CHAPTER 1

Secretary's Opening Statement and Acceptance of the CARES Commission Report

INTRODUCTION

President Abraham Lincoln's solemn promise — "to care for him who shall have borne the battle and for his widow and his orphan" — defines the heart of the mission of the Department of Veterans Affairs. As Secretary of Veterans Affairs, I am the steward of that promise and must ensure that all the Department's actions, programs, and policies reflect our collective commitment to that mission.

Medical care is a key component of the benefits and services enacted by Congress in recognition of the service, and sometimes the sacrifice, of the men and women whose military service preserved and protected America's freedoms. Neither medical science nor the veteran population is static and unchanging and VA must modernize its facilities to provide quality care. VA will fail in honoring our Nation's commitment to veterans if our medical system does not evolve with the times. Implementation of VA's health care promise must be a dynamic process if we are to provide veterans access to the quality health care necessary to keep faith with them, and with the American people.

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VA entered the 21st century with a legacy infrastructure, most of which was designed and built to provide medical care as it was practiced in the middle of the twentieth century or, in some cases, as it was practiced before World War I. Most of our facilities were designed and built in an era when medical care was synonymous with hospital care. It made sense then to define our Nation's health care commitment to most veterans as access to a hospital bed to the extent beds were available.

Over the last half century, American medicine has transformed itself from hospital centered to patient centered treatment. Most patients see their physicians on an outpatient basis and much treatment is provided by prescription drugs. Mentally ill patients are no longer consigned to remotely located, thousand-bed asylums for the remainder of their lives. Treatment for tuberculosis no longer involves lengthy institutionalization. VA medicine has kept up with, and sometimes led, these innovations. Additionally, in 1996, the Congress enacted legislation expanding eligibility for the complete continuum of VA care, including outpatient care and prescription drugs, to all 25 million veterans. As a result of these changes, the number of VA outpatient visits increased from 38 million to 50 million per year between 1999 and 2003 and the number of 30 day equivalent prescriptions per year increased from 142 million to over 200 million.

In addition, millions of veterans, following the population migration patterns of the Nation as a whole, moved to the South, the West and the Southwest. As a result, many VA facilities are now located where veterans used to live rather than where they live now.

While the practice of VA medicine has evolved, VA's medical infrastructure has not kept up. Our facilities are out of step with changes in the practice of medicine, the veterans we serve, and with statutory changes in the VA health care benefits package. VA's medical infrastructure has become old and outdated. VA's facilities average age exceeds 50 years while those of successful private sector health care providers average less than 10 years.

The Congress has been reluctant to appropriate the construction funding VA will need to bring itself into the 21st century until we have a coherent national plan for modernizing our facilities. The process now known as "CARES" (for Capital Asset Realignment for Enhanced Services) produced that plan. It was initiated in

1998 to provide VA, veterans, the Congress, and the American people with a 20-year plan to provide the infrastructure VA will need to provide 21st century veterans with 21st century medical care.

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AN UNPRECEDENTED AND COMPREHENSIVE EFFORT

CARES is a comprehensive, system-wide approach to, and ongoing process for, identifying the demand for VA care and projecting into the future the appropriate function, size and location for VA facilities. CARES is not a simple one-time solution, but the creation of a set of tools and a process for annual capital and strategic planning to enable VA to keep its eyes fixed on the future as it plans for the capital resources it will need to provide quality health care to veterans.

Assessing the best way to adapt a health care system with more than 4,900 buildings on 15,000 plus acres of land to serve over 7 million enrolled veterans required a complex and carefully constructed deliberative process. The CARES process is unprecedented in the history of the Department of Veterans Affairs. From development to execution, staff in the National CARES Program Office, the Veterans Health Administration, VA staff offices and Administrations, and especially VA's stakeholders, devoted tireless effort in developing and applying the models and tools used to conduct CARES.

The CARES process is the most comprehensive assessment of VA capital infrastructure and the demand for VA health care ever achieved. Major steps in the CARES process included:

- Development of sophisticated actuarial models to forecast tomorrow's demand for veterans' health care;
- Calculation of the current supply and identification of current and future gaps in infrastructure capacity;
- Development of Veterans Integrated Service Network (VISN)-based local plans to meet those anticipated future gaps in care;

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- Review of the proposed solutions by the Under Secretary for Health to develop a comprehensive national plan; and
- Assessment of the resulting Draft National CARES Plan (DNCP) by an independent commission.

THE CARES COMMISSION

In order to ensure objectivity and independence in the process, I transmitted the DNCP to an independent and objective 16-member CARES Commission for their evaluation and review.[1] I named Commissioners with a firm grounding in, and commitment to, veterans and veterans' health care. Chairman Everett Alvarez, Jr., the other 15-members of the CARES Commission, and the staff that supported them, proved that they were worthy of their appointment.

Their product, the CARES Commission Report, is a comprehensive review of the DNCP. Its findings are grounded not only on the collective analyses of the Commissioners, but on the personal experience gained from 81 site visits to VA and DoD medical facilities and State Veterans Homes, 38 formal public hearings at 20 VISNs, monthly public meetings since February 2003, and more than 212,000 public comments on the DNCP. Not only did this provide them with a comprehensive understanding of the issues included in CARES, it allowed them to meet with those veterans and stakeholders who would be directly affected by their recommendations. For their tireless service, I extend my most sincere gratitude and humbly convey the thanks of the Department and millions of veterans who were well served by their energy, insight, and thoughtfulness.

The CARES Commission Report is well reasoned and provides a roadmap for moving the Department forward in planning for, investment in, and location of, our capital facilities. This roadmap will not only help to realign VA's 1950's infrastructure to ensure VA continues to define the leading edge of medical care, it also will form a blueprint for evaluating VA's capital needs into the future.

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[1] The Draft National CARES Plan and CARES Commission Report can be accessed at *www.va.gov/cares.*

After careful review and consideration of the Commission's findings and recommendations, I am confident they present a carefully studied and strategically sound path forward for the Department. With that confidence, I formally accept the CARES Commission Report although I will use the flexibility it provides to minimize the effect of any campus or service realignment on continuity of care to veterans currently receiving services on those campuses. The following chapters describe my decision and how VA will begin implementation.

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The CARES Commission Report, and my decision document, comprise a blueprint for VA's future that will effectively guide us forward. It will be VA's reference for all future planning, and its recommendations and considerations will be updated and allowed to evolve in harmony with future events, implementation studies, further planning, and refinements.

What CARES Means Today

Implementation of CARES will not be instantaneous. If Congress approves VA's FY 2005 budget request, we will have approximately $1 billion available in 2004 and 2005 to begin renovating and modernizing VA's health care system. I anticipate the process will require additional investments of approximately $1billion per year for at least the next five years, with substantial infrastructure investments then continuing for the indefinite future. VA will establish priorities for individual projects through the normal capital asset planning process. That process will develop the detailed cost data on proposed projects needed to confirm each project's cost-effectiveness. It is important to remember that CARES is a plan to modernize VA's aging infrastructure. CARES will require substantial investment. However, not proceeding with CARES would require funding to maintain or renovate obsolete facilities and would leave VA with numerous redundant, outmoded, or poorly located facilities.

I will not be true to my mission of service to veterans if I allow paralysis by analysis to further delay VA's long overdue modernization.

It is also important to remember that implementation of CARES will enhance access to care, not reduce it. Today, approximately 24 percent of the veteran population is enrolled for VA care. The CARES plan assumes that in 2022, the end of the planning period, 33 percent of the veteran population will be enrolled for VA care.

The CARES Commission and interested stakeholders identified several ways to improve VA's capital asset planning. We already have implemented many of those improvements, e.g. incorporating enrollment data derived over longer periods of time, in our planning process. However, I will not be true to my mission of service to veterans if I allow paralysis by analysis to further delay VA's long overdue modernization.

I place a high priority on VA's obligation to care for veterans living with mental illness and am conscious of the fact that the decision will affect some facilities now providing mental health treatment. It is important to remember that health care, including long term inpatient health care, is defined, not by the buildings where care is provided, but rather by the skill and commitment of health care professionals. But while buildings do not define health care, buildings can constrain and limit care if they are poorly located, obsolete or no longer appropriate for the care patients need. Nowhere is this more apparent than in mental health, a discipline that long ago progressed beyond long-term warehousing of patients. Mentally ill veterans will be better served by modern and appropriately sized facilities located closer to their homes than they would be by continuing to force them to travel to remote areas for admission to facilities designed for pre-World War II treatment. While the CARES decision may change the site for providing care, VA will still provide the care. I established a benchmark for the CARES process mandating that VA's capacity to provide inpatient mental health care, including long-term inpatient care when necessary, would not be diminished. I have established the same benchmark for other forms of long-term care.

VA will soon complete and validate utilization models for long-term care and long-term mental health care, and the results of those models will be incorporated into the capital asset planning process. But I will not delay the start of VA's modernization process waiting for better data. That course leads only to indefinite delay because it is always possible to create a scenario for which better data might

become available. A key to successful leadership is not waiting for perfect data but in determining when the data are good enough to act today. The case is clear. Veterans will be best served by action to modernize VA now, not by delay.

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While CARES provides for numerous individual changes within individual VA networks that will lead to construction, renovation, and realignment of facilities, in aggregate CARES provides for system-wide improvements, including:

- *Improved Access:* The percentage of enrollees within VA's travel guidelines for acute care will increase from 72 percent to 82 percent. In 2001, VA met acute care access guidelines in only 49 of our 77 medical care market areas. When the CARES process is complete, we will meet that standard in all but four markets. We will also increase from 95 percent to 97 percent the percentage of enrollees within access guidelines for tertiary care. There also will be dramatic improvements in access to primary care, especially for veterans living in rural areas. Of the more than 250 community-based outpatient clinics (CBOCs) originally proposed, this decision document identifies 156 as highest priority. When all CBOCs are activated, the percentage of enrollees within primary care access guidelines will increase from 73 percent to 80 percent.
- *Modernization:* VA's infrastructure is old. Congress has been reluctant to fund modernization without a coherent national plan defining the infrastructure we will need in the decades to come. CARES is that plan and VA will now be able to move forward to modernize and renovate our facilities. The CARES plan identifies more than 100 major construction projects in 37 states, the District of Columbia, and Puerto Rico. In addition, adoption of the CARES plan will enable VA to plan minor construction projects to ensure continuing modernization of the facilities veterans will count upon in the decades to come.
- *Operating Costs:* While implementation of CARES will require billions of dollars in capital investment, operating costs are the dominant costs

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- *Vacant Space:* Implementation of the CARES plan will decrease vacant space in the Veterans Health Administration from 8.57 million square feet to 4.93 million square feet, a reduction of 42.5 percent. The CARES plan will reduce the cost of maintaining vacant space over the period 2006 to 2022 from an estimated $3.4 billion to $750 million and allow VA to redirect those funds to patient care. In addition to improving health care quality through modernization and relocation, and improving access through additional access points, CARES will allow VA to treat more veterans by allowing VA to redirect funding from vacant buildings to patient care.

While all of these improvements represent a net benefit to veterans and a watershed investment in the future of the VA health care system, it is also important to acknowledge that some veterans, employees, stakeholders, and communities will see the scope and location of their local VA presence change. It will be understandably difficult for some to adapt to these changes, even though only the physical venue for care will change, not the commitment to quality health care. Recognizing that change can be a stressful process, I am committed to mitigating perceived adverse effects. Specific actions VA will take to ensure a minimal adverse impact on veterans and stakeholders include:

- No changes will be made to care patterns at existing sites of care until completion of arrangements for care at an alternative site providing comparable quality and appropriate access to care;
- VA will ensure continuity of care for those patients currently receiving care at sites scheduled for realignment with great sensitivity to their psychosocial needs;

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- VA will take time to work with veterans, employees, local congressional delegations, communities, and other stakeholders to identify plans for alternate uses for facilities and locations where VA will no longer provide care;
- Where there is an anticipated change or reduction in employment at a specific site, VA will work closely with employees to manage changes by attrition, early retirements, transfers, retraining, and other benevolent mechanisms to ensure continuity of employment for our dedicated workforce; and
- Where further study is recommended, VA will continue to include stakeholders as part of the study process.

As a Department, VA will work closely and carefully with veterans, employees, veterans service organizations, unions, local congressional delegations, communities, and other stakeholders to manage changes and ensure minimal adverse impact as it moves forward in implementing CARES.

A BLUEPRINT FOR THE FUTURE

Through the CARES process, VA developed and gathered more information about veterans than ever before. Sophisticated forecasting models provide new and more complete information about the demand for VA health care and a comprehensive assessment of our facilities has greatly improved the depth of understanding about the condition of VA's facilities. These factors, combined with the experience of conducting the CARES process, leave the Department well positioned to continue to expand the accuracy and scope of its planning efforts.

Restructuring of VA facilities is not unprecedented. In the past few years VA has, in locations as diverse as Ft. Lyons, Colorado; Martinez, California; Grand Island, Nebraska; Miles City, Montana; and Ft. Howard, Maryland, changed the scope of care at, or even closed, facilities while meeting the needs of veterans and minimizing the impact on employees and communities. The

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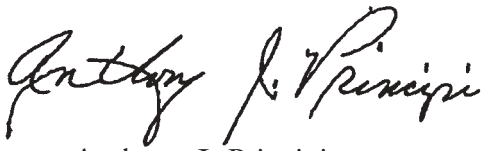
only difference is that rather than facility-by-facility actions, CARES sets the stage for a systematic, data driven national plan to maximize veterans' access to quality care.

Today, CARES represents a baseline — a beginning from which VA will continue to evolve and improve its decision-making processes. Along with implementing specific CARES decisions, VA will now focus on integrating these tools into its annual capital and strategic planning efforts so that initiatives can be validated and updated. As the Department moves forward, it will always focus on ensuring use of the best information available for planning to meet the health care needs of our current and future heroes. With the acceptance of the CARES Commission Report, I am confident that the Department of Veterans Affairs stands more ready than ever to continue to meet President Lincoln's solemn promise today and into the future.



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