

**STATEMENT OF NANCY DORN  
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BEFORE THE  
HOUSE ARMED SERVICES SUBCOMMITTEE ON MILITARY PERSONNEL AND  
HOUSE VETERANS' AFFAIRS SUBCOMMITTEE ON VETERANS' HEALTH**

**March 7, 2002**

Chairman McHugh and Chairman Moran and Members of the Subcommittees:

Thank you for the opportunity to address an issue that is among the highest priorities of this Administration. One of President Bush's campaign promises was to invest in health care, and a component of that promise was to better coordinate the programs and benefits of the Department of Defense (DoD) and the Department of Veterans Affairs (VA). This commitment was first described weeks after the inauguration in the *President's Blueprint for New Beginnings* FY 2002 budget document. A few months later, President Bush issued an Executive Order to create *The Presidential Task Force to Improve Health Care Delivery for Our Nation's Veterans* to ensure that all options of coordination would be explored. At the same time, we released the FY 2002 *President's Management Agenda*, where coordination of DoD and VA programs and systems was one of 14 government-wide initiatives. Finally, the recently released *FY 2003 Budget* incorporated this priority. These four actions in the first year of this Administration clearly show that this President is committed to seeing progress in this area. Unlike any other Administration, we want to see results on a grand scale – not just on an ad hoc basis - to better serve our Nation's veterans. I would emphasize that this is not a budget cutting drill. It is an effort to ensure better access and quality of care, and a seamless transition from active service to veteran status.

You will hear detailed descriptions of the efforts of DoD, VA, and the Task Force from the other distinguished panel members. I will be summarizing some of the key items from the Executive Office of the President's perspective. However, first, let me describe the changes that we made within The Office of Management and Budget to ensure maximum and effective attention to this Presidential priority. In February of last year, we reorganized so that all DoD and VA policy issues are addressed by the Associate Director for National Security Programs, and DoD and VA health systems are addressed in the same Branch. This created an environment that fosters greater partnership and coordination of decisions within the Administration. We have already seen the benefit of this new structure as we address the myriad of policy, management, and budget issues. For example, justifications for proposed medical care construction projects must now include a joint effort assessment. Information technology funding is monitored to ensure that we do not develop independent capabilities when both medical care systems have a mutual need for similar systems.

The Director of OMB is personally committed to this effort, as is the Domestic Policy Council. We have supported the Task Force efforts continually since its inception and DoD and VA coordination is a team effort in this Administration. We are particularly proud of the focus

of the leadership in both Departments on the issue. While sharing and coordination has taken place for years between the agencies on an ad hoc basis – this is the first time that the leadership of both Departments have ensured that this is a high priority, and communicated and monitored the priority within their organizations. Together they are tackling global issues that can set a framework for the future.

How do we see coordination efforts helping the military members and veterans directly? Two overarching areas of coordination will play a big role in the quality and access of service – information technology and facility sharing. Sharing information and technology can make a world of difference. It can speed up service, ensure safer healthcare, and inform veterans of earned entitlements. In addition, it can transport information from one Department to another – continually providing fuel for innovative managers to improve service. All veterans, by definition, were once members of the Armed Services. While on active duty their information was tracked by a system that covered everything from security clearances, to health care entitlements, to commissary privileges. There is no reason that when military members leave service that they must provide information on paper to VA that is already on computers at DoD. Likewise, when these same veterans and their families apply for multiple types of VA benefits, they should not have to provide identical information each time. The President’s Management Agenda includes an initiative that would improve the VA enrollment systems. Such a system should make transition from active duty to veteran status seamless and include the eligibility and enrollment status for each of the numerous DoD and VA benefits. For over 20 years, the DoD has operated a centralized automated system to enroll and track individuals having entitlements to DoD benefits and services called the Defense Enrollment/Eligibility Reporting System (DEERS). DEERS is a large database that accurately records the benefits eligibility information for over 20 million beneficiaries in multiple government agencies and could be expanded to include VA. DEERS is uniquely positioned to bridge the gap between the two Departments. It already supports a modest level of real-time exchange of information on veterans, setting the stage for even closer cooperation. The Departments are exploring their mutual options in this area. While there may be some up-front costs of using DEERS for VA, there should be long-term savings. We have not calculated these costs or savings yet.

One other area of coordination of information technology that we are addressing is in the medical care area. Both DoD and VA create independent patient medical records when a beneficiary uses its health care systems – just as files are created for you when you visit your doctor. Each Department has aggressively moved towards computerizing these records to allow all medical providers throughout its own system to access and rapidly update individual patient records. Since all veterans start out in the DoD system and hundreds of thousands of them use both systems annually, it is imperative that this effort be coordinated. This challenge can be achieved and would improve overall health care. Currently, if a patient sees a DoD doctor on Wednesday, it is very difficult to ensure that treatment and medication are consistent with those the patient obtained from a VA doctor on Monday. Managing care is critical to well-being. One of the Administration’s E-Government initiatives is Health Care Informatics, and development of a patient record system falls under its scope. Hence, developmental efforts in both Departments will focus on interoperable information technology solutions. This is a major effort, which will likely require a sustained, multi-year effort to implement completely.

Active duty personnel, dependents, and veterans all benefit by DoD and VA sharing facilities when appropriate. The two Departments share less than ten facilities today. In many communities, DoD and VA hospitals are close to each other and offer similar services (e.g. primary care, surgery, or eye care). However, traditionally neither has considered the other as an option in determining construction or health delivery needs. In light of the new emphasis on sharing, DoD and VA are working together to solve mutual problems in a number of areas where both Departments have facilities located close to one another.

We are working with DoD and VA on a multitude of other coordination issues including patient transportation and medical training. On the transportation side: if a veteran patient needs to be moved long distances from one VA hospital to another, he is typically transported via commercial airline. This is expensive. DoD routinely transports military patients in planes with unused space. DoD and VA are assessing how, where, and when to put VA patients on DoD planes. Where appropriate, this will ensure any needed medical attention in the air for the patient, provide DoD with more patients on these transports to enhance readiness skills, and lower the cost to both Departments. On the medical training side: DoD has a relatively young and healthy patient population, but to maintain physician readiness skills sends some physicians to private sector facilities to work with more complex patients at a cost to DoD. VA has an older patient population with a broader range of health complications that are more severe and complex than patients seen in DoD. VA's medical system is recognized as a world-class training organization and has provided some portion of medical training to most practicing physicians in the United States. GAO reported that DoD physicians who worked with VA patients in DoD/VA sharing initiatives reported increased proficiency due to the broader range of patients. DoD and VA have initiated discussions to create a pilot program for DoD to place some medical providers in VA facilities for skills enhancement training.

Finally, let me address the President's proposal that would ensure that military retirees choose either DoD or VA as their health care provider through annual open enrollment seasons. This legislative proposal was included in both the FY 2002 and FY 2003 President's Budgets, and would ensure higher-quality care and more efficient use of resources. We believe it is imperative to coordinate the care provided to military retirees by these two agencies. Under our proposal, retirees using both systems for health care in the same year would do so under managing physicians' oversight and direction. They would benefit from having one health care system arrange for all of their health care and prescriptions. As in the current situation, all families of retirees would remain with DoD, since VA treats only retirees themselves. The key to this proposal is informed choice. Retirees would evaluate, on an annual basis, which agency provides the most appropriate setting for their health care needs, much as other federal employees do each year in the Federal Employees Health Benefits Program. However, while a retiree might choose DoD as his or her primary health care program, he or she will not necessarily be prevented from utilizing VA's services. Currently, 137 VA Medical Centers contract with DoD's health care program, TRICARE, to provide a variety of health care services. We intend that this sharing relationship continue and expand, such that retirees who choose DoD as their primary health care system may be referred to VA by DoD for certain services, including those VA specialty services used by disabled military retirees.

In closing, I hope I conveyed to you in this short summary how important DoD/VA coordination is to the President and some of the areas that the Administration is pursuing to ensure top quality services to military members and their families and veterans. Our efforts are a good first start, but we will need your help and support to make it work.

This concludes my prepared statement. I would be pleased to respond to any questions that you might have.