

THE WHITE HOUSE
WASHINGTON

June 30, 2005

Dear Mr. Speaker:

I ask the Congress to consider expeditiously the enclosed request in the amount of \$975 million for a supplemental appropriation for the Department of Veterans Affairs (VA).

I am requesting these resources to cover the increased costs in FY 2005 that VA is experiencing in its medical care system.

As Secretary Nicholson informed the Congress on June 28th, additional needs in the VA medical care system have also been identified for FY 2006. Details on specific FY 2006 requirements are under review and will be transmitted separately. My Administration is committed to ensuring that our Nation's veterans continue to receive timely and high-quality health care.

The details of the FY 2005 request are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in black ink, appearing to read "George W. Bush".

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 30, 2005

The President
The White House

Submitted for your consideration is a request for an FY 2005 supplemental appropriation in the amount of \$975 million to fund the Medical Services account within the Department of Veterans Affairs (VA) Medical Care budget. This request is in addition to the \$28.0 billion already appropriated for FY 2005 medical care costs.

As Secretary Nicholson testified on June 28, 2005, the actuarial model used by the Administration forecasted 2.3 percent annual growth in health care demand in FY 2005. The Administration recently discovered that growth had accelerated through April 2005 to 5.2 percent above FY 2004, which is almost 3 percent above the Administration's annual projection.

A significant, but not the predominant component of this growth, is the increase in the number of veterans, including an increased number of reservists, who are entitled to receive medical care from the VA as a result of their combat service in the Global War on Terror. While VA's estimate of those returning from Iraq and Afghanistan in FY 2005 has increased from its initial projection, these individuals are generally in good health and most do not need intensive health care. Many of them are being treated for dental care only - an area in which VA has seen considerable cost growth. A relatively small percentage of these veterans treated by VA in 2005 who have returned from the current combat theatres are traumatically disabled. The majority of the increased cost is due to higher utilization of services by veterans from prior combat eras.

The Department had been planning to defer \$600 million from anticipated capital items (equipment and non-emergency, non-recurring maintenance) as well as to expend \$375 million in planned carryover into FY 2006, on VA medical care costs. This supplemental will ensure VA has the funds it needs to continue scheduled maintenance and capital improvements, as well as to replenish the \$375 million projected carry over into FY 2006.

I have carefully reviewed this proposal and am satisfied that it is necessary at this time. Therefore, I join the Secretary of Veterans Affairs in recommending you transmit the proposal to the Congress.

Details on specific FY 2006 requirements are under review and will be transmitted separately. Your Administration remains committed to ensuring that our Nation's veterans continue to receive timely and high-quality health care.

Sincerely,

Joshua B. Bolten
Director

Enclosure

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATON

Medical Services

For an additional amount for "Medical Services," \$975,000,000 to remain available until expended.

At the beginning of FY 2005, the VA medical care system was expecting an increase in patients over FY 2004 of 2.3 percent, but is now estimating an increase of 5.2 percent resulting in an increased need of \$975 million.