

STATEMENT OF ROBERT H. ROSWELL, M.D.
UNDER SECRETARY FOR HEALTH, VETERANS HEALTH ADMINISTRATION
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON HEALTH
U. S. HOUSE OF REPRESENTATIVES
June 11, 2003

Mr. Chairman and members of the Subcommittee,

I am pleased to appear before the Subcommittee to discuss the views of the Department of Veterans Affairs (VA) on H.R. 1720, the "Veterans' Health Care Facilities Capital Improvement Act;" H.R. 116, the "Veterans' New Fitzsimmons Health Care Facilities Act of 2003;" H.R. 2307, a bill to establish new VA medical facilities in the area of Columbus, Ohio and in south Texas; and H. R. 2349, a bill to authorize the Secretary of VA to carry out major medical facility projects in Las Vegas, Nevada, Chicago (West Side), Illinois, West Haven, Connecticut, and San Diego, California and enter a major lease in Charlotte, North Carolina.

Mr. Chairman, my comments will address H. R. 1720, H.R. 116, H.R. 2307, and H.R. 2349, in that order.

H.R. 1720 – Veterans Health Care Facilities Capital Improvement Act

VA supports H.R. 1720, the Veterans Health Care Facilities Capital Improvement Act, which would authorize the Secretary to carry out construction of certain projects using funds appropriated for fiscal years 2004, 2005, or 2006

without requiring specific authorization on an individual project basis. Enactment would accelerate the process for correcting deficiencies in the infrastructure of VA hospitals and help bring VA hospitals in compliance with existing Federal standards. It would also facilitate the future planning of projects.

The physical infrastructure of the VA health care system remains one of the largest in the Federal government with over 5,000 buildings and 150 million square feet in the inventory. It has been a challenge for VA to maintain this aging infrastructure and to make the improvements necessary to meet the challenges of modern health care. We believe H.R. 1720 would improve our ability to respond to immediate needs of the system's infrastructure and to implement CARES.

The bill would require the review and recommendation of a VA board independent of the Veterans Health Administration to evaluate each project before it is proposed to the Secretary for approval. The Senior Management Council within VA, which has been in place for many years, can serve this important purpose. The Senior Management Council provides VA with a comprehensive strategic tool to evaluate capital program requirements. VA intends to continue with its current capital asset management program that includes this independent board. The Department is committed to a set of capital programming principles that ensure that investment decisions are made wisely and efficiently based on accurate data, after consideration of reasonable alternatives, and provide veterans high quality health care in safe facilities where they need it. VA capital asset decision-making continues to evolve and continuously improve. Many external groups including the General Accounting Office have commended the process.

VA is encouraged by the intention of H.R. 1720 to provide the Department the flexibility in funding necessary to make critical improvements to its health care infrastructure. VA's interpretation of the legislation is that it will not alter the opportunity of VA to propose other projects through the traditional authorization process.

H.R. 116 – Veterans’ New Fitzsimons Health Care Facilities Act of 2003

VA also supports the intent of H.R. 116, the Veterans’ New Fitzsimons Health Care Facilities Act of 2003, to authorize the Secretary to carry out major medical facility projects at the former Fitzsimons Army Medical Center in Aurora, Colorado. The bill provides the Secretary flexibility in selecting the projects by providing that they may include acute, sub-acute, primary, and long-term care services. H.R. 116 limits project costs to an amount not to exceed \$300,000,000 if a combination of direct construction and capital leasing is selected and no more than \$30,000,000 per year in capital leasing costs if a leasing option is selected. In addition, the bill places certain limitations on the fiscal years from which appropriated funds can come.

We have been involved in evaluating and planning for a facility for the Fitzsimons site and there is a potential for a joint venture with DoD to provide health care to both veterans and DoD beneficiaries. Many issues still remain including the availability of land, but VA would be able to provide the report to Congress as required if the bill is enacted.

H.R. 2307 – A bill to establish new VA medical facilities in the area of Columbus, Ohio and south Texas

VA agrees that the need for an expanded/replacement outpatient clinic in Columbus, as called for in H.R. 2307, will likely be borne out by the CARES study. The outpatient workload at the existing clinic has increased beyond the planning level projected when the clinic was opened. It is premature to endorse the new facility proposed in South Texas. We are reviewing the need for additional sites in CARES and until that effort is complete, we do not have a position. Without the benefit of additional planning, it would be difficult to accurately estimate the cost of either of the contemplated facilities.

H.R. 2349

In the President's Fiscal Year 2004 budget, VA is requesting authorization for a major construction project at Chicago (West Side), Illinois for a new inpatient tower; outpatient clinic leases in Boston, Massachusetts and Pensacola, Florida; and a lease for the Health Administration Center in Denver, Colorado. In addition we request an authorization for the outpatient lease in Charlotte, North Carolina that received an appropriation in FY 2002.

VA requests an authorization for a lease instead of construction for the Las Vegas replacement Ambulatory Care Center. VA has determined that a lease can be procured sooner than construction and that it will reduce the initial funding required.

The construction projects in the bill for West Haven, Connecticut and San Diego, California are projects that VA identified in our "Priority Major Medical Construction Projects" report to Congress that we submitted in 2002 for the FY 2003 budget. Based on our preliminary data from CARES, both medical centers will retain their current missions and would represent valid projects.

I ask that you also consider authorizing those seismic projects that were listed in the President's FY 2003 budget. The facilities at Palo Alto, San Francisco, and West Los Angeles remain as a critical risk to the safety of patients and staff in the case of a seismic event and remain a high priority for the Department. We are confident that the CARES studies will validate the continued need for these major facilities.

VA supports Sections 1, 2 and 3 of H.R. 2349 and requests that the Subcommittee consider the additional projects that I have mentioned.

The Department strongly objects to Section 4 of H.R. 2349, which prohibits VA from spending funds to dispose of the VA's Lakeside property until after VA has awarded a contract to construct a new bed tower on the VA's Westside campus. VA is proceeding with design of the bed tower project for Westside, and concurrently taking steps needed to dispose of its Lakeside property as soon as possible through an enhanced-use lease. Both projects are

critical to VA's successful realignment of health care activities to improve veteran services in the City of Chicago.

Planning and successful execution of a real estate disposal in a major urban center (like Chicago) is time consuming and complex, taking anywhere from twelve to twenty months to close. A complex enhanced-use project like Lakeside requires VA to take a number of actions before it can actually dispose of the property, including conducting environmental baseline surveys and assessments as well as initiating critical discussions with veterans, local officials, the public, and potential users. For VA to complete these steps and comply with the congressional notification requirements for enhanced-use leases, the Department must act now to be in position to take full advantage of market interest and favorable local conditions. Both activities are now on schedule and actions are progressing independently without adversely impacting progress on either design or construction of the Westside project or planning for the execution of the enhanced-use lease.

Section 4 of H.R 2349 will require VA to cease efforts currently underway, and restart them in approximately 14 months. VA awarded a schematic design contract on November 2002, a design development contract in May 2003 for the West Side bed tower and currently estimates a construction award to be made on schedule in August 2004. Under the current schedule, an enhanced-use lease might be executed as early as spring of 2004. This 14 month hiatus will push that execution back to no earlier than Summer/Fall of 2005.

Linking the two activities, however, will limit the Department's ability to use revenues generated by the disposal of Lakeside to help finance VA's VISN 12 CARES Implementation Plan. Moreover, if award of the construction project is delayed due to reasons beyond VA's control, changing market conditions would likely reduce the Department's return and benefit to veterans.

VA is encouraged by the Subcommittee's interest and actions to improve the infrastructure of VA's health care system. VA's capital infrastructure has suffered for many years from an uncertainty of the demands and needs for the VA system. I can assure you that there needs to be a strong and viable

infrastructure to support veterans' health care and that these bills will enable VA to meet those needs. We look forward to continuing to work with the Subcommittee to ensure that VA continues to fulfill a grateful Nation's obligation to care for its veterans.