

THE HONORABLE R. JAMES NICHOLSON, SECRETARY OF VETERANS AFFAIRS,  
ACCOMPANIED BY ? The Honorable Jonathan B. Perlin, M.D., Ph.D., Under Secretary for  
Health; The Honorable Tim S. McClain, General Counsel ; Robert Lynch, M.D., Director,  
Veterans Integrated Service Network 16

Statement of  
The Honorable R. James Nicholson  
Secretary of Veterans Affairs  
Before The  
Senate Committee on Veterans' Affairs  
United States Senate  
November 10, 2005  
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Mr. Chairman, Members of the Committee and those members visiting the Committee from the states of Mississippi and Louisiana, I want to start by thanking you, and indeed all of the Senate, for your Resolution recognizing and commending the heroic efforts of our employees through Hurricane Katrina. Our VA family was gratified by your words, as well as the outpouring of support from our committees of jurisdiction and the entire Congress.

Thank you for providing the Department of Veterans Affairs (VA) this opportunity to discuss our ongoing repair and recovery efforts in the wake of Hurricanes Katrina and Rita. These hurricanes challenged our country with two of its greatest natural disasters. I am pleased to report that all of VA rose to the enormous challenges these storms created. From the time of preparation through evacuation to relief and recovery efforts VA employees stepped up to meet the challenge.

Mr. Chairman, appended to my written statement is a two-page graphic timeline of our response efforts to Hurricane Katrina. I believe the Committee will find it quite useful in reviewing VA's actions throughout the disaster. Through long hours, considerable personal risk and sacrifice, coupled with incredible resourcefulness and a total sense of mission, thousands of VA professionals demonstrated what is right about this country. They have made us all proud to be members of the VA family.

Now we must look forward. The aftermath of these storms will test how we meet our mission for years to come. While Hurricane Rita produced significant disruptions, it did little permanent damage to VA's infrastructure. Hurricane Katrina, on the other hand, produced unprecedented damage to our facilities along the Mississippi Gulf Coast and in New Orleans. Our facilities, the communities we serve, and the homes of veterans and employees sustained destruction on an unprecedented scale.

As a result of extensive damage to VA facilities caused by Hurricane Katrina, the Deputy Secretary established a "Gulf Coast Planning Group" in early September, 2005, to assist in coordinating VA infrastructure planning in the region. The Group's mission is to assist in describing and coordinating VA plans for the near, mid, and long-term timeframes. An important role is to act as a "clearing house" for VA plans by ensuring that the plans make sense, consider previous Capital Assessment Realignment to Enhance Services (CARES) planning, and pass a "one-VA test."

In my brief testimony, I will speak first to the property damage and the plans for New Orleans,

Gulfport, and other Veterans Health Administration (VHA) facilities as well as the impact on VHA employees at those facilities. Next, I will address the recovery efforts of the Veterans Benefits Administration (VBA) and the National Cemetery Administration (NCA). And finally, I will discuss a few of our valuable lessons learned.

#### The New Orleans Experience and Plans for Recovery

Forty-eight hours following Hurricane Katrina's landfall, as quickly as weather conditions permitted, a VA damage assessment team was dispatched to the Gulf region to survey VA facilities at New Orleans, Biloxi, and Gulfport. At New Orleans, the VA facility initially weathered the hurricane with minimal damage. Following the hurricane, water from the breached levees flooded the entire area around the medical center, including the basement and sub-basement of the main building. These areas house the facility's major electrical, mechanical, and dietetics equipment. The costs associated with replacing this equipment are still under review. VA is still assessing the total effects of having no electrical power and no air-conditioning in the medical center for a prolonged period. A major cost of restoring the facility to operational status will include those costs incurred from damage to equipment and interior finishes. VA is continuing to monitor the situation and estimating the costs of damage and repairs.

We are taking steps to mitigate the damage caused by flooding, humidity, heat, mold and mildew. Efforts are underway to restore power, water, limited climate control systems, elevators, and safety systems. Some of these repairs are temporary and do not allow us to use the building in its entirety. Through these interim measures, we will be able to protect the medical center and its \$85 million worth of equipment from further moisture damage. Additionally, the measures will allow us to more fully assess the functional capabilities of the equipment and damage to the building. We are exploring all our long-term options to reestablish inpatient and tertiary care services for our veterans in New Orleans. We are in discussions with our affiliates, Louisiana State University (LSU) and Tulane Medical Schools. Both of these schools plan to return to New Orleans area. The major teaching hospitals for these medical schools, Charity and University Hospitals, will require extensive repair and, indeed, they may have to be rebuilt.

Our plans for New Orleans hinge in part on recovery efforts taken by both the State of Louisiana and other federal agencies. As the United States' largest port in terms of gross tonnage and a critical transportation lifeline for our Nation's heartland, New Orleans remains one of America's great cities. VA is committed to continuing to serve the veterans who live there.

To address the healthcare of veterans in the greater New Orleans area, VA is planning to open several clinics and expand operations in Baton Rouge. The City of Baton Rouge continues to be doubled in population due to hurricane evacuees. This growth is similarly reflected in the number of veterans seeking care at our clinic there. Baton Rouge is the site of a large and relatively new Community Based Outpatient Clinic (CBOC). VA will lease the old CBOC building to house administrative and clinical support functions for the rest of the New Orleans area clinics. Plans for new CBOCs proposed under CARES in Slidell, Hammond, and LaPlace will be accelerated with a goal of opening them early in 2006.

On the site of the New Orleans medical center, an ambulatory clinic is being established. Space that suffered minimal damage is available on the ninth and tenth floors of the medical center. It was previously occupied by a 60-bed Nursing Home Care Unit. VA is restoring electricity, water, fire safety systems, and elevator service to the entire building which will support this

clinic. We anticipate opening the clinic in December, 2005.

#### The Mississippi Experience and Plans for Recovery

Overall, the VA Medical Center at Biloxi remained operational both during and after Hurricane Katrina. All building systems, with the exception of emergency communications, continued to function normally during this time. Damage at Biloxi included the asphalt shingle roofs on several buildings, windows panes, seals and gaskets, doors and interior finishes, and some damage to electrical and mechanical systems. External to the medical center, significant damage occurred to facility signage and to a large number of trees on the campus.

At Biloxi, in addition to repairing storm damage, temporary buildings are being acquired to accommodate functions lost in Gulfport. We are exploring with the Federal Emergency Management Administration (FEMA) the option of placing approximately 200 trailers on 25 unimproved acres at the back of the Gulfport campus. We are asking FEMA for priority use of these trailers for displaced VA staff and disabled veterans who are patients of the VA Medical Center.

Damage at the Gulfport VA Medical Center, only 8 miles away, was much more severe, to the point of catastrophic. The tidal surge from Hurricane Katrina destroyed or made irreparable most buildings on the campus. While the boiler plant and laundry survived, both would need significant repair to resume operations. Other than recovery efforts, no operations are active at Gulfport. Prior to the storm, Gulfport employed 440 people. These employees are now working at the Biloxi facility.

VA's CARES plan called for the closure of Gulfport, and new construction at Biloxi to house services displaced from Gulfport. Design was scheduled to begin this fiscal year with full completion to occur in 2010. VA now proposes to accelerate this plan with the goal of replacing clinical functions within two or three years. As part of this process, we are in discussions to determine if there are opportunities to collaborate with Keesler Air Force Base in Biloxi as the military replaces their bed tower as part of the Base Realignment and Closure (BRAC) process. While the Mississippi Gulf coast has been set back, its long-term prospects are positive. The State of Mississippi is taking steps to help the economy in the region. It is likely that the population of the Mississippi Gulf coast will return to its pre-storm levels. VA must be prepared to support the veteran population of this Gulf region.

#### The Impact on Employees

In Biloxi-Gulfport, all 1,590 VHA employees have been accounted for. All have been able to inspect their houses and 28 percent report that their homes have been either totally destroyed or are uninhabitable. In New Orleans, all but 6 of 1,819 employees have been accounted for. While not all employees have been able to assess the habitability of their residences, a preliminary survey suggests that approximately 40 percent of our New Orleans employees are without their homes.

We confirmed that one employee perished at home during the flooding. All VA personnel have been placed in temporary positions at other VA medical centers.

The CBOC expansions in and around New Orleans will help address the utilization of our displaced New Orleans employees. Many employees, though not all, will be able to return to the area to staff these clinics and related functions. A significant number of our staff may choose not to return to New Orleans. Already some have accepted positions at other VAMCs or have taken

steps to retire. Shortly we will begin a priority placement program for displaced New Orleans employees. This will give New Orleans employees priority for any opening in VHA for which they are qualified. VA already has voluntary early retirement authority and is exploring the use of buyouts as well.

#### Recovery Efforts of the Veterans Benefits Administration

The New Orleans Regional Office is housed in General Services Administration (GSA)-leased space in the New Orleans Postal Office Tower Building. Access to this facility has been restricted due to flood damage and utility outages, and VBA has no definitive information as to when the building can again be occupied. Due to this uncertainty, VBA has implemented an interim strategy to address the pending claims workload and to reestablish a regional office presence in Louisiana.

In order to resume the processing of disability benefits claims, VBA has transferred all pending compensation claims and appeals to the Muskogee and St. Louis Regional Offices, and all pension claims to the Milwaukee Pension Maintenance Center. Our dedicated New Orleans employees have been working under very adverse conditions in the New Orleans Regional Office facility to box and to ship more than 11,000 claims files to these offices. A special post office box was established in Muskogee to receive claims information and other mail from Louisiana veterans. Louisiana veterans participating in the Vocational Rehabilitation and Employment Program are currently being served through VBA's out-based office in Shreveport and our regional offices in Houston and Little Rock.

To re-establish a presence in Louisiana, VBA has acquired leased space in Gretna, Louisiana, approximately 10 miles from the regional office location in New Orleans. Efforts are underway to prepare the building for occupancy. The facility will accommodate up to 105 employees. VBA expects to move into the Gretna facility in December, 2005.

Regional office operations will be resumed on a reduced scale in Gretna pending more definitive information on the occupancy status and expectations for the regional office building in New Orleans. VBA's priority is to reestablish public contact and vocational rehabilitation program activities, including benefits, counseling, and assistance, outreach, fiduciary management services, and rehabilitation and employment services.

#### Recovery Efforts of the National Cemetery Administration

NCA has no burial or memorial facilities in New Orleans. NCA staff has worked to restore Biloxi National Cemetery. The cemetery is now operating on a normal schedule. While substantial progress has been made, cleanup will continue and disturbed grave markers will be raised and realigned. The cemetery's storage, maintenance, and administrative buildings were damaged and will require additional repairs. Telephone service was disrupted and IT data connections continue to be intermittent. NCA staff responded to the loss of access to the centralized interment database by manually entering information so that no burial schedules are affected and accurate records are maintained.

NCA employees in the region responded quickly to minimize disruptions and hardships for veterans and their families during these difficult times. Their resourcefulness and dedication have permitted operations to resume, often despite their own personal adversity.

### Lessons Learned

VA is also using this opportunity to examine how to improve its response in future disasters. I am including an abbreviated list of lessons learned, to illustrate how this review will assist VA in defining its response plans.

### Telecommunications

Lessons learned during Hurricane Katrina regarding telecommunications were already in place for Hurricanes Rita and Wilma. Hardening our telecommunications infrastructure will be a priority as we plan for future disasters.

### Mobile Clinics

VA staged a total of twelve mobile clinics to support veterans affected by Hurricanes Katrina and Rita. Four mobile clinics were sent to south Florida in response to Hurricane Wilma. VA needs to examine the role of such clinics, how they are staffed and equipped, and how they are supported.

### Pharmacy Issues

Massive power failures, destruction of homes and post offices and mass evacuations made mail-based pharmaceutical delivery impractical. VA is examining mobile caches of pharmaceuticals that can be deployed to affected areas and be dispensed directly to veterans -- even before commercial operations are able to resume.

### Conclusion

Mr. Chairman, we know the Committee and the Louisiana and Mississippi delegations are true partners with VA in seeing that Gulf area veterans, despite these disasters, continue to receive the excellent health care, benefits, and other services VA provides.

The Administration is demonstrating its continuing commitment to veterans affected by the hurricanes. The Administration has included \$1.38 billion dollars for VA recovery and rebuilding in its request to Congress for supplemental appropriations. The request includes \$1.15 billion to rebuild the New Orleans Medical Center and to repair and add a bed tower to the medical center in Biloxi following the destruction of the Gulfport complex. It also includes \$25 million for two essential VBA needs. One, VBA will furnish and activate a replacement regional office in New Orleans. Two, VBA will be able to pay contracting costs for benefits-related health examinations ensuring that veterans' benefits processing continues as quickly as possible.

Thank you for the opportunity to be here today. I and my colleagues will be pleased to answer any questions you may have.