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Statement of
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Under Secretary for Health
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Mr. Chairman and Members of the Committee, mahalo nui loa for the opportunity to appear before you today to discuss VA care in Hawaii and the Pacific region. It is a privilege to be on Oahu-The Gathering Place-to speak and answer questions about VA health care issues that are important to veterans residing in Hawaii. I was fortunate to have been stationed in Honolulu at Tripler Army Medical Center (AMC) and Schofield Barracks (as Division Surgeon for the 25th Infantry Division) from 1979 to 1983. It is always a pleasure to return to Hawaii.

First, Mr. Chairman, I would like to thank you for your outstanding leadership and advocacy on behalf of our Nation's veterans. During your tenures as Ranking Member and Chairman of this Committee, you have consistently demonstrated your commitment to veterans by introducing legislation designed to meet the needs of veterans. As I will highlight later, your vision and support have led to an unprecedented level of health care services for veterans, construction of state-of-the-art facilities here in Honolulu and remarkable improvements in access to health care services for veterans residing on neighbor islands. In addition, I appreciate your interest in and support of the Department of Veterans Affairs (VA).

Today, I will briefly review the VA Sierra Pacific Network that includes Hawaii and the Pacific region; provide an overview of the VA Pacific Islands Health Care System (VAPIHCS) and the VA facilities here on Oahu; and highlight issues of particular interest to veterans residing in Hawaii, including long-term care (LTC) services, potential new VA clinics on Oahu, planned VA construction projects and our VA-Department of Defense (DoD) joint venture at Tripler AMC. I will also discuss our plans to build a replacement VA clinic in Guam and address any questions you might have for me and my staff.

VA Sierra Pacific Network (VISN 21)

The VA Sierra Pacific Network (Veterans Integrated Service Network [VISN] 21) is one of 21 integrated health care networks in the Veterans Health Administration (VHA). The VA Sierra Pacific Network provides services to veterans residing in Hawaii and the Pacific region (including the Philippines, Guam, American Samoa and Commonwealth of the Northern Marianas Islands), northern Nevada and central/northern California. There were an estimated 1.1 million veterans living within the boundaries of the VA Sierra Pacific Network in Fiscal Year (FY) 2006.

The VA Sierra Pacific Network includes six major health care systems based in Honolulu, HI; Palo Alto, CA; San Francisco, CA; Sacramento, CA; Fresno, CA; and Reno, NV. Dr. Robert Wiebe serves as director and oversees clinical and administrative operations throughout the Network. In FY 2006, the Network provided services to 235,000 veterans. There were about 2.9 million clinic stops and 24,500 inpatient discharges. The cumulative full-time employment equivalents (FTEE) level was 8,400 and the operating budget was about \$1.5 billion.

The VA Sierra Pacific Network is remarkable in several ways. In FY 2006, VISN 21 was the highest-ranked Network in overall performance (based on an aggregation of quality, access, patient satisfaction and business metrics). The Network hosts the most Centers of Excellence and also has the highest funded research programs in VHA. In the most recent all-employee survey, staffs in VISN 21 reported the highest overall job satisfaction in VHA. Finally, VISN 21 operates one of four Polytrauma units in VHA that are dedicated to addressing the clinical needs of the most severely wounded Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) veterans.

VA Pacific Islands Health Care System (VAPIHCS)

As noted above, VAPIHCS is one of six major health care systems in VISN 21. Dr. James Hastings is the director at VAPIHCS. VAPIHCS is unique in several important aspects: its vast catchment area covering 2.6 million square-miles (including Hawaii, Guam, American Samoa and Commonwealth of the Northern Marianas); island topography and the challenges to access it creates; richness of the culture of Pacific Islanders; and the ethnic diversity of patients and staff. In FY 2006, there were an estimated 102,000 veterans living in Hawaii (representing 8 percent of the total population in Hawaii and 9 percent of total veteran population in VISN 21).

VAPIHCS currently provides care in seven locations: Ambulatory Care Center (ACC) and Center for Aging (CFA) on the campus of the Tripler AMC in Honolulu; and community-based outpatient clinics (CBOCs) in Lihue (Kauai), Kahului (Maui), Kailua-Kona (Hawaii), Hilo (Hawaii), Hagatna (Guam) and Pago Pago (American Samoa). VAPIHCS also has outreach clinics in Molokai and Lanai. The inpatient post-traumatic stress disorder (PTSD) unit is now also on the campus of Tripler AMC (the unit was formerly in Hilo). In addition to VAPIHCS, VHA operates five Readjustment Counseling Centers (Vet Centers) in Honolulu, Lihue, Wailuku, Kailua-Kona and Hilo that provide counseling, psychosocial support and outreach.

In FY 2006, VAPIHCS provided services to nearly 22,500 veterans, 19,000 of whom reside in Hawaii. There were 198,000 clinic stops in Hawaii during FY 2006 (7 percent of Network total). The cumulative FTEE in FY 2006 for the health care system was 502 employees. The operating budget for VAPIHCS (i.e., General Purpose allocation from appropriated funds) increased from \$68.0 million in FY 2002 to \$110 million in FY 2007—an increase of 62 percent. For comparison, during this same time period, the operating budgets for VISN 21 increased 48 percent and VHA increased 43 percent. (Please note these amounts do not include Specific Purpose funds and Medical Care Cost Funds [MCCF].)

VAPIHCS provides or contracts for a comprehensive array of health care services. VAPIHCS directly provides primary care, including preventive services and health screenings, and mental health services at all locations. VAPIHCS does not operate its own acute medical-surgical hospital and consequently, faces challenges in providing specialty services. VAPIHCS recently

hired specialists in orthopedics, ophthalmology, nephrology and inpatient medicine ("hospitalist") and is providing selected specialty care in Honolulu and to a lesser extent, CBOCs. VAPIHCS is actively recruiting additional specialists (e.g., urology) and will continue to refer patients to DoD and community facilities.

Inpatient long-term and acute rehabilitation care is available at the CFA. Inpatient mental health services are provided by VA staff on a 20-bed ward within Tripler AMC and at the 16-bed PTSD Residential Rehabilitation Program (PRRP). VAPIHCS contracts for care with DoD (at Tripler AMC and Guam Naval Hospital) and community facilities for inpatient medical-surgical care.

The current constellation of VA facilities and services represents a remarkable transformation over the past several years. Previously, the VAPIHCS (formerly known as the VA Medical and Regional Office Center [VAMROC] Honolulu) operated primary care and mental health clinics based in the Prince Kuhio Federal Building in downtown Honolulu and CBOCs on the neighbor islands that were staffed primarily with nurse practitioners. Congress approved \$83 million in Major Construction funds to build a state-of-the-art ambulatory care facility (i.e., ACC) and long-term care/rehabilitation unit (i.e., CFA) on the Tripler AMC campus and these facilities were activated in 2000 and 1997, respectively. VISN 21 allocated nearly \$17 million from FY 1998-FY 2000 to activate these projects. VISN 21 also provided dedicated funds to enhance care on the neighbor islands by expanding/renovating clinic space and adding additional staff to ensure there are primary care physicians and mental health providers at all CBOCs.

Oahu facilities

VA operates the Spark M. Matsunaga VA Medical Center in Oahu, located on the campus of Tripler AMC at 459 Patterson Road, Honolulu, HI, 96815. The medical center consists of the ACC, CFA and administrative space (located on the E wing of Tripler AMC). Congress appropriated \$25.1 million Major Construction funds during FY 1993/1994 to build the CFA; \$14.9 million in FY 1995 to construct the parking garage; and \$43.0 million in FY 1994/1995/1997 to build the ACC and renovate the E Wing of Tripler AMC for VA administrative use. Veterans Benefits Administration (VBA) is co-located with VHA on this campus. The Honolulu Vet Center is located nearby at 1680 Kapiolani Boulevard.

The VA facilities in Oahu serve an estimated island veteran population in FY 2006 of 73,000. In FY 2006, 25,800 veterans on Oahu were enrolled for care and 13,400 of these veterans received VA care ("users"). The market penetrations for enrollees and "users" are 35 percent and 18 percent, respectively and compare favorably with rates within VISN 21 and VHA.

The average FTEE level on Oahu in FY 2007 is 440. With this staff, VAPIHCS provides a wide range of outpatient services, including primary care, several medical subspecialties (e.g., cardiology, gastroenterology, nephrology, orthopedics, pulmonary and women's health), mental health and dental care. In addition, VAPIHCS provides diagnostic services such as laboratory, echocardiography and radiology. As noted earlier, VA staffs a 20-bed inpatient mental health unit within Tripler AMC, 60-bed nursing home care unit (i.e., CFA) and 16-bed PRRP. If veterans need services not available at the ACC or CFA, VAPIHCS arranges and pays for care at Tripler AMC, local community or VA facilities in California.

In FY 2006, VA facilities in Oahu recorded about 161,000 clinic stops, representing a 39 percent increase from FY 2000 (i.e., 116,000 stops). Although some veterans waited more than 30 days in FY 2007 for their first primary care appointment, at this time, there are very few patients on a waiting list for an initial primary care appointment. In FY 2006, the combined average daily census (ADC) was 11 in the mental health ward and 54 at the CFA. VAPIHCS spent about \$15.5 million for clinical services for veterans at Tripler AMC and another \$20 million for non-VA care in the community.

Special Issues

Long-term care (LTC). Older veterans have special needs and LTC services are a critical issue for many of them. In FY 2006, about 40 percent of all veterans seen at VAPIHCS were 65 years or older. VAPIHCS meets their special needs with a full spectrum of inpatient, ambulatory and home services.

VAPIHCS provides inpatient LTC and transitional rehabilitative care at the CFA. Over the past several years, the average daily census in the CFA has been around 90 percent of capacity. In addition, VA manages a community nursing home (CNH) care program and pays for care of eligible veterans in private nursing homes. Currently, VAPIHCS has contracts with four community LTC facilities in Oahu. VA is motivated to expand CNH in Oahu and neighbor islands, but other facilities appear to be unwilling or unable to meet VA standards (e.g., life-safety codes) and contractual requirements.

In addition to the LTC services directly provided by VAPIHCS, VA has contributed over \$18 million to construct the State of Hawaii Veterans Home in Hilo. This 95-bed facility will provide both inpatient LTC and adult day care services for Hawaii veterans. I understand the facility will accept its first admission this month (i.e., August 2007). I commend the State Advisory Board on Veterans Services for the recommendation to name the facility in honor of Mr. Yukio Okutsu. As you know, Mr. Chairman, Mr. Okutsu was a resident of Hilo and a recipient of our Nation's highest award for valor, the Medal of Honor, for his heroism during World War II.

VA understands that most veterans prefer to remain at home for as long as possible. Consequently, VA emphasizes non-institutional care (NIC) services. NIC includes Adult Day Health Care (ADHC), Contract Adult Day Health Care (CADHC), Home-based Primary Care (HBPC), Contract Home Health Care (CHHC), Homemaker/Home Health Aid (H/HHA), Home Hospice, Home Respite and Spinal Cord Injury (SCI) Home Program.

VA has substantially increased these programs over the past several years and has ambitious plans to expand further. This trend is also present in Hawaii. Since this Committee held hearings here in January 2006, the ADC for all NIC services at VAPIHCS increased nearly 40 percent (i.e., from 109.9 in FY 2006 to 153.2 in FY 2007 through June 2007). In addition, since FY 2005, VAPIHCS has aggressively implemented Care Coordination Home Telehealth (CCHT) technologies. Through CCHT, veterans have daily contact with VA clinicians by using telehealth devices in their homes. Currently, VAPIHCS has about 60 patients utilizing CCHT.

CCHT is especially important for veterans who receive care on Oahu and live on a neighbor island. As an example, Mr. Delbert Watson is a 61 year-old disabled veteran who lives on Kauai and had major heart surgeries at Tripler AMC. In a recent letter he wrote, "The VA saved my

life. I'd be dead without them. They identified my heart condition and got me where I needed to be. I had two heart operations at Tripler, but the VA was always there for me. I have a VA health buddy [Health Buddy® is a type of CCHT equipment] so the VA nurse still keeps an eye on my blood pressure regularly." This coordinated system of VA, DoD and telehealth care ensures veterans in Hawaii receive leading-edge medicine.

Additional Community-based outpatient clinics (CBOCs). In 2000, VA formally began its long-range capital and strategic planning process known as Capital Asset Realignment for Enhanced Services (CARES). One of the major goals of the CARES initiative is to improve access to health care services and the CARES Commission specifically assessed the need for new CBOCs. The CARES Decision announced in May 2004 identified one high-priority CBOC for VAPIHCS—namely, a new outpatient facility in American Samoa. The CBOC in American Samoa was dedicated on July 21, 2007. The CARES Decision also identified two additional locations for consideration of future CBOCs. These locations are Waianae (west side of Oahu) and Kaneohe (east side of Oahu).

Waianae. Originally, VA planned to activate a CBOC on the west side of Oahu. However, recently VAPIHCS became aware of the possibility of obtaining the vacant U.S. Navy medical clinic at Barber's Point near Kapolei (just west of Ewa Beach). Although this clinic is about 13 miles from Waianae, it offers the potential advantages of earlier activation, support for the veterans' homeless shelter at Barber's Point and partial decompression of the "space crunch" at the VA clinic building on the Tripler AMC campus. It is not clear whether or not VA will be able to obtain this property (i.e., Navy has until September 2008 to convey its assets at Barber's Point), so we will continue to explore other options on the west side of Oahu.

Kaneohe. VA is also interested in the possibility of having a CBOC on the east side of Oahu since the distance and travel times (especially during "rush hour") to and from Honolulu are significant. We are currently reviewing demographic information and potential locations. We plan to open a CBOC on the west side of Oahu first (particularly if the opportunity at Barber's point comes to fruition).

Construction projects. VA has several important construction projects planned for VAPIHCS that will enhance services for veterans in Hawaii. In FY 2005, VA approved a Minor Construction project to build a facility on the Tripler AMC campus that will house the relocated inpatient PRRP and new outpatient PTSD program. The facility will be about 15,000 square-feet and have an estimated total project cost of \$5.6 million. The specific location on the Tripler AMC campus has not been determined and will, in part, depend on an upcoming environmental study. The contract for the environmental assessment and design phase of the project is expected to be awarded before the end of the current fiscal year. Construction should begin in FY 2008.

Earlier this fiscal year, VA approved a Minor Construction project to build a new ambulatory surgery center on the Tripler AMC campus. The facility will be used for "same day" surgery and other outpatient procedures. This will greatly enhance the ability of VAPIHCS to provide ambulatory procedures and reduce the need for referrals elsewhere. We are also exploring the opportunities to share the facility with Tripler AMC and/or provide services to its beneficiaries through a sharing agreement. The total project cost is estimated to be about \$6.9 million. The

contract for the design of the facility should be awarded in FY 2008, with construction in FY 2009 and activation in FY 2010.

In addition to these Minor Construction projects, VA spends more than one million dollars of Non Recurring Maintenance (NRM) funds annually at VAPIHCS to renovate and maintain existing structures (e.g., \$1.2 million in FY 2007). As I will discuss at the hearing in Maui on August 23, 2007, VA has and will continue to expand and improve clinic buildings and parking at CBOCs on neighbor islands. I would like to thank you, Mr. Chairman, and your colleagues in Congress for your generous support of the capital asset programs in VHA (i.e., VHA Medical Facilities Appropriation). Without this support, these improvements would not be possible.

VA-DoD Joint ventures. VAPIHCS participates in one of the largest and most complex VA-DoD partnerships. As I noted earlier, I had the privilege of serving at Tripler AMC in the early 1980's as chief of Internal Medicine. Both my military and VA experiences have helped me understand the systemic barriers that VA-DoD joint ventures face: conflicting mission priorities, lack of computer interoperability, ambiguities regarding dual-eligible beneficiaries and differences in financial systems. Further, deployments and increased obligations to TRICARE beneficiaries have constrained the ability of Tripler AMC to provide services to VA beneficiaries.

The VA-DoD joint venture in Honolulu has addressed these challenges and made great strides in both clinical and administrative areas. The partnership with Tripler AMC accelerated when VA began to move clinical and administrative functions from the Prince Kuhio Federal Building to the Tripler AMC campus in 1997. The co-location of VAPIHCS and Tripler AMC allows functional integration and opportunities to provide high quality care to Federal beneficiaries residing in Hawaii and the Pacific region. VAPIHCS relies on Tripler AMC for emergency room care, acute medical-surgical inpatient care (including intensive care unit), outpatient specialty care and ancillary services. Tripler AMC admits about 1,400 VA beneficiaries and provides about 12,000 specialty clinic visits to VA beneficiaries each year. VAPIHCS also partners with Tripler AMC for nutritional services (e.g., inpatient meals at Tripler AMC and CFA), housekeeping, security, instrument sterilization and medical maintenance. In FY 2006, VAPIHCS purchased a total of about \$20 million of clinical and support services from Tripler AMC.

VAPIHCS and Tripler AMC also collaborate in several other important endeavors. The joint venture in Honolulu has successfully competed for several Joint Incentive Fund (JIF) projects. JIF was established by Congress in the National Defense Authorization Act (NDAA) in FY 2003 to encourage ongoing collaboration. The VA-DoD joint venture in Honolulu has secured about \$4 million in JIF funding since FY 2004 for projects related to computer-aided design and manufacturing of prosthetic devices; chronic dialysis center; and chronic pain management program. The venture was also selected as one of eight formal VA-DoD Joint Venture Demonstration Sites and will specifically assess budget and financial management systems.

VA appreciates the leadership of Major General (MG) Carla Hawley-Bowland and the responsiveness her staff to VA concerns. She has continued the tradition of a productive working relationship between senior VA and DoD leaders. I am confident that Dr. Hastings (a former Commanding General at Tripler AMC) and MG Hawley-Bowland will continue the growth and accomplishments of this very important joint venture.

Guam. VA has operated a clinic in Guam since 1989 and potentially serves an island population of about 9,000 veterans. The VA clinic is currently located in leased space within the U.S. Naval Hospital Guam. The clinic has nine staff members, including an internal medicine physician, psychiatrist and nurse practitioner. The clinic provides primary care, mental health care, limited specialty services (through telehealth technologies and visiting clinicians) and compensation and pension (C&P) examinations. In FY 2006, the clinic evaluated and treated 1,235 veterans with 5,824 clinic stops.

The current clinic site is problematic in many respects, including its small size (i.e., 2,700 square feet), related concerns regarding patient privacy and lack of parking. Moreover, due to security measures imposed by Navy, it is often difficult for veterans to traverse the security gate and access the clinic. These challenges will be exacerbated in the upcoming years when Navy relocates an estimated 8,000 U.S. Marines (and 9,000 dependents) from Okinawa to Guam.

VA Sierra Pacific Network and VAPIHCS collaborated with U.S. Naval Hospital Guam to address these concerns. Based on a combination of cost, access, timelines and VA-DoD sharing considerations, we determined the best option is for VA to build a new clinic at the periphery of the U.S. Naval Hospital Guam campus. I am pleased to report to the Committee that on July 30, 2007, Secretary Nicholson announced plans for VA to build this clinic at an estimated cost of about \$5.4 million. The clinic will be about 6,000 square-feet and will have its own parking. Navy will relocate its fence around the clinic so veterans will not have to pass through Navy security to enter the facility. The new clinic is scheduled to open in the summer of 2009.

Conclusion

In summary, with the support of the Senate Committee on Veterans' Affairs and the Hawaiian congressional delegation, VA is providing an unprecedented level of health care services to veterans residing in Hawaii and the Pacific region. VA has state-of-the-art facilities and enhanced services in Honolulu, as well as robust staffing on the neighbor islands and has expanded or renovated clinics in many locations. VA is bringing more mental health providers and specialists on board to meet the needs veterans.

VAPIHCS still faces several challenges including timely access to health care services (in part due to the topography of its catchment area and lack of an acute medical-surgical hospital), aging veteran population and special needs of our newest veterans who bravely served in southwest Asia. VAPIHCS will meet these challenges by working with DoD and community partners, activating an ambulatory surgery center, utilizing telehealth technologies and opening new clinics as demographics suggest and resources allow. I am proud of what VA has accomplished in Hawaii and the Pacific region, but I understand that our job is not done.

Again, Mr. Chairman, mahalo nui loa for the opportunity to testify at this hearing. I and the staff who accompany me would be delighted to address any questions you may have for us.