard and you're activated and you have a full-time job, you have just lost the health care from that full-time job, although you may be guaranteed to return to that job. Your family has lost the full-time health care that's provided by that job. Now they certainly receive a certain amount of health care while you're in service, but when you come back from overseas service, and probably/possibly with some injury, those injuries are excluded from new health care programs that you may apply for, and Alaskans are being hurt because of that. One of the problems I'm going to speak off the paper for a minute, and I hope that the staff has provided you with our talking paper, and this is an active talking paper that goes through the structural programs and what this program would try to do. I think we have an opportunity in Alaska because of our nature, because we're so rural, because we have veterans spread literally thousands of miles around, to look at some new ideas. The VA does encourage what they call demonstration programs. We think Alaska would be an excellent demonstration project and in recent conversations from (indisc.) with our president in Washington, D.C. of the Vietnam Veterans of America, he's very encouraged with this idea. I just provided you today a copy of his recent testimony before Congress, playing out that this \$4.7 billion short in the VA health care program. What we're trying to do here is stop setting up new hospitals/new clinics, shipping veterans out of Alaska at the cost

of millions of dollars, and at the economic loss to the medical community in Alaska in the tens of millions. Because the services are here, but the bureaucracy has a certain mind set. We think we could go back to what would be characterized as the old system. We actually have VA people working at Providence Hospital in the intake/services area. These are VA employees, VA doctors, VA nurses, public health people as well, who are providing services to veterans. The veteran would go to the hospital, show their veteran card, which showed that they had a certain connected disability or they were retired or whatever, and then take advantage of the services of that private health care claim or hospital.

1:50:14 PM

MR. DAVIDGE continued his testimony:

What this does is ensure a more efficient use of the existing privately provided medical care facilities in the state. Why we send, as the sponsor said, we spent \$2 million last year sending veterans out of the state for medical services, all of which are provided in the state. I've talked to the directors of Providence [Hospital], I've talked to the directors of Alaska Regional, and no one can find medical service need that is not provided in Alaska that these guys are being sent off to be treated for, other than residential [Post Traumatic Stress Disorder (PTSD)] programs. We think that we should really sit down, and the resolution directs basically the State of Alaska to sit down and think creatively about a partnership, if you will, with the veterans' administration in providing Alaska veterans this health care. We believe, in the work that we've done, and I think if you look at the material that we provided you, it would show that rather dramatically, we can not only save the veterans' administration a huge amount of money, but we can better take advantage and support the private medical facilities in our state. Why create a new hospital, a veterans' hospital, we don't have one up here. We sort of have one over at the Air Force base, but not really. When the veteran or their family can go to their doctor of choice, their hospital of choice, show their card, if they have a service-connected disability, a percentage

of that disability would be taken off the bill, etc. It's a very easily put-together concept. One of the things that we discovered is that \$9-\$10 million a year is returned to the Alaska VA to a third party village. In other words, you go to the VA, you get treatment, and they say do you have any other medical insurance? Well I have Blue Cross, okay fine. The VA then bills Blue Cross for a percentage of your medical services. That money, we think, as is the case in Native health care program, should be returned to the state, not the VA. That would be seed money to begin a program within the Alaska Department of Health and Social Services to begin to provide Alaska veterans the medical services that they need in the state. We don't have all the answers, but the effort over the last three years by the nine National Veterans Organizations who finally have come together over this issue have also not found the answers. We need a program that ensures that those men and women from Alaska who stand guard for America get the medical services they need when they come. We think that this is a good, positive first step. We would hope that the state would put together a working task force, bring together the people involved in this, and sit down and look at a way to do this. My discussions with the doctors, leading doctors in Anchorage and both of the hospitals, clearly indicate that they would be very supportive of this. We would literally be returning tens of millions of dollars in medical services that are currently being provided in Oregon or Seattle, or even some cases back East for Alaska veterans. That money would be spent in Alaska, so it would have a huge economic benefit as well as a benefit to Alaska veterans.

1:53:39 PM

MR. DAVIDGE continued his testimony:

Being a disabled veteran who has to go outside of the state because the VA decides that I have to do that for medical services, at times when those services put significant multiple stress on wife, my children, and separates me from them. If we want to encourage care and healing, having families together at these critical times is very, very important. I have members within my organization, Vietnam Veterans of

America, they have to go out monthly for radiation treatment. All of that service is provided here in the state of Alaska. But they have to absorb, on themselves, the cost of taking their wives, or their husbands in one case, with them so that they have that kind of emotional support. We think this is a good, very positive first step and we look forward to immediate action by your committee and this legislature to move this forward.

CHAIR LYNN opined that HJR 33 is a "pretty good bill" and added that it would be a good idea to assemble a group to work on this issue.

1:54:52 PM

REPRESENTATIVE CISSNA referred to page 2, lines 16-17, which says: "establish a system allowing Alaska veterans to be treated in public or private facilities in the state whenever possible", and asked Representative Kott:

Was it your intention that we were really talking as close to home means that it would be essentially across the state people in say Hoonah, if there was in fact the facility that could give the service needed, could give that service in Hoonah, rather than the regional center?

REPRESENTATIVE KOTT confirmed that Representative Cissna is correct.

REPRESENTATIVE CISSNA said, "I'm very, very much in favor of this and I do appreciate that understanding that we're really talking about services truly, truly in Alaska, as close to home as possible."

1:57:16 PM

REPRESENTATIVE DAHLSTROM moved to report HJR 33 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HJR 33 was reported out of the House Special Committee on Military and Veterans' Affairs.

#

1:58:04 PM

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 1:58 p.m.

SCOMM

139:21

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: February 13, 2006

FURTHER REFERRALS: HES

Date of Committee Action: 3-2-06

The HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS considered: HJR 33

HOUSE JOINT RESOLUTION NO. 33

SUPPORTING IN-STATE MED. CARE FOR VETS

Urging the Alaska Department of Health and Social Services to seek authority and funding from the United States Department of Veterans Affairs to establish a system allowing Alaska veterans treatment in both public and private Alaska facilities.

Recommends it be replaced with [] HCS or [] CS for _____ (_____)

For Senate Bills with new title: ☐ **Technical Title** ☐ **New Title: HCR**_____ ☐ **Same Title** ☐ **New Title**

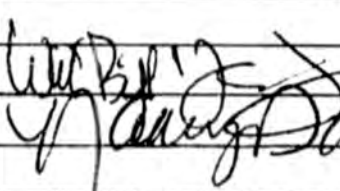
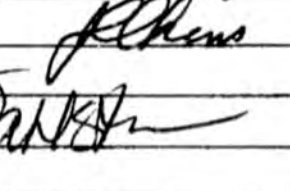
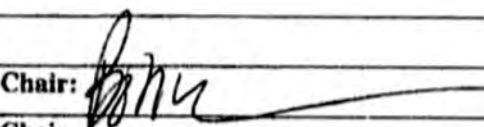
☐ attach amendments

☐ add new referral to _____ Committee

[] Letter of Intent _____ Committee

*List of
Abbrev
for
Depts.:*
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
HSS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

[illegible][illegible]

Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
		ELKINS Thomas Oakstrom	☒	☒		
Chair: 		LYNN	☒			
Chair:						

ALASKA STATE LEGISLATURE

Chair:
Legislative Council

Member:
Community and Regional Affairs
Judiciary
Labor and Commerce – Vice Chair



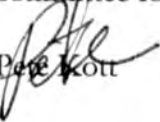
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REPRESENTATIVE PETE KOTT
DISTRICT 17 – EAGLE RIVER

Memorandum

To: Representative  Lynn - Chairman
House Special Committee for Military & Veteran Affairs

From: Representative  Kott

Date: February 16, 2006

Re: HJR 33 "Urging the Alaska Department of Health and Social Services to seek authority and funding from the United States Department of Veterans Affairs to establish a system allowing Alaska veterans treatment in both public and private Alaska facilities".

Chairman Lynn,

House Joint Resolution 33 was introduced on the House Floor. I respectfully request that HJR 33 be scheduled for a hearing with the House Special Committee for Military & Veteran Affairs at your earliest possible convenience.

Thank you for your consideration.

ALASKA STATE LEGISLATURE

Chair:
Legislative Council

Member:
Community and Regional Affairs
Judiciary
Labor and Commerce – Vice Chair



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REPRESENTATIVE PETE KOTT
DISTRICT 17 – EAGLE RIVER

Sponsor Statement
For
House Joint Resolution 33

Urging the Alaska Department of Health and Social Services to seek authority and funding from the United States Department of Veterans Affairs to establish a system of allowing Alaska veterans treatment in both public and private Alaska Facilities.

With approximately 72,000 veterans that call our great state home, I believe that Alaska's veterans deserve top quality health care in their own communities. Currently forced to seek medical treatment with U.S. Veteran's facilities, many of these heroes have to leave their communities and even go outside of Alaska. Many millions of dollars have been spent in airfare alone in order to get Alaskan's treatment when the treatment and facilities are available in state. This policy is costly and inefficient, and it disrupts Alaskans' lives.

House Joint Resolution 33 urges the United States Department of Veterans' Affairs to authorize funding and management to establish a system whereby Veterans can seek treatment from medical facilities other than that of the U.S. Military and Veteran's Affairs doctors and hospitals, many of which are available in the State of Alaska. This would give veterans a greater choice and flexibility for healthcare and increase the interaction between the Department and Military and Veterans Affairs doctors and the public and private medical facilities in the state thus, significantly reducing medical costs and increasing efficiency for veterans' medical care. This system would support the use of a veteran's medical identification card as an insurance card for medical billing to the U.S. Department of Military and Veteran's Affairs.

The passage of HJR 33 will give veterans a choice, and will allow them local access to quality healthcare.



HJR 33

VA/AK VETERANS HEALTH CARE CONCEPTS/working DRAFT (RD) 2/5/06

This is a working draft of ideas/concepts crafted by Ric Davidge and a small working group toward defining solutions to the ongoing structural (service and funding) issues within our federal veterans' health care system in Alaska. The ultimate re-crafted solution(s) may have application in other states with Alaska functioning as a demonstration project. NOTHING in this working paper is final nor does it represent the position of the Foundation or the other participants in this discussion. This paper is only necessary due to the complexity of these issues. We find it easier to outline things on paper so that there is clearer understanding by all parties as to

Structural Problems:

1. Veterans Health Care funding is not annually assured based on either our nation's moral obligation to the men/women who have been injured in service or retired after 20 plus years of honorable service. Funding levels are politically negotiated within the context of annual budgets and political agendas without regard to veteran health care need/demand or the quality of service. Recent General Accounting Office reports requested by the leadership of both the House and Senate veterans program oversight committee have highlighted the structural nature of these problems.
2. The old system of federal hospitals, for veterans or even when combined with active duty military medical facilities is no longer efficient or capable of meeting the location, medical, or mental health needs of our veterans and their families. This is especially true with regional federal medical service centers that require significant patient and employee travel and other support costs that could be far more efficiently turned directly into medical service through existing privately provided hospital and clinical services.

Moral Imperatives:

1. In the face of continued efforts by our federal government to reduce or otherwise restrict the levels and categories of medical care for our veterans at a time of growing demand by old and new veterans for services, why should not a state, especially the richest state per capita in America with the highest per capita number of veterans, step up to ensure that its veterans receive adequate and appropriate care in their community?
2. The quality and certainty of veteran care must not be a partisan issue. It is an American obligation to those few citizens willing to step forward and answer the call to stand guard for America. If our federal government is politically unwilling or financially unable to provide adequate care for its veterans, then we/Alaskan's must step up to this obligation for Alaska's veterans.

Veterans Care at existing private Alaskan hospitals and clinics

1. In years past veterans in Alaska were treated at private health care facilities with VA employees working within these facilities. Even today close to \$40 million is spent annually by the VA through local hospitals and clinics.
2. This allows veterans, connected under the VA Health Care program, to receive services for either service related injuries or other health needs at any hospital or clinic in Alaska.
3. The VA ID card should work just like an insurance card. The veteran shows the card when paying the bill (co-pay levels established). The medical service provider then bills the state program. The state pays the provider within 30 days of receiving the bill consistent with a negotiated reimbursement schedule for the procedure/service. The state then bills the VA for

reimbursement consistent with a negotiated reimbursement schedule with the VA which is adjusted annually based on cost and service demand.

4. Alternatively, some argue that our veterans should be "covered" by an established healthcare insurance company at the level of care selected by the veteran and/or their family. Appropriate co-pay agreements could be structured based on the veteran's income level, however for any veteran with a service connected disability any related medical services for that disability must be fully covered. Veterans who have retired after 20 or more years of honorable service would receive full coverage possibly minus an appropriate co-pay based on income.
5. Reimbursement schedules must be negotiated between the hospitals and clinics, the state, and the VA. Any medical provider that wants to participate must be "certified" by the state and/or VA to participate in the program. This is really no different then existing VA programs for some services and third party insurance procedures.
6. Alaska VA receipts from third party billings ("other insurance" - insurance companies used by veterans now treated at VA clinics/hospitals) should be transferred to a state program for veterans' health care as a federal grant similar to what is done at the Indian Health Service. This sets up a potential federal matching strategy for state veterans' health care. (may require federal law or regulatory changes. Look at IHS or Public Health Service third party receipts programs for comparables. Also look at VA authorization to run "demonstration projects" in states.)
7. This program will require state legislation to set up (authorize) the program, allow receipt of federal funds, receipt of billings from medial providers, reimbursement payments to medical service providers, and approval of some range of reimbursement schedules as can be negotiated and annually adjusted and provided in regulations.
8. The state's reimbursement schedule should be the same or greater then the VA schedule.
9. The state is in a far more powerful position to negotiate with the federal VA for an appropriate reimbursement schedule for Alaskan communities then are individual medical service providers.
10. Based on increased efficiencies within the overall Alaskan based medical services industry, new economies of scale should push reductions in the cost of services. (the more beds filled the lower cost per bed, the more clients seen the lower cost per client)

Why should the State of Alaska put itself in the middle?

1. Alaskans (National Guard and Reserve) are becoming more and more involved in fighting our wars. Even if these troops are federalized, the state has a moral and ethical obligation to ensure that its veterans receive appropriate medical services after leaving active duty.
2. When an Alaskan, who likely is fully employed in his/her civilian life and has a personal or family health insurance program linked to that job, is federalized/deployed - he/she will likely loose his/her income from this nonmilitary employment for years, suffer a significant loss of annual income, unable to pay the premiums for this private health insurance and his/her employer will likely not continue employer co-payments as the employee is gone - resulting in a loss of personal health insurance for the soldier and/or family. Then when the Alaskan returns to private life they will likely have to start their health insurance all over again but NOT be able to apply any new private insurance to any military related injury or illness (known or unknown at the time) as it would be considered a "preexisting condition" under any new private insurance. If the veteran is not "connected" to the VA Health Care program to cover these "service related" costs - he/she is SOL. This is not in Alaska's best interest.
3. This program should ensure that Alaska's veterans receive adequate health care OUTSIDE of the current federal appropriations processes. A process that, regardless of need, continues to reduce the per-veteran level of federal services and the per-veteran level of programmatic federal funds compared to the growing level of need from the veterans in Alaska.
4. Alaska should explore new medical service concepts for veterans that are far more cost effective then the building of new VA hospitals/clinics especially in areas of Alaska with small populations that do not enable the levels of medical service efficiencies essential to compete in this market.
5. Alaska could be a pilot project in the evolution of new national approaches to more efficient medial insurance/services for veterans. In fact, we may not be reinventing the wheel here, we may just be returning to an approach that some years past provided services in this manner.

Questions for the VA/AK:

1. How many Alaskan veterans are sent out of state for medical/mental health services? What is the average number of Alaskans per year over the past ten years?
2. How much does the VA spend annually (in air fare, taxi, hotel, meals) to send veterans outside for medical/mental health services? **ANSWER: \$2,057,222 for airfare alone in 2004.**
3. What medical/mental health services/treatments are veterans receiving outside of Alaska?
4. What is the total cost/value of these "outside" medical services to the VA annually?
5. If these services are available in Alaska, why does the VA send the veteran out of state?
6. Does the VA provide any family assistance to spouses/families to be close to a veteran when sent out of state for medical services? Is there some gradation based on seriousness of condition?
7. How many veterans in Alaska are classified as having a service related PTSD claim? How many of them receive regular treatment in Alaska? How many receive treatment outside of Alaska?
8. How many veterans are served annually instate at VA clinics and hospitals?
9. What is the total cost of medical services (do not include VA Administration) provided by VA in Alaska? **ANSWER: \$38,681,991 in part.**
10. How many veterans receive medical services at private or other than VA facilities in Alaska annually?
11. What is the total cost of medical services received by veterans in Alaska at other than VA facilities?
12. What is the nature of these medical services?
13. What is the cost per patient ratio for VA medical services in Alaska?
14. How many facilities in Alaska currently have reimbursement schedules with the VA?

Problems Solved

1. Maximizes use of existing underutilized Alaskan hospital services/beds increasing the operational efficiency of existing facilities allowing lower service fees especially in rural areas.
2. The emotional cost to veterans and their families when the veteran is separated by thousands of miles (now sent outside of Alaska) for treatment. Veterans can be treated in Alaska allowing families to be by their side during these difficult times. This is often a critical component of a patient's recovery during medical or mental health care.
3. The cost [significantly reduced travel (air fare, hotel, taxi, meals) expenses] of providing services to veterans should be reduced overall with the retention of veterans in Alaska for medical care.
4. New expensive Veterans Hospitals and clinics will not have to be built and operated by the federal government.
5. The existing Military/VA Hospital at Elmendorf can revert to active duty service only. Elmendorf will not have to adjust their fence/perimeter to put this hospital outside of the existing security zone. Saving money, time, manpower, and enhancing on base security while at the same time providing services to veterans in a far more friendly way. This action is also responsive to the general desire of veterans to receive their medical services within their community.
6. Veterans will be allowed/enabled to use existing private facilities based on cost and quality of service.
7. No additional land will need to be developed for new hospitals in areas with little land available.
8. Existing VA Clinic employees could shift to other medical service providers, but should remain under VA employment status as their principle area of service is veterans within those facilities.
9. The VA Clinic could be relocated to an existing medical campus such as Providence or Alaska Regional rather than moved to Elmendorf providing better professional services integration within the medical communities that exist. Additional efficiencies may be realized with the consolidation of all VA services at one medical campus (now five (5) commercial spaces are under "fair market value" lease by the VA in Anchorage alone).
10. Existing medical service providers who offer services in demand by veterans can enhance their practices and increase their cost efficiencies.
11. Veterans are allowed to "shop" for their service related medical care/services based on quality of service and, with existing co-payment requirements, cost. They are empowered in their choice of medical services whereas currently they are given no service or service that may not be at the same level or in their community or state.
12. Services can be responsive to demand within established health service markets.

News Flash



Congressman Lane Evans wants full accounting from VA on FY07 budget

House Committee on Veterans Affairs – Democratic Office
Lane Evans Ranking Democratic Member
333 Cannon House Office Building
Washington, DC 20515

<http://veterans.house.gov/democratic/welcome.htm>

FOR IMMEDIATE RELEASE: February 15, 2005
CONTACT: Geoffrey Collver 202/225-9756

Early Indicators Warn of Possible Shortfalls at VA ... Again

Washington, DC - Rep. Lane Evans (D-IL), ranking Democrat on the House Veterans' Affairs Committee, warned that the problem of chronic underfunding of veterans' health care is again causing budget shortfalls at Department of Veterans Affairs (VA) hospitals and clinics across the nation. Evans and Rep. Michael Michaud (D-ME), ranking Democrat on the Health Subcommittee, have called upon the Secretary of the Department of Veterans Affairs, in a joint-letter sent today, to provide a full and accurate accounting of current shortfalls.

"I am distressed by reports of \$500,000 to \$18 million shortfalls we are hearing from VA medical facilities across the nation from Seattle, Washington to West Palm Beach, Florida, from White River Junction, Vermont to San Diego, California," said Evans.

In response to Rep. Michaud's questions at the February 14, 2006, Committee hearing on the VA health care budget, VA officials conceded to shortfalls at some facilities. While denying a system-wide problem, VA officials revealed that VA was planning to notify Congress that it needed to shift money around in its medical care program accounts to cover gaps in funding. VA officials also acknowledged regional health care networks might be transferring funds between networks to cover funding gaps. In their letter to the Secretary, Representatives Evans and Michaud warned, "These actions are early warning indicators that something is amiss with VA's funding for FY 2006."

Rep. Filner (D-CA), a Senior Member on the House Veterans' Affairs Committee, representing San Diego, urged early action. "Veterans' health care needs real funding. In the short-run, transferring funds may camouflage the shortfall but it does not rectify the underlying problem," said Filner.

VVA 2006

**LEGISLATIVE AGENDA
& POLICY INITIATIVES**



In Service to America

There are other issues of concern that warrant the attention of Congress and the American people. What follows are VVA's legislative priorities in these areas.

Veterans' Health Care

- When the VA cannot provide the highest quality care within a reasonable distance or travel time from a veteran's home and in a timely manner, the VA has a duty to provide care via a fee-basis provider of choice for service-disabled veterans.
- VVA is committed to protecting and advancing the rights to access VA health care programs and services for all veterans who meet the definition set forth in Title 38, U.S. Code, and shall continue our efforts to ensure that clinicians at VA medical facilities take a military history as a matter of course for all veterans currently in or entering the VA health care system.
- To better provide health care for women veterans, VVA will seek legislation or regulation to re-authorize the biennial Report of the Advisory Committee on Women Veterans, with submission to the Secretary of Veterans Affairs for response, and to members of Congress; and VVA shall seek legislation to provide contract care, for up to 14 days post-delivery, for infants born to women veterans who receive delivery benefits through the VA.



WHITE PAPER

The Position of Vietnam Veterans of America On Health Care Funding For *All* Veterans

July 2003





Vietnam Veterans of America

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A Not-For-Profit Veterans Service Organization Chartered by the United States Congress

July 2003

Dear Friends and Colleagues,

This White Paper makes the argument for what Vietnam Veterans of America (VVA) and other Veterans Service Organizations (VSOs) have been advocating for too long: the need to shift the funding of the VA's medical operations from a discretionary to an obligatory model at an appropriate level of funding. We believe the time for Congress and the President to address and rectify this situation is now, while another generation of American troops is fighting a new, global war that doesn't promise a swift conclusion.

It is our hope that all the VSOs and all Americans will unite and push for enactment of legislation to restore the base funding for VA medical operations; and to bring a measure of sanity to how veterans health-care is funded so that we can turn our attention to how to improve that care and introduce greater accountability and efficiencies into the system.

We look forward to working with our fellow veterans and with members of Congress who believe that this is the right thing to do and the right time to do it.

We welcome your comments and your support.

Sincerely,

Thomas H. Corey
National President



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EXECUTIVE SUMMARY

The highest legislative priority of Vietnam Veterans of America is the institution of obligatory, or assured, funding for medical operations at the VA based on the per capita use of the veterans health-care system (including long-term care) at the 1996 level of funding, indexed for medical inflation.

The debate of the past several years has been whether to fund the veterans health-care system at a very inadequate level or a grossly inadequate level. This debate needs to end. We must give more than lip service to the health-care mandates set forth in law, and by the will of the American people, to care for those who have borne the battle.

In the mid-1990s, the VA health-care system welcomed higher income, non-disabled veterans, with the caveat that these enrollees pay a nominal co-payment. The rationale behind this initiative was to ensure a patient base that would support the infrastructure needed to develop a modern, integrated health-care system. Congress endorsed this initiative and enacted Public Law 104-262, the Veterans Health Care Eligibility Reform Act of 1996.

Because the law did not mandate a level of funding, it established an annual enrollment process and categorized veterans into "priority groups" to manage enrollment. Last year, the system hemorrhaged, and Secretary Principi had to make a difficult call. Overburdened by an influx of enrollees, the VA did not have the financial resources to provide care for all who chose to enroll. The Secretary then temporarily suspended new enrollments of Priority 8 veterans. This suspension, which went into effect January 17, 2003, will continue through Fiscal Year 2004. Although this decision is to be reviewed annually, many fear that Priority 8 veterans have been effectively banished from the health-care system as the VA, with no promise of an infusion of supplemental appropriations, refocuses on its "core mission" of serving veterans "with service-connected disabilities, the indigent, and those with special health care needs."

The VA is not assured adequate funding that complies with Public Law 104-262. This law, undermined by years of flat-line budgeting by Congress and by medical inflation, effectively strained the VA system beyond capacity and rendered the VA unable to respond adequately to the needs of veterans who have chosen to use its health-care system. Access to this care is their right as veterans, and that right is being abrogated.

To adequately serve all of those who seek its services, the VA needs \$28.5 billion in hard, appropriated dollars in FY 04. Using a very conservative methodology and government figures, some \$36 billion should have been appropriated for VA medical operations in FY 04. To restore the eroded funding base would take a four-year "off-budget" restoration plan of \$8-10 billion. To avoid future funding crises, Congress must go beyond the rhetoric of considering whether the current discretionary-funding model needs to be replaced by an obligatory system of funding indexed both to per capita costs of treatment and medical inflation. Congress and the President must not pass the buck any longer. They must grapple with the issues keeping the compact between our government and our veterans at the forefront of debate, and they must enact legislation that will ensure a consistent, predictable, and appropriate level of funding for VA medical services.

T*he willingness with which our young people
are likely to serve in any war, no matter how
justified, shall be directly proportional as to
how they perceive the Veterans of earlier wars
were treated and appreciated by their nation.*

– George Washington

INTRODUCTION

Americans have long held that health care for veterans is a national obligation, part of the covenant between the American people, through our democratically elected representatives and agencies of government, and the men and women who have pledged to defend the Constitution and the cherished principles of our nation. Because those who render military service pledge not only their loyalty but their life, knowing that they may be called to combat, understanding that they may give up their life, this covenant is more profound than a legal contract. Now, at a time when a new generation of our sons and daughters is on the front lines defending America's interests, it is our obligation as citizens of a generous and compassionate society to ensure that the funding to care for the injuries, illnesses, and disabilities they may suffer is assured and not relegated to a "discretionary" appropriation of inadequate proportions.

Those who serve during times of war or conflict, particularly those who are deployed to a war zone, return home changed. Many are seared psychologically. Some are wounded or maimed by the weapons of modern warfare. Yet just as they have fulfilled their obligation to their country – to all of us – it is our collective obligation to do all that we can, through the appropriate agencies of government, to restore as much as possible each veteran who has been lessened physically, psychologically, or economically; and all that we can individually and through our communal and religious institutions to heal each veteran who has been lessened spiritually.

All Americans committed to justice for veterans understand that the annual budget battles in Congress do little to inspire confidence that we will do right by our veterans. Budgets and appropriations are, of course, a reflection of the values and priorities of the administrators who design them and the legislators who approve them. What does "discretionary" funding for the care of men and women who defend our country say about America? Which is more important: the pet highway construction projects of a powerful member of Congress or adequate funding for veterans health care? What does the "temporary"

triage of veterans classified as "Priority 8" say about the state of the VA health-care system? Beyond political platitudes, what legislation will the administration and the congressional leadership debate and enact to eliminate the uncertainty in funding veterans' health care?

The debate over the past several years has been whether to fund VA medical operations at a very inadequate level or a grossly inadequate level. The flat-lined budgets passed by Congress and signed by the President during the mid- and late 1990s so eroded the base funding for health care that the VA is hard-pressed to meet the mandate of its mission. This annual debate needs closure. It is time to act to ensure a consistent, predictable, and appropriate level of funding that will give more than lip service to the mandates for health care set forth in law, and by the will of the American people, for those who have borne the battle in the fertile fields of Europe, the islands of the South Pacific, the rice paddies and jungles of Southeast Asia, the sands of Kuwait and Afghanistan and Iraq, and the myriad peacetime confrontations of the Cold War.

BACKGROUND

The Department of Veterans Affairs, the second largest of the 15 Cabinet departments, is the largest integrated health-care provider in the nation, with 163 medical centers, more than 900 outpatient clinics, 180 nursing homes and domiciliaries, and 206 Vet Centers divided into 21 Veterans Integrated Service Networks administered under the aegis of the Veterans Health Administration.

In the mid-1990s, the leadership of the VA, with the bi-partisan support of Congress, embarked on a significant shift in policy. They opened the VA health-care system to non-indigent, non-disabled veterans, with the caveat that these enrollees pay a nominal co-payment. The rationale behind this initiative was to ensure a patient base that would support the infrastructure needed to develop a modern, integrated health-care system. Congress and the President endorsed this initiative, enacting Public Law 104-262, the Veterans Health Care Eligibility Reform Act of 1996, which gave the VA the legal authority to do what it had proposed.

The new law reaffirmed the VA's mandate to provide care for its core constituency: service-connected disabled veterans, indigent veterans, and others such as ex-prisoners of war and veterans who had been exposed to environmental hazards, toxic substances, and radiation. It also required that the VA provide "for the specialized treatment and rehabilitative needs of disabled veterans (including veterans with spinal cord dysfunction, blindness, amputations, and mental illness)."

However, even though the new law was predicated on the assumption that the VA would be reimbursed from Medicare as well as from third-party collections from private insurers for the services it provided, a provision of the law stipulated that "hospital care and medical services shall be effective in any fiscal year only to the extent and in the amount provided in advance in appropriations acts for such purposes." The law gave the Secretary of Veterans Affairs the authority and responsibility to determine eligibility for enrollment based on available resources in any given fiscal year. Although the law did not mandate a level of funding, or a standard of care, it did establish an annual enrollment process and categorized veterans into "priority groups" to manage enrollment (see Appendix, an explanation of these priority groups).

A confluence of events and conditions served to swell the roster of those who sought service at the VA. Outreach to veterans who had never considered care in VA facilities was stimulated by the fissures and faults of a national health-care system that does a terrible job of containing costs. Double-digit inflation priced health insurance beyond the reach of millions of Americans. The soaring costs of prescription drugs – and the unavailability of a drug program in Medicare – caused veterans to flock to the VA. The

Veterans' Millennium Health Care and Benefits Act of 1999 further increased demand by expanding benefits. Because funding of VA medical operations is not based on per capita usage, the VA's resources shrunk while enrollment was soaring. Caseloads ballooned. Waits for appointments to see physicians lengthened from several weeks to several months. Veterans using the system were frustrated by a system that had bogged down.

Last year, VA Secretary Principi had to make a difficult call. The system did not have the financial resources to provide care for all who chose to enroll. Confronted by dire fiscal realities, the Secretary created a new category, Priority 8, for prioritizing medical care in the VA system. ("Priority 8" is comprised of veterans who agree to pay specified co-payments and whose income and/or net worth is above the VA means-test threshold and the HUD geographic index.)

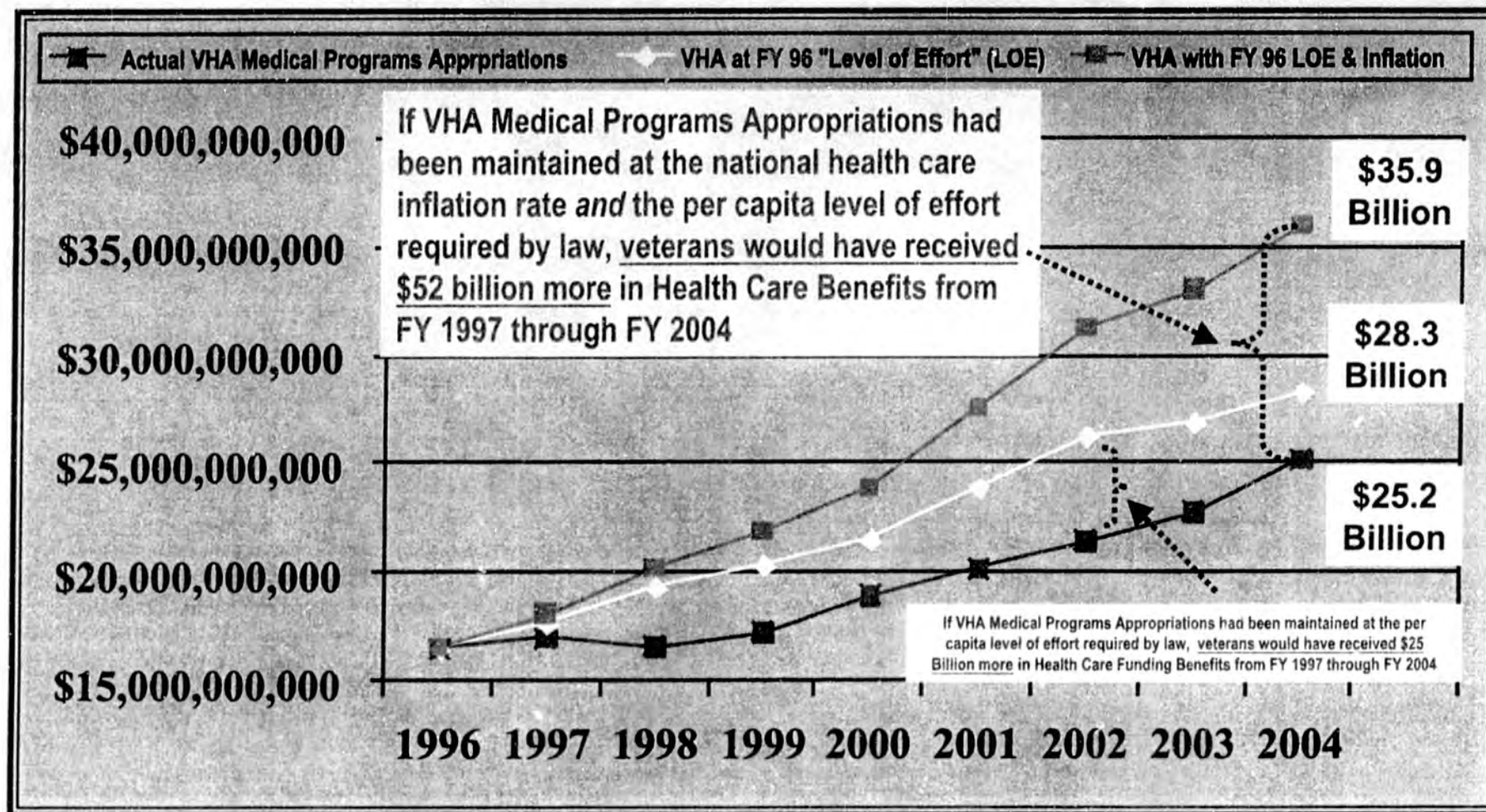
The Secretary then temporarily suspended new enrollments of veterans in that category. This suspension, which went into effect January 17, 2003, will continue through Fiscal Year 2004 (which runs from October 1, 2003, through September 30, 2004). While this decision is to be reviewed on an annual basis, many fear that Priority 8 veterans have been effectively banished from the health-care system as the VA, with no promise of an infusion in supplemental appropriations, refocuses on its "core mission" of serving veterans "with service-connected disabilities, the indigent, and those with special health care needs."

How did it come to pass that Secretary Principi felt compelled to take so drastic an action as suspending registration and access for Priority 8 veterans? Part of the answer lies in how the system is funded. The VA is not assured adequate funding that enables it to comply with the provisions of Public Law 104-262, which mandates that funding for health care meet the "level of care" provided by the VA in 1996. While recent increases to the VA health-care budget have been reasonable, the law has been effectively undermined by years of flat-line budgeting during the mid- to late-1990s. The situation has been compounded by the eroding effects of medical inflation, straining the VA system beyond capacity and rendering the VA unable to respond adequately to the needs of veterans who have chosen to avail themselves of its health-care system. This is their right as veterans, and that right is being abrogated.

The following graphs illustrate the problem. While enrollment in the VA system has increased by almost 120 percent since 1996 – from some 3.4 million to more than 7.0 million projected in FY 2004 – Veterans Health Administration (VHA) per capita expenditures have decreased over the same period by 30 percent (Graph 2, page 6). The ratio of patients to licensed practical nurses has shot up more than 100 percent, while the ratio of patients to registered nurses had grown by 67 percent (Graph 3, page 7). Likewise, the doctor-patient ratio has increased by almost 60 percent (Graph 4, page 8). While this situation is exacerbated by an increase in Priority 7 and 8 veterans, in fact more Priority 1-6 veterans entered the system over the same period (Graph 5, page 9).

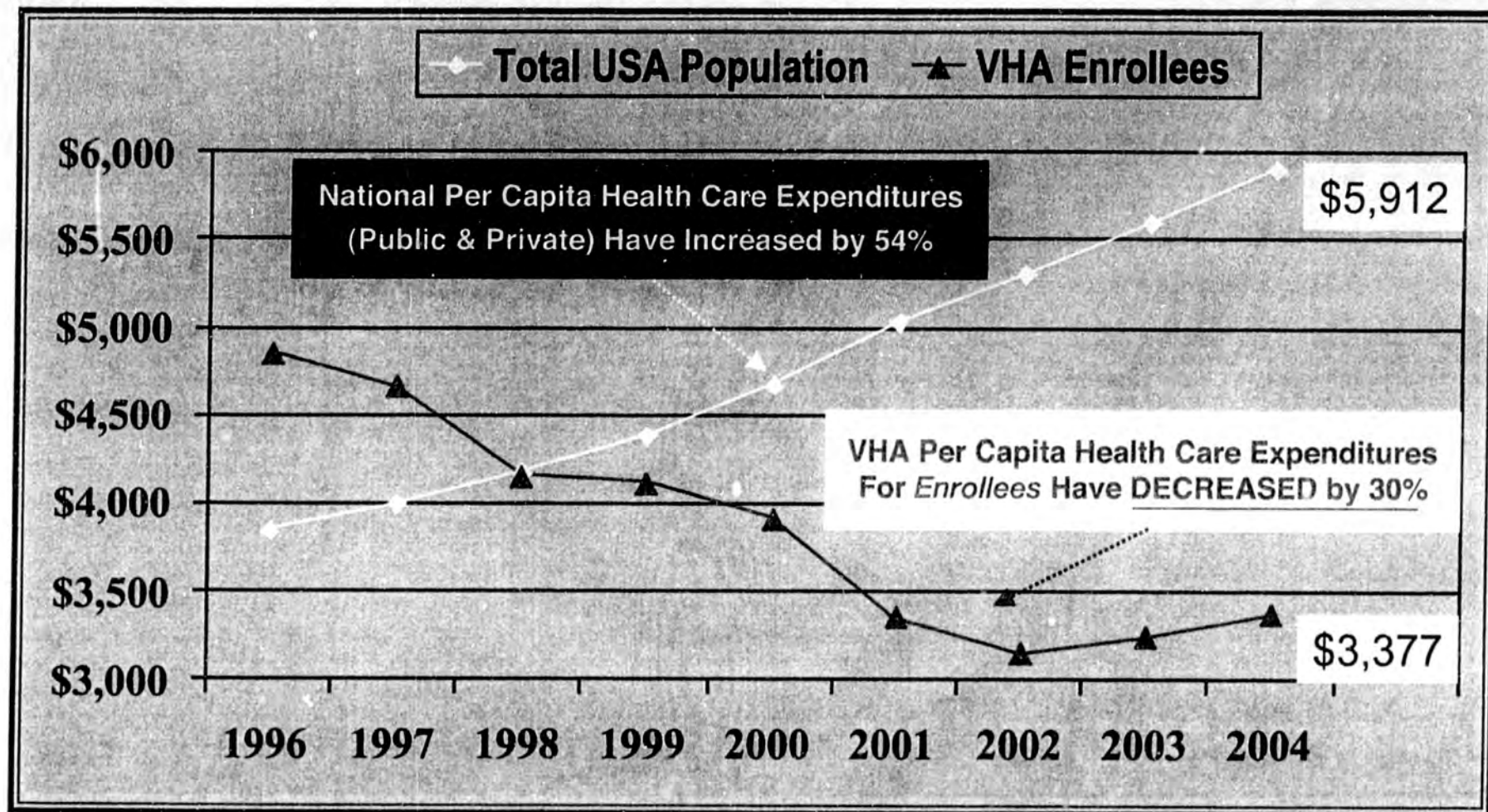
Perhaps most telling is Graph 1 (page 5): Had the level of funding mandated by law been met – and the law requires that funding for the VA's medical operations funding match the "level of effort" in Fiscal Year 1996 – this funding would be hovering at \$36 billion for FY 04. The debate would reflect this higher figure. In order for the VA to serve all veterans who are eligible and who seek care at VA facilities, VA officials have acknowledged that, beyond the \$1.7 billion they anticipate collecting in third-party billings in FY 2004, they will need at least \$28.5 billion in hard, appropriated dollars to re-open the medical system to all eligible veterans in FY 04.

VHA Medical Programs "Should Spend" Budget



Sources: (VHA Medical Program Appropriations) - VHA Appropriations history/projections were e-mailed from the Veteran's Administrations Central Office (VACO) on 2-04-03.
 (VHA at FY 96 "Level of Effort" Budget Line) - Data derived by multiplying the FY 96 Per Capita "Level of Effort" (\$5,633) by the number of VHA Users. FY 96-98 VHA Users are a VVA estimate. FY 99-04 VHA Users came from the VHA Policy and Forecasting Office and utilize the "full demand" figures for FY 03 and 04.
 (VHA at FY 96 LOE & Inflation Budget Line) - Health care inflation figures for each FY were faxed to VVA from the Centers for Medicare and Medicaid Services (CMS) Actuarial Offices, and can be viewed for 1998-2004 at www.cms.gov/statistics/nhe/projections-2002/t1.asp. The CMS data are conservative because they do not reflect price inelasticity accounted for in the slightly higher health care inflation figures of the Consumer Price Index (patients cannot as easily substitute lower cost drugs/treatments as in other sectors)

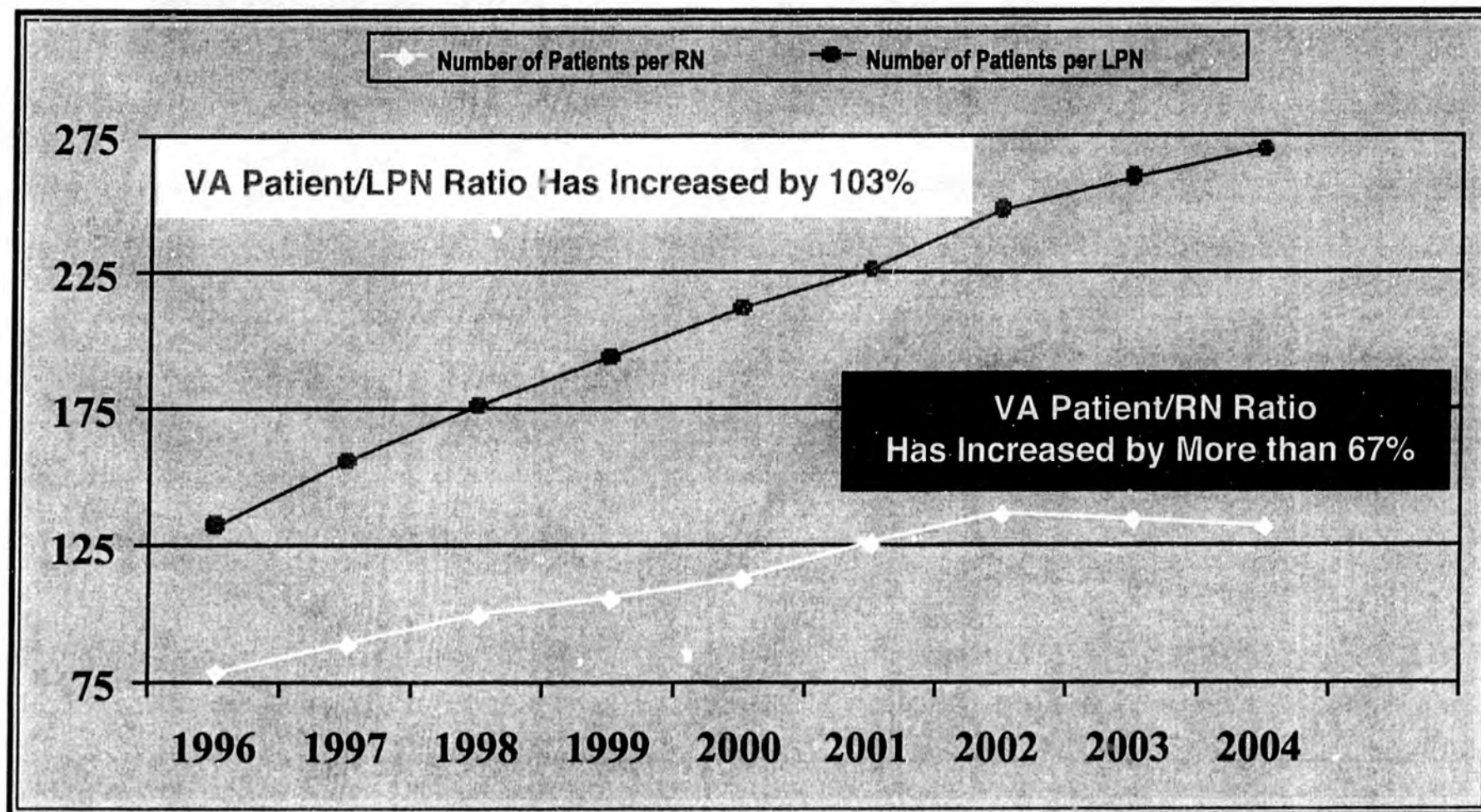
Annual Per Capita Health Care Expenditures



Sources: (National Health Care) - Per Capita Expenditures are derived from the Centers for Medicare and Medicaid Services data found at <http://www.cms.gov/statistics/nhe/>, the "nhegdp01.zip" file (2nd table at bottom of web page). Projections for FY 02-04 are based on the average 5.5% per capita growth rate from FY 96-01.

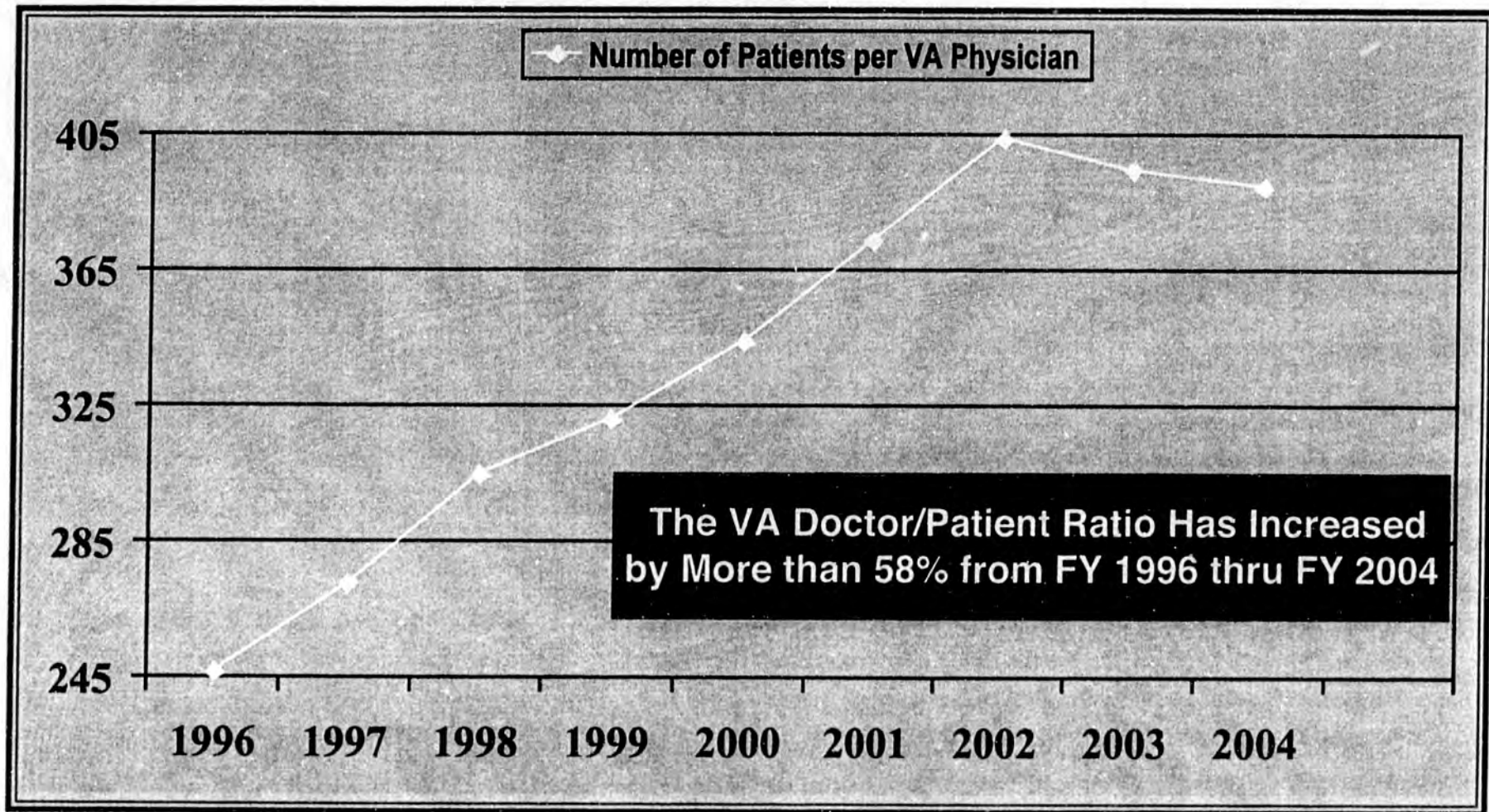
(VHA) - Enrollee Per Capita Expenditures are derived by dividing FY 96-04 VHA Appropriations by the number of VHA enrollees. FY 96-98 are estimates based on the 16% enrollee/user difference in FY 99. FY 99-04 actual and projected enrollees are from the VHA Policy and Forecasting Office and utilize the "full demand" figures for FY 03 and 04. VHA Appropriations history and projections were e-mailed to VVA from the Veterans Administration Central Office (VACO) on 2-04-03.

VA Nurse/Patient Ratio



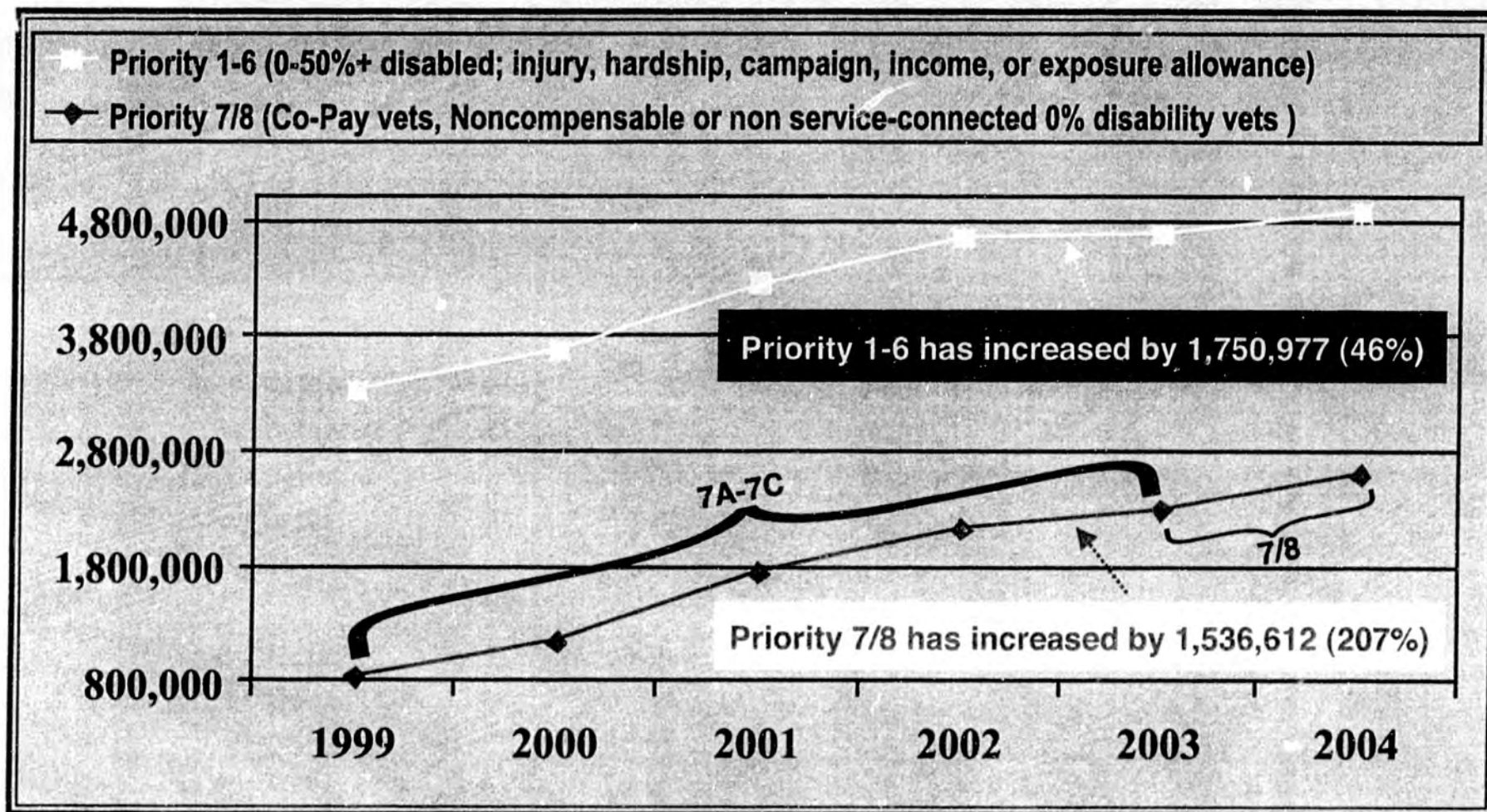
Source: Department of Veteran Affairs Forecasting and Policy Office Fax on 3-13-03.

VA Doctor/Patient Ratio



Source: Department of Veteran Affairs Forecasting and Policy Office Fax on 3-13-03.

Total VHA Enrollee Growth (by Priority and FY)



Sources: FY 99-02 data are from an Excel file e-mailed to VVA from the VHA Policy and Forecasting office titled "enrollees and pts fy99-04 by priority.xls." FY 03 & 04 estimates are from the same office and utilize the full demand figures. 7A-7C are previous designations for the current priority 7 and 8 categories.

VVA's POSITION

The highest legislative priority of Vietnam Veterans of America is the institution of obligatory, or assured, funding for veterans' health care, funding that is based on the per capita use of the veterans' health-care system (including long-term care) at the 1996 level of funding, indexed for medical inflation. Why the "accepted" level of care at the rates expended in FY 96? Because that's when the law was passed, even though FY 96 was not at the time considered a banner year for medical appropriations by anyone familiar with the process.

VVA initially acknowledged that for the VA to adequately minister to the core groups eligible to receive care at its facilities, the course of action taken by Secretary Principi, while wrenching, was justified and even necessary – but only as a stopgap, temporary palliative. It was the only reasonable action he could take to stanch the hemorrhaging of the system and prevent its collapse. VVA strongly opposes making this exclusion of Priority 8 veterans permanent. VVA has asked that Congress direct that the VA use numbers for its future planning and projection purposes that include provision of services to Priority 8 veterans.

VVA is gratified that the hue and cry raised by veterans service organizations is finally being heard by Congress. Several measures are being considered that would, if a bill is finally enacted, restructure the way medical operations of the VA are funded and effectively remove the annual uncertainty over the VA's budget for health care. The time for serious consideration of these measures is now. A government that can afford to outlay billions for a war against terrorism can find the funding, and reconfigure the funding mechanism, to help heal the veterans of this war and the wars that preceded it.

With funding uncertainties removed, the VA leadership could focus on implementing measures to create a true veterans health-care system, a system in which every veteran who enrolls would be given a full physical examination that would include a comprehensive military health/medical history, a psychosocial workup, and the drawing of blood samples.

This history would provide an epidemiological baseline to help measure future health conditions not only for a particular veteran but potentially for others with whom (s)he served. When an extensive epidemiological database is finally compiled, it can serve as an invaluable tool for physicians. With more information about a patient's military background, a doctor would know to test for particular conditions, parasites, and toxic exposures that may already be adversely affecting the health of that veteran. Such a database could reveal whether others who served in the same outfit reported similar conditions. It would not only help a doctor render an accurate diagnosis and establish an effective treatment plan, it would enable the VA to more effectively identify occupational illnesses and diseases that may be connected to a veteran's military service. Such a database, if accessible to private physicians – and the vast majority of veterans are not enrolled in the VA health-care system – can inform these medical professionals about potential health issues in their patients.

ADJUSTING the FUNDING BASE for VA MEDICAL OPERATIONS

VVA believes, however, that in addition to restructuring the way in which the medical operations of the VA are funded, an adjustment to the base funding must be made.

The percentage increases appropriated for VA medical operations from FY 2002 to FY 2003, and the proposed increase from FY 2003 to FY 2004, are reasonable, even generous. However, the base upon which these increases are predicated is inadequate. The "should-spend" budget illustrated by Graph 1 on page 5 illustrates why. VA officials acknowledge they require an infusion of \$1.2 billion over and beyond

the amount appropriated by Congress for FY 04 to reopen the system to Priority 8 veterans. This translates to an appropriation of \$28.5 billion in FY 04. And the VA needs \$8-10 billion more to effectively comply with the law and meet the 1996 "level of effort" for veterans' health care. Using very conservative figures for medical inflation, funding of the VA's medical operations should be some \$36 billion for FY 04.

Congress must revisit this issue and consider ways to right this wrong as part and parcel of any move to rework the way the VA health-care system is funded. Whether additional funding is on-budget or off-budget, or whether these additional funds are "discretionary," "mandatory," "assured," or "obligatory," the funding base for the veterans health care must be restored to the proper level, starting the next fiscal year.

TOWARD REAL ACCOUNTABILITY

VVA has long maintained that managerial accountability goes hand-in-hand with obligatory funding. The entire VA system warrants continued management systems reforms, the prime goal of which must be to ensure the accountability of senior managers.

The VA's focus on accountability concentrates on providing incentives to senior managers, rewarding those who perform their jobs adequately with annual bonuses that average almost \$11,000. There are few, if any, sanctions imposed on those managers who demonstrate incompetence or recalcitrance to do what they are paid to do. It is useful to note that a VISN director and a director of a VA Medical Center received bonuses greater than \$10,000 for several years even after lice had been found in the bodies of veterans under their care.

While many very fine managers who are able leaders and dedicated public servants are employed by the VA, there are others who don't feel compelled to act in the manner of true public servants. Rarely if ever is a senior manager denied a bonus, even in instances in which that manager is known to have ignored directives or deliberately misled top officials at the VA.

While there is a legitimate need to make significant adjustments in the compensation for critical health-care workers, the current use of "merit bonuses" has been corrupted. Merit bonuses must be just that: bonuses for merit and achievement above and beyond that which is required. The current mode does a disservice to the many fine VA physicians and administrators who deserve more competitive pay and bonuses for truly outstanding performance. The system of rewards and punishment must be adjusted to sanction those who do a poor job or are not fully open and honest with appointed or elected officials.

To ensure accountability, the VA must develop a modern financial tracking system and standardize its financial systems so that the costs at one medical center can be easily tracked and compared to similar expenditures at other VA medical centers. Similarly, VA must develop a real-time Management Information System (MIS) to track how many clinicians or specialists are available at each medical center at any given time. VVA believes that the VA must subscribe to the old military adage that "a unit does well which the commander checks well."

CONCLUSION

We as a nation can and must do better for our veterans. Funding for veterans' health care has been woefully inadequate for years. As Dr. Linda Spoonster Schwartz, then chair of VVA's National Veterans Healthcare Committee (and currently Commissioner of Veterans Affairs for the State of

Connecticut) testified before Congress: "The lack of a consistent, reliable budget has, in essence, obstructed VA's capacity to respond to the changing needs of the health-care system, to efficiently grow, to acquire competent personnel and maintain a viable service infrastructure." And as the President's Task Force to Improve Health Care Delivery for Our Nation's Veterans has concluded: "Funding provided through the current budget and appropriations process for VA health care delivery has not kept pace with demand, despite efforts to increase efficiencies and focus health care delivery in the most cost-effective manner. . . . Full funding should occur through modification to the current budget and appropriation process by using a mandatory funding mechanism, or by some other change in the process that achieves the desired goal."

VVA believes it is imperative to enact legislation that would mandate obligatory funding for veterans' health care. Such legislation would make moot the issue of eligibility of Priority 8 veterans to receive medical services from the VA. Making veterans' health-care funding obligatory would eliminate the annual uncertainty about funding levels that has prevented planners at the VA from meeting the needs of the growing number of veterans seeking treatment. An assured, steady funding stream would enable the VA to concentrate on achieving accountability for performance from senior managers and building a system that is not only cost-effective and cost-efficient, but truly contributes to the mission of restoring veterans who have been lessened physically through injury or illness or the psychic wounds of war, or economically by virtue of military service.

To rectify past injustices, the system must be funded at a level that will enable Secretary Principi to re-open the VA health-care system to new enrollees who may be classified as Priority 8. It is imperative that at least \$28.5 billion (in addition to projected third-party payments of \$1.7 billion) be appropriated by Congress for VA medical operations for FY 04.

VVA and other VSOs believe it is disingenuous for our government to promise health care to veterans and then fail to provide adequate funding. Rationed health care must only be a temporary expedient as Congress moves toward an obligatory funding model. We endorse the proposition that "by including all veterans currently eligible and enrolled for care, we protect the system and the specialized programs VA has developed to improve the health and well-being of our nation's sick and disabled veterans." We expect our government to respect the covenant and honor its commitment and our obligation to those who have placed life and limb in harm's way.

APPENDIX

EXPLANATION OF PRIORITY GROUPS 1-8

The following is taken from the VA Web site, www.va.gov.

In October 1996, Congress passed Public Law 104-262, the Veterans' Health Care Eligibility Reform Act of 1996. This legislation paved the way for the creation of a Medical Benefits Package - a standard enhanced health benefits plan available to all enrolled veterans. Like other standard health care plans, the Medical Benefits Package emphasizes preventive and primary care, offering a full range of outpatient and inpatient services.

VA places a priority on improved veteran satisfaction. Our goal is to ensure that the quality of care and service you receive is consistently excellent, in every location, in every program. Under the Medical Benefits Package, VA offers you, the veteran, a comprehensive health care plan that provides the care you need.

What are the Priority Groups?

Once you apply for enrollment, your eligibility will be verified. Based on your specific eligibility status, you will be assigned a priority group.

The priority groups are as follows, ranging from 1-8 with 1 being the highest priority for enrollment. Under the Medical Benefits Package, the same services are generally available to all enrolled veterans.

As of January 17, 2003, VA is not accepting new Priority Group 8 veterans for enrollment (veterans falling into Priority Groups 8e and 8g.)

Priority Group 1

- Veterans with service-connected disabilities rated 50 percent or more disabling

Priority Group 2

- Veterans with service-connected disabilities rated 30 percent or 40 percent disabling

Priority Group 3

- Veterans who are former POWs
- Veterans awarded the Purple Heart
- Veterans whose discharge was for a disability that was incurred or aggravated in the line of duty
- Veterans with service-connected disabilities rated 10% or 20% disabling
- Veterans awarded special eligibility classification under Title 38, U.S.C., Section 1151, "benefits for individuals disabled by treatment or vocational rehabilitation"

Priority Group 4

- Veterans who are receiving aid and attendance or housebound benefits
- Veterans who have been determined by VA to be catastrophically disabled

Priority Group 5

- Nonservice-connected veterans and noncompensable service-connected veterans rated 0 percent disabled whose annual income and net worth are below the established VA Means Test thresholds
- Veterans receiving VA pension benefits
- Veterans eligible for Medicaid benefits

Priority Group 6

- Compensable 0 percent service-connected veterans
- World War I veterans
- Mexican Border War veterans
- Veterans solely seeking care for disorders associated with:
 - exposure to herbicides while serving in Vietnam; or
 - exposure to ionizing radiation during atmospheric testing or during the occupation of Hiroshima and Nagasaki; or
 - for disorders associated with service in the Gulf War; or
 - for any illness associated with service in combat in a war after the Gulf War or during a period of hostility after November 11, 1998.

Priority Group 7

Veterans who agree to pay specified co-payments with income and/or net worth above the VA Means Test threshold and income below the HUD geographic index

- Subpriority a: Noncompensable 0 percent service-connected veterans who were enrolled in the VA Health Care System on a specified date and who have remained enrolled since that date
- Subpriority c: Nonservice-connected veterans who were enrolled in the VA Health Care System on a specified date and who have remained enrolled since that date
- Subpriority e: Noncompensable 0 percent service-connected veterans not included in Subpriority a above
- Subpriority g: Nonservice-connected veterans not included in Subpriority c above

Priority Group 8

Veterans who agree to pay specified co-payments with income and/or net worth above the VA Means Test threshold and the HUD geographic index

- Subpriority a: Noncompensable 0 percent service-connected veterans enrolled as of January 16, 2003, who have remained enrolled since that date
- Subpriority c: Nonservice-connected veterans enrolled as of January 16, 2003, who have remained enrolled since that date
- Subpriority e: Noncompensable 0 percent service-connected veterans applying for enrollment after January 16, 2003
- Subpriority g: Nonservice-connected veterans applying for enrollment after January 16, 2003

This White Paper was prepared by Vietnam Veterans of America

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SCOMM

139:22

HOUSE COMMITTEE REPC 1

Date Referred to Committee: February 24, 2005

FURTHER REFERENCES: State Affairs

Date of Committee Action: 3-17-05

The HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS considered:

CS FOR SENATE BILL NO. 90(STA)

CSSB 90(STA)
ALASKA TERRITORIAL GUARD DAY

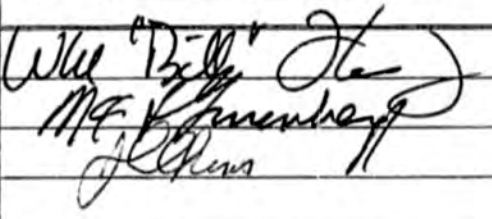
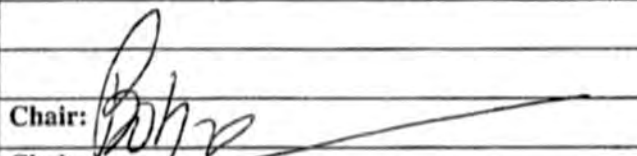
"An Act relating to Alaska Territorial Guard Day."

Recommends it be replaced with ☐ HCS or ☐ CS for _____ (_____)
 For Senate Bills with new title: ☐ Technical Title ☐ New Title: HCR _____ ☐ Same Title ☐ New Title

- ☐ attach amendments
☐ add new referral to _____ Committee
☐ Letter of Intent _____ Committee

*List of
Abbrev
for
Depts.:*
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
HSS
LEG
LAW
LWF
MVA
DNR
DPS
REV
DOT
UA

[illegible][illegible]

Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
	Thomas	☒				
	Gruenberg	☒				
	ELKINS	☒				
Chair: 	LYNN	☒				

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Charlie Huggins Senator

February 28, 2005

The Honorable Bob Lynn, Chair
House Military & Veterans Affairs Committee
Alaska State Legislature
State Capitol, Room 415
Juneau AK 99801

RE: SB 90 (Alaska Territorial Guard Day)

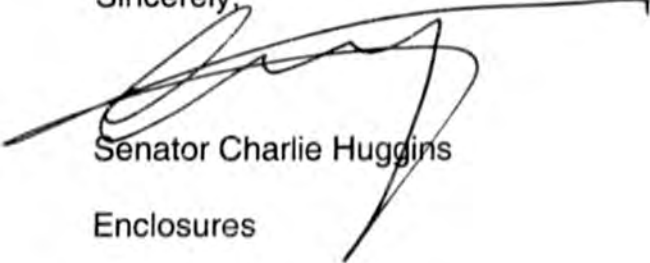
Dear Representative:

Senate Bill 90 has passed out of the Senate and is now referred to your committee. I am writing to request that the bill be scheduled for the earliest convenient hearing before the Military & Veterans Affairs Committee.

Included with this letter of request is the latest version of the bill and my sponsor statement.

If you have any questions about the bill or require further information, please feel free to call me at any time. Thank you for your consideration of this request.

Sincerely,



Senator Charlie Huggins

Enclosures

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Charlie Huggins
Senator

24-LS0459\I

SPONSOR STATEMENT

SENATE BILL 90

Alaska Territorial Guard Day

Senate Bill 90 would declare October 18 as Alaska Territorial Guard Day.

December 7, 1941, Japanese forces bombed Pearl Harbor in a surprise attack on the United States Navy. Around six months later, the Japanese seized the islands of Attu and Kiska and bombed Dutch Harbor killing forty-three Americans. Soon after, Governor Ernest Gruening was assigned two military aides to assist him in forming the Alaska Territorial Guard in order to protect and defend the US Territory that was Alaska. The first, Captain Carl Schneibner, was responsible for organizing the Guard in the Interior. The second, Major Marvin "Muktuk" Marston, was responsible for organizing the Guard on the Bering and Arctic Coasts. These two men went to their recruiting areas with a message from the President of the United States and the Governor of Alaska, asking for help in defending the Alaska Territory. Their combined efforts resulted in a total number of about 6,500 predominately Alaskan Native men signing up to defend their Territory, Country and the general good of all mankind. Dressed in WWI uniforms and shouldering Enfield rifles, the Alaska Territorial Guard succeeded in defending Alaska until its disbandment in the month of March 1947. After the disbandment, Gov. Gruening included members into the regular Alaska National Guard as scout battalions.

Until the year of 2004, these valiant volunteers had not been recognized as veterans. On October 18, the first members of the Alaska Territorial Guard were recognized by the United States Army as Veterans. This bill is dedicated to the memory of those who served so bravely for our great state.

Contact Information:
Ryan Moore - Legislative Staff
907-465-3878

Version: HB 201
Sponsor: Chenault
Contact: Erich Deland: 465-3779
Date: 03-17-05
Action: (H) MLV » (H) STA

SB 36: ABSENTEE BALLOTS

Requires that requests for absentee ballots by mail be submitted directly by the absentee voter to the division of elections.

Prohibits a person from encouraging or assisting in a violation of this requirement. Establishes a penalty for first offense and repeat convictions.

Version: HCS CS SB 36 (STA)
Sponsor: Therriault
Contact: Dave Stancliff: 465-4797
Date: 03-17-05
Action: (H) STA » (H) JUD

SB 90: ALASKA TERRITORIAL GUARD DAY

Declares October 18 of each year as Alaska Territorial Guard Day.

Version: CS SB 90 (STA)
Sponsor: Huggins
Contact: Ryan Moore: 465-3878
Date: 02-24-05
Action: (H) STA » (H) MLV

SB 98: FAST TRACK SUPPLEMENTAL APPROPRIATIONS/CBRF

Passed House 34 to 3. SB 98 puts \$854 million of general funds into a new public education fund established earlier this session by HB 158, which has been transmitted to the Governor for signature. The \$854 million includes \$400 million from the projected \$500 million Fiscal Year 05 surplus, \$440 million in FY 06 general funds and \$14 million lapsing from the FY 05 K-12 budget. The bill also provides about \$102 million in 'Fast Track' supplemental funding to cover Fiscal Year

05 needs including: \$28.2 million for work efforts for the Gas Pipeline; \$58.7 million in federal funds for roadway, airport and other transportation needs; \$5 million for computer network security needs; \$6 million for infrastructure upgrades to Alaska's Land Mobile Radio system; and \$79 million in federal and state funding for Medicaid caseload and cost increases.

Version: HCS SB 98 (FIN) Am H
Sponsor: Governor
Contact: James Armstrong: 465-3709
Date: 03-17-05
Action: Passed House » Senate

SB 124: FISHERIES BUSINESS LICENSE; BOND

Requires fisheries business license holders to pay all required taxes and fines in order to obtain and maintain their license. License holders must pay taxes including assessments supporting the Alaska Seafood Marketing Institute, employment security contributions, local fish taxes and any fines levied by the Alaska Occupational Safety and Health Administration. The bill is intended to prevent fishing businesses from obtaining a license if they repeatedly demonstrate an unwillingness to pay taxes and fines that support the fishing industry and ensure workplace safety. SB 124 also repeals and reenacts a requirement for primary fish buyers and fish processors to have a performance bond. The proposed bond requirements enhance protections for employees and fishermen without placing additional requirements or costs on processors with no history of problems.