

The Honorable Larry Craig, Chairman of the Senate Committee on Veterans Affairs

STATEMENT OF CHAIRMAN LARRY CRAIG

?A Look at VA's Construction and Lease Authorization Needs?

Our purpose today is to consider VA's request for the authority to enter into certain capital construction projects and leases. It is the Committee's next in a series of examinations of VA's plan to improve both access to and the quality of veterans' medical care. We know that over the past half-century, there has been a migration movement in America. The general population is moving from the Northeast to the South, to the Southwest, and certainly to the West. At the same time, the practice of medicine in this nation has changed rather dramatically, but no more so than the demographics of the veterans population. And they will continue to change in the future. And, regrettably, the veteran population is declining due to the passing of many of our World War II veterans.

Korean veterans now join that age group, and we are losing 1,800 veterans a day.

VA facilities were designed and built in an era when medical care was synonymous with hospital care. VA's health care commitment to most veterans was defined as access to a hospital bed to the extent that beds were available. In many cases, VA's facilities are located where veterans used to live, not where they live now.

VA's medical system has drastically changed over the past few decades. Prior to the mid-1990's, there were virtually no outpatient clinics in the VA health care system. Today, there are over 800. Today, outpatient services outpace inpatient care.

The Capital Asset Realignment for Enhanced Services process, known as the CARES recommendations and decision, was designed in part to address the changes in the demographics of our veteran population, and follows American medicine's transformation from hospital-centric to patient-centric delivery of care. It is VA's comprehensive national plan to modernize its medical facilities.

And, as is the case with any systematic, nationwide effort, this is a journey that must be entered into judiciously. We are committed to working with VA to successfully see the CARES plan through, and it is this committee's responsibility to authorize the necessary CARES initiatives. That is why we are here today. We are back together to ensure that CARES

implementation is done and done properly. When the process is complete, the result must be that veterans will have improved access to a much more modern health care system.

Title 38 requires statutory authorization for all VA major medical facility construction projects ? defined as those which cost more than \$7 million ? and for all major medical facility leases ? defined as those which cost more than \$600,000 annually prior to the appropriation of funds. Three projects are in need of immediate Fiscal Year (FY) 2006 authorization: New Orleans, Louisiana; Biloxi, Mississippi, and Denver, Colorado. In addition, three leases require authorization for FY06: Baltimore, Maryland, Evansville, Illinois, and Smith County, Texas.

Further, Public Law 108-170 authorized VA to carry out any major medical facility construction project consistent with the final CARES decision. However, the authority under that law expires on September 30th of this year. Eighteen major medical facility construction projects that were authorized as part of the final CARES decision but for which it is unlikely that contract awards will be accomplished are in jeopardy of coming to a halt. Ensuring no delay on these particular projects is my priority as we move forward with the authorization process.

We are privileged to be joined by several of our colleagues. Senator Allard, we welcome you and look forward to your remarks about the impact of authorization on Colorado. Senators Martinez and Nelson, thank you for joining us to comment on Florida's needs. We also have a couple of members of this Committee that may want to comment on projects within their states.

Following our panel of colleagues, we will receive VA's testimony from Dr. Jon Perlin, Undersecretary of Health who is accompanied by several of his colleagues, as well as Dennis Cullinan (CULL-in-ANN), Director of National Legislative Service of the Veterans of Foreign Wars.

Gentlemen, I welcome all of you here today and I look forward to your testimony.