

Veterans' Healthcare in the Freely Associated States: A Legal Requirement and Geopolitical Necessity

- The U.S. Department of Defense actively recruits in the three Freely Associated States (FAS): Palau, Republic of the Marshall Islands and Federated States of Micronesia. FAS citizens serve in the U.S. Armed Forces at rates that often exceed those of any state.
- As veterans, however, FAS citizens historically could receive healthcare only by moving to a state or U.S. territory, Canada, or the Philippines. A 2024 law removed this restriction and established a mandatory process for providing care by the U.S. Department of Veterans Affairs (VA) in the FAS.
- ***Why are the FAS so important to U.S. national security and China strategy?*** The FAS are not completely “foreign.” At the request of the U.S., the FAS have agreed to deny other countries access to their land/water/air (“Right of Strategic Denial”), and to provide the U.S. with veto power over FAS national security policy (the “Defense veto”).

The three FAS span an area of the Pacific Ocean as wide as the distance from California to Maine. Palau, the Western most island, lets the U.S. use any land needed for defense and is the closest area to the Peoples Republic of China (PRC) where the U.S. has this scope of military access.

Palau hosts a new state-of-the-art U.S. early-warning radar that can detect incoming missiles from the PRC and North Korea. The U.S. has put a new military airfield in Palau, and the FY25 NDAA included nearly \$1 billion for Navy seaport improvements.

China is aggressively trying to shift Palau’s alliances – which also include Taiwan. It has alternatively tried to crush Palau’s economy and made and offered large business investments – with some payments to influential Palauans “under-the-table.”

- **Is healthcare for vets in the FAS a U.S. obligation?** Yes. The 2024 Compact of Free Association Act (P.L. 118-42, Sec. 209(a)(4)) ***requires*** the VA Secretary to enter into agreements with each of the three FAS. The law explicitly states that “the Secretary of Veterans Affairs, in consultation with the Secretary of State, ***shall enter into agreements with the governments of the Freely Associated States*** to facilitate the furnishing of health services, including telehealth...” [48 USC §1988\(a\)\(4\)\(A\)](#).

The agreements may further provide for hospital care, “delivery of pharmaceutical products and medical surgical products,” and travel to other locations for care as needed.

- ***How much will this cost? Is it paid for?*** CBO scored the provision as \$47 million in “direct” (ie. mandatory) spending from 2024-2033. The provision was fully offset with a pay-for.
- ***Why the delay?*** Veterans Affairs Secretary Doug Collins has told key officials that the VA will not provide healthcare in the FAS and will instead “treat veterans in the FAS in the same manner as U.S. Veterans in any other region of the globe.” This statement disregards access to VA health available in Canada and the Philippines, ignores the 2024 legal mandate imposed by Congress, and, to quote a [report](#) on the threat of China required by the FY18 NDAA, “would be a self-inflicted wound that could come at the expense of the foreign policy and defense interests of the United States and its allies.”

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