

VETERANS HEALTH PROGRAMS IMPROVEMENT ACT OF
1997

OCTOBER 2, 1997.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. STUMP, from the Committee on Veterans' Affairs,
submitted the following

R E P O R T

[To accompany H.R. 2206]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 2206) to amend title 38, United States Code, to improve programs of the Department of Veterans Affairs for homeless veterans, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Veterans Health Programs Improvement Act of 1997".

SEC. 2. TREATMENT AND REHABILITATION FOR SERIOUSLY MENTALLY ILL AND HOMELESS VETERANS.

(a) CODIFICATION AND REVISIONS OF VETERANS HOMELESS PROGRAMS.—Chapter 17 of title 38, United States Code, is amended by adding at the end the following new subchapter:

“SUBCHAPTER VII—TREATMENT AND REHABILITATION FOR SERIOUSLY
MENTALLY ILL AND HOMELESS VETERANS

“§ 1771. **General treatment**

“In providing care and services under section 1710 of this title to veterans suffering from serious mental illness, including veterans who are homeless, the Secretary may provide (directly or in conjunction with a governmental or other entity)—

“(1) outreach services;

“(2) care, treatment, and rehabilitative services (directly or by contract in community-based treatment facilities, including halfway houses); and

“(3) therapeutic transitional housing assistance under section 1772 of this title, in conjunction with work therapy under section 1718(a) or (b) of this title and outpatient care.

“§ 1772. **Therapeutic housing**

“(a) The Secretary, in connection with the conduct of compensated work therapy programs, may operate residences and facilities as therapeutic housing.

“(b) The Secretary may use such procurement procedures for the purchase, lease, or other acquisition of residential housing for purposes of this section as the Secretary considers appropriate to expedite the opening and operation of transitional housing and to protect the interests of the United States.

“(c) A residence or other facility may be operated as transitional housing for veterans described in paragraphs (1) and (2) of section 1710(a) of this title under the following conditions:

“(1) Only veterans described in those paragraphs and a house manager may reside in the residence.

“(2) Each resident, other than the house manager, shall be required to make payments that contribute to covering the expenses of board and the operational costs of the residence for the period of residence in such housing.

“(3) In order to foster the therapeutic and rehabilitative objectives of such housing (A) residents shall be prohibited from using alcohol or any controlled substance or item, (B) any resident violating that prohibition may be expelled from the residence, and (C) each resident shall agree to undergo drug testing or such other measures as the Secretary shall prescribe to ensure compliance with that prohibition.

“(4) In the establishment and operation of housing under this section, the Secretary shall consult with appropriate representatives of the community in which the housing is established and shall comply with zoning requirements, building permit requirements, and other similar requirements applicable to other real property used for similar purposes in the community.

“(5) The residence shall meet State and community fire and safety requirements applicable to other real property used for similar purposes in the community in which the transitional housing is located, but fire and safety requirements applicable to buildings of the Federal Government shall not apply to such property.

“(d) The Secretary shall prescribe the qualifications for house managers for transitional housing units operated under this section. The Secretary may provide for free room and subsistence for house managers in addition to, or instead of payment of, a fee for such services.

“(e)(1) The Secretary may operate as transitional housing under this section—

“(A) any suitable residential property acquired by the Secretary as the result of a default on a loan made, guaranteed, or insured under chapter 37 of this title;

“(B) any suitable space in a facility under the jurisdiction of the Secretary that is no longer being used (i) to provide acute hospital care, or (ii) as housing for medical center employees; and

“(C) any other suitable residential property purchased, leased, or otherwise acquired by the Secretary.

“(2) In the case of any property referred to in paragraph (1)(A), the Secretary shall—

“(A) transfer administrative jurisdiction over such property within the Department from the Veterans Benefits Administration to the Veterans Health Administration; and

“(B) transfer from the General Post Fund of the Department of Veterans Affairs to the appropriate revolving fund under chapter 37 of this title an amount (not to exceed the amount the Secretary paid for the property) representing the amount the Secretary considers could be obtained by sale of such property to a nonprofit organization or a State for use as a shelter for homeless veterans.

“(3) In the case of any residential property obtained by the Secretary from the Department of Housing and Urban Development under this section, the amount paid by the Secretary to that Department for that property may not exceed the amount that the Secretary of Housing and Urban Development would charge for the sale of that property to a nonprofit organization or a State for use as a shelter for homeless persons. Funds for such charge shall be derived from the General Post Fund.

“(f) The Secretary shall prescribe—

“(1) a procedure for establishing reasonable payment rates for persons residing in transitional housing; and

“(2) appropriate limits on the period for which such persons may reside in transitional housing.

“(g) The Secretary may dispose of any property acquired for the purpose of this section. The proceeds of any such disposal shall be credited to the General Post Fund of the Department of Veterans Affairs.

“(h) Funds received by the Department under this section shall be deposited in the General Post Fund. The Secretary may distribute out of the fund such amounts as necessary for the acquisition, management, maintenance, and disposition of real property for the purpose of carrying out such program. The Secretary shall manage the operation of this section so as to ensure that expenditures under this subsection for any fiscal year shall not exceed by more than \$500,000 proceeds credited to the General Post Fund under this section. The operation of the program and funds received shall be separately accounted for, and shall be stated in the documents accompanying the President’s budget for each fiscal year.

“§ 1773. Additional services at certain locations

“(a) Subject to the availability of appropriations, the Secretary shall operate a program under this section to expand and improve the provision of benefits and services by the Department to homeless veterans.

“(b) The program shall include the establishment of not fewer than eight programs (in addition to any existing programs providing similar services) at sites under the jurisdiction of the Secretary to be centers for the provision of comprehensive services to homeless veterans. The services to be provided at each site shall include a comprehensive and coordinated array of those specialized services which may be provided under existing law.

“(c) The program shall include the services of such employees of the Veterans Benefits Administration as the Secretary determines appropriate at sites under the jurisdiction of the Secretary at which services are provided to homeless veterans.

“§ 1774. Coordination with other agencies and organizations

“(a) In assisting homeless veterans, the Secretary shall coordinate with, and may provide services authorized under this title in conjunction with, State and local governments, other appropriate departments and agencies of the Federal Government, and nongovernmental organizations.

“(b)(1) The Secretary shall require the director of each medical center or the director of each regional benefits office to make an assessment of the needs of homeless veterans living within the area served by the medical center or regional office, as the case may be.

“(2) Each such assessment shall be made in coordination with representatives of State and local governments, other appropriate departments and agencies of the Federal Government, and nongovernmental organizations that have experience working with homeless persons in that area.

“(3) Each such assessment shall identify the needs of homeless veterans with respect to the following:

“(A) Health care.

“(B) Education and training.

“(C) Employment.

“(D) Shelter.

“(E) Counseling.

“(F) Outreach services.

“(4) Each assessment shall also indicate the extent to which the needs referred to in paragraph (3) are being met adequately by the programs of the Department, of other departments and agencies of the Federal Government, of State and local governments, and of nongovernmental organizations.

“(5) Each assessment shall be carried out in accordance with uniform procedures and guidelines prescribed by the Secretary.

“(c) In furtherance of subsection (a), the Secretary shall require the director of each medical center and the director of each regional benefits office, in coordination with representatives of State and local governments, other Federal officials, and

nongovernmental organizations that have experience working with homeless persons in the areas served by such facility or office, to—

“(1) develop a list of all public and private programs that provide assistance to homeless persons or homeless veterans in the area concerned, together with a description of the services offered by those programs;

“(2) seek to encourage the development by the representatives of such entities, in coordination with the director, of a plan to coordinate among such public and private programs the provision of services to homeless veterans;

“(3) take appropriate action to meet, to the maximum extent practicable through existing programs and available resources, the needs of homeless veterans that are identified in the assessment conducted under subsection (b); and

“(4) attempt to inform homeless veterans whose needs the director cannot meet under paragraph (3) of the services available to such veterans within the area served by such center or office.”.

(b) CONFORMING AMENDMENTS.—(1) Section 1720A of such title is amended—

(A) by striking out subsections (a), (e), (f), and (g); and

(B) by redesignating subsections (b), (c), and (d) as subsections (a), (b), and (c), respectively.

(2) The heading of such section is amended to read as follows:

“§ 1720A. Treatment and rehabilitative services for persons with drug or alcohol dependency”.

(c) CONFORMING REPEALS.—The following provisions are repealed:

(1) Section 7 of Public Law 102–54 (38 U.S.C. 1718 note).

(2) Section 107 of the Veterans’ Medical Programs Amendments of 1992 (38 U.S.C. 527 note).

(3) Section 2 of the Homeless Veterans Comprehensive Service Programs Act of 1992 (38 U.S.C. 7721 note).

(d) CLERICAL AMENDMENTS.—The table of sections at the beginning of chapter 17 of such title is amended—

(1) by striking out the item relating to section 1720A and inserting in lieu thereof the following:

“1720A. Treatment and rehabilitative services for persons with drug or alcohol dependency.”; and

(2) by adding at the end the following:

“SUBCHAPTER VII—TREATMENT AND REHABILITATION FOR SERIOUSLY MENTALLY ILL AND HOMELESS VETERANS

“1771. General treatment.

“1772. Therapeutic housing.

“1773. Additional services at certain locations.

“1774. Coordination with other agencies and organizations.”.

SEC. 3. EXTENSION OF HOMELESS VETERANS COMPREHENSIVE SERVICE GRANT PROGRAM.

(a) EXTENSION FOR TWO FISCAL YEARS.—Subsection (a)(2) of section 3 of the Homeless Veterans Comprehensive Service Programs Act of 1992 (38 U.S.C. 7721 note) is amended by striking out “September 30, 1997” and inserting in lieu thereof “September 30, 1999”.

(b) REPEAL OF LIMITATION ON NUMBER OF PROJECTS.—Subsection (b)(2) of such section is amended by striking out “, which shall” and all that follows through “paragraph (1)”.

(c) TECHNICAL CORRECTION.—Subsection (a)(1) of such section is amended by striking out “, during”.

SEC. 4. ANNUAL REPORT ON ASSISTANCE TO HOMELESS VETERANS.

Section 1001 of the Veterans’ Benefits Improvements Act of 1994 (38 U.S.C. 7721 note) is amended—

(1) in subsection (a)(2)—

(A) by striking out “and” at the end of subparagraph (B);

(B) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof “; and”; and

(C) by adding at the end the following new subparagraphs:

“(D) evaluate the effectiveness of the programs of the Department (including residential work-therapy programs, programs combining outreach, community-based residential treatment, and case-management, and contract care programs for alcohol and drug-dependence or abuse disabilities) in providing assistance to homeless veterans; and

“(E) evaluate the effectiveness of programs established by recipients of grants under section 3 of the Homeless Veterans Comprehensive Service Programs Act of 1992 (38 U.S.C. 7721 note), and describe the experience of such entities in

applying for and receiving grants from the Secretary of Housing and Urban Development to serve primarily homeless persons who are veterans.”; and

(2) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

SEC. 5. NONINSTITUTIONAL ALTERNATIVES TO NURSING HOME CARE.

Section 1720C of title 38, United States Code, is amended—

(1) in subsection (a), by striking out “During” and all that follows through “furnishing of” and inserting in lieu thereof “The Secretary may furnish”; and

(2) in subsection (b)(1), by striking out “pilot”.

SEC. 6. PERSIAN GULF WAR VETERANS.

(a) SCOPE OF COUNSELING.—Section 703 of the Veterans Health Care Act of 1992 (Public Law 102–585; 106 Stat. 4976) is amended by adding at the end the following new subsection:

“(c) FORM OF COUNSELING.—Counseling provided in this section may not be provided through written materials only, but shall include verbal counseling.”.

(b) CRITERIA FOR PRIORITY HEALTH CARE.—(1) Subsection (a)(2)(F) of section 1710 of title 38, United States Code, is amended by striking out “environmental hazard” and inserting in lieu thereof “other conditions”.

(2) Subsection (e)(1)(C) of such section is amended—

(A) by striking out “the Secretary finds may have been exposed while serving” and inserting in lieu thereof “served”;

(B) by striking out “to a toxic substance or environmental hazard”; and

(C) by striking out “exposure” and inserting in lieu thereof “service”.

(3) Subsection (e)(2)(B) of such section is amended by striking out “an exposure” and inserting in lieu thereof “the service”.

(c) DEMONSTRATION PROJECTS FOR TREATMENT OF PERSIAN GULF ILLNESS.—(1) The Secretary shall carry out a program of demonstration projects to test new approaches to treating, and improving the satisfaction with such treatment of, Persian Gulf veterans who suffer from undiagnosed and ill-defined disabilities. The program shall be established not later than July 1, 1998, and shall be carried out at up to 10 geographically dispersed medical centers of the Department of Veterans Affairs.

(2) At least one of each of the following models shall be used at no less than two of the demonstration projects:

(A) A specialized clinic which serves Persian Gulf veterans.

(B) Multidisciplinary treatment aimed at managing symptoms.

(C) Use of case managers.

(3) A demonstration project under this subsection may be undertaken in conjunction with another funding entity, including agreements under section 8111 of title 38, United States Code.

(4) The Secretary shall make available from appropriated funds (which have been retained for contingent funding) \$5,000,000 to carry out the demonstrations projects.

(5) The Secretary may not approve a medical center as a location for a demonstration project under this subsection unless a peer review panel has determined that the proposal submitted by that medical center is among those proposals that have met the highest competitive standards of clinical merit and the Secretary has determined that the facility has the ability to—

(A) attract the participation of clinicians of outstanding caliber and innovation to the project; and

(B) effectively evaluate the activities of the project.

(6) In determining which medical centers to select as locations for demonstration projects under this subsection, the Secretary shall give special priority to medical centers that have demonstrated a capability to compete successfully for extramural funding support for research into the effectiveness and cost-effectiveness of the care provided under the demonstration project.

SEC. 7. PERSONNEL POLICY.

Section 7425 of title 38, United States Code, is amended by adding at the end the following new subsection:

“(c)(1) Notwithstanding any other provision of law, employees described in paragraph (2), and the personnel positions in which such employees are employed, are not subject to any reduction required by law or executive branch policy in the number or percentage of employees, or of personnel positions, within specified pay grades.

“(2) Paragraph (1) applies to employees, and personnel positions, of the Veterans Health Administration performing the following functions:

“(A) The provision of, or the supervision of the provision of, care and services to patients.

“(B) The conduct of research.”.

SEC. 8. VETERANS CANTEEN SERVICE.

(a) **AUTHORITY TO SET PRICES.**—Paragraph (7) of section 7802 of title 38, United States Code, is amended to read as follows:

“(7) notwithstanding any other provision of law, have sole authority to establish canteens (including vending facilities and vending machines), and determine, and fix the prices of, merchandise and services sold at such canteens;”.

(b) **OFF-PREMISES USE.**—Section 7803 of such title is amended—

(1) in subsection (a), by striking out “in this subsection;” and all that follows through “the premises” and inserting in lieu thereof “in this section”; and

(2) by striking out subsection (b).

(c) **SUPPORT SERVICES.**—Section 7803 of such title is further amended by adding at the end the following new subsection:

“(b) A canteen may provide support services to medical facilities of the Department. Such services shall be provided on a reimbursable basis.”.

(d) **TECHNICAL AMENDMENTS.**—(1) Paragraphs (1) and (11) of section 7802 of such title are each amended by striking out “hospitals and homes” and inserting in lieu thereof “medical facilities”.

(2) Section 7803(a) of such title is further amended—

(A) by striking out “hospitals and homes” each place it appears and inserting in lieu thereof “medical facilities”; and

(B) by striking out “hospital or home” and inserting in lieu thereof “medical facility”.

SEC. 9. TREATMENT FOR RETIREMENT PURPOSES OF SPECIAL PAY PAID TO PHYSICIANS AND DENTISTS OF THE VETERANS HEALTH ADMINISTRATION.

(a) **CREDITING OF SPECIAL PAY FOR RETIREMENT PURPOSES.**—Section 7438 of title 38, United States Code, is amended by adding at the end the following new subsection:

“(d)(1) The Secretary may authorize special pay paid under this subchapter to a physician or dentist described in paragraph (2) who retires from Federal service during the period beginning on the date of the enactment of this subsection and ending on September 30, 1999, to be considered to be basic pay for the purposes of chapter 83 or 84 of title 5, as appropriate.

“(2) Paragraph (1) applies to any physician or dentist employed by the Veterans Health Administration—

“(A) who—

“(i) is in receipt of special pay under chapter 74 of this title;

“(ii) is eligible to retire from Federal Government service;

“(iii) has completed, or by September 30, 1999, would have completed, 15 years of service in the Veterans Health Administration (determined assuming the physician or dentist remained continuously employed in the Veterans Health Administration until that date); and,

“(iv) by September 30, 1999, would have completed at least eight years of service in the Veterans Health Administration while in receipt of special pay under this subchapter (determined assuming the physician or dentist remained continuously employed in the Veterans Health Administration until that date); and

“(B) with respect to whom the director of the Department health care facility at which the physician or dentist is employed has determined, and certified to the Under Secretary for Health, that—

“(i) the physician or dentist holds a position which, because of changes in staffing patterns or staffing levels at such facility, is no longer required to be maintained at such facility; and

“(ii) there exists no available position at such facility appropriate to the training and experience of the physician or dentist.

“(3)(A) For each physician or dentist who retires with the benefit of the provisions of paragraph (1), the Secretary shall deposit in the Treasury to the credit of the appropriate Federal retirement fund each year, for the period specified in subparagraph (B), an amount equal to the amount of the annuity paid (or to be paid) to the retired physician or dentist for that year.

“(B) The period applicable under subparagraph (A) for any retired physician or dentist is the period beginning on the date on which the physician or dentist retires and ending on the later of the following (determined as if the physician or dentist had remained continuously employed in the Veterans Health Administration rather than retiring):

“(i) The date on which the physician or dentist completed or would have completed 15 years of service in the Veterans Health Administration.

“(ii) The date on which the physician or dentist would have completed eight years of service in the Veterans Health Administration while in receipt of special pay under this subchapter.

“(C) A physician or dentist who retires with the benefit of the provisions of paragraph (1) is not eligible to receive a voluntary separation incentive payment under the provisions of section 663 of the Treasury, Postal Service, and General Government Appropriations Act, 1997 (as contained in section 101(f) of division A of Public Law 104-208; 110 Stat. 3009-383), relating to voluntary separation incentives for employees of certain Federal agencies, or any other provision of law.”

(b) AMENDMENTS TO REFLECT EFFECTIVE DATE OF CHAPTER 74 SPECIAL PAY AUTHORITY.—Subchapter III of chapter 74 of such title is amended as follows:

(1) Section 7431(g)(1) is amended by striking out “the day before the effective date of this subchapter” and inserting in lieu thereof “July 13, 1991.”

(2) Section 7432(c)(1) is amended by striking out “the effective date of the Department of Veterans Affairs Physician and Dentist Recruitment and Retention Act of 1991” and inserting in lieu thereof “July 14, 1991”.

(3) Section 7437(e) is amended in each of paragraphs (1) and (2)—

(A) in the matter preceding subparagraph (A), by striking out “the day before the effective date of this subchapter” and inserting in lieu thereof “July 13, 1991,”

(B) in subparagraph (B), by striking out “the day before such effective date” and inserting in lieu thereof “such date”; and

(C) in subparagraph (C), by striking out “effective”.

(4) Section 7438(b) is amended—

(A) in paragraph (2)(A)—

(i) by striking out “the day before the effective date of this section” and inserting in lieu thereof “July 13, 1991”; and

(ii) by striking out “the day before such effective date” and inserting in lieu thereof “such date”; and

(B) in paragraph (2)(B)—

(i) by striking out “the day before the effective date of this section” and inserting in lieu thereof “July 13, 1991”; and

(ii) by striking out “the effective date of this section” and inserting in lieu thereof “such date”;

(C) in paragraph (4)—

(i) by striking out “the effective date of this section” and inserting in lieu thereof “July 14, 1991”; and

(ii) by striking out “effective” after “before such”; and

(D) in paragraph (5), by striking out “the effective date of this section” in subparagraphs (A) and (B) and inserting in lieu thereof “July 14, 1991”.

(5) Section 7438(c) is amended by striking out “the day before the effective date of the Department of Veterans Affairs Physician and Dentist Recruitment and Retention Act of 1991” and inserting in lieu thereof “July 13, 1991”.

SEC. 10. PURCHASES OF PHARMACEUTICAL PRODUCTS.

Section 8125 of title 38, United States Code, is amended—

(1) by redesignating subsection (e) as subsection (f); and

(2) by inserting after subsection (d) the following new subsection (e):

“(e)(1) A drug, pharmaceutical or biological product, or hematology-related product that is listed on the pharmaceutical supply schedule described in section 8126(a) of this title may only be procured or ordered from that supply schedule by or for any entity specified in paragraph (2), notwithstanding any other provision of law (whether enacted before, on, or after the date of the enactment of this subsection).

“(2) An entity specified in this paragraph is (A) any agency or instrumentality of the Federal Government, or (B) any other entity that is specified in Federal law or regulation, as in effect before July 1, 1997, as eligible to procure or order drugs, pharmaceutical or biological products, or hematology-related products from such pharmaceutical supply schedule.”

SEC. 11. TECHNICAL AMENDMENTS.

(a) SECTION REFERENCE.—Section 1717(a)(2)(B) of title 38, United States Code, is amended by striking out “section 1710(a)(2)” and inserting in lieu thereof “section 1710(a)”.

(b) HOSPITAL REFERENCE.—The Wm. Jennings Bryan Dorn Veterans’ Hospital in Columbia, South Carolina, shall hereafter be known and designated as the “Wm. Jennings Bryan Dorn Department of Veterans Affairs Medical Center”. Any reference to such hospital in any law, regulation, document, map, record, or other paper of the United States shall be deemed to be a reference to the Wm. Jennings Bryan Dorn Department of Veterans Affairs Medical Center.

INTRODUCTION

On July 10, 1997, the Subcommittee on Health conducted oversight on VA pharmaceutical prices and heard expert testimony on draft legislation, which was subsequently incorporated into H.R. 2206, pertaining to homeless veterans and Persian Gulf veterans.

On July 22, 1997, the Honorable Cliff Stearns was joined by the Honorable Luis Gutierrez in the introduction of H.R. 2206, legislation based on such draft bill, to amend title 38, United States Code, to improve programs of the Department of Veterans Affairs for homeless veterans, and for other purposes.

The Subcommittee on Health met on July 24, 1997 and ordered H.R. 2206 reported to the full Committee by unanimous voice vote.

The Full Committee met on September 11, 1997 and ordered H.R. 2206 reported with an amendment in the nature of a substitute.

SUMMARY OF THE REPORTED BILL

H.R. 2206 would:

1. With regards to homeless veterans,
 - a. Codify into a single section of title 38 expiring (and partially overlapping) homeless program authorities and statutory responsibilities under which VA:
 - i) provides (directly or by contract) halfway house and other residential care to homeless, chronically mentally ill veterans (section 115, Public Law 102-322);
 - ii) establishes and provides therapeutic transitional housing for veterans participating in compensated work therapy programs (section 7, Public Law 102-54);
 - iii) provides community-based halfway house care under contract for veterans suffering from drug or alcohol dependence (38 U.S.C. 1720A); and
 - iv) is required at the facility level (to the extent resources permit) to meet the needs of homeless veterans identified in a community assessment process (section 107, Public Law 102-405).
 - b. With respect to the expiring VA grant and per diem program for homeless veterans (section 3, Public Law 102-590):
 - i) expand VA's authority to make grants and per diem payments for two years and require a report to evaluate the effectiveness of the programs established under these VA grants; and
 - ii) eliminate provisions of current law which limit the number of specified programs which can be supported through grant funds.
 - c. Extend VA's authority under Public Law 102-590 to operate centers which provide comprehensive services to homeless veterans.
 - d. Consolidate into a single report requirement the series of separate reporting requirements regarding homeless veterans established under the above public laws.

2. Extend VA's expiring authority to provide noninstitutional alternatives to nursing home care.
3. With respect to Persian Gulf veterans:
 - a. restate with greater specificity VA's obligation to provide counseling to Persian Gulf veterans regarding the findings of its registry examinations;
 - b. create a competitive grant program under which up to ten VA facilities would establish demonstration projects to improve care to Persian Gulf veterans with undiagnosed or difficult to diagnose conditions; and
 - c. clarify Persian Gulf veterans' eligibility for care (which is now limited to care for conditions which may be attributable to exposure to toxic substances or environmental hazards) by tying such eligibility to any condition which may be associated with the veteran's service in the Gulf. This would eliminate any question regarding provision of care which is unrelated to exposure but cannot be disassociated from service in the Gulf.
4. Exempt VHA personnel engaged in patient care activities or research or supervision of patient care or research, from any policy which requires targeted reductions in the number of GS-14/15 employees in federal departments.
5. Clarify VA's exclusive authority to establish and operate canteens and vending facilities and set prices, and to authorize the Veterans Canteen Service to provide support services on a reimbursable basis to VA medical facilities.
6. Authorize the Secretary of Veterans Affairs to permit certain retirement-eligible physicians and dentists who, as determined by the applicable VA facility director, hold positions which are no longer required to be maintained at that facility and for whom there is no other appropriate position at that facility, to have their "special pay" credited in full, for annuity purposes, if they retire during the period from the date of enactment through September 30, 1999.
7. Provides that, notwithstanding any other provision of law, drugs listed on the Federal Supply Schedule may only be procured from that schedule by a Federal agency or instrumentality or other entity currently specified in law or regulation as eligible to procure items from the pharmaceutical supply schedule.
8. Makes technical changes to include clarifying that any veteran under treatment by VA is eligible for VA benefits for home improvements or structural alterations required for continued treatment or home access.

BACKGROUND AND DISCUSSION

TREATMENT AND REHABILITATION FOR SERIOUSLY MENTALLY ILL AND HOMELESS VETERANS

Section 2 of the bill is based on the Committee's review of several expiring VA programs which aim to assist seriously mentally ill and homeless veterans. Over the years, reports have documented the accomplishments of these programs and the positive impact they have had in fostering the rehabilitation of homeless veterans

who are often very ill. While such reports have laid a foundation for extending the periods for which these programs have been authorized, the Committee is unaware of any prior effort to review comprehensively these specific authorities and the operation of the programs in question.

Overlapping statutory authorities

In its most recent extension of expiring VA medical care authorities, the Committee initiated a proposal, ultimately included as section 202(a) of Public Law 104–110, which directed VA to assess and report to Congress by March 1, 1997, on the advantages and disadvantages of consolidating three programs targeted primarily to providing psychiatric residential treatment to homeless, mentally ill veterans. (These are the contract halfway-house care program for veterans suffering from alcohol and drug dependence authorized by section 1720A of title 38, United States Code; the community-based residential care program for homeless chronically mentally ill veterans established in section 115 of Public Law 100–322; and the demonstration program of providing transitional therapeutic housing for veterans participating in VA compensated work therapy programs, established under section 7 of Public Law 102–54.)

Although VA failed to provide a timely report on the issue of consolidating the three programs (submitting this report only after the Subcommittee’s markup of H.R. 2206), the Subcommittee undertook its own review of these statutory provisions, and found substantial overlap and redundancy among the respective authorities as well as instances in which there is no evident foundation for now longstanding VA clinical practices (see discussion below on clinical outreach activities). The Subcommittee found a lack of cohesive focus among the several provisions of law. In essence, much of the current framework of law under which VA provides assistance to homeless veterans—some elements of which are codified, others not—represents a piecemeal, disparate maze, which appears more likely to confuse than to inform.

Section 2 of the reported bill would address these findings by consolidating these overlapping authorities into a unified set of provisions codified in title 38, United States Code. The section addresses the provision of care and services to veterans suffering from serious mental illness, including veterans who are homeless. While the intended beneficiaries of these provisions are not limited to homeless veterans, it has become apparent that homeless veterans bring deep-seated needs to the VA and represent a significant percentage of the beneficiaries VA serves. The programs authorized (and re-authorized) under the reported bill provide VA important tools to assist these individuals.

According to VA reports, homeless veterans overwhelmingly suffer from serious psychiatric or substance abuse disorders. (VA has found such problems among 85 percent of the homeless it has seen). In a one-day (September 30, 1996) survey of its patients in acute care beds, VA found that 13.5 percent had been homeless when admitted; 7.5 percent resided in a shelter, the streets, or similar circumstances; and 6 percent had only temporary housing with family or friends. Of patients in VA substance abuse pro-

grams, 47 percent were homeless, as were 24 percent in psychiatry beds.

The reported bill reflects a recognition that VA does not bear sole responsibility for the care of homeless veterans. Indeed, the bill would reinforce VA's role as one among a spectrum of service-providers—governmental and nongovernmental—which must work in coordination to effectively assist in the care and rehabilitation of homeless veterans. (See Sense of the Congress expression in section 1005 of Public Law 103–446.) The reported bill, however, is intended to give VA clear authority to continue, and, where indicated, to expand, initiatives which have had demonstrated success, such as the establishment of transitional therapeutic housing tied to work-therapy. The reported bill also encourages VA, in carrying out its authority, to establish linkages and joint efforts with community organizations and other entities assisting the homeless.

In substantially revising, consolidating and clarifying existing law, the reported bill does not seek to diminish VA efforts on behalf of the homeless or the chronically mentally ill, or to eliminate program models which have had demonstrable success in assisting these veterans. To the contrary, the bill would effectively extend VA's authority to administer these programs, as well as what had begun as a pilot authority in Public Law 102–590 to operate comprehensive service centers for homeless veterans on a demonstration basis. The language consolidating several of these authorities should also be read in concert with the language of section 1706 (b) of title 38, United States Code, which requires VA to maintain its capacity to provide for the specialized treatment and rehabilitative needs of disabled veterans, specifically including veterans with mental illness. In essence, the measure would provide VA with a relatively comprehensive, flexible statutory framework to enable it to provide a continuum of care to seriously mentally ill and homeless veterans.

VA's role in the care of homeless veterans has historically involved partnerships with community-based entities. The reported bill anticipates that such relationships will continue. Prior to the enactment of any law specifically directed to homeless veterans, Congress vested VA with authority to contract for the care of veterans suffering from alcohol or drug dependence or abuse. Originally established in 1979 under Public Law 96–22, this authority enabled VA to contract for care, treatment and rehabilitative services in halfway houses, therapeutic communities, psychiatric residential treatment centers and other community-based treatment centers for eligible veterans suffering from alcohol and drug dependence and abuse disorders.

In Public Law 100–6 and subsequently Public Law 100–322, Congress for the first time specifically addressed VA provision of health care services to homeless veterans in establishing authority similar to that enacted in Public Law 96–22. The Homeless Chronically Mentally Ill (HCMI) veterans program, established under those authorities, employs VA-provided outreach, medical and psychiatric examination and care, and case management services, but also places homeless veterans under contract arrangements in community-based residential treatment facilities. Under the program, VA has contracts with more than 200 community entities which pro-

vide residential care at an average cost of \$41 per day. Residential care under the program has generally been short to moderate-term care; VA reports a mean length of stay for the program of 75.3 days. Under the program, contract treatment is to be closely monitored by VA clinicians, who continue their involvement with the veteran during the term of the placement. Established in 1987, this program is operated at 61 VA sites.

It is noteworthy that entirely separate provisions of current law (employing virtually identical language in pertinent part) authorize VA to contract “for care, treatment and rehabilitative services in halfway houses, therapeutic communities, psychiatric residential treatment centers, and other community-based treatment facilities” for veterans suffering from alcohol or drug dependence or abuse disabilities (38 USC sec. 1720A) as well as for homeless veterans suffering from chronic mental illness (Public Law 100–322, as amended). HR 2206 would consolidate these provisions, reflecting the reality that many homeless veterans suffer from drug or alcohol dependence, and that many veterans with such health problems are also either homeless or at substantial risk of homelessness. With respect to VA’s ongoing programs, the reported bill would also provide clear authority for VA to provide outreach services in connection with furnishing health care services to homeless veterans. The use of clinician-provided outreach services has been a core element of VA efforts to serve homeless veterans, particularly given the unique circumstances of homelessness and the distrust and resistance of these often-mentally ill individuals to self-help measures. In order to provide health services to these veterans, VA staff have had to seek out these veterans in shelters, soup kitchens and even the streets. VA reports that its outreach efforts have often required staff to provide such basic services as a meal or clean clothing to encourage such veterans to take the first step on the long road to improved health and rehabilitation.

Experience with current programs

VA’s early experience with provision of care to the homeless, particularly under the HCMI program, brought a recognition that, in addition to health care, case management, and residential support, homeless veterans needed a range of other services to provide a continuum of care. Congress provided a foundation for VA to expand the range of its services to homeless veterans by enacting authority in 1991 for VA to conduct a demonstration program linking the provision of compensated work therapy with therapeutic transitional housing. The program, authorized in Public Law 102–54, was designed to assist veterans suffering from substance abuse problems or severe mental illness to make a successful reentry into independent community living. VA has long operated therapeutic work programs providing incentive pay or compensation under section 1718 of title 38, United States Code. Linking such work-based therapies with supervised housing was seen as a means to help veterans suffering from alcoholism or drug problems, for example, to develop skills and support needed to prevent relapse and to foster community reintegration. The program is unique in providing for veterans to make rent payments from their CWT earnings,

thereby gaining self-esteem and independence-building skills, while minimizing program operating expenses.

Under this novel program VA was authorized to purchase up to 50 residences, using funds from VA's General Post Fund, for these purposes. VA-reported outcome data indicate that this has been a successful program, with three-month followup data for veterans discharged from the program in Fiscal Year 1996 showing 64 percent alcohol and drug free, 73 percent independently housed, and 61 percent competitively employed. Building on the VA's achievements under Public Law 102-54, H.R. 2206 would provide specifically for VA to continue to furnish transitional housing assistance in conjunction with work therapy or in conjunction with provision of outpatient care. H.R. 2206 would incorporate much of the authority found in section 7 of Public Law 102-54, but would go further in authorizing VA to establish transitional housing, alone or in conjunction with a governmental or other entity, in any suitable space in a VA medical center which is no longer being used to provide acute hospital care or as housing for medical center employees.

In consolidating provisions of enabling law, the Committee recognizes that no single program meets in full the needs of the homeless veteran. To the contrary, successful outcomes involve sustained effort and provision of a range of services, including medical and psychiatric care, social support services, supervised housing, instruction in independent skill building and job training. The provisions of section 2 of the reported bill lay a foundation for VA to continue to provide such services.

The VA, in a letter of July 28, 1997, from Acting Secretary Hershel Gober to Committee Chairman Bob Stump, expressed unqualified support for the provisions of section 2 as reflected in the draft legislation on which the Subcommittee took testimony. VA indicated that this correspondence represented its response to the above discussed report requirement in section 202 of Public Law 104-110. In this correspondence, the Department offered the view that enactment of this legislation into law would provide VA significant benefits. Among them, "clarification of programs and services that can be offered to address the needs of homeless and seriously mentally ill veterans, including those with substance abuse disorders; consolidation of legislative authority for programs and services to address the needs of homeless and seriously mentally ill veterans, including those with substance abuse disorders; and provision of permanent authority to provide programs and services for homeless and seriously mentally ill veterans, including those with substance abuse disorders."

EXTENSION OF HOMELESS VETERANS COMPREHENSIVE SERVICE GRANT PROGRAM

In recognizing that many entities, governmental and other, have a role in assisting homeless veterans, Congress laid the foundation for building important partnerships through the establishment in 1992 of a new grant program. Modeled in significant measure on the successful State home construction grant program, the homeless providers grant and per diem program has served as a means through which VA has been able to stimulate the development of

new capacities to serve homeless veterans. VA has expended some \$17 million in grant support to public and nonprofit agencies and entities. Grants have supported the development of such projects as the establishment of a 104-bed substance abuse residential treatment facility, the acquisition and renovation of homes to provide transitional housing in many communities, the establishment of single-room occupancy facilities, the rehabilitation of vacant buildings on VA medical center grounds to provide supportive or transitional housing, the provision of outreach and transportation services in several communities, and acquiring and equipping a mobile medical service health and outreach unit to serve veterans in a number of communities. Section 3 of the bill would extend the VA's grant and per diem program for homeless veterans for two years, until September 30, 1999.

ANNUAL REPORTING ON ASSISTANCE TO HOMELESS VETERANS

Consistent with its consolidation of program authorities, the reported bill would effectively discontinue the reporting requirements associated with separate provisions of law, and substitute a single annual report requirement. To assist both the Congress and the Department in reviewing the operation of the grant and per diem program, and the merits of a more sustained authorization, the measure would also require that the VA report to Congress on the effectiveness of programs established under these grants.

NONINSTITUTIONAL ALTERNATIVES TO NURSING HOME CARE

Section 1720C of Title 38 United States Code authorizes, through December 31, 1997, a pilot project to furnish medical, rehabilitative, and health related services in non-institutional settings to veterans eligible and in need of VA nursing home care. VA provides hospital-based home care, adult day health care, homemaker/ home health aide services, and community residential care to veterans under its non-institutional long-term care program. Non-institutional long-term care alternatives have been used effectively by many providers to reduce the costs of care for patients who require ongoing care for chronic conditions or assistance with some daily activities. They do so by drawing from patients' informal caregiving networks, such as family and friends, to provide needed care. Generally, patients prefer less restrictive care settings to hospital or institutional care and often patients receive better care from loved ones than they would in an institutional setting. Non-institutional programs are designed to maximize patient independence and functionality and manage chronic conditions.

Through its hospital-based home care programs, VA sends multidisciplinary care teams to a veteran's home after discharge to help with recuperation. In 1996 VA made 316,091 home visits to discharged veterans. Adult day health care is an alternative to nursing home care for many frail elderly or severely disabled people who need less than round-the-clock care. Adult day health care provides primary care givers with an opportunity for respite. VA operates 14 adult day health care programs and contracts for services at 83 medical centers. As part of its case management services for veterans who would otherwise require nursing home care, VA has coordinated homemaker/home health aide services since April 1993.

In 1996, 116 VA medical centers reimbursed private and public care providers for these services. Homemaker services include light housekeeping or meal preparation and allow patients who would otherwise have to have institutional care to live independently.

As the veteran population ages and resources become more limited, it is imperative for VA to maximize its use of the most cost-effective means of offering treatment. The reported bill would help foster that objective by providing ongoing authorization for this program.

PERSIAN GULF WAR VETERANS HEALTH CARE

Approximately 697,000 American men and women served their country during Operations Desert Shield and Desert Storm. These soldiers braved unfamiliar, uncomfortable and dangerous conditions and were successful in completing the mission they were tasked to do. Grateful expressions of welcome marked their homecoming, in marked contrast to the experience of service-members returning from Vietnam some two decades earlier.

Now, however, thousands of veterans of the relatively brief period of combat operations in the Persian Gulf are suffering from unexplained health problems, which generally became manifest after their return.

The House Veterans' Affairs Committee has conducted ongoing oversight since concerns regarding health problems among these veterans were first voiced in 1991. The Committee has held fourteen hearings and initiated the passage of several pieces of legislation. While urging the conduct of scientific inquiry and research to ascertain the nature of the still unexplained illness or illnesses and to determine the most effective means of treatment, the Committee has led efforts to ensure that lack of definitive answers not be a barrier to provision of health care and compensation for health problems which appear to have their origin in service.

Scope of the problem

It is important to note the scope—in terms of numbers affected—of the problem. Of the almost 700,000 veterans who served in the Persian Gulf during the war, about 75,000—or 11 percent—have taken advantage of the VA's Persian Gulf Registry, which offers a free, complete physical examination to every Persian Gulf veteran. In analyzing the results of the first 68,000 of these tests, VA found that 26 percent—about 18,000—report symptoms for which there is no definitive diagnosis. Approximately 12 percent have had no health complaints. For the remaining veterans whose symptoms have been diagnosed, the most frequent findings have been psychiatric (15 percent), respiratory (14 percent), skin disorders (13.5 percent), gastro-intestinal (11 percent), neurologic (8 percent), and cardiovascular (7 percent).

The Department of Defense has also created its own database to track the findings of its own examination of Persian Gulf veterans who are still on active duty. Called the Comprehensive Clinical Evaluation Program (CCEP), this database represents a compilation of DoD's findings on approximately 18,600 service members who have completed the evaluation process. So far, the data show that about 18 percent have no definitive diagnosis and 10 percent

have had no health complaints. The most commonly diagnosed conditions are psychological (18 percent), musculoskeletal (18 percent), respiratory (7 percent), and digestive (6 percent).

Research

The federal government has also funded a broad portfolio of research studies, designed to learn more about the prevalence and incidence of these health problems, and the series of possible risk factors which have been identified. More than 90 such projects—covering a wide range of topics—are either ongoing or completed.

While it is hoped that recently published research will start to bring a better focus to the issue, there remain substantial unanswered questions.

A 1996 study published in the *New England Journal of Medicine*, for example, indicates that disease-specific deaths of deployed Persian Gulf veterans do not exceed those of other Persian Gulf-era veterans who were not deployed. Similarly, another 1996 study—also published in the *New England Journal of Medicine*—indicates that active duty personnel deployed to the Gulf during Desert Shield/Storm are not more likely to be hospitalized than their non-deployed counterparts.

At the same time, however, another federally-funded study—done by the Iowa Persian Gulf Study Group in 1997 and published in the *Journal of the American Medical Association (JAMA)*—found a higher prevalence of self-reported adverse symptoms—such as depression, PTSD, and alcohol abuse—in deployed Persian Gulf veterans than in non-deployed veterans of the same era. Another study, published in the *American Journal of Gastroenterology* in 1996, indicates that deployed Persian Gulf veterans report a higher rate of gastrointestinal (GI) symptoms than non-deployed vets.

While veterans and others seek definitive answers, the nature of research inquiry is such that these studies tend to have limitations, and to produce qualified findings. The study of hospitalization rates, for example, included only active duty personnel to the exclusion of veterans. The Iowa study was limited to veterans who listed Iowa as their home of record. And the gastrointestinal study does not distinguish between functional and organic GI disease. Like the Iowa study, its exclusive reliance on self-reported cases is an inherent limitation.

To date, no single study relating to Persian Gulf veterans' health holds the key to a comprehensive understanding of the illness or illnesses afflicting many veterans. Each research study provides evidence—sometimes compelling and sometimes not—which leads to broader understanding. Understandably, findings of individual studies can be misunderstood, and in some instances have been seized upon to support particular views. Given the lack of consensus in the scientific community that there is any single illness and any single exposure which would explain the health effects being experienced, the Committee has proceeded with caution in responding to contentions that any specific exposure explains the widespread health problems experienced by service-members.

Causation

What is causing these illnesses? Some suggest this question may never be definitively answered. To date, the most comprehensive information on this subject comes from the Presidential Advisory Committee on Gulf War Illnesses, which issued a report earlier this year and testified at the full Committee's February 11 hearing. The Committee reviewed the results of epidemiologic studies of Gulf War veterans, data from clinical evaluation and treatment programs for these veterans, and the published literature of toxicological research. Among its findings, the Committee reported that:

- many of the veterans examined in the ongoing clinical and research programs have illnesses likely to be connected to their service in the Gulf;
- current scientific evidence does not support a causal link between the symptoms and illnesses reported by Gulf veterans and exposures in the Gulf region to the following environmental risk factors: pesticides, chemical warfare agents, biological warfare agents, vaccines, pyridostigmine bromide, infectious diseases, depleted uranium, oil well fires and smoke and petroleum products.
- stress (which is known to affect the brain, immune system, cardiovascular system, and various hormonal responses) is likely to be an important contributing factor to the broad range of physical and psychological illnesses currently being reported by Gulf War veterans.

The Advisory Committee did, however, recommend that further study be initiated on the long-term health effects of low-level exposure to chemical warfare agents and on the synergistic effects of pyridostigmine bromide with other Gulf War risk factors. The Committee also recommended more emphasis on basic and applied research on the body's physical response to stress.

These Advisory Committee's findings as regards causation are similar to the findings of the Institute of Medicine (IOM) Committee to Review the Health Consequences of Service during the Persian Gulf War, which released a report late last year. (IOM is an independent, non-governmental entity chartered by the National Academy of Sciences which enlists distinguished scientists and other members of appropriate professions to examine policy matters relating to public health.) Like the Advisory Committee, the IOM committee could find no acceptable evidence that the illnesses being exhibited by Gulf War veterans have any physical or physiological basis in chemical or any other exposures in the Gulf. The IOM also found that stress may have been a major cause in the manifestation of these physical ailments.

Recent Department of Defense disclosures regarding chemical warfare agent detonations in Iraq have enlarged public understanding of the potential scope of exposures of US military personnel to such agents. In July, the Pentagon disclosed the results of a year-long effort to determine the extent to which U.S. troops may have been exposed to chemical warfare agents when Iraqi chemical weapons were destroyed at Khamisiyah on March 10, 1991. In a July 24, 1997 release, the Pentagon stated that "based on new

data, computer models and interviews with troops involved in the demolitions, officials now believe 98,910 service members were in an area generally south of Khamisiyah and were possibly exposed to a very low level of nerve agent vaporized during the weapons destruction. Little is known about delayed effects from a brief, low-level exposure to nerve agents such as might have occurred in this case, however, current medical evidence indicates that long term health problems are unlikely." Based on field testing and other efforts, the release reported an estimate that only 18 percent of the nerve agent from 500 affected chemical rockets at the March 10, 1991 open "pit" explosion was released into the atmosphere. Officials calculated that the dose of the agent was well below the level of 1 milligram-minute per cubic meter which is the level at which there would be noticeable health effects.

The series of disclosures regarding events at Khamisiyah and data from modelling studies as to the nature and extent of likely exposures from those detonations serve to underscore the importance of the Advisory Committee's call for additional research into the health effects of low level exposures to such chemicals. While important, the disclosures alone do not appear to undermine earlier expressed views as to a lack of scientific evidence to support a causal link between veterans' health problems and low-level exposure to these agents.

Health care delivery

Committee hearings in the 105th Congress regarding the findings and recommendations of the Presidential Advisory Committee (February 11, 1997) and concerning potential exposure of veterans to chemical warfare agents (April 16, 1997) served to heighten concerns regarding the quality of care provided Persian Gulf veterans.

On June 19, 1997, the Subcommittee on Health held a hearing to examine the manner in which VA has met health care needs of Persian Gulf veterans. The Subcommittee had requested the General Accounting Office to study this question, and at that hearing, Stephen Backhus, the Director of Veterans' Affairs and Military Health Care Issues in the Health, Education and Human Services Division of the General Accounting Office, testified on preliminary GAO findings.

Specifically, through site visits and interviews conducted at VA medical facilities, GAO found that the VA's guidance regarding the evaluation and treatment of Persian Gulf veterans is not yet being uniformly followed. GAO reported, for example, that Persian Gulf veterans often encountered delays in registry examinations and follow-up testing, unsympathetic attitudes on the part of some health care professionals, superficial examinations, and instances in which a diagnosis merely restated the veteran's reported symptoms. GAO testified that VA seldom provided veterans any personal counseling regarding the results of registry examinations, despite the fact that such counseling is one of the key responsibilities of registry physicians; instead veterans generally received form letters listing exam findings. GAO reported finding that many veterans appeared to be confused, frustrated, and mistrustful as a result of their encounters in seeking VA care for unexplained health problems. In addition to reporting poor feedback and communication with health care per-

sonnel, veterans whom GAO had interviewed reported a lack of post-examination treatment. VA itself has established no mechanism to monitor treatment outcomes. Medical center personnel cited limited resources and increased workloads as reasons for less timely and responsive service than they and veterans would like. GAO reported better responses at one medical center which gives veterans access to a special Persian Gulf veterans' clinic at which they may receive primary care from staff experienced with Gulf War veterans and their concerns. Unlike other facilities, responsibility for monitoring patients' overall care is assigned to a Persian Gulf clinic case-manager.

The American Legion also questioned the effectiveness of the VA's health care delivery for Persian Gulf veterans. In his testimony, Matthew Puglisi, the Assistant Director for Gulf War Veterans of The Legion's National Veterans Affairs and Rehabilitation Commission, stated that Persian Gulf registry examinations are often administered by the least experienced physicians on staff. Also, follow-up care after the registry exam is sometimes disorganized and haphazard and, at many VA facilities, no one tracks or manages the patient's care after the initial exam. In summary, the Legion expressed the view that "there is little evidence that VA effectively treats veterans who suffer from Gulf War illnesses."

The Committee has heard firsthand accounts and perceptions of Persian Gulf veterans who have sought care from the VA. At a February 11, 1997 full Committee hearing, three Persian Gulf veterans provided personal accounts of their experiences with VA after returning from Gulf service with multiple health problems. While anecdotal in nature, these accounts highlighted problems which are mirrored in the heavy correspondence the Committee receives and in the reports and testimony furnished by service organizations as to their members' experiences.

Of those testifying, a Marine veteran from Idaho recounted the frustration experienced over a span of five years trying to get a diagnosis and treatment for a variety of ailments. VA referrals, which took him to a number of VA medical centers, were marked by lack of coordination or "case management". The veteran reported that his primary VA treatment facility disagreed with, and would not treat him for, the diagnostic findings made by a tertiary VA medical center to which the primary treatment center had referred him for an extensive workup of his health problems in the first instance.

The testimony of another Marine veteran from Oklahoma reflected an often expressed perspective. After feeling the effects of illnesses he ascribed to his service in the Gulf and receiving little or no assistance from civilian doctors, the veteran went to the VA. Despite his assertions, he was consistently diagnosed as having mental health problems and his physical symptoms were either not treated or treated with medication which was ineffective.

Not all experiences with VA health have been negative. The commander of an Army National Guard Unit when he was deployed to the Gulf in 1991 expressed general satisfaction with the way he has been treated at the VA, although his multiple symptoms had not improved markedly.

Significantly, the VA has begun to acknowledge the difficulties it has had in treating and managing Persian Gulf veterans with ill-defined health problems, and the complaints it has received from veterans dissatisfied with availability or access to VA care or the continuity of their care.

In February, the VA testified to its plans to establish an evaluation effort—the Service Evaluation and Action Team (SEAT) program—which was described as a way to collect data to improve care-delivery, and that would initially focus on Persian Gulf veterans. SEATs were subsequently established in all 22 VISN offices. In an informal survey, the Subcommittee on Health surveyed 19 of the 22 networks. While individual responses varied, certain trends were apparent.

First, network officials expressed the view that complaints are handled and effectively resolved by individual facilities' patient representatives. Second, SEAT evaluators generally reported having seen no trends suggestive of health delivery deficiencies; in fact, several noted that the most common concern heard relates to compensation claims, not health. Third, because of the lack of systemic issues coming to the attention of the SEAT (and because the program has not been in place for a sustained period of time), no changes in health care delivery to Persian Gulf veterans were anticipated at that time.

The marked disparity between the responses of those chairing the SEAT effort and veterans themselves and those in communication with them suggest to the Committee that the SEAT program is not performing the job it was set up to do. The testimony of the GAO and American Legion at the Subcommittee's June 19, 1997 hearing is wholly at odds with the views expressed by the VA officials heading the SEAT initiative. Clearly, many Persian Gulf veterans feel that the VA is not providing adequate health care to those who are suffering from undiagnosed illnesses. The SEAT is supposed to identify and correct these deficiencies. However, the mechanism appears to have failed to even identify a widely evident problem. It is far too early to suggest that the program is a failure and should be scrapped; however, the VA should reevaluate the efficacy of the SEAT program before expanding it.

Dr. Kenneth Kizer, VA Under Secretary for Health, testified at the Subcommittee's June 19, 1997 hearing and acknowledged the frustrations experienced and reported by many veterans. He stated that it had been his view that instituting primary care systems at VA facilities would provide both better access to and continuity of care. But he acknowledged that primary care had not always provided an acceptable solution for some with complex medical problems, and stated that "many of these veterans, and certainly the most complex Gulf War cases, need a system of care which utilizes case management."

At its June 19 hearing, the Subcommittee also heard testimony from several experts who described the limitations that medicine itself faces in grappling with unexplained illnesses which produce a wide range of symptoms. Dr. Daniel Clauw, Chief of Rheumatology, Immunology and Allergy at Georgetown Medical Center, expressed the view, based on his own research and clinical experience, that the ill-defined health problems affecting Persian Gulf veterans

occur in the general population as well. Dr. Clauw testified that while such conditions as chronic fatigue syndrome and fibromyalgia cannot be detected by blood tests or other diagnostic studies, they are real, if not well understood illnesses, and can be managed. He described multi-disciplinary treatment that employ low doses of medication, exercise, and cognitive behavioral therapy, a therapy aimed at changing lifestyle and behavior to better adapt to this illness.

Echoing views expressed at the June 19 hearing regarding the limitations of the medical model in treating the ill-defined health problems experienced by Persian Gulf veterans, Dr. Charles Engel, Chief of the Gulf War Health Center at Walter Reed Army Medical Center, described his experience in care provided to these patients. Dr. Engel described a multi-disciplinary specialized care program which he directs which is aimed at helping Persian Gulf veterans to understand and cope with their persistent symptoms and to improve quality of life and functional status.

Although VA has done little to explore such approaches, Dr. Kizer testified that “VA clinicians must . . . carefully evaluate the latest and best available therapies for ‘symptom syndromes’ such as chronic fatigue syndrome and fibromyalgia that are seen in a number of Gulf War veterans. We encourage the use of innovative and non-traditional forms of therapy . . .”

Legislation

The Committee’s review this session of the status of the health problems of Persian Gulf veterans and VA’s record in providing them care and treatment has set the framework for this legislation. The Committee’s oversight has, for example, resulted in certain findings, which in turn have helped shape what is seen as needed legislation. The Committee has found, for example, that:

1. VA has assigned a relatively high priority to both research regarding the health status of Persian Gulf veterans, and to maintaining a database, or registry, of diagnostic findings on Persian Gulf veterans.
2. In contrast, VA has given very little priority to designing programs aimed specifically at treating Persian Gulf veterans or at helping them manage their symptoms.
3. VA has provided registry examinations, based on standardized registry protocols, to tens of thousands of Persian Gulf veterans, but the results of such examinations are seldom discussed personally with the veterans, and are instead communicated, often ineffectively, through form letters.
4. VA’s registry process indicates that a substantial subset of Persian Gulf veterans, some 26 percent of those who have sought out registry examinations, have unexplained health problems.
5. VA’s record of follow-up treatment after a registry examination appears uneven from facility to facility, with many instances of veterans “falling through the cracks” and little evidence that complex cases are being managed.
6. Lack of understanding of the illnesses afflicting Persian Gulf veterans and lack of tools available to medicine to resolve the

array of their symptoms has fueled the perception in many veterans that VA health care professionals lack empathy for their conditions, and many are convinced that the treatment they receive as a result suffers.

7. The VA's primary care system appears ill-suited to help the estimated 18,000 Persian Gulf veterans who suffer from ill-defined, multiple symptom health problems which appear to have their origin in Persian Gulf service.
8. Given the scope of this problem and its apparent origin in wartime service, it is incumbent on VA to design and test alternative treatment models with an eye to improving the care afforded these veterans and their satisfaction with that care.

In light of these findings, the Committee recommends legislation aimed at making VA health care more responsive to the health problems with which Persian Gulf veterans are suffering. That legislation would:

- require VA to create a \$5 million competitive grant program under which up to ten VA facilities would establish demonstration projects to test new approaches to treating, and improving the satisfaction of, Persian Gulf veterans with undiagnosed or ill-defined conditions. The measure would require VA to employ at least three approaches, alone or in combination, at no less than two demonstration sites: (1) a specialized clinic which serves Persian Gulf veterans, (2) multidisciplinary treatment aimed at managing symptoms, and (3) use of case managers. The measure directs VA to give priority in selecting demonstration sites to medical centers which have a demonstrated capability to compete successfully for extramural funding support for research into the effectiveness and cost-effectiveness of the care provided. The Committee anticipates that VA would design and carry out research to study the efficacy of the various treatment models employed.
- restate with greater specificity VA's obligation to provide verbal counseling to Persian Gulf veterans regarding the findings of its registry examinations.
- clarify Persian Gulf veterans' eligibility for care (which is now limited to care for conditions which may be attributable to exposure to toxic substances or environmental hazards) by tying such eligibility to any condition which may be associated with the veteran's service in the Gulf. This would eliminate any question regarding provision of care which might be unrelated to an exposure as such but cannot be disassociated from service in the Gulf. (For example, Persian Gulf veterans who have PTSD or who have developed chronic fatigue syndrome as an aftermath of a routine infection would not necessarily be eligible for medical care under a technical reading of current law.)

VETERANS HEALTH ADMINISTRATION PERSONNEL POLICY

Executive branch policies aimed at achieving arbitrary department by department reductions in employment levels have in the past sparked concern from this Committee as related to VA's accomplishing its medical care mission. As recently as 1994, the Committee introduced legislation, ultimately enacted as title XII of

Public Law 103-446, to ensure that such Government-wide policies were not inconsistent with VA's meeting its obligation to veterans. Section 711 of title 38, United States Code, requires the Secretary of Veterans Affairs to report to Congress and delay for a specified period any systematic reduction in grade of employees engaged in direct patient care or who are professional employees and computer specialists.

The Committee is concerned with proposed implementation of another Executive Branch policy, apparently based on an executive order, which calls for achieving a 10 percent reduction among GS-14/15 positions government wide.

In 1995, the VA pledged to eliminate 20 percent of GS-14/15 positions in an effort to conform with Vice President Gore's efforts to reduce the number of middle managers in federal government. Such a policy could have a severely detrimental impact on VA health care and research because many VA physicians and researchers are GS-14/15 equivalents. Recognizing this, the VA exempted physicians from this reduction. However, Ph.D. researchers were not included in the exemption and continue to face uncertain futures. The above-cited provisions of law do not offer protection from the proposed reductions.

This legislation is designed to ensure that VHA personnel engaged in patient care activities or research—or supervision of patient care or research—are exempt from any policy which requires targeted reductions in the number of GS-14/15 employees in federal departments.

VETERANS CANTEEN SERVICE

The Committee in its oversight capacity has monitored the operation of the Veterans Canteen Service (VCS) and its success in meeting its mission of making merchandise and services available at reasonable prices to veterans hospitalized or treated at VA medical facilities for their comfort and well being.

The VCS has in recent years faced several unanticipated challenges to carrying out its mission. For example, notwithstanding an express statutory authority "to establish, maintain, and operate canteens" and "to fix prices of merchandise and services so as to carry out the purposes" of the VCS, it has been asserted that the prices of food items represent a condition of employment over which VA should negotiate. The proposition that the VCS would not have sole authority to respond to changing market conditions and to set prices accordingly consistent with its mission is contrary to the purposes for which VCS was established. Challenges have also been mounted under other provisions of law. Such challenges have argued in effect that the Secretary of Veterans Affairs lacks ultimate and exclusive authority to determine how, when and where VCS operates; whether and where it may install vending machines; and which products and services may be provided by canteens. Where such challenges have prevailed, it is apparent to the Committee that the results have been at odds with the intent of those who crafted provisions of law establishing the Veterans Canteen Service, and that such outcomes pose a threat to the financial viability of a self-sustaining Canteen Service.

The reported bill would clarify existing law to provide with greater specificity that the Secretary of Veterans Affairs has sole authority to establish canteens (including vending facilities and vending machines) at VA medical facilities and to determine and set the prices of merchandise and services sold at such canteens.

The Canteen Service has long operated cafeterias, vending facilities, and retail stores for patients, visitors, employees, and volunteers. As such, the VCS operates a food service program parallel to the Nutrition and Food Service program which is responsible for inpatient feeding at every VA medical center. The reported bill, in authorizing VCS to provide support services to VA medical facilities on a reimbursable basis, would permit VCS to provide, in whole or in part, the food service needs of a medical center. Exercising such an option could be expected to achieve significant cost savings.

PHYSICIAN AND DENTIST RETIREMENTS

The reported bill incorporates provisions of H.R. 1687, legislation to provide that special pay paid to certain physicians and dentists of the Veterans Health Administration who retire before October 1, 1999, shall be considered to be basic pay for retirement purposes. H.R. 1687 was ordered reported by the full Committee on May 21, 1997, and is the subject of a separate report.

PHARMACEUTICALS

At a July 10, 1997 hearing, the Subcommittee on Health heard testimony regarding the potential effects on the VA of opening the Federal Supply Schedule (FSS) on drugs to state and local government purchasing under section 1555 of the Federal Acquisition Streamlining Act of 1994 (FASA). (The Federal Supply Schedule for drugs is a series of VA-administered contracts currently listing almost 23,000 pharmaceuticals which are available for purchase by federal agencies and institutions, and the District of Columbia, U.S. territorial governments, and some Indian tribal governments at generally very favorable prices.) At the July 10 hearing, the Subcommittee also heard testimony regarding an Administration proposal which was being offered as an apparent compromise in light of efforts to repeal section 1555. The Administration proposal would authorize state and local governments to make purchases from certain FSS schedules, to include authorizing purchases of drugs for treating HIV, HIV-related conditions, and life-threatening conditions.

Congress last year suspended implementation of FASA and directed the General Accounting Office to assess its potential effects. GAO testified at the July 10 hearing on its study of the pharmaceutical market. While acknowledging the difficulties of predicting the impact of "cooperative purchasing" on federal drug prices, GAO testified that the size of the market created by allowing state and local governments access to the FSS—as much as a threefold increase—has the potential to produce an upward pressure on prices. Citing VA's experience in facing a substantial increase in drug prices after the Medicaid rebate program was enacted in 1990, Ms. Bernice Steinhardt, Director, Health Services Quality and Public Health Issues for GAO, stated that "we do know from historical ex-

perience that having to offer discounted prices to a larger market puts an upward pressure on drug prices.” Steinhardt analogized the effect of expanding the market, to include the expansion proposed by the Administration, as being “like squeezing a balloon, the consequence elsewhere.”

VA is the largest single purchaser of drugs from the FSS, procuring nearly \$1 billion in pharmaceuticals from that source annually. VA purchased \$922 million from the FSS in fiscal year 1996 of the \$1.2 billion it spent on drugs in that year.

VA officials testified as to the department’s experience with price increases widely attributed to provisions of the Omnibus Budget Reconciliation Act of 1990 which required drug manufacturers to give state Medicaid programs rebates for outpatient drugs on the basis of the lowest prices charged other purchasers. “Manufacturers sought to protect their margins whenever possible or wherever possible and remove low-priced items from their federal supply schedule contracts,” John Ogden, VA’s Chief Consultant for Pharmacy Benefits Management, explained. “If similar tactics are employed in 1997 in response to opening FSS pharmaceutical contracts, just as a new round of FSS contracts are being negotiated for the next five years or more, VA alone could suffer an increase in pharmaceutical costs of as much as \$250 million per year.”

VA’s Deputy Under Secretary for Health, Dr. Thomas Garthwaite, echoed the concern that opening the FSS, as proposed, could increase VA pharmaceutical costs by up to \$250 million annually. Garthwaite described the impact of such an increase as being the equivalent of the cost of providing care to 50,000 sick veterans, and therefore as putting in jeopardy VA’s ability to treat all of its current patients.

In testifying for the Department, VA’s Ogden acknowledged that as the Federal Government’s manager of the pharmaceutical supply schedule, the VA is best able to assess the likely effects of changing the rules on access to the pharmaceutical supply schedule. Responding to questioning at the hearing, VA officials also acknowledged both the dangers inherent in the Administration’s legislative proposal and, given its adverse impact on VA, VA’s unwillingness to support that proposal. While advocates have suggested that a proposal limited to drugs for the care of HIV and HIV-related conditions is a narrow one, VA’s Ogden conveyed just how broad such an “exception” is: “We’re talking about health care conditions in the area of infections, cancer therapy, pain management, nutritional support and other conditions involving the upper respiratory system, GI problems, and also dermatological problems.”

It is apparent to the Committee that permitting state and local governments to purchase drugs from the Federal Supply Schedule, whether subject to a targeted exception as proposed by the Administration or without limitation as proposed under FASA, would be injurious to VA. Given VA’s heavy reliance on the FSS drug schedule and the industry’s use of the FSS as an efficient, favored marketing vehicle to provide very favorable drug prices to the Federal government, VA should be afforded protection against measures that have a high probability of distorting that market and resulting in VA’s incurring substantially higher prices.

While a repeal of section 1555 of FASA, as proposed in pending legislation, would for the moment resolve the concerns over an escalation in VA drug prices, efforts to expand access to FSS drug prices could be renewed at any time, with predictable impact on VA. The reported bill is seen as a means of preventing such future problems. It would essentially provide that, notwithstanding any other provision of law (enacted before or after the enactment of this act), drugs listed on the pharmaceutical schedule of the Federal Supply Schedule may only be procured from that schedule by a Federal agency or instrumentality or an entity specified in law or regulation in effect prior to July 1, 1997 as eligible to procure items from the pharmaceutical supply schedule. In making provision for "grandfathering" entities which are specified in Federal law or regulation, as in effect before July 1, 1997, as eligible to procure or order from the pharmaceutical supply schedule, the Committee intends that the provision apply to entities which are specified as being so eligible either individually or inclusively within a defined, specified class.

SECTION-BY-SECTION ANALYSIS

Section 1 would name the Act the "Veterans Health Programs Improvement Act of 1997."

Section 2(a) would amend chapter 17 of title 38, United States Code, by adding Subchapter VII at the end and creating sections 1771 (General treatment), 1772 (Therapeutic housing), 1773 (Additional services at certain locations), and 1774 (Coordination with other agencies and organizations). New section 1771 would provide that VA, in furnishing care and services under section 1710 to seriously mentally ill veterans, including homeless veterans, may provide outreach services; care, treatment, and rehabilitation services (directly or by contract in community-based treatment facilities); and therapeutic transitional housing assistance under section 1772, in conjunction with work therapy and outpatient care. Section 1772 provides that the Department may, in conjunction with conducting compensated work therapy programs, establish and operate residences and facilities as therapeutic housing, subject to the provisions of that section. Section 1773 would direct the Department, subject to the availability of appropriations, to operate no fewer than eight comprehensive-services centers to assist homeless veterans. Section 1774 would require VA, in assisting homeless veterans, to coordinate, and permit the Department to provide authorized services in conjunction, with other agencies of State, local and Federal government, and nongovernmental organizations. It would also require VA facility directors to assess and identify local homeless veterans' needs and the adequacy of existing programs to meet those needs, and take appropriate action, to the extent practicable to meet those needs.

Section 2(b) would amend and rename section 1720A in order to conform with changes made in section 2(a).

Section 2(c) would repeal certain sections of public law in order to conform with changes made in section 2(a).

Section 2(d) would amend the table of contents at the beginning of chapter 17 in order to conform with changes made in section 2(a).

Section 3 would amend section 3 of the Homeless Veterans Comprehensive Service Programs Act of 1992 by (a) extending until September 30, 1999 the Secretary's authority to operate the grant and per diem payments program authorized by that section, and (b) striking limitations in current law on the number of specified projects for which grants may be awarded.

Section 4 would amend section 1001 of the Veterans' Benefits Improvements Act of 1994 to require the VA to submit an annual report to Congress detailing the effectiveness of programs designed to provide assistance to homeless veterans, to include an evaluation of the effectiveness of programs established under the grant program being extended under section 3 and a description of the experience of such grantees in seeking grants from the Secretary of Housing and Urban Development to serve primarily homeless veterans.

Section 5 would amend section 1720C of title 38, United States Code, to extend indefinitely VA's authority to provide noninstitutional alternatives to nursing home care.

Section 6(a) would amend section 703 of the Veterans Health Care Act of 1994 (Public Law 102-585; 106 Stat. 4976) to require with greater specificity that Persian Gulf veterans shall be verbally counseled as to the results of Persian Gulf registry examinations.

Section 6(b) would amend section 1710 of title 38, United States Code, to clarify that a Persian Gulf veteran is eligible for VA health care for any condition which may be associated with a veteran's service in the Gulf.

Section 6(c) would direct the Secretary to carry out a program of demonstration projects designed to test innovative approaches to treating Persian Gulf veterans at up to 10 VA medical centers across the country.

Section 7 would amend section 7425 of title 38, United States Code by adding a new subsection at the end of the section exempting VHA personnel involved in the provision of health care or the conduct of research from reductions required by law or Executive Branch policy in the number or percentage of employees or positions, within specified pay grades.

Section 8(a) would amend paragraph 7 of section 7802 of title 38, United States Code, to clarify that, notwithstanding any other provision of law, the VA has sole authority to establish canteens (including vending facilities and vending machines) at VA medical facilities, and to determine and set prices of merchandise and services sold at such canteens.

Section 8(b) would amend section 7803 of title 38, United States Code, to delete restrictions on the merchandise or services for sale at VA canteens to permit sales for consumption or use off premises.

Section 8(c) would further amend section 7803 of title 38, United States Code, to permit VA canteens to provide support services to medical facilities on a reimbursable basis.

Section 8(d) would amend paragraphs 1 and 11 of section 7802 of title 38, United States Code, as well as section 7803(a) of such title, to replace the term “hospitals and homes” with the term “medical facilities”.

Section 9(a) would amend section 7438 of title 38, United States Code, to add a new subsection (d) which would authorize the Secretary of Veterans Affairs to permit certain retirement-eligible physicians and dentists who, as determined by the applicable VA facility director, hold positions which are no longer required to be maintained at that facility and for whom there is no other appropriate position at that facility, to have their “special pay” under chapter 74 of such title credited in full, for annuity purposes, if they retire during the period from the date of enactment through September 30, 1999. New subsection (d) further limits the applicability of such provision to an individual who is in receipt of special pay and as of September 30, 1999 (a) has completed or would have completed 15 years of VA service, and (b) would have completed eight years of service while in receipt of special pay. The new subsection further provides that for each individual who retires with this benefit the Secretary shall deposit in the Treasury to the credit of the appropriate Federal retirement fund each year the amount of the individual’s annuity for that year; such payments shall be made for the period beginning on the date of the individual’s retirement until the later of the date on which that person would have completed 15 years of service or would have completed eight years of service while in receipt of special pay. The subsection also provides that an individual who retires with this benefit is not eligible to receive a voluntary separation payment under pertinent provisions of law.

Section 9(b) would amend subchapter III of chapter 74 of title 38 to reflect the effective date of the special pay authority, July 14, 1991, in each place in which there is reference to such effective date.

Section 10 would amend section 8125 of title 38, United States Code, to add a new subsection (e) that would provide that, notwithstanding any other provision of law (whether enacted before or after the date of enactment of the subsection), any product listed on the pharmaceutical schedule of the Federal Supply Schedule may only be procured from that schedule by or for an agency or institution of the Federal Government, or any other entity specified in Federal law or regulation, as in effect before July 1, 1997, as eligible to procure covered items from such schedule.

Section 11(a) would amend section 1717(a)(2)(B) of title 38, United States Code, to clarify that any veteran described in section 1710(a) under treatment by VA is eligible for the one-time \$1200 home improvement/structural alterations benefit under section 1717.

Section 11(b) would change the designation of the Wm. Jennings Bryan Dorn Veterans’ Hospital in Columbia, South Carolina to the Wm. Jennings Bryan Dorn Department of Veterans Affairs Medical Center.

OVERSIGHT FINDINGS

No oversight findings have been submitted to the Committee by the Committee on Government Reform and Oversight.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The following letter was received from the Congressional Budget Office concerning the cost of the reported bill:



CONGRESSIONAL BUDGET OFFICE
U.S. CONGRESS
WASHINGTON, D.C. 20515

June E. O'Neill
Director

October 1, 1997

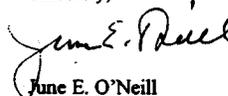
Honorable Bob Stump
Chairman
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2206, the Veterans Health Programs Improvement Act of 1997.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Shawn Bishop, who can be reached at 226-2840.

Sincerely,



June E. O'Neill

Enclosure

cc: Honorable Lane Evans
Ranking Democratic Member



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

October 1, 1997

H.R. 2206

Veterans Health Programs Improvement Act of 1997

*As ordered reported by the House Committee on Veterans' Affairs
on September 11, 1997*

SUMMARY

H.R. 2206 would extend and modify pilot projects of the Department of Veterans Affairs (VA) that pertain to services provided to homeless and chronically ill veterans. Also, the bill would expand the definition of priority status for Persian Gulf War veterans, allow VA to offer early retirement benefits to certain physicians and dentists, and make other changes to current law. CBO estimates that enacting the bill would lower direct spending in 1998 by \$2 million, but raise it by about \$49 million over the following three years. H.R. 2206 would raise spending subject to appropriations by \$84 million in 1998 and \$505 million over the five-year period, assuming appropriation of the necessary sums. These costs do not include additional spending for medical care for veterans of the Persian Gulf War, which CBO cannot estimate on the basis of available data, but which could be significant. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act, and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2206 is shown in Table 1. The following section-by-section analysis addresses only those sections of the bill that would have a budgetary impact.

Health Services and Housing for Chronically Mentally Ill Veterans. Section 2 of the bill would affect several programs. In total, CBO estimates that it would increase discretionary spending by \$43 million in 1998 and \$317 million over the 1998-2002 period, assuming appropriation of the necessary amounts.

TABLE 1. BUDGETARY IMPACT OF H.R. 2206, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON VETERANS' AFFAIRS ON SEPTEMBER 11, 1998
(By fiscal year, in millions of dollars)

	1998	1999	2000	2001	2002
DIRECT SPENDING					
Spending Under Current Law for Federal Civilian Retirement					
Estimated Budget Authority	43,851	45,994	48,246	40,590	53,092
Estimated Outlays	43,764	45,904	48,151	50,490	52,989
Proposed Changes					
New Retirement Benefits					
Estimated Budget Authority	12	29	22	15	12
Estimated Outlays	12	29	22	15	12
Agency Payments					
Estimated Budget Authority	-14	-33	0	0	0
Estimated Outlays	-14	-33	0	0	0
Total Change in Direct Spending					
Estimated Budget Authority	-2	-4	22	15	12
Estimated Outlays	-2	-4	22	15	12
Spending Under H.R. 2206 for Federal Civilian Retirement					
Estimated Budget Authority	43,849	45,990	48,268	50,605	53,104
Estimated Outlays	43,762	45,900	48,173	50,505	53,001
SPENDING SUBJECT TO APPROPRIATION					
Spending Under Current Law for Veterans' Medical Care					
Estimated Authorization Level ^a	16,313	16,313	16,313	16,313	16,313
Estimated Outlays	16,150	16,150	16,150	16,150	16,150
Proposed Changes for Veterans' Medical Care ^b					
Estimated Authorization Level	91	129	94	97	101
Estimated Outlays	84	129	95	97	100
Spending Under H.R. 2206 for Veterans' Medical Care					
Estimated Authorization Level ^a	16,404	16,442	16,407	16,410	16,414
Estimated Outlays	16,234	16,279	16,245	16,247	16,250

NOTE: The costs of this legislation would fall within budget functions 600 (income security) and 700 (veterans affairs).

a. The current law amounts shown here assume that appropriations under current law remain at the 1997 level. If they are adjusted for inflation, the base amounts would rise by about \$500 million a year, but the estimated changes would remain as shown.

b. These costs do not include additional spending for medical care for veterans of the Persian Gulf War that would result from enactment of section 6. CBO cannot estimate such costs on the basis of available data.

Section 2 would permanently extend VA's authority to provide outreach services, medical and psychiatric examinations, and community-based residential treatment to veterans suffering from chronic mental conditions or homelessness. Current authority to provide long-term housing in community-based half-way houses will expire on December 31, 1998, and authority for the other activities, primarily the Homeless Chronically Mentally Ill Veterans (HCMI) program, will expire September 30, 1997. Based on current spending for these programs, CBO estimates these extensions would cost about \$37 million in 1998 and \$275 million over the 1998-2002 period.

Section 2 also would permanently authorize VA's Compensated Work Therapy/Transitional Residence (CWT/TR) program. This program allows veterans with drug and alcohol problems or mental illness to live in VA-owned and managed housing and will expire on December 31, 1997. In addition, this bill would remove the limit of 50 residences, but would retain the requirements that participants pay rent, that the proceeds be deposited into the General Post Fund, and that VA use the fund for maintenance of facilities and acquisition of new properties. The bill would limit annual spending from this fund for the maintenance and purchase of houses to \$500,000 above the proceeds from rent deposited into it.

According to data from VA, the agency obligated \$4 million in 1996 from appropriations for medical care for activities and personnel related to the CWT/TR program. Thus, CBO estimates that VA would continue to obligate a comparable amount and spend \$3 million for CWT/TR from its medical care appropriations in 1998 and \$20 million over the 1998-2002 period. CBO estimates that these provisions would have little or no effect on net expenditures from the General Post Fund.

Finally, section 2 would require VA to establish at least eight new comprehensive service centers for homeless veterans to the extent funds are available. As required for the eight centers it currently operates, VA would be required to coordinate benefits and services for homeless veterans within a geographic area and to hire benefit counselors. Based on spending for the current centers, CBO estimates VA would spend an additional \$2 million in 1998 and \$22 million over the 1998-2002 period to establish and operate the new centers.

Homeless Veterans Comprehensive Services Program. Section 3 would extend through fiscal year 1999 VA's authority to award grants and make per diem payments to organizations that establish shelters and supervised, therapeutic housing for homeless veterans. In 1997, VA awarded \$3 million in grants and spent just over \$2 million in per diems to grantee facilities. In 1998, VA plans to phase out these grants completely because many of the grantees' facilities will become operational, accommodating more than 1,400 beds. As a result, VA expects to refer more veterans to facilities in 1998 and 1999 than in 1997. Thus, CBO estimates that VA would spend about \$6 million in per diem payments in 1998 and \$8 million 1999, assuming VA would be able to refer about 800 veterans in 1998

and 1,000 veterans in 1999 for six- to nine-month stays at a per diem rate of about \$41. In total, CBO estimates VA would spend \$15 million over the 1998-2002 period.

Homemaker and Home-Health Aide Services. Section 5 would permanently extend VA's authority to furnish homemaker and home-health aide services to veterans on a discretionary basis. VA's authority to furnish this type of noninstitutional care will expire on December 31, 1997. In 1996, VA spent about \$22 million on these services. Assuming that VA continues to provide the same volume of care, CBO estimates that the agency would spend about \$16 million in the last three-quarters of fiscal year 1998 and \$121 million over the 1998-2002 period.

Persian Gulf War Veterans. Through December 31, 1998, current law allows VA to provide priority care to veterans who may have been exposed to toxic substances or environmental hazards in the Persian Gulf. Priority level care can be provided for any disability that may have resulted from such exposure. In the absence of medical evidence linking certain exposures to specific illnesses, the law allows VA to set its own guidelines on the illnesses that could be considered to be related to such exposures.

Section 6 would broaden the current criteria for eligibility for priority care to include all veterans who served in the Persian Gulf and any illness that may be related to such service, but it would not change the expiration date of current authority. In addition, section 6 would authorize \$5 million for a demonstration project to test new and improved approaches to treating Persian Gulf veterans who suffer from undiagnosed and ill-defined disabilities.

According to information from VA, the agency spent about \$140 million in 1996 on medical care for 83,000 Persian Gulf veterans. We expect that the number of veterans who would qualify for priority care under this bill would be higher than under current law, and that VA's expenditures for medical care would grow commensurately. But available data do not indicate how many Persian Gulf veterans are already receiving priority care and how much that care costs. Consequently, CBO cannot estimate the budgetary impact of this provision. The additional costs, however, could be significant.

Early Retirements with Special Pay. From the date of enactment of the bill to September 30, 1999, section 9 of the bill would allow certain physicians and dentists employed by VA to retire earlier than under current law and to count all of their special pay in computing a retirement annuity. Under current law, physicians and dentists must serve eight years in the special pay program and have worked at the Veterans' Health Administration (VHA) for at least 15 years before 100 percent of their special pay would count toward a retirement annuity. The bill would allow physicians and dentists who have

TABLE 2. DISCRETIONARY SPENDING UNDER H.R. 2206, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON VETERANS' AFFAIRS ON SEPTEMBER 11, 1998
(By fiscal year, in millions of dollars)

	1998	1999	2000	2001	2002
Health Services and Housing for Chronically Mentally Ill Veterans					
Estimated Authorization Level	48	63	68	71	73
Estimated Outlays	43	63	68	70	73
Homeless Grants and Per Diems					
Estimated Authorization Level	7	8	0	0	0
Estimated Outlays	6	8	1	0	0
Homemaker and Home-Health Aid Services					
Estimated Authorization Level	18	25	26	27	28
Estimated Outlays	16	24	26	27	28
Persian Gulf War Veterans					
Estimated Authorization Level	5	0	0	0	0
Estimated Outlays	5	0	0	0	0
Early Retirements with Special Pay					
Estimated Authorization Level	14	33	0	0	0
Estimated Outlays	14	33	0	0	0
Total Change in Discretionary Spending					
Estimated Authorization Level	91	129	94	97	101
Estimated Outlays	84	129	95	97	100

NOTE: These costs do not include additional spending for medical care for veterans of the Persian Gulf War that would result from enactment of section 6. CBO cannot estimate such costs on the basis of available data.

at least 13 years of service with VHA and six years in the special pay program to retire early and have all of their special pay count but only if VA determines that their positions are no longer required and that their skills are inappropriate for other positions in the facility where they now work. The bill would also require that VA pay the costs through 1999 of the early retirement annuities out of discretionary appropriations for veterans medical care.

About 2,000 individuals will have enough service to be eligible for the benefit during the period specified in the bill. CBO estimates that the full-time equivalent of about 450 eligible employees in 1998 and about 150 such employees in 1999 would receive and accept an offer for early retirement under the conditions specified in H.R. 2206. We also estimate that 10 percent of these employees would retire during this period even if the bill were not enacted.

According to VA, physicians and dentists with special pay earned an average of about \$130,000 in 1997. To calculate retirement costs, CBO assumes that beneficiaries would average 26 years of service. This represents the average service of individuals who would be eligible for early retirement under the bill. CBO estimates that per capita benefit payments would be about \$63,000 in 1998 and that those retiring under this bill would, under current law, retire by 2003. As a result, we estimate that additional annuity costs would total \$12 million in fiscal year 1998 and \$90 million over the 1998-2002 period.

CBO estimates that VA would pay \$14 million in 1998 and \$33 million in 1999 to cover the annuity costs of all employees who retire with the benefit of the bill. VA's payments in 1998 and 1999 would exceed the additional costs to the retirement accounts in those years because some of the physicians and dentists who would benefit from the bill would retire under current law. Thus, direct spending would decrease by an estimated \$2 million in 1998 and \$4 million in 1999. In 2000, however, direct spending would increase because VA would no longer make payments to the federal retirement accounts for retirees covered by this bill. Consequently, CBO estimates that direct spending would increase by \$22 million in 2000 and \$49 million over the 2000-2002 period. The effect on direct spending would get smaller each year after 2000 as retirees reach the time when they would retire under current law. After 2005, direct spending would decline by about \$1 million annually because individuals affected by the bill would retire with fewer years of service and thus receive lower annuities than under current law.

Under some buyout programs, an agency achieves savings in costs for salaries, benefits, and related expenses because it is given authority or a mandate to reduce the number or change the mix of employees. Even though this bill would require VA to deem a position unnecessary before a special pay offer could be made to an individual in that position, it does not require the number or mix of VA employees to change from current law. Thus, there is no assurance that savings in appropriated spending for salaries and employment benefits would result from enacting this bill. If VA eliminates every position affected by an early retirement and makes a comparable reduction in the total number of employees, then it could save about \$30 million in 1998 and \$70 million in 1999 under CBO's assumptions for this estimate. Savings would decline in later years when the positions would become vacant in any event.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Because the bill would affect direct spending, pay-as-you-go procedures would apply. The projected changes in direct spending are summarized in the following table for fiscal years 1998-2007. For purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

 Summary of Pay-As-You-Go Effects

	By Fiscal Year, in Millions of Dollars										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Change in outlays		-2	-4	22	15	12	8	4	0	-1	-1
Changes in receipts											Not applicable

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act, and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Cost: Shawn Bishop (226-2840)
 Impact on State, Local, and Tribal Governments: Mark Nicole (225-3220)
 Impact on the Private Sector: Rachel Schmidt (226-2900)

ESTIMATE APPROVED BY:

Robert A. Sunshine
 Deputy Assistant Director for Budget Analysis

INFLATIONARY IMPACT STATEMENT

The enactment of the reported bill would have no inflationary impact.

DEPARTMENT VIEWS

The Department testified at a July 10, 1997 hearing on a draft legislation which was subsequently incorporated into H.R. 2206. The Department expressed strong support for provisions which proposed to extend, consolidate, and clarify provisions of law authorizing programs to assist homeless and chronically mentally ill veterans, and also expressed support for the remaining provisions of the draft bill, which proposed to improve VA care of Persian Gulf veterans and to extend indefinitely VA's authority to provide noninstitutional care as an alternative to nursing home care.

APPLICABILITY TO LEGISLATIVE BRANCH

The reported bill would not be applicable to the legislative branch under the Congressional Accountability Act, Public Law 104-1, because it would apply only to certain Department of Veterans Affairs programs and facilities.

STATEMENT OF FEDERAL MANDATES

The reported bill would not establish a federal mandate under the Unfunded Mandates Reform Act, Public Law 104-4.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the U.S. Constitution, the reported bill would be authorized by Congress' power to "provide for the common Defence and general Welfare of the United States."

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

* * * * *

PART II—GENERAL BENEFITS

* * * * *

**CHAPTER 17—HOSPITAL, NURSING HOME,
DOMICILIARY, AND MEDICAL CARE**

* * * * *

SUBCHAPTER II—HOSPITAL, NURSING HOME OR DOMICILIARY CARE AND MEDICAL TREATMENT

* * * * *
1720A. Treatment and rehabilitation for alcohol or drug dependence or abuse disabilities.
1720A. Treatment and rehabilitative services for persons with drug or alcohol dependency.
* * * * *

SUBCHAPTER VII—TREATMENT AND REHABILITATION FOR SERIOUSLY MENTALLY ILL AND HOMELESS VETERANS

1771. General treatment.
1772. Therapeutic housing.
1773. Additional services at certain locations.
1774. Coordination with other agencies and organizations.
* * * * *

SUBCHAPTER II—HOSPITAL, NURSING HOME OR DOMICILIARY CARE AND MEDICAL TREATMENT

§ 1710. Eligibility for hospital, nursing home, and domiciliary care

(a)(1) * * *
* * * * *

(2) The Secretary (subject to paragraph (4)) shall furnish hospital care and medical services, and may furnish nursing home care, which the Secretary determines to be needed to any veteran—

(A) * * *
* * * * *

(F) who was exposed to a toxic substance, radiation, or [environmental hazard] other conditions, as provided in subsection (e); or

* * * * *
(e)(1)(A) * * *
* * * * *

(C) Subject to paragraphs (2) and (3) of this subsection, a veteran who [the Secretary finds may have been exposed while serving] served on active duty in the Southwest Asia theater of operations during the Persian Gulf War [to a toxic substance or environmental hazard] is eligible for hospital care, medical services, and nursing home care under subsection (a)(2)(F) for any disability, notwithstanding that there is insufficient medical evidence to conclude that such disability may be associated with such [exposure] service.

(2)(A) In the case of a veteran described in paragraph (1)(A), hospital care, medical services, and nursing home care may not be provided under subsection (a)(2)(F) with respect to—

(i) * * *
* * * * *

(B) In the case of a veteran described in paragraph (1)(C), hospital care, medical services, and nursing home care may not be provided under subsection (a)(2)(F) with respect to a disability that is found, in accordance with guidelines issued by the Under Secretary

for Health, to have resulted from a cause other than **[an exposure]** *the service* described in that paragraph.

* * * * *

§ 1717. Home health services; invalid lifts and other devices

(a)(1) * * *

(2) Improvements and structural alterations may be furnished as part of such home health services only as necessary to assure the continuation of treatment for the veteran's disability or to provide access to the home or to essential lavatory and sanitary facilities. The cost of such improvements and structural alterations (or the amount of reimbursement therefor) under this subsection may not exceed—

(A) * * *

(B) \$1,200 in the case of medical services furnished under any other provision of **[section 1710(a)(2)]** *section 1710(a)* of this title.

* * * * *

§ 1720A. Treatment and rehabilitation for alcohol or drug dependence or abuse disabilities]

§ 1720A. Treatment and rehabilitative services for persons with drug or alcohol dependency

[(a)(1) The Secretary, in furnishing hospital, nursing home, and domiciliary care and medical and rehabilitative services under this chapter, may contract for care and treatment and rehabilitative services in halfway houses, therapeutic communities, psychiatric residential treatment centers, and other community-based treatment facilities for eligible veterans suffering from alcohol or drug dependence or abuse disabilities.

[(2) Before furnishing such care and services to any veteran through a contract facility as authorized by paragraph (1) of this subsection, the Secretary shall approve (in accordance with criteria which the Secretary shall prescribe by regulation) the quality and effectiveness of the program operated by such facility for the purpose for which such veteran is to be furnished such care and services.]

[(b)] (a) The Secretary, in consultation with the Secretary of Labor and the Director of the Office of Personnel Management, may take appropriate steps to (1) urge all Federal agencies and appropriate private and public firms, organizations, agencies, and persons to provide appropriate employment and training opportunities for veterans who have been provided treatment and rehabilitative services under this title for alcohol or drug dependence or abuse disabilities and have been determined by competent medical authority to be sufficiently rehabilitated to be employable, and (2) provide all possible assistance to the Secretary of Labor in placing such veterans in such opportunities.

[(c)] (b) Upon receipt of an application for treatment and rehabilitative services under this title for an alcohol or drug dependence or abuse disability from any individual who has been discharged or

released from active military, naval, or air service but who is not eligible for such treatment and services, the Secretary shall—

(1) * * *

* * * * *

[(d)] (c)(1) Any person serving in the active military, naval, or air service who is determined by the Secretary concerned to have an alcohol or drug dependence or abuse disability may not be transferred to any facility in order for the Secretary to furnish care or treatment and rehabilitative services for such disability unless such transfer is during the last thirty days of such member's enlistment period or tour of duty, in which case such care and services provided to such member shall be provided as if such member were a veteran. Any transfer of any such member for such care and services shall be made pursuant to such terms as may be agreed upon by the Secretary concerned and the Secretary, subject to the provisions of sections 1535 and 1536 of title 31.

* * * * *

[(e)] The Secretary may not furnish care and treatment and rehabilitative services under subsection (a) of this section after December 31, 1997.

[(f)](1) During the period beginning on December 1, 1988, and ending on October 1, 1997, the Secretary shall conduct an ongoing clinical evaluation in order to determine the long-term results of drug and alcohol abuse treatment furnished to veterans in contract residential treatment facilities under this section.

[(2)] The evaluation shall include an assessment of the following:

[(A)] The long-term results of treatment referred to in paragraph (1) of this subsection on drug and alcohol use by veterans who may have received such treatment.

[(B)] The need for hospitalization of such veterans for drug and alcohol abuse after completion of the residential treatment.

[(C)] The employment status and income of such veterans.

[(D)] The extent of any criminal activity of such veterans.

[(E)] Whether certain models and methods of residential treatment for drug and alcohol abuse are more successful for veterans with specific abuses, specific levels of resources available to them, and specific needs than are other models and methods.

[(3)] To the extent feasible, the Secretary shall select for consideration in the evaluation veterans whose treatment for drug and alcohol abuse in contract residential treatment facilities under such section represents a variety of models and methods of residential drug and alcohol abuse treatment.

[(4)] The Secretary shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives the following reports on the evaluation under this subsection:

[(A)] Not later than February 1, 1993, an interim report containing information obtained during the first four years of the evaluation and any conclusions that the Secretary has drawn on the basis of that information.

[(B)] Not later than March 31, 1998, a final report containing information obtained during the evaluation and the determina-

tions and conclusions of the Secretary based on that information.

[(g) The authority of the Secretary to enter into contracts under this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.]

* * * * *

§ 1720C. Noninstitutional alternatives to nursing home care: pilot program

(a) [During the period through December 31, 1997, the Secretary may conduct a pilot program for the furnishing of] *The Secretary may furnish* medical, rehabilitative, and health-related services in noninstitutional settings for veterans who are eligible under this chapter for, and are in need of, nursing home care. The Secretary shall give priority for participation in such program to veterans who—

(1) * * *

* * * * *

(b)(1) Under the [pilot] program conducted pursuant to subsection (a), the Secretary shall (A) furnish appropriate health-related services solely through contracts with appropriate public and private agencies that provide such services, and (B) designate Department health-care employees to furnish case management services to veteran furnished services under the program.

* * * * *

SUBCHAPTER VII—TREATMENT AND REHABILITATION FOR SERIOUSLY MENTALLY ILL AND HOMELESS VETERANS

§ 1771. General treatment

In providing care and services under section 1710 of this title to veterans suffering from serious mental illness, including veterans who are homeless, the Secretary may provide (directly or in conjunction with a governmental or other entity)—

- (1) *outreach services;*
- (2) *care, treatment, and rehabilitative services (directly or by contract in community-based treatment facilities, including halfway houses); and*
- (3) *therapeutic transitional housing assistance under section 1772 of this title, in conjunction with work therapy under section 1718(a) or (b) of this title and outpatient care.*

§ 1772. Therapeutic housing

(a) *The Secretary, in connection with the conduct of compensated work therapy programs, may operate residences and facilities as therapeutic housing.*

(b) *The Secretary may use such procurement procedures for the purchase, lease, or other acquisition of residential housing for purposes of this section as the Secretary considers appropriate to expedite the opening and operation of transitional housing and to protect the interests of the United States.*

(c) A residence or other facility may be operated as transitional housing for veterans described in paragraphs (1) and (2) of section 1710(a) of this title under the following conditions:

(1) Only veterans described in those paragraphs and a house manager may reside in the residence.

(2) Each resident, other than the house manager, shall be required to make payments that contribute to covering the expenses of board and the operational costs of the residence for the period of residence in such housing.

(3) In order to foster the therapeutic and rehabilitative objectives of such housing (A) residents shall be prohibited from using alcohol or any controlled substance or item, (B) any resident violating that prohibition may be expelled from the residence, and (C) each resident shall agree to undergo drug testing or such other measures as the Secretary shall prescribe to ensure compliance with that prohibition.

(4) In the establishment and operation of housing under this section, the Secretary shall consult with appropriate representatives of the community in which the housing is established and shall comply with zoning requirements, building permit requirements, and other similar requirements applicable to other real property used for similar purposes in the community.

(5) The residence shall meet State and community fire and safety requirements applicable to other real property used for similar purposes in the community in which the transitional housing is located, but fire and safety requirements applicable to buildings of the Federal Government shall not apply to such property.

(d) The Secretary shall prescribe the qualifications for house managers for transitional housing units operated under this section. The Secretary may provide for free room and subsistence for house managers in addition to, or instead of payment of, a fee for such services.

(e)(1) The Secretary may operate as transitional housing under this section—

(A) any suitable residential property acquired by the Secretary as the result of a default on a loan made, guaranteed, or insured under chapter 37 of this title;

(B) any suitable space in a facility under the jurisdiction of the Secretary that is no longer being used (i) to provide acute hospital care, or (ii) as housing for medical center employees; and

(C) any other suitable residential property purchased, leased, or otherwise acquired by the Secretary.

(2) In the case of any property referred to in paragraph (1)(A), the Secretary shall—

(A) transfer administrative jurisdiction over such property within the Department from the Veterans Benefits Administration to the Veterans Health Administration; and

(B) transfer from the General Post Fund of the Department of Veterans Affairs to the appropriate revolving fund under chapter 37 of this title an amount (not to exceed the amount the Secretary paid for the property) representing the amount the

Secretary considers could be obtained by sale of such property to a nonprofit organization or a State for use as a shelter for homeless veterans.

(3) In the case of any residential property obtained by the Secretary from the Department of Housing and Urban Development under this section, the amount paid by the Secretary to that Department for that property may not exceed the amount that the Secretary of Housing and Urban Development would charge for the sale of that property to a nonprofit organization or a State for use as a shelter for homeless persons. Funds for such charge shall be derived from the General Post Fund.

(f) The Secretary shall prescribe—

(1) a procedure for establishing reasonable payment rates for persons residing in transitional housing; and

(2) appropriate limits on the period for which such persons may reside in transitional housing.

(g) The Secretary may dispose of any property acquired for the purpose of this section. The proceeds of any such disposal shall be credited to the General Post Fund of the Department of Veterans Affairs.

(h) Funds received by the Department under this section shall be deposited in the General Post Fund. The Secretary may distribute out of the fund such amounts as necessary for the acquisition, management, maintenance, and disposition of real property for the purpose of carrying out such program. The Secretary shall manage the operation of this section so as to ensure that expenditures under this subsection for any fiscal year shall not exceed by more than \$500,000 proceeds credited to the General Post Fund under this section. The operation of the program and funds received shall be separately accounted for, and shall be stated in the documents accompanying the President's budget for each fiscal year.

§ 1773. Additional services at certain locations

(a) Subject to the availability of appropriations, the Secretary shall operate a program under this section to expand and improve the provision of benefits and services by the Department to homeless veterans.

(b) The program shall include the establishment of not fewer than eight programs (in addition to any existing programs providing similar services) at sites under the jurisdiction of the Secretary to be centers for the provision of comprehensive services to homeless veterans. The services to be provided at each site shall include a comprehensive and coordinated array of those specialized services which may be provided under existing law.

(c) The program shall include the services of such employees of the Veterans Benefits Administration as the Secretary determines appropriate at sites under the jurisdiction of the Secretary at which services are provided to homeless veterans.

§ 1774. Coordination with other agencies and organizations

(a) In assisting homeless veterans, the Secretary shall coordinate with, and may provide services authorized under this title in conjunction with, State and local governments, other appropriate de-

partments and agencies of the Federal Government, and nongovernmental organizations.

(b)(1) *The Secretary shall require the director of each medical center or the director of each regional benefits office to make an assessment of the needs of homeless veterans living within the area served by the medical center or regional office, as the case may be.*

(2) *Each such assessment shall be made in coordination with representatives of State and local governments, other appropriate departments and agencies of the Federal Government, and nongovernmental organizations that have experience working with homeless persons in that area.*

(3) *Each such assessment shall identify the needs of homeless veterans with respect to the following:*

- (A) *Health care.*
- (B) *Education and training.*
- (C) *Employment.*
- (D) *Shelter.*
- (E) *Counseling.*
- (F) *Outreach services.*

(4) *Each assessment shall also indicate the extent to which the needs referred to in paragraph (3) are being met adequately by the programs of the Department, of other departments and agencies of the Federal Government, of State and local governments, and of nongovernmental organizations.*

(5) *Each assessment shall be carried out in accordance with uniform procedures and guidelines prescribed by the Secretary.*

(c) *In furtherance of subsection (a), the Secretary shall require the director of each medical center and the director of each regional benefits office, in coordination with representatives of State and local governments, other Federal officials, and nongovernmental organizations that have experience working with homeless persons in the areas served by such facility or office, to—*

(1) *develop a list of all public and private programs that provide assistance to homeless persons or homeless veterans in the area concerned, together with a description of the services offered by those programs;*

(2) *seek to encourage the development by the representatives of such entities, in coordination with the director, of a plan to coordinate among such public and private programs the provision of services to homeless veterans;*

(3) *take appropriate action to meet, to the maximum extent practicable through existing programs and available resources, the needs of homeless veterans that are identified in the assessment conducted under subsection (b); and*

(4) *attempt to inform homeless veterans whose needs the director cannot meet under paragraph (3) of the services available to such veterans within the area served by such center or office.*

* * * * *

PART V—BOARDS, ADMINISTRATIONS, AND SERVICES

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**CHAPTER 74—VETERANS HEALTH ADMINISTRATION—
PERSONNEL**

* * * * *

**SUBCHAPTER II—COLLECTIVE BARGAINING AND
PERSONNEL ADMINISTRATION**

* * * * *

§ 7425. Employees: laws not applicable

(a) * * *

* * * * *

(c)(1) Notwithstanding any other provision of law, employees described in paragraph (2), and the personnel positions in which such employees are employed, are not subject to any reduction required by law or executive branch policy in the number or percentage of employees, or of personnel positions, within specified pay grades.

(2) Paragraph (1) applies to employees, and personnel positions, of the Veterans Health Administration performing the following functions:

(A) The provision of, or the supervision of the provision of, care and services to patients.

(B) The conduct of research.

* * * * *

**SUBCHAPTER III—SPECIAL PAY FOR PHYSICIANS AND
DENTISTS**

§ 7431. Special pay: authority

(a) * * *

* * * * *

(g)(1) In the case of a physician or dentist who is employed in a position that is covered by a determination by the Secretary under subsection (d)(1) that the Administration does not have a significant recruitment or retention problem with respect to a particular category of positions and who on [the day before the effective date of this subchapter] *July 13, 1991*, was receiving special pay under an agreement entered into under section 4118 of this title (as in effect before such date), the Secretary may pay to that physician or dentist, in addition to basic pay, retention pay under this subsection.

* * * * *

§ 7432. Special pay: written agreements

(a) * * *

* * * * *

(c)(1) If a proposed agreement under this subchapter will provide a total annual amount of special pay to be provided to a physician or dentist who has previously entered into an agreement under this subchapter (or under section 4118 of this title as in effect before [the effective date of the Department of Veterans Affairs Physician and Dentist Recruitment and Retention Act of 1991] *July 14, 1991*)

that will exceed the previous annual amount of special pay provided for the physician or dentist by more than 50 percent (other than in the case of a physician or dentist employed in an executive position in the Central Office of the Department), or that will be less than the previous annual amount of special pay provided for the physician or dentist by more than 25 percent, the proposed agreement shall be promptly submitted to the Secretary. The proposed agreement shall not take effect if it is disapproved by the Secretary within 60 days after the date on which the physician or dentist entered into the proposed agreement.

* * * * *

§ 7437. Special pay: general provisions

(a) * * *

* * * * *

(e)(1) A physician or dentist shall be paid special pay under this subchapter at a rate not less than the rate of special pay the physician or dentist was paid under section 4118 of this title as of [the day before the effective date of this subchapter] *July 13, 1991*, if the physician or dentist—

(A) is employed on a full-time basis in the Veterans Health Administration;

(B) was employed as a physician or dentist on a full-time basis in the Administration on [the day before such effective date] *such date*; and

(C) on such [effective] date was being paid for no special-pay factors other than primary, full-time, length of service, and speciality or board certification.

(2) A physician or dentist shall be paid special pay under this subchapter at a rate not less than the rate of special pay the physician or dentist was paid under section 4118 of this title as of [the day before the effective date of this subchapter] *July 13, 1991*, if the physician or dentist—

(A) is employed on a part-time basis in the Veterans Health Administration;

(B) was employed as a physician or dentist on a part-time basis in the Administration on [the day before such effective date] *such date*; and

(C) on such [effective] date was being paid for no special-pay factors other than primary, full-time, length of service, and speciality or board certification.

* * * * *

§ 7438. Special pay: coordination with other benefits laws

(a) * * *

(b)(1) * * *

(2) A physician or dentist who has section 4118 service and has completed a total of not less than 15 years of service as a physician or dentist in the Veterans Health Administration shall be entitled to have special pay paid to the physician or dentist under this subchapter considered basic pay for the purposes of chapter 83 or 84, as appropriate, of title 5 as follows:

(A) In an amount equal to the amount that would have been so considered under section 4118 of this title on [the day before the effective date of this section] *July 13, 1991*, based on the rates of special pay the physician or dentist was entitled to receive under that section on [the day before such effective date] *such date*.

(B) With respect to any amount of special pay received under this subchapter in excess of the amount such physician or dentist was entitled to receive under section 4118 of this title on [the day before the effective date of this section] *July 13, 1991*, in an amount equal to 25 percent of such excess amount for each two years that the physician or dentist has completed as a physician or dentist in the Veterans Health Administration after [the effective date of this section] *such date*.

* * * * *

(4) Special pay paid under section 4118 of this title, as in effect before [the effective date of this section] *July 14, 1991*, to a physician or dentist who has section 4118 service shall be credited to the physician or dentist for the same purposes and in the same manner and to the same extent that such special pay was credited to the physician or dentist before such [effective] date.

(5) For purposes of this subsection:

(A) The term “physician or dentist who has no section 4118 service” means a physician or dentist employed as a physician or dentist in the Veterans Health Administration who has no previous service as a physician or dentist in the Administration (or its predecessor) before [the effective date of this section] *July 14, 1991*.

(B) The term “physician or dentist who has section 4118 service” means a physician or dentist employed as a physician or dentist in the Veterans Health Administration who has previous service as a physician or dentist in the Administration (or its predecessor) before [the effective date of this section] *July 14, 1991*.

(C) Service in any predecessor entity of the Veterans Health Administration shall be considered to be service in the Veterans Health Administration.

(c) Compensation paid as special pay under this subchapter or under an agreement entered into under section 4118 of this title (as in effect on [the day before the effective date of the Department of Veterans Affairs Physician and Dentist Recruitment and Retention Act of 1991] *July 13, 1991*) shall be considered as annual pay for the purposes of chapter 87 of title 5, relating to life insurance for Federal employees.

(d)(1) *The Secretary may authorize special pay paid under this subchapter to a physician or dentist described in paragraph (2) who retires from Federal service during the period beginning on the date of the enactment of this subsection and ending on September 30, 1999, to be considered to be basic pay for the purposes of chapter 83 or 84 of title 5, as appropriate.*

(2) *Paragraph (1) applies to any physician or dentist employed by the Veterans Health Administration—*

(A) *who—*

(i) is in receipt of special pay under chapter 74 of this title;

(ii) is eligible to retire from Federal Government service;

(iii) has completed, or by September 30, 1999, would have completed, 15 years of service in the Veterans Health Administration (determined assuming the physician or dentist remained continuously employed in the Veterans Health Administration until that date); and,

(iv) by September 30, 1999, would have completed at least eight years of service in the Veterans Health Administration while in receipt of special pay under this subchapter (determined assuming the physician or dentist remained continuously employed in the Veterans Health Administration until that date); and

(B) with respect to whom the director of the Department health care facility at which the physician or dentist is employed has determined, and certified to the Under Secretary for Health, that—

(i) the physician or dentist holds a position which, because of changes in staffing patterns or staffing levels at such facility, is no longer required to be maintained at such facility; and

(ii) there exists no available position at such facility appropriate to the training and experience of the physician or dentist.

(3)(A) For each physician or dentist who retires with the benefit of the provisions of paragraph (1), the Secretary shall deposit in the Treasury to the credit of the appropriate Federal retirement fund each year, for the period specified in subparagraph (B), an amount equal to the amount of the annuity paid (or to be paid) to the retired physician or dentist for that year.

(B) The period applicable under subparagraph (A) for any retired physician or dentist is the period beginning on the date on which the physician or dentist retires and ending on the later of the following (determined as if the physician or dentist had remained continuously employed in the Veterans Health Administration rather than retiring):

(i) The date on which the physician or dentist completed or would have completed 15 years of service in the Veterans Health Administration.

(ii) The date on which the physician or dentist would have completed eight years of service in the Veterans Health Administration while in receipt of special pay under this subchapter.

(C) A physician or dentist who retires with the benefit of the provisions of paragraph (1) is not eligible to receive a voluntary separation incentive payment under the provisions of section 663 of the Treasury, Postal Service, and General Government Appropriations Act, 1997 (as contained in section 101(f) of division A of Public Law 104-208; 110 Stat. 3009-383), relating to voluntary separation incentives for employees of certain Federal agencies, or any other provision of law.

* * * * *

CHAPTER 78—VETERANS' CANTEEN SERVICE

* * * * *

§ 7802. Duties of Secretary with respect to Service

The Secretary shall—

(1) establish, maintain, and operate canteens where deemed necessary and practicable at [hospitals and homes] *medical facilities* of the Department and at other Department establishments where similar essential facilities are not reasonably available from outside commercial sources;

* * * * *

[(7) fix the prices of merchandise and services in canteens so as to carry out the purposes of this chapter;]

(7) *notwithstanding any other provision of law, have sole authority to establish canteens (including vending facilities and vending machines), and determine, and fix the prices of, merchandise and services sold at such canteens;*

* * * * *

(11) authorize the use of funds of the Service when available, subject to such regulations as the Secretary may deem appropriate, for the purpose of cashing checks, money orders, and similar instruments in nominal amounts for the payment of money presented by veterans hospitalized or domiciled at [hospitals and homes] *medical facilities* of the Department, and by other persons authorized by section 7803 of this title to make purchases at canteens. Such checks, money orders, and other similar instruments may be cashed outright or may be accepted, subject to strict administrative controls, in payment for merchandise or services, and the difference between the amount of the purchase and the amount of the tendered instrument refunded in cash.

§ 7803. Operation of Service

(a) The canteens at [hospitals and homes] *medical facilities* of the Department shall be primarily for the use and benefit of veterans hospitalized or domiciled at such hospitals and homes. Service at such canteens may also be furnished to personnel of the Department and recognized veterans' organizations employed at such [hospitals and homes] *medical facilities* and to other persons so employed, to the families of all the foregoing persons who reside at the [hospital or home] *medical facility* concerned, and to relatives and other persons while visiting any of the persons named [in this subsection; however, service to any person not hospitalized, domiciled, or residing at the hospital or home shall be limited to the sale of merchandise or services for consumption or use on the premises] *in this section*.

[(b) Service at canteens other than those established at hospitals and homes shall be limited to sales of merchandise and services for consumption or use on the premises, to personnel employed at such establishments, their visitors, and other persons at such establishments on official business.]

(b) A canteen may provide support services to medical facilities of the Department. Such services shall be provided on a reimbursable basis.

* * * * *

PART VI—ACQUISITION AND DISPOSITION OF PROPERTY

* * * * *

CHAPTER 81—ACQUISITION AND OPERATION OF HOSPITAL AND DOMICILIARY FACILITIES; PROCUREMENT AND SUPPLY; ENHANCED-USE LEASES OF REAL PROPERTY

* * * * *

§ 8125. Procurement of health-care items

(a) * * *

* * * * *

(e)(1) A drug, pharmaceutical or biological product, or hematology-related product that is listed on the pharmaceutical supply schedule described in section 8126(a) of this title may only be procured or ordered from that supply schedule by or for any entity specified in paragraph (2), notwithstanding any other provision of law (whether enacted before, on, or after the date of the enactment of this subsection).

(2) An entity specified in this paragraph is (A) any agency or instrumentality of the Federal Government, or (B) any other entity that is specified in Federal law or regulation, as in effect before July 1, 1997, as eligible to procure or order drugs, pharmaceutical or biological products, or hematology-related products from such pharmaceutical supply schedule.

[(e)] (f) For the purposes of this section:

(1) * * *

* * * * *

SECTION 7 OF THE ACT OF JUNE 13, 1991

AN ACT To amend title 38, United States Code, with respect to veterans programs for housing and memorial affairs, and for other purposes.

[SEC. 7. DEMONSTRATION PROGRAM OF COMPENSATED WORK THERAPY AND THERAPEUTIC TRANSITIONAL HOUSING.

[(a) DEMONSTRATION PROGRAM.—During the period beginning on October 1, 1991, and ending on December 31, 1997, the Secretary of Veterans Affairs may carry out a compensated work therapy and therapeutic transitional housing demonstration program. The demonstration program shall have two components, as follows:

[(1) A component, under subsection (c), which provides for direct operation of therapeutic transitional housing in conjunction with the furnishing of compensated work therapy.

[(2) A component, under subsection (d), which provides for the contracting with nonprofit corporations to furnish compensated work therapy in conjunction with the operation of the therapeutic transitional housing.

[(b) ELIGIBLE VETERANS.—The veterans for whom therapeutic transitional housing may be provided under this section are veterans—

[(1) who are furnishing services to the Department of Veterans Affairs under subsection (a) of section 1718 of title 38, United States Code; or

[(2) who are furnished therapeutic work pursuant to subsection (b) of that section.

[(c) AUTHORITY TO OPERATE RESIDENCES AS THERAPEUTIC TRANSITIONAL HOUSING.—Under the demonstration program, the Secretary, in connection with the conduct of compensated work therapy programs, may operate residences as therapeutic transitional housing solely for veterans described in subsection (b) of this section. The Secretary may operate no more than 50 residences as therapeutic transitional housing under this subsection.

[(d) CONTRACT AUTHORITY.—(1) Under the demonstration program, the Secretary may contract with nonprofit corporations to conduct compensated work therapy programs under the demonstration program.

[(2) The Secretary may enter into a contract with a nonprofit corporation under the demonstration program only if the corporation provides assurances satisfactory to the Secretary that it will operate therapeutic transitional housing for eligible veterans in conjunction with an existing compensated work therapy program at a medical center. The contract may remain in effect only as long as the corporation operates the therapeutic transitional housing for eligible veterans in connection with the demonstration program.

[(3) A contract with a nonprofit corporation under this subsection may provide for the Secretary to furnish the corporation (with or without consideration) in-kind services, including—

[(A) technical and clinical advice;

[(B) supervision of the activities of compensated work therapy participants in the rehabilitation of any property for use as therapeutic transitional housing under the contract and for possible later sale as a private residence; and

[(C) minor maintenance of and minor repairs to such property.

[(e) PROCUREMENT PROCEDURES.—The Secretary may use such procurement procedures for the purchase, lease, or other acquisition of residential housing for purposes of this section as the Secretary considers appropriate to expedite the opening and operation of transitional housing and to protect the interests of the United States.

[(f) CONDITIONS.—A residence may be operated as transitional housing for veterans described in subsection (b) under the following conditions:

[(1) Only veterans described in such subsection and a house manager may reside in the residence.

[(2) Each resident, other than the house manager, shall pay rent for the period of residence in such housing.

[(3) In the establishment and operation of housing under this section, the Secretary shall consult with appropriate representatives of the community in which the housing is established and shall comply with zoning requirements, building permit requirements, and other similar requirements applicable to other real property used for similar purposes in the community.

[(4) The residence shall meet State and community fire and safety requirements applicable to other real property used for similar purposes in the community in which the transitional housing is located, but fire and safety requirements applicable to buildings of the Federal Government shall not apply to such property.

[(g) HOUSE MANAGERS.—The Secretary shall prescribe the qualifications for house managers for transitional housing units operated under this section. The Secretary may provide for free room and subsistence for house managers in addition to, or instead of payment of, a fee for such services.

[(h) SOURCES OF HOUSING.—(1) The Secretary may operate as transitional housing under this section—

[(A) any suitable residential property acquired by the Secretary as the result of a default on a loan made, guaranteed, or insured under chapter 37 of title 38, United States Code; and

[(B) any other suitable residential property purchased, leased, or otherwise acquired by the Secretary.

[(2) In the case of any property referred to in paragraph (1)(A), the Secretary shall—

[(A) transfer administrative jurisdiction over such property within the Department from the Veterans Benefits Administration to the Veterans Health Administration; and

[(B) transfer from the General Post Fund of the Department of Veterans Affairs to the Loan Guaranty Revolving Fund under chapter 37 of title 38, United States Code, an amount, not to exceed the amount the Secretary paid for the property, representing the amount the Secretary considers could be obtained by sale of such property to a nonprofit organization or a State for use as a shelter for homeless veterans.

[(3) In the case of any residential property obtained by the Secretary from the Department of Housing and Urban Development under this section, the amount paid by the Secretary to that Department for that property may not exceed the amount that the Secretary of Housing and Urban Development would charge for the sale of that property to a nonprofit organization or a State for use as a shelter for homeless persons. Funds for such charge shall be derived from the General Post Fund.

[(i) RENT AND LENGTH OF RESIDENCE.—The Secretary shall prescribe—

[(1) a procedure for establishing reasonable rental rates for persons residing in transitional housing; and

[(2) appropriate limits on the period for which such persons may reside in transitional housing.]

[(j) DISPOSAL OF PROPERTY.—The Secretary may dispose of any property acquired for the purpose of this section. The proceeds of any such disposal shall be credited to the General Post Fund of the Department of Veterans Affairs.]

[(k) AVAILABILITY OF GENERAL POST FUND.—Funds received by the Department under this section shall be deposited in the General Post Fund. The Secretary may distribute out of the fund such amounts as necessary for the acquisition, management, maintenance, and disposition of real property for the purpose of carrying out such program. The operation of the demonstration program and funds received shall be separately accounted for, and shall be stated in the documents accompanying the President's budget for each fiscal year.]

[(l) REPORT.—After a demonstration program under this section has been in effect for two years, the Secretary shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the operation of the program. The Secretary shall include in the report such recommendations with regard to the program as the Secretary considers appropriate.]

SECTION 107 OF THE VETERANS' MEDICAL PROGRAMS AMENDMENTS OF 1992

TITLE I—HEALTH CARE

PART A—GENERAL HEALTH CARE

* * * * *

[(SEC. 107. SERVICES FOR HOMELESS VETERANS.)

[(a) PROGRAM DEVELOPMENT.—The Secretary shall assess all programs developed by facilities of the Department of Veterans Affairs which have been designed to assist homeless veterans. To the maximum extent practicable, the Secretary shall seek to replicate at other facilities of the Department those programs that have as a goal the rehabilitation of homeless veterans and which the Secretary has determined to be successful in achieving that goal by fostering reintegration of homeless veterans into the community and employment of such veterans.]

[(b) ASSESSMENT AND COORDINATION.—(1) In carrying out subsection (a), the Secretary shall require the director of each medical center or the director of each regional benefits office to make an assessment of the needs of homeless veterans living within the area served by the medical center or regional office, as the case may be.]

[(2) Each such assessment shall be made in coordination with representatives of State and local governments, other appropriate departments and agencies of the Federal Government, and non-governmental organizations that have experience working with homeless persons in that area.]

[(3) Each such assessment shall identify the needs of homeless veterans with respect to the following:

- [(A) Health care.
- [(B) Education and training.
- [(C) Employment.
- [(D) Shelter.
- [(E) Counseling.
- [(F) Outreach services.

[(4) Each assessment shall also indicate the extent to which the needs referred to in paragraph (3) are being met adequately by the programs of the Department, of other departments and agencies of the Federal Government, of State and local governments, and of nongovernmental organizations.

[(5) Each assessment shall be carried out in accordance with uniform procedures and guidelines prescribed by the Secretary.

[(6) The Secretary shall require that the directors referred to in paragraph (1) update the assessment required under that paragraph during each of 1995, 1996, and 1997.

[(c) PLANNING.—In furtherance of subsection (a), the Secretary shall require the director of each medical center and the director of each regional benefits office, in coordination with representatives of State and local governments, other Federal officials, and nongovernmental organizations that have experience working with homeless persons in the areas served by such facility, to—

[(1) develop a list of all public and private programs that provide assistance to homeless persons or homeless veterans in the area concerned, together with a description of the services offered by those programs; and

[(2) seek to encourage the development by the representatives of such entities, in coordination with the director, of a plan to coordinate among such public and private programs the provision of services to homeless veterans.

[(d) SERVICES.—In furtherance of subsection (a), the Secretary shall require the director of each medical center or regional benefits office, in carrying out such director's responsibilities under title 38, United States Code, to take appropriate action to—

[(1) meet, to the maximum extent practicable through existing programs and available resources, the needs of homeless veterans that are identified in the assessment conducted under subsection (b); and

[(2) attempt to inform homeless veterans whose needs the director cannot meet under paragraph (1) of the services available to such veterans within the area served by such center or office.

[(e) AUTHORITY TO ACCEPT DONATIONS FOR CERTAIN PROGRAMS.—The Secretary may accept donations of funds and services for the purposes of providing one-stop, non-residential services and mobile support teams and for expanding the medical services to homeless veterans eligible for such services from the Department of Veterans Affairs.

[(f) DEFINITIONS.—As used in subsections (a) through (e):

[(1) The term "medical center" means a medical center of the Department of Veterans Affairs.

[(2) The term "regional benefits office" means a regional benefits office of the Department of Veterans Affairs.

[(3) The term “veteran” has the meaning given such term in section 101(2) of title 38, United States Code.

[(4) The term “homeless” has the meaning given such term in section 103(a), as limited by section 103(c), of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302(a)).

[(g) EXTENSION OF CERTAIN PROGRAMS FOR HOMELESS VETERANS.—Section 801 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (Public Law 100–628; 102 Stat. 3257) is amended—

[(1) in subsection (a), by striking out “to the Veterans’ Administration” and all that follows through the period and inserting in lieu thereof the following: “to the Department of Veterans Affairs \$50,000,000 for fiscal year 1993 for medical care of veterans. Funds appropriated pursuant to this section shall be in addition to any funds appropriated pursuant to any other authorizations (whether definite or indefinite) for medical care of veterans.”; and

[(2) in subsections (b) and (c), by striking out “Of the amount appropriated pursuant to subsection (a), 50 percent” and inserting in lieu thereof “The amounts appropriated pursuant to subsection (a)”.

[(h) EXTENSION OF PROGRAM FOR MENTALLY ILL HOMELESS VETERANS.—Section 115(d) of the Veterans’ Benefits and Services Act of 1988 (38 U.S.C. 1712 note) is amended by striking out “1992” and inserting in lieu thereof “1994”.

[(i) REPORTS.—(1) Not later than February 1, 1993, the Secretary shall submit to the Committees on Veterans’ Affairs of the Senate and House of Representatives a report containing an evaluation of the programs referred to in subsections (a) and (e).

[(2) Not later than December 31, 1994, the Secretary shall submit to such committees a report that—

[(A) describes the results of the assessment carried out under subsection (b);

[(B) sets forth the lists developed under paragraph (1) of subsection (c); and

[(C) describes the progress, if any, made by the directors of the medical centers and the directors of the benefits offices referred to in such subsection (c) in developing the plan referred to in paragraph (2) of such subsection (c).

[(3) Not later than December 31 of each of 1995, 1996, and 1997, the Secretary shall submit to such committees a report that describes the update to the assessment that is carried out under subsection (b)(6) in the year preceding the report.]

HOMELESS VETERANS COMPREHENSIVE SERVICE PROGRAMS ACT OF 1992

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[(SEC. 2. PILOT PROGRAM.]

[(a) IN GENERAL.—Subject to the availability of appropriations provided for under section 12, the Secretary of Veterans Affairs shall establish and operate, through September 30, 1997, a pilot program under this Act to expand and improve the provision of

benefits and services by the Department of Veterans Affairs to homeless veterans.

[(b) COMPREHENSIVE CENTERS.—The pilot program shall include the establishment of no more than eight demonstration programs (in addition to any existing programs providing similar services) at sites under the jurisdiction of the Secretary to be centers for the provision of comprehensive services to homeless veterans. The services to be provided at each site shall include a comprehensive and coordinated array of those specialized services which may be provided under existing law.

[(c) PLACEMENT OF VBA EMPLOYEES.—The pilot program shall also include the services of such employees of the Veterans Benefits Administration as the Secretary determines appropriate at—

[(1) no more than 45 sites at which the Secretary provides services to homeless chronically mentally ill veterans pursuant to section 115 of Public Law 100–322 (38 U.S.C. 1712 note);

[(2) no more than 26 sites at which the Secretary furnishes domiciliary care to homeless veterans pursuant to section 801(b) of Public Law 100–628 (102 Stat. 3257);

[(3) no more than 12 centers which provide readjustment counseling services under section 1712A of title 38, United States Code; and

[(4) each of the demonstration sites established under subsection (b).]

SEC. 3. GRANTS.

(a) AUTHORITY TO MAKE GRANTS.—(1) Subject to the availability of appropriations provided for under section 12, the Secretary of Veterans Affairs[, during] shall make grants to assist eligible entities in establishing new programs to furnish outreach, rehabilitative services, vocational counseling and training, and transitional housing assistance to homeless veterans.

(2) The authority of the Secretary to make grants under this section expires on September 30, [1997] 1999.

(b) CRITERIA FOR AWARD OF GRANTS.—The Secretary shall establish criteria and requirements for the award of a grant under this section, including criteria for entities eligible to receive such grants. The Secretary shall publish such criteria and requirements in the Federal Register not later than 90 days after the date of the enactment of this Act. In developing such criteria and requirements, the Secretary shall consult with organizations with experience in the area of providing service to homeless veterans and to the maximum extent possible shall take into account the findings of the assessment of the Secretary under section 107 of the Veterans' Medical Programs Amendments of 1992. The criteria established under this section shall include the following:

(1) * * *

(2) Specification as to the number of projects for which grant support is available[, which shall include provision for no more than 25 service centers and no more than 20 programs which incorporate the procurement of vans as described in paragraph (1)].

* * * * *

**SECTION 1001 OF THE VETERANS' BENEFITS
IMPROVEMENTS ACT OF 1994**

SEC. 1001. REPORTS ON ACTIVITIES OF THE DEPARTMENT OF VETERANS AFFAIRS TO ASSIST HOMELESS VETERANS.

(a) ANNUAL REPORT.—(1) Not later than April 15 of each year, the Secretary of Veterans Affairs shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the activities of the Department of Veterans Affairs during the year preceding the report under programs of the Department for the provision of assistance to homeless veterans.

(2) The report shall—

(A) set forth the number of homeless veterans provided assistance under those programs;

(B) describe the cost to the Department of providing such assistance under those programs; **[and]**

(C) provide any other information on those programs and on the provision of such assistance that the Secretary considers appropriate**[.]; and**

(D) evaluate the effectiveness of the programs of the Department (including residential work-therapy programs, programs combining outreach, community-based residential treatment, and case-management, and contract care programs for alcohol and drug-dependence or abuse disabilities) in providing assistance to homeless veterans; and

(E) evaluate the effectiveness of programs established by recipients of grants under section 3 of the Homeless Veterans Comprehensive Service Programs Act of 1992 (38 U.S.C. 7721 note), and describe the experience of such entities in applying for and receiving grants from the Secretary of Housing and Urban Development to serve primarily homeless persons who are veterans.

[(b) BI-ANNUAL REQUIREMENT.—The Secretary shall include in the report submitted under subsection (a)(1) in 1995, and every two years thereafter, an evaluation of the effectiveness of the programs of the Department in providing assistance to homeless veterans.]

[(c) (b) CONFORMING REPEAL.—Section 10 of Public Law 102-590 (106 Stat. 5141; 37 U.S.C. 7721 note) is repealed.]

**SECTION 703 OF THE VETERANS' HEALTH CARE ACT OF
1992**

SEC. 703. HEALTH EXAMINATIONS AND COUNSELING FOR VETERANS ELIGIBLE FOR INCLUSION IN CERTAIN HEALTH-RELATED REGISTRIES.

(a) * * *

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(c) *FORM OF COUNSELING.—Counseling provided in this section may not be provided through written materials only, but shall include verbal counseling.*