THE FUTURE OF THE U.S. DEPARTMENT OF VETERANS AFFAIRS HEALTHCARE IN SOUTH LOUISIANA

FIELD HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

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THE FUTURE OF THE U.S. DEPARTMENT OF VETERANS AFFAIRS HEALTHCARE IN SOUTH LOUISIANA

MONDAY, JULY 9, 2007

U. S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at at 9:30 a.m., in the Supreme Court Building, 400 Royal Street, 4th Floor Courtroom, New Orleans, Louisiana, Honorable Bob Filner [Chairman of the Committee] presiding.

Present: Representatives Filner, Michaud, Miller, and Baker.

Also Present: Representative Jefferson.

OPENING STATEMENT OF CHAIRMAN FILNER

The CHAIRMAN. Good morning. The field hearing for the House Committee on Veterans' Affairs is called to order.

We thank you for your attendance, and thank all the Members for being here. I'm the Chairman of the Committee. My name is Bob Filner. I'm from San Diego, California. Mr. Baker is from Baton Rouge; is that correct?

Mr. BAKER. (Nods head affirmatively).

The CHAIRMAN. Mr. Miller from Florida, thank you for coming; Mr. Michaud from Maine, Mr. Jefferson from New Orleans.

I do have to ask unanimous consent that Mr. Jefferson be invited to sit in for this hearing today. Hearing no objection, that is ordered.

And we also ask unanimous consent that all Members have five legislative days in which to revise or extend remarks and presenting statements be made part of the record. And hearing no objection, that is ordered too.

We are here, as you know, to explore the challenges faced by the U.S. Department of Veterans Affairs (VA) and other healthcare facilities to provide high quality safe healthcare to veterans and citizens of this area.

We know what happened in August of 2005 causing obviously significant damage to an incredible large area in the southeastern United States.

In the three-State area of Louisiana, Mississippi and Alabama, the VA facilities affected included the Gulfport, Mississippi and New Orleans medical centers; New Orleans regional benefits office;

and five community based outpatient clinics along the Gulf Coast; and Biloxi VA National Cemetery.

The VA has tried to respond to these challenges. In many cases, they have done well, but we still do not have a VA hospital that's on the books for planning or that's on the—that's ready for construction. We have to meet this challenge.

I noticed in all the testimony that I read beforehand there is incredible unanimity on the fact that, given this great difficulty that was faced, there is an opportunity to rebuild in a different, maybe more responsive, more collaborative way and I was extremely interested in the fact that everybody was so optimistic even given the bureaucratic challenges.

We have appropriated as a Congress $625 million and we have—and this Committee has urged the Secretary of the VA to make the decision about this without any further delay, so we are here.

It's a standard joke, "we're the Federal Government, we're here to help," but we are here to help. I don't think the Nation responded as it should have quickly enough to the situation after Hurricane Katrina. We have a long way to go on that.

This is, I think, the first hearing from a Committee to Congress here. We are going to have several other hearings with different Committees of the Congress. All the chairmen had met and said we are going to, as a group, make sure we understand what's going on in New Orleans and the surrounding area and do what we can to speed things up in terms of rebuilding.

We have two local Members from the—from the Louisiana delegation here with us. Mr. Baker has been a hard-working Member of this Committee. He never lets a hearing or a time go by without saying we have got to do something for New Orleans and for Louisiana. He's in there fighting all the time and we appreciate Mr. Baker's contribution to the Committee.

And, of course, Mr. Jefferson, as the representative here, never lets me pass anywhere in Congress without saying when are we going to get the hospital, when are we going to rebuild the facilities, so you have—and the rest of the delegation for Louisiana are very hard working and they are trying to do the job for you and we have to support them.

Mr. Baker, thank you for inviting us today and we are looking forward to your opening statement and your expertise on this issue.

[The prepared statement of Chairman Filner appears on p. 62.]

OPENING STATEMENT OF HON. RICHARD H. BAKER

Mr. BAKER. Thank you, Mr. Chairman. I am most appreciative of your courtesies and all the effort made to facilitate this hearing, and I also appreciate very much your courtesy in describing my activities on the Committee. I had thought you would characterize them quite differently, so I am very—I am very appreciative of your kind remarks of my contributions to the Committee's action.

Let me also add my appreciation to those Members who have traveled great distance to be here today. Mr. Michaud, the Chairman of the Subcommittee on this matter, as well as Mr. Miller from Florida, who was overseas on congressional business and

came back for this hearing, to both of you gentlemen, I certainly am appreciative of the difficulty it is in traveling, particularly to get back to the City of New Orleans and curtail your own personal travel arrangements.

And Mr. Jefferson and I, of course, have worked together for many years in the Congress and I have come to great appreciation for his intellect and knowledge on these matters.

I need to make several things very clear about my motivations and intense interest in the subject matter, and I am extremely pleased to see the number of veterans we have here in attendance this morning.

This is about you. It is about the healthcare to which you are entitled. It is about the service you have given to this country and your undying devotion to meet your obligations as they were given to you.

I find it inexcusable that two years after Katrina we are now debating how. It's not a question of what or who's going to build it or where is it going to be located. These are unacceptable circumstances.

I do not care where this facility is built, and I want to put it on the record because some are running rampant "Baker wants to build this thing in Baton Rouge." I do not. What I care about, I care about getting this facility built in as quick a period of time as is humanly practicable understanding the Chairman and Members of this Committee's desire to have the taxpayers' interest protected at all costs.

Now, there are questions I'm going to ask that some people may not want to talk about. You deserve those answers and taxpayers do as well. It's my job as a representative of veterans on the Veterans' Affairs Committee in the United States Congress not to leave a stone unturned or a leaf not examined in the course of this progress and I fully intend to do that. But I want you as veterans to understand what I'm doing is exclusively what I believe to be in your best interest. There is no other motive.

If we can build it where it's now proposed and get the doors open in 24 months, hey, I'm ready to go. But if we can't, we owe it to you to tell you why not and what are our options.

And, Mr. Chairman, I just can't express to you enough my appreciation for you and the Committee Members for coming here today to give us the opportunity to hear our expert witnesses talk about this subject matter and hopefully facilitate coming to a conclusion and a decision that's in the best interest of the United States veterans and taxpayers as well. I yield back my time.

The CHAIRMAN. Thank you, Mr. Baker.

As I said, Mr. Jefferson doesn't let me ever go by, pass him in the hall or on the Florida house without him saying let's get that built, let's get that VA facility built.

Mr. Jefferson, thank you for your very aggressive representation of your district.

OPENING STATEMENT OF HON. WILLIAM J. JEFFERSON

Mr. JEFFERSON. Thank you, Mr. Chairman. I would also like to thank the Members of Congress who traveled here, to welcome them to my district and to our region.

I'd like to thank the Chairman for his attention and commitment to this issue. He's been unwavering in his support for us and we really appreciate the many times he's called the Committee together formally to talk about this and the time we've talked informally. I thank Richard Baker for the help and support he's given us over the years and that he continues to give for our recovery.

Mr. Chairman, I'd like to thank you for this opportunity to speak with the Committee today to address the state of our VA system in south Louisiana. We all appreciate that the VA has committed to a building a new hospital for our veterans and our veterans in the greater New Orleans area. They deserve nothing less than top notch facilities and treatment, and we are doing all we can to keep our promises to them.

The proposed partnership between the VA and the Louisiana State University (LSU) Medical Center represents what is in the best interest of our veterans, the healthcare profession of the area, and the citizens of south Louisiana. A combined facility located downtown will enable LSU Medical Center to continue providing its services to the VA, it will lower operating costs for both facilities, and will be a tremendous boost to our local economy and to our recovery from the devastation of 2005.

The VA Center in New Orleans has always been a reasonable facility, one that has drawn from veterans living along the entire Gulf Coast. While the population of the City of New Orleans itself may be down, most displaced veterans are in the outlying parishes. It would be a tremendous disservice to them and to other veterans of the region to use such misleading numbers about our people back home to relocate this hospital in some other place.

Both the Louisiana Recovery Authority and the Regional Planning Commission have declared their support for the downtown location of the VA hospital. Since the downtown hospital has remained closed, the VA has done an admirable job of ensuring that immediate healthcare needs of our veterans are met. The network of local clinics and quick deportment of mobile clinics have gone a long way to create the capacity to meet outpatient needs; however, if a veteran requires a procedure that can only be performed in a full hospital, he or she must still travel to Houston or Jackson or some other place. To force the veterans to make long trips at times of sickness is an unacceptable standards for our Nation. It's imperative that we move quickly to resolve this problem. Our veterans have waited long enough for this matter to be well on the way toward being solved.

To establish the VA Medical Center as a proposed downtown site is vital to us in our restoration. Along with Tulane Medical Center, Xavier, and Delgado, the joint facility would become a part of the biomedical corridor that exists in downtown New Orleans.

Prior to the storm, nearly 10,000 jobs were located in the medical district. The proposed joint VA–LSU center would add another 3,400 jobs to that total. Construction of the new facility alone is estimated to create an additional 19,000 jobs. Once the facility begins operations, the capital investment area will soon follow.

In adding in fiscal year 2005 to this hospital's restoration, the National Institutes of Health (NIH) has sent about $130,000 in grants to our area. We must ensure that this engine of economic

recovery continues to be in place and we respect support from NIH and other support to follow it.

From a practical point of view, it simply makes sense to share—for the VA and LSU to share facilities. By sharing lavatories, housekeeping, rehabilitation, radiological facilities, these costs, these overhead costs are consolidated between these two hospitals. Money would be saved in the short and long run and efficiencies would be realized. In so many ways, this is the next logical step to the partnership that already has existed over years past between LSU and the VA hospital.

I deeply support that our local and State authorities are well along the way to having done their part to provide support for the required—for this required endeavor. We provided a business plan and I think a sound business plan and approved the initial land acquisition funding of $74 million to the Legislature. We must now follow up these steps with action.

The VA has committed to building a new hospital in the New Orleans area and we are grateful for that, but we must take this opportunity to build for the future and create a state-of-the-art hospital that integrates seamlessly within the established medical downtown district. Our veterans should not have to wait a day longer while we debate this policy and while this policy remains unsettled.

I, unlike Mr. Baker, have a parochial interest and a parochial stake in this and I want to see the hospital built in the area that it was built in before. I think that makes the most sense. We are here, as he said however, to support our veterans in any way that we possibly can; and we appreciate your service and we think now it's time for us to serve you better.

So thank you Mr. Chairman. I really appreciate this chance to be a part of this Committee this morning. Thank you.

The CHAIRMAN. Thank you, Mr. Jefferson.

Mr. Miller, thank you for coming from your home district and being here with us this morning.

OPENING STATEMENT OF HON. JEFF MILLER

Mr. MILLER OF FLORIDA. Thank you very much, Mr. Chairman. I know that many in this room share my concerns about the topic of today's hearing, and I'm grateful that you and this Committee are holding this meeting to exercise our duty of assuring that the actions of the VA are for the benefit of all our Nation's veterans.

As has already been stated here this morning, nearly two years after Hurricane Katrina, there is still not a clear consensus plan on how veterans' healthcare needs will be addressed in this region, and I am troubled by some of those proposals.

The proposal receiving the most attention has cost estimates approaching $1.2 billion, yet there is very little certainty about where the facility is going to be located. Taxpayers and veterans both can better be served if VA would take a more fiscally responsible approach and situate a facility that won't be subject to a repeat of what happened to the old hospital.

With a declining population of veterans in the area prior to Katrina, a medical center where veterans are actually located would provide a quicker path to delivering healthcare to those in

need. Furthermore, new hospitals are going up all over this country at one third the cost that is being estimated.

Veterans in southeast Louisiana deserve timely access to healthcare just as veterans throughout the rest of the Nation do. That is never in question. However, I question the proposed joint venture, and the significant amount of time that has lapsed with very little progress and that makes me question the plan even more.

Putting a replacement facility in a flood prone area looks like no lesson was learned from the past, and putting the replacement facility back in the same area after years of population shifts looks like VA isn't looking clearly toward the future.

I look forward to today's testimony and hopefully constructive ideas on how veterans in this are can receive timely access to healthcare at a cost that best serves the interest of the veteran and the taxpayer.

I yield back.

[The prepared statement of Congressman Miller appears on p. 63.]

The CHAIRMAN. Thank you, Mr. Miller.

Mr. Michaud is the Chairman of our Health Subcommittee on this Committee and he's come all the way from Maine for today.

OPENING STATEMENT OF HON. MICHAEL H. MICHAUD

Mr. MICHAUD. Thank you very much, Mr. Chairman. And I can assure you that the weather in Maine is much cooler than it is down here today. I also would like to thank Mr. Baker and Mr. Jefferson for your advocacy for veterans in trying to get this hospital built as soon as possible, but I also, Mr. Chairman, want to express my thanks to you for holding this hearing today.

This is an important issue for veterans of Louisiana and for our VA system. Veterans in southern Louisiana have waited too long for a decision to be made on the future of healthcare delivery in this area.

VA has an opportunity to be creative and to benefit the community. The decisions need to be made quickly and wisely and with good, effective use of taxpayers dollars.

We must always remember that our responsibility here is to our veterans. They deserve to have access to the best possible care and they must be the guiding principal as far as where this facility goes; and hopefully it will be built sooner rather than later.

And with that, I look forward to hearing our witnesses this morning and look forward to having a dialog on this very important issue for veterans in southern Louisiana.

So once again, Mr. Chairman, thank you very much and I yield back the balance of my time.

The CHAIRMAN. Thank you, Mr. Michaud. I thank you.

[The prepared statement of Congressman Michaud appears on p. 62.]

The CHAIRMAN. Just to tell you our procedure, we'll have three panels of witnesses. There will be testimony of the whole panel. Hopefully they will each limit their oral testimony to five minutes with their full written statement made a part of our record. The Committee will have a chance to ask questions of the panel after all the testimony and then we'll proceed through the three panels.

Mayor Nagin, welcome.

Mr. NAGIN. Thank you.

The CHAIRMAN. I think we all feel we know you as America's Mayor watching you for so many weeks on television. We appreciate your leadership, we appreciate the strong force you were to the city. I think the test of your leadership came in by the voters.

Mr. NAGIN. Yeah. It continues to be tested every day.

The CHAIRMAN. And I must say, Mayor Nagin, I don't think the Federal Government as a whole has responded in a rapid enough way and in a comprehensive enough way to the terrible tragedy that you had to be part of. It's our responsibility as a nation to see New Orleans as a vital dynamic place again and we are going to do whatever we can on this Committee.

Before you came in, I think I mentioned that various Committees of the Congress are going to be here in the next few months to try to make sure that the plan that the President put forward in that evening newscast almost two years ago is actually carried out. We have not done the job that you and your constituents deserve and we'll continue to work with you and appreciate your leadership, and the floor is yours, sir.

STATEMENTS OF HON. C. RAY NAGIN, MAYOR, CITY OF NEW ORLEANS, LA; FREDERICK P. CERISE, M.D., M.P.H., SECRETARY, LOUISIANA DEPARTMENT OF HEALTH AND HOSPITALS, ACCOMPANIED BY MIKE ROMANO, SENIOR CONSULTANT, PHASE 2 CONSULTING; MICHAEL KAISER, M.D., ACTING CHIEF MEDICAL OFFICER, LOUISIANA STATE UNIVERSITY HEALTHCARE SERVICES DIVISION, NEW ORLEANS, LA; AND ALAN M. MILLER, PH.D., M.D., INTERIM SENIOR VICE PRESIDENT FOR HEALTH SCIENCES, TULANE UNIVERSITY, NEW ORLEANS, LA

STATEMENT OF HON. C. RAY NAGIN

Mr. NAGIN. Good morning, ladies and gentlemen. I am C. Ray Nagin, Mayor of the City of New Orleans, one of America's most beloved and culturally distinctive cities, a city that's in full recovery, a city that has spent 23 months putting itself back together, both our infrastructure and our people.

We are a city that is about 64 percent of its pre-Katrina population. The metropolitan area stands at about 92 to about 93 percent of its pre-Katrina population, but more importantly, some studies that have been done, the remaining residents who are not back in our city, about 70 percent of them are planning to come back into this region.

So we are planning for a full recovery. We are building much smarter than we were pre-Katrina. We are building higher and better and we also have the Federal Government, who I thank you for the investments that have been made.

The Corps of Engineers has been doing some pretty significant work investing billions and billions of dollars. That's an investment that I think is wise.

If you look around the world, other areas that have challenges with floods have been able to protect themselves better. And if it wasn't for some flaws in the design of the federally-built levee sys-

tems here in New Orleans, we wouldn't be here talking about these critical issues.

So to the Chairman, Congressman Filner, to the Ranking Member and Congressman Buyer, to Congressmen Jefferson, Baker, and all the other Members of this Committee, I'm not going to read my full report, but I do want to highlight a couple of things and you can take a look at the report a little bit later.

This VA hospital is critical to our future. It's nestled in the middle of a medical—a legislatively creative medical district that encompasses more than 30 public, private, and nonprofit organizations including several colleges and universities, including LSU, Tulane, Xavier, and Delgado. Several hospitals are involved to medical schools, nursing schools, medical-related offices and businesses, and associated biotech companies.

The presence of the VA hospital in this districts creates critical synergies and leveraging ability that clustering of these medical facilities achieve. The VA hospital is also critical because of its economic development. It will be an economic development engine for this entire region. And I know you talked about the dollars associated with rebuilding this facility, and all that can be achieved if its done in conjunction with LSU.

Recognizing the importance of this development, the City of New Orleans along with a coalition of regional partners have come together and we all are in full support of them. A unanimous resolution was approved by our regional partners as it relates to this.

In addition, the Louisiana Chapter of the American Legion with more than a thousand delegates in attendance at its annual meeting last month also unanimously supported the rebuilding of the VA hospital in this region.

The city and its partners have the financial means to expeditiously acquire the necessary land, and we are very confident that we can do that within the 18-month designed timeframe that the VA has for reconstructing this hospital.

In closing, Mr. Chairman and Members of this Committee, I would like to once again thank you for the opportunity to discuss our plans and hopes for the re-establishment of these very critical healthcare institutions in a post Katrina environment. We thank you for all of your support.

I want to make sure that you understand that everything we are doing going forward is in full recognition of the learning that we have from Katrina. We will not have a repeat of that particular episode. We are building smarter and better in this city and we need the Federal Government's support as it relates to making sure that, as our population comes back, that we have a critical healthcare system in place and VA is a big part of that. Thank you.

[The prepared statement of Mayor Nagin appears on p. 63.]

The CHAIRMAN. Thank you, Mayor Nagin.

From the Secretary of the Louisiana Department of Health and Hospitals, Dr. Frederick Cerise, accompanied by senior consultant for Phase Two Consulting, Mr. Michael Romano. Thank you, Mr. Secretary.

STATEMENT OF FREDERICK P. CERISE, M.D., M.P.H.

Dr. CERISE. Thank you, Mr. Chairman and Members of the Committee. Thanks for the opportunity to testify today on the future of the veterans' healthcare in south Louisiana, and let me add my thanks to those of the Committee and the veterans here today for their service to our country.

I'm Fred Cerise, Secretary of the Louisiana Department of Health and Hospitals, a Louisiana State agency for healthcare in Louisiana.

Louisiana and the Department of Veterans Affairs have had a successful relationship for many years as demonstrated by collaboration among the VA, Tulane University and Louisiana State University.

Further, the LSU Sciences Center Healthcare Services Division, which operates the system of public hospitals and clinics in Louisiana, and the VA have similar missions to provide primary and specialty care and other related medical services to their populations.

The two systems have much in common: Both are public healthcare systems, both provide a high volume of outpatient care, and both have healthcare practices that include management for individuals with chronic diseases. Additionally, physicians from Tulane and LSU regularly rotate between the two systems.

After Hurricane Katrina, Louisiana Healthcare Redesign Collaborative was created through a legislative resolution to respond to healthcare issues in the New Orleans region. The backbone of the redesigned system of care put forward by that collaborative is the "medical home" along with—consistent with recommendations for improved systems of care put forth by a number of professional societies. This model is very similar to the VA's current operation.

Louisiana is moving forward with its redesign work in the area of healthcare. In the recent legislative session, funding was allocated to pilot the medical home system of care, health information technology, and quality initiatives.

The VA had been recognized for its work for a number of years. In July of 2007, Business Week magazine called the VA healthcare the best medical care in the U.S. In 2004, an article in the American Journal of Managed Care stated that, "today, the VA is recognized for leadership in clinical informatics and performance improvement, cares for more patients with proportionally fewer resources, and sets national benchmarks in patient satisfaction."

The VA also provides an avenue for healthcare research. In New Orleans alone, the VA has 29 active research projects and is home to the Mental Illness Research, Education and Clinical Center.

Given the similar mission and goals between the State and the VA, a joint partnership between the two entities makes sense. What's been proposed is to move from three separate patient facilities that existed in New Orleans prior to Katrina to a single shared VA–LSU inpatient facility with a more dispersed network of clinics. Sharing of common physical plant requirements, certain high-end clinical services will create hundreds of billions of dollars in operating efficiently for our taxpayers and improved health benefits for all those who have served.

The State's commitment to this partnership has been unwavering. On February 23rd, 2006, Governor Blanco was present as Jonathan Perlin, the VA Secretary at the time, and LSU President Lee Jenkins signed an LOU allowing LSU and the VA to enter into negotiations to jointly plan and build a shared hospital in New Orleans. Extensive detailed planning ensued.

But in a particular area, the U.S. Department of Housing and Urban Development (HUD) approval for spending Community Development Block Grant (CDBG) dollars may delay the rebuilding. Governor Blanco proposed self financing the State's share to ensure that the State can continue to meet the extra high costs. The funding was approved by the State legislative.

Governor Blanco recently signed Act 203 which allocates an initial $74 million for land acquisition, acquisition of land. The Legislature also will provide the $226 million downpayment for the new academic medical center in downtown New Orleans to replace the old Charity Hospital, and the remainder of the project will be financed through general revenue bonds.

In addition to these investments, the State's also committed $38 million to a cancer research institute which will be established in downtown New Orleans. The presence of the existing LSU and Tulane Health Sciences Center combined with the VA and the new cancer center will create a medical district that not only will provide state-of-the-art healthcare to our citizens but also will drive economic development in New Orleans.

There is widespread support for this endeavor including the Regional Planning Commission for Jefferson, Orleans, Plaquemines, St. Bernard, and St. Tammany Parishes, the Downtown Development District of New Orleans, the Unified New Orleans Plan, the Louisiana Recovery Plan and the Louisiana State Legislature.

Hurricane Katrina was a tragedy for the New Orleans region and for our country. Together, we have the opportunity to create something new and innovative in the wake of this terrible disaster.

A shared inpatient facility with a dispersed network of clinics organized to better serve our citizens is not a simple rebuilding of our old systems but a creation of a new model that makes sense for those receiving care and responds with clinical and financial accountability to the taxpayers supporting this care.

I urge you to recognize the opportunity to do something truly innovative for our citizens in supporting this endeavor.

Thank you for the opportunity to testify this morning.

[The prepared statement of Dr. Cerise appears on p. 66.]

The CHAIRMAN. Mr. Romano, you have a statement or——

Mr. ROMANO. No, sir.

The CHAIRMAN. Thank you very much.

Dr. Michael Kaiser is the Acting Chief Medical Officer of the LSU Healthcare Services Divisions. We welcome you and thank you for your collaboration with VA in the past and look forward to it in the future.

STATEMENT OF MICHAEL KAISER, M.D.

Dr. KAISER. Thank you. Good morning, Mr. Chairman and Members of the Committee. My name is Michael Kaiser. I'm a pediatrician and Acting Chief Medical Officer of the LSU Healthcare Serv-

ices Division which consists of seven acute care hospitals and extensive outpatient clinics operated by the State of Louisiana. These include our rebuilt LSU Interim Hospital campus in New Orleans, which was effectively destroyed by Hurricane Katrina.

Similar to other local public hospitals across the country, this facility functioned as the core of the safety net for the uninsured and was the predominant site for the clinical training of physicians and other healthcare professionals.

The now-closed Charity Hospital sits across the street from the VA Hospital, which also suffered catastrophic damage in the storm. Following Katrina, nothing has occupied our time and attention more fully than the restoration of a public hospital and its clinics to serve the people of this region and the future healthcare professionals who train there.

Of necessity, LSU has focused on both the present and the future. In the nearly two years since Katrina, we have moved from emergency facilitates in tents to the opening of a small, interim hospital and a growing number of primary and specialty care clinics in several locations. Our capacity is not yet up to the level of need in the region, particularly in the availability of psychiatric services, some medical specialties and dispersed primary care clinics, but we have made significant progress. Other major additional steps will be taken in the months ahead.

As we continue to work—as we continue work to address the immediate and critical needs of our community, LSU has kept a steady focus on the longer term. The region desperately needs not only additional healthcare resources but also ways to develop and deploy those assets through a better and more efficient system than was possible before the storm.

LSU has long worked toward fundamental improvements in its delivery system, such as through its award-winning disease management program, but the convergence of the need to rebuild and the heightened support today for both a reformed delivery model for care to the uninsured and for the financial and reimbursement reform necessary to make that new model possible present realistic opportunities for our long-term agenda for change.

The potential collaboration between the VA and Louisiana's State public hospital system is one propelled by unintended opportunity, but it is a core part of our strategic vision. We have a chance to jointly design and cooperatively operate a new facility that meets the needs of both institutions and the patients they serve while at the same time achieving significantly enhanced efficiency, cost savings and quality healthcare.

The proposed collaboration is a logical step for reasons that extend beyond the destruction of Katrina. The adjacent VA and Louisiana-operated public hospitals have a long history of working together. Prior to the storm, the New Orleans VA purchased over $3 million of clinical and other services from LSU. Many physicians worked at both the VA and the Medical Center of Louisiana at New Orleans facilities and many medical residents, both from LSU and Tulane, rotated to both hospitals.

For the past 18 months, I have chaired the planning efforts with the VA. First, the Collaborative Opportunities Study Group, co-chaired with Mr. Michael Moreland, Director of the VA Hospital in

Pittsburgh, looked at the possibility of a feasibility of building together and sharing services. Once proved feasible, the Collaborative Opportunities Planning Group (COPG), co-chaired with Mr. Ed Tucker, Director of the DeBakey VA Hospital, has been studying what services should be shared and the details of building together. The COPG continues to meet weekly in order to present a final report to the Secretary by the end of September 2007.

The creation of a VA–LSU campus in downtown New Orleans will create benefits for both partners that exceed what either can accomplish separately in different locations. We have a rare opportunity to develop a whole that is greater than the sum of its parts. There are enormous benefits to the community of a downtown medical complex. It is a synergy created by working together that will enhance the services available to all our patients.

The Louisiana Legislature in its just completed 2007 Regular Session approved outlaying of $1.2 million for the new academic medical center which matches the cost estimate for the facility contained in the business plan completed by the Adams Group, a national hospital consulting firm, and overwhelmingly approved by both houses of the Louisiana Legislature.

The construction of the new academic medical center is being managed by the Office of Facilities Planning and Control which is an agency within the executive branch of Louisiana government. Acquisition of land identified for the new medical center and the VA facility is already underway with contracts having been issued to complete title and appraisal work. Once the VA firmly commits to building of the downtown site, the City of New Orleans and the State of Louisiana are prepared to immediately proceed with land acquisition for the VA.

From this point forward and given the preparation of both partners, the process of building a new hospital complex together can proceed as quickly as choosing to build separately. Significant groundwork has been laid for long-term mutually beneficial collaboration and we are poised to see it through to completion.

Thank you for your interest and for the opportunity to share LSU's perspective on these critical matters. Far from being an obstacle to healthcare reform as some have feared, the creation of a revitalized academic medical center complex in the city will be a catalyst for that reform. Particularly if LSU and the VA work together, it will also sustain a reformed system in the long run by supporting a viable, mission-driven system dedicated to improved access, the highest quality medical care and innovative healthcare education in a rebuilt community.

[The prepared statement of Dr. Kaiser appears on p. 65.]

The CHAIRMAN. Thank you, Dr. Kaiser.

I think, for the record, you meant $1.2 billion with the same Legislature. I heard million, but I assume you meant billion.

Dr. KAISER. I sure did.

The CHAIRMAN. I thought we were getting away cheap.

Dr. Alan Miller is the Interim Senior Vice President for Health Sciences at Tulane University. Welcome, Dr. Miller. I just would say that your testimony would have been far more compelling had you included San Diego as a bioscience giant.

Dr. MILLER. I have to talk to my consultants.

STATEMENT OF ALAN M. MILLER, PH.D., M.D.

Dr. MILLER. Mr. Chairman and Members of the Committee, thank you for the opportunity to speak to you about the importance of fully restoring accessible healthcare to our region's veterans and about Tulane's historic and present role.

Almost 23 months have passed since Hurricane Katrina. We have seen enormous progress in some areas; in other areas progress has come at a distressingly slow pace. Our primary focus now is the timely re-establishment of the highest quality care for our veterans.

The VA has been a valued Tulane partner for nearly 40 years and during that time our faculty, residents, and medical students have worked side by side with the VA providing patient care, educating future physicians, and performing cutting edge medical research.

I'd like to focus my comments on three areas: Provision of care before Katrina, the VA's and Tulane's roles in re-establishing medical care post Katrina, and the importance of the VA in medical research and the future of biosciences.

Prior to Katrina, Tulane provided approximately 70 percent of the patient care at the VA with more than 75 faculty serving joint appointments. Well-educated and trained physicians are essential in assuring access to quality healthcare.

Tulane's mission of healthcare medical education, and research is intimately intertwined with that of the VA.

Before August 2005, the VA Medical Center provided training for approximately 140 residents. 120 of them were from Tulane.

The VA's integration with the health science centers at Tulane and LSU provided a critical synergy that was a key strength in the region's overall healthcare and a vibrant environment for bioscience research.

The VA's swift response after Katrina allowed for a successful and safe evacuation of hundreds of patients and employees. Tulane faculty, residents, and staff were integral to the evacuation and in re-establishing a presence in the community immediately following the storm.

The VA's outpatient clinics have reopened and visits are up to 75 percent of its pre-storm. Through its partnership with Tulane, the VA is now providing new patient care at Tulane University Hospital and Clinic as it strives to keep up with the rapidly expanding population. Over 40 Tulane physicians and 26 residents are currently providing services and training at various VA locations in the area. Tulane is actively recruiting new physicians to accommodate the increasing need in the area, many specifically to support the VA's clinical mission.

As we look down the road, 5, 10, 20 years or longer, it's clear that the VA will be a cornerstone for healthcare, research and the biosciences industry in our region. Over 8,000 people are currently employed in bioscience and healthcare related fields. Although New Orleans ranks behind bioscience giants like San Francisco, Boston, San Diego, and the Research Triangle, we outrank other up-and-coming centers including Nashville, Birmingham, and Louisville.

In fiscal year 2005, New Orleans accounted for more than $130 million in NIH awards representing 82 percent of all NIH funding

in the Gulf coast region. That includes New Orleans, the Mississippi and Alabama coasts, and the Florida panhandle. Tulane itself accounted for 46 percent of all NIH awards in that region.

Prior to Katrina, the New Orleans bioscience district was actively building a framework for entrepreneurial success. Key pieces included critical Tulane, LSU, State of Louisiana partnerships. Construction will begin this fall in the downtown bioscience district on an $86 million cancer research facility and a $60 million Bio-Innovation Center.

The synergy generated by those projects and collaborations, each within a few blocks of each other, will create a rich, dynamic teaching and research environment that will rival any in the country. A strong VA Medical Center is a crucial component of this burgeoning bioscience hub. It is hard to imagine the district without the VA and the VA being built anywhere but in the district.

I want to thank each of you and your colleagues in Congress for demonstrating a strong commitment to the region's veterans by appropriating more than $600 million for a new state-of-the-art VA Medical Center. The State too has now done its part in providing funding for a public hospital to be built in tandem with the VA. This leverages the Federal investment providing substantial cost savings and demonstrating good stewardship of taxpayer dollars. In addition, the investments by the city, State, and other institutions in the emerging bioscience district provide unique opportunities to create a vibrant and inter-reliant collaboration.

It is our hope that the VA and the City of New Orleans move quickly to begin the process of land acquisition, planning and construction so that we may re-establish the full spectrum of care for our veteran population.

Once again, I thank you for allowing me to speak to Members of this Committee. With your help, we will continue to bring back healthcare in our city and region not just back to where it was but to an even better future.

[The prepared statement of Dr. Miller appears on p. 69.]

The CHAIRMAN. Thank you, and I thank all of you for your commitment to the healthcare of this area. I'm going to just ask one question of you before my colleagues, if I can, in order to give you a chance to go further than your statement.

Virtually everybody who has testified in written testimony thinks that the hospital should be relocated where it is, where it was. I'm sure you heard Congressman Miller, who will have his very penetrating questions in a few minutes, but he represents a train of thought in the Congress that says why put it right back where it was.

You said we are building smarter, better. Can you just give us the arguments that we need, as a Congress, to make sure that we can answer those questions?

Mr. NAGIN. Well, the best way I can explain this is, when Katrina hit us, the storm surge overwhelmed the levees because they were poorly designed. All of those design flaws, as best I can determine being a nonengineer, have been corrected and there have been other enhancements that have been put in place to make sure that if another Katrina came this way we wouldn't have the cata-

strophic flooding that we've had during Katrina. That's the first point.

The second point is that every citizen that is getting a building permit and every business that is asking for a building permit post-Katrina, if they had at least 51 percent damage, they have to elevate their foundations to take into account the new Federal Emergency Management Agency (FEMA) flood plain maps that are in place.

So that's probably the biggest arguments that I will make; and then we've had several teams from around the world, the Netherlands, and to look at exactly what's happening in other parts of the world that are even more vulnerable from a standpoint that they are even further below sea level than we are and their techniques and engineering that can ensure that New Orleans and this region is safe going forward.

The CHAIRMAN. Thank you, Mayor. I just wanted you to get ready for the——

Mr. NAGIN. Oh, I understand.

The CHAIRMAN. For the questions that Mr. Miller is going to have.

Mr. NAGIN. Where is Mr. Miller from?

The CHAIRMAN. Florida.

Mr. NAGIN. Florida. Okay. Good. Let's talk.

The CHAIRMAN. All right. Mr. Baker, you have the floor, and I look forward to your questions.

Mr. BAKER. Thank you, Mr. Chairman.

Dr. Cerise, I'd like to just start with the questionnaire that was forwarded to the Governor by Secretary Jackson sometime back which outlined about two pages of questions which were pertinent to the financial capability of the State to engage in this project.

I did not speak to the Governor about the report and response. These are press attributions only, so I say that in this context. It appeared that the response was we are just going to go ahead on our own. I was not clear as to what we are going to go ahead on our own really means. Does that mean the LSU-Charity replacement facility will be constructed with total State dollars and that they would move ahead in that fashion or can you clarify for me what that intent was in response to the question?

Dr. CERISE. I think the—the Governor's concern was that, as we are hearing today, the concern over the claim for getting this project accomplished, so a great desire to make this partnership work because——

Mr. BAKER. Let me interject there. The time would be extended by entering the questionnaire? I'm trying to get to the reason for not responding and then saying we are going to go ahead on our own any way.

Dr. CERISE. I think the—in fact, I know the responses have been drafted and the Governor will respond to that questionnaire; however, there is a concern.

We have been in conversation, or the State, not me personally, been in conversation with HUD on these Community Development Block Grant dollars and the ability to commit those dollars to this project and that process has proved to be a prolonged process.

And so what the Governor was saying is look, I don't want this prolonged process to have a negative effect on the state and the VA discussions so that this hospital formation can go forward; and so I'm committed and the Legislature approved that the ability of the State to go this without the HUD dollars, not ignoring the HUD questions, not—because she fully feels and we fully feel we can answer those questions adequately and, as I said, they are drafted and put forward, but the State cannot afford—we don't know how long that would play out, this discussion with HUD.

And so for that purpose, she opted to make a commitment from the State for the funds for the academic medical center because there's broad support for this academic medical center.

Mr. BAKER. Let's stop there for a moment. That's presuming there is a definitive decision by someone that the VA facility will be built as a collaborative because, otherwise, you are going to construct two State facilities with State money while waiting on the VA-State relationship to be ironed out or the CDBG money to be ironed out.

Isn't that somewhat of a risk that you would invest State dollars in—up front unless you have absolute assurances the funding stream will be available to you at a date certain?

Dr. CERISE. Sir, when you say two State facilities with State dollars——

Mr. BAKER. The LSU–VA hospital facility and the replacement, whatever it may be called, for the Charity system, that are to be on the collaborative campus with the VA facility which you are now saying you are going to go ahead without.

Dr. CERISE. What the Governor is committing to is a single replacement facility hopefully in conjunction with the VA because we think it makes great sense long-term; but if not in conjunction with the VA——

Mr. BAKER. Well, that gets me back to my point. How do you design that collaborative facility without a collaborator?

Dr. CERISE. The collaborative work is ongoing right now. What she was trying to answer is a concern that the State was going to—was moving too slowly to keep up with the VA's timeframe.

Mr. BAKER. Okay. I'll give up and let me go to timeframe.

As originally reported by the collaborative group, there was a study, a report that was issued in which the timeline for commencing architectural services was in mid 2006. That timeline carried on for an operational opening of end of 2011, 2012, basically a six-year clock.

As I view it now, we—we don't now have an architectural firm appointed for the three collaborative interests because we don't have a collaboration.

I would assume that with the announcement by the VA that the original site of some 30 plus acres is now insufficient and additional acreage will have to be acquired and that that would push back that timeline of a commencement date to at least, let's say, the beginning of 2008.

Is that an unreasonable assumption based on where we were today in the uncertainties of funding?

Dr. CERISE. I'm going to ask Dr. Kaiser, who has been working on that collaborative who has more detailed knowledge to address that.

Dr. KAISER. Mr. Baker, both the Department of Veterans Affairs and the State of Louisiana have selected architects. They have not been announced just because of your questions exactly, so it's unclear if we're building collaboratively with the VA or if we are building separately.

As soon as the Department of Veterans Affairs makes their decision about the location, then the architects have been selected, could be announced, and could go to work.

Mr. BAKER. So we could assume if everything went swimmingly that by September we could have architects at work designing a facility?

Dr. KAISER. Yes, sir.

Mr. BAKER. Okay. Well, that would mean we would then be 2012, 2013. I think this is the point that has not been made clearly to the veterans.

Some have assumed that if we don't take the deal as it's outlined, where it's proposed, in the terms in which it's proposed that they are going to be without healthcare. Even if you take it the way it's been prescribed, you are without healthcare for the next six to seven years any way. Now, is that an acceptable time window?

I look up, drive up and down the interstate between Baton Rouge and New Orleans and see hospitals and healthcare facilities being built all the time in tow or three years or less. I have not yet had an adequate explanation from HUD, the VA, or anybody else why this process is so doggedly long.

There are extraordinary uncertainties about how we are going to go forward. And I again make the point to veterans: If you are worried about healthcare, the collaboration makes it extraordinarily more complicated to get the facility opened and operational for your purposes.

And my question will be of a lot of the veterans who are here today: How long is long enough? Is it five years; is it six years; is it seven years? When does it get to be too long? I think it's too long right now, but let me move on.

Mr. Chairman, my time has long since expired. I am more than willing to yield to other Members and come back for additional rounds, but I'm at your direction, sir.

The CHAIRMAN. We will come back to you, Mr. Baker. Mr. Jefferson.

Mr. JEFFERSON. Thank you, Mr. Chairman. I really have lots of questions to be answered that cannot be answered by you at the table.

I think you tried to make the point and I want to ask, maybe help you make the point that our State has done all that it can, that it has been asked to do any way, to position itself in the event this collaborative is struck, this agreement is struck between LSU, Tulane, and the VA. Is that not what you have been discussing with us this morning?

Dr. CERISE. That's correct.

Mr. JEFFERSON. And the criticism that was coming forth from some Members of Congress was that the State had not itself made a sufficient commitment and that it would not make a sufficient commitment to be a good partner; and this has been cleared up, has it not.

Dr. CERISE. That's correct.

Mr. JEFFERSON. One of the questions for a detailed budget, a detailed plan, has that been delivered through the legislative process and through administrative action.

Dr. CERISE. The Legislature has made the commitment of three issues: The $74 million for land acquisition and planning, $225 million or $226 million, which is the balance of the downpayment for the State's portion of this, essentially making the State commitment to build the State's share of this center in New Orleans. And so the commitment to acquire the land and to build the State facility there in conjunction with the VA.

Mr. JEFFERSON. I want to make it clear. It won't be the State's responsibility to build this facility all by itself, and there has to be some planning, some cooperation here. But the deadline, the timeline for building it——

When I went to a meeting in Mr. Filner's office and the Members of the Committee and others, we were all fussing about how long it might take to get this done, but they told us there was no way to quicken the process, that for most VA hospitals that are being built it take's this sort of period of time: The five, six, seven years. And that entirely is not the fault of the State or legislative process; isn't that correct?

Dr. CERISE. It's my understanding that to do this separately or together at this point is—will—to do this with the State, it will not delay the VA as opposed to doing it separately from——

Mr. JEFFERSON. So it isn't the idea of the collaboration itself that brings up the time issues in place. It's just a matter of how physically one can build a hospital in this period of time. It just takes that much time to do it is what we've been told; is that correct?

Dr. CERISE. That's correct.

Mr. JEFFERSON. But the things that will come out of this process, this collaborative process, I think can be a model for what might happen in other places.

As the Mayor stated—and I may ask him this. I don't know. As the Mayor stated, had it not been for the faulty levees, we would not be discussing our recovery, at least not today in these terms. And the State has undergone some process where it has established a strong building code across the State, in particular down here, to do what it can in the event of another such catastrophe to at least elevate so that there wouldn't be such a tremendous record loss.

Some of us used to think that it was better to have records in the basement or the lower levels of Charity Hospital or to have them some other place than now, but a lot has been learned from that.

Can you maybe—I want to ask the Mayor. I'll ask you this. Can you talk about the way we planned for the future with hospitals, with our record keeping restoration, with making the facilities available at the time of the storm and that sort of thing so that

we might provide some assurance to Members of the Congress, others around the country that we made good plans to deal with these questions?

Mr. ROMANO. Mr. Jefferson, I think I might be able to help respond to that.

Part of—the question was asked earlier about the cost of the facility, the $1.2 billion, and that cost really comes from three main areas.

The first really has to do with the planning for a university type medical center. In order to be able to teach in a facility, it's basically required, and so forth.

It also talks about additional technology that's required for some of the record keeping that you are describing to become electronic as opposed to paper based and making the storage of those records much more disaster proof for the future.

And then, finally, when you talk about hurricane hardening, the way the facility is being planned, it is essentially to put the essential services above the flood plain; and so a lot of the cost has to do with ramps and everything that will create an emergency room that's 22 or 26 feet above sea level at the required spot. And so the lower levels would be more for retail type things, clinics and such space that would, if something disastrous were to happen again, would not be essential services on those lower levels.

And so those are just some examples of how planning is going forward to address some of those issues for the hospitals.

Mr. JEFFERSON. On Tulane's part, you have anything to add to that, sir?

Dr. MILLER. Certainly not in terms of—facilities is not my thing, but there's other costs, Mr. Jefferson, that—that can't be measured in terms of the construction costs. Those are the cost benefits or some of the synergies that are created by having LSU, Tulane in close proximity to both hospitals, the State hospital and the VA hospital.

The fact that our physicians can provide services there, it takes less total full-time equivalents (FTEs) to be able to provide the same type of services as opposed to the VA that is built basically isolated from the universities. So there's tremendous benefits to the synergy created by the location.

Mr. JEFFERSON. Thank you, Mr. Chairman for the—my time has expired. I appreciate that.

The CHAIRMAN. Thank you, Mr. Jefferson. Mr. Miller?

Mr. MILLER OF FLORIDA. Thank you, Mr. Chairman. Following up my colleague's question in regard to the cost of the facility, Dr. Cerise or Mr. Romano, can you explain, other than ramps to get out of the flooding area, how the cost has escalated from $630 million, which was the estimate I think in the fall of just last year, to $1.2 billion today; and what assurances do we have today that that number won't continue to escalate.

Mr. ROMANO. I think the best answer to the question is that the initial estimates that were provided were based on a facility sizing that, again, at that point was an estimate that didn't have any real science behind it. And as the estimates have become refined and the business plan has evolved, the size of the facility has grown,

first of all; and so that is the biggest impact that accounted for the change from the $650 million to the $1.2 billion.

Mr. MILLER OF FLORIDA. So it has doubled in size?

Mr. ROMANO. Excuse me?

Mr. MILLER OF FLORIDA. So it has doubled in size?

Mr. ROMANO. No. And then that's not the only factor.

In addition to that, the cost estimates became what we would call fully loaded in terms of including all of the financing costs and interim financing costs associated with the facilities incorporating all of the various outpatient components that would have to go with it. Again, as the business plan evolved, those things become clearer and the estimates became sharper.

Mr. MILLER OF FLORIDA. If I can interrupt. Do we assume that the business plan will continue to evolve and costs will continue to escalate?

Mr. ROMANO. There's no assurance that the costs couldn't escalate for other reasons, but the business plan has been brought forth reasonably and in its final form.

Mr. MILLER OF FLORIDA. Dr. Cerise, my colleague, Mr. Baker, was asking you about Secretary Jackson's letter to Governor Blanco. I didn't get a decent response from you as well in regard to why the answers haven't been given to HUD.

You said we are working on it, when will they will be provided. When will they be provided? Also I would like to request that a copy of those answers be provided to this Committee for the record today. Can you elaborate just a little bit?

[The information was not provided to the Committee.]

Dr. CERISE. Sure. I think, again, the concern of—we have been in negotiations or discussions with HUD for a period of many months now regarding the $300 million and Community Block Grant (CBG) and——

Mr. MILLER OF FLORIDA. I'm still—I apologize. You're filibustering me. I want to know when? You've got to know in your mind when that questionnaire is going to be answered.

Dr. CERISE. I think that——

Mr. MILLER OF FLORIDA. The letter was June 21st.

Dr. CERISE. And I imagine—like I said, I know that there's a draft of responses posed, so I think it's reasonable to think within a week or so that could be finalized.

Mr. MILLER OF FLORIDA. It had $74 million attached to it?

Dr. CERISE. Excuse me.

Mr. MILLER OF FLORIDA. It had $74 million attached to it. Isn't that a pretty good incentive to get those questions answered?

Dr. CERISE. Again, when the Governor prioritized, she made our priority a commitment of the funds to demonstrate that the State was willing to commit funds to make this happen. That was a priority above responding to the questions and getting that final form back.

Those questions can be answered I think—again, I'm speaking for the Governor now, but within a week or so I think is reasonable.

Mr. MILLER OF FLORIDA. Thank you. That's what I needed, a week or so. We'll be awaiting your response.

Can you tell me what the $74 million in Community Block Grant (CBG) funds are going to be used for and are those the same funds that the Governor is saying that the State is allocating for acquisition of the lands?

Dr. CERISE. That's right. The State has made a commitment to put forth $74 million.

Mr. MILLER OF FLORIDA. Is that the same money that's coming from HUD?

Dr. CERISE. No, sir.

Mr. MILLER OF FLORIDA. What will the HUD money be used for, because I understand these funds will enable the State of Louisiana to acquire land and continue design work for a new academic medical center in downtown New Orleans. That is not the same money?

Dr. CERISE. That's right.

Mr. MILLER OF FLORIDA. It just happens to be the exact same number, $74 million?

Dr. CERISE. What the Governor did and the Legislature did was put forth State funds to make sure that this project would move along as opposed to HUD dollars.

Mr. MILLER OF FLORIDA. That money is for what?

Dr. CERISE. For land acquisition and planning and design.

Mr. MILLER OF FLORIDA. And the CBG funds are for what?

Dr. CERISE. The use, I do not know.

Mr. MILLER OF FLORIDA. It says land acquisition and design work. It appears to be the exact same thing. I just want to make sure that everybody's up front and honest who is providing money and where, is it coming from the Federal Government or is the State Government providing it?

Dr. CERISE. The State is relying on those Federal dollars to replace—to go toward replacement of this facility; and that process has turned out to be a very prolonged protracted process and the State did say we're going to put forward State dollars to make sure this happens, to make sure the State does not delay this, and use those Federal dollars in appropriate places elsewhere.

Mr. MILLER OF FLORIDA. Those appropriate places are to acquire land and continue design work for an academic medical center.

Dr. CERISE. That was the plan for those funds up until——

Mr. MILLER OF FLORIDA. I'm sorry, my time has run out. I apologize. I'll get you in the next round.

Dr. CERISE. We will not be spending those dollars in two places. They are being deployed——

Mr. MILLER OF FLORIDA. I'll get you in the next round; and, Mayor, I'll see you in the next round too. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Miller. Mr Michaud?

Mr. MICHAUD. Thank you very much, Mr. Chairman. I have a couple of questions for Dr. Kaiser.

There's been a lot of discussion about the facility here in downtown. How difficult would it be to maintain that current relationship with some of your other facilities? You mentioned in your opening comment you have seven acute care hospitals and extensive outpatient clinics, so my first question is: Could you still have that relationship in one of these other facilities that might not be

downtown? And my second question is: Since you're asking for the Federal Government to have a strong partnership with LSU to take care of our veterans and since you have so many acute care hospitals, do you provide a TRICARE—do you accept TRICARE in your hospitals?

Dr. KAISER. The—the seven hospitals run by the healthcare services division are scattered across the State. The one here in New Orleans formally known as Medical Center of Louisiana in New Orleans, now an interim hospital, well, those seven hospitals continue to work together. We have many programs. I'm the Director of those seven hospitals.

For—the collaboration with the VA is critically important here in New Orleans because of the synergies that will be created by putting the facilities next to each other, their operational savings, but it doesn't really have an influence on what's going to happen around the rest of the State. Have I answered your question, sir?

Mr. MICHAUD. Could you—does the facility have to be in downtown? Could it be five, ten miles out of the city? Does it have to be downtown to still have that collaborative effort.

Dr. KAISER. The State of Louisiana, LSU and our partners have all agreed that the replacement hospital, the replacement State hospital should be in downtown New Orleans and will be.

Mr. MICHAUD. But does LSU, do you feel that collaboration can be elsewhere? I know you talked about the collaborative effort with all three. In your opinion, can LSU do it elsewhere?

Dr. KAISER. With the VA, no, sir.

Mr. MICHAUD. Okay. And what about TRICARE; do you accept those.

Dr. KAISER. The hospitals around the State all have collaborative relationships with the Department of Veterans Affairs and provide services as needed for veterans when they are not available through the veterans system.

Mr. MICHAUD. So does—the seven acute hospitals I assume then do take TRICARE.

Dr. KAISER. I'm not positive. I'm not positive really.

Mr. MICHAUD. You don't know. Okay.

My question, Mr. Mayor, you had mentioned about you're building smarter and I can appreciate that, but it's my understanding that the levee has not been fixed; is that correct?

And what are you doing as far as a possible terrorist attack? I'm sure it's being taken care of as far as hurricanes or tornados, but can you elaborate a little more? Because as the Chairman mentioned, that's going to be a big issue for those of us who try to, you know, use Federal dollars wisely is to build in an area where it would be safer.

Mr. NAGIN. Well, most of the areas that had breached pre-Katrina or during—right when Katrina hit have been repaired to the new standards that the Corps of Engineers has designed. The entire system of levee protection that encompasses the entire metropolitan area of the New Orleans region has not been completed, and the Corps of Engineers gives us estimates that by 2010 or possibly 2011 the entire system will be complete, so——

And we are pretty comfortable that the new design builds the levees much higher, they're re-enforced, they are armored, and

there also is a gated system that protects us against storm surges at the lake, which we didn't have prior to Katrina.

As far as terrorist attacks are concerned, we work with the Federal Government on a number of different initiatives. Particularly the target area that seems to generate the most concerns is our port; and our port has invested a significant amount of dollars with various technologies that allow us to scan, you know, cargo that comes off the ships themselves and we work with the Office of Homeland Security on a regular basis to assess threats.

With what happened recently in London, we were on conference calls on almost a realtime basis to make sure that there weren't any collateral threats to the City of New Orleans, and we were given the clear light that we weren't.

Mr. MICHAUD. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. I appreciate your testimony on building smarter and the hardening. What do you call it, hurricane hardening?

Mr. NAGIN. Hardening, yeah.

The CHAIRMAN. And I certainly have the confidence that that is going in the right direction, so thank you for that.

As I read the testimony from all of you looking at the opportunities for the future, I mean taking the tragedy and saying now we can rebuild and, in fact, put new models and even better collaboration, one thing that I saw was missing, at least in the written testimony, was—you can tell me in actual fact—is the issue of mental health for not only our older veterans but those coming back from Iraq and Afghanistan.

This Congress, in the wake of what I call the Katrina of the U.S. Department of Defense health system; that is, the Walter Reed scandal, because it deserves a silver lining and we were able to get tremendous new resources for the VA, in fact, $13 billion over last year, almost a 30-percent increase, unprecedented in our history, and much of that is in the area of mental health, post traumatic stress disorder (PTSD), traumatic brain injury, and I would just, I guess, advise that as you go forward with planning, these injuries are going to be more and more prevalent in the population, in those returning from Iraq. And I think you would do well to anticipate that need and look forward and look further in new ways of dealing with these injuries, many of them hit at least at the beginning of their—their effect.

I guess that's just off the top. If there's any response, I'd be grateful.

Dr. Miller?

Dr. MILLER. Yes. Mr. Filner, one of the advantages of building the VA downtown is that both of our medical schools have outstanding departments of psychiatry with experts who have a lot of experience in the area of post traumatic stress disorder and have already begun working with the area's veterans now in the post-Katrina period, so it would be a very important part of our missions to continue that and expand that as we regrow the medical facilities.

The CHAIRMAN. Would these—a lot of these veterans are falling through the cracks when they return to their home areas. There's not only the resources in place, so as we are building, we need to have those firmly in place. Dr. Kaiser, you want to answer that?

Dr. KAISER. Ms. Catellier when she testifies I'm sure can talk about the plans for the VA, but in the plans for both LSU and the VA are mental health services. They are built—they are both built in.

The CHAIRMAN. I think we really need some creative mechanism especially for those who come back from Iraq, to have ways of dealing with these issues with their peers with whatever techniques, you know, to expand on those and research on those because we have not done this right.

We failed, I think, our veterans from Vietnam. 200,000 homeless veterans on the streets tonight are Vietnam vets. That's a terrible tragedy this government allowed to happen, and we haven't given up on those yet.

And I will tell you a startling statistic that seems to have credence: As many Vietnam vets have now died from suicide as from the original battles, I mean, from the original war. And that's a testimony to how we need these mental health services and begin to make sure these tough marines and soldiers and sailors know that, you know, it's okay to admit this and get it done because it could be more tragic than any original wound that they had.

Mr. Baker, we will have another round of questions.

Mr. BAKER. Thank you, Mr. Chairman.

Dr. Cerise, I'm going to move past the earlier line of questions to a subject which other Members have brought up; and that is, the replacement structure as envisioned in the initial collaborative report that was made to Congress which included the original timeline, so that's the frame of reference from which I'm making my questions.

That was the plan that was to have begun mid-year 2006 with a completion late 2011, 2012, so we are talking about the same general outline. I have not seen any other study released or recommendations for construction.

At the site which is now proposed, there would be a defendant place philosophy which would require certain assets being deployed at the site, meaning if there were to be a recurrence of a flooding event, you could successfully take care of and administer to those who were on the site for a period of eight days.

The first question would be: How long did it take the Corps to pump the water out the last time? It's longer than eight days.

Mr. NAGIN. Yeah. It's 22 days.

Mr. BAKER. My point is, if we are going to do this defend-in-place, we need to have the capacity to have cookies and soft drinks and bathroom facilities. It also goes to the cost estimate of $1.2 billion. In this same description of the project site, it requires the elevation of the perimeter of site to repel post-Katrina flood levels, current elevation assumption is 15 feet above sea level. Now, I'm a Congressman. I'm not sure what that means. I think that sounds like a levee.

Was it the intent in this report to levee the VA site from the potential of a recurring flood event?

Dr. CERISE. Yeah. I'm going to—I'll defer to those that are more familiar with the actual construction and business plan. I will say that it's not uncommon—in fact, when we looked around the coun-

try after—immediately after Katrina to see that particular philosophy of protecting——

Mr. BAKER. Oh, I understand it's not avid, but I'm just—I'm trying to make clear are we leveeing the site or are we not?

Mr. ROMANO. I think the direct answer to your question is no, but at the same time to again design—and, again, I was—performed the business plan portion. The financial portion was not my——

Mr. BAKER. Well, let me just read to you again from the report. Elevation of the perimeter of site to repel post-Katrina flood levels, current elevation assumption is 15 feet above sea level. Now, I don't know how you get that done without some—something stopping the water, a wall of some sort, a retainer.

The next question would then be, since the modification of the proposal, which was originally 35 acres, we are now in the 70-acre plus site. I'm understanding the leveeing criteria was a concern of the VA, to protect their assets. It may not have been the criteria the State was looking at.

Would we now just levee off the VA facilities or would we levee off the entire 70 acres? Has the leveeing cost been included in the $1.2 billion projection?

Mr. ROMANO. Well, again, the $1.2 billion projection includes the cost for the LSU site—the site and it includes building the facility to such a height that it would be able to——

Mr. BAKER. Oh, I'm not missing that point. In the same document, it says the first 15 feet of vertical elevation will not be utilized for any purpose whatsoever. Homeland Security won't let you use it as a garage, the VA won't let me use it as a hospital, so this thing is going to be on 15-foot piers surrounded by a levee.

Dr. KAISER. No, sir. The hospital will be elevated, the critical services will be elevated at this point probably 25 feet and there can be service underneath. It just will be not critical medical services for both the LSU portion I believe and that's also planned for the VA portion.

Mr. BAKER. Well, if you would review the portion of the report which says elevation of the perimeter of the site to repel post-Katrina flood levels and explain that to me in writing at a later time.

[The information was not provided to the Committee.]

Further, vehicular ingress and egress ramps for emergency access to State or Federal highway system elevated above the hundred-year flood plain. Now, has the cost of elevating the roadways in and out of the facility been included in the $1.2 billion or whose cost is that?

Mr. ROMANO. Yes, it has.

Mr. BAKER. Amazing. I'd like to see those numbers.

Are you going to elevate a State or Federal—I assume it only means one roadway in and out above the hundred-year flood plain, which I assume has got to be 14 or 15 feet above mean sea level.

Mr. ROMANO. And, again, I believe as Dr. Kaiser referenced, that's the 24 foot number for the essential services that the project's been working with.

Mr. BAKER. And this also means we have to have a self-generating independent power source that's also 15 or 25 feet above the mean elevation of the building site?

Mr. ROMANO. Yes, sir.

Mr. BAKER. Okay. That will run at least eight days we hope?

Mr. ROMANO. Yes, sir.

Mr. BAKER. Okay. Great. I'd like to see those numbers too.

Mr. Chairman, I've got 11 seconds and I don't want to get into my financing questions because they certainly are going to take me more than 12 seconds. And I hate to suggest it, but I'm going to withhold for another round, unless you want me to go ahead.

The CHAIRMAN. Yeah. To get to the rest of the panels in a reasonable time, I think this will be the last round, but I'll give you a couple minutes to ask some more questions.

Mr. BAKER. Mr. Cerise, the project is proposed to be funded by revenue bonds. What have private hospitals done post Katrina with regard to the number of beds being provided? Have they expanded the number of beds within the Orleans market?

Dr. CERISE. No, sir. There are fewer beds in the Orleans market now than before Katrina.

Mr. BAKER. And is that—that's the private market decision?

Dr. CERISE. That's correct.

Mr. BAKER. And the public market decision with this project is to increase the number of beds in the public facility over what was pre-Katrina?

Dr. CERISE. No, sir.

Mr. BAKER. So the number of beds provided will be the same or less or——

Dr. CERISE. That's correct. It's a smaller overall bed. Dr. Kaiser can tell you——

Mr. BAKER. That's okay, because I want to get to the concerns of funding this project.

You are going to go to Wall Street and ask people to buy bonds issued by the State for the purposes of financing this project of at least $900 million. The financials that I saw had a 30-year rate estimated at 4.85 percent for the feasibility of the project. Is that what your belief is today?

Mr. ROMANO. Yes, sir.

Mr. BAKER. Okay. Well, morning rate for treasuries had a yield of 5.1. You are not suggesting that revenue bonds issued by a project which has revenues a little bit not clear are going to beat the market rate for U.S. Treasuries.

Mr. ROMANO. No. That's understood, sir. We've done some subsequent sensitivity analyses because that was one of the questions by the HUD Secretary. And even if the rate were to go up by as much as a half a point, it would not significantly effect the financing.

Mr. BAKER. So we've got a tenth of a point margin from today. We are at 5.1, the projection was 4.85. Technically, I'm wrong. It was 5.204 this morning, so we are at about four and a half points of your five-point limit this morning.

Secondly, the effect of the issuance of $900 million of revenue bonds on the State's general obligation capacity, you are suggesting, I think LSU has I believe suggested, that the issuance of

the revenue bonds would have no impairment on the State's general obligation capacity?

Mr. ROMANO. I'm not certain one way or the other, but I do believe that the figure that we've been working with as what's being borrowed at $800 million, so $1.2 billion less $400 million from other sources.

Mr. BAKER. That's a new figure. I've seen $900 million. But my point for asking is the Time program, which none of you have any reason to be familiar with, is a program funded by revenue bonds secured by the gasoline taxes on gasoline sold at the pump. That is a very clearly identifiable steady source of revenue from which a person holding the obligation has a fairly sophisticated analysis of the likelihood of return and the security of that transaction.

In the case of the Time program, those revenue bonds did adversely impact the State's general obligation abilities. We are sitting today at a capacity of about $300 million in annual general obligation bonds that could not be sold into the market.

I haven't seen anything in the literature which discusses in-depth the financial implications of going to a market for nine—your $800 million worth of revenue bonds for a proposal that does not make clear the source of the revenue for repayment nor have I seen a statement from, let's say, the State treasurer or the rating agencies or anyone else that it will not have an adverse effect on the State's general obligation bonding capacity.

Can—may I request that that information be provided to the Committee?

[The information was not provided to the Committee.]

Mr. ROMANO. Certainly. And I believe that those pieces are in process as sort of the next step now that the business plan has been completed.

For ten seconds worth of a comment as far as the identifiable revenue sources, again, the business plan tries to speak to the patient revenues and where those would come from in terms of where those bonds would be repaid.

Mr. BAKER. Mr. Chairman, not to impose on the Committee, I know we have other panels to come. There are innumerable more questions that I would like to ask. I'll pose in writing and submit them to you, Mr. Chairman, perhaps for follow up from this panel.

[The Committee did not receive a copy of the questions, nor responses from the witnesses.]

This is the best panel we've got to answer the specific operational questions about this proposal. I thank you, Mr. Chairman.

The CHAIRMAN. Thank you, and we will submit those questions on behalf of the Committee.

Mr. BAKER. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Jefferson?

Mr. JEFFERSON. I'm reluctant to wait until Mr. Baker's financial questions, so I'm going to start anyhow.

More than 20 years ago—you may or may not know this—the State created a Time program to which Mr. Baker referred. It's been a long, long time ago when Mr. Romer was Governor. And when it did that, it also put some limits on this general revenue bond obligations voluntarily. They weren't imposed or required by an outside authority. I don't know if you know this or not. I'm just

asking if you do, but it now has a limitation which it puts on itself to only do so much. In the old days, we didn't stop there. We put more and more bond time.

Is it your understanding that the—if you can answer this—that the limitation that the State has, it's operating under is a self-imposed limitation and that if the State—no one knows what the State's full capacity for general obligation bonds because it hasn't explored it for many, many years. Are you familiar with this at all?

Dr. CERISE. No, sir, I'm not. I can tell you this project has been discussed and approved by a joint budget Committee of the State Legislature and certainly bond commission and——

Mr. JEFFERSON. So the State has made a judgment it has no effect on this other than it's not detrimental; is that correct.

Dr. CERISE. The State——

Mr. JEFFERSON [continuing]. Has made a decision that it doesn't detrimentally effect this.

Dr. CERISE. That it can do this.

Mr. JEFFERSON. So we needn't worry about that on our end of it. The State has to kind of make that judgment about it.

I want to talk about something we need to worry about and Mr. Baker has raised another question, which is the one about the raised—the 15-foot security against flooding above sea level I think is how it was described.

Now, if one understands the State—I just do this for the benefit of the people, the Members who aren't from here, coming from the river—which we can see, it's out this way (indicating) a little bit—to the lake, the city goes down a little dip then—It's higher on this—toward the river than any other place in town, and so the flooding that took place up around here was far less than what took place on the lake and would be the case in any event of a flood. So the need to raise the area is really going well beyond what you need to do in order to protect yourselves from what happened before.

I'd like to ask you. How much flooding was there; what was the level of flooding in the Charity Hospital system? How many feet of water was in the Charity system?

Dr. CERISE. The basement was full up to the first floor. At the street level, it was about at mid thigh, maybe a little bit higher than mid thigh at the street level, in that area.

Mr. NAGIN. Yeah, two to three feet.

Mr. JEFFERSON. Two to three feet. So what's happening here, with the worst flooding one could imagine and with the city under water, you had two to three feet of water there, which means that to raise it 15 feet above sea level is to go to extraordinary lengths to give assurances that nothing else can happen that would be totaled. But even with the worse we can imagine, which that was the worst, the city became part of Lake Pontchartrain, that's what happened there. So I suggest that you've gone well beyond the need to assure to talk about 15 feet.

Now, someone mentioned that Mayor Nagin went to the Netherlands sometime ago, I guess almost a year and a half ago now. Where most of it is 15 to 20 feet below sea level, I should tell the Committee that it's been for I guess the last 30 years fairly well

safe of the sea storms that have come because they have taken protections that have worked well.

We call it leveeing here. They have breakers out in the sea. They have the same sort of designs we are talking about now with our partners and have discussed with honoring the levees and all the rest with dikes and dunes and all and the protection against surges. That's all technologically possible; we know that.

In fact, a lot of the consulting done with the folks in the Netherlands was done by our own Corps of Engineers. We have known for 20 years how to prevent the flooding here. We just haven't put it in place because there wasn't the urgency to fund it.

So I want to make sure that the Committee understands and the Members of Congress understand that this is a doable and possible situation without going to the extraordinary lengths you are going to. I commend you for what you've done to go this far, but frankly, when you look at it, it's probably more assurance than is needed.

Now, the last thing is on the acreage for the site. There was some talk about not being enough space for it. Can you tell us—maybe Mr. Mayor and someone else—I only have a few minutes here, a few seconds—it has been taken under eminent domain. Most of the land, as I appreciate it, is nonresidential and not occupied.

Mr. NAGIN. Yes.

Mr. JEFFERSON. Tell us how you can meet this footprint requirement that the VA has—and maybe someone from the State—how quickly this can be done and how efficiently this can be done.

Mr. NAGIN. We have identified a large enough site to accommodate anything that the VA could build both now and in the future, and there are two specific areas.

The first site that we have identified is very near the LSU—well, all of them are very near where LSU has planned to build their facility.

The second that the Congressman mentioned, there's not a lot of residential people there and we can accumulate that very quickly. We have signed a cooperative endeavor agreement with the State, we've identified the funds, we are going to use our quick-take authority both at the State level and the local level so we can do this fairly quickly.

Just to give you some perspective, quick-take expropriation at the city level takes anywhere from 45 to 60 days max; so we feel very comfortable—the State's Legislature is much stronger than ours, so we feel as though we can move a lot quicker.

In addition to that, there's another parcel of land that's next to the targeted area that we have. That is more residential, but it's rental; and we feel as though if we needed to expand the footprint that we have today and identify it that we could do that fairly quickly also, so I don't think footprint is going to be an issue.

Mr. JEFFERSON. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Jefferson. Mr. Miller?

Mr. MILLER OF FLORIDA. Thank you, Mr. Chairman. If I could yield to my colleague, Mr. Baker, for questioning.

Mr. BAKER. I thank you gentlemen, and just a brief comment on this bond obligation authority. It really goes to the State's revenue stream. We are at a $30 million budget this year. I don't know

what the prognostications are. Some of the market may feel that the State revenues may be done as the Katrina effect tails off from the Federal revenue streams and other sources of one-time revenue, but it is a very slippery slope.

It is a market-driven decision and it's not a self-imposed decision and it's what the market is willing to let us borrow their money for given our ability to repay it; and that is clearly driven by our net balance sheet as a State entity. And so there are a lot of significant concerns about the $800 or $900 million of revenue.

I thank you all. I yield.

Mr. MILLER OF FLORIDA. Strike that. I yield to the gentleman for the State, Baker. He is eminently clear always.

Dr. Miller, you talked about former collaborative efforts. If I understood Dr. Kaiser correctly, he said that LSU and the VA could not continue collaboratively and I will ask you to clarify your answer.

If it was, if the VA hospital were not built adjacent, do you see an opportunity for the VA and Tulane to continue a collaborative research effort even if the VA decides not to build the medical center adjacent to the Tulane campus?

Dr. MILLER. The collaborative, the downtown collaboration is more than just hospitals. It's about research, education, and patient care and the proximity to the medical schools is evaluated in that.

After 40 years of partnership, we certainly wouldn't want to walk away from the VA, but it would definitely be more difficult for us to carry on all of our missions if the VA were not proximate to where our medical schools and our other teaching hospitals are; and that would effect the clinical service where it undoubtedly would take more FTEs to provide the same amount of clinical care and it would be a different type of clinical care than could be afforded when one has teaching faculty who are every day involved with the patient care at the VA.

All the VAs I've been associated with during my career, including Miami, Gainesville, and New Orleans, have had close proximity to the medical schools and so that's the model that I know.

Research would become more difficult because you lose the synergy of being next to the research labs of others doing similar research, so you don't have that every day, day-to-day collaboration to the same extent that you had.

And, finally, education becomes more difficult for the residents and medical students who have to go back and forth to be able to attend their lectures, to use the libraries, and have direct contact with the faculty. So would we continue, yes, we would; would it be to the same extent and to the same benefit we had before, I don't think we could.

Mr. MILLER OF FLORIDA. Dr. Kaiser?

Dr. KAISER. I think it was said well by Dr. Miller.

I certainly didn't mean to imply that we wouldn't be able to collaborate with the VA should they choose another location. We will work with them. Our faculty, our residents, our education has been done conjointly with the VA for many years, but there are huge opportunities of working together in the synergy if you put the facilities next to each other.

Mr. MILLER OF FLORIDA. Thank you. I appreciate your clarification. Mayor Nagin?

Mr. NAGIN. Sir?

Mr. MILLER OF FLORIDA. Nice to see you again, sir, and congratulations on your reelection. There is all kind of talk out on the streets today that there may be another type of announcement coming sometime soon. Can you elaborate, sir?

Mr. NAGIN. No, I won't elaborate on any of that. You know, I guess a lot of those races are getting pretty boring and they are looking for a little spark, so we'll see what happens in the future.

Mr. MILLER OF FLORIDA. Can you tell me about the new site? How many residential units are in the new speculative site?

Mr. NAGIN. Yes. Most of the—most of the structures in the targeted site are commercial, and there's very few residential in the initial first phase site. And if there are, they are rental units that we feel pretty comfortable that we could go in and quick-take. And when we quick-take, we have to basically compensate the owners for fair market value, so we don't see a big issue there.

We do have some community groups that we have talked to and worked through some issues with, but we think we can still get it done pretty quickly.

Mr. MILLER OF FLORIDA. Quick-take, is that another word for eminent domain?

Mr. NAGIN. Yes. It's a piece of legislation.

Mr. MILLER OF FLORIDA. Let me just assure everybody on the panel that even though some of our questions appear to be rather blunt and argumentative, nobody here wants to cast aspersions on anything that the medical centers do, that the city wants to do. The President has made it very clear.

From where I come from, I have the largest veteran population in the country out of the congressional districts and I do not have a VA medical center. However, it would surprise you to know that a recent study that was just given to this Committee by the Veterans Administration, we can solve the issue that is before us in northwest Florida for less than the CBG block grant that HUD just gave Louisiana.

So, for anybody that may be here today thinking that I want to stop a hospital from being built here, that is not at all what my desire is to do.

I have heard, although we are talking about teaching and students and you are talking about research, my concern is for the veterans. The veterans that are sitting here that have served our Nation. They need a veterans hospital, and it may not be that it needs to be downtown collaboratively with LSU or Tulane.

That's what this Committee is trying to decide today. So, Dr. Cerise, any of the questions that have been asked today are specifically to get answers to the questions, so I appreciate your patience.

Mr. NAGIN. We understand that, Congressman. And, you know, you have our full commitment if you need a VA hospital in Florida, we will lobby with you to make sure it gets done after this one is done.

The CHAIRMAN. Thank you, Mr. Miller.

Mr. NAGIN. Mr. Chairman, I have a noon flight to catch, so if it's okay with this Committee, I'd love to be excused.

I'm going up to Washington D.C. to testify in front of the Homeland Security Subcommittee on FEMA, so if I could be excused, I appreciate it. Thank you.

The CHAIRMAN. Thank you. I appreciate your leadership.

Again, Dr. Miller, once again you gave a list of close proximity of hospitals and the VA Center and you missed San Diego. We are going to have to get you out there.

Dr. MILLER. Sir, I haven't had the pleasure of working at the San Diego facility. I was talking about those that I had experience at, but certainly I'll come out and do a couple of months.

The CHAIRMAN. We welcome you. Mr. Michaud?

Mr. MICHAUD. Thank you very much, Mr. Chairman. Just one quick followup question and it deals with the levee, if anyone can answer it.

The Mayor had mentioned about 65 percent or 64 percent of the people are coming back. My concern is well, how many of those are actually going to be veterans? Will there be the need—this might be a better question for the VA—for a full-fledged hospital, whether it's here in New Orleans or somewhere, but by the time——

My question is: The Mayor had mentioned that the levee will be taken care of by I think it was 2010 or 2011, so at the time that you're—if this hospital is to be built downtown New Orleans, what's the timeframe of the hospital being built or the VA facility being built and the levee system? Is it pretty much on the same timeframe if you are able to start?

Dr. CERISE. That's my understanding, but I'm not as familiar with the timeline for the levee system.

Mr. ROMANO. Again, I'm not sure about the levees, but the hospital on both sides still plans to be open in 2012, so it seems like that planning jives with what the Mayor was talking about.

Mr. MICHAUD. And my last question, Mr. Chairman, goes to Dr. Kaiser. Because when I asked a question about a TRICARE since, you know, $1.2 billion is a lot of money and I notice I saw some veterans in the back shaking their heads as far as whether you would accept TRICARE.

If this joint venture moves forward with LSU and if LSU, the hospitals that you represent, do not accept TRICARE, would you be opposed if it was part of the agreement that you do accept TRICARE patients with such a large amount of money?

Dr. KAISER. There would be no problem, but it's important to emphasize that the planned facility downtown looks at the existing VA sharing responsibilities and looks at how services can be shared back and forth between LSU and the VA, and there's a great benefit to both my patient populations for the quality of care that we can offer.

There's great expertise, rehab services in the VA that we'll be able to offer to some of our citizens. We have some specialties that the VA doesn't currently have that we'll be able to offer back to the veterans. And so the synergy—we talk about medical education, we talk about research, but we also need to talk about quality of services for both populations. Thank you.

Mr. MICHAUD. Thank you. Thank you, Mr. Chairman. I yield my time.

The CHAIRMAN. We thank you all, we thank the panel. We've been here for a long stretch this morning. We thank you for your information, for your commitment to healthcare. And we'll excuse Panel One, and Panel Two will consist of representatives and independent veterans to testify.

The CHAIRMAN. Again, thank you for being with us, for helping us deal with this critical issue.

We hear first from Henry Cook, the III, the National Senior Vice Commander for the Military Order of the Purple Heart. And as I was talking with him earlier, he had close association with a legend in your area former Chairman of this Committee, Sonny Montgomery; and we welcome you here and welcome you in honor of Sonny also.

STATEMENTS OF HENRY J. COOK, III, NATIONAL SENIOR VICE COMMANDER, MILITARY ORDER OF THE PURPLE HEART; CHUCK TRENCHARD, ADJUTANT, DEPARTMENT OF LOUISIANA, DISABLED AMERICAN VETERANS; WILLIAM M. "BILL" DETWEILER, PAST NATIONAL COMMANDER, AMERICAN LEGION; AND BILL PENN, M.D., BATON ROUGE, LA (INDEPENDENT VETERAN)

STATEMENT OF HENRY J. COOK, III

Mr. COOK. Thank you very much, Mr. Chairman. Chairman Filner, Members of the Committee, ladies and gentlemen, I am Henry J. Cook, the III, National Senior Vice Commander of the Military Order of the Purple Heart (MOPH).

It is my honor today to appear before this Committee which is of such great importance to all veterans. And please keep that in mind during this hearing: The importance of our veterans.

I heard a lot of testimony today about Tulane, about LSU, about public hospitals, about bureaucrats, but I didn't hear much about veterans; and this is where we have to keep the focus of this hearing. Please do that.

I'm accompanied here by fellow members of the Military Order of the Purple Heart, and I will remind you that these are veterans who have shed blood on the battlefields of this country; and for that, they were awarded the purple heart meal.

I'm also accompanied today by the State officers for both the States of Louisiana and Mississippi, and also present are members of our ladies auxiliary.

I would like to preface my remarks today with a statement of thanks first to the Department of Veterans Affairs in both Louisiana and Mississippi for the way they reacted and took care of veterans when Hurricanes Katrina and Rita struck. Almost all our government agencies at both State and Federal levels were overwhelmed by the sheer magnitude and consequences. However, the Department of Veterans Affairs and the regional office in both Louisiana and Mississippi maintained their focus on care for veterans during this trying and challenging time. The services to the veterans provided by them—were without equal and, in some cases, heroic.

I know of cases where nurses from the ICU stuck by their patients while they transferred them all the way to Washington, D.C.

without giving a thought to their own home that they knew was destroyed. That is dedication to veterans. I ask that you commend the Department of Veterans Affairs by the way they continue to care for veterans in the aftermath of those catastrophic events.

Your Committee and the Department of Veterans Affairs Medical Center in New Orleans are both very important to the members of my organization and all veterans for both Louisiana and Mississippi who were served by that facility. As we sit here today, your Committee is here in town but our VA is gone. It's gone, and we have veterans, World War II veterans, who are dying at the rate of 1,300 a day nationally and they can't wait until 2011, 2012, 2013. They need care today, and I respectively present that to you.

From our perspective, the Department of Veterans Affairs medical system in New Orleans and on the Mississippi Gulf Coast, those two were very intertwined. They are struggling to deliver at best fragmented services.

We are looking for your Committee to restore the New Orleans Veterans' Affairs Medical Center as a badly needed service provider to our members and all veterans in the area. This should be done as soon as possible so as to prevent the further loss of services and to provide full restoration of earned entitlements that these veterans have earned.

To better explain what I meant by saying fragmented, I'm going to tell you that while the Department of Veterans Affairs in New Orleans is, in fact, providing service for veterans, many of them have to go to other locations for their care and think again of the World War II veteran, quite elderly.

Now, in my particular situation, I received, prior to Katrina, my orthopedic care, here in New Orleans at the VA. Now, I either have to go to Pensacola or Mobile. Fortunately, I am physically able and financially able to do that. A lot of veterans cannot. They can't get someone to—they can't drive, they can't get someone to drive them, so what do they do? They go without care. We need to fix that. We need to fix it now.

Now, the VA, of course, will tell you, along with some other agencies, that they sort of fixed this by the fact that when they ask a veteran to travel more than 28 miles from their home to a VA facility for treatment or even a private facility that they send them to, as they are doing now, they pay them for their travel. You may be shocked to know that they reimburse veterans for travel at a rate of 11 cents per mile when the Federal rate is 47 and a half cents per mile. The IRS approved rate is 47 and a half cents a mile. We pay the veteran, we reimburse him 11 cents a mile to travel and we also subtract a deductible. He has to pay a deductible if he uses it for the first three times of the month. If he has to travel four times in a month, he gets to keep the whole 11 cents of the mile. Something else that needs fixing, gentlemen. Gas is over $3.00 a gallon. If a veteran needs someone to take them to the hospital, they do ask for gas money. We can't even give that to veterans.

We in the MOPH have members now who routinely travel to Mobile, to Jackson, to Pensacola and as far as Houston for care from the VA Medical Affairs system. The system of healthcare for the veteran in this area is very fragmented by every definition of the word. Please return to the veterans here a world class medical fa-

cility for veterans that can serve our membership and all veterans at one location and as soon as possible.

There is one other problem area relative to veterans care, members of the veterans regional offices that were disturbed here in Louisiana. This involves a loss of ability of veterans to pursue claims that they had pending before the Department of Veterans Affairs.

The Director of the State Veterans' Affairs Claim Division for the State of Mississippi at the time Katrina struck informed me that many veterans, most of the veterans that were having their claims processed in the New Orleans regional office when they lost that, those claims were then moved to Jackson. Well, it wasn't easy and it's still not easy, again, for those veterans, many of them World War II, to go to Florida to meet with a case officer, to go to Jackson to meet with a case officer to talk about their claim, to go to doctor's appointments in Jackson, Houston, Pensacola to support their claims. We need to bring it all back here, gentlemen, and we need to bring it back now.

The transfer in those claims has created a terrible burden not only on the VA system as it exists and is operating fragmented, but on the also neighboring regional office in Mississippi. I do not know the status of the backlog now on the claims, but it exists and it's still nasty.

We know that—in summary, we know that Katrina's has a devastating effect on the Department of Veterans Affairs medical care system. We should all know that what is most important now is full restoration of all veterans' medical care. And this is not about jobs, it's not about downtown, it's not about Tulane, it's not about LSU, it's not about public hospitals, it's about veterans.

One person mentioned, and I was glad, about the PTSD, the added mental services that we are seeing now that the VA has to pick up. The VA is doing the very best they can now, but I can tell you again they are fragmented.

Just recently on the Mississippi Gulf Coast, we had a soldier recently return from Iraq whose mother was a VA employee. He tried to get a PTSD appointment because he was having bad psychiatric flashbacks. He was given an appointment in six weeks. He committed suicide in the time he was waiting. We can't afford another death like that, we really can't.

And I'm going to go back and mention, when I schedule an appointment now to go to Mobile for orthopedic care, it's a six-month wait for my next appointment. That's totally unacceptable.

I thank you for allowing me to appear before this Committee on behalf of the Military Order of the Purple Heart. We have a lot of supporters here today from the Military Order of Purple Heart, and I now stand ready to take your questions.

[The prepared statement of Mr. Cook appears on p. 71.]

The CHAIRMAN. Thank you, Mr. Cook.

I will say, by the way, that this Committee and Congress and the House did up that mileage rate to the Federal rate. That has not gone through the Senate yet or has been finally passed, but we have done our job in relationship to that. Just that little thing there.

Mr. COOK. Thank you very much for that.

The CHAIRMAN. Okay. Chuck Trenchard is the adjutant for the Department of the Louisiana Disabled American Veterans. Thank you very much for being here with us.

STATEMENT OF CHUCK TRENCHARD

Mr. TRENCHARD. Thank you, sir. Mr. Chairman and Members of the Committee, thank you for the opportunity you have afforded me to come speak to you today on behalf of the Disabled American Veterans.

The loss of the VA Medical Center in New Orleans has had a profound impact on both the quality and availability of appropriate healthcare for thousands of Louisiana and Mississippi veterans as well as veterans from both Alabama and the Florida panhandle. It is essentially that a new medical facility be constructed as soon as possible to ensure the well-being of these veterans.

The primary focus of this facility should be the care and treatment of America's veterans. Any other economic and political considerations in regard to the location of the facility are secondary and should be fulfilled only as a by-product.

This facility needs to be solely for the benefit of veterans and should be located in an easily accessible location safe from hurricanes and flooding. It should be placed in a location that will benefit the greatest number of veterans. It should be a dedicated facility not incorporated with any other programs.

Whether we like it or not, this is a time of war and America's military are putting their lives on the line to keep our country safe as they have for over 200 years. As an instrument of national power, the military is trained to do what they are told to do, how they are told to do it, and when they are told to do it.

Veterans are a unique group of people. They don't have to ask what they can do for their country. They know what to do and they do it well without regard for the risk. They have never kept their country waiting.

Throughout the Spanish-American world, World War I, World War II, Korea, Vietnam, Panama, Kuwait, Afghanistan and now Iraq, veterans met the call to arms and successfully served to defend our Nation against all enemies. They have never kept America waiting. We owe it to our veterans to properly care for them now and not keep them waiting.

As time goes by, the healthcare situation will get worse not better and America's veterans will suffer. We need to put politics and bureaucracy aside and do the right thing: Take care of our veterans now. After all, haven't they earned it? Thank you.

[The prepared statement of Mr. Trenchard appears on p. 72.]

The CHAIRMAN. Thank you.

Bill Detweiler is Past National Commander of the American Legion, and just let me remind you we have your full statement for the record and we hope you can summarize that in about five minutes.

STATEMENT OF WILLIAM M. "BILL" DETWEILER

Mr. DETWEILER. Will do. Thank you very much, Mr. Chairman.

The American Legion appreciates the opportunity to come before this Committee this morning to discuss the status of veterans' medical care here in the city, in the New Orleans area.

Despite the heroic efforts of Mr. John Church, Director of the VAMC in New Orleans at the time of Hurricane Katrina and its aftermath, it was quickly determined following the flooding that the hospital was beyond repair and would have to be replaced. That is why we are all here.

The veterans that are treated for outpatient treatment here at the clinic are well taken care of; however, those veterans that require hospitalization and cannot be treated in the immediate area, as some of my colleagues have indicated, must be sent to other facilities where beds can be found, including but not limited to, Shreveport, Alexandria, Jackson, and other places. Unfortunately, the American Legion does not see an early end to this manner of care for the veterans of this area.

As an example, if a veteran is diagnosed at the VAMC here in the outpatient clinic with a psychological problem that requires hospitalization, it takes some 10 to 12 hours from diagnosis to admittance in a hospital where a bed can be found. Such a long, tedious process causes extreme stress to the veteran and his family, further aggravating the veteran's medical condition.

We suggest, Mr. Chairman, that the PTSD problems and other brain injury conditions evidenced in our returning servicemen and women from the chronic conflicts will only increase, placing a greater burden on an already depleted system. A new VAMC in New Orleans is urgently needed now.

The American Legion suggests that you might consider a couple of recommendations. First, we believe that the association with the medical schools in the downtown area benefits the patients at the VAMC. The partnerships and long associations with LSU and Tulane Medical School, since it was established have been for the benefit of the veterans as well as to the community.

The VAMC of New Orleans serves the medical community of this area as a teaching and research hospital, Just as the other veterans hospitals do throughout the VA medical system. Our veterans, like those in other parts of the United States, benefit from these associations because the hospitals in the VA system need the interns, residents, and doctors from the schools to augment the VA hospital staffs.

Each year Tulane and LSU Medical Schools rotate over a hundred each of interns and other medical personnel through the VAMC. They provide the veterans of this area the best of care based on the latest discoveries in medical science.

Currently, we have a shortage in medical professions in southeast Louisiana and the greater New Orleans area. Many of our doctors, nurses, and other medical professions have left the area after Katrina and have not returned. Thus, the medical schools provide the additional staff that is critical to the successful operation of the VAMC. In addition, the research that continues is also beneficial to the VAMC.

As an example, while we sit here this morning, Dr. Paul Harch, a physician specializing in Hyperbaric Medicine at LSU Medical School is in Washington with his fellow colleagues of that particular specialty working to encourage Congress to make the necessary appropriation for a pilot project that will treat traumatic brain injuries in a little different manner. An appropriation request is before Congress to fund the scientific study that will be overseen by the Samueli Institute in Washington D.C., with Dr. Harch serving as the physician in charge here in New Orleans. And the proposal is for the LSU teaching hospital to serve as the primary site in a multi-center study that will include the VAMC New Orleans; Dr. John Mendoza, a neuropsychologist with the VA; and Dr. Tim Duncan of the VA staff who are currently working with Dr. Harch on this project. This is just one example of the close working relationship that exists between the hospital and the medical schools.

I also suggest to you that transportation is an issue. The veterans that use the VAMC New Orleans are generally veterans who do not have medical and healthcare insurance. Many are on fixed incomes, no place else to seek their medical care. The relocation of the VAMC to downtown New Orleans will provide a hospital that is convenient, by public as well as private transportation, and is easily accessible by our veterans population, the hospital staff, and the many volunteers who help take care of these men and women on a daily basis.

I would leave you just with one comment. We are very fortunate in this city to have a young lady who has been recently appointed as the director of VAMC, and you will hear from her shortly. She made a comment in a quote that appeared in the American Legion Magazine in the November 2006 issue. She said: It's the VA's desire to be the engine that drives healthcare in the City of New Orleans and the metropolitan area. We want to be leaders. We want to provide a futuristic, high-tech, high-touch institution for veterans, in collaboration with our affiliated partners."

We believe that her vision is the proper vision and is in the best interest of the veterans of this area. Thank you.

[The prepared statement of Mr. Detweiler appears on p. 73.]

The CHAIRMAN. Thank you very much.

Finally on this panel, we have Dr. Bill Penn, who wants to be known as an independent veteran. Welcome, Doctor.

STATEMENT OF BILL PENN, M.D.

Dr. PENN. Thank you. I'm Billy Penn from Baton Rouge, Louisiana.

Chairman Filner, Members of the Committee, thank you very much for allowing me, an independent veteran, the opportunity to present my views to you on rebuilding a veterans hospital.

This is an issue that is a personal one for me and, as a veteran, it causes me great concern. Let me thank you for holding this hearing. As Members of the Veterans' Affairs Committee, you have an opportunity to assist the veterans in Louisiana to bring more awareness to the problems we have faced since Hurricane Katrina. It is my hope that today's hearing will highlight the opportunities we have to move forward to help bring the dream of a new veterans hospital to reality.

As I mentioned earlier, I come to the Committee today as an independent veteran. I do not represent a particular organization, though I am a member of many. What I wish to convey to you is my assessment of the situation in which we find ourselves and the opportunities that we have now for moving forward with the VA Hospital.

It is my understanding that Congress has already appropriated over $600 million to rebuild the VA hospital, but the VA has yet to make firm plans for rebuilding this facility. I ask the Committee and audience Members to consider today why?

Why, when veterans need this hospital now more than ever as our veterans population is aging and as more men and women are returning from Iraq and Afghanistan, why does the VA continue to wait to build this hospital? Our veterans have sacrificed too much and have given so much for this country and this government to ask us to wait any longer.

I commend the doctors, nurses, and other staff for operating under the worst of circumstances. Their efforts and accomplishments in preparing for Katrina and the actions in its wake were heroic and are to be commended. I only ask that those in the decision-making capacity make decisions and make them swiftly.

Veterans, since Katrina, have been asked to travel hours for some of their healthcare needs. For example, veterans needing prosthesis for limb losses are on a waiting list and are transferred to another facility in other States. And unfortunately, in our State here, we are at least four hours from Shreveport, three hours from Alabama, six hours to Houston, four hours to Jackson, Mississippi, eight hours plus to Dallas.

The VA hospital must be focused on the needs of veterans with post traumatic stress syndrome. As a personal example, I went for testing and examinations by a psychologist to try to help my post traumatic stress syndrome which I have experienced nightly for 54 years. The treatment for the post traumatic stress syndrome now since Katrina requires a seven week stay in Little Rock, Arkansas, for a program which I'm just becoming familiar.

I give these examples just to illustrate what one goes through and why we need a VA hospital in south Louisiana as soon as possible, with beds for psychiatric use and ample space for veterans including parking and seating in waiting rooms.

In my estimation, it's unacceptable for the VA to ask our veterans to wait any longer than they already have for this care to be restored in south Louisiana.

I do not claim to have solutions on where this hospital should be or how big it should be. I only request that the healthcare needs of the veterans drive these decisions. We have an opportunity to show veterans and our men and women currently in uniform that we in the country are putting their interest first and not the interest of other groups.

I urge Secretary Nicholson and the VA to work quickly to restore this very important facility with the healthcare need of our veterans on focus. Our veterans deserve no less. When the time came, we served our country. Please now respect us in our needs today.

Thank you for the allowing me this opportunity. I will be answering any questions that you have.

I am thankful for Mr. Filner for mentioning—was it $13 billion or $13 million for services with mental health for veterans. As a POW of Korea, I not only never received healthcare but we still cannot ever speak about it any more because it might hurt other POWs still over there. It's way overdue, this post traumatic stress syndrome.

I keep trying to put two and two together. We keep wanting to build this hospital where the other one was built. When the original Charity Hospital was built, it took 13 100-foot pilings on top of each other driven down before it hit any kind of solid ground. And with this city six feet below sea level, why are we so hasty to build in the same place? It would be like throwing good money out to bad. I don't know.

Anyway, as I mentioned, I'm open for any questions you may have.

[The prepared statement of Dr. Penn appears on p. 80.]

The CHAIRMAN. Thank you, Doctor.

Mr. Baker, the floor is yours.

Mr. BAKER. Thank you, Mr. Chairman. Dr. Penn, if I may ask you a question not directly on your subject matter. Was your practice in obstetrics?

Dr. PENN. Yes, obstetrics-gynecology.

Mr. BAKER. Is your middle name Rivers?

Dr. PENN. Yes.

Mr. BAKER. You delivered my wife's first baby 37 years ago. I can't believe it's been 36 years since I last saw you and I believe I paid my bill, so I think I'm good.

Dr. PENN. I'll check.

Mr. BAKER. Both of my children are doing quite well and got off to a very good start thanks to your kind leadership there, so thank you for the service to my family.

Dr. PENN. Any time somebody asks me that, told me I delivered their baby, my first answer is how did they do in school.

Mr. BAKER. They both did—well, they accounted for themselves satisfactorily. I'll put it that way. Thank you, sir.

I noted that each of you made a comment about the urge and necessity for replacement of services; and, Mr. Detweiler, I wanted to ask you that particular question.

Your testimony indicates a strong support for the downtown location. That is notwithstanding how long the time it may take or is there a time limit that would bracket your intended support for that approach?

Mr. DETWEILER. Well, you said, sir, that you drive up and down the highway and you see hospitals being built in two or three years. I'm for your two or three years. I don't know why there's so much bureaucracy involved in this hospital. I have no idea. There are a couple of hospitals that are sitting vacant now. Maybe they are destroyed beyond repair, I don't know, but those hospitals are sitting vacant. Well, I'm wondering about—you know, I initially thought maybe they could do something to bring the current VA hospital back. I'm assured that that's not possible.

Mr. BAKER. Yeah. That was an interesting point; because when I heard the Mayor talk about the water at the site, he said the basement was full and there was about mid thigh level water on

the street and then he said two to three feet. Well, how does two to three feet of water take an entire facility out of service?

Mr. DETWEILER. I don't know, sir. I live in the lowest part of the city in uptown area adjacent to the Tulane campus. I'm within a couple of blocks of the bottom of the saucer. I had about four feet, maybe four and a half, but that was it and I was back—you know, sure, we had to have the whole thing gutted and do what you got to do to fix it up, but I don't know what the problem is as to why it would take so long.

Mr. BAKER. Well, let me propose something to you then that might make sense from your organizational perspective. Let's get all this planning business concluded 30, 60 days, let's get the Secretary to make some decision, but the organization would support whatever gets restoration of care in the shortest time.

Mr. DETWEILER. That's all we are interested in.

Mr. BAKER. Bingo.

Mr. DETWEILER. That's all we are really interested in.

Mr. BAKER. Well, that's all I was interested in. I wanted——

Mr. DETWEILER. I understood that these people are working closely together. I've seen reports as far as the sites are concerned in the downtown area where their aren't that many problems. As far as property is concerned, there are very few, if any. I think there were like 35 or less properties that had homestead exemptions on them meaning that there are no real residences down there. So I think there are good things that can come, but let's just stop talking and let's build it.

Mr. BAKER. Well, coming at it from a general perspective, we're on the same page, getting restoration of healthcare services, number one. If we can do it in the city with the proposal that is before us, fine, but somebody's got to explain to this Committee, I hope, why it's going to take until 2013 to get the doors open. And if there is an alternative—if there's an alternative out to be seriously examined and told to you why it will or why it won't work. We just got to get on with it.

And I want to express to each of you my appreciation for you coming here today. These Members have traveled a long way. And I would take more time. We have another panel to come, but I don't want to be appearing to be dismissive of your appearance here today.

I want to specifically say thank you, one, for your service to the country; and thank you, two, for coming here today; and, three, I got the message: We want this thing now, not later, and I am committed to get that as fast as we can. Thank you.

The CHAIRMAN. Thank you, Mr. Baker. Mr. Jefferson?

Mr. JEFFERSON. Thank you, Mr. Chairman. In line with what Mr. Baker said, I think everyone here in this audience and outside of this audience and on this Committee wants to see this facility built as quickly as possible. There's no benefit to delay it for anyone. Even these collateral things that we talk about as benefits don't occur unless the facility is put in place quickly, so that's everyone's commitment.

As I appreciate it, it isn't a problem in the State of Louisiana nor LSU or Tulane nor the collaborative nor the planning process. It's probably what the VA's told us: It takes this long to build this facil-

ity. Now, it's incumbent upon us then to impress to the VA as much as we can to get this done. And I suspect if the trouble is building a hospital out of that time frame, it will take that timeframe wherever it builds it. So our job is to make sure it gets cut down and then answer our questions why it takes so long, so that's where I think we all are.

I want to just ask, let me see, ask Mr. Detweiler. When your organization was meeting and considering this whole matter, where the hospital should be built and how it should be built and that sort of thing and you looked at the issues of Tulane and LSU and in terms of teaching, as you've explained it, and someone was suggesting a minute ago that there hadn't been maybe enough talk about veterans as talk about other things. Wasn't the view of your organization to talk about the collaboration, the availability of medical facilities, and of common use of the latest technology, wasn't that talking about those things the same—the whole matter of talking about patient care of veterans?

Mr. DETWEILER. Well, you can't have one without the other. I mean, sure, veterans—the care of the veteran is the thing that's uppermost in our mind. The question is: How do you render the best care? And if you have the research facilities attached and you have those staffs available and so forth, then you have the better chance for better care.

And there have been a lot of things, just as I mentioned this particular doctor from LSU, things of that nature, have been through research between the hospitals, between the VA, between Tulane and LSU and other schools and schools around the country with the VA. The veteran gets the better care.

Mr. JEFFERSON. Thank you very much. Mr. Trenchard, good to see you, sir. You say the facility should be solely for the benefit of veterans and should be located in an easily accessible location safe from hurricanes and flooding. Could you explain a little bit more exactly what you are looking for in a facility? Do you mean just for veterans and no one else or do you mean that—do you feel if there's a collaborative that somehow veterans' issues will be submerged in other considerations?

Mr. TRENCHARD. I think once you mingle this with any other programs, it's going to detract from the quality healthcare that veterans are going to receive. I really believe that. I think it needs to be a dedicated facility for veterans. You start bringing in the Charity Hospital system or anything else into that, it's just going to muddy the water. You are not going to get the quality you need.

The other thing, as far as location, I'm not an expert. I'm not going to tell you that I know the best place to build this, but it doesn't make too much sense to me to put it back down here where it's going to flood.

You know, New Orleans was pretty lucky. Believe it or not, they were. They didn't get into the northeast quadrant of that hurricane. If that thing had come in around Grand Isle and it would have been hit by the northeast quadrant, I don't know think there's a levee around here or anything else that could have really protected this city. You take a look at what happened to Mississippi. New Orleans got it bad, but you take a look at Mississippi. There's nothing left standing up there.

Mr. JEFFERSON. So all along the Gulf Coast is a threat that hurricanes can happen; is that right?

Mr. TRENCHARD. That's right. And New Orleans has been very fortunate not to have been hit by one. Excuse me.

Mr. JEFFERSON. Go ahead.

Mr. TRENCHARD. I was born here in 1950, and over the last 57 years, they've been pretty lucky. You know, Betsy was about the worst thing they had that came through here. And, you know, the law of averages being what it is, they are ripe for another one the way I see it. And I think if we rebuild down here in New Orleans, we got a good chance that we're going to have to turn around and rebuild that thing again.

The other thing: They brought up that it was going to take like until 2010, 2011 to construct this elaborate levee system and everything else. Our guys can't wait that long. We need to build it some place we can build it now and not have to do all this extra construction and everything and don't have to worry about anything, knocking it down or anything.

Mr. JEFFERSON. I know you aren't familiar with the levee planning in any detail and are picking up about what the Mayor said about the homes being completed down the line——

Mr. TRENCHARD. Yeah.

Mr. JEFFERSON [continuing]. But the things that broke here, they have been fixed now and have been fixed over the last 18 months, the raising of the levees where the breaches took place, all those sorts of things, which is the notion that—which was done first so the city could come back and start restructuring and stuff.

But the levee system goes all the way, as you know, well down to Plaquemine. That part is down the road and will be built later. The point of it is here, anywhere on the Gulf Coast—are you saying it shouldn't be built anywhere along the Gulf Coast at all?

Mr. TRENCHARD. No. I'm advocating that it would be better located further inland, and I'm not saying all the way in Baton Rouge. Some places that it can be built, just an example, maybe over by Hammond, maybe by Gonzales, further inland right off the interstate where it's readily accessible to veterans.

You know, it's not just the New Orleans veterans. It's for guys coming from Mississippi, Alabama, and even the panhandle of Florida. They don't have a hospital yet and they are not liable to get one for a while either, although I'm sure they would like it.

But, you know, the thing is, you know, I listen to them talk about these defective levees and this defective engineering and everything, but you know, at the time when those levees were constructed and all, I remember that, when all these levees were being built and they put those flood gates in and everything. You know, that was—they assured us that that was going to take care of the situation and that was based on the best knowledge they had at the time. Well, they found out from this major hurricane, which didn't hit at the worst point but it hit bad enough, that it didn't work. So how are they going to estimate—I'm kind of curious to see how they're estimating that one, say, does hit west of here in the northeast quadrant hits New Orleans dead on, how do they estimate what forces it's going to be able to withstand? I think that's kind of hard to calculate myself.

Mr. JEFFERSON. I can have a response to it, but, you know, it's from living with the Corps for the last two years as to understand what they're doing, but I'll yield back my opportunity. I thank you for your testimony.

The CHAIRMAN. Thank you, Mr. Jefferson. Thank you. Mr. Miller.

Mr. MILLER OF FLORIDA. Mr. Cook, I appreciate the description of where I come from. I don't believe I've ever been described as coming from the far flung area of Pensacola, but thank you, and I understand the distance that the veterans are having to drive right now in need of a veteran hospital and where you're having to go to get your care.

Mr. Detweiler, you said the American Legion passed a unanimous resolution endorsement of rebuilding of the medical center with the development of the biomedical district to the downtown New Orleans area. Now, why—why was it so specific to that site and not just what you just said a few minutes ago to Mr. Baker?

Mr. DETWEILER. Because we thought that it would be better to be able to bring those facilities back together.

I've lived with this, been involved with veterans' benefits and involved with the American Legion for over 40 years and I've worked with the hospital, met with those people and listened to the work that has gone back and forth between the Tulane and LSU and VA system. And having had the opportunity to visit many VA facilities around the country as a national commander watching what other hospitals enjoy with the relationship of medical schools, I think the average veteran gets better care.

Mr. MILLER OF FLORIDA. So you are saying that a veteran in a medical center that has no medical school attached to it is receiving substandard care?

Mr. DETWEILER. No, sir, I'm not saying that. I am saying I think that they would get better care, I think the opportunity for more personnel is there. I'm not saying, because I don't know what specific facility you may be referring to, that they would get less care. I'm saying that the opportunity for better care and the availability of current research is there.

And we—you know, for example, we keep talking about PTSD. PTSD is a real serious problem. Finding a bed site in this area is almost impossible. That was my example about having to take 10 to 12 hours from diagnosis here to get into a bed somewhere in the northern part of the State or Houston or Jackson, Mississippi, or somewhere else. That's going to continue to grow.

I think what we are saying, that some four out of ten or six out of ten servicemen and women that come back from Iraq and Afghanistan are likely to be subjected or in some part of their life suffer from PTSD or some sort of brain injury, and this is a real concern. So all I'm saying is, it seems to me now we are for building a hospital as quickly as possible.

Now, again, if Mr. Baker says and he knows of somebody that can build a hospital within two or three years, we are for that, okay? And I don't know why that somebody that can build a hospital within two or three years somewhere up the highway can't put that hospital back in the area that we discussed.

Mr. MILLER OF FLORIDA. I would say in defense of Mr. Baker and in defense of your other colleagues that are here——

Mr. BAKER. Please get this on the record: He's defending Baker.

Mr. DETWEILER. I know that.

Mr. MILLER OF FLORIDA. You appear to be the only person at the table that is defending going back into the same place to repeat Mr. Nagin's——

Mr. DETWEILER. Maybe.

Mr. MILLER OF FLORIDA. You are. On the record, you are.

Mr. DETWEILER. Right.

Mr. MILLER OF FLORIDA. I can't quite figure out the intensity that you have to go back downtown. Maybe there is a reason, maybe there's not. I don't know.

Mr. DETWEILER. There's no reason other than the fact that——

Mr. MILLER OF FLORIDA. My time is running out. It appears that, I don't know if you read this or not in your comment, you talk about the New Orleans Medical District initiative. Did you read this out of your statement that you've entered into the record, that the American Legion endorses such a joint facility, with the proviso, let me finish the question—with the proviso that the veterans will be treated in a separate hospital building and not mingled with other patients. You read that——

Mr. DETWEILER. Yes, sir. I wrote that, yes, sir.

Mr. MILLER OF FLORIDA. No. Did you read that out loud?

Mr. DETWEILER. No, sir, I didn't. I was under the gun.

Mr. MILLER OF FLORIDA. Okay. That was in the middle of your—I just saw——

Mr. DETWEILER. No, sir, I did not read. I took different paragraphs to try to cover different issues and not say the same thing as some of my other people here have said.

Mr. MILLER OF FLORIDA. So, a totally separate VA facility with no co-mingling of any patients. Do you understand that that is the way the project is moving forward today?

Mr. DETWEILER. I understand that there are two concepts, okay.

Mr. MILLER OF FLORIDA. That's probably the reason that we got the delay that we've got today. Two years later, we have two concepts; tomorrow, it will be three concepts.

Mr. DETWEILER. Well, let's say this. Let me just say this. If the VA wants to move forward, let's move forward then, forgot about the State.

Mr. MILLER OF FLORIDA. I think you are hearing that today.

Mr. DETWEILER. No. I heard that before. I heard that long ago. If the VA wanted to build a—rebuild that hospital some place within the downtown area or wherever, it would have moved forward. I don't understand why the VA has not moved forward.

Mr. MILLER OF FLORIDA. Because there are organizations like yours that are telling the VA that you want to rebuild downtown as a collaborative effort.

Mr. DETWEILER. This was not something that we—this is something that came about because of the fact that the VA and the State got together and we thought it was in the best interest to do this. Now, if the VA doesn't think that's in the best interest to get the healthcare back and move forward, then build the hospital. Don't worry about the State. Forget all of that. But why hasn't the VA moved forward? The VA is an independent agency. It could surely move forward if it wanted to.

Mr. MILLER OF FLORIDA. I think that Ms. Catellier, who you referenced and I've had an opportunity to work with her as well, will probably answer that question in the next round. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, gentlemen. Mr. Michaud.

Mr. MICHAUD. Thank you very much, Mr. Chairman. Just a couple of quick questions.

We had a field hearing a couple of years ago in South Carolina talking about a collaborative effort in South Carolina with the VA and private industries, and there is an ongoing collaborative study group looking at the feasibility of building this facility. The report's due at the end of this September for the Louisiana area.

One of the things we found in the South Carolina situation was the fact that veteran service organizations (VSOs) were not at that time involved in the process, so I guess my first question would be just a simple yes or no answer for each of the VSOs. Have you been involved in the collaborative study group effort that is supposed to report back this September?

Mr. COOK. No, not for the Military Order of Purple Hearts.

Mr. TRENCHARD. Not at all.

Mr. MICHAUD. No for the Purple Hearts, no for the DAV.

Mr. DETWEILER. American Legion has taken it upon itself to meet with the VA, to meet with the staffs here. We've had two national commanders over the last two years come down and visit. They sat sit down and listen and were briefed on it. And the American Legion has an ongoing study that has been—I guess it's about five years, four or five years, "A System Worth Saving." And they have come down and they have looked at this, at the plans and so forth, and felt very comfortable with that project.

Mr. MICHAUD. Thank you. And that is a good report the American Legion puts out, "A System Worth Saving." I appreciate it.

Mr. DETWEILER. Worth Saving. I think we are on our third or fourth year on that, yes.

Mr. MICHAUD. Dr. Penn, have you been involved in that collaborative study group effort that's supposed to report back this September?

Dr. PENN. No, not at all. I just—well, I mentioned a while ago I'm an independent. I belong to a lot of service organizations such as the ex-POW, American ex-POW, and the Marine Corp League; and everybody's quite concerned why is it going to take seven to eight years to build this hospital. It just is taking too long.

And the last national geological survey facts I read were talking about the way we are losing so much marshland here in Louisiana that New Orleans would be a coastal city in 15, 20 years. So it looks like it's going to be a lot of water here in New Orleans for a long time.

Mr. MICHAUD. My second question for the VSOs. The Mayor mentioned that a lot of folks are coming back to the New Orleans region. Have you seen an increase or have your memberships come back or are they still out in other parts of the country? We'll start with Mr. Cook.

Mr. COOK. We still have members who have departed the area. Some have returned, some are planning to return, and some are not returning. We have them go as far away as Denver, Salt Lake

City, Birmingham, Alabama. We have—we are scattered from the inner New Orleans area and from the Mississippi Gulf Coast area. And no, sir, they are not all back; no, sir, they are not all coming back. We hope to see most of them back, but we don't—you know, we haven't done any studies or anything, but we do know that some will not come back.

Mr. TRENCHARD. I've seen a lot of these people coming in from Lafayette, Baton Rouge, Houston; and if they are not back by now, I seriously doubt they have any great plans on coming back. I think the bulk of the people are back that are going to come back the way things are set up.

I just think the whole—there's been a major shift of the amount of veterans right down here in New Orleans and I don't think you are going to see that many of them come back. We lost a number of chapters in this area that have never come back, and so that would be my view on it.

Mr. DETWEILER. We have veterans that have left and veterans that have come back. I can't say they are all back, I can't say that they are not coming back, but Katrina did cause the whole population to—you know, to scatter. There's no question about that.

I think the best person to answer the question as to the effect upon the hospital is to ask Ms. Catellier when she speaks.

Dr. PENN. Now, you know, it's been estimated over 4,000 doctors have left Louisiana, left New Orleans rather. I know in Baton Rouge every day there's a notice in the paper there's a new attorney, new physician, new dentist setting up office in Baton Rouge, so I don't know how many of these people will come back.

I was in a meeting the other day with some young people down here my daughter's age, 40 something years old, and they are all leaving New Orleans and they are not coming back.

Mr. DETWEILER. My son came back. He's in that age group.

Mr. MICHAUD. Thank you, Mr. Chairman.

The CHAIRMAN. We thank the panel. We thank you for being with us today and thank you for your service to our Nation's veterans that you do every day. Thank you so much.

Mr. DETWEILER. Thank you, Mr. Chairman.

The CHAIRMAN. You will be excused and the last panel we will hear from is from Department of Veterans Affairs officials who are here.

The CHAIRMAN. If everyone will come to order, we have Ms. Rica Lewis-Payton, Deputy Director of Network 16 of the Department of the VA. With her is Julie Catellier; is that right, Acting Director of the Southeast Louisiana Veterans Healthcare System. You've had some good press on the way here, Ms. Catellier, so welcome and we look forward to your testimony.

Ms. LEWIS-PAYTON. Actually, Mr. Chairman, because of that good press and the outstanding job, she's been permanently assigned to this position.

The CHAIRMAN. Okay.

Ms. LEWIS-PAYTON. It's now a part of the record.

The CHAIRMAN. Congratulations, I guess.

STATEMENT OF RICA LEWIS-PAYTON, FACHE, DEPUTY DIRECTOR, VETERANS INTEGRATED SERVICE NETWORK 16, VETERANS HEALTH ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS, ACCOMPANIED BY JULIE CATELLIER, DIRECTOR, SOUTHEAST LOUISIANA VETERANS HEALTHCARE SYSTEM, VETERANS HEALTH ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS

Ms. LEWIS-PAYTON. Mr. Chairman, Members of the Committee and Members of the Louisiana delegation, thank you for the continued support that Congress has given the Department of Veterans Affairs in our rebuilding and recovery efforts not only in southeastern Louisiana but also the entire Gulf region.

Today, I will describe our ongoing healthcare restoration efforts in New Orleans and the current status of plans to rebuild our VA Medical Center.

The Southeast Louisiana Veterans Healthcare System has made significant progress in meeting the healthcare needs of veterans in the greater New Orleans area. With the support of Congress, VA accelerated the activation of Community Based Outpatient Clinics (CBOCs) in the areas proposed under the care's program. New CBOCs are now open in Slidell, Hammond, and St. John's Parish. Currently, southeast Louisiana is served by six permanent CBOCs. Primary care and general mental health services are offered at each of these locations. Specialized mental health programs are currently provided and we are acquiring additional space and significantly expanding services.

Plans are progressing to lease space for additional specialty care and ambulatory procedures. Patients requiring highly complex care are referred to other VISN facilities or care is obtained within the New Orleans community. Outpatient pharmacy services currently exist at all of our CBOCs and a $3½ million project to establish a new and enhanced pharmacy in New Orleans will be completed in November 2007. A newly constructed diagnostic imaging center will open on the New Orleans campus in September 2007 providing the full range of general radiology, CT and MRI capability. Dental services are provided in both Baton Rouge and Mandeville, and currently we have no patients on the waiting list in dental.

In addition, in keeping with the national initiative to provide patient care in the least restrictive environment, southeast Louisiana has tripled the size of its community base—community—and home-based programs.

In June of 2007, VA entered into an agreement with its affiliate, the Tulane University Hospital and Clinic to allow VA physicians to admit and manage the care of veterans in the Tulane Hospital. Veterans have responded favorably to this "virtual VA inpatient" program because it allows them to remain near their families and support systems while being treated by their own familiar team of VA physicians and social workers.

The Southeast Louisiana Veterans Healthcare System has served almost 30,000 unique veterans through May 2007. On average, 1,000 outpatients are seen in the CBOCs per day. It is projected that by year end more than 35,000 unique veterans will have been treated. This is nearly 90 percent of the pre-Katrina level.

There are currently 76 medical residents compared to 120 before Hurricane Katrina. VISN 16 is working with its academic affiliates, the Tulane Medical School, and the LSU Medical School to place VA residents in medical facilities throughout VISN 16 until such time as full clinical programs return to the Southeast Louisiana Veterans Healthcare System.

VA has always been committed to building a new medical center in the greater New Orleans area. The space planning process has been initiated and in preparation for construction. The analysis of an architectural-engineering (AE) firm to design the new facility is complete and the announcement of the selection will take place soon. The replacement medical center is expected to provide acute medical, surgical, mental health, and tertiary care services as well as long-term care.

VA and LSU have signed a Memorandum of Understanding agreeing to jointly study state-of-the-art healthcare delivery options in New Orleans. VA is pleased to learn of the State of Louisiana's commitment of State funds for this project, and we will make a decision regarding the extent of its future collaboration with LSU after the report is completed.

While VA remains committed to exploring this partnership with LSU, delays have arisen. To ensure these delays did not impact our ability to reconstruct the VA Medical Center in a timely manner, VA initiated a search to identify alternative building locations. This search resulted in two responsive offers. An initial market survey of the two sites has been conducted an further analyses are planned. VA looks forward to completing this process and will make a decision on this site in the near future.

Thank you for the opportunity to be here today, and Ms. Catellier and I will be pleased to answer any questions that you may have.

[The prepared statement of Ms. Lewis-Payton appears on p. 81.]

The CHAIRMAN. Thank you very much. Thank you for your service to our veterans. So everything is going fine.

You know, Mr. Detweiler, I guess he said—you know, he said why hasn't the VA moved forward? I think that's the right quote. Now you are saying everything is moving forward. The perception is we are not. I mean why the—the disconnect, and do we have any dates that you could give us?

Ms. LEWIS-PAYTON. A couple of comments, sir. In terms of moving forward, we have worked diligently to ensure that we continue to provide quality healthcare services in the City of New Orleans. While it is not ideal, I can assure you that from the time we deployed mobile clinics a week after Hurricane Katrina until now, there's not a day that passes that we aren't discussing and developing and implementing plans to ensure veterans get care.

As it relates to the construction, as you heard from panel Members here today, there are compelling arguments and divergent opinions about where that site should be. We have an obligation—we have an obligation to ensure that we do our due diligence in analyzing those options, but let me be extremely clear: At the forefront of all of those discussions and at the forefront of our decision is what's in the best interest of the veterans we have the privilege to serve.

The CHAIRMAN. Thank you. Mr. Baker.

Mr. BAKER. Thank you, Mr. Chairman. Let me follow up on the Chairman's general line of questions.

With regard to the issuance of a report which will precede your decision-making window, is there an expected report deadline or is that indeterminate yet?

Ms. LEWIS-PAYTON. There is expected report deadlines. As I indicated earlier, the initial analysis of the two sites has been completed. What we are in the process of doing now, and that should occur within the next two to three weeks, is the cost analysis associated with those two sites.

As was also discussed here, there are costs associated with building downtown. We have to clearly understand what that means before we make those decisions. And based on that cost analysis, then a decision will be made whether or not we will do an environmental assessment of one site or two sites, and that will take a few months.

Mr. BAKER. So it would not be unreasonable to expect the preliminary report and findings within 45 days and then another three months for environmental assessments?

Ms. LEWIS-PAYTON. It would not be unreasonable to assume that.

Mr. BAKER. So that we would likely be close to the first of next year when we would be in a position to make the final, final decision?

Ms. LEWIS-PAYTON. Well, I would leave the actual date decision to the Secretary, but we should be in good position over the next couple of months to have done the analysis necessary on which that decision will be made.

Mr. BAKER. And are you at liberty to disclose where the sites are that are under consideration?

Ms. LEWIS-PAYTON. The two sites that are under consideration, of course, is the downtown site which is adjacent to the site identified by LSU; the second site is across from the Ochsner Hospital and it's a 28-acre tract.

Mr. BAKER. And how far is the Ochsner site from the downtown location?

Ms. LEWIS-PAYTON. Approximately 4.5 miles.

Mr. BAKER. 4.5 miles?

Ms. LEWIS-PAYTON. Yes.

Mr. BAKER. In earlier questions, I had asked the State officials and they were not clear as to elements of the construction requirements for the downtown site. One of those requirements, as I read their report, was securing the perimeter from the potential of a recurring flood event. I translated that as a levee. Do you understand whether that is correct? Will the downtown site as it is currently defined require leveeing in addition to the elevation of the principal building, 15 feet?

Ms. LEWIS-PAYTON. Ms. Catellier?

Ms. CATELLIER. Good afternoon, Congressman Baker. Good to see you again.

Mr. BAKER. Thank you.

Ms. CATELLIER. Actually, there has never been any discussion about a levee around the site. Earlier in the study report, which

you referred to, consideration was given to building a 15-foot berm, so putting the hospital up.

The current discussions are about doing pilings and putting the first floor of services at 25 feet, essentially the same thing.

Mr. BAKER. So initially two stories?

Ms. CATELLIER. Yes, sir, that's correct.

Mr. BAKER. And what about the elevation of ramps and roadways to access that site?

Ms. CATELLIER. There would have to be elevated ramps for sure.

Mr. BAKER. And are those costs, as far as you are conversant with the project, already determined and in the cost of the project or is that yet to be defined?

Ms. CATELLIER. Those are being studied now as referenced by Ms. Lewis-Payton.

Mr. BAKER. And the defend-in-place position of eight days, should that be extended to the operative period for when the last event occurred that it took us the time to get the water out so that we know we have a reasonable certainty that we are capable of operating for the time of the crisis?

Ms. CATELLIER. The best advice we've received from Homeland Security consultants and our own engineering staff is an eight-day defend-in-place strategy is adequate.

Mr. BAKER. With regard to the choices of veterans, has the agency conducted a survey of veterans to determine if they have a preference in the matter; and if so, what is the scope of that survey?

Ms. CATELLIER. Not to my knowledge.

Mr. BAKER. I've just been presented with a copy of the survey conducted and albeit by a competitor in the process, by Ochsner, indicating that in a survey of 600 veterans, some—half of which are former patients, half of which are prospective patients, that 7.6 out of 10 would prefer the Ochsner site. Now, I don't know whether that's a valid survey. I don't want to place any particular credibility with it.

Would it be unreasonable or is it out of common business practice—I don't know—for the VA to engage in a survey of the veterans in the 25-parish area that is likely to be served by this facility to get their opinions about this; and second part, is the time constraint to build a major factor in your ultimate or the Secretary's ultimate decision?

If one project can be built in, say, two or three years less than another project, would that be a factor in determining which site would be selected?

Ms. LEWIS-PAYTON. As I mentioned earlier, all of these compelling arguments, including what the timelines will be, what veteran preferences are, all of those arguments, all of those opinions about what we should do will be taken into consideration as the Secretary decides his—makes a decision regarding this.

Mr. BAKER. So if I were to ensure that there would be a survey, I should just address those concerns to the Secretary and he would decide whether that action is appropriate; is that the process?

Ms. LEWIS-PAYTON. Yes, sir.

Mr. BAKER. Thank you very much. Mr. Chairman, I'm way over time.

The CHAIRMAN. Thank you, Mr. Baker. Mr. Jefferson?

Mr. JEFFERSON. Thank you, Mr. Chairman.

Ms. Lewis-Payton—I want to ask you a question first. You're saying the cost analysis comes later—what—if I understood you correctly. What was the first—what was the initial analysis? What did that involve with respect to these two sites, if it didn't involve any concern about cost?

Ms. LEWIS-PAYTON. And we will get you the specifics as part of the record, but the initial analysis included things around egress to the site, the adequacy of the sites, how easy transportation methods were to the sites, some of those issues; and Ms. Catellier may want to add other considerations because I think you had members on the site evaluation teams.

Ms. CATELLIER. Ms. Lewis-Payton is accurate. In addition, environmental concerns above sea level, below sea level, road egress, restaurants, hotels, proximity to the medical schools. Each of the criteria was given a weighted value and a team of experts, including architects, attorneys, and engineers toured in detail both sites and rated and ranked those sites.

Mr. JEFFERSON. Now, of course, the Ochsner site and the site downtown, both are susceptible to being hit by a storm, are they not, it just depends on where the storm hits?

Ms. CATELLIER. Yes.

Mr. JEFFERSON. So what happened in New Orleans was the flooding that actually did the damage here; and what we have heard is that there's been some efforts made we all believe that will make that problem—that goes away. Some 300 years, it never happened until the levees failed.

Now, so with respect to both sites, the issue of whether it can be a hurricane that hits it, it just depends on the path that the hurricane takes; isn't that true? And so that's—in other words, that's not an eliminating factor. In both cases, there's a problem.

In your experience, Ms. Catellier, have you—are you familiar with the time it takes to build VA facilities in other places that you've seen recently built?

Ms. CATELLIER. Yes.

Mr. JEFFERSON. What is the average time it takes to build a VA hospital? And I know it's a big question, but——

Ms. CATELLIER. Well, if I might qualify, just it really depends on the size and complexity of the facility.

Mr. JEFFERSON. Well, give me a range kind of like, you know——

Ms. CATELLIER. As a rule, a very large hospital like the one we are building, about a million square feet, requires an 18-month design period, clinical experts and experts on our staff working with the architects. Once the design is completed, it's about a three-year construction project process.

Once the construction is completed, it takes about six months to do what we call activation, which means get the furniture in, get all the finishing touches, and begin to admit patients, so a good round number is five years.

Mr. JEFFERSON. So no matter where this hospital is built, it's going to take five years under the current way that things go?

Ms. CATELLIER. That's what my experts tell me.

Mr. JEFFERSON. All right. Now, is there any way that this can be shortened and this can be done more quickly that your experts are looking at to figure this out?

Ms. CATELLIER. I'm not an engineer, sir. I'm a nurse.

Mr. JEFFERSON. That's a good thing.

Ms. CATELLIER. Those are the best timelines that I've been provided with by people who ought to know.

Mr. JEFFERSON. So for those who say you have to build it right now today and in the morning, it can't happen no matter where it's built; it's going to take this period of time to get this done?

Ms. CATELLIER. We begin with the design of the hospital. That begins the clock.

Mr. JEFFERSON. Now, the design, where are we within the design phase of it now; do we know?

Ms. LEWIS-PAYTON. The initial space planning has been completed, the analysis of the AE firms has been completed as well.

Mr. JEFFERSON. Now, with respect to either site here, if you can say so now, if the design were finished, let's say we are finished now just as a hypothetical, and could you complete the hospital facility in either place in that three-year construction timeframe?

Ms. LEWIS-PAYTON. That's based on the information we have.

Mr. JEFFERSON. Okay. And could you then have it open and ready for patient support in another—it seems like I just saw the six months it seemed like. That would all work out on the timeline you are talking about?

[Ms. Lewis-Paton nods head affirmatively].

Mr. JEFFERSON. So with all of the collateral issues that everyone has been discussing today—and they really aren't collateral, they all evolve around patient care—the issue of LSU and Tulane and the teaching facilities and medical, education, and research capacities, all these things are weighed into your decisionmaking? Are these a part of your decisionmaking as well?

Ms. LEWIS-PAYTON. Yes, sir.

Mr. JEFFERSON. The provision of these services to veterans?

Ms. LEWIS-PAYTON. Yes, sir.

Mr. JEFFERSON. Have you measured whether these same—these same benefits can be derived if the hospital is in Ochsner, where Ochsner is located as opposed to downtown with respect to these schools and things to the process of veterans care?

Ms. LEWIS-PAYTON. That's part of the analysis that has been mentioned on a number of occasions here. The close proximity——

Mr. JEFFERSON. Is that a possibility?

Ms. LEWIS-PAYTON [continuing]. Is a part of the evaluation. It is not the sole determining factor, but it is a component of the evaluation.

Mr. JEFFERSON. It's an important part of the evaluation?

Ms. LEWIS-PAYTON. Yes, sir.

Mr. JEFFERSON. Okay. Is the VA—when we first talked, Mr. Chairman, back in your office a long time ago, we were all concerned about the VA making a decision to build a hospital in our general area and then we kind of get narrowed down to downtown New Orleans in a minute.

So the decision has been made by the VA, and the VA will reassure you, that we aren't talking about some other places along the

Gulf Coast or in the southeastern United States. We are down to these two facilities where we are going to build; that's about it?

Ms. LEWIS-PAYTON. That's correct.

Mr. JEFFERSON. That's it?

Ms. LEWIS-PAYTON. We were always committed to the greater New Orleans area.

Mr. JEFFERSON. So the advertising, that was just done to make sure you had options in the event that it turned out that way, so we don't need to worry about that?

Ms. LEWIS-PAYTON. That's correct.

Mr. JEFFERSON. Okay. I don't have any other questions.

The CHAIRMAN. Thank you, Mr. Jefferson. Mr. Miller?

Mr. MILLER OF FLORIDA. If I could ask, as I understand it, between the two sites, one of the sites is going to have to go through a condemnation process or eminent domain, their title is not clear, we don't know the timeframe. The Ochsner site has clear title and that's not an issue. Do we have any idea of the amount of time difference between the two sites that that would take, that having to go through the process of acquiring the land that it would take?

Ms. LEWIS-PAYTON. I heard the Mayor indicate during his testimony about the timelines and I think that may be in the information from LSU as well. I can't remember the specifics in terms of the eminent domain process. Do you, Ms. Catellier?

Ms. CATELLIER. Inclusive of eminent domain, we have delineated an 18-month access timeframe. We would need to have clear title to the land in 18 months, and the Mayor has guaranteed that he could deliver that.

Mr. MILLER OF FLORIDA. So it would take 18 months to get title to the land?

Ms. CATELLIER. It may not, Congressman Miller. It may take less. Our outside boundary is 18 months.

Mr. MILLER OF FLORIDA. The Ochsner is zero because it's clear title, correct?

Ms. CATELLIER. Yes.

Mr. MILLER OF FLORIDA. Did the Ochsner site flood?

Ms. CATELLIER. No.

Mr. MILLER OF FLORIDA. It did not flood?

Ms. CATELLIER. To the best of my knowledge, it did not.

Mr. MILLER OF FLORIDA. What is the reason for not demolishing the existing facility and rebuilding exactly where it stands today?

Ms. CATELLIER. The existing facility sits on about six and a half acres of land, which would have been insufficient in the minds of the construction engineers. The studies have been commissioned to actually assess the market feasibility of the current land in the current site.

Mr. MILLER OF FLORIDA. Is the building being—I mean I know there's a CBOC in it, but we talked about a pharmacy and imaging. We are not putting them in that building, are we?

Ms. LEWIS-PAYTON. No, sir.

Mr. MILLER OF FLORIDA. So the real estate would be available then for sale potentially to somebody else?

Ms. LEWIS-PAYTON. As I said, the market feasibility should be released soon in its final form and the Secretary will likely make a decision about disposal.

Mr. MILLER OF FLORIDA. In February, I think it was in February, we passed the—the supplemental with $600 million in it.

What exactly has VA been doing since February in regards to this issue, and I think I hear you saying we are dual tracked. We are going down one road as if we are not going to do the collaborative effort and we are going down the other road as if we were. We are not sitting still spinning our wheels, I hope?

Ms. LEWIS-PAYTON. That's absolutely correct, Congressman Miller.

As I indicated earlier, significant effort and plans have been developed and in some cases implemented related to this. We have completed the analysis of the AE firm. That is ready for announcement. We have continued the work with LSU in terms of planning for a joint cooperative effort. Prior to that, we had a study group that assessed the feasibility of it. The two sites have been—the initial evaluations have been complete.

So to answer your question, we have been very busy in those periods of time and have not been sitting just waiting for something to occur.

Mr. MILLER OF FLORIDA. If there was never a New Orleans VA Medical Center, would we be looking at building one here today? Do the numbers currently justify building a medical center?

Ms. LEWIS-PAYTON. Yes, sir, we believe they do.

Mr. MILLER OF FLORIDA. Would we be looking at building it downtown in a flood prone area if it had not been there originally?

Ms. LEWIS-PAYTON. When we look at the analysis of where our veterans are located, New Orleans really is central to that; and I yield to Ms. Catellier to better explain that.

Ms. CATELLIER. Well, ours is a very regional healthcare system. One of the charts that I put up to better illustrate that for folks who may not know Louisiana or southeast Louisiana, you can see where the names of our clinics are. We kind of go in a circle around the lake. Currently with the location of our clinics, 80 percent of our patients——

Mr. MILLER OF FLORIDA. I'm just talking about between the two sites——

Ms. CATELLIER. Okay.

Mr. MILLER OF FLORIDA [continuing]. Of downtown and the Ochsner site, which are the two sites that VA is currently looking at.

Ms. CATELLIER. Each site would provide access to the patients who use us. Eighty percent of those people would be within an hour, so either site would work.

Mr. MILLER OF FLORIDA. Either site would work, but given that there wasn't a facility there and we are looking to put one today and you have a flood plain area and a non-flood plain area, you would still weight the flood plain area the same?

Ms. CATELLIER. No. The flood plain area is one of the criteria, but it's not the only criteria and it wasn't weighted heavier than other criteria because you can mitigate for the flood plain.

Mr. MILLER OF FLORIDA. With money——

Ms. CATELLIER. Yes, sir.

Mr. MILLER OF FLORIDA [continuing]. That can be used for other veterans' healthcare needs throughout the rest of the country. So

you are taking dollars away from other veterans around the Nation just to rebuild a facility in a flood plain. It doesn't make sense.

Ms. LEWIS-PAYTON. Congressman Miller, I would like to add as well. You also—in this way, there's really difficulty in making these analyses and really coming up with what's the right decision in this case.

You have the construction issues associated with those dollars, but there are also operational dollars that would far exceed what the construction costs are; and those types of operational assessments include the workload—I'm sorry, the lost productivity associated with travel. So all of those things have to be considered as well because we also share faculty between our medical affiliates, they are going back and forth between the sites. So all of these are considerations as well from an operational perspective.

Mr. MILLER OF FLORIDA. I'm way over time also. Can you provide that information to this Committee, that in that decisionmaking process the difference between construction costs and offset? This Committee needs to understand that.

[The information from VA follows:]

Comparison of construction cost vs. operational cost of a hospital.

The FY 2009 budget, Volume 4, Construction and Five Year Capital Plan identifies on page 6–10, the present facility operating costs is $189 million, the projected operating costs of the new facility, including non-recurring and recurring is $413.7 million and the total estimated project construction cost is $625 million.

Response: Depending on the location, size, scope, and budget of the project, construction costs and operating costs vary. The general definition of construction costs are expenses incurred in the design (structure), overhead (services), and implementation of a project. Operating costs generally are the annual costs to sustain processes. Operational costs are both recurring and non-recurring. Recurring costs are typically utilities, electricity, staffing, and equipment maintenance. Non-recurring costs include equipment purchase (i.e. MRI, CT scan), and infrastructure maintenance. It is important to note the design of VA facilities is governed by many regulations and technical requirements. (VHA cleared—April 28, 2008)

Mr. MILLER OF FLORIDA. With the time running out, let me also say that southeast Louisiana with Ms. Catellier is in very good hands. If it can be done, she will get it done. I know because I've worked with her in the past on projects in my district and she'll do a wonderful job.

Ms. LEWIS-PAYTON. We absolutely agree.

The CHAIRMAN. Thank you. Mr. Michaud?

Mr. MICHAUD. Thank you very much, Mr. Chairman. Mr. Miller asked most of my questions, but you had mentioned in your statement, and I quote, that what is in the best interest of the veterans we serve is what you do.

I guess my concern is: During the previous panel, three out of the four individuals when I asked whether they were involved in the ongoing collaborative study group efforts, they said no. So my concern is how well are you really working with the veteran service organizations in this area and I would encourage you to work closely with them. It's to your benefit as well as the veterans, and I'm just surprised that three out of four said that they weren't involved in that collaborative study.

So hopefully you will allow VSOs to be involved in the process. It doesn't mean that you agree with them, but that they should

definitely be involved in the process because I think both will benefit by that.

Ms. LEWIS-PAYTON. We absolutely agree. They are not members on the study group, but as part of our communication plan, that is definitely a component of that. And, Ms. Catellier, do you want to add to that?

Mr. MICHAUD. And hopefully that communication plan is not one-way communication?

Ms. LEWIS-PAYTON. It's not, sir.

Ms. CATELLIER. And, Congressman, that is very much a part of my role is to be the advocate for all veterans and all VSOs. I meet with these folks on a weekly and monthly basis formally and daily, informally and bring their concerns and their thoughts to the Committee.

Mr. MICHAUD. So why did three out of four say they were not involved in the process?

Ms. CATELLIER. I suspect because they are not at the table for the specific deliberations and that I'm acting as their agent to bring their concerns to the group.

Mr. MICHAUD. Okay. My next question is—and you mentioned that 90 percent of the veterans pre-Katrina level are back. That's not counting the actual increase in workload. I know other VISNs have seen because of Iraq, Afghanistan, what have you.

My question is—and I know they are being taken care of in CBOCs and what have you, but have you seen an increase in fee-for-service or contracting out to rural hospitals and/or hospitals in general and what has that increase been since Katrina?

Ms. CATELLIER. We purchase much of our care that we'd like to keep in the local community for the convenience of our veterans, so for those services we can buy, we do. And we'll spend about $30 million this year on purchased care.

For complex care, especially cancer care and cardiac care and inpatient psychiatric care, which is not available in the local community, we refer our patients to our sister VA facilities within VISN 16 and we provide the transportation for the care.

Mr. MICHAUD. How does that increase before Katrina? Is it——

Ms. CATELLIER. For purchased care, the year before Katrina, it's about 10 times more.

Mr. MICHAUD. Okay. Since Katrina—and we've heard that some veterans are coming back—has the VA looked at exactly how many veterans are coming back, the demographic disbursement of the veterans, how many are coming back and where are they coming back to.

And do you have any information, if not available today, that you can provide the Committee?

Ms. CATELLIER. I do. Let me just give you just a snapshot because I know time is short, and I've asked my assistant to just put up a chart to sort of show it.

Our patients predominantly come from six parishes around the city. And as I said, we are a regional healthcare system, so whereas the population in Orleans Parish, which is the City of Orleans, is not as robust as we had seen, we are seeing that made up for—throughout the other parishes so that, as Ms. Lewis-Payton said,

we are this year at about 90 percent. We'll hit our pre-Katrina workload by next year, we believe.

So this chart shows you that for the three parishes in and around Orleans Parish, so Jefferson Parish, Orleans Parish, and St. Tammany Parish where we have our clinics, about 40 percent of our patients live there. About another 25 percent live up in the Baton Rouge area and then the rest is disbursed around southeast Louisiana. But what we are seeing is that, even though the city is not coming back to the same rate, the region is.

One other fact that I find very interesting as a newcomer to the city is that we have a huge market penetration of veterans in our veteran population, more than any VA I've worked at. Fifty percent of veterans who live in Orleans Parish use the VA, they are enrolled for care; and in the other six predominant parishes, about 30 percent market penetration, which is very high in the VA.

Mr. MICHAUD. Thank you. And, Mr. Chairman, if they could provide the charts for the Committee, it would be helpful. Thank you very much, Mr. Chairman. Thank you.

[The charts, Southeast Louisiana Veterans Healthcare System, Map Showing the 23 Parishes with Clinics Serving Veterans in: New Orleans, Baton Rouge, Hammond, St. John Parish, Slidell, and Houma, Southeast Louisiana Veterans Healthcare System, Individual Patients Treated FY 2005–FY 2007, and Southeast Louisiana Veterans Healthcare System, FY 2007 Patients by Parish, appear on pages 83 and 84.]

The CHAIRMAN. Thank you. Thank you all for giving us this information and making sure that we and the VA focus on these issues. We thank the Supreme Court of the State of Louisiana, by the way, for hosting us.

I would like to give Mr. Baker and Mr. Jefferson a couple of minutes each to just summarize their—their impressions of this hearing and where we go from here.

Mr. BAKER. Mr. Chairman, first, let me again express appreciation to you and others Members who have taken time from their schedule to be here today. I'm most appreciative. Most members of the audience attending would not know this is a very well-attended field hearing for events such as this, so it indicates the significant level of interest by the Committee in making the right decision here.

I am also very encouraged by the representatives of the VA here in the last panel testifying today as to their process going forward. Certainly, I would like to see it expedited more quickly. And I only have one minor element to add to the list of already required elements for consideration, not that it would be determinative but that it would be another element on the long list, to include some sort of statistically significant sampling of the veterans as to their preferences for location.

Outside of that, I think all the operational and construction elements that you have outlined are at the heart of this consideration are certainly appropriate and I think will yield the best decision possible and I'm going to support the agencies determinations as they go forward.

I hope, however, that once these considerations are finalized that we can find a way; and if there is anything that the agency can

bring to my attention that would be helpful in the expediting of the construction process, I certainly hope that more thought will be given to that.

It does appear to be a little longer time than a market driven approach to a similar complex project; and if there are rules or requirements that simply obfuscate the goal and are not benefiting to the public interest, we should review those and try to be helpful to you.

I certainly don't want to leave today without making the point that I am here to hopefully get the restoration of veteran services as quickly as possible. Wherever that decision is made, I'm for it. I just want it a little more quickly than we appear to be able to get it.

I thank you. I yield back, Mr. Chairman:

The CHAIRMAN. Thank you. Mr. Jefferson?

Mr. JEFFERSON. Thank you, Mr. Chairman. And I would like to thank you and the Committee for coming down here today and spending the time with us and committing yourself as you have, each of you, to restoring our veterans' benefits in our area. And I thank you for the particular attention you paid to my comments to you as we have talked on these issues.

I want to thank the dean of our delegation in Washington, Richard Baker, which has also been a steadfast supporter of our recovery here completely and totally; and I appreciate that from someone who's from Baton Rouge who has spent a lot of time with our efforts here and I know it's important to him.

I started out in this building, so I have a few feelings about it. Thirty-five years ago, I was a law clerk here and now—the Supreme Court wasn't here then. It was a Federal District Court, and right up here where we are, we actually literally came upstairs if you had a problem at the District Court level because the Appeals Court was upstairs from where we were. And this building has been redone, and it was a Wildlife and Fisheries building redone as a Federal court building now redone as a State Supreme Court facility. It is magnificent and I'm glad you had a chance to see it, see what's happening to make this transition and to restore this beautiful old building.

I want to say, though, to the particular issues today that we are talking about, I think it's been a very important hearing. And the folks you've heard from have been absolutely wonderful witnesses.

I think the point we made is that our State and local people are trying to bear up to their end of responsibility, both with respect to funding for the restoration of a hospital here and for coming together in a collaborative sense with those who can provide care for the veterans.

There was some questions early on about our State's commitment. I think those questions are answered or have been answered by this Legislature's actions in this particular session which just ended a few days ago.

I think the issue of site selection that we've talked so much about, I first started out, I represented the area as a parochial advocate for it, but I think there are many arguments that have been made today that I think make this one that I can make on an ob-

jective basis if I had to, and I think that the issue is all around patient care.

I think the veterans are right when they insist upon it, I think those at LSU are right when they talk about that as a core of our issue, and the Members here are right when they say that's really the issue we are talking about.

When the place is constructed, wherever it's constructed, it will be a facility that will be able to serve veterans, but the real issue is going to be what happens once it is constructed and what facilities are going to be brought to bear to give patient's care, day in and day out.

I think the argument for—that has been made here, no matter how one starts out about site, is that there will be better patient care for veterans if you have the collaborative efforts that we've talked about here, that we see in so many other places, between LSU and Tulane and other features of our healthcare system that are located in this medical corridor.

And in each case, the population is going to have access, as the map shows from the six-parish area, they can make access to either site, but the issue of the care of the patient and the research and all the rest of it all tie to patient care I think and argues more for the location here and I hope that that will be taken into account.

The issue of population, you've answered that I think quite adequately. I was concerned earlier about whether enough people are back or are coming back. And I said in the opening and it's been supported here, that even though they aren't back literally in the City of New Orleans, it's up to 65 percent of our population, they are around and about the city for the most part in other parishes that aren't a part of Orleans proper.

So I would urge this Committee to keep looking at this area and to understand how important it is since we get past the most important question, the issue of veteran care, patient care, then look at how important it is to our recovery in the second place, how essential it is to bringing the city back and making it whole again and how much of a responsibility, last, for the Federal Government to get that done.

I have said often and I don't want to keep sounding like a broken record, but the Mayor said it and I said it, others have said it. If the Federal Government had met its responsibility with respect to the design, construction, and maintenance of our levee system, we would not have had the flooding of the occasion, the destruction that took place here including the destruction of our medical healthcare facilities.

So there is a unique Federal responsibility here we think to help to restore our city. So we argue for patient care in the first place; but the second place, if it weren't for the efforts of this community and others to help to restore our city because it was a Federal—the action or inaction, if you will, of the Federal Government that caused the flooding of our city's facilities in the first place.

So I thank the Committee for coming here. I hope you can take these arguments back to our colleagues in the Congress and look forward to getting this done as quickly as we can, to restoring the VA facilities in our area. Thank you very much, thank all of you.

The CHAIRMAN. Thank you. I want to thank all the Members of our Committee, the Committee staff. The Committee was very much engaged in this. I think we learned a great deal that we will bring back to Washington, DC, and we have focused our attention on the veterans, we have focused our attention on the speed at which the Federal Government can act to remedy the situation.

We thank all of you for being here, we thank our last panel, and this hearing is adjourned.

[Whereupon, at 12:44 p.m., the Committee was adjourned.]

APPENDIX

Prepared Statement of Hon. Bob Filner
Chairman, Full Committee on Veterans' Affairs

Thank you, everyone, for coming today. This is a very important hearing on the future of VA healthcare in South Louisiana.

We are here today to explore the challenges faced by VA and other healthcare facilities to provide high quality, safe healthcare to veterans and other citizens of this area.

On the morning of August 29, 2005, Hurricane Katrina made landfall near the Louisiana-Mississippi border, causing significant destruction to a 90,000 square mile area of the Southeastern United States.

In the three-state area of Louisiana, Mississippi and Alabama, VA facilities affected included the Gulfport, Mississippi and New Orleans medical centers; New Orleans regional benefits office; five community based outpatient clinics along the Gulf Coast; and the Biloxi VA National Cemetery.

The VA's response to the hurricane and the safety of its patients has been recognized on numerous occasions as being outstanding.

The hurricane had a major impact on the overall healthcare delivery system in Southeastern Louisiana and today, nearly two years later, the delivery of healthcare remains in flux as leaders struggle to come to some agreement on both the best location and the best partnerships to forge in order to provide timely, safe, high-quality healthcare to veterans and others.

Today, veterans are seen at several different locations. Through the eight outpatient clinic locations throughout Southeastern Louisiana they are able to receive services that do include mental healthcare.

Prior to Katrina, the New Orleans VA medical center had a longstanding partnership with Louisiana State University in New Orleans, Tulane University Schools of Medicine, and many allied health profession programs. It was also a primary teaching facility in the area.

Congress appropriated $625 million, through two emergency supplemental appropriations, to move forward on building a new facility. On April 10, 2007, the Committee sent a letter to the Secretary urging VA to make their own decision without further delay.

Today, we will hear from a number of interested stakeholders on the planning and future of VA healthcare in Southeastern Louisiana.

We should keep in mind that moving ahead expeditiously to provide healthcare to veterans in the area is a top priority.

Anything less than that, does a disservice to those who have served their country.

Thank you all for attending the hearing today.

Prepared Statement of Hon. Michael H. Michaud
Chairman, Subcommittee on Health

I would like to express my thanks to the Chairman for holding this hearing today. This is an important issue for the veterans of Louisiana and for our VA system.

Veterans in south Louisiana have waited too long for a decision to be made on the future of healthcare delivery in this area.

VA has the opportunity to be creative and to benefit from community assistance and input.

I feel it is of the utmost importance to hear from the local leadership and stakeholders about the situation here and how best to resolve it.

The decision needs to be made quickly, wisely and with effective use of tax dollars.

And we must always remember that our responsibility here is to the veteran. They deserve to have access to the best possible care. That must be our guiding principle.

With that, I look forward to hearing from the Members of the panels.

Prepared Statement of Hon. Jeff Miller
Ranking Republican Member, Subcommittee on Health

Thank you, Mr. Chairman.

Many share my concerns about the topic of today's hearing, and I am grateful that this Committee is meeting to exercise its duty of ensuring that actions taken by VA are for the benefit of our nation's veterans.

Nearly two years after Hurricane Katrina, there is still not a clear plan on how veterans' healthcare needs will be addressed in the region, and I am troubled by many of the proposals. The proposal receiving the most attention has cost estimates approaching $1.2 billion, yet there is very little certainty about where this facility will be located.

Taxpayers and veterans both can be better served if VA would look take a more fiscally responsible approach and situate a facility that won't be subject to a repeat of what happened to the old hospital. With a declining population of veterans in the area prior to Katrina, a medical center where veterans are actually located would provide a quicker path to delivering healthcare to those in need. Furthermore, new hospitals are going up all around our country at a third of the estimated cost.

Veterans in Southeast Louisiana deserve timely access to healthcare just as veterans throughout the rest of the nation do. That is never in question. However, I question the proposed joint venture, and the significant amount of time that has lapsed with little progress makes me question that plan even more.

Putting a replacement facility in a flood-prone area looks like no lesson was learned in the past, and putting a replacement facility back in the same area after years of population shift looks like VA isn't looking clearly toward the future.

I look forward to today's testimony and hopefully constructive ideas on how veterans in this area can receive timely access to healthcare at a cost that best serves the interest of the taxpayers.

Prepared Statement of Hon. C. Ray Nagin
Mayor, City of New Orleans, Louisiana

I am C. Ray Nagin, Mayor of New Orleans, one of America's most beloved and culturally distinctive cities, and a city which is facing the challenge of recovering and rebuilding strategically after the worst natural and man-made disaster to occur in the United States of America. Our goal is to make our city stronger and better, and to provide improved services and opportunities to the citizens of our city and region. Among our most deserving citizens are our veterans, who have given of themselves to serve our country in times of war and peace.

To Chair and Congressman Filner, Ranking Member and Congressman Buyer, distinguished Members and guests of the House Committee on Veterans' Affairs: Thank you for calling this hearing to discuss the future of "VA healthcare in south Louisiana." The Veterans Administration (VA) Hospital has been an important presence in our community, and the construction of a new facility in downtown New Orleans would achieve several things: ensure that veterans receive the excellent state-of-the—art medical care they deserve; improve the provision of healthcare in general in the community; and dramatically impact the economy of our region.

I would like first to thank the Congress for their continued support in the months since Hurricane Katrina and the subsequent flooding of our city. I also must thank the American people and our friends throughout the world for their unwavering generosity.

Role of the VA Hospital

The VA Hospital has traditionally played an important role in ensuring the well-being of the over 200,000 veterans in southern Louisiana. The VA Hospital serves not only the veterans who live in the region, but the thousands who visit the city as tourists, for special events and for conventions. The construction of a new VA hospital in downtown New Orleans would greatly impact the availability, accessibility and quality of care for veterans. It would also help us to reclaim the many highly skilled and qualified medical specialists who were displaced after the storm, as well as to attract new medical professionals, facilities and businesses.

The area where the hospital would locate is within a legislatively created medical district, encompassing more than 30 public, private, and not-for-profit organizations, including several colleges and universities (LSU, Tulane, Xavier, Delgado), several hospitals, two medical schools, nursing schools, medically related offices and businesses, and associated biotech companies.

The presence of the VA Hospital in this district creates the synergy and leveraging ability that clustering of medical facilities can achieve. In this central location, it will continue to be a critical piece of the healthcare network of the New Orleans region. The physical proximity of institutions allows for sharing of expensive and ever changing technologies and diagnostic equipment. It also encourages human interaction and intellectual exchanges that can lead to more accurate diagnoses, varied treatment approaches and important scholarly and medical research and discovery.

Pre and post Katrina, the area's bioscience institutions have been conducting cutting-edge research in areas such as gene therapy, cancer biology, peptide pharmaceutical design, and infectious diseases. Federal and private grant funding in New Orleans exceeded $180 million in 2003 and was growing substantially as New Orleans based institutions capitalized on their core strengths. In fiscal year 2005, the New Orleans area accounted for $129.8 million in awards from the National Institutes of Health, representing 74 percent of the total amount awarded within the entire state of Louisiana. Those organizations have come together to

Many of these bioscience institutions have joined together to create the New Orleans Regional Biosciences Initiative (NORBI), one of the major redevelopment projects of the region. The new VA hospital would be an anchor in NORBI, along with other institutions such as Louisiana State University Health Sciences Center (LSUHSC) and Tulane University Hospital and Clinic. Their partnership with the VA would increase veterans' access to medical specialists and researchers.

The VA Hospital is also a critical economic development engine for the City of New Orleans. The new facility would result in a capital investment estimated to be $650 million to $1 billion, with an annual impact of $500 million. If co-located with the planned new LSU teaching facility, together they would result in a capital investment of at least $2 billion and produce an annual impact of more than $1.26 billion, including more than 20,000 construction jobs and more than 10,000 full time professional positions.

Our Work to Retain the Hospital

Recognizing the importance of such a development, the City of New Orleans, along with a coalition of regional partners, submitted a response to the Department of Veterans Affairs Request for Expressions of Interest to acquire a site for the construction of a medical center in the New Orleans Metropolitan Area. This medical district location for the VA Hospital has the support of the New Orleans Regional Planning Commission, the New Orleans City Council, and the Downtown Development District, each of which unanimously approved resolutions to keep the hospital downtown. In addition, the Louisiana chapter of the American Legion, with more than 1,000 delegates in attendance at its annual meeting last month, also unanimously supported the rebuilding of the VA Hospital in downtown New Orleans.

The city and its partners have the financial means to expeditiously acquire the necessary land, which will be done with the support of a cooperative endeavor agreement (CEA) with the State of Louisiana. This CEA engages the state to use quick-take authority for public benefit for all of the land required for the VA site, something it is in the process of doing for the adjacent LSU location. Site acquisition can be accomplished within the VA's 18-month design timeframe for the hospital, so that construction can begin immediately upon completion of the design. The city can provide the necessary infrastructure for the site, including water, sewer and electricity, and has conducted preliminary site assessments which indicate environmental concerns will not be a problem.

Much of the property that would be used for the project is currently non-residential. A large portion of it has been empty or underutilized, and this project provides an opportunity for further renewal of our urban core. Of the residential properties, most are not owner occupied, and the city has an agreement with an experienced non-profit for assistance with relocations. Acquisition of the land by the city would provide property owners with a government buyout, ensuring a fair price and an opportunity to locate in areas they find more desirable.

Though we realize there are significant advantages and cost savings to be had by co-location or coordination of services between the VA and LSU hospitals, our proposal to the VA is not dependent upon the building of any other facility.

Conclusion

In closing, I would like to again thank you for the opportunity to discuss our plans and hopes for the reestablishment of this critical healthcare institution in post-Katrina New Orleans. We appreciate your commitment, as the Committee on Veterans' Affairs, to ensuring that those who have served our country receive the excellent medical services they deserve. The presence of the VA Hospital in our downtown medical district will allow it to take advantage of the clustering of clinical, research, teaching and commercialization facilities to achieve that goal for our veterans and our community.

Prepared Statement of Michael Kaiser, M.D., Acting Chief Medical Officer Louisiana State University Healthcare Services Division

Mr. Chairman and Members of the Committee, my name is Michael Kaiser, I am a pediatrician and Acting Chief Medical Officer of the LSU Healthcare Services Division, which consists of seven acute care hospitals and extensive outpatient clinics operated by the State of Louisiana. These include our rebuilt LSU Interim Hospital campus in New Orleans, which prior to Hurricane Katrina was a component hospital of what was legally known as the Medical Center of Louisiana-New Orleans and which was effectively destroyed by Hurricane Katrina. Similar to other local public hospitals across the country, this facility functioned as the core of the safety net for the uninsured and was the predominant site for the clinical training of physicians and other healthcare professionals.

The now closed Charity Hospital (the other component facility of what was the Medical Center of Louisiana at New Orleans) sits across the street from the VA Hospital, which also suffered catastrophic damage in the storm. Following Katrina, nothing has occupied our time and attention more fully than the restoration of our public hospital and its clinics to serve the people of this region and the future healthcare professionals who train there.

Of necessity, LSU has focused on both the present and the future. In the nearly two years since Katrina, we have moved from emergency facilities in tents to the opening of a small, interim hospital and a growing number of primary and specialty care clinics at several locations. Our capacity is not yet up to the level of need in the region, particularly in the availability of psychiatric services, some medical specialties and dispersed primary care clinics, but we have made significant progress. Other major additional steps will be taken in the months ahead.

As we continue work to address immediate and critical needs in the community, LSU has kept a steady focus on the longer term. The region desperately needs not only additional healthcare resources, but also a way to develop and deploy those assets through a better, more efficient system than was possible before the storm. LSU has long worked toward fundamental improvements in its delivery system, such as through its award-winning disease management program, but the convergence of the need to rebuild and the heightened support today for both a reformed delivery model for care to the uninsured **and** for the financial and reimbursement reform necessary to make that new model possible, present realistic opportunities for our long-term agenda for change.

The VA Collaboration

The potential collaboration between the Department of Veterans Affairs (hereafter VA) and Louisiana's state public hospital system is one propelled by unintended opportunity, but it is a core part of our strategic vision. We have a chance to jointly design and cooperatively operate a new facility that meets the needs of both institutions, and the patients they serve, while at the same time achieving significantly enhanced efficiency, cost savings and quality healthcare.

The proposed collaboration is a logical step for reasons that extend beyond the destruction of Katrina. The adjacent VA and Louisiana-operated public hospitals have a long history of working together. Prior to the storm, the New Orleans VA purchased over $3 million a year in clinical and other services from LSU, including Cardiothoracic Surgery, Radiation Therapy, and Dermatology services. Many physicians worked at both the VA and the Medical Center of Louisiana at New Orleans facilities and many medical residents, from both LSU and Tulane Schools of Medicine, rotated to both hospitals.

For the past 18 months, I have chaired the planning efforts with the VA. First, the Collaborative Opportunities Study Group, cochaired with Mr. Michael Moreland, Director of the VA Hospital in Pittsburgh, looked at the possibility and feasibility of building together and sharing services. Once proved feasible, the Collaborative Opportunities Planning Group, cochaired with Mr. Ed Tucker, Director of the

DeBakey VA Hospital in Houston, has been studying what services should be shared and the details of building together. The COPG continues to meet weekly in order to present a final report to the Secretary by the end of September, 2007.

The creation of a VA–LSU campus in downtown New Orleans will create benefits for both partners that exceed what either can accomplish separately in different locations. We have a rare opportunity to develop a whole that is greater than the sum of its parts. There are enormous benefits to the community of a downtown medical complex anchored by the VA–LSU collaboration, bolstered by the Tulane and LSU health science centers, and building on a Level I Trauma program and centers of excellence in orthopedics, neurosciences and other specialties. These benefits will redound specifically to the patients of the VA and LSU systems, as well as to a larger population. It is the synergy created by working together that will enhance the services available to all our patients.

Where The Project Stands

The Louisiana Legislature in its just completed 2007 Regular Session, approved capital outlay appropriations totaling $1,500,000,000 for the project ($74,500,000 in HB 765 of the 2007 Regular Session and $1,425,500,000 in HB 2 of the 2007 Regular Session). These appropriations overstated the financial requirements for the facility by $300,000,000 because the legislature failed to make an adjustment for $300,000,000 previously allocated for this project, but moved in the waning days of the legislative session to the Road Home Program. Adjusting for this error leaves $1,200,000,000 for the new academic medical center which matches the cost estimate for the facility contained in the business plan completed by the Adams Group, a national hospital consulting firm, and overwhelming approved by both houses of the Louisiana Legislature. This funding comes from multiple sources as follows: $74,500,000 is from the State General Fund that is available immediately for land acquisition, planning, and construction; $225,500,000 will come from the sale of general obligation bonds that will be issued by the state as the need for additional cash becomes available; and, the final tranche, $900,000,000 will come from the sale of revenue bonds that will be issued after the general fund and general obligation bond moneys have been expended.

The construction of the new academic medical center is being managed by the Office of Facilities Planning and Control which is an agency within the executive branch of Louisiana Government. Acquisition of land identified for the new academic medical center and the VA facility is already underway with contracts having been issued to complete title and appraisal work. Once the VA firmly commits to building at the downtown site, the City of New Orleans and the State of Louisiana are prepared to immediately proceed with land acquisition for the VA.

Both LSU and the VA have conducted independent architect selection processes and are ready to announce the winning firms. If the same firm is not selected by each partner, a previously developed plan to work together with separate architects will be implemented.

From this point forward and given the preparation of both partners, **the process of building a new hospital complex together can proceed as quickly as choosing to build separately**. Significant groundwork has been laid for a long term, mutually beneficial collaboration, and we are poised to see it to completion.

Thank you again for your interest and for this opportunity to share LSU's perspective on these critical matters. Far from being an obstacle to healthcare reform as some have feared, the creation of a revitalized academic medical center complex in the city will be a catalyst for that reform. Particularly if LSU and the VA work together, it also will sustain a reformed system in the long run by supporting a viable, mission-driven system dedicated to improved access, the highest quality medical care and innovative healthcare education in a rebuilding community.

Thank you.

Prepared Statement of Frederick P. Cerise, M.D., M.P.H.
Secretary, Louisiana Department of Health and Hospitals

Introduction: Mr. Chairman and Members of the Committee, thank you for the opportunity to testify today on the future of veterans' healthcare in south Louisiana. I am Dr. Fred Cerise, Secretary of the Louisiana Department of Health and Hospitals (DHH), the leading state agency for healthcare in Louisiana.

Louisiana and the Department of Veterans Affairs (VA) have had a successful relationship for many years as demonstrated by collaboration among the Department of Veterans Affairs-Southeast Louisiana Veterans Healthcare System (SLVHCS),

Tulane University Health Sciences Center, and the Louisiana State University (LSU) Health Sciences Center.

Further, the LSU Health Sciences Center Healthcare Services Division, which operates the system of public hospitals and clinics in Louisiana, and the SLVHCS have similar missions to provide primary and specialty care and other related medical services to their target populations. The two systems have several other things in common: both are public healthcare systems, both provide a high volume of outpatient care, and both are integrated systems. Additionally, physicians and residents from Tulane and LSU regularly rotate between the two systems. [1]

Post-Hurricane Katrina, these two healthcare systems, and ultimately the State and Federal Governments, have a tremendous opportunity to advance and strengthen this relationship into a formal partnership, creating better and more efficient healthcare for the citizens and veterans of Louisiana.

Louisiana Healthcare Redesign Collaborative and the VA Vision: After Hurricane Katrina, the Louisiana Healthcare Redesign Collaborative was created through a legislative resolution to respond to the healthcare issues in the New Orleans region (Jefferson, Orleans, Plaquemines, and St. Bernard Parishes). The Collaborative was a forty member group charged with creating recommendations for a quality driven healthcare system for New Orleans. The Collaborative adopted the following vision: *Health care in Louisiana will be patient-centered, quality-driven, sustainable and accessible to all citizens.*

The backbone of the redesigned system of care put forward by the Collaborative is the "medical home." The goal of the medical home is to provide a coordinated approach to patient-centered care that is built on partnerships, to utilize health information technology, and to improve health outcomes. This is akin to the VA Vision that "supports innovation, empowerment, productivity, accountability, and continuous improvement. Working together, [you] provide a continuum of high quality healthcare in a convenient, responsive, caring manner—and at a reasonable cost." [2]

The medical home is the base from which primary care and other needed services are managed and coordinated in order to provide the most effective and efficient care. This includes specialty care, inpatient care, community preventive services and extension services for complex care needs. Investments in health information technology (HIT) and the recently established Louisiana Healthcare Quality Forum (LHCQF) will aid in creating "system-ness" and ensuring that improvements in quality occur.

The medical home system is consistent with recommendations made by a number of professional societies. Additionally, it has the qualities and expectations consistent with those of a high performing health system and/or redesigned system as described by the Commonwealth Fund and the Institute of Medicine. Ensuring the coordination and comprehensive approach of the medical home model over time will improve the efficiency and effectiveness of the healthcare system and ultimately improve health outcomes.

Louisiana is moving forward with the redesign of the healthcare systems in the hurricane affected areas. As a result of the recent legislative session, funding has been allocated to pilot the medical home system of care, including support for the development of regional health information exchanges, adoption of electronic medical records by providers, and the LHCQF.

The VA as a Model for Healthcare: In July 2006, BusinessWeek magazine called the VA healthcare *the best medical care in the U.S.* A 2004 article in The American Journal of Managed Care stated that "today, the VA is recognized for leadership in clinical informatics and performance improvement, cares for more patients with proportionally fewer resources, and sets national benchmarks in patient satisfaction and for 18 indicators of quality in disease prevention and treatment." [3]

The VA system is probably best known for its successful coordination of care and use of health information technology (through the VistA system). The Veterans Integrated Service Networks (VISN) created fundamental change in how healthcare was delivered to veterans. The VISN encouraged the coordination of care and resources of the medical centers, clinics, long-term facilities and other facilities. As a result,

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[1] LSU–HCSD, *Status Report: LSU/VA Collaboration in New Orleans,* May 2006.

[2] United States Department of Veterans Affairs, available at: http://www1.va.gov/health/gateway.html, (accessed on July 5, 2007).

[3] Perlin, Jonathan, et al, *The Veterans Health Administration: Quality, Value, Accountability, and Information as Transforming Strategies for Patient-Centered Care,* The American Journal of Managed Care, November 2004.

the VA experienced a reduction in hospital and long-term beds, and ultimately in hospitalizations.[4]

Health information technology is integrated in the VA system through its VistA system. The success of the VistA system was highlighted in the aftermath of Hurricane Katrina when VA facilities across the nation were able to access patient information for evacuees. Health information technology provides the VA an opportunity to monitor and improve quality. For example, the VA uses computerized physician order entry, which has shown to decrease rates of adverse drug events.[5]

The VA also provides an avenue for healthcare research. In New Orleans alone, the VA has twenty-nine active research projects and is the home to the Mental Illness Research, Education, and Clinical Center.[6] Furthermore, the cost per patient in the VA system is less than the national average.[7]

The State's Commitment to the LSU–VA Partnership: The state's goals for healthcare are clear. Given the similar mission and goals between the state and the VA, a joint partnership between the two entities makes sense. What has been proposed is a move from three separate inpatient facilities that existed in New Orleans prior to Katrina to a single shared LSU–VA inpatient facility with a more dispersed network of clinics. Sharing of common physical plant needs and certain high-end clinical services will create significant operational efficiencies for our taxpayers and improved health benefits for all of the citizens we both serve.

The state's commitment to this partnership is strong. The state has made the necessary commitment of funding for a new academic medical center in downtown New Orleans to replace the old Charity Hospital. Governor Kathleen Blanco recently signed Act 203, which allocates an initial $74.5 million for land acquisition and planning for the project. The authorizing legislation for the $225.5 million down payment called for in the business plan developed by Louisiana's Division of Administration was approved by the state legislature and is awaiting the governor's signature. The remainder of the project will be financed through general revenue bonds.

In addition to the state's investments in the medical home pilots, HIT, and quality, the state has also committed $38 million to a cancer research institution, which will be established in downtown New Orleans. The presence of LSU and Tulane, combined with the VA and the new cancer center will create a medical district that will not only drive economic development in New Orleans, but will also provide state of the art healthcare to our citizens and veterans.

There is widespread support for this endeavor. The Regional Planning Commission for Jefferson, Orleans, Plaquemines, St. Bernard and St. Tammany Parishes unanimously endorsed a resolution supporting the retention of a VA Hospital in downtown New Orleans. The Downtown Development District of New Orleans passed a similar resolution. The state legislature showed its support of the LSU–VA partnership by passing Senate Concurrent Resolution 76.

The Unified New Orleans Plan (UNOP) identifies the LSU–VA partnership as one of its highest priorities for economic development. Input for the plan was received from every neighborhood in New Orleans and from a broad spectrum of community leaders. The Plan states that "the LSU/VA/University Hospital Complex is the key project to the reinvigorated medical district . . . it will foster technologically-driven high performance companies that have the potential of creating quality jobs and economic diversification."

The state and the VA have similar visions for healthcare—to provide patient-centered, coordinated care that utilizes health information technology and improves health outcomes in the most efficient manner possible. The existing partnerships among the VA, Tulane, and LSU will only be strengthened through this proposed new model. Hurricane Katrina was a tragedy for the New Orleans region and for our country. Together, we have the opportunity to create something positive, new, and innovative in the wake of this terrible disaster.

The shared inpatient facility with a dispersed network of clinics organized to better serve our citizens is not a simple rebuilding of old systems but the creation of a new model that makes sense for those receiving care and responds with clinical and financial accountability to the taxpayers supporting this care. I urge you to recognize the opportunity to do something truly innovative for our citizens and support this endeavor.

Thank you for the opportunity to testify today.

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[4] Ibid.

[5] Ibid.

[6] United States Department of Veterans Affairs, *State Summary: Louisiana,* available at: http://www1.va.gov/opa/fact/statesum/LAss.asp, (accessed on July 5, 2007)

[7] Arnst, Catherine, *The Best Medical Care in the U.S.,* Business Week, July 2006.

Prepared Statement of Alan M. Miller, Ph.D., M.D.
Interim Senior Vice President for Health Sciences
Tulane University, New Orleans, LA

Mr. Chairman and Members of the Committee: Thank you for the opportunity to speak to you about the importance of fully restoring accessible healthcare and benefits services to our region's veterans and about Tulane's historic and present role in the provision of that care. Almost 23 months have passed since Hurricane Katrina devastated our city and our healthcare system. While we've seen enormous progress in some areas, in other areas progress has come at a distressingly slow pace. At this juncture, our primary focus should be the timely re-establishment of the highest quality care possible for the men and women who have served our country.

The VA has been a valued Tulane partner for nearly 40 years and during that time our faculty, residents, and medical students have worked side by side with the VA in providing outpatient and inpatient care for the 23-parish region, the education of our future physician workforce, and cutting edge medical research.

Today, I'd like to focus my comments on four key areas:

1. Provision of care at the VA pre-Katrina;
2. The VA's and Tulane's roles in re-establishing medical care post-Katrina;
3. The importance of the VA in medical research;
4. Looking ahead to the biosciences

I. Tulane and the VA—Before the Storm

Prior to Hurricane Katrina, Tulane University provided approximately 70 percent of the patient care at the VA, with more than 75 Tulane faculty physicians serving joint appointments with the VA in many medical, surgical, and psychiatric sub-specialties and advanced clinical services. These included geriatrics care, coronary intensive care and post-traumatic stress disorders.

Well-educated and trained physicians are essential elements in assuring access to quality healthcare services not only in New Orleans but throughout our country. Tulane's mission of healthcare, medical education and research is intimately intertwined with that of the VA, and each institution depends upon the other for success.

Before August 2005, the VA Medical Center and Hospital in New Orleans provided training for approximately 140 residents, 120 of whom were from Tulane.

The VA's integration with the health sciences centers at Tulane and LSU provided a critical synergy that was a key strength both for the New Orleans VA and the region's overall healthcare standing. It also provided a vibrant environment in which groundbreaking research took place. For example, Dr. Andrew V. Schally of the VA and the Tulane School of Medicine achieved international recognition as a Nobel Laureate for Medicine or Physiology for research that opened the door to new research in contraception, diabetes and mental retardation, as well as depression and other human mental disorders.

In short, the VA, in tandem with the medical education programs at Tulane and LSU, had by August 2005 become a vital fixture in the healthcare landscape of New Orleans and the surrounding region, not only providing critical medical care but also playing a crucial role in graduate medical education and medical research.

II. Re-establishing Medical Care, Post-Katrina

The actions of a number of local, state and Federal agencies have been questioned in the aftermath of Katrina, but the VA is not among them. The VA's swift response allowed the agency to successfully and safely evacuate hundreds of patients and employees as well as thousands of critical patient records. The presence of a significant number of Tulane faculty physicians, residents and staff was integral to the evacuation and crucial in re-establishing a presence in the community immediately following the storm.

Today, the VA's outpatient clinics have reopened and visits are up to 75% of the pre-storm numbers. In addition, through its partnership with Tulane, the VA is now providing much-needed inpatient care at Tulane Hospital and Clinic as it strives to keep up with the rapidly expanding population. Currently, the VA is supporting an average of 26 Tulane residents per month who are involved in outpatient care. If more VA beds were available, Tulane would increase the number of residents there to 70.

Historically, Tulane Health Sciences Center faculty and staff have provided from 70–80% of the healthcare services at the area's VA locations. In addition to our residents, more than 40 Tulane physicians are currently providing services and training at various VA locations in the area, representing more than $2.2 million in physician compensation alone. In addition, numerous other Tulane faculty physicians are

frequently available for service at VA locations as needed. The Tulane's Health Sciences Center is now actively recruiting new physicians to accommodate the increasing need in the area and has open searches for five faculty positions specifically to support the clinical mission at the VA.

Tulane physicians at the VA represent numerous specialties and subspecialties, including cardiology, clinical immunology, endocrinology, family medicine, gastroenterology, general internal medicine, hematology/oncology, internal medicine, nephrology, neurosurgery, ophthalmology, orthopaedics, otolaryngology, psychiatry, pulmonology, radiation oncology, urology, and surgery.

III. The VA, Medical Education and Research: Vital Partnerships

The VA Medical Center relies heavily on Tulane faculty to conduct important basic, clinical and translational research studies. In the year prior to Katrina, $1.2 million in VA-funded research projects were awarded, most of which were under the direction of Tulane faculty researchers. Tulane faculty had numerous clinical trials open at the VA prior to the storm in areas including cancer, diabetes and lung disease. Clinical research studies conducted at the VA Medical Center help ensure that our country's veterans, and ultimately its citizens at large, reap the benefits of this nation's substantial investment in cutting-edge treatments, technologies and pharmaceutical development.

IV. Looking Ahead: A Synergy of Innovation, Education and Healthcare

As we look down the road five, 10, 20 years and longer, it's clear that the VA will be a cornerstone in the future of healthcare and the biosciences industry in the region. These industries already represent a significant share of New Orleans' regional economy. More than 8,000 people are employed in the bioscience and health related fields, with the metro area ranking 67th in the country. Although New Orleans is still behind bioscience giants such as the San Francisco Bay area, Boston, and Research Triangle in North Carolina, the metro area currently outranks other up-and-coming centers including Nashville, Birmingham, Louisville and Greenville, South Carolina.

Pre- and post-Katrina, the area's bioscience institutions have been conducting cutting-edge research in areas such as gene therapy, cancer biology, peptide pharmaceutical design, and infectious diseases. Federal and private grant funding in New Orleans exceeded $180 million in 2003 and is growing substantially as New Orleans-based institutions capitalize upon their core strengths. In FY 2005, the New Orleans area accounted for $131.4 million in awards from the National Institutes of Health (NIH), representing 71% of the total amount awarded within the entire state of Louisiana and 82% of all NIH funding in the Gulf Coast region including New Orleans, the Mississippi and Alabama Gulf Coasts, and the Florida Panhandle. NIH investment in the area continues to grow. Tulane University itself accounted for 46% of all NIH awards in the region from New Orleans through the Florida panhandle.

Prior to Hurricane Katrina, the New Orleans Bioscience District was actively building a framework for entrepreneurial success. As a crucial component of that framework, the Louisiana State University Health Sciences Center (LSUHSC), Tulane University (TU) and the State of Louisiana formed both the Louisiana Gene Therapy Research Consortium and the Louisiana Cancer Research Consortium (LCRC). These partnerships are focused on leveraging the universities' research and education strengths to position the region as a leading center for clinical, biomedical and translational research, and to increase the area's competitiveness for large-scale research projects funded by the National Institutes of Health. In support of the region's efforts to expand its bioscience and biomedical infrastructure, the State of Louisiana also provided support for the creation of a 60,000-square-foot New Orleans BioInnovation Center (NOBIC). This center is designed to support the area's growing bioscience community, to attract additional biotechnology investment, and to foster the commercialization of new technologies and pharmaceuticals developed in the vibrant New Orleans Bioscience District. With additional funding provided this year by the state legislature, construction will begin this fall in the downtown bioscience district on an $86 million cancer research facility, and the $60 million BioInnovation Center.

The synergy generated by Tulane, LSU, the construction of the BioInnovation Center and the LCRC building, each within a few city blocks of the other, will create a rich, dynamic teaching and research environment that will rival any in the country. A strong VA Medical Center is a crucial component of this burgeoning bioscience hub that will maximize the potential of both the district and of the VA. It is hard to imagine the district without the VA, and the VA being built anywhere but the district.

I want to thank each of you and your colleagues in Congress for demonstrating your strong commitment to re-establishing a permanent base of care for the region's veterans in New Orleans by appropriating more than $600 million for a new state-of-the-art VA Medical Center. Although it may have taken longer than many of us would have hoped, the state too has done its part in providing funding for a public hospital to be built in tandem with the VA. This leverages the Federal Government investment, providing substantial cost savings and demonstrating good stewardship of taxpayer dollars. In addition, the investments by the state, city, and our own institutions in the emerging bioscience district provide a unique opportunity to create a vibrant inter-reliant collaboration among key healthcare, education and research entities, all of which are crucial to the VA's mission. It is the hope of Tulane University, as well as that of the many local and regional stakeholders in the biosciences, that the VA and the City of New Orleans move quickly to begin the process of land acquisition, planning and construction so that we may re-establish the full spectrum of care for our rapidly growing veteran population.

Once again, I thank you for allowing me to speak to Members of this Committee today. With your help, we will continue to bring healthcare in our city and region not just back to where it was, but into an even better future.

Prepared Statement of Henry J. Cook, III
National Senior Vice Commander, Military Order of the Purple Heart

Chairman Filner, Members of the Committee, ladies and gentlemen.

I am Henry J. Cook, III, National Senior Vice Commander of the Military Order of the Purple Heart (MOPH).

It is my honor to appear before this Committee which is of such great importance to all veterans. The MOPH is unique among veteran service organizations in that our members are all combat wounded veterans who shed their blood on the battlefields of the world while serving in uniform. For their sacrifices they were all awarded the Purple Heart Medal.

I am accompanied today by MOPH members and state officers of our organization from both Louisiana and Mississippi. Also present are ladies of the Ladies Auxiliary of the MOPH.

I would like to preface my remarks today with a statement of thanks to the Department of Veterans Affairs in both Louisiana and Mississippi for the way that they reacted and took care of veterans when Hurricanes Katrina and Rita struck. Almost all other government agencies at both state and federal levels were overwhelmed by the sheer magnitude and consequences of those storms. However, the Department of Veterans Affairs Medical Centers and Regional Offices in both Louisiana and

Mississippi maintained their focus on care for the veterans during this trying and challenging time. The services to the veterans provided by them were without equal and in some cases heroic in the way that veterans were cared for and moved from harms way by caring employees of the Department of Veterans Affairs. I ask that you also commend the Department of Veterans Affairs for the way that they continue care for veterans in the aftermath of that catastrophic event.

Your Committee and the Department of Veterans Affairs Medical Center in New Orleans are both very important to members of the MOPH and all veterans from both Louisiana and Mississippi who were served by the New Orleans facility. As we sit here today, your Committee is here but the hospital is gone. From our perspective, the Department of Veterans Affairs medical system in the New Orleans and on the Mississippi Gulf Coast is struggling to deliver, at best, badly fragmented services to veterans.

The MOPH is now looking to your Committee to restore the New Orleans Veterans Affairs Medical Center and the badly needed services it provided to our members and all veterans in this area. This should be done as soon as possible so as to prevent further loss of services and provide full restoration of *earned* entitlements and benefits for all veterans in this geographic area.

To better explain what I meant earlier by services to veterans being "fragmented" I submit to you some specifics.

That while the Department of Veterans Affairs in New Orleans is in fact providing services for veterans many of the veterans have to go to other locations to receive that care. In my particular situation, I received, prior to Katrina, orthopedic services from the New Orleans facility. Since that facility is gone, it took me more than six months to even schedule an appointment for an orthopedic services but I discovered that I had to travel to Mobile, AL to receive such services. Fortunately

I am physically and financially able to travel to Mobile, AL and other locations but that is not true of many veterans. Further, the Department of Veterans Affairs, while having established "travel pay" for veterans who have to travel more than 28 miles for care, pay the grand sum of *eleven* cents per mile. More painfully the veteran must pay a deductible when travel pay is given to him out of the first three trips of each month. This, when gas is over $3.00 per gallon.

We in the MOPH have members who now have to travel to Mobile, AL, Jackson, MS, Pensacola, FL and other more far flung destinations in order to receive continuing care from the Department of Veterans Affairs medical system. The present system of healthcare for the veterans in this area is fragmented according to every definition of that word. Please return to the veterans here a world class medical facility that can serve our membership and all veterans at one location. And I might add, do this as soon as possible to mitigate the continuing deprivation or the *earned* benefits and entitlements due our veterans.

There is one other problem area relative to the loss of the Department of Veterans Affairs Medical Center and Regional Office in New Orleans that I would like to bring to your attention. This involves the loss of the ability of veterans to pursue their claims and obtain those pesky *earned* benefits again.

The Director of the State Veterans Affairs (Claim division) for the state of Mississippi informed me that many veterans who were having their claims processed in the New Orleans Regional Office soon discovered that their claims had been transferred to the Jackson, MS regional office. The Jackson Regional Office willingly accepted this responsibility of seeing the veterans from New Orleans and the Mississippi Gulf Coast. In many cases involving veterans from New Orleans and the Gulf Coast veterans could not be located for medical appointments and documentation needed for their claims. Many veterans, widows and their children went for months without appropriate attention to their claims thereby adding to the pre-existing backlog of claims pending.

Once located however, the veterans, widows and their children they were faced with the problem of travel to Jackson, MS to continue the process of their claims. This again placed an added burden on the veterans and in some cases, their widows who found travel of three hours or more not only difficult but expensive. During most of the first year after Katrina there were many veterans who were truly homeless and living in shelters or temporary trailers far from Jackson. This condition still exists today with many veterans still living in FEMA trailers and pressed financially.

The transferring of all claims from the New Orleans and Mississippi Gulf Coast area created a terrible burden on the Jackson Regional Office and even though the personnel of that office were overwhelmed they tried hard to continue to deliver services to our veterans. While I do not know the status of the back log as of this date as a result of the loss of the New Orleans Regional Office due to Katrina, I do know that I hear the comments of those veterans who claims questions remain unanswered.

In summary, we all know that Katrina had a devastating effect on the Department of Veterans Affairs medical care system in this area. We should all know that *what is most important now is a full restoration of all veterans' medical services as soon as possible.*

Grandiose plans for what could be in the future are of no use to our members and veterans who have been deprived of *earned* benefits and care. The time is now, the need is now.

Thank you very much for allowing me to appear before your committee on behalf of the MOPH.

I am now ready to take any questions that you may have for me.

Prepared Statement of Chuck Trenchard, Adjutant
Disabled American Veterans, Department of Louisiana

Mr. Chairman and Members of the Committee, thank you for the opportunity you have afforded me to come speak to you today on behalf of the disabled American veterans.

The loss of the VA medical center in New Orleans has had a profound impact on both the quality and availability of appropriate healthcare for thousands of Louisiana and Mississippi veterans as well as veterans from both Alabama and the Florida panhandle. It is essential that a new medical facility be constructed as soon as possible to ensure the well-being of these veterans.

The primary focus of this facility should be the care and treatment of America's veterans. Any other economic and political considerations in regard to the location of this facility are secondary and should only be fulfilled as a by-product. This facility needs to be solely for the benefit of veterans and should be located in an easily accessible location, safe from hurricanes and flooding. It should be placed in a location that will benefit the greatest number of veterans. It should be a dedicated facility, not incorporated with any other programs.

Whether we like it or not, this is a time of war and America's military is putting their lives on the line to keep our country safe as they have for over 200 years. As an instrument of national power, the military is trained to do what they are told to do, when they are to do it, and how they are told to do it. Veterans are a unique group of people.

They don't have to ask what they can do for their country. They know what to do and do it well without regard to the risks. They have never kept their country waiting.

Throughout the Spanish-American War, WWI, WWII, Korea, Vietnam, Panama, Kuwait, Afghanistan, and now Iraq veterans met the call to arms and successfully served to defend our Nation against all enemies. They have never kept America waiting. We owe it to our veterans to properly care for them now and not keep them waiting.

As time goes by, the healthcare situation will get worse—not better and America's veterans will wait and suffer. We need to put politics and bureaucracy aside and to do the right thing—take care of our veterans now! After all, haven't they earned it? Thank you.

Prepared Statement of William M. "Bill" Detweiler
Past National Commander, American Legion

Mr. Chairman and Members of the Committee:

The American Legion appreciates this opportunity to testify this morning before the Field Hearing of the House Veterans' Affairs Committee on veterans healthcare in Southeastern Louisiana, and the need to rebuild the Veterans Affairs Medical Center (VAMC) New Orleans without further delay.

Mr. Chairman, during my brief oral testimony this morning I will make several recommendations on behalf of The American Legion, for consideration of the Committee as you consider the actions necessary to restore veterans healthcare in this area to a level that is second to none. I would request that you allow the filing and acceptance of my written testimony with attachments for the record and for the later consideration of the Members of the Committee.

Thank you Mr. Chairman.

The American Legion has taken a strong stand on the rebuilding of the VAMC New Orleans in the downtown area of the city. During its recent State Convention, June 8–10, 2007 in Alexandria, La., The American Legion, the largest veterans service organization with over 29,000 members in Louisiana, unanimously adopted a resolution endorsing the rebuilding of the VAMC New Orleans in conjunction with the development of the bio-medical district in downtown New Orleans.

Current Status of Veterans Medical Care

Despite the heroic efforts of Mr. John Church, the Director of the VAMC New Orleans at the time of Hurricane Katrina and its aftermath, it was quickly determined following the flooding that the hospital was beyond repair and would have to be replaced. The American Legion extends its sincere thanks and appreciation to Mr. Church for his leadership in the successful evacuation of the patients in the face of the approaching storm, and his heroic efforts to protect the staff and people who were trapped by the flooding in the hospital after the storm.

Within a short time after the storms, clinical services were restored to the upper floors of the Lindy Boggs Building where hundreds of patients are now provided with daily outpatient treatment and care. We are most grateful to the Department of Veterans Affairs for the re-establishment of these services and the opening of new outpatient clients in the Greater New Orleans Area.

However, those veterans that require hospitalization can not be treated in the immediate area and must be sent to other facilities were beds can be found, including but not limited to, Shreveport and Alexandria, Louisiana, and Jackson, Mississippi, Unfortunately, The American Legion does not see an early end to this manner of care for these veterans.

As an example if the veteran is diagnosed at the VAMC outpatient clinic with a psychological problem that requires hospitalization, the staff must process the vet-

eran for transport; then transport the veteran to the hospital with the available bed; and process the veteran through the admittance to the hospital. Usually this process takes from 10 to 12 hours, from diagnosis to admittance in the receiving hospital.

Such a long tedious process causes extreme stress to the veteran as well as to his or her family, further aggravating the veteran's mental condition. We suggest, Mr. Chairman, that the PTSD problems and other brain injury conditions evidenced in our returning servicemen and women from the current conflict, will only increase, placing a greater burden on our already depleted system. A new VAMC New Orleans is urgently needed.

But how do we solve these problems and restore the proper level of medical services to the veterans of the 23 parish (county) catchment area of the VAMC New Orleans? The American Legion suggests that you consider the following recommendations in your deliberations relative to veterans healthcare in this area.

Association With Medical Schools

The veterans of the 23 parishes (counties) of Louisiana that form the catchment area for VAMC New Orleans have enjoyed the benefits of the VAMC's partnerships and associations with the LSU and Tulane Medical Schools since it was established. The VAMC New Orleans serves the medical community of this area as a teaching and research hospital, just as the other veterans hospitals do throughout the VA medical system. Our veterans like those in other parts of the United States benefit from these associations, because the hospitals in the VA system need the interns, residents and doctors from the schools to augment the VA hospital staffs. Each year Tulane and LSU Medical Schools rotate a hundred or more interns through the VAMC New Orleans, providing our veterans with the best of care, based on the latest discoveries in medical science.

Currently we have a shortage of medical professionals in Southeast Louisiana and the Greater New Orleans Area. Many of our doctors, nurses and other medical professionals, who left the area after Hurricane Katrina, have not returned. The location of the VAMC New Orleans in the downtown area, in walking distance and close proximity to the Tulane and LSU Medical Schools, has allowed the staffs of the medical schools to easily move between the campuses of the Medical Schools and the VAMC, all for the betterment of our veteran patients. Thus, the Medical Schools provide the additional staff that is critical to the successful operation of the VAMC. In addition, the continued research, that is conducted by the medical schools, provides the patients at the VAMC with medical care that is second to none.

We have just learned that yesterday, Sunday, July 8, 2007, Dr. Paul Harch, a physician specializing in Hyperbaric Medicine at LSU Medical School, journeyed to Washington at seek support with other doctors of similar specialties, from Congress for a pilot project that will treat traumatic brain injury. An appropriation request is before Congress to fund a scientific study to be overseen by the Samueli Institute in Washington, D.C., with Dr Harch serving as the physician in charge. Further, the proposal is for Charity Hospital New Orleans (LSU Teaching Hospital) to serve as the primary site in a multi-center study that will include VAMC New Orleans. Dr. John Mendoza, a VA Neuropsychologist and Dr. Tim Duncan of the VA staff, are working with Dr. Harch on this project. This is just one example of the close working relationship that has existed between the VAMC and the medical schools, a relationship that needs to continue.

To build the new VAMC in an area that is not in the immediate proximity of the two medical schools would not be in the best interests of our veterans, nor the VA medical system. To do so would diminish the care that our veterans rightfully deserve and affect the ability of the VAMC to attract a qualified and efficient staff to properly operate the hospital. In short building of the VAMC anywhere, but in downtown New Orleans near our two medical schools, would not allow for the hospital to provide the level of care needed to properly treat our veterans. Our veterans would be the losers and that is unacceptable.

Transportation

The veterans that use the VAMC New Orleans are generally veterans who do not have medical or health insurance. Many are on fixed incomes and have no place else to seek medical care. The relocation of the VAMC in downtown New Orleans will provide a hospital that is convenient, by public as well as private transportation, allowing easy access by our veteran patients, the hospital staff and the hundreds of volunteers who help care for these men and women on a daily basis.

A VAMC located in downtown New Orleans will allow the patients, staff and volunteers from throughout the 23 parish (county) catchment area to access the hospital by major roadways and interstates; local and regional bus service; and rail.

New Orleans Medical District Initiative

The American Legion suggests that the U.S. Department of Veterans Affairs and the veterans who rely on the VAMC New Orleans for medical services, inpatient as well as outpatient services, will benefit from the location of the VAMC within the area of the New Orleans Medical District. This district was established prior to the storms and has now been reconstituted to include a cooperative effort on the part of major medical institutions and agencies in the area. Our veterans and the community would benefit from the building of a joint facility with an LSU teaching hospital, with join common facilities, such as laundry, labs, and so forth., with separate towers for medical treatment. The American Legion endorses such a joint facility, with the proviso that the veterans will be treated in a separate hospital building and not mingled with other patients.

We suggest that the State of Louisiana is on the right course at this time, having provided the funds to purchase the property, the planning and the design of the LSU hospital in the recent legislative session. We urge this Committee to push forward with the location and building of the VAMC without further delay.

We believe, as expressed in a copy of the article *"A Marriage Made in Hell,"* which appeared in the November 2006 issue of *The American Legion Magazine* that we have an opportunity to rebuild the VAMC and do it right. We believe that our veterans will benefit, if the VA commits to the vision of Ms. Julie Catellier, the current Director of the VAMC New Orleans, as she expressed in referenced article, to wit:

"It's the VA's desire to be the engine that drives healthcare in the city of New Orleans and the metropolitan area. We want to be leaders. We want to provide a futuristic, high-tech, high-touch institution for veterans, in collaboration with our affiliated partners." (Page 58) A copy of the article is attached and made a part of this testimony.

The American Legion believes in Ms. Catellier's vision.

Having the VAMC downtown would also allow for a close relationship with the planned and funded cancer center and "wet lab" facilities which benefit our veterans with the latest methods of cancer treatment and gene therapy.

Community Support for the Downtown Location of the VAMC

The American Legion is pleased to have community wide support for the relocation of the VAMC in downtown New Orleans, including but not limited to the City of New Orleans, the State of Louisiana, the New Orleans City Council, the Downtown Development District of New Orleans, the Regional Planning Commission (Jefferson, Orleans, Plaquemines, St. Bernard, and St. Tammany Parishes), U.S. Senator Mary Landrieu and other Members of the Louisiana Congressional Delegation. Copies of available resolutions and letters of support are attached hereto and made a part hereof.

Summary

The American Legion urges the Committee to move forward and allow the VAMC New Orleans to be rebuilt for the benefit of our veterans without further delay in downtown New Orleans. It is a win-win situation for our veterans and the U.S. Department of Veterans Affairs. As Congressman Charlie Melancon (D–La) said in a hearing before this Committee in May 2006, in commenting on the rebuilding of the VAMC New Orleans, *"From an efficiency standpoint, it makes sense,—from a fiscal standpoint, it makes sense. And from a moral standpoint—after everything these Gulf Coast veterans have endured with these storms—it makes sense. This is a historic partnership for historic times."*

Mr. Chairman I again extend the sincere appreciation of The American Legion for the opportunity to testify and submit our written testimony. I would also request that we be allowed to amend this testimony, if permitted and in a reasonable time to be set by you, Sir, if we receive any additional information, that we believe might be helpful in your deliberations. We look forward to continuing to work with you and your committee for the welfare of our Nation's veterans.

Thank you!

THE AMERICAN LEGION
Louisiana Department Headquarters

89th ANNUAL LOUISIANA DEPARTMENT CONVENTION
Alexandria, Louisiana
JUNE 8, 9, 10, 2007

RESOLUTION IN SUPPORT OF THE BUILDING OF THE NEW ORLEANS VA MEDICAL CENTER IN DOWNTOWN NEW ORLEANS

WHEREAS the U.S. Department of Veterans Affairs Medical Center at New Orleans, Louisiana, herein after referred to as "VAMC", has been located in the downtown area of the City of New Orleans at 1601 Perdido Street since its establishment; and,

WHEREAS the VAMC has served as a teaching hospital with the Medical Schools of Tulane University, herein after referred to as "Tulane", and Louisiana State University, herein after referred to as "LSU", since its establishment; and,

WHEREAS, as a result of the location of the VAMC in the downtown area of the City of New Orleans in close proximity and walking distance with the Tulane Hospital and Medical School and the LSU Medical School and Center, the veterans of the Greater New Orleans Area and Southeast Louisiana have been the beneficiaries of the close working and teaching relationship between the VAMC and the said Tulane Hospital and Medical School and the LSU Medical School and Center; and,

WHEREAS, the VAMC and the LSU Medical School and Center that operated out of the Louisiana Medical Center at New Orleans, commonly known as "Big Charity", were severely damaged in Hurricane Katrina and Rita in the late summer and fall of 2005; and,

WHEREAS, the VAMC and the Louisiana Medical Center at New Orleans have been deemed to be damaged to the extent that neither is fit to be reopened as a hospital, requiring that new facilities be built through appropriations from the United States and the State of Louisiana; and,

WHEREAS, the U.S. Congress has appropriated and authorized an expenditure for the building of a new VAMC facility in union with a separate facility for the replacement of the Medical Center of Louisiana at New Orleans, all in proximity to the Tulane Hospital and Medical Center, which new VAMC. facility would restore the medical treatment benefits that were available to the veterans of the Greater New Orleans Area and Southeast Louisiana and restore the ability of all three facilities to continue their joint medical research and teaching, which further benefits the veterans of the area; and,

WHEREAS, despite the continued promises by the Secretary of the Department of Veterans Affairs and his Staff, as well as promises by Members of Congress and Governor Kathleen B. Blanco and members of her Administration to the veterans community and the people of Southeast Louisiana, rumors continue to persist that despite these promises the real intent and desire of the U.S. Department of Veterans, some Members of Congress and the Blanco Administration, is to move the VAMC out of the downtown area of the City of New Orleans, which will threaten or terminate its relationship with Tulane and LSU causing a shortage of healthcare professionals working in the VAMC., all to the determent of the veterans community; and,

WHEREAS, neither the U.S. Department of Veterans Affairs nor the State of Louisiana appears to be taking the necessary steps to move this joint project to fruition, all to the determent of the veterans, who need the restoration of the VAMC to provide the same services and benefits which they were receiving prior to Hurricanes Katrina and Rita, benefits and services that they earned in service to this Nation, when the freedoms, which we continue to enjoy, were treated.

NOW THEREFORE BE IT RESOLVED by the Louisiana Department of The American Legion, in Convention assembled, June 8–10, 2007 at Alexandria, Louisiana, that the members of The American Legion do urge the Secretary of the Department of Veterans Affairs and the Governor of the State of Louisiana to proceed without further delay to take the necessary steps to build the joint VAMC facility and Medical Center of Louisiana at New Orleans in the downtown area of New Orleans in close proximity to the Tulane Medical Center and the Louisiana State University Medical Center. That such will restore the proper healthcare and benefits that the veterans of the Greater New Orleans Area and Southeast Louisiana are entitled to and enjoyed before the impact of Hurricanes Katrina and Rita.

BE IT FURTHER RESOLVED that copies of this resolution be sent to the Secretary of the U.S. Department of Veterans Affairs, the Governor of Louisiana, Members of the Louisiana Congressional Delegation, the Joint Congressional Committee on Veterans' Affairs, the Department of Veterans Affairs for the State of Louisiana,

the Chancellors of the Tulane Medical School and the LSU Medical School, and the news media outlets in the State of Louisiana.

FORREST A. TRAVIRCA, III Commander

ATTEST:

DAVID SIMON, Adjutant

FOR CONVENTION USE ONLY

APPROVED

REFERRED TO CONVENTION COMMITTEE ON: RESOLUTIONS

PASSED UNANIMOUSLY: June 10, 2007.

A Marriage Made in Hell
Out of the hell that was Hurricane Katrina may come one of VA's most historic partnerships.

The American Legion Magazine
November 2006
by Jeff Stoffer, Managing Editor

This is the fifth in a series on the status of VA's Capital Asset Realignment for Enhanced Services process. CARES looked 20 years into the future of the Nation's largest managed-care program and envisioned greater access, lower costs and increased efficiency. Two years later, that vision awaits final decisions and Federal funding necessary to fulfill the program's many promises across the Nation.

Sixty-eight-year-old Charity Hospital in downtown New Orleans, a public-health institution that has treated poor and under-insured patients for generations, was transformed into a powerless hulking shell in September 2005. Hurricane Katrina howled through its 21 stories. A noxious bisque of oily floodwaters lapped at its flanks for more than three weeks, leaving a ring still visible a year later. The lower level was swamped, destroying the electrical and mechanical systems. Mold and bacteria took over. In the days that followed Katrina's summary condemnation of Charity Hospital and almost everything near it, patients were evacuated to a U.S. Navy ship, then to Air Force tents on the surface of a parking lot, before outpatient and emergency services finally landed in a vacated Lord & Taylor department store. Inpatient care, like much of the city's population, was scattered everywhere—to other hospitals, other cities, even other states.

By the hurricane's first anniversary in late August, vast residential swaths of New Orleans remained a tangle of uprooted trees, high weeds, broken glass and collapsed houses, some of which displayed spray-painted messages damning insurance policies that didn't cover flooding.

The Louisiana State University-run Charity Hospital, however, found itself in a position of great hope a year after the hurricane. A unique partnership to build a brand new medical complex jointly with the Department of Veterans Affairs, which also lost its downtown hospital to Katrina, was coming together fast, a proverbial silver lining following one of America's most terrible storms.

"This is our opportunity to do it right, from the ground up," said Dr. Cathi Fontenot, medical director for LSU's Medical Center of Louisiana at New Orleans, the umbrella over Charity Hospital. "We are talking about a new and improved version. This new replacement facility is not only absolutely necessary to continue to provide patient-care services that we all have been accustomed to. It's also necessary to support the academic institutions. This collaborative effort will speak to both. Doing it smarter, better and more efficiently than we have in the past is, I think, everyone's goal."

By last summer, LSU's medical school and VA—longtime collaborators in the delivery of veterans healthcare in New Orleans—were well along in their plans to pool their money, buy land and build a modern new facility together. Such a partnership is unprecedented in the history of VA, which for decades has benefited from medical-school affiliations that have fed tens of thousands of visiting research doctors, residents, interns, nurses and other caregivers into veterans health-care facilities across the country. The New Orleans VA system has a particularly robust med-school affiliation program; LSU, Tulane University and other institutions allocate more than 500 care providers a year to the VA system. "We are very fortunate to

have both medical schools here," says William Detweiler of New Orleans, a past national commander of The American Legion. "There are other states where they don't have a medical school associated with its VA hospital. Here we have two—and we always have—plus a nursing school."

Last summer, LSU and VA targeted a 37-acre property where flood-ruined apartments could be razed, just a few blocks north of the old hospitals. Planners envisioned bed towers that would segregate VA patients from others in a facility connected by common services and a linking corridor. The cost-saving benefits—estimated at $400 million for VA over 30 years—would come from sharing agreements on such needs as power, parking, laundry, food, maintenance, and big-ticket medical equipment and operation.

The New Orleans VA–LSU feasibility study followed the "Charleston Model," patterned after negotiations between the Medical University of South Carolina and the Ralph H. Johnson VA Medical Center, which are working toward a joint facility in downtown Charleston, S.C. Ironically, it may not be Charleston but New Orleans—where urgent need and availability of emergency funds have sped the process along—that uses the Charleston Model to cut the ribbon on America's first combined VA-med school facility.

Equally significant is that New Orleans could have the first new VA medical center built in nearly 20 years anywhere in the United States, at a time when veterans in Las Vegas, Denver and Orlando, Fla., have been fighting with Washington for budget commitments on long-overdue VA hospitals for years. Las Vegas, Denver and Orlando were identified as the three highest priorities for new VA medical centers when the landmark Capital Asset Realignment for Enhanced Services decision was released in 2004. So far, only one of those projects, Las Vegas, has received anything more than design and site-selection funding. And the half-funded Las Vegas VA Medical Center was passed over in the 2007 budget. New Orleans was not identified by CARES, although the hospital's age and design make it a poster child for what former VA Secretary Anthony Principi called in his CARES decision "legacy infrastructure" where VA facilities nationwide exceed 50 years in average age and have grown "out of step with changes in the practice of medicine."

The Federal share of the New Orleans project—about $675 million—is already appropriated.

The New Orleans study group followed the Charleston Model to plow through details like running a hospital on state and Federal budgets, legal and staffing issues, and keeping VA's identity separate in a facility shared with non-veterans. One key benefit of a joint facility is the opportunity to fast-forward both the 1950-built VA medical center and the 1939-built Charity Hospital out of their high-rise, inpatient-centered buildings and catch them up with the outpatient care revolution. Both the New Orleans VA and Charity Hospital were built at a time when going to the hospital typically meant long, multi-night stays in cavernous wings of many rooms. Katrina, for all the harm it caused, gave both facilities a chance to start over in a building that more closely matches the stop-and-go way in which 21st-century healthcare is delivered, divided almost evenly between inpatient and outpatient services.

"Both our institutions would benefit from savings and efficiencies by working together," VA Secretary Jim Nicholson said after the feasibility study was released. "Most importantly, Louisiana veterans would receive world-class medical care in a modern, conveniently located site."

And so, Fontenot's face grows stern when discussing testimony delivered by one Member of Congress in a House Veterans' Affairs Committee hearing last spring. U.S. Rep. Richard Baker, R–La., cautioned lawmakers that while an LSU–VA partnership "presents itself as an exciting opportunity," LSU may have more to gain from the project than does VA. Baker quoted from a study that described the LSU-run Charity system as "detrimental to the health of all Louisianans and is likely an important reason for the lower system quality, both in the public and private sector." He added that a joint LSU–VA venture "would be like entering into a three-way partnership in a real-estate development, and the third partner is bankrupt." He called on VA to closely examine Charity and seek reforms to ensure an equal partnership.

To that, Fontenot simply says, "I would invite Mr. Baker to debate this at any time. It is a false statement. There are people who equate that Louisiana is 49th or 50th in health-care outcomes with the fact that Louisiana has a very unique Charity system that is supported and funded by the state. There are people who say one equals the other. In fact, our disease-management programs are way ahead of most people in the country: diabetes, asthma, heart failure, breast—and cervical-cancer screenings. Bring up all those measures, and we fare extremely well."

In the months following Hurricane Katrina, however, Charity was barely faring at all as an inpatient hospital. Like all other hurricane-hammered health-care facilities in the city, it was thrown into survival mode. "Pretty much all the institutions were wiped out," Fontenot said. Tulane University's hospital, the other major player in the downtown medical market, was first to stir back to life. LSU and VA opened clinics at various locations around the city but still lacked independent inpatient care a year after the storm. Charity's sister facility, LSU's University Hospital, was nearly finished with a 200-bed renovation and was set to reopen late last summer, a temporary fix to help pick up a Charity Hospital patient load that before Katrina accounted for some 270,000 clinical and 130,000 emergency-room visits a year.

Demonstrators stood outside Charity in the months after Katrina and demanded the popular public hospital be reopened immediately. Some, including a former Charity emergency-room doctor, claimed damage reports were overblown and that with some work and political will, the facility could resume services sooner rather than later. A jointly built LSU–VA hospital would not be ready for patients until late 2011. That's a long time to wait for patients who, Detweiler points out, "have grown up in this town and have never gone to another facility besides Charity, for anything."

Pre-Katrina, Charity was known locally "as the true safety net of the safety net," Fontenot said. "There were certain services available at Charity in New Orleans that were not available for poor people anywhere else in the state. Our drawing area was not only regional, but it was statewide."

Much of the pressure at Charity came in the form of unscheduled visits. "Historically, much of our patient population has just shown up in the emergency room, whether it was for a sore throat or an acute (myocardial infarction)," Fontenot explained, adding that a stronger outpatient presence—much like VA's community-based clinic system—would help solve that problem. "If you begin to decentralize and deliver more primary care in the communities, then you don't have to treat the acute stroke because you have already been treating the hypertension for years. You don't have to treat the diabetic renal failure because you have already addressed the diabetes in clinics. We know how to deliver that care. The real challenge is getting the patients to buy into it, rather than depending on, 'Oh, I don't have to keep that doctor's appointment. If I get sick, I'll just go to the emergency department.'" Meanwhile, Katrina forced the 55-year-old New Orleans VA medical center to squeeze most of its clinical services onto two floors of former nursing-home space above a parking garage; everything else was destroyed. "The predictions were that patients would not come back," said Julie Catellier, deputy director for disaster recovery in the Southeast Louisiana VA Healthcare System. "Actually, about 75 percent of our pre-Katrina veterans have returned, and more than 50 a day are enrolling with us. VA patients don't want to get their care anywhere else."

"It's amazing to me that VA has come back as much as it has with as much work as they needed to do," said James Uzarski, a Vietnam War Army veteran who has come back. He noticed the makeshift clinic above the parking garage was getting crowded with patients last summer and said VA can't delay plans to restore full hospital services. "They need to do whatever is quickest."

Sen. Mary Landrieu, D–La., a Member of the VA Military Construction Appropriations Subcommittee, announced in late July that construction of a new VA medical center in New Orleans was authorized, to be funded from the $19.8 billion 4th Hurricane Supplemental Appropriations Bill, passed a month earlier. Landrieu's announcement did not mention the LSU partnership. It focused more on the urgency of restoring VA services. "Now the veteran population is returning to pre-hurricane levels, and it is imperative that we have a facility that can accommodate the men and women who have fought so hard for Louisiana and the country." A new VA hospital could be expected to serve more than 39,000 veterans and provide more than 1,700 jobs, she added.

Pre-Katrina construction estimates for a new Charity Hospital topped $800 million. Some calculate the cost of a new combined Charity-VA complex at more than $1.2 billion.

Construction is authorized, Federal funding has been appropriated, and confidence is high that a new hospital is one good thing that could come from the horror of Hurricane Katrina. The disaster also provided a lesson. "One of the big issues we faced was how we would build this to sustain another hurricane, if that happens in the future," Catellier said. "We went into it with the assumption that in the event of another major hurricane, we would build this one so we could just stay in it. We would have enough water, food, waste disposal, fuel—all those things—for eight days. We would become a refuge for the city and its patients. We would have a helipad, and we are looking at a boat ramp to get things in and out. It would all be a minimum of 15 feet above sea level.

"It's the VA's desire to be the engine that drives healthcare in the city of New Orleans and the metropolitan area. We want to be leaders. We want to provide a futuristic, high-tech, high-touch institution for veterans, in collaboration with our affiliated partners."

In the hearing last May before the House Veterans' Affairs Committee, the question was not how to build a new VA medical center in New Orleans, but if it should be done there at all. "From an efficiency standpoint, it makes sense," Rep. Charlie Melancon, D–La., told his fellow lawmakers. "From a fiscal standpoint, it makes sense. And from a moral standpoint—after everything these Gulf Coast veterans have endured with these storms—it makes sense. This is a historic partnership for historic times."

VA Shines In Time of Crisis

Amid all the breakdowns between the government and the people of New Orleans during and after Hurricane Katrina, the Department of Veterans Affairs distinguished itself locally and nationally as a leader through the crisis. From the successful evacuation of patients to the deployment of medical staff to assist other hospitals in the city, VA showed more agility and ability than one might expect from a Federal bureaucracy.

"Leadership, planning and professional training came to the fore in the face of almost overwhelming adversity," reported Michael Suter of New York, a member of The American Legion's System Worth Saving Task Force, which inspected the Southeastern Louisiana VA Healthcare System in New Orleans last February.

"Key to the situation, and where other institutions fell down, was communications," Suter reported, noting that VA's police communications system and quick response by Central Office in Washington were critical to the New Orleans medical center's performance in the disaster. "Transportation was the other critical factor. Finding any way out once the waters had risen was a challenge, particularly given the scarcity of rolling stock (most of the city buses were inundated). But in a masterstroke worked out somehow between the facility's director and Washington, military vehicles were provided through the National Guard and were able to rescue all patients and staff."

VA successfully evacuated all 241 patients in the medical center during the flood, plus 272 employees and 342 family members. The Michigan Air National Guard sent two C–130s and 15 members of its 171st Airlift Squadron to evacuate the majority of patients to Houston.

Within a week of the disaster, VA also had all of its area community-based outpatient facilities and five mobile clinics up and running.

Last July, about 150 VA health-care workers were filling in at community hospitals around the city, helping cover a shortage of personnel at non-VA facilities, including nurses, radiology technicians, respiratory therapists and others.

Prepared Statement of Bill Penn, M.D.
Baton Rouge, Louisiana (Independent Veteran)

Chairman Filner and Members of the Committee, thank you very much for allowing me—an independent veteran—the opportunity to present my views to you on rebuilding our Veterans Hospital. This is an issue that is a personal one for me, and as a veteran, has caused me great concern.

Let me also thank you for holding this hearing. As Members of the Veterans' Committee, you have an opportunity to assist the veterans in Louisiana in bringing more awareness to the problems we have faced since Hurricane Katrina. It is my hope that today's hearing will highlight the opportunities we have to move forward and help bring the dream of a new veterans' hospital to reality.

As I mentioned earlier, I come to the Committee today as an independent veteran. I do not represent a particular organization, though I am a member of many. What I wish to convey to you is my assessment of the situation in which we find ourselves and the opportunities we have now for moving forward with the VA Hospital.

Hurricane Katrina devastated veterans' healthcare in South Louisiana. I commend the VA for opening additional outpatient clinics. However, it is necessary that this hospital re-open as soon as possible.

It is my understanding that Congress has already appropriated over $600 million to rebuild the VA Hospital, but the VA has yet to make firm plans for rebuilding this facility. I ask the Committee and audience Members to consider today: Why?

Why, when our veterans need this hospital now, more than ever, as our veterans' population is aging, and as more men and women are returning from Iraq and Af-

ghanistan, why does the VA continue to wait to build this hospital? Our veterans have sacrificed too much and have given so much for this country for the government to ask us to wait any longer.

I commend the doctors, nurses, and other staff for operating under the worst of circumstances. Their efforts and accomplishments in preparing for Hurricane Katrina and their actions in its wake were heroic and are to be commended. I only ask that those in decision making capacities make decisions and make them swiftly.

Veterans, since Katrina, have been asked to travel hours for some of their healthcare needs. For example, veterans needing prosthesis for limb loss are on a waiting list or are transferred to another facility in other states: 4 hrs. to Shreveport, LA., 2 hrs. to Alexandria, LA., 6 hrs. to Houston, TX., 4 hrs. to Jackson, MS., 8 hrs. to Dallas, TX.

This VA Hospital must also focus on the needs of veterans with Post Traumatic Stress Disorder. As a personal example, I went for testing and examinations by a Psychologist to try to help my PTSD, which I have experienced nightly for 54 years. The treatment for PTSD requires a seven week stay in Little Rock, Arkansas for a program with which I am just becoming familiar.

I give those examples just to illustrate what one goes through and why we need a VA Hospital for South Louisiana as soon as possible, with beds for Psychiatric use, and ample space for veterans, including parking and seating in waiting rooms.

In my estimation, it is unacceptable for the VA to ask our veterans to wait any longer than they have already for this care to be restored in South Louisiana.

I do not claim to have solutions on where this hospital should be or how big it should be. I only request that the healthcare needs of the veterans drive these decisions. We have an opportunity to show our veterans and our men and women currently serving in uniform that we, as a country, are putting their interests first, and not the interests of other groups. I urge Secretary Nicholson and the VA to work quickly to restore this very important facility, with the healthcare needs of our veterans as the focus. Our veterans deserve no less. When the time came, we served our Country. Please, now, respect us in our needs today.

Thank you again for allowing me this opportunity. I will be happy to answer any questions.

Prepared Statement of Rica Lewis-Payton, FACHE, Deputy Director Veterans Integrated Service Network 16, Veterans Health Administration U.S. Department of Veterans Affairs

Mr. Chairman, Members of the Committee, and members of the Louisiana delegation, thank you for the continued support the Congress has given the Department of Veterans Affairs (VA) in our rebuilding and recovery efforts not only in southeastern Louisiana but also the entire Gulf Coast region. Thanks to your support, veterans and VA employees living along the Gulf Coast continue to make great strides along the road to recovery from the devastation caused by Hurricane Katrina.

Hurricane Katrina was one of the greatest natural disasters our Nation has ever faced. Our medical centers, the communities we serve, and the homes of veterans and employees sustained destruction on a monumental scale. Today, I will describe our ongoing healthcare restoration efforts in New Orleans, and the current status of plans to rebuild our VA medical center.

The Southeast Louisiana Veterans Healthcare System (SLVHCS) has made significant progress in the last year in meeting the healthcare needs of veterans in the greater New Orleans area. With the support of Congress, VA accelerated the activation of Community Based Outpatient Clinics (CBOCs) in the areas proposed under the Capital Asset Realignment for Enhanced Services (CARES) program. New CBOCs are now open in Slidell, Hammond, and St. John's Parish, Louisiana.

Currently, SE Louisiana is served by six permanent CBOCs. Primary Care and general mental health services are offered at each of these locations. Specialized mental health programs (including PTSD and substance abuse treatment) are currently provided and we are acquiring additional space to significantly expand these services. Inpatient mental healthcare is coordinated with the Alexandria and Shreveport VA Medical Centers.

Plans are progressing to lease space for additional specialty care and ambulatory procedures. Patients requiring highly complex care are referred to other VISN 16 facilities or care is obtained within the community. Pathology and laboratory services have been enhanced in the past year. They are centralized at the Baton Rouge CBOC, Foster Avenue Division. Outpatient pharmacy services currently exist at all our CBOCs and a $3½ million project to establish a new and enhanced pharmacy in New Orleans will be completed in November 2007. A newly constructed Diag-

nostic Imaging Center will open on the New Orleans campus in September 2007, providing the full range of general radiology, CT and MRI capability. Dental services are provided at the Baton Rouge clinic and were expanded in April 2006 by leasing space in Mandeville, Louisiana. Currently there are no patients on the wait list for dental care.

In keeping with the national initiative to provide patient care in the least restrictive environment, SE Louisiana has tripled the size of its Community and Home-Based care programs. This includes Home Based Primary Care (HBPC), telemedicine, contract community nursing homes and a unique "Hospital in the Home" program whereby teams of clinicians visit the patient in the home in order to shorten hospital stays or, if possible, avoid the need for hospital admission altogether. This is just one example of how VA is reinventing care to meet the specialized needs of veterans post-Katrina.

In June 2007, VA entered into an agreement with its affiliate, the Tulane University Hospital and Clinic to allow VA physicians to admit and manage the care of veteran patients in the Tulane hospital. Veterans have responded very favorably to this "virtual VA inpatient" program because it allows them to remain near their families and support systems while being treated by their own familiar team of VA physicians and social workers. To the best of our knowledge, this has not been done elsewhere in the country.

VA is using adaptability and flexibility to meet the needs of veterans during the recovery period from Hurricane Katrina. Patients are grateful for the response by their government and are seeking care within the SLVHCS in record numbers. SLVHCS has served almost 30,000 unique veterans through May 2007. On average, 1,000 outpatients are seen in the CBOCs per day. It is projected that by year end, more than 35,000 unique veterans will have been treated. This is nearly 90 percent of the pre-Katrina level.

There are currently 76 physician residents compared to 120 before Hurricane Katrina. In order to maintain the stability of the residency training programs and meet our obligation to educate America's physicians, VISN 16 is working with its academic affiliates, The Tulane University School of Medicine and the Louisiana State University School of Medicine, to place VA faculty, medical staff and residents, and student trainees at VAMCs throughout the VISN 16 Network until such time as full and robust clinical programs return to the SLVHCS.

VA continues to work as expeditiously as possible to initiate construction on our replacement medical center and has always been committed to building a new medical center in the Greater New Orleans area. VA has initiated its space planning process in preparation for construction. The analyses of architecture and engineering (A/E) firms to design the new facility are complete, and an announcement of the A/E selection will take place soon. The replacement medical center is expected to provide acute medical, surgical, mental health and tertiary care services, as well as long-term care.

VA and LSU have signed a Memorandum of Understanding (MOU) agreeing to jointly study state-of-the-art healthcare delivery options in New Orleans. VA is pleased to learn of the State of Louisiana's commitment of state funds for this project. This collaborative venture has the potential to improve operating efficiencies for both institutions and, if designed properly, to contribute to reforms of the region's healthcare system. The Collaborative Opportunities Planning Group's (COPG) final report is to be presented by September 30, 2007. VA will make a decision regarding the extent of its future collaboration with LSU after that report is completed.

While VA remains committed to exploring this partnership with LSU, delays have arisen. To ensure these delays did not impact VA's ability to reconstruct the VA Medical Center in a timely manner, VA initiated a search to identify alternative building locations. This search resulted in two responsive offers. An initial market survey of the two sites has been conducted, and further analyses are planned. VA looks forward to completing this process and will make a decision on this site in the near future.

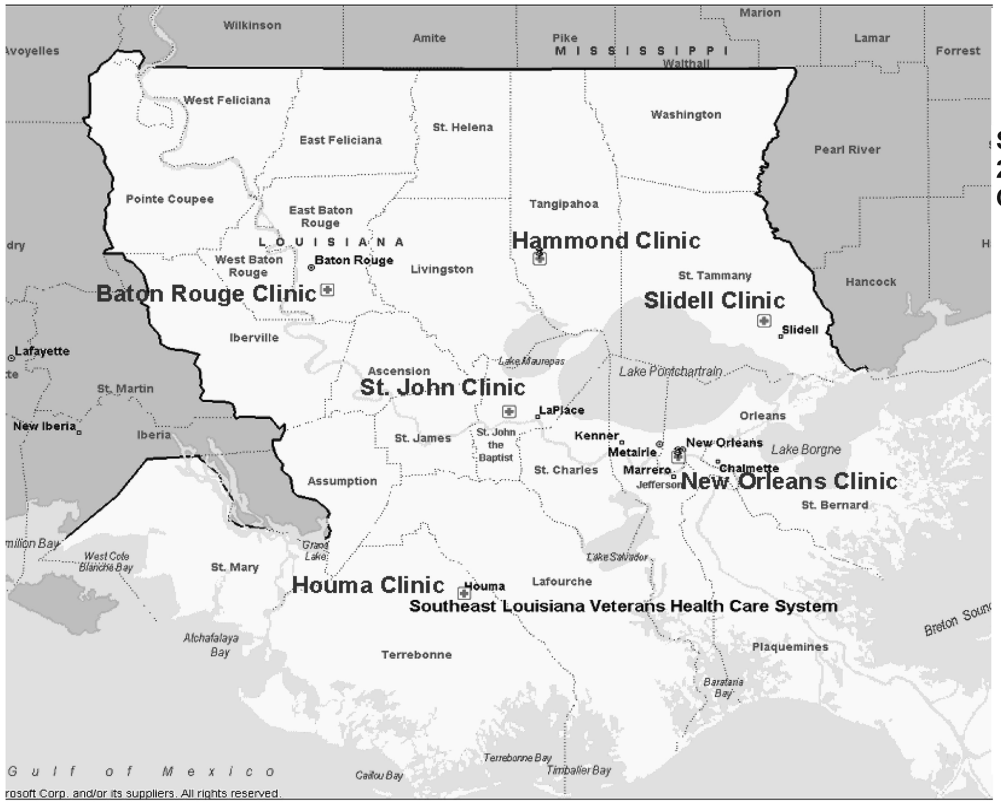
Conclusion

Mr. Chairman, the Committee and the Louisiana delegation are partners with VA in seeing that southeast Louisiana veterans continue to receive the high quality healthcare they deserve and have come to expect.

The construction of our new medical center will be an important part of our commitment to uncompromised excellence in healthcare services for veterans in New Orleans.

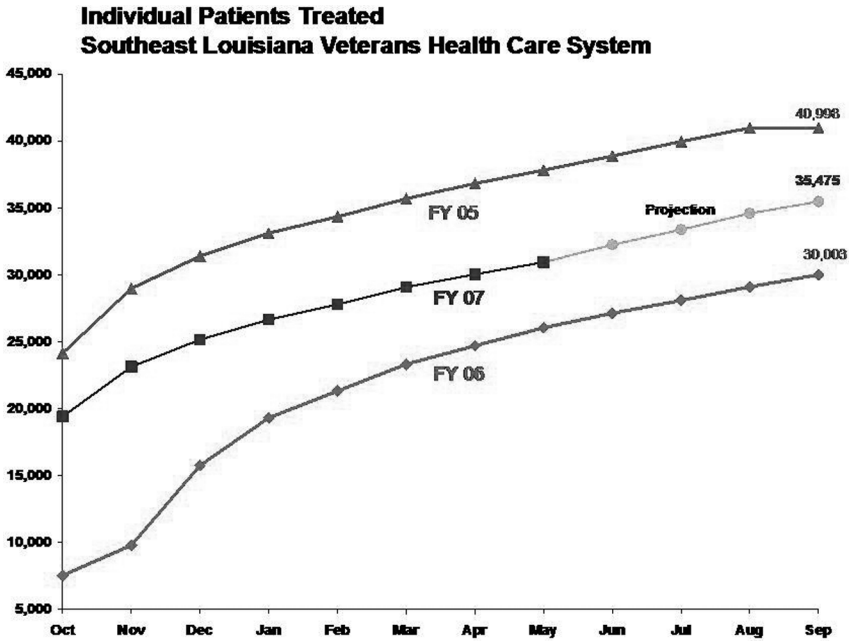
Thank you for the opportunity to be here today. I will be pleased to answer any questions you may have.

Southeast Louisiana Veterans Health Care System



Serving Veterans in 23 Parishes with Clinics in:

- **New Orleans**
- **Baton Rouge**
- **Hammond**
- **St. John Parish**
- **Slidell**
- **Houma**


Individual Patients Treated
Southeast Louisiana Veterans Health Care System
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
Oct
Nov
Dec
Jan
Feb
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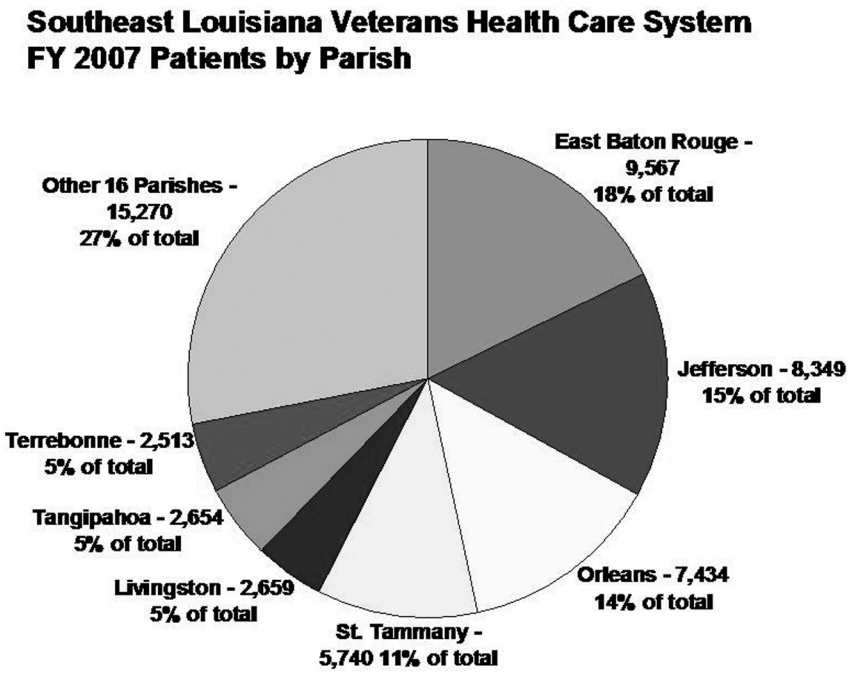
FY 05
Projection
FY 07
FY 06


Southeast Louisiana Veterans Health Care System
FY 2007 Patients by Parish
East Baton Rouge - 9,567 18% of total
Jefferson - 8,349 15% of total
Orleans - 7,434 14% of total
St. Tammany - 5,740 11% of total
Livingston - 2,659 5% of total
Tangipahoa - 2,654 5% of total
Terrebonne - 2,513 5% of total
Other 16 Parishes - 15,270 27% of total

Prepared Statement of Patrick J. Quinlan, M.D., Chief Executive Officer Ochsner Health System, New Orleans, Louisiana

Mr. Chairman, Members of the Committee, thank you for this opportunity to appear before the Committee to update you on Ochsner Health System's commitment to healthcare for our Veterans. Your personal presence and concern are certainly appreciated by our citizens and our veterans.

Ochsner Health System is an independent non-profit organization made up of seven hospitals and thirty-two clinics employing over 9,000 people. Ochsner is one of the largest private employers in Louisiana. Ochsner Medical Center, located in Jefferson Parish, was one of only three hospitals to keep its doors open, despite the ongoing interruption of its business, during and after Katrina to care for all patients.

Currently, Ochsner employs over 600 physicians and more than 120 licensed mid-level health providers and is one of the largest, private, non-university based academic institutions in the country with over 350 residents and fellows, proven research including bench research, translational research and over 700 clinical trials. In addition, we provide training for approximately 400 allied health students and over 700 medical students from LSU and Tulane with little funding to support this mission. The importance of Ochsner's graduate medical education program has increased greatly since Katrina because we are the only fully functional academic center in the greater New Orleans area.

As a Veteran myself and with a number of our employees as veterans, we are gravely concerned about the future of VA Healthcare in South Louisiana. Our veterans have waited far too long for the services of a new VA facility and it is time to make our veterans the number one priority in the decisionmaking process, followed by the potential cost of such a project to the taxpayers of this country.

When the Department of Veterans Affairs issued a request for proposal for the location of a new medical facility, Ochsner Health System was pleased to submit a proposal to offer an alternative site to help keep the VA Medical Center in South Louisiana to better serve the healthcare needs of our Veterans.

As a part of our proposal, we commissioned an independent research study of 600 Veterans including 300 current and former VA patients and 300 potential VA patients living in eighteen parishes in South Louisiana to determine the optimal location for a new VA facility. Overwhelmingly, 76% of veterans indicated they prefer a suburban Jefferson Parish location to one in downtown New Orleans.

We believe the Ochsner proposal offers a number of advantages that meet or exceed all the requirements of the Department of Veteran's Affairs criteria. The 28 acre site is owned free and clear by Ochsner in a great central location with easy access to major highways. It is above sea level and not located in a flood plain. Site preparation would be minimal. The location next to Ochsner Medical Center allows for the ability to avoid service duplication, address and share infrastructure needs and provide key clinical services as needed. Electronic connectivity is possible with Ochsner's complete ambulatory electronic medical record system. A coordinated Master Plan Development and construction could start immediately. With our extensive network of clinics and hospitals, Ochsner could provide facilities and assistance to the VA immediately. Most importantly, our Senior Management team and Board are committed to making this project their top priority. The project can be completed sooner, and veterans can be assisted now offering a smoother transition to the VA's new hospital.

With the Ochsner site located only fifteen minutes from downtown, we will continue to encourage partnerships with both LSU and Tulane to help train future physicians and allied health professionals at Ochsner Medical Center which is the market leader in both patient preference and market share. The convenience of the Ochsner location to downtown would also provide the VA with ample opportunities to partner with the medical schools and support their training programs.

Economic development for the region is important. One need only look to the Texas Medical Center comprised of more than 40 collaborative institutions that covers an area the size of the Chicago Loop for the synergy that multiple health related entities can bring to the region. Ochsner's proposed site is part of a larger 50 acre site that can accommodate the development of additional programs and facilities in conjunction with local medical schools, biomedical research entities, and other important partnership opportunities within the medical industry. At the Ochsner site economic development can begin now, not years from now, helping the region recover sooner.

Finally, we have a personal commitment to Veterans. We want to make sure the Veterans of this region are served to the best of our abilities. The potential for shared service agreements and shared infrastructure to avoid duplication and save

cost are possible using the resources of Ochsner's complete array of clinical services and facilities. What you will find working with Ochsner is the ability to execute the plan with no bureaucracy and swift decisionmaking. We are ready to start tomorrow to help make a state of the art VA facility a reality for South Louisiana and beyond. Thank you for your time and consideration. I am happy to respond to any questions.

Prepared Statement of Clayton P. "Sonny" Degrees, Jr., State Commander Department of Louisiana, Veterans of Foreign Wars of the United States

While there are numerous problems within the VA Healthcare System I believe that the main concern of the majority of veterans in Louisiana is the rebuilding of the VA Hospital in New Orleans. Some people are against rebuilding a hospital in Downtown New Orleans. They think it should be moved to another location due to the fact that another hurricane like Katrina would cause costly damage to a new facility. The vast majority of veterans living in a 23 Parish area feel differently.

The Downtown New Orleans VA Hospital serves as the main source of healthcare for almost 150 thousand veterans within this 23 Parish area. Without this facility there would be a terrible hardship placed on local outpatient clinics as well as the other two VA Medical Centers in the state. Not only that but also other VA Medical Centers in Mississippi and Texas. Many of our veterans would have to go to these out of state Medical Centers for specialty care and diagnostic exams that cannot be preformed in the Outpatient clinics.

This is reason enough to rebuild the VA Medical Center in Downtown New Orleans.

One of the other important reasons is that VA Medical Centers must rely on University Medical Training Facilities to be able to staff their Primary Care Clinics and Specialty Clinics within the VA hospital facility. If rebuilt in the Downtown New Orleans area there would be three medical training facilities for doctors and nurses that the VA Medical Center could potentially draw from on a daily basis. The reason this is necessary is that the VA Healthcare System does not receive mandatory funding therefore they do not have the funds to hire an adequate force of VA doctors and nurses to handle the patient load.

The use of Student Doctors and Nurses does present a problem with the amount of time a veteran has to spend at a clinic which leads to large delays in veterans obtaining appointments in clinics, especially the specialty clinics. For example, a veteran checks into a clinic for a 9:00 a.m. appointment. VA in many cases schedules as many as 50 veterans for the same time and they are checked in on a first come first serve basis. A veteran may wait as high as an hour or more then goes in to see a Student Doctor. The Student Doctor asked a number of questions and the veteran explains his/her problems. Then the Student Doctor goes and confers with the clinic's head doctor which in turn comes in to the room and the process is repeated again. By the time the veteran leaves he/she has spent as much as two hours in the clinic. This is one of the reasons the system bogs down and it takes veterans so long to get an appointment. Proper funding of the VA Healthcare System would allow VA to hire a well trained medical staff adequate enough to handle the patient load.

Finally, there is the issue of clerical staff at the VA Medical Centers. In recent years the VA's inclination to hire unconcerned people has truly amazed me. Many of the clerks project the attitude that they are doing the veteran a favor by just being there instead of realizing that without the veterans they would not have a job. And, the situation is getting worse by the day. There is entirely to much socializing during working hours between female employees and male employees. In most cases this slows down the check in process for the veterans. While these are not all the problems with the healthcare system, it does give one a picture of what goes on during a normal day at most VA facilities.

I will not be able to attend the hearing in New Orleans on Monday, however I have contacted the District 1 Commander Marshall Hervron who will be making contact with you today. He and I have talked and he can adequately express the position of the Department of Louisiana Veterans of Foreign Wars. If you need anything further from me then don't hesitate to contact me.

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