

Statement of the Honorable Joel Hefley

To the House Committee on Veterans Affairs, Subcommittee on Health
Legislative Hearing on Major VA Medical Facility Construction Projects
June 11, 2003

Mr. Chairman, Ranking Member Rodriguez and Members of the Subcommittee on Health, thank you for this opportunity to provide the committee with my prepared testimony for the record for today's hearing on the Department of Veterans Affairs (VA) medical facility construction projects, and my legislation, H.R. 116.

Mr. Chairman, since the end of WWII the Denver Veterans Medical Center (DVMC), the University of Colorado Health Sciences Center (UCHSC) and the University of Colorado Hospital (UCH) have been in partnership at the University's campus in Denver. This partnership has included the significant sharing of resources, including physician faculty, house staff, facilities, equipment, supplies and services, as well as the long-term mission of education, research, patient care and community service.

Today, some 90 percent of the physicians who are treating veterans in the VA Medical Center are shared with the University of Colorado Health Sciences Center and nearly all of them are on the faculty of the Medical School. From the beginning, the two hospitals have shared expensive, and specialized medical equipment and facilities, such as surgical suites and imaging equipment. For example, veterans who need a liver transplant have it done at the University of Colorado Hospital.

Due to the lack of space, inability to renovate or construct newer facilities and the cost associated with continuing to use the site, in 1995 the UCH determined that its Denver campus was no longer compatible with its long-term mission. The closure of the Fitzsimons Army Medical Center in Aurora, Colorado provided the UCH with the opportunity to move to a new site, four and one half times the size of the existing campus, and to build a medical complex for the 21st century.

To date, the development of the new 217 acre campus includes completion of the outpatient and cancer pavilions, an eye institute, the first library building and a central power plant. Construction is underway on the first phase of the hospital, biomedical and cancer research towers, and the Native American building. Additionally, The Children's Hospital in Denver has agreed to relocate to the Fitzsimons campus. The total project is currently estimated at \$1.7 billion, for which almost half of the funds have been secured.

While the move to Fitzsimons solved existing problems and provided future advantages for UCH, it also separated the Denver Veterans Medical Center from both the UCHSC and UCH. Unfortunately, a separation of more than eight miles creates a significant barrier to continued quality care for veterans who receive their care at the DVMC.

Compounding this problem, a recent study commissioned by the Veterans Integrated Service Network (VISN) 19 indicated that high demand by veterans at the DVMC will continue unabated for the next 20 years. The cost of maintaining the current DVMC to satisfy minimal accreditation levels until 2020 has been estimated to be \$233 million, and estimates to rebuild the facility in 2020 are \$377 million in today's dollars.

As the Committee may be aware of, officials with the University of Colorado Hospital, as well as Senator Ben Nighthorse Campbell and myself have met with the Secretary of Veterans Affairs, Secretary Anthony Principi, on several occasions to discuss this issue. Through the course of these meetings, Secretary Principi indicated four primary concerns about this partnership: veterans' "identity"; Department of Veterans Affairs governance; VA union employees; and the \$300 million cost having to be diverted from patient care. Mr. Chairman, I would like to address each of the Secretary's concerns for the Subcommittee.

First, with regard to the Secretary's concerns about veterans' "identity" and VA governance, I want to assure the Committee that the University of Colorado, the local Veterans' Service Organizations as well as the entire Colorado congressional delegation support this goal. We are on record as advocating for a separate identity and will work to accomplish this objective. The VA must remain in control of and be totally responsible for, the care veterans receive in the new VA Medical Center. All of the specialized programs for veterans must continue and the Federally employed VA workforce must be permitted the autonomy to carry out their mission under Title 38.

Mr. Chairman, it is envisioned that the basic elements of a new VA Medical Center at Fitzsimons would include a free-standing ambulatory, and inpatient care federal tower building for veterans, clearly identified as the Veterans Administration Medical Center with its own nearby parking. New VA research facilities would be constructed. There would be a new VA long-term care unit located next to the new 180-bed State veterans nursing home currently being constructed at the site.

With regard to the issue of federal employees, let me just say that all parties involved are very sensitive to the issue of the rights of VA federal employees. With the advent of a separate federal tower, all the employees caring for the veterans or Department of Defense personnel will be federal employees, thus resolving this concern.

Finally, with respect to the Secretary's concerns about the \$300 million cost, I would like to point out that legislation was introduced during the 107th Congress, H.R. 5042, and again in July of this year, H.R. 116, that would authorize the Department to construct or lease, or through a combination of the two, a major medical facility, or

facilities, at the Fitzsimons site. Specifically, my legislation would authorize \$300 million for direct construction, or a combination of direct construction and capital leasing, or \$30 million a year for capital leasing alone. This legislation also would give the Secretary of Veterans Affairs the latitude in choosing how to best fund this project. Since the Secretary would have the discretion, he could choose the manner and timing of necessary funding requests. **As such, this authority would prevent funds for this project from being taken from patient care.**

Mr. Chairman, while each of Secretary Principi's concerns are valid, I do not believe they warrant such an impediment as to prevent this project from being realized. And I believe that my legislation as well as the business plan put forward by the University of Colorado Hospital adequately addresses the Secretary's concerns.

This project has another group of potential beneficiaries, as well. As the Committee may be aware, the Department of Defense will likely construct a military treatment facility (MTF) to meet the needs of Buckley Air Force Base. One attractive solution would be to meet the Buckley AFB's MTF requirements by participating in joint construction of a joint Denver Veterans Medical Center and a Department of Defense facility at Fitzsimons. The Air Force, I am pleased to note, has already initiated a study to determine whether joint location and construction is the best option. While that study is not due to be completed until later this month, initial indications are that the AF, as well as the Department of Defense, find this partnership to be in its long term interest.

For this reason, the House-passed Fiscal Year 2004 National Defense Authorization Act (NDAA) included \$4 million for the Department of Defense's portion of the design and planning phase of its MTF. Additionally, recognizing the importance of cost savings and other efficiencies, the FY04 NDAA included report language directing that the Department of Defense and the Department of Veterans Affairs to make every effort to share health care facilities. I have included this report language below:

***Title XXIV: Departments of Defense and Veterans Affairs
Health Care Sharing***

The committee continues to believe that significant efficiencies are possible if the Department of Defense and the Department of Veterans Affairs (VA) share health care facilities. However, the Department and VA operate only 7 joint ventures, even though the 2 departments operate approximately 240 hospitals. Such incremental progress is representative of the significant bureaucratic challenges facing the health care sharing effort. Nevertheless, the committee believes that the Department and VA should take advantage of health care sharing opportunities whenever possible.

The committee understands that the Colorado University School of Medicine has begun relocation to the site of the closed Fitzsimons Army Hospital. The Department of Veterans Affairs is currently considering replacement of the Denver VA Medical Center, a 50-year-old structure now co-located with the Colorado medical school, as a part of that relocation. The committee understands that the Department is also considering participation in the VA Medical Center's new facility. As such, the committee believes that the Department of Defense should participate in design and construction of this facility, which would provide ambulatory and acute care medical services to military personnel attached to Buckley Air Force Base. Such an approach would allow the Department to leverage construction, operations, and maintenance costs of a joint facility with VA, and eliminate the Department's need to construct an additional medical treatment facility at Buckley Air Force Base. In this particular case, a joint facility would further benefit by sharing significant assets with the Colorado University School of Medicine Facility, resulting in further savings.

With the expectation that the Department of Defense and the Department of Veterans' Affairs will reach an agreement on sharing design and construction costs at levels representative of their medical requirements, the committee recommends authorization of \$4,000,000 for planning and design of a DOD-VA medical treatment facility at the site of the closed Fitzsimons Army Hospital.

The funds included in the House Passed FY04 NDAA were a critical step towards ensuring that the VA and the DOD leverage their resources through joint projects that meet both of their requirements. Constructing a VA-DOD facility at Fitzsimons would serve as a model for future efforts to serve the medical needs of America's service members and veterans alike. And, I would like to point out that inpatient care for the veterans and the DOD will be located in the same federal tower as the veterans ambulatory care, but will be connected to the University of Colorado Hospital to share expensive facilities such as operating rooms and medical imaging.

If the DVMC relocates to Fitzsimons, it could enjoy many of the same opportunities that the UCHSC will enjoy. This would include, but not limited to solving aging facilities issues, capping new facilities cost, enhancing quality of medical care, increasing flexibility and reducing operational costs. Planning studies have shown that a move of the DVMC to the Fitzsimons campus is the most cost effective of the reasonably acceptable alternatives. Clearly the Fitzsimons site is veteran-friendly and the alternative of the DVMC remaining at its current, out-dated facility, without the University next door, is simply unacceptable. Because, as I have already mentioned, some 90 percent of the physicians that work at the VA Medical Center also work at University of Colorado

Health Sciences Center and it would not be in the best interest of high quality patient care to abandon this fifty-year-old partnership.

The close relationship of the VA with the University must be maintained and enhanced. Already, University of Colorado Hospital doctors work in the VA Medical Center and most VA doctors work in the University of Colorado Hospital and have faculty appointments in the Medical School. University physicians in specialty residency programs provide a significant amount of care in the DVMC.

Furthermore, in a medical school environment doctors tend to be better informed of the latest treatment procedures and protocols. They are closer to the “cutting edge” of modern medicine. Quality of medical care for veterans is enhanced in a medical school teaching hospital. Co-locating the UCH with the DVMC will allow University doctors to continue its close relationship in treating veterans.

Currently, the VA uses the University of Colorado Hospital for expensive specialty diagnostics and treatment. As the University completes its move to Fitzsimons, a state of the art medical campus will be developed. Many of the very best services in the United States will be available. For example, the Anschutz Cancer Pavilion, which is already open, is among the best institutions in the nation for all types of cancer treatment and research. The University of Colorado Health Sciences Center is well known throughout the country for its organ transplant programs. Veterans who have highly specialized medical needs must have easy access to the best diagnostic and treatment programs that America provides. Continuing this relationship will contribute to greater cost effectiveness and economies of scale.

There is no question that the move of the DVMC will cost a lot of money. Once again, I would like to point out that the cost of maintaining the current DVMC to satisfy minimal accreditation levels until 2020 has been estimated to be \$233 million, and estimates to rebuild the facility in 2020 are \$377 million, **in today’s dollars**. The estimated cost to relocate the DVMC to Fitzsimons is \$300 million. And, the cost to the VA could be as much as ten percent less if the DOD decides to locate the Buckley MTF there as well.

It is my understanding that the VA can only allocate \$4 million toward the acquisition of a new or existing medical facility without prior Congressional authorization. Therefore, it will require an act of Congress to appropriate the necessary funding. My legislation, H.R. 116, would give the VA authorization and appropriations to support the relocation and replacement of the DVMC to the UCH Fitzsimons campus.

Mr. Chairman, given the rising demand for veterans health care, and the significant challenges of an aging and increasing less-efficient DVMC facility, my interest and my efforts are aimed at continuing the collaboration between the DVMC, UCHSC and UCH. I believe that the opportunity of locating the DVMC with the UCHSC and the UCH at the Fitzsimons campus will meet the demand for veteran care in the VISN 19 area through 2020 and beyond; provide significant savings in both capital

and operational costs for the Department of Veterans Affairs and the taxpayer; continue to meet the DVMC commitment to education and research; and potentially create a national model for the future of veterans' care dealing with both a new concept for facilities and collaboration with long-established partners. However, and more importantly, this move will retain veteran "identity" while also providing optimum patient care.

To date, over 45 local, state and national Veterans' Service Organizations and the American Federation of Government Employees, Local 2241, have expressed their support for this proposal. We stand committed in the goal of providing the up-most modern, comprehensive and cost efficient medical care that we as a nation owe our veterans. And I believe that co-locating the Denver Veterans' Medical Center with the University of Colorado Hospital will achieve these goals.

Mr. Chairman, Congress has a duty to provide the best medical care it can to our nations veterans and we must always strive for the very best health care services it can by utilizing the most cost effective measures available. The fact is, aging facilities, lack of funds, and the growing demand on the veterans health system are proving to be daunting obstacles in meeting Congress' responsibilities to our nation's veterans. However, the possibility for the DVMC to move to Fitzsimons and co-locate with UCHSC and UCH is a unique, one-time opportunity to provide solid and constructive solutions to these challenges. As such, I look forward to working with this Committee in passing H.R. 116 and to bring this project to a positive resolution.

Mr. Chairman, I look forward to the opportunity to provide any additional information to clarify any concerns you, the committee or your staff may have. Again, thank you and the Committee for the opportunity to provide you with this testimony.

Sincerely,

Joel Hefley,
Member of Congress

Enclosures

- 1) American Legion Letter of Support
- 2) Resolution of the United Veterans Committee of Colorado
- 3) AFGE Letter of Support