

**NOMINATION OF ANTHONY J. PRINCIPI TO BE
SECRETARY OF THE DEPARTMENT OF VET-
ERANS AFFAIRS**

HEARING
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
ONE HUNDRED SEVENTH CONGRESS
FIRST SESSION

JANUARY 18, 2001

Printed for the use of the Committee on Veterans' Affairs



U.S. GOVERNMENT PRINTING OFFICE

78-706 PDF

WASHINGTON : 2002

For sale by the Superintendent of Documents, U.S. Government Printing Office
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NOMINATION OF ANTHONY J. PRINCIPI TO BE SECRETARY OF THE DEPARTMENT OF VETERANS AFFAIRS

THURSDAY, JANUARY 18, 2001

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 2 p.m. in room SR-418, Senate Russell Building, Hon. John D. Rockefeller IV (chairman of the committee) presiding.

Present: Senators Rockefeller, Graham, Nelson, Specter, Thurmond, Murkowski, Jeffords, Craig, and Hutchinson.

Also present: Senator Boxer and Representative Dreier.

Chairman ROCKEFELLER. The hearing will come to order.

Senator Specter will be here in just a moment, as will Senator Murkowski, who obviously has a long-time relationship and has been chairman of this committee I don't know how many times, but whenever he chooses, basically. We are very pleased to welcome Senator Ben Nelson, a new member of the committee. That is an exciting thing. And one of the things that you will discover is that when we have Veterans' Affairs Committee hearings, there is always full attendance, and you get a sense of that as you look around today. That is one of the things that Frank and I worked on and Arlen and I work on—how, with something as important as veterans, people sometimes just don't manage to show up. It is not something I either appreciate, condone, or like, but we have to live with people as we have to live with them.

I am very pleased, obviously, to welcome back Anthony Principi, who is President-elect Bush's choice to be Secretary of Veterans Affairs. Tony, I have met your wife Liz, and I have met your son Ryan, but did your other two children get here?

Mr. PRINCIPI. No. Unfortunately, one is stationed overseas.

Chairman ROCKEFELLER. That would be difficult.

Mr. PRINCIPI. And the other son is making his way here.

Chairman ROCKEFELLER. As you speak. OK. Their names are Anthony and John. We obviously appreciate them because you are having to move back from California if this nomination proceeds, as I hope it will.

Zell Miller hopefully will be here, and I want to make very sure that he is equally welcomed, along with Ben Nelson. It is an honor to have him, as it is Ben, on the committee, both new members. I am going to introduce Senator Thurmond for a comment after I call on Senator Murkowski.

The committee begins its 30th year. We have a lot of incredibly important work to do. The VA is an enormous bureaucracy. It has a lot of work to do. It does a lot of it very well, and some of it not so well. All of those things we need to talk about. But it is important to recognize the 30-year commitment of Senator Thurmond to this Veterans' Committee.

Senator THURMOND. I organized it. [Laughter.]

Chairman ROCKEFELLER. You organized it.

Senator THURMOND. And you have done a good job with it.

Chairman ROCKEFELLER. Well, thank you, sir. [Laughter.]

Here comes Chairman Specter, and so we will now all have a round of applause for Senator Thurmond.

[Applause.]

Chairman ROCKEFELLER. Senator Nelson—for whatever vagaries the Democratic party is involved with—is not yet officially a member of the committee, although he is, and so I have to ask unanimous consent that he be permitted to sit in here in full participation. Knowing that there is no objection, he will do so.

Tony, because of your years of service to veterans at VA, here in the Senate where we know you very well from both places, and from the Transition Commission, I know I don't have to impress upon you the importance of the leadership role. Anytime you have that many employees, leadership is everything, absolutely everything, and you recognize that. Your history is long, your experience is long, and because of that you will come with an advantage. But you will also come with a higher bar of expectation from me, from Chairman Specter, from all of us. And that is as it should be because you are not new to the job. You will not have a learning curve as others might.

I will be looking to you, Tony—I think it is all right to call you Tony, if you don't mind—to define what you believe the VA's mission is today. Now, we all say that and yet we often do not get a very good answer. Usually, it comes to the engraving above the entrance to the building. The mission, in fact, is greatly more complex than that and it is changing drastically. As the needs of veterans change, as veterans grow older, long-term care, all kinds of other things become more important. So I think that the vision and the mission of the VA has become a bit more clouded recently. And we will want to talk about that.

We have all heard the President-elect speak about the need to revamp the VA health care system. That sounds great and potentially is great, but what exactly does that mean? What does that mean to veterans who depend upon the VA? We need to talk about that. Yes, we have made many sweeping changes in the delivery of VA health care. Health care is now very often provided in different settings. Outpatient is the word in health care in general, and it is very much the word in the VA also. Outpatient clinics happily dot the VA landscape. We put one in a very remote county in West Virginia very recently that opened up just last week. The county is in ecstasy about it. It is not just the fact that veterans cannot get to other places, but there are a lot of veterans in the southern part of our State and so they are very happy to go there. I am sure all members have those stories.

On the other hand, we also have to improve those so-called long-term care requirements. We have that on the books. It has passed. Chairman Specter and I were part of the conference committee that worked that out. But I would have to say that the VA has been embarrassingly slow in implementing what is, in fact, the law. And we need to talk about that.

While the past decade has brought about a lot of change and transformation to the VA health care system, I think that we are entering a much more difficult period—for you, for all of us, and for veterans—a much more challenging, much more difficult time. The VA medical system is a health care system with enormous value, especially for veterans who are blind, have spinal cord injuries or prosthetic devices, need dependable mental health care, areas where other parts of the health care system in our country are weak. As you know, I put a very strong emphasis on research, and Chairman Specter does too.

So we have to retain all which is great within the VA. If confirmed, as you will be, you have to protect this very special health care system, and I am sure you will. And I am sure that you will also do something else, and I am sure Chairman Specter would agree with me on this, and that is, accept the oversight role of this Committee without rancor or antagonism or defensiveness. It is our job to give vigorous oversight. Do we always look for the good things? No, probably not as much as we should. We look for how we can make things better. That is our job. So, I hope that you will be comfortable with, and I am sure you will, our oversight function and the kinds of questions and probings that we ask.

The Veterans Benefit Administration is also in crisis. Last year, Chairman Specter chaired a hearing on the veterans adjudication system, and we were greatly disturbed by what we heard about the lack of quality and timeliness in VBA decisionmaking. At that hearing, there was a combat veteran from my State of West Virginia, who is suffering with PTSD, and he testified that it took 5 years for his VA disability claim to be approved. Stunning. An absolutely stunning example. He had the chronology of events. It was all documented. So it is clear, not just from him, but from the general situation, that a lot needs to be done. I have visited some of the new facilities where there is a lot of new technology. But the fact is that since we had our last hearing on this last July, we are 50,000 claims more in backlog than we were last July. So technology does not solve all problems. It is how we do it. And it is not easy. It is easy to complain about, but not easy to fix. But we have to do that.

Our aging veterans population obviously cannot afford to wait. We are looking for innovative approaches from you so that VBA can absorb changes in the law without going into a tailspin because it is new or because it is a directive from central headquarters or something and people are resentful of that. We cannot do business as usual, and everybody understands that.

So, when you are confirmed, and in my judgment you should be and will be, our Nation's veterans will be depending on you. VA is standing at a crossroads. It is dealing with very, very serious issues right now. I look forward to working with you and to a serious debate on these issues.

[The prepared statement of Senator Rockefeller follows:]

PREPARED STATEMENT OF HON. JOHN D. ROCKEFELLER IV, U.S. SENATOR FROM
WEST VIRGINIA

I am very pleased to welcome back a friend who is not new to this Committee—Mr. Anthony Principi, President-elect Bush's choice to be Secretary of Veterans Affairs. Tony, I would like to recognize your wife, Liz, and your three sons, Anthony, John and Ryan, and thank them for their contributions to this process, as well.

I also welcome the two new members of the Veterans' Affairs Committee—Senator Zell Miller and Senator Ben Nelson. As the Committee begins its 30th year, I am confident that our new members will make important contributions as we work together, as we do on this committee, to fulfill our Nation's commitment to America's veterans. Speaking of commitment to veterans, I want to take a moment to acknowledge Senator Thurmond's 30 years of service to veterans on this Committee, and ask that we all give him a warm round of thanks for his leadership.

As Senator Nelson is not yet an official member of the Committee, I will ask unanimous consent that he be permitted to sit and participate fully with the Committee as if a member, pending his final naming to the Committee.

Tony, because of your years of service to veterans—at VA, here in the Senate, and on the Transition Commission—I know I do not need to impress upon you the importance of the leadership role you will soon assume at the VA. As I think you realize, because of your long history and experience, the bar will be set higher for you. The honeymoon period others might enjoy in this new position may, in your case, be short lived.

We will all expect you to hit the ground running to tackle VA's many challenges. And, of course, we will all be there to support you.

I will be looking to you, Tony, to define what you believe VA's mission is today. In many ways I think that has become a bit clouded.

We have all heard the President-elect speak about the need to revamp the VA health care system. That sounds great! But what exactly does that mean to veterans who depend upon the VA? Yes, we have made many sweeping changes in the delivery of VA health care. Health care is now very often provided in different settings, which are frequently not in a hospital. Outpatient clinics cover the VA landscape and provide new access points to many veterans. And veterans—unlike many other groups—now have improved coverage of their long-term care needs, although VA has been embarrassingly slow in implementing some of these programs.

But while the past decade has brought tremendous change and transformation to the VA health care system, we may, actually, be approaching the most challenging period of all.

Through it all, we must keep our eye on the ball. The VA medical system is a health care system with tremendous value, especially for veterans who are blind or have spinal cord injuries, who need prosthetic devices or dependable mental health care. We must retain what has made VA great.

If confirmed, you will be expected to be a steward and protector of this very special health care system. We will accept no less.

The Veterans Benefits Administration is also in crisis. Last year, Chairman Specter chaired a hearing on the benefits adjudication system, and we were greatly disturbed by what we heard about the lack of quality and timeliness in VBA decision-making. At that hearing, a Vietnam combat veteran from my state of West Virginia, suffering with post-traumatic stress disorder, testified that it took a full five years for his VA disability claim to be approved. The documented chronology of events over that five-year period paints a clear picture of a benefits system that needs a great deal of work.

We continue to be dismayed by the delays in making eligibility determinations. And despite efforts by VBA employees, which have yielded some gains in customer service, the problems seem to be getting worse. In fact, the backlog has increased by 50,000 claims just since that hearing in July. We must do better than this.

You know the old saying: "Justice delayed is justice denied." Our aging veterans population cannot afford to wait. We are looking to you for innovative approaches so that VBA can absorb changes in law and new business processes without always going into a tailspin. We can no longer continue to do business as usual.

Tony, if—no, when—you are confirmed, our Nation's veterans will be depending on you. VA is standing at a crossroads. It is dealing with very serious issues right now. I look forward to a serious debate about your approaches to these problems.

Chairman ROCKEFELLER. I now turn to Senator Specter for his opening comments.

Senator SPECTER. Thank you very much, Mr. Chairman. It is a pleasure to see you in the presiding chair.

Chairman ROCKEFELLER. Two more days. [Laughter.]

Senator SPECTER. Actually, a little less than that. [Laughter.]

We have had a close working relationship, really a partnership in this committee. When they say they are going to divide the committee 50/50, that does not present any heartburn to me. We have not functioned on a partisan basis at all. So whether you have the gavel or I have the gavel, it is a lot like the positive relationship I have with Senator Harkin on the Labor-Health and Human Services Subcommittee of the Appropriations Committee. So with you in the chair, I feel very, very comfortable.

I think we are fortunate to have the Secretary-designate Anthony J. Principi here today. He has had extensive experience, and he is a person we know and admire and trust. He comes to this job with experience and a great deal of enthusiasm. He has almost as much enthusiasm as he has ability, and he has a lot of enthusiasm. I have talked to Tony Principi about his ideas and we have talked about technology, we have talked about the claims backlog, talked about the health care system. There is no doubt that America owes a great deal to its veterans.

Senator Murkowski has a 2:30 commitment, as do I. I have to return to the Ashcroft hearing so I am going to have to excuse myself early. So I will not talk at length about the first veteran I knew, my father, Harry Specter. He was not treated right by the Federal Government. They promised him a bonus and they backed out on the bonus. They had that great veterans march. Today, they roll out the red carpet for demonstrators. In 1932, they rolled out the cavalry and Major George Patton rode down Pennsylvania Avenue with drawn saber and they shot and killed some of the veterans. One of the blackest days in American history. I say from time to time I have been on my way to Washington ever since to get my father's bonus. And I still have not gotten it for him.

So service on this committee is really very important. This committee, I think, has done a good job for veterans as we have fashioned legislation. I think with Tony Principi as the new Secretary there will be a brighter day.

My full remarks will be placed in the record, if they may, Mr. Chairman. Thank you.

Chairman ROCKEFELLER. Absolutely, Mr. Chairman.

[The prepared statement of Senator Specter follows:]

PREPARED STATEMENT OF HON. ARLEN SPECTER, U.S. SENATOR FROM PENNSYLVANIA

Good afternoon to all. And welcome, Mr. Principi, to you and your family.

Let me open by being the first to congratulate Senator Rockefeller on his ascension to the committee's chairmanship—though only for this week. I know it is a fine job to have—and I look forward to returning to majority status next week.

Just a thought or two, if I may, on how I expect to see this committee operate this year. As anyone who has observed this committee knows, we operate on a cooperative, bipartisan, consensus basis here—because we all share a common goal: honoring the Nation's commitment to those who have defended her. That being the case, whether Republicans or Democrats are in the majority—or whether, as will be the case this year, the committee has equal numbers from both parties—we will work together. And we will accomplish good things this Congress. Veterans expect that—and they can count on it.

Since the committee last met, we have taken on two new members—Senator Zell Miller of Georgia (who, technically, joined us at the end of the last Congress), and

Senator Ben Nelson of Nebraska (who, technically, will join us next week when a resolution to that effect is approved by the Senate as a whole). Welcome to both of you—I look forward to working with each of you.

I do not want to take an excessive amount of time; we are all eager to hear from our witness. And I know that Senator Murkowski is anxious to speak on behalf of Mr. Principi since Senator Murkowski employed Tony Principi as Republican chief counsel and staff director when Senator Murkowski's was in charge of this committee on the Republican side in 1987–1988.

Chairman ROCKEFELLER. I want to call on Frank Murkowski because he also has to chair a confirmation hearing in the Energy Committee and will need to be leaving. So I would like to call on him now, and then Senator Thurmond, I will call on you, sir.

Senator MURKOWSKI. Thank you very much, Chairman Rockefeller and Senator Specter.

I look upon the return of Tony Principi with a great deal of fondness and anticipation. I see his wife, Liz, and his son back there. Having been out to their home in San Diego, and recognizing that he has traversed back and forth between his State of California and Washington, DC, I assume torn between his love of California and his call to duty, I don't know, unless the lights have gone out, Tony, explain why you are back here—

[Laughter.]

Senator MURKOWSKI [continuing]. Other than the reality of the call to arms your President has asked you to come and serve.

You are no stranger to serving. I am very pleased to speak on your behalf. As many in this committee that have a memory would recall, you and I worked together several years ago when I was chairman of this committee. I might add that I was the first chairman of a full committee ever from the State of Alaska. That was before Dictator Stevens of the—I mean Senator Stevens, chairman of the Appropriations Committee, achieved his current status. [Laughter.]

But enough of that. [Laughter.]

In any event, what we have before us is a true veteran. Tony's combat record speaks for itself. He is highly decorated from his service in Vietnam. And I think it is interesting, after Tony came back to Washington in various capacities of service to the veterans and served me certainly during my chairmanship, he took the Deputy Secretary and Acting Secretary of Veterans Affairs, and then he went back in the private sector. I think that deserves consideration because I think Tony got a little different feel for what it is like to be outside Government. He was associated with Martin-Marietta in various aspects, and he serves currently, or until a short time ago, as president of the QTC Medical Services, Incorporation, a group of professionals providing independent medical examinations and medical administration throughout the Nation.

So this kind of balance and this kind of background and this kind of expertise I think is going to be very beneficial in updating procedures and service in serving our veterans. I think that balance and recent experience in the private sector is going to serve you well, Tony.

I would also like to acknowledge the reality that Mr. Principi was tapped by our senior member, Senator Thurmond, to chair the Commission on Servicemembers and Veterans Transition Assistance. And those recommendations on educational benefits served as

a basis by which this committee made improvements in the Montgomery G.I. Bill during the last Congress. And given other findings of that report I know that our veterans are going to be extremely happy with Tony as Secretary of Veterans Affairs.

Tony is the type of individual who will make a decision, and decisions have to be made relative to the changing needs of our veterans. Some of these decisions are not necessarily popular but they are going to have to be made because the needs do change. We have got more domiciliary requirements for our veterans. We are not necessarily meeting those requirements. There is question of how far does the hospital continue to build brick and mortar go on. These are decisions that Tony is going to have the background and expertise and the personality to address and resolve.

I think your desire, Tony, to serve our Nation's veterans is stronger than ever. I think it is certainly evident in your family. Two of your three sons, Tony, Jr. and Ryan, are future veterans serving in the Air Force. So there is no doubt in my mind that you are going to serve President Bush in the very best possible manner on behalf of the veterans. I certainly am going to support your nomination. Our friendship goes back a long way and it is one that I value. America is very, very lucky to have you back as you have responded to the call of arms. I wish you well, my friend.

Thank you again, Mr. Chairman.

Chairman ROCKEFELLER. Thank you, Senator Murkowski.

Senator THURMOND.

Senator THURMOND. Thank you. Mr. Chairman, it is a pleasure to be here this afternoon. I join you in extending a warm welcome to the Honorable Anthony J. Principi who will be nominated to be Secretary of Veterans Affairs. I also welcome members of his family, friends, and guests.

I am pleased that President-elect Bush has selected a person of experience and ability for this important position. Mr. Principi has a strong background and association with the military community. He is a veteran of the U.S. Navy, a graduate of the U.S. Naval Academy, and a highly decorated Vietnam veteran. He also served in the Navy Judge Advocate General Corps. I know Mr. Principi is well qualified for this position, having previously served as Acting Secretary of Veterans Affairs and Deputy Secretary of the VA.

I personally know Mr. Principi to be a capable and dedicated public servant. In 1993, I called upon Mr. Principi to be my staff director for the Senate Armed Services Committee. Later, as chairman, I appointed him to a Congressional Commission on Military Servicemembers and Veterans Transition. He subsequently was elected by his colleagues as chairman of that commission. In each of these instances his performance was exceptional.

There are a number of important issues facing the Department of Veterans Affairs which affect veterans, their families, and employees of the Department. I mention a few of these issues to emphasize my own concern and to stress to Mr. Principi that he must aggressively address these matters.

First is the issue of veterans benefits. It takes too long now to get initial decisions and the review process can take years. I hope Secretary Principi will work with the Under Secretary for Benefits to improve the VA benefit review process.

Second is my concern with veterans health care. The Congress and the VA have enacted and implemented a number of reforms. The challenge now is to ensure that the availability, delivery, and quality of health care improves.

A third issue is that of Veterans Equitable Resource Allocation, known as VERA, V-E-R-A. As you know, the Congress passed a bill that requires VA to allocate resources according to veteran population and use of VA medical facilities. This generally has meant a shift of some resources from the Northeast to the South and West. I trust Secretary Principi will continue to support this important reform despite political pressures to do otherwise.

Mr. Chairman, again I congratulate Mr. Principi on his nomination. I look forward to working with you, members of the committee, and with the Secretary as we address the needs and concerns of the men and women who have given much for our Nation. Thank you.

[The prepared statement of Senator Thurmond follows:]

PREPARED STATEMENT OF HON. STROM THURMOND, U.S. SENATOR FROM SOUTH CAROLINA

Mr. Chairman: It is a pleasure to be here this afternoon. I join you in extending a warm welcome to the Honorable Anthony J. Principi, who will be nominated to be Secretary of Veterans Affairs. I also welcome members of his family, friends, and guests. I am pleased that President-elect Bush has selected a person of experience and ability for this important position.

Mr. Principi has a strong background and association with the military community. He is a veteran of the United States Navy—a graduate from the U.S. Naval Academy and a highly decorated Vietnam veteran. He also served in the Navy's Judge Advocate General Corps.

I know Mr. Principi is well qualified for this position, having previously served as Acting Secretary of Veterans Affairs and Deputy Secretary of the VA.

I personally know him to be a capable and dedicated public servant. In 1993, I called upon Mr. Principi to be my Staff Director for the Senate Armed Services Committee. Later, as Chairman I appointed him to a Congressional Commission on Military Servicemembers; and Veterans Transition. He subsequently was elected by his colleagues as Chairman of that Commission. In each of these instances, his performance was exceptional.

There are a number of important issues facing the Department of Veterans Affairs which affect veterans, their families, and employees of the Department. I mention a few of these issues to emphasize my own concern and to stress to Mr. Principi that he must aggressively address these matters.

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Mr. Chairman, again, I congratulate Mr. Principi on his nomination. I look forward to working with you, members of the Committee and with the Secretary as we address the needs and concerns of the men and women who have given much for our Nation.

Chairman ROCKEFELLER. Thank you very much, Senator Thurmond.

Senator Boxer, I am very aware that you need to leave at 2:45. We will try and make this work.

Senator Nelson is the next.

Senator NELSON. Thank you, Mr. Chairman. I appreciate very much the courtesy you have extended to me to be here today prior to my officially taking a position on this very important committee. I also want to thank Mr. Principi for reentering public service. As one who has done that on more than one occasion myself, I recognize it and highly respect individuals who do that. I will be very brief.

As most people looking at veterans services today and the benefits and the delivery of those health care services, there is this continuing concern about the distance of traveling between hospitals, for example, in more sparsely populated States like Nebraska. I always point out that we are geographically challenged—a lot of area and more cattle than people. But the needs are very strong and we want to make sure that in the effort to streamline services we do not at the same time reduce the availability of those services by extending travel over greater distances, therefore creating unusual hardships.

In Nebraska, two rural inpatient hospitals have been closed in the past several years and veterans from the western part of the State are now often forced to travel all the way to Omaha. That does not sound like it might be a long way, but going from western Nebraska to Omaha is like going from Omaha to Chicago. It does cover a lot of distance.

So one of my first questions for you to ponder, and I know that you will, is: is there a way to continue to provide services that do not require that kind of travel. It is a tremendous hardship to the veteran, to the family of the veteran. We need to consolidate along the way but we must also make sure that we give veterans a fair shake.

And on that subject of consolidation, I think we have moved a little prematurely in some of these areas because, for example, I do not have the figures for the year 2000, but in 1999 29,500 veterans sought care in Nebraska, and that was a 17 percent increase over previous years. So while we have an assumption that we are losing a veteran population, in fact we may see the need for increased services among those who remain. I am very concerned that we consider that in any future effort to consolidate services so that we do not start with the wrong assumption that fewer veterans mean lower needs. In fact, there may be fewer veterans, but because of advancing age and health conditions, we might be having just the opposite phenomenon.

And finally, and this is something very specific to Nebraska, following a large number of complaints from Nebraska's veterans, the VA's Inspector General conducted an investigation of the Omaha Veterans Hospital. And while they found a lot of positive things about the facility, they also discovered an alarming number of problems, including: poor treatment of the post-traumatic stress syndrome clinic, inconsistent followup care for veterans with hepatitis C, failure to communicate about patient medical histories among hospital staff, poor monitoring of narcotics, prescriptions, and poor management and a backlog of the hospital's pain management program.

These are management issues that involve the delivery of quality care. They are certainly something that you have not caused or been part of, but you will inherit them. I hope that you can ensure that the recommendations of the Inspector General will be followed up on with this facility, as well as taking into account what services are going to be required over the next several years.

Chairman ROCKEFELLER. Thank you, Senator Nelson.

Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman, at least for another 21 hours and 30 minutes. I really should say 46 hours and 30 minutes.

Chairman ROCKEFELLER. It does not really make much difference what you say, Senator Graham. [Laughter.]

Senator GRAHAM. I want to announce the obvious, which is that America is very fortunate to have Mr. Principi come back in its service. I look forward to being an enthusiastic supporter for your confirmation. You bring a great deal of experience, confidence, both within the agency and among America's veterans and here on Capitol Hill.

I will just briefly mention a few areas that will be of particular interest to me, several of which have already been covered. I share the comments that Senator Thurmond made about the importance of the VERA program, which to me has the objective of assuring that there will be a uniform level of health care services provided to all of our veterans wherever they might live in America. I think that is a fundamental principle of equity and one which we are now closer to realizing than we had been previously.

Second, I also share the concern that has been expressed by Chairman Rockefeller and others relative to the disability claims processing system. We have had a particularly serious problem at one center in Florida which is charged with the responsibility of those claims determinations. Unfortunately, it has one of the longest times required to get a claim resolved. I have worked with your predecessor on this matter and look forward to working with you to deal with that specific issue in Florida but which is really illustrative of a larger national concern.

Third is the issue that our new colleague, Senator Nelson, just raised; that is, some of the consequences of the 1995 decision of no new starts of hospitals. In my State, the consequence has been that we are still growing in our veteran population and in areas like southwest Florida between Sarasota and Naples and in the panhandle area we have large numbers of veterans who are quite distant from any hospital. I think we need, if we are going to maintain a no new starts policy, to think through the implications of that and how we can assure that those veterans are not isolated from access to some veterans-supported health care.

Finally, the old, old veteran. We know that the age of all Americans including American veterans has extended. In 1930 the average American male who reached the age of 65 had about 4 or 5 years of life expectancy. Today they have 15 years of life expectancy. By the end of this century they will have close to 25 years of life expectancy. And so the Veterans Administration will be dealing with much different demographics. And how the Veterans Ad-

ministration organizes to do so will be critical to the well-being of millions of Americans now but particularly a decade from now.

Those are just a few items on the agenda that I look forward to working with Tony Principi on during what I am confident will be a distinguished period of service to America and its veterans. Congratulations.

Chairman ROCKEFELLER. Thank you, Senator Graham.

Senator HUTCHINSON.

Senator HUTCHINSON. Thank you, Mr. Chairman. Let me first of all welcome Mr. Principi. Good to see you. Thanks for coming over. I want to applaud President-elect Bush for his choice. I think it sends an unmistakable signal that this administration is committed to the welfare of our Nation's veterans.

I will, as did Senator Graham, just mention a few issues, some of which we had an opportunity to visit about in my office. But the accuracy and timeliness in the processing of veterans claims is obviously the foundation of the system. Many veterans have lost faith in that system and it is something that is going to need to be examined, reviewed, and improved. I hope you will make the commitment to make that a priority.

We discussed a little bit about veterans health care and the medical care side of the veterans system. One of my particular interests is rural health care. I think one of the major strides that the VA has made is in the establishment of the community health clinics, the rural health clinics where veterans do not have to travel 200 miles to Little Rock in order to get the health care that they have been promised and that they deserve. We need to continue to expand that system where we are not just a brick and mortar based. We can be anchored to but not reliant upon that system entirely. Primary health care can be provided closer to home at less expense. I look forward to working with you on that issue.

We discussed some about the concurrent receipt issue. It is time in this age of surplus that we address the inequity in the current system and that we come out with a fair concurrent receipt bill that will not bankrupt the VA but that will meet and honor the commitment that we have made to our Nation's veterans.

And finally, we discussed also a little bit about the Montgomery G.I. Bill. I see in the audience today the author of that original bill, Sonny Montgomery. As times change, we need to enhance the Montgomery G.I. Bill. You in your commission report addressed the issue of portability. That is something, along with other enhancements, that we need to continue to work on. I see I have Sonny's attention back there. I think that is something that we will work together on.

And the last thing, and this is a parochial issue but I think it speaks to a bigger problem in the VA that I hope that you will address. We have in Arkansas one State-run veterans home. We want to start a second one. We have a growing veterans population, an aging veterans population. In Fayetteville, AR, where we have a veterans hospital, adjacent to that a regional privately operated hospital is moving. They have offered to donate a portion of that building to establish a second State veterans home. We had VA architects look at the building to see if it was appropriate. And they said, yes, it was workable.

The State applied for a grant a year ago. Our State Director of Veterans Affairs talked to me this past week and said they have never heard an answer. The State legislature is in session, the State is ready to make a commitment, but we do not know whether to put in a bill because we have never heard a response from the VA. I know that you are promptly going to take care of Fayetteville, AR. [Laughter.]

But we should not take a year to make those kinds of decisions.

But I have every confidence in your ability to serve and serve well. Your distinguished career is only going to be enhanced as Secretary of Veterans Affairs. I look forward to being able to support that nomination.

Chairman ROCKEFELLER. Thank you, Senator Hutchinson.

Senator THURMOND. Mr. Chairman.

Chairman ROCKEFELLER. Yes, Senator Thurmond?

Senator THURMOND. I ask unanimous consent that a statement by Senator Craig be entered in the record.

Chairman ROCKEFELLER. I was about to do that. It will be done, without objection.

[The prepared statement of Senator Craig follows:]

PREPARED STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR FROM IDAHO

Mr. Chairman, it is indeed a pleasure to be here at the confirmation hearing of Anthony J. Principi for Veterans Administration (VA) Secretary. The VA represents millions of men and women who have served our great nation, often at extreme sacrifice. Therefore, in gratitude it is important that we select a VA Secretary who will insure that our veterans receive the care and services they were promised and most certainly deserve.

I believe that Anthony J. Principi is extremely qualified to serve as VA Secretary. A decorated Vietnam veteran, he has experience working with Congress and has a history of working on numerous veterans issues both in the private sector and in government service. Indeed, I have heard many endorsements from VA representatives in Boise. I look forward to working with Mr. Principi on continuing to improve access to services which recent legislation has provided. As a fiscal conservative, I understand how difficult it is to insure optimum commitment to our nation's heroes while balancing the budget. I believe that Mr. Principi's breadth of knowledge will enable him to ensure our government honors its commitments to our veterans and implements the most beneficial and cost effective programs.

I look forward to working with Mr. Principi when addressing, expanding, and improving the delivery of services and benefits so that all veterans have equal access to, and quality of, medical care. In many areas of the country as in Idaho, the waiting lists are long and only getting longer. Of course, one of my major concerns is ensuring the necessary funding for primary care, but we must not forget to provide all the services and specialty care that many of our veterans' require as well as making the necessary investment into research and development into veteran unique medical problems. The Millennium Health Care Act has had some major impacts; however, the VA has not yet developed the policies necessary to deal with issues such as emergency care, Hepatitis "C", and Diabetes.

On a brighter note is the veteran outpatient clinics. In rural Idaho we have two clinics in Twin Falls and Pocatello, but have the extensive waiting lists and problems with access that can justify a third in Lewiston. I would encourage the VA to continue exploring under serviced areas. Any time we can provide local as opposed to regional service, the veterans will be grateful and overall cost reduced.

Veterans who are also military retirees are suffering greatly in Idaho as well as other rural areas. TRICARE, which was set up to provide medical services to active duty and retirees, is bad and getting worse in Idaho. I implore Mr Principi to work with the Department of Defense (DOD) in developing procedures for providing medical services to TRICARE-dependent military retirees in VA facilities.

Another area of concern is the current policy on travel reimbursement rates. Reimbursing only eleven cents per mile is inadequate in today's environment, considering soaring gas prices and the impact of inflation since this policy was enacted.

This has a tremendous impact on our veterans in rural states, where they may have to travel five hundred miles in a single round trip to obtain medical care.

And finally, we must unfortunately deal with the increasing need for Veterans Cemeteries. We must work together to insure that all our veterans are given the proper and ultimate benefit of their honorable service.

I believe that Mr. Principi is an excellent choice to help define our commitment to our nation's veterans, while recognizing the tough fiscal decisions that must be made. Let us never forget the important role that our veterans have made insuring our national security—the United States is a super power and enjoys such success because of the service and sacrifice of our veterans for whom we should be forever grateful.

Chairman ROCKEFELLER. Thank you, Senator Hutchinson, very much.

I now call upon the distinguished Senator from California. I do know where you are from, yes. [Laughter.]

We have known each other for a while. Barbara Boxer, we are very happy that you are here. We welcome your introductory comments.

Senator BOXER. Thank you so much, Mr. Chairman. It is a pleasure to be here with you and the soon to be Secretary of Veterans Affairs. My friend, David Dreier and I are very proud of the Californians that have been nominated by President-elect Bush.

I know that the Secretary-designate is aware of every issue raised here this morning. I am just feeling much better knowing you are looking after my veterans. Anything I can do to help, I will.

We already know without my formal introduction that we have a “prince” of a guy—did you get that? I can tell you that Senator Feinstein very much wanted to be here, Mr. Chairman, but she is at another hearing. I ask unanimous consent that her statement be entered into the record at this time.

Chairman ROCKEFELLER. Without objection.

Senator BOXER. Thank you very much.

[The prepared statement of Senator Feinstein follows:]

PREPARED STATEMENT OF HON. DIANNE FEINSTEIN, U.S. SENATOR FROM CALIFORNIA

Mr. Chairman, it is my pleasure to present my fellow Californian, Anthony Principi, President Bush's Nominee to head the Department of Veterans Affairs.

A Vietnam veteran who served his country for more than 30 years, Mr. Principi will champion veterans' rights and ensure that those who have sacrificed so much for their country are treated with the dignity and respect that they deserve.

CAREER HIGHLIGHTS

Mr. Principi has built a distinguished career devoted to the U.S. military and the veterans who serve in it.

After graduating from the U.S. Naval Academy in 1967, Mr. Principi served on the destroyer USS Joseph P. Kennedy, and then commanded a river patrol unit in the Mekong Delta.

He was awarded several decorations for the tour including a Bronze Star and the Navy Combat Action Medal.

Subsequently, Mr. Principi earned his law degree from Seton Hall University and was assigned to the Navy's Judge Advocate General's corps where he served as a Navy liaison to Congress.

Later, he served as Chief Counsel to the Senate Veterans' Affairs Committee (1984–1988) and staff director to the Senate Armed Services Committee (1993).

In March 1989, Mr. Principi joined the Bush Administration as Deputy VA Secretary, and he was named acting secretary for the last four months of the administration.

With a budget exceeding \$34 billion, Mr. Principi was responsible for maintaining the nation's system of health-care services and benefit programs for America's 27 million veterans.

In 1996, Mr. Principi served as Chairman of the Congressional Commission on Military Service Members and Veterans Transition Assistance.

He oversaw the commission's inquiry, which determined that many veterans benefits and services are outdated, ineffective or wasteful.

Now, he will have the chance to take the lead in implementing the recommendations of that commission and ensure that veterans' benefits are adequate and effective.

In addition to his government service, Mr. Principi has also worked in the private sector, most recently as President of QTC Medical Services, Inc. a group of professional service companies providing independent medical examinations and administration throughout the nation.

FUTURE CHALLENGES

The next Secretary of Veterans Affairs will need to continue the recent progress in correcting long-standing problems in providing health care to veterans and in getting adequate funding for VA operations.

I am also hopeful Mr. Principi will fight to improve medical, education and housing benefits for service members and veterans.

Thank you.

Senator BOXER. I know Senator Feinstein is as excited and happy about this appointment as I am.

Mr. Chairman, Anthony Principi is highly qualified for this position. As we all know, it is a very important position. The VA is the second largest agency in the U.S. Government; only the Department of Defense is larger.

Our promise to America's veterans is a promise that must be met. I want to talk to you about something that I have talked to you about and I am going to spend just a minute on our conversation. Right now, the number of homeless male and female Vietnam-era veterans is greater than the number of servicepersons who died during that tragic war. I am going to say that one more time. The number of homeless male and female Vietnam-era veterans is greater than the number of servicepersons who died during that war. We cannot continue to turn our backs on these people.

I would ask unanimous consent that my full statement be entered into the record.

Chairman ROCKEFELLER. Of course.

Senator BOXER. I would also like to submit a letter from a good friend of mine who is executive director of "Swords to Plowshares," Mr. Michael Blecker. This agency has served thousands of poor and homeless veterans in San Francisco. Mr. Blecker writes, "Under his direction, the DVA will make enormous strides to address the needs of all veterans and particularly those veterans who are homeless and at risk for being homeless." I would like to put that in the record as well.

Chairman ROCKEFELLER. Without objection.

Senator BOXER. So, Mr. Chairman, thank you for this honor.

Thank you, Tony, and thanks to your family for allowing this to happen because I know they have started packing. And I want to say, perhaps just ending with a quote from our Secretary-to-be: "I know of no mission more worthwhile than serving the men and women who have so honorably served this Nation."

Thank you very much.

[The prepared statement of Senator Boxer follows:]

PREPARED STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM CALIFORNIA

Thank you Mr. Chairman. I appreciate having this opportunity to introduce Mr. Anthony Principi to your Committee this afternoon.

Mr. Chairman, Anthony Principi is eminently qualified to be the next Secretary of Veterans Affairs.

It is an important position. The Veterans Administration is the second largest agency in the U.S. government. Only the Department of Defense is larger. The VA's mission to serve our 24 million veterans by providing medical care, benefits, support and lasting memorials in a dignified and compassionate way is a difficult, but important one.

I know Anthony is passionate about the veterans he has and will serve. Yesterday, in our brief meeting together, he spoke eloquently about the need to work harder to help homeless veterans. Right now, the number of homeless male and female Vietnam era veterans is greater than the number of service persons who died during that tragic war.

And, on this tenth anniversary of the Gulf War, the VA is reporting that we are already seeing Desert Storm veterans in the homeless population. All told, nearly one-third of the adult homeless population has served in the U.S. Armed Forces.

With his experience as the VA's first Deputy Secretary and later as acting-Secretary, I am confident that Mr. Principi understands these tragic facts and has the energy and intelligence to work in creative ways with this committee to find solutions.

A review of Mr. Principi's past work shows his commitment to service to this nation.

Mr. Principi began his distinguished career in the military by graduating from the U.S. Naval Academy in 1967.

Shortly thereafter, he volunteered for duty in Vietnam and went on to become a highly decorated soldier, earning many combat decorations including a Bronze Star with a "V" for Valor.

He went on to earn his law degree from Seton Hall University in 1975 and was assigned to the Navy's JAG (Judge Advocate General's) Corps.

In 1984, Mr. Principi joined this Committee as Staff Director and Chief Counsel, a position he held until 1988.

One of the greatest indications of Mr. Principi's devotion to America's veterans was his willingness to continue to work on these issues after the end of the Bush Administration.

In 1996, he was appointed by Senator Thurmond to serve on a Congressional Commission on Military Servicemembers and Veterans Transition Assistance and was elected Chairman. This Commission worked hard to find ways to improve veteran benefits and services—now Mr. Principi will have a chance to implement those recommendations.

Mr. Chairman, I have heard from the real experts on the matter of Mr. Principi's qualifications and ability to do this job—the veterans of California. They are always straight with me and tell it like it is. Today, they are telling me to support Mr. Principi.

With your permission, Mr. Chairman, I would like to enter into the record three letters of support from the California American Legion. They are from the State Commander, the Vice Chairman of the National Legislative Council and the Past National Vice Commander. Just to read from one of them:

"[Mr. Principi] possesses the tools, skills, and experience that will permit him to do a brilliant job meeting the needs of our military veterans."

So, Mr. Chairman, I thank you for this opportunity to introduce Mr. Principi before this committee. I want to recognize his wife, Liz, and their three sons, Ryan, Anthony, and John. They know that serving in a Cabinet position can be extremely trying and time-consuming so I want to thank the entire family for again making this sacrifice.

Please allow me to end by quoting Mr. Principi himself:

"America now reaps the fruit of service of 24 million veterans. However, their service imposes upon us a reciprocal obligation . . . I know of no mission more worthwhile than serving the men and women who have so honorably served their nation."

Thank you Mr. Chairman.

THE AMERICAN LEGION, DEPARTMENT OF CALIFORNIA,
401 VAN NESS AVENUE, SUITE 117,
San Francisco, CA, January 3, 2001.

Hon. BARBARA BOXER,
U.S. Senate,
Washington, DC.

DEAR SENATOR BOXER: I write to you in support of Senate confirmation of W. Anthony J. Principi for the office of Secretary, Department of Veterans Affairs. Mr. Principi is steeped in the knowledge, skill, and experience previously acquired through serving in this very position.

Our homeless and disabled veterans deserve the caring and compassionate service that has been the hallmark of Mr. Principi.

Please give Mr. Principi your Senate vote when he comes up for confirmation in the 107th Congress.

Respectfully,

FLOYD MARTIN,
State Commander.

THE AMERICAN LEGION, DEPARTMENT OF CALIFORNIA,
401 VAN NESS AVENUE, SUITE 117,
San Francisco, CA, January 3, 2001.

Hon. BARBARA BOXER,
U.S. Senate,
Washington, DC.

DEAR SENATOR BOXER: It is with great honor that I commend to you Mr. Anthony J. Principi, Secretary-Designate, Department of Veterans Affairs. The Veterans of The American Legion, Department of California strongly support Mr. Principi for this job. He was outstanding in the capacity of first Deputy Secretary of Veterans Affairs and later as Acting Secretary of Veterans Affairs. He showed great compassion in serving our military veterans.

You could make California veterans happy by casting your senate vote for Mr. Principi when he comes up for confirmation early within the 107th Congress.

Respectfully,

LEO P. BURKE,
Past National Vice Commander.

THE AMERICAN LEGION, DEPARTMENT OF CALIFORNIA,
401 VAN NESS AVENUE, SUITE 117,
San Francisco, CA, January 4, 2001.

Hon. BARBARA BOXER,
U.S. Senate,
Washington, DC.

DEAR SENATOR BOXER: Mr. Anthony J. Principi has been designated to serve the next administration as Secretary, Department of Veterans Affairs. He is one of three Californians that have been selected to serve in positions, which must be confirmed by the Senate. He possesses the tools, skills, and experience that will permit him to do a brilliant job meeting the needs of our military veterans.

It is anticipated that Mr. Principi will come up for confirmation early in the 107th Congress. I urge you to cast your vote to confirm W. Principi.

Sincerely,

STAN STANDARD,
Vice Chairman National Legislative Council.

SWORDS TO PLOWSHARES,
1063 MARKET STREET,
San Francisco, CA 94103, January 17, 2001.

Hon. BARBARA BOXER,
U.S. Senate,
112 Hart Senate Office Building,
Washington, DC.

RE: Letter of Support for Anthony J. Principi as Secretary of the Department of Veterans Affairs

DEAR SENATOR BOXER, I wish to express my enthusiastic support for the confirmation of Anthony J. Principi as Secretary of the Department of Veterans Affairs. As a fellow Vietnam combat veteran and as director of an agency that has served thousands of poor and homeless veterans in San Francisco over the past quarter century, I first became acquainted with Mr. Principi in 1990.

In that year, as Deputy Secretary of Veterans Affairs, Mr. Principi attended one of the very first Stand Down events, pioneered by Vietnam Veterans of San Diego. These respites from the streets were extraordinary community-building opportunities for veterans who needed help but remained distrustful of the Department of Veterans Affairs (DVA). Stand Downs also represented an effort by advocates and community providers to pressure the DVA to leave its institutional walls and join them "in the field" where the wounded were. Mr. Principi's presence at the 1990 Stand Down represented the DVA's first public endorsement of a community-led intervention on behalf of homeless veterans.

I worked with Mr. Principi for several years beginning in 1997 when I was appointed to the Congressional Commission on Servicemembers and Veterans Transition Assistance. Mr. Principi was elected Chairman of the twelve-member Commission established by Congress to review programs that provide benefits and services to veterans and servicemembers transitioning to civilian life. This Commission's review became the most comprehensive since that of the Bradley Commission in 1956.

The broad scope of the Commission's charge entailed massive levels of data collection and official presentations from such imposing bureaucracies as the Departments of Defense, Veterans Affairs, and Labor. Yet under Mr. Principi's leadership, the Commission made great efforts to understand the issues from the perspective of the average soldier completing his or her tour of duty, and of the ordinary veteran, whether early in their civilian career or years later. Many field visits were conducted to active military bases both stateside and abroad. In addition, Mr. Principi led visits to homeless veteran programs in order to examine what went wrong with those young soldiers whose transition was to a life of homelessness. I was continually impressed with the rapport he established with these men and women. Mr. Principi treated all who had served with dignity and respect whether he or she be a Commanding General, an enlisted servicemember, or a homeless veteran.

The Commission's report reflects Mr. Principi's bold vision on issues ranging from a meaningful Montgomery GI Bill, to re-engineering employment and training benefits, to providing affordable and accessible health care.

In closing, I would like to applaud your efforts and support of Swords to Plowshares' work to provide care for homeless and low-income veterans. During your term in public office, you have never forgotten the veterans who have remained wounded and on our streets. Your efforts drew congressional attention to the pressing health needs of homeless veterans, and led to the creation of a local task force to bring desperately needed resources to the Bay Area. Consequently, Swords to Plowshares was able to acquire and operate supportive housing programs for homeless veterans in San Francisco. We now house close to 200 veterans at a time, creating meaningful opportunity for them to stabilize their lives and return to the community.

I look forward to the vision and leadership Mr. Principi would bring to the DVA. I am confident that under his direction, the DVA would make enormous strides to address the needs of all veteran, and particularly those veterans who are homeless and at-risk for becoming homeless.

Thank you.

Sincerely yours,

MICHAEL BLECKER,
Executive Director.

Chairman ROCKEFELLER. Thank you, Senator Boxer, very much and thanks for your patience, which is going to be matched by the patience of Congressman Dreier—

[Laughter.]

Chairman ROCKEFELLER [continuing]. Because a very senior and wonderful member of our committee, Jim Jeffords, has just arrived. So I would like to have Jim give his statement, if you don't mind, David.

Senator JEFFORDS. Let me be very brief. I have had the opportunity to discuss fully Tony's rising to this level. I am enthusiastic

about having you working with us and look forward to that, and I will allow us to go forward with questions.

Chairman ROCKEFELLER. After Congressman David Dreier, whom I have known for a number of years, also has a chance. I think you are from the 28th Congressional District, David?

Mr. DREIER. I think so. [Laughter.]

Chairman ROCKEFELLER. Well you know so, but I am just doing the best I can. [Laughter.]

Mr. DREIER. If you want to know the truth, I never say a number because we have got so many in California—

Chairman ROCKEFELLER. And they keep changing, right. I understand. Anyway, we welcome you here.

Mr. DREIER. Thank you very much, Mr. Chairman, Senator Jeffords, Senator Nelson. I want to join in extending a welcome not only to Tony, but to Liz and Ryan, and to our former colleague who was chairman of the House Veterans' Affairs Committee, Sonny Montgomery.

I think that when you look at this assignment, it is an extraordinarily important position, as has been pointed out. And as I look at the statements that have been made over the last several months by Governor George Bush, it is very clear that he has demonstrated a desire to strengthen the sense of pride and peace of mind among our Nation's veterans. He is very, very committed, as you pointed out, Mr. Chairman, to revamping the health care system and he is committed to the goal of returning to the VA, the principle that they are actually the advocate of the veterans of this country.

I think that when we look at the work that he has done on this Committee, we see an extraordinary effort.

I am proud as a Californian that Tony is among, as Barbara mentioned, a list of very distinguished people who will be members of the cabinet or at top level posts in this administration. Condoleeza Rice, from Stanford, is going to be our Nation's first female African-American National Security Advisor. Norm Mineta is going to move from his position as Secretary of Commerce to become Secretary of Transportation. We are very proud, as Barbara said, of Ann Veneman, who is going to be the first female Secretary of Agriculture, whom we introduced this morning. And of course I still call her a Californian even though she now lives next door to me here on Capitol Hill with our colleague, Senator Mitch McConnell, that being Elaine Chao, who is going to be our great Secretary of Labor. We are proud of these Californians, and Tony Principi is clearly among them.

We all know that he is extraordinarily well equipped to provide first-rate service. I know that he will in fact listen very closely to the oversight provided by the Senate Veterans' Affairs Committee. Good luck to you.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Dreier follows:]

PREPARED STATEMENT OF HON. DAVID DREIER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CALIFORNIA

Chairman Rockefeller and members of the Committee, I am pleased to be here today to say a few words of introduction for my friend and fellow Californian, Anthony Principi.

Anthony Principi's ties to the military and his knowledge of veterans issues run deep. He is the son of a World War II veteran and a Naval Academy graduate he was highly decorated for his service in Vietnam, where he commanded a river patrol unit in the Mekong Delta, earning the Bronze Star.

Along with his military service, Tony served as a staffer on both the Senate Committee on Armed Services and Veterans' Affairs Committee. Under President Bush, he was appointed to be the first Deputy Secretary of Veterans Affairs and eventually Acting Secretary of Veterans' Affairs. During his time at the Department of Veterans Affairs he was one of the first to call for the establishment of a registry to track the medical conditions of Persian Gulf War veterans.

After he left government service, Tony continued to be active in veterans issues. He was appointed Chairman of the Congressional Commission on Servicemembers and Veterans Transition Assistance where he helped to develop recommendations to Congress on improvements for the services and benefits for active duty service members and veterans.

During his campaign, President-elect Bush discussed the need to restore a sense of pride and peace of mind to our veterans. President-elect Bush has promised to improve the way veterans are treated. His plan includes; modernizing the veterans health care system, returning the principle of the VA to that of an advocate for veterans who seek service-related disability claims, and the establishment of a Veterans Health Care Task Force to ensure that laws regarding veterans are being fully implemented.

I believe that Tony Principi has the experience required to implement President-elect Bush's plans to improve the care and treatment of our veterans. Mr. Chairman, I thank you for allowing me the opportunity to say a few words about my friend and the next Secretary of the Department of Veterans Affairs, Anthony J. Principi.

Chairman ROCKEFELLER. Congressman, thank you very much. Thank you for taking the time to be here with us. I am sure that Tony Principi is very happy that you did that.

In closing for the moment, I note that the nominee has completed the Committee Questionnaire for Presidential Nominees and responded to my prehearing questions, all of which will appear in the hearing record. Also I have reviewed the letter from the Office of Government Ethics acknowledging that Mr. Principi is in compliance with laws and regulations governing conflicts of interest. As chairman of the committee, for the moment, I have reviewed Mr. Principi's FBI report and find no bar to his confirmation.

At this point, before you give your testimony, Mr. Principi, I would ask that you stand and take the oath.

Do you swear and affirm that the testimony that you will give at this hearing and any written answers or statements you provide in connection with this hearing will be the truth, the whole truth, and nothing but the truth?

Mr. PRINCIPI. I do.

Chairman ROCKEFELLER. Thank you, sir. You may be seated. We look forward to your statement, which we hope will be about 10 minutes or so long. [Laughter.]

STATEMENT OF HON. ANTHONY J. PRINCIPI, DESIGNATE FOR NOMINATION AS SECRETARY OF VETERANS AFFAIRS

Mr. PRINCIPI. Thank you, Mr. Chairman, Senator Specter, members of the committee. I thank you for inviting me to appear before you this afternoon. I am indeed honored. And I again wish to thank Senator Murkowski, Senator Boxer, Congressman Dreier for their very kind words of introduction. I also wish to acknowledge Congressman Sonny Montgomery, the former chairman of the House Committee on Veterans' Affairs, who has been an inspiration to me my whole professional life in this city. I know I would not be sitting

here today were it not for his unyielding support for my candidacy. I am so very thankful to him for his friendship and his advice over the years.

And, of course, I am deeply thankful for the support of my parents; my father, now gone, who came to this country as an immigrant, and who served his country so gallantly in World War II, and my mother, whose health prevents her from being here. To my wife, Elizabeth, a Navy nurse during the Vietnam war who also, she reminds me, served as a Navy JAG, who has always told me that there is no sacrifice too great for the opportunity to serve in this capacity to serve our Nation's veterans; my son, Ryan, coming from Vance Air Force Base. I wish my other children could be here. To my extended family who came from California, and of course the Moores, who have always been there for me.

I am honored that President-elect Bush looked to me to embody his commitment to our veterans.

I am honored that, if the Senate consents, I will assume leadership over 200,000 very dedicated VA employees who have chosen careers of public service. They are some of the most wonderful people I have ever known and have worked with in the past.

I am honored by the prospect that, if the Senate is willing, I will work again in partnership with our country's veterans service organizations.

And most of all, Mr. Chairman, I am honored and humbled by the prospect that 24 million men and women who answered our Nation's call to arms may soon look to me to answer their call for the benefits they earned in the service to our great Nation.

I have accepted this challenge for one reason. I believe deeply in the mission of the Department of Veterans Affairs, and in the Department itself. I am fully committed to its mission of service to veterans. If I can just make a difference for America's veterans, then my rewards will far outweigh any sacrifice I may make.

I do intend to make a difference. The Department of Veterans Affairs is at a critical juncture. Many veterans have lost faith in VA's ability to fairly and promptly decide their claims for benefits. Not without reason. It takes too long to decide a claim, and the error rate remains too high.

I know that VBA's leadership has addressed these problems. I applaud their initiative and their innovation. But veterans do not care about process. Veterans are entitled to outcomes. It does not matter what VBA is doing. It matters what VBA does.

President-elect Bush promised a top-to-bottom examination of VA benefits processing. If I am confirmed, I will commission a broad-based and inclusive task force to conduct that examination. Mr. Chairman, members of the committee, its charter will be narrow. I am not interested in abstract theories of veterans' benefits. I want hands-on practical solutions. I will not want to hear that problems can't be solved due to the language of the law. I will work within the law as the people's representatives in Congress write it.

It will be given a short fuse. If I leave this town with VBA's problems still under study, I will count my tour here as a failure.

Our history shows that America can solve just about any problem if we are united in a common cause and committed to a victory. And I use the word "victory" deliberately. The clearest example of

our country's ability to achieve great ends while overcoming enormous challenges can be found in undertakings such as the Manhattan Project or the creation of entire shipyards out of bare ground in response to World War II's shipping shortage.

It may be necessary for VA to declare its own war on claims processing and bring all of its resources to bear in the campaign to win that war. Success will certainly take bold steps. All of the participants must be willing to unite in the common cause.

I do not want to suggest today that I have a preferred option for conducting this campaign. Nothing should be off the table. The members of the task force should be free to propose and discuss any idea, no matter how different it is from the way VBA operated in 1946 or 1972 or even 1999.

VA's challenges are not limited to prompt and accurate decisions on disability claims.

Some veterans are skeptical of VA's ability to provide them with quality health care. I believe that, over all, VHA does provide very high quality health care, some of the finest care in America. I commend VHA's leadership as well for their emphasis on patient safety and quality care. But quality health care requires constant attention at every level within the Department. I will keep my eye on that ball.

VHA provides health care to the extent that resources are available. That means that inefficient or ineffective use of limited resources would come at the expense of health care for veterans. I will hold VHA's leadership accountable for their stewardship of the resources entrusted to them. I must also be held accountable, because sick veterans would pay the price for VHA inefficiency. And that would be unacceptable to me.

As Secretary, my bottom line will be access to quality health care for veterans. This will be particularly true for veterans who do not have other options, either because they need specialized services, be it spinal cord injury, blind rehabilitation, mental health, prosthetics, whatever it might be, or because their circumstances call on them to look to VA as their only health care provider in America.

President-elect Bush has promised a top-to-bottom review of VA's health care system, implementation of the Millennium Health Care Act, and modernization of barriers hindering veterans' access to health care. If the Senate confirms my nomination, the President's goals will be my goals.

Again, I believe that a broad-based, inclusive, tightly focused, and short-fused task force, drawing on the knowledge and commitment of the VSOs, forward-looking VA employees, and VA's partners in health care delivery, our academic institutions, can help me deliver on that promise by identifying problems and proposing solutions.

I believe new technology offers VA new opportunities. It also imposes great challenges. Technology is often expensive, and is almost always complex. Effective application of complex technology to already complex processes, such as VA's, frequently requires rethinking and rebuilding from the ground up. We can't just pave the cow path and expect to improve service.

Information technology can offer a means to break down the bureaucratic boundaries that interfere with quick and efficient service to veterans as well as the walls now dividing VA from her sister departments in the Federal Government and, totally unacceptably to me, barriers that now exist within VA itself. I applaud outgoing Acting Secretary Hershel Gober for his commitment and his goals to create one VA. I intend to carry out his work.

VA has absorbed billions of dollars allocated to improving its ability to collect, process, and communicate data. Frankly, I do not see improvements, Mr. Chairman, members of the committee, proportional to the resources consumed.

I do not now have a solution to VA's information technology problems. I do know that I intend to find one. And in my search for a solution I will not be constrained by "how we have always done it." That path is a dead end. It has not worked.

I will not come before you and claim to have in my hip pocket an instant solution to all of the challenges faced by VA and by the veterans VA serves. If the solutions were easy, they would have been implemented long ago. And while I am blessed with many friends in the veterans community, and can draw on my experience on the Hill, in the Department, and on the Congressional Commission on Servicemembers and Veterans Transition Assistance, I am also aware that much has changed during the past 8 years. While I have a rich background of experience, I also have much to learn.

If I am confirmed, I expect that my initial months in office will be spent building a foundation of knowledge from which I can create a blueprint for action.

But I do not intend to come to Washington, sir, to conduct seminars. I intend to make decisions and to act on them. Those who know me know that I will be decisive, I will act boldly. But I assure you I will not act impulsively. I will work closely with you and with your colleagues in the House. I will ensure that VSOs are enlisted as partners in developing solutions as well as in identifying our problems. I will look to forward-thinking VA employees for their vast experience and their insightful knowledge.

But study will not be an excuse for delay. If the Senate blesses me with confirmation, I will make decisions and I will see them implemented. I will hold the individuals entrusted with leadership within the Department accountable for their outcomes, just as I expect to be held accountable.

In short, Mr. Chairman, members of the committee, I appear before you today not to make a commitment to a specific plan or programs. I have enough knowledge of the Department and its problems to know that I still have much to learn before I can unveil detailed plans or promise specific actions.

Rather, I appear before you today to acknowledge my personal debt to the millions of Americans who have served our Nation in uniform in the past, and to the millions who stand watch today on the ramparts of freedom. I am certainly proud of my two sons in uniform. My debt to them can be satisfied only by a commitment to work with you and with our partners in the VSOs, as well as the Department's employees to identify and implement the solutions necessary to ensure that veterans obtain the benefits and health care they have earned.

If the Senate consents to my nomination, I intend to do my part to satisfy that debt. I know that it will be a team effort. That is the only way it can work. Some of the team will be found in the veterans' advocates President-elect Bush has promised to name to his administration. Some will be found in the Congress, building on the example set by the members of this committee, under your leadership and that of Senator Specter, in obtaining successive \$1.7 billion and \$1.2 billion increases in VA's health care budget and, very importantly, last year's improvements in Montgomery G.I. Bill education rates so that more veterans can attend school. I look forward to working with you to build on that record of accomplishment.

Thank you, Mr. Chairman, Senator Specter, members of the committee for this honor. I look forward to your questions.

[The prepared statement of Mr. Principi follows:]

PREPARED STATEMENT OF HON. ANTHONY J. PRINCIPI, DESIGNATE FOR NOMINATION
AS SECRETARY OF VETERANS AFFAIRS

Mr. Chairman, Senator Specter, members of the Committee.

Thank you for inviting me to appear before you this afternoon. I am honored.

I am honored that President-elect Bush looked to me to embody his commitment to veterans.

I am honored that, if the Senate consents, I will assume leadership over 200,000 VA employees who have chosen careers of service to veterans.

I am honored by the prospect of working once again, if the Senate is willing, in partnership with our country's veterans service organizations (VSOs).

And most of all, I am honored—and humbled, by the prospect that 24 million men and women who answered our nation's call to arms may soon look to me to answer their call for the benefits and services they earned in the service of our country.

I have accepted this challenge for one reason.

I believe deeply in the Department of Veterans Affairs and am fully committed to its mission of service to veterans. If I can make a difference for America's veterans, then my rewards will far outweigh any sacrifice I may make.

And I do intend to make a difference.

The Department of Veterans Affairs is at a critical juncture.

Many veterans have lost faith in VA's ability to fairly and promptly decide their claims for benefits.

Not without reason. It takes too long to decide a claim. And the error rate remains too high.

I know that the leadership of the Veterans Benefits Administration (VBA) has addressed these problems and I applaud their initiative and innovation. But veterans don't care about process. Veterans are entitled to outcomes.

It doesn't matter what VBA is doing. It matters what VBA does. And what VBA now does remains unsatisfactory in the minds of many veterans.

President-elect Bush promised a top to bottom examination of VA benefits processing. If I am confirmed, I will commission a broad-based and inclusive task force to conduct that examination.

Its charter will be narrow. I am not interested in abstract theories of veterans' benefits. I want hands-on practical solutions. I will not want to hear that problems are intractable because of the language of the law. I will work within the law as the people's representatives in Congress write it.

It will be given a short fuse. If I leave this town with VBA's problems still under study I will count my tour here a failure.

Our history shows that America can solve just about any problem if we are united in a common cause and committed to a victory. I use the word "victory" deliberately. The clearest examples of our country's ability to achieve great ends while overcoming enormous challenges can be found in undertakings such as the Manhattan Project or the creation of entire shipyards out of bare ground in response to World War II's shipping shortage.

It may be necessary for VA to declare its own war on claims processing and bring all of its resources to bear in the campaign to win that war. Success will certainly take bold steps. All of the participants must be willing to unite in the common cause.

I don't want to suggest today that I have a "preferred option" for conducting this campaign. Nothing should be off the table. The members of the task force should be free to propose and discuss any idea, no matter how different it is from the way VBA operated in 1946 or 1972 or even in 1999.

VA's challenges are not limited to prompt and accurate decisions on disability claims.

Many veterans are skeptical of VA's ability to provide them with quality healthcare. I believe that, over all, the Veterans Health Administration (VHA) does provide high quality healthcare. I commend VHA's leadership for their emphasis on patient safety and quality care. But quality healthcare requires constant attention at every level within the Department. I will keep my eye on that ball.

VHA provides healthcare to the extent that resources are available. That means that the inefficient or ineffective use of limited resources comes at the expense of healthcare for veterans. I will hold VHA's leadership accountable for their stewardship of the resources entrusted to them—because sick veterans would pay the price for VHA inefficiency. That would be unacceptable to me.

As Secretary, my bottom line will be access to quality healthcare for veterans. This will be particularly true for veterans who do not have other options, either because they need the specialized services provided by VA or because their circumstances call on them to look to VA as their only healthcare provider.

President-elect Bush has promised a top to bottom review of VA's healthcare system, implementation of the Millennium Health Care Act, and modernization of barriers hindering veterans' access to health care.

If the Senate confirms my nomination, the President's goals will be my goals.

Again, I believe that a broad-based, inclusive, tightly-focused and short-fused task force, drawing on the commitment and knowledge of the VSOs, forward looking VA employees, and VA's partners in healthcare delivery, can help me deliver on that promise by identifying problems and proposing solutions.

New technology offers VA new opportunities. It also imposes great challenges. Technology is often expensive, and is almost always complex. Effective application of complex technology to already complex processes, such as VAs, frequently requires rethinking and rebuilding from the ground up. We can't just "pave the cow paths" and expect to improve service.

Information technology can offer a means to break down the bureaucratic barriers that interfere with quick and efficient service to veterans as well as the walls dividing VA from her sister departments in the Federal government and, totally unacceptably to me, barriers within VA itself.

VA has absorbed billions of dollars allocated to improving its ability to collect, process and communicate data. Frankly, I do not see improvements proportional to the resources consumed.

I do not now have a solution to VA's information technology problems. I do know that I intend to find one. And that in my search for a solution I will not be constrained by "how we have always done it." That path is a dead end. It has not worked.

I will not come before you and claim to have in my hip pocket an instant solution to all of the problems faced by VA and by the veterans VA serves.

If the solutions were easy they would have been implemented long ago. And while I am blessed with many friends in the veterans community, and can draw on my experience on the Hill, in the Department and on the Congressional Commission on Veterans and Servicemembers Transition, I am also aware that much has changed over the last eight years. While I have a rich background of experience, I also have much to learn.

If I am confirmed, I expect that my initial months in office will be spent building a foundation of knowledge from which I can create a blueprint for action.

But I do not intend to come to Washington to conduct seminars.

I intend to make decisions and to act on them. Those who know me know that I will be decisive. I will act boldly. But I will not act impulsively. I will work closely with you and with your colleagues in the House. I will ensure that VSOs are enlisted as partners in developing solutions as well as in identifying problems. I will look to forward-thinking VA employees for their experience and knowledge.

But study will not be an excuse for delay.

If the Senate blesses me with confirmation, I will make decisions and I will see them implemented. I will hold the individuals entrusted with leadership within the Department accountable for their outcomes, just I expect to be held accountable.

In short, Mr. Chairman, members of the Committee, I appear before you today not to make a commitment to specific plans or programs. I have enough knowledge of the Department and its problems to know that I still have much to learn before I can unveil detailed plans or promise specific actions.

Rather, I appear before you today to acknowledge my personal debt to the millions of Americans who have served our nation in uniform in the past, and to the millions who stand watch today on the ramparts of freedom.

My debt to them can be satisfied only by a commitment to work with you, and with our partners in the VSOs, as well as the Department's employees, to identify and implement the solutions necessary to ensure that veterans obtain the benefits and healthcare they have earned.

If the Senate consents to my nomination, I intend to satisfy that debt.

Thank you, Mr. Chairman, Senator Specter and members of the Committee.

I look forward to your questions.

QUESTIONNAIRE FOR PRESIDENTIAL NOMINEES

PART I—ALL THE INFORMATION IN THIS PART WILL BE MADE PUBLIC

1. Name: Anthony Joseph Principi.
2. Address: P.O. Box 9335, Rancho Santa Fe, CA 92067.
3. Position to which nominated: Secretary of Veterans Affairs.
4. Date of nomination: December 29, 2000.
5. Date of birth: April 16, 1944.
6. Place of birth: New York City, NY.
7. Marital status: Married.
8. Full name of spouse: Elizabeth Ahlering Principi.
9. Names and ages of children: Anthony, 27; Ryan, 24; and John, 22.
10. Education: Institution (including city, state), dates attended, degrees received, dates of degrees:
 Mt. St. Michaels; Bronx, NY; 1958–62; Diploma; 6/62.
 New Mexico Military Institute; Roswell, NM; 1962–63.
 U.S. Naval Academy; Annapolis, MD; 1972–75; BS; 6/67.
 Seton Hall University School of Law; Newark, NJ; 1972–75; JD; 5/75.
11. Honors and awards: List all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement:
 President Student Bar Assn., Seton Hall Law (Tuition Scholarship) 1974–75.
 Bronze Star w/Combat V.
 2 Navy Commendation Medals w/Combat V.
 Vietnamese Combat Medal, Combat Action Medal; (2) Navy Commendation Medals.
 Several VA Special Recognition Awards.
 New Mexico Military Institute Scholarship.
12. Memberships: List all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable, and other organizations for the last 5 years and other prior memberships or offices you consider relevant:
 State Bar of California; 1978–Present.
 State Bar of Pennsylvania; 1975–Present.
 California Rea; Estate Broker; 1989–Present.
 ABA; Military Committee, Chairman Leg. Subcommittee; 1983–86.
 American Legion; 1985–Present.
 VFW; 1985–Present.
 DAV; 1985–Present.
13. Employment record: List all employment (except military service) since your twenty-first birthday, including the title or description of job, name of employer, location of work, and inclusive dates of employment:
 U.S. Senate Armed Services; Counsel; Sen. John Tower; 1980–83.
 VA; Administrator Deputy for Congressional Affairs; Harry Walters; 1983–84.
 U.S. Senate Veterans Affairs; Chief Counsel (R); Sen. Simpson/Sen. Murkowski; 1984–88.
 VA; Deputy Secretary; 1989–90.
 VA; Acting Secretary; Ed Derwinski; 1991–92.
 U.S. Senate Armed Services; Staff Director (R); Sen. Thurmond; 1993.
 U.S. Navy Broadway Redevelopment Project, San Diego; General Counsel NAVYCO; 1988–89.
 Adams Duque Hazeltine, law firm, San Diego; partner; M. Cathrop; 5/93–12/93.
 Luce Forward, law firm, San Diego; partner; M. Cathrop; 12/93–5/94.
 Lee, Principi, Reeder, Lajolla, law firm; partner; 5/94–5/95.
 Lockheed Martin IMS, Santa Clara, CA; COO Sr. VP; R. Hartling; 5/95–5/96.

O'Malley & Principi Properties, Del Mar, CA; partner in real estate management and sales; 5/94–5/96.

Commission of Servicemembers and Veterans Transition Assistance, Washington, DC; Chairman; 2/99–7/99.

The Jefferson Group, Washington, DC; consultant; 2/99–7/99.

QTC Management, Inc., Diamond Bar, CA; President QTC Medical Services Inc.; 7/99–Present.

14. Military service: List all military service (including reserve components and National Guard or Air National Guard), with inclusive dates of service, rank, permanent duty stations and units of assignment, titles, descriptions of assignments, and type of discharge:

U.S. Navy; USN Naval Academy; 1963–67; USS *Joseph P. Kennedy* (DD850) 1967–69.

Task Force 116, Republic of Vietnam; 1969–70.

OCS, Newport, RI; 1970–72 (LCDR).

Judge Advocate General's Corp; 1975–80:

Naval Legal Service Office, San Diego Fleet Training Center, San Diego; Commander, Training Center Pacific Fleet; Office of Legislative Affairs, Washington, DC.

U.S. Naval Reserve, Capitol Hill Unit; 1980–88.

15. Government experience: List any advisory, consultative, honorary, or other part-time service or positions with Federal, State, or local governments other than listed above:

Chairman, Commission on Servicemembers and Veterans Transition Assistance. Member, NAPA Commission.

16. Published writings: List titles, publishers, and dates of books, articles, reports or other published materials you have written: N/A.

17. Political affiliations and activities

(a) List all memberships and offices held in and financial contributions and services rendered to any political party or election committee during the last 10 years: CA State Chairman, Veterans for Bush/Cheney.

Contributed annually to Republican Party and individual Republican and Democrat candidates for Federal office. Contribution to Republican Party 1989 \$2,000 est.; 1990–Present \$1,000/year maximum allowable by law est.

(b) List all elective public offices for which you have been a candidate and the month and year of each election involved: N/A.

18. Future employment relationships

(a) State whether you will sever all connections with your present employer, business firm, association, or organization if you are confirmed by the Senate: Yes, I have resigned my position effective upon confirmation.

(b) State whether you have any plans after completing Government service to resume employment, affiliation, or practice with your previous employer, business firm, association or organization: No.

(c) What commitments, if any, have been made to you for employment after you leave Federal service? None.

(d) (If appointed for a term of specified duration) Do you intend to serve the full term for which you have been appointed?

(e) (If appointed for indefinite period) Do you intend to serve until the next Presidential election? Yes.

19. Potential Conflicts of Interest

(a) Describe any financial arrangements, deferred compensation agreements, or other continuing financial, business, or professional dealings which you have with business associates, clients, or customers who will be affected by policies which you will influence in the position to which you have been nominated: None.

(b) List any investments, obligations, liabilities, or other financial relationships which constitute potential conflicts of interest with the position to which you have been nominated: None.

(c) Describe any business relationship, dealing, or financial transaction which you have had during the last 5 years, whether for yourself, on behalf of a client, or acting as an agent, that constitutes as potential conflict of interest with the position to which you have been nominated:

My current Corporation has a contract with the VA to conduct compensation and pension evaluations. QTC is the 3rd year of a 5 yr contract. Additionally, QTC has contracts with DOL (5); DoD (1); and provides disability evaluations for Social Security in CA, TX, and NC.

(d) Describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or

modification of any Federal legislation or for the purpose of affecting the administration and execution of Federal law or policy:

As Chairman of the Commission on Servicemembers and Veterans Transition Assistance I testified on Commission recommendations.

(e) Explain how you will resolve any potential conflicts of interest that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements involved.)

I shall recuse myself from any and all decisions related to QTC and ask the General Counsel to monitor and report quarterly to the Inspector General.

20. Testifying before the Congress

(a) Do you agree to appear and testify before any duly constituted committee of the Congress upon the request of such committee? Yes.

(b) Do you agree to provide such information as is requested by such a committee? Yes.

RESPONSE TO PRE-HEARING QUESTIONS SUBMITTED BY HON. JOHN D. ROCKEFELLER
IV TO ANTHONY J. PRINCIPI

Question 1. You have been described as a VA insider—hands-on and behind the scenes—while Secretary Derwinski was the public face. If confirmed, will you maintain this hands-on approach? How would you define your management style or philosophy?

Answer. I do have a “hands-on” management style and I expect to continue that style should the Senate confirm my nomination. I intend to make decisions and to act on them. I will act boldly, but I will not act impulsively. I will work closely with the Congress. I will ensure that VSOs are enlisted as partners in developing solutions as well as in identifying problems. I will look to forward-thinking VA employees for their experience and knowledge. But study will not be an excuse for delay. If the Senate blesses me with confirmation, I will make decisions and I will see them implemented. I will also hold the individuals entrusted with leadership within the Department accountable for their outcomes, just I expect to be held accountable.

Question 2. What role will you play in selecting other nominees for VA positions?

Answer. While ultimate responsibility for a Presidential nomination lies with the President, I am pleased that President-elect Bush has assured me that I will have a role in the selection of the officials whom he will nominate for VA positions.

Question 3. For the past two years, Congress has approved buyout authority for VA to enable it to hire people with the right skills-mix to meet its changing mission, without resorting to reductions-in-force. However, it was Congress’ intent to ensure that VA continues to meet the needs of veterans and not use buyout authority to reduce its overall staffing levels. Please provide information on the use of buyout authority so far this fiscal year. Include information on how functions have been eliminated or are being performed in another fashion. Do you intend to continue use of buyout authority and to seek an extension of authority for next year?

Answer. My bottom line will be service to veterans. If “buyouts” will help improve service to veterans by providing a cost-effective mechanism to get the right people into the right jobs, while avoiding the disruption of reductions-in-force (RIFs), then I will support them.

For example, I am advised that, consistent with the original plans submitted to Congress, VA’s use of buyouts facilitates both the ongoing shift away from inpatient care and the organizational efficiencies that can be achieved through consolidations and restructuring. Resources freed up through this effort can and must be used to add new or restructured positions to improve quality and access to care and by increasing resources in the Veterans Service Centers. I understand that VA elements are developing amended operational plans, and progress reports, on this subject for submission to the Office of Management and Budget (OMB).

I have been informed that 2,017 buyouts were used VA-wide, November 30, 1999, through December 31, 2000 as follows:

By organization:	
VHA	1,741 (229 in Title 38)
VBA	239
NCA	10
Staff Offices	27
By grade:	
SES	3
GS/GM-15	11
GS/GM-14	50

GS/GM-13	168
GS-2-12 (include wage)	1,556
Title 38	229
By gender:	
Men	51%
Women	49%
By race:	
Non-minority	66%
African-American	25%
Hispanic	4%
Other	5%

Question 4. VA has been studying various options in contracting out functions currently performed by VA employees, such as the A-76 study on loan guaranty property management and the lists created to comply with the Federal Activities Inventory Reform Act (FAIR). Are you aware of the problems that HUD has had with its property management contract? Do you support contracting out VA functions? If yes, do you have any concerns that it will erode VA's ability to meet its mission?

Answer. I was not aware of the Department of Housing and Urban Development's (HUD) problems until I received your question. Thank you for bringing them to my attention.

I am informed that HUD did not conduct a formal A-76 study prior to its decision to contract out this function. It is my understanding that HUD was forced to terminate one of its contracts in this area for poor performance in September 1999, and when they explored the possibility of bringing the function back within the Department, they discovered that their ability to perform the function had, in fact, eroded.

Unlike HUD, VA is conducting a formal A-76 cost comparison study to determine the most cost-effective means of providing property management services. I am told VA met with HUD representatives to discuss lessons learned, and the project team has built in safeguards such as stringent selection criteria, performance requirements, and contingency plans to mitigate potential problems such as those experienced at HUD. Should VA eventually decide to contract out for any property management services, we must ensure a continuing ability to exercise appropriate oversight of the performance of this important function.

I believe the private sector can play an important role in areas, such as information technology, where it is difficult to attract and retain skilled workers. A partnership between VA and the private sector can assist VA in meeting its mission. The VA has been a model throughout the Federal government in performance based contracting and it has served VA well.

The ability to contract out for services is critical to VA's mission, particularly for scarce services not readily available within the VA. The FAIR Act has forced a government-wide analysis of the functions agencies perform internally to determine which of those services are available commercially. I am informed that VA constructed its FAIR Act inventory of Commercial Activities in both FY 1999 and FY 2000 in compliance with this law. I expect VA to continue to meet the requirements of law and to apply sound business principles in determining when and where to contract for services. However, I will not deviate from VA's most important standard which is "service to veterans". In that context, I assure you that I am aware of the value of the Veterans Health Administration as a national asset. I do not intend to pursue a course of action that would reduce the value of that asset, either to veterans and to our country. Nor will I dismiss out of hand proposals for providing better or more cost-effective service.

Question 5. During your tenure as Deputy Secretary, you and former Secretary Derwinski advocated reforming the VA system to create distinctions in eligibility for benefits between veterans' combat and noncombat disabilities. Do you still promote this policy?

Answer. A 1990 review initially included a distinction between combat and non-combat disabilities among many options for possible discussion. Both Secretary Derwinski and I rejected that option and it was not further pursued. I have no intention of revisiting that issue.

Question 6. Do you support unified IRM/IT funding control at the Department level or divided within each administration (i.e., Veterans Health Administration, Veterans Benefits Administration, etc.)? If at the sub-agency level, how do you plan to ensure that new systems will be compatible, fully leveraging VA's IT dollars? Please furnish a total figure for VA's IT expenditures last fiscal year across the entire Department, with a breakdown for each part of VA and denoting what were nonrecurring Y2K expenditures.

Answer. As I noted in my opening statement, veterans have not received benefits proportionate to the information technology dollars absorbed by VA. VA has too

many incompatible systems which do not interact with each other and which obscure rather than communicate data needed by veterans, by VA workers in the field and by VA managers. I do not now know how I will resolve the tension between the uniformity and compatibility benefits of centralization and the responsiveness benefits of decentralization. I do know that VA's IT must contribute to the effort to make VA effective and responsive to veterans and to the effort to make "One VA" a reality rather than a slogan.

Managing information technology and resources devoted to IT are among the most critical issues confronting VA. Reviews conducted by the U. S. General Accounting Office, VA's Inspector General and others have repeatedly cited persistent IT problems as a leading management challenge for the Department.

The first priority is that all IT funds must be spent effectively and intelligently. VA must be able to account for all IT funding and to ensure that all funds are being spent on the programs and infrastructure that return the best value for all of our stakeholders. VA has gone through a period of significant decentralization that has reaped significant benefits. However, decentralization has its own set of disadvantages. I think it would appropriate for me to review the current policies and processes very early on and adjust them as required.

Clearly VA's IT systems must be compatible and function more as a single entity. In order to reach this goal, three things must be in place: (1) an overarching architecture for systems, data, and applications; (2) clear, comprehensive standards; and (3) a strict process of analysis, approval, and oversight of all IT initiatives undertaken.

VA reports that during fiscal year (FY 2000) the department expended \$1.07 billion for IT. This figure breaks down as follows:

- VHA—\$0.88 billion
- VBA—\$0.13 billion
- GOE (non-VBA)—\$0.04 billion, which includes:
 - \$25.1 million for OI&T
 - \$14.7 million for HR—LINK\$ expenditures
 - \$4.4 million for other GOE
- All Other—\$0.02 billion (including \$1 million for NCA)

During FY 2000, VA expended \$12.3 million on the Y2K issue. Overall, VA Y2K costs for the Department were \$34.0 million (which include biomedical equipment and facility-related system costs). All costs were covered by redirected funds from within VA's existing budget.

Question 7. Despite efforts to improve the timeliness and quality of determinations of eligibility for benefits for veterans and their families, VA is still facing huge delays and lagging quality levels. It is nowhere near meeting the goals that had been set for VBA as recently as the budget submission for fiscal year 2001. What are your plans to address the problems of the claims adjudication process?

Answer. As I noted in my opening statement, I will make claims processing a major priority if I am confirmed by the Senate. I will convene a task force that will re-examine the process from top to bottom. I will charge them with the mission of identifying problems and proposing solutions. Nothing will be off the table. This task force will be a broad-based, inclusive, tightly-focused and short-fused. It will draw on the commitment and knowledge of the VSOs, forward looking VA employees and other experts.

I will have to draw on the findings of this task force and on my own search for more information before I can formulate a plan for action.

I can assure you that timely and accurate claims processing will be one of the measures of success to which I will hold VBA leadership accountable and to which I expect to be held accountable myself.

Question 8. VBA has been restructuring the way it does business in the last several years. It has divided itself into "Service Delivery Networks" for budgetary and planning purposes. At the same time, it furthered consolidation of certain functions, such as loan guaranty, to fewer offices. It has shifted to a team approach to process disability claims, and it has implemented a "Balanced Scorecard" approach to measure its performance. Do you support these changes, along with the other measures implemented through Business Process Reengineering? What changes do you project in the near and far term?

Answer. I will need more information before I reach conclusions on the effectiveness of the SDN reorganization, consolidation of VBA functions, the balanced scorecard as an accurate measure of performance and the effectiveness of process changes derived through "business process reengineering. If I am confirmed, it will become my duty to obtain that information and then make judgments based upon the information I obtain.

Question 9. Approximately 20 percent of current rating specialists (738) are eligible to retire within the next two years. Over 600 employees have been hired or redirected from other areas of VBA and are in the process of being trained. I understand that it takes approximately 2–3 years to fully train a new adjudicator. What is the attrition rate of new hires? What will you do to address the approaching crisis as you lose your most experienced decision-makers?

Answer. I am informed that VBA has a comprehensive plan for recruitment, training and employee development. They have engaged in a large scale hiring effort to ensure that, when these rating specialists do retire, there will be trained employees to step in and continue to provide uninterrupted service to veterans. The Opportunity Program, a focused effort to recruit and orient new employees to VBA and its mission, started in 1998 and continues to serve as a vehicle for new talent. The combined hiring and retraining efforts have allowed VBA to increase its C&P decision makers by 50%. VBA informs me that the attrition rate for new hires has been about 10% over the past three years.

VBA informs me that they are training and developing new employees through use of electronic job aids and on-the-job training. New hires also receive formal training on the mission, vision and customer service values and practices. VA is also implementing a structured skills matrix that will assess the current and full performance skills and knowledge of employees throughout their careers.

Question 10. All federal employers are having difficulty recruiting and retaining quality employees due to the nation's very low unemployment rate, particularly in the areas of the country with very expensive standards of living. Large VA regional offices in big cities seem to be less successful than smaller, more rural offices (as determined by both the current Balanced Scorecard measures, as well as the old methods of monitoring performance). Do you believe that VA can compete in the big cities for good employees? What can be done to enhance VA's ability to compete? Is there a problem created by the size of such offices, beyond just amplifying the typical problems that all offices have?

Answer. I understand VBA is utilizing the hiring authorities provided by the Congress and the Office of Personnel Management. Through VBA's Opportunity Program, and other recruitment efforts, over 2,000 employees have been hired in the last three years in cities all across the country. The Department tells me that it is also looking at more flexible and aggressive recruitment authority and retention options. I expect VA to work with the Office of Personnel Management in crafting the necessary methods and tools to allow greater flexibility in hiring, pay setting and incentive programs.

Despite the recruitment and retention challenges experienced in large cities, I believe there are valid reasons for VA to maintain a presence in these locations. Large metropolitan areas offer a rich source of talent and access to a diversity of potential employees. In addition, big cities tend to have high concentrations of veterans who seek benefits and services from the VA. With flexible, aggressive hiring authorities and approaches, VA can be competitive in metropolitan areas.

On the other hand, I will not rule out at this time any proposal that can be shown to improve service to veterans. I will state that I will not advance any proposal that is not informed by the views of the VSOs, the Congress, and VA's employees.

Question 11. One of the stumbling blocks to more timely and accurate adjudication of claims is inadequate or delayed compensation and pension examinations (C&P exams). What will be VBA's future course of action: to contract out for these examinations, to have VHA perform the exams exclusively, or to implement a mix of the two models? Will you be involved in this determination: If all or a portion of the exams are performed outside of VHA, do you support reducing VHA's appropriations for C&P exams by a corresponding amount?

Answer. In light of my prior involvement with a private sector organization providing C&P exams on a contractual basis, I will expect my Deputy Secretary, in consultation with other VA officials, to act as the principal Departmental decision maker on this issue.

Question 12. I applaud VBA for being very proactive in the last several years in establishing its predischARGE separation programs. Determining a service member's eligibility for compensation and developing vocational rehabilitation plans before she has left the service, rather than waiting until after separation is a great improvement in customer service. It allows these servicemembers to begin the next phase of their lives much sooner than under the traditional method of adjudicating claims. Further, it is easier for VA to develop a claim while the servicemember is still in the service and all the records are readily available. Do you intend to continue these programs? Will you be expanding the fledgling overseas operations?

Answer. Yes. These sites have provided enormous performance improvements and I support continuation and expansion of predischARGE of predischARGE separation

programs. I strongly concur with the points made in your question. I am informed that at this time, C&P decisions at these sites are completed in an average of 28 days. I am further informed that VA has established an overseas site in Korea and just recently selected its Director. They are currently working out the details of the MOU with Germany and hope to have an operational site located there by the end of the fiscal year.

Question 13. The VA and veterans rely upon the U.S. Armed Services Center for Unit Records Research (CURR) to attempt to substantiate stressor incidents for post-traumatic stress disorder claims. I have long recognized the valuable service that this Center provides. However, I have also been very concerned that the Center's tenuous funding may affect its ability to carry out this critical assignment. On January 5, 2001, I wrote to the Secretaries of the Navy and Air Force seeking additional staffing resources for the Center. What are your plans for working with CURR to ensure more timely response to VA requests?

Answer. I am informed that during the latter half of 2000, VA worked with CURR to begin improving not only the CURR response time, but the quality of VA's requests as well. For the period January to June 2000, CURR was receiving approximately 340 referrals per month with processing delays averaging more than one year.

A VBA "Help Team" convened in Washington, D.C., in August 2000 to improve the quality of VA's research requests to the CURR and to streamline the process of communicating those requests. The Help Team made recommendations to improve the stressor verification process. Recommendations that have been implemented include assigning a CURR Coordinator at each Regional Office to ensure uniformity and designate a single point of contact for CURR-related issues and inquiries; issue interim guidance on CURR development procedures; and utilizing Help Team findings for feedback and training.

VBA is considering longer term, system-based recommendations to develop a standardized template for information requests to the CURR. I hope to receive an early briefing on this matter, if confirmed.

Question 14. Another major source of delays in adjudicating claims for VA benefits is the National Personnel Records Center (NPRC), which supplies VA with veterans' service personnel and medical records. These critical documents assist VA in establishing veteran's status, wartime service, incurrence of injuries or diseases, and other necessary information. VA increased the number of employees staffing NPRC requests, which has helped to reduce the backlog from over 62,000 requests in October 1999 to 41,000 requests pending in November 2000. Currently, NPRC is only staffed to handle 20,000 requests. Do you intend to continue to devote VA employees to processing records requests? What other plans do you have for improving the turnaround time of requests? What coordination efforts can be made with NPRC to maximize both VA and NPRC resources?

Answer. I intend to work closely with Secretary designate Rumsfeld to improve the co-operation and data exchange between VA and DoD. I will explore all means with the Secretary designate to break down the barriers between the Departments that create obstacles to the seamless provision of benefits and services to our men and women in uniform and to our veterans. In the interim, I intend to continue using VA personnel to process record requests. The Department successfully negotiated a Memorandum of Understanding with the NPRC in March of 1999. Staffing levels have increased from seven to 28 in October of 1999. The VA staff was subsequently increased to the current level of 31 in June 2000.

I am informed that VA has substantially reduced the number of pending requests over the past 12-14 months. VBA is reviewing funding and space requirements necessary to add 15 additional employees to the VA Liaison Unit at NPRC. To assure that VBA has a timely and responsive records request system, I will consider initiating discussions to develop service level agreements with NPRC as well as other critical information sources such as NARA and the CURR.

VBA is establishing an electronic link (web site) that allows each regional office to make requests to VA's own Records Management Center and the NPRC. As advances in this type of technology continue, the volume of paper involved in the claims process can be reduced, ensuring tighter control of information exchange, and improvement in claims processing timeliness.

Question 15. VBA has been working on its claims file-imaging project, Virtual VA, to eliminate its dependence on paper claims files. Do you support continuation of this project? If so, what other advantages will come from Virtual VA? Do you see it as ultimately leading to a different structure of VBA, where files are transmitted electronically to decision-makers who may be located far away from where the claim was initiated? Do we still need and is it appropriate to maintain a 57 regional office

structure? How would you address the veterans service organizations' concerns regarding their access to the files and the decision-makers?

Answer. Based on my current understanding of the process, I support continuation of the virtual VA project that would provide a significant degree of flexibility to move information throughout the VA, including VHA and BVA. Virtual VA holds the promise of reducing the Department's reliance on paper files while expediting the adjudication of claims.

The questions you raise are exactly the kinds of questions that would be addressed by the task force I will convene to reexamine VA claims processing if I am confirmed. I will ensure that these questions are addressed and resolved with the participation of the VSOs, who play an essential advocacy and representation role in the evaluation of claims. I recognize that both veterans and VBA employees are constituents of members of both the Senate and House and I will ensure that the Congress is kept informed of proposals as they develop.

Question 16. It has been the VA's position that the Secretary has the authority to add diseases to the presumptive list of conditions associated with exposure to ionizing radiation. As Secretary would you use this authority to add diseases to the veterans' list of compensable conditions to be comparable to benefits for civilian nuclear workers?

Answer. I am aware that the Department of Veterans Affairs has drafted a new regulation concerning presumptive service connection for certain diseases for veterans who participated in radiation-risk activities during active service or while members of reserve components during active duty for training or inactive duty training. This proposed amendment would add cancers of the bone, brain, colon, lung, and ovaries to the list of diseases that may be presumptively service-connected and would amend the definition of the term "radiation-risk activity." In general, I support a policy that ensures that veterans who may have been exposed to radiation during military service have the same burden of proof as civilians exposed to ionizing radiation who may be entitled to compensation for these cancers under comparable Federal statutes. I understand that the Office of Management and Budget is holding this regulation until the new administration takes office, which is appropriate. If I am confirmed, one of my early tasks will be a review of the details of the proposed regulation.

Question 17. In September 2000, the National Academy of Sciences released its first report on health consequences associated with environmental exposures consistent with service in the Gulf War. Public Law 105-277, requires the Secretary to determine whether to service-connect such health consequences within 60 days of the NAS report. To date, the decision has not been made. When will such a determination be made?

Answer. My understanding is that a preliminary determination by the Acting Secretary is undergoing review within the Administration.

Question 18. During your previous tenure at VA, you favored paying full compensation to veterans with psychiatric conditions during the initial period in which they try to secure and maintain a job. Do you still support this initiative? If so, why is it limited to psychiatric patients?

Answer. Yes, I continue to support this initiative. I am committed to improving veterans' benefits and services and I am not afraid to consider new ideas in this regard. During my service as Deputy Secretary, we discussed this particular proposal and my view at that time was that it could be beneficial to disabled veterans with physical or psychiatric disabilities. The current rules impose a financial disincentive on disabled veterans attempting to return to the workforce. I believe that both veterans and the country are better off when a disabled veteran successfully returns to the workforce.

Question 19(a). Under the Veterans Judicial Review Act, veterans were allowed to hire attorneys to represent them after a final VA decision. The Act further authorizes the VA, with the veteran's permission, to withhold up to 20 percent of a past-due benefit award for direct payment of attorney's fees. The Social Security Administration has a similar provision for certain of its disability appeals.

VA has proposed eliminating the VA withholding of past-due benefits. The pro se rate for appellants at the U.S. Court of Appeals for Veterans Claims (CAVC) is 81 percent at the time the appeal is filed and 55 percent at the time of decision. I believe that eliminating the VA withholding would have a chilling rate on the already small numbers of attorneys willing to represent these veterans. Do you intend to finalize this regulation?

Answer. This is another matter regarding which I must be thoroughly briefed before I could prudently answer. Certainly, veterans benefit from the assistance of counsel during judicial review of their claims. I agree that the effect on the availability of counsel should be a major consideration in the Department's decision. I

would want to carefully consider the available evidence regarding this, including the public comments the Department received in response to the proposal, before committing to a position.

Question 19(b). The law does not currently allow attorneys to be paid a fee by veterans for representing them prior to a final VA decision. Former Chief Judge of the CAVC, Frank O. Nebeker, has advocated broadening a veteran's right to hire an attorney, stating that "we certainly get a great deal of assistance from the volunteer lawyers that come before our court, and in any way that lawyers could help, and I think they can, at the administrative level, it would certainly make a more just system. . . ." [U.S. House of Representatives Committee on Veterans' Affairs Budget hearing for FY 99]. Do you support such a change? What impediments, if any, exist to greater attorney involvement?

Answer. At the administrative level of claims processing, veterans can take advantage of the representational assistance provided without charge by veterans service organizations and state and county service officers. I know that permitting attorneys to charge fees for providing this same assistance was considered and rejected when the Veterans Judicial Review Act was debated. I also appreciate the need to keep the administrative process as non-adversarial and user friendly as possible. To date, I have not heard a persuasive case for changing the status quo, but I would listen carefully and be prepared to contribute to the debate if the issue were joined. Of course, in the end, this is a question that will be resolved by the Congress, not VA.

Question 20. One of the Transition Commission's recommendations included limiting VA's home loan guaranties to a one-time use, while eliminating the funding fee. VA's 1997 customer survey results indicate that 70 percent of veterans reported they would not have been able to purchase their home without a VA-guaranteed loan. In FY 1997, 92 percent of VA loans were made with no down payment. Do you support limiting the VA loan guaranty? If so, how would you avoid veteran borrowers being denied the opportunity to own their own home if forced to move or if they lost their homes in tough economic times or natural disasters? Would you make an exception for significantly disabled veterans or servicemembers still on active duty who are relocated every few years?

Answer. The VA home loan program provides veterans with an important and valuable benefit that should be preserved. The primary goal of the Transition Commission was to eliminate a user fee paid to the Government for a benefit that was originally provided at no cost.

However, the Commissioners were also aware that in considering their recommendations, Congress might require offsets to cover the cost of program enhancements. One of the offsets proposed by the Commission was to limit the benefit to one-time use, with the exception of interest rate reduction refinancing loans.

Current law provides for restoration of the veteran's home loan entitlement in cases involving natural disasters and I support this provision. I also think it is appropriate for Congress to carefully consider the special needs of significantly disabled veterans and active duty personnel in formulating any program changes. The possibility of difficult economic circumstances should also be considered. During difficult economic times, when conventional sources of mortgage financing are harder to find, the no down payment VA loan becomes even more valuable to a veteran who is trying to purchase a home. However, even under current law a veteran whose loan was foreclosed cannot reuse that home loan entitlement until the Government's loss has been repaid. I would not support eliminating that requirement.

Question 21. Another key recommendation of the Transition Commission was to fully pay veterans' education costs at the school of their choice. What level of enhancement to existing law do you plan to propose as Secretary? What plans do you have to ensure that the existing benefits are fully used by veterans?

Answer. I am pleased that the Congress increased Montgomery GI Bill benefits by more than twenty percent. This is a step in the right direction. By increasing the full time monthly rate by almost \$100 (from \$552 to \$650), some of the Montgomery GI Bill's lost purchasing power has been restored. However, the new rate falls short of increases recommended by the Transition Commission and other interested parties.

I believe that in America's information economy, education is the best benefit we can provide to veterans if we are to give them the foundation for a successful civilian life. In an ideal world, a veteran's educational opportunities would be limited only by his or her ambition, aspirations and ability. I recognize that, if I am confirmed as Secretary of Veterans Affairs, I will have to work within the realities of the Federal budget process, but I will continue to work towards the goal of improving veterans' education benefits so that our nation will receive the highest possible

return from the highly capable veterans who return to our civilian economy each year.

Question 22. Under VA's 1993 "Veterans Service Area proposal," VA's four regional offices were replaced with an eventual total of 22 networks. In your estimation, what are the strengths and weaknesses of this decentralized system of health care? Is there a need to reinstate centralized oversight of any of the VA program functions? How do you envision the VISN's working with you as Secretary?

Answer. One of the first items on my "to do" list, if I am confirmed, will be an evaluation the effects of the VISN reorganization. It is too soon for me to predict the effect of that evaluation. I understand the benefits of giving leaders in the field, and close to the scene of the action, the authority to make decisions and then holding them accountable for the outcomes. However, I also believe that there can be only one VA and that veterans will not be well served if VA evolves into 22 separate systems with differing benefits packages and access to care.

Question 23. VA continues to open community-based outpatient clinics (CBOCs) at a high rate on the basis that these clinics improve access to primary care for many veterans. However, in the current climate of fixed resources, how will VA ensure that the channeling of resources into CBOCs does not destroy VA's historical ability to offer excellent specialized services at its hospitals?

Answer. I am advised that VHA health care facilities have been able to fund CBOC access points as an outgrowth of the efficiencies that have occurred through restructuring and realigning health care delivery. This has included shifting from inpatient to outpatient care, implementing managed care and reducing hospital lengths of stay. As a result over the past five years, Dr. Garthwaite believes that VHA has been able to enhance access to care through CBOCs, while continuing its significant accomplishments in providing specialized services to veterans. VHA's specialized services are one of the jewels in VA's crown and one of the primary justifications for sustaining VHA as a unique medical care system. I will not support decisions that threaten those services and I look forward to consulting with all interested parties as future decisions regarding specialized services evolve.

Question 24. What is your view of the right mix of services that should be provided by VA? For example, some have advocated that VA focus only on specialized services and contract out all services already available in the community. Do you agree with that approach?

Answer. I believe VA should continue to be a provider of comprehensive health care services to those veterans who choose to use the veterans' health care system. Although I think the specialized services and special disability programs are critical to the mission of VA, and in many cases unique in our country, I do not support the approach that VA should focus solely on these services. Spinal Cord Injury, Blind Rehabilitation, PTSD and Seriously Mentally Illness programs cannot be appropriately sustained in isolation. Veterans' health care must be approached holistically. The uniform benefits package, together with the long-term care services provided in the Millennium Health Care and Benefits Act, and VA's specialized services, provide the appropriate mix of services needed to meet the future health care needs of veterans. This does not mean that I will blindly endorse maintaining the status quo. VA must constantly be assessing means to improve the services it offers, or should offer, in light of the changing needs of veterans and changes in the delivery of health care. Having said all this, I believe that VA must work closely with private health care facilities, as well as other governmental health care providers, to meet the needs of our veterans and coordinate the delivery quality health care. I believe VA's future will be strengthened and enhanced by forging strong relationships with others, by providing a broad array of services, and by assuming a leadership position in areas of special expertise. I intend to maintain close communications and consultations with the Congress and our stakeholders as VA healthcare evolves in our changing times.

Question 25. How will you ensure that the VA protects medical record privacy, given the widespread access to medical records within the VA? Will the VA's current practices for protecting patient records prove sufficient for the newly released Standards for Privacy of Individually Identifiable Health Information?

Answer. The rapid growth in the use and dependence on technology has created new challenges concerning the security and privacy of medical records going beyond the traditional concerns of physical security. I am informed that VA has recently instituted a Department wide Accelerated Security Program to address the immediate need to close digital security vulnerabilities, raise the level of awareness within the VA to the digital security threat, and establish a corporate wide security program to manage and respond to tactical and strategic security requirements. I intend to monitor this program personally to insure its success.

Section 264 of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), required the Department of Health and Human Services to publish Standards for Privacy of Individually Identifiable Health Information. This is one of several statutes, such as, the Privacy Act of 1974, the Computer Security Act, the revised OMB Circular A-130, the Clinger-Cohen Act, and the Government Paperwork Elimination Act that have placed ever more stringent and detailed requirements for the security and privacy of medical records in particular and computerized records in general upon Federal Agencies. VA will be challenged to implement the new policies and practices necessary to meet all of our responsibilities under these acts. This is critical if we are to sustain the trust of America's veterans and other stakeholders. I appreciate your initiative in emphasizing, through your question, the importance of VA's compliance with these requirements.

Question 26. I have long advocated strategies for recruitment and retaining highly trained medical professionals within VA health care systems, and I supported recently enacted legislation to allow competitive pay for VA nurses and recognize the role of VA physician assistants. What policies will you pursue, if confirmed, to improve recruitment and retention in VHA? What is your view of performance-based pay for VA employees?

Answer. I believe VA provides, and must continue to provide quality and compassionate health care. To achieve this, we must have the best possible health care, executive, and administrative workforce. Human resource planning must be an integral component of our strategic planning processes. I will have to obtain more information on specific proposals for improving recruitment and retention before I can comment on their merits.

Question 27. Public Law 106-117 contains a provision mandating that VA provide non-institutional extended care services to enrollees. I have been informed that "significant program development" is needed to implement this provision. What is the status of this program, and what will you do to ensure its immediate implementation?

Answer. VA informs me that the non-institutional extended-care programs envisioned by P. L. 106-117 (adult day health care, geriatric evaluation, and respite care) are already established in VA, and that specific programmatic development, other than expansion, will be minimal. I intend to assure myself of the accuracy of this assessment as soon as possible.

I am also informed that the Department is publishing a Federal Regulation to identify and define these services. This expansion to the long-term care continuum will be added to home health and hospice care services already defined as part of the basic benefits package. This proposed final rule is under review in the Department. I expect to act on the proposed regulation in the very near future after being briefed on its implications.

Further, I have been informed that VHA is in the process of developing a new strategic plan for the provision of all long-term care services that would integrate the P. L. 106-117 provisions with previous authorities as well as with VA's policy and budget initiatives for expanding home and community based care services. I understand that an integral part of this plan will be new performance measures that ensure full implementation of these important benefits for aging, frail, and chronically ill veterans.

Question 28. Describe your strategies for encouraging VA health care providers to cooperate with state homes, affiliates, and community providers to offer veterans high quality long-term care in the most cost effective manner.

Answer. I am advised that multiple approaches are being employed to encourage VA health care providers to partner with State homes, affiliates and community providers.

State Veterans Homes (SVH) are an integral component of VA's long-term care (LTC) strategy.

- Most SVHs are represented on the VISN level Management Advisory Councils (MACs).

- The SVH program has greatly expanded over the past 10 years, from 63 homes in 1990 to 100 homes in 2000. Funding for construction and/or renovation of existing homes has been approved for 23 additional projects for FY 2001. VA provides up to 65% of funding for the construction and/or renovation. Annual increases are provided in per them rates for ongoing VA assistance for care of veterans in SVHs.

- New regulations have expanded the program to include Adult Day Health Care program.

- Training of VA staff working directly with State homes has been enhanced and sharing of data sources (Vista access) is encouraged.

New regional nursing home contracts promote partnership.

- On December 1, 2000, VHA awarded 11 regional contracts to organizations spanning 40 states and 900 facilities for quality community nursing home care.
- These new regional contracts (R-CNH) replace similar “multi-state” contracts.
- The contracts were developed to reduce administrative and direct care costs while improving access to nursing home care for veterans. Administrative costs associated with maintaining 3,200 separate local nursing home contracts and the annual inspection process will be reduced.

- Direct care costs are expected to be reduced by providing a more competitive rate for nursing home care.

- Access to community nursing homes will be improved by adding nursing homes and adding specialized services in selected nursing homes.

I am also informed that VA has developed a national strategy for performance measures to improve and expand utilization of home and community based care (H&CBC), including specific budget initiatives to increase spending on home and community-based services.

- In general, veterans are more satisfied with their long-term care when the location of care is shifted from institutional to non-institutional care delivered in the home and community. I am informed that VHA’s strategies for encouraging this shift from institutional to non-institutional long-term care include:

- Performance measures with goals of increasing the Average Daily Census (ADC) in Home & Community-Based Care (H&CBC) by 53% from FY00 to FY02, and by 141% in FY06.

- The Federal Advisory Commission on Long-Term Care recommended that VA increase the H&CBC proportion of Long-Term Care budget from 17.5% to 35%.

The Geriatrics & Extended Care Strategic Healthcare Group (SHG) is developing a strategic plan to address needs of older veterans that are not fully met through provisions in the Veterans Millennium Health Care and Benefits Act.

The Geriatric Research, Education and Clinical Center (GRECC) has been expanded to promote further affiliations with the academic geriatrics community for the enhancement of care for older veterans as well as all older Americans.

- The number of GRECCs has expanded from 16 to 21 centers over the past 18 months. Foci of new GRECCs on important issues of aging such as end-of-life care, stroke, cardiovascular disease and mobility.

- All GRECC staff are university-affiliated and collaborate on research projects and educational programs in geriatric care for VA and community providers.

VA is working to promote the application of enhanced use leasing (EAL) for access to community-provided long-term care and assisted living; several projects are in the planning stages.

Four pilot projects for all-inclusive long-term care and assisted living, authorized under P. L. 106–117, have been selected and funded. They will provide numerous opportunities for community collaboration for enhanced service delivery and will be thoroughly evaluated over the next three years.

VA is an active participant and visible presence among stakeholders in key community healthcare community organizations.

- VA remains the only federal participant in the in the National Chronic Care Consortium (NCCC) and the National Alliance for Caregiving. Both organizations are important advocacy organizations for the improved provision of services in our communities.

Question 29. Research on drug formularies and their effects on physician’s ability to prescribe the most effective drug for a specific patient, have shown mixed results. However, all research on formularies shares one conclusion: good decision-making on product selection requires well-informed administrators and good clinical oversight. Please describe what changes you would implement, considering that the General Accounting Office recently found that better oversight is required.

Answer. Although I have not read the pending GAO report, I have been informed that the GAO qualified their recommendation for better oversight by reporting that “veterans are getting needed drugs”. My interpretation of the recommendation is that while VA’s formulary management strategies have improved since the advent of the VA National Formulary and continue to evolve, enhancements are needed in the area of administrative oversight in order for progress to continue. Therefore, based on information provided to me by the Under Secretary for Health, and on the assurance that health care to veterans will not be compromised, VA will make such enhancements to ensure that field managers comply with existing formulary policy.

Question 30. How would you alter, enhance, or improve the coordination of joint procurement of pharmaceuticals between DoD and VA? What advantages, savings realized by this joint procurement benefit VA specifically?

Answer. Joint pharmaceutical contracting activities between VA and DoD have been an interest of mine since the early 1990s. This interest carried over into my capacity as Chairperson for the Congressional Commission on Service members and Veterans Transition Assistance. I fully support joint pharmaceutical contracting. Soon after taking office if I am confirmed, I plan to request a briefing on the status of such activities, and emphasize my support for continued progress. The primary advantage of joint procurement is that it increases VA's capability to treat more veterans within available resources. For example, in July 2000, a joint contract was awarded for the drug, terazosin, which is anticipated to reduce outlays \$23 million annually.

I believe saving approaching \$500 million annually can be achieved through joint procurement, universal product numbers and a national formulary. These savings can be used to extend the reach of healthcare to our nation's veterans.

Question 31. Please provide some examples of occasions where sharing between VA and DoD has been successful—both in terms of savings and improvements in the delivery of services.

Answer. VA has provided me with the following examples where VA and DoD have worked together to identify, and attempt to remove barriers to sharing between the two Departments. VA would like to be DoD's first choice for supplemental care. Some examples of successful sharing initiatives include:

- VA, DoD and FOH (Division of Federal Occupational Health within the U.S. Department of Health and Human Services) are negotiating a contract to provide physical examinations (including dental screenings and immunizations) to the Army Reserve and the Army National Guard. The goal is to establish a standardized medical and dental readiness support system for the Guard and the Reserve while introducing the service members to VA's health care system.
- The Army established an infirmary service at the Richmond VA Medical Center. The medical center provides living quarters (infirmary) for those active duty soldiers who the Army determines to be too ill to return to their personal living area on base for recuperation. VA identified underutilized space within the medical center, where room and board as well as "sick call" re-evaluation for the soldiers assigned to the infirmary is made each morning. VA, under TRICARE, provides health care services required by a soldier beyond the scope of the Infirmary Service.
- The Military Medical Support Office (MMSO) in Great Lakes, IL, assumed responsibility for managing the Remote Dental Program (more than 50 miles from a military treatment facility (MTF)) for Air Force, Army, Army and Air National Guard, Navy and Marine Corps active duty personnel and authorized Reserve and National Guard personnel. MMSO also tracks all active duty members in non-MTFs and authorizes non-emergency medical care and specialized medical/dental care.
- VA medical centers occupy clinic space provided by military facilities as a part of VA's CBOC program. For example, Louisville, KY, VA Medical Center manages three of Fort Knox's four primary care clinics. VA provides a broad range of services to support these clinics including: primary care, urology, orthopedics, women's clinic, podiatry, audiology, psychiatry, MRI and other radiology, medical library and orothotic laboratory. The Army provides space for the clinic, equipment and prescription services.
- The Walter Reed/U.S. Army Allergen Extract Laboratory in Washington, DC, provides delivery of diagnostic and therapeutic allergen extracts to 29 VA medical centers and outpatient allergy clinics. This agreement facilitates the treatment of 1,800 veterans per year with allergy injection therapy for allergic diseases such as insect venom anaphylaxis, asthma, and allergic rhinitis. In addition, it is estimated that over 18,000 veterans are evaluated for allergic diseases annually using these high quality diagnostic allergen extracts.
- Joint ventures are operating at six sites: Albuquerque, NM; El Paso, TX; Las Vegas, NV; Anchorage, AK; Key West, FL; and Honolulu, HI.
- There are many other areas in which VA and DoD share resources to provide cost effective services to veterans and service members, including health information management and technology, research, and the Military and Veterans Health Coordinating Board.

As I stated, I am committed to finding or creating opportunities to share resources with DoD in order to expand quality services to veterans in a cost effective manner.

Question 32. The relationship between VA medical centers and medical schools has endured for more than 50 years, and has been credited with improving quality of care for veterans. These affiliations draw the best and brightest physicians, and help VA fulfill its research and education missions. I am concerned, however, about the viability of the relationship. Please share your philosophy regarding the overall value of academic affiliations; including the role affiliates play in staffing VA facilities.

Answer. I consider VA's academic affiliations to be an important and unique characteristic of the VA health care system that contributes substantially to high quality health care for veterans. A half-century ago, a radical strategy was proposed to achieve quality in health care: an academic partnership between the Veterans Administration—later to become the Department of Veterans Affairs (VA)—and academic medicine. This partnership has grown into the most comprehensive academic-health system partnership in history. As you are aware, these partnerships have expanded over some 50 years to formal affiliations with 107 of the nation's 125 medical schools. These affiliations provide the context for training that annually affects over one-third of the nation's medical resident trainees, including half the nation's third and fourth year medical students. In addition, over 54,000 associated health trainees in nursing, psychology, pharmacy, and over 40 other disciplines receive part or all of their clinical training in VA facilities.

VA has a relationship with its academic partners that has benefited both VA and the nation. For example, 70 percent of our medical staff are members of a medical school faculty. The presence of teachers and learners in a health care setting creates an environment that questions and emphasizes current best practices. This benefits veterans' care by bringing critical thinking to the bedside and clinic on the one hand, and by contributing to the preparation of excellent health professionals for the VA and the nation on the other. Academic affiliations help VA recruit the best and brightest to care for America's veterans.

Of course, VA exists to provide quality healthcare to veterans and that paramount goal must always remain the standard against which any decision, including decisions affecting VA's academic partners, is measured.

Question 33. What plans do you have to maintain and improve support for the education and research missions at affiliated VAMCs and CBOCs?

Answer. Since its inception, VA's missions of patient care, education, and research have been inextricably intertwined. This interrelationship is most pronounced at VA facilities that are actively affiliated with medical schools where staff physicians holding joint appointments as faculty at the affiliated institution customarily provide direct patient care, teach medical students and residents, and perform research.

This close collaboration between VA and its academic affiliates at all levels makes a real contribution to improving care for veterans. These relationships have played an important part in assuring excellent care to the nation's veterans. This was true when the idea of academic affiliations was proposed at the end of World War II, and it continues to be true over 50 years later. VA's academic mission remains important during these times of dramatic change in healthcare. If I am confirmed, I will remain cognizant of the importance of this portion of VA's mission as I make decisions concerning VHA and veterans' healthcare.

Question 34. If confirmed, what do you plan to do to strengthen VA affiliations? Would you advocate changes in the way VA contracts with academic affiliates in light of the financial pressures that health care reform places on both academic and VA medical centers?

Answer. I am informed that VA maintains active dialogues with its affiliates regarding the affiliations contribution to improvement in many complex areas of change in health care. However, the rapidity of change requires extra efforts at communication and I understand that VHA is establishing a cadre of VA staff to lead a group to address VA-academic relations. I support this effort. There are many issues to address including ambulatory care and education, primary care, specialty care, care for patients near the end of life, systematic approaches to improving quality of care, more effective inter-professional care and education, and more efficient use of scarce health care resources. If I am confirmed, I will direct the Under Secretary for Health to keep me fully briefed on VA's relationships with its academic affiliations and on the opportunities those affiliations provide for VA to provide the best approaches for continuous improvement of health care for veterans.

Question 35. Restructuring and downsizing in several facilities have led to contracting with community providers for care. Further, about half of all CBOCs are run by non-VA providers. How is care specifically monitored at these contracts? How will you ensure quality at all these contract sites?

Answer. I am informed that the Department vigorously and completely supports the application of quality and safety initiatives related to contracted care. The National Center for Patient Safety and the Office of Quality and Performance, are completing a VHA directive that establishes mandated requirements for all contracted clinical services.

Regarding the quality of care at CBOCs today, I am informed that a recent HSR&D study showed that care provided at CBOCs was substantially consistent with the quality of that provided by the parent VA medical center.

VHA's External Peer Review Program (EPRP) is a contracted review of care specifically designed to collect data to assess and improve the quality of care delivered to veterans. I am informed that, beginning in 3rd quarter FY 2001, EPRP will revise its sampling process to assure that a sufficient number of CBOC cases are included to allow for benchmarking to care provided at VHA facility-based clinics.

I believe that veterans who look to VA as their healthcare provider should receive high quality healthcare, without regard to whether that care is provided directly by VA or by contract with a community provider. I will hold the Under Secretary for Health accountable for ensuring that quality remains a high priority no matter how VA care is delivered.

Question 36. Has VA developed a coherent and consistent plan for quality management that systematically monitors, assesses, and documents the quality of care provided to veterans? In addition to programs, which mainly monitor structure and process, does the VA have a program that monitors and documents health improvement outcomes?

Answer. It is my understanding that VHA's Performance Measurement Program (PMP) is the primary mechanism by which VHA assesses the quality of care provided to Veterans. PMP provides the critical linkage between clinical activities and VHA's strategic goals for 2006 through measures designed to assess actual clinical performance at the National, Network, and Medical Center level.

I have been informed by VHA that each of its performance measures maps directly to VHA's six strategic goals for 2006 (known as "6 for 2006"):

- Put quality first until first in quality
- Provide easy access to medical knowledge, expertise, and care
- Enhance, preserve and restore patient function
- Exceed patients' expectations
- Maximize resource use to benefit veterans
- Build healthy communities.

I am informed that PMP supports identification and system-wide adoption of best practices while providing managers and clinicians with reliable data from which they can assess their effectiveness in implementing those practices. PMP provides timely, internal and external comparative performance data—as well as longitudinal data, thereby creating a culture of sustained improvement.

VHA reports that the measurement system is grounded in scientific methods of data measurement, which require precise data definitions, collection, and validation. Statistically valid sampling, and frequent feedback to accountable managers, is provided to assess progress toward goals. The Performance Measures Workgroup actively manages measures for achieving performance targets.

In response to the question on outcome measures, the Under Secretary for Health advised me that VHA has made great progress in this area. PMP has evolved to include many measures that are standard, accepted proxies for patient outcomes. Additionally, VHA has incorporated measures of functional outcomes with special populations.

I am advised that reliable and valid tools that measure and evaluate functional outcomes are now being used to assess the quality of care provided to patients with the diagnosis of traumatic brain injury, stroke, amputation, and blind rehabilitation. VHA recently implemented outcome measures for rehabilitation patients that assesses the change in functional status from admission to discharge. The instruments utilized for assessing function will allow future outcome comparison with the private sector. VHA continues to work closely internally to evaluate and develop measures for other special populations such as serious mental illness, PTSD, substance abuse, and homeless Veterans. VHA is implementing measures developed in the broader health services research community, and VHA is pioneering measures associated with better outcomes where none exist.

Question 37. Do you believe that VA's current information systems are up to the task of collecting, storing, translating, and transporting timely and accurate care quality data in a way that is accessible to clinicians?

Answer. No.

Question 38. How will you involve senior VHA leadership, Congress, veterans service organizations, affiliates, and other stakeholders in decisions related to the CARES initiative?

Answer. I need to be thoroughly briefed on the scope, process and goals of CARES before I can intelligently respond to this question. Conceptually, I have long believed that VA needs to align its capital assets to the needs of veterans and the changing dynamics of healthcare in America. CARES is ambitious and could be an important undertaking by the Department. I understand that, under the CARES plan, the draft conceptual options will be provided to veterans and their organizations, as well

as other stakeholders for immediate input, when they are developed by the consultant.

I am informed that during the development of the CARES process, every effort was made to incorporate a true "One-VA" approach. Departmental offices of Management and Strategic Planning, as well as VBA and NCA have been involved in the criteria and prioritization of criteria categories. A variety of departmental leadership will be members of the National CARES Steering Committee, the oversight leadership group for CARES. The CARES evaluation criteria were developed to acknowledge the interest of, and provide a quantifiable weighting factor for, affiliates, veterans and their representative organizations, communities, and other stakeholders. VHA has briefed Congressional Committees, staff, and GAO on the CARES process. Periodic briefings will continue throughout the process. The VA CARES team and consultant are developing a communications plan highlighting critical milestones for interactions with stakeholders, as well as identifying the most appropriate method for those interactions.

Question 39. VA's long history of insufficient construction funding has resulted in an aging infrastructure with urgent maintenance needs. A 1998 Price Waterhouse study for the VA recommended that 2-4 percent of a facility asset's replacement value should be spent each year for facility improvement. In the face of steady decreases in the annual construction budget, especially during the implementation of CARES, how will VA ensure construction or renovation of facilities essential to new medical center missions and laboratory research?

Answer. It is my understanding that the VA health care system's future construction budget requests will reflect the need to implement CARES decisions, as well as to correct seismic safety concerns, and provide for an orderly reinvestment in the system's infrastructure. These investment decisions will come after careful consideration of the health care needs of enrolled veterans and options available to meet those needs. A system as large as VHA's cannot maintain quality and productivity over time without appropriate recognition of the need to sustain appropriate infrastructure. The first CARES studies will be done in FY 2001 and are expected to identify options for reengineering VHA's physical infrastructure. Implementing these options may require construction funding. However, the absence of a completed CARES study should not prohibit consideration of a needed project if that project can be justified on the basis of careful analysis and prioritization.

Question 40. As Chair of the Transition Commission, you advocated moving many of VA's fee-for-service programs into DoD's TRICARE program. Although this might provide purchasing leverage, I fear that difficulties in obtaining specialty care through TRICARE would be especially damaging to the veteran population, with its inherently specialized needs. What would you do to ensure that sharing of programs between VA and the Department of Defense preserved capacity and quality for specialized services such as mental health, long-term care, spinal cord injury rehabilitation, etc.?

Answer. The Commission's recommendation to move VA's fee-for-service programs into DoD's TRICARE program was directed to VA paid care for those VA patients whom VA had already determined that it could not economically provide appropriate direct care. I would not support such an approach if it would diminish VA's specialized services such as mental health, long-term care, spinal cord injury rehabilitation, etc.

Question 41. What is the current legal status of agreements between DoD and VA hospitals previously found to violate contracts with TRICARE providers?

Answer. I am informed that in May 2000, DoD's Office of Health Affairs issued a policy memorandum, "Use of Health Care Facilities of the Department of Veterans Affairs under TRICARE and the Supplemental Health Care Program," to clarify relationships between VA medical facilities and military medical facilities. I am informed that the policy issue has been resolved and that VA is working with DoD to receive reimbursement for unpaid or underpaid claims.

Question 42. What is VA's role in ensuring that men and women who serve in our nation's military are protected from toxic exposures that might ultimately harm them?

Answer. I am informed that VA plays a key role in coordinating with DoD and HHS to address health consequences of military service. These programs are collaboratively managed through the Military and Veterans Health Coordinating Board. VA has health surveillance research and health risk communication programs to address these concerns and communicates its findings to veterans and their families, to VA health care providers, and to our counterparts in the Department of Defense (DoD). For example, VA conducts a health surveillance program for those Gulf War veterans wounded with depleted uranium (DU) munitions in "friendly fire" incidents during the Gulf War. Findings from such programs can help to pro-

vide better health care for affected veterans, and in some cases may help DoD to identify approaches to minimize effects from toxic exposures in the first place.

Question 43. A final action plan to implement the interagency VA/DoD/HHS National Center for Military Health and Deployment Research project has finally been released. How would you assess the importance of this center to VA's mission, and how will you support continued interagency cooperation?

Answer. Since the Gulf War, I believe that VA, HHS and DoD have actively collaborated on Gulf War veterans' health issues. Nowhere has the impact of this collaboration been greater than in establishing Gulf War research goals, and in identifying critical gaps in our knowledge. As a result, today, collectively, VA supports about 192 federally funded research projects with projected cumulative expenditures of \$155 million towards Gulf War illnesses research. The National Academy of Sciences proposed that this highly successful interagency collaboration be formalized as the interagency National Center for Military Health and Deployment Health Research. This collaboration has been enormously important to VA's mission to care for veterans, and as Secretary, I would provide continued encouragement and support for this effort.

Question 44. Many veterans, especially vulnerable populations, rely upon the specialized services of the VHA. Many of these services, like spinal cord injury, blind rehabilitation, and prosthetics, are unique to the VA and are unmatched by the private sector. In an era of declining budgets and decentralization of funds, please describe for me your commitment to maintaining VA capacity in these programs. How will you ensure compliance in preserving the quality and capacity of these programs at the VISN level?

Answer. I am, and have always been, strongly committed to VA's specialized programs such as spinal cord injury, mental health, blind rehabilitation, and prosthetics. VA policy decisions are made at the Secretarial level. I expect those policy decisions to be implemented accordingly throughout the VA. I will not accept any deviation from that policy at any level, including the VISNs. Decentralization of management authority and responsibility to VISN directors does not allow them to make individual decisions that would have the effect of negating my decisions. I intend to monitor compliance with this closely.

Question 45. Please describe the priority that you believe VA should place on providing care to veterans with PTSD, and how would you ensure that priority is manifested in budget requests and programmatic planning?

Answer. VA is a recognized leader in PTSD treatment. I support this leadership role. I am informed that VHA policy is to accord mental health programs, including those for treatment of PTSD, an equal priority for treatment as medical/surgical and all other health care services. Thus, veterans requiring care for PTSD have the same priority as other veterans for care. In addition, Public Law 104-262, requires VA to maintain its capacity to provide care for disabled veterans in specialized treatment programs including those with PTSD. VA reports to Congress annually on the maintenance of capacity for PTSD and other special emphasis populations. To ensure that this care is provided, Directive 99-030, published June 30, 1999, on "Authority for Mental Health Program Changes" requires that any major change to a mental health service or program proposed by a field unit shall require review and endorsements by the Mental Health Strategic Health Care Group in Headquarters and approval from the Office of the Under Secretary for Health. Finally, Public Law 106-117, the Veterans Millennium Health Care and Benefits Act authorized additional funding for PTSD program development, resulting in over \$5 Million directed to new programming.

Question 46. Please give your general view of the Readjustment Counseling Service (RCS) and its role within VHA.

Answer. I want to ensure that Vet Centers continue to provide effective and meaningful service to the changing veteran population. The Vet Center mission is to welcome veterans home with honor, clinically assist veterans to resolve war trauma, and to help them improve their post-military level of economic and family functioning. General hallmarks of the Vet Center program include accommodation of services to local veterans' needs, a full range of community-based service functions, trauma counseling for war trauma and military-related sexual trauma, veteran consumer-oriented attitudes and other practices aimed at promoting ease of access and a holistic approach to improving veterans' functioning within the community.

In 2000 the Vet Centers saw over 130,000 total veterans and provided over 890,000 visits to veterans and family members. Approximately 50,000 of the veterans served at Vet Centers were not seen in any other VHA facility. For many veterans who would not otherwise receive VA assistance, the Vet Centers are the community-access point for VA health care. Vet Centers make over 100,000 referrals annually to VA medical facilities. In addition, the Vet Centers make over 120,000 re-

referrals annually to VA Regional Offices for claims work, and over 115,000 referrals annually to non-VA community service providers.

The Readjustment Counseling Service Vet Center program can be an invaluable resource for responding to veterans' war-related readjustment and health care needs, and as an important component within VHA for addressing such needs of veterans within or close to their communities.

Question 47. What efforts are being made by VA to ensure a seamless mental health care delivery system for veterans being treated for PTSD?

Answer. Mental health services an integrated component of VA health care. VA's mental health programs are part of its uniform benefits package and treated on parity with medical services. VA has published evaluation reports on care in all specialized PTSD programs since 1990, and provides annual written evaluations to all VISN Directors and Medical Center Directors. The Mental Health Strategic Healthcare Group also provides process and outcome monitoring on all PTSD programs and consults with local facilities where significant changes in PTSD programming are contemplated and where PTSD programming appears to have gaps.

Question 48. With regional centers being used for specialized care, especially for centers for the blind, do you see a need to review VHA's beneficiary travel policy?

Answer. I have not had the opportunity to be briefed on current beneficiary travel issues. I am aware that VA has long had regional centers for providing specialized care, however, I will request that VHA brief me on the beneficiary travel program and any emerging issues.

Question 49. Ten years after the Gulf War, the VHA still cannot tell us whether ill Gulf War veterans are getting any better as a result of their care at VA medical centers. What will you do to improve this situation and potential future post-deployment health care programs for veterans?

Answer. The modern technological battleground presents new challenges for VA in both healthcare and adjudication of disability claims. I am not sure that VA's response has been adequate.

VA's experience treating Gulf War, Vietnam and other veterans has taught us that new approaches are needed to address all veterans' health needs. Combat casualties are not always obvious wounds, and some veterans inevitably return with difficult to diagnose, yet debilitating, health problems. Unfortunately, we do not yet fully understand the causes of many of the illnesses suffered by veterans returning from wars and peacekeeping missions, and therefore we often have difficulty finding effective treatments. To respond to this need, VA is establishing national Centers for the study of war-related illnesses and post-deployment health issues. VA must become more proficient at responding to these challenges and I intend to take a leadership role in seeing that it does so.

Question 50. Hepatitis C is a devastating disease with a disproportionately high incidence in the veteran population. Will you support VA's recent decision to enfold hepatitis C prevention and treatment programs into the existing HIV/AIDS program office? How do you envision that the VA can use its resources most effectively to educate veterans about prevention and provide the most appropriate treatment for these complex and chronic diseases?

Answer. Although I have not reviewed VA's recent decision, it is my understanding that the Veterans Health Administration did not incorporate HCV into HIV programs but rather is creating a Public Health Strategic Health Care Group in which both the Hepatitis C, HIV programs and other programs will be managed. Both HIV and Hepatitis C represent very complex and challenging chronic illnesses sharing many of the same risk factors. While there is treatment available for both, this treatment is difficult for patients and only a minority of patients are able to tolerate therapy. Also, outreach for early testing and counseling plays a crucial role in management of both HCV and HIV and in the prevention of transmission to others. Both of these diseases are not only major public health threats to our veterans and our nation, they are also epidemic at an international level.

Veteran populations may be at higher risk because of combat exposures to blood; blood transfusions that occurred prior to 1992; unprotected sex with sexual partners with hepatitis C; or exposures to shared needles, including those used for drug use or tattoos. Some initial data from small surveys suggest that approximately 6 to 10% of veterans may test positive for Hepatitis C. Over 69,000 veterans who are currently receiving care from the VA health care system have a diagnosis of Hepatitis C.

I have not been fully briefed regarding VHA's Hepatitis C program, however, I will emphasize:

- Hepatitis C awareness programs to educate veterans about the risk factors for Hepatitis C and encourage them to get tested at their local VA medical center or outpatient clinic.

- Efforts to ensure that VA clinicians are provided with the most up-to-date scientific information about Hepatitis C in order to deliver the highest quality care to veterans with Hepatitis C, as well as to assist those at risk to prevent becoming infected with the virus that causes Hepatitis C.
- Providing multiple avenues of access to veterans who wish to be tested for Hepatitis C.
- Appropriate oversight and quality management activities to track the impact of Hepatitis C among veterans as well as continually improve Hepatitis C care and prevention in VHA.

Question 51. VA Research not only makes a major contribution to our national effort to combat disease, but also serves to maintain a high quality of care for veterans through its impact on physician recruitment and retention. Does it make sense to limit the scope of research performed in VA facilities?

Answer. I strongly believe that VA research is mission-driven. Its purpose is to serve the high priority health care needs of veterans, and it is appropriate to restrict the program to that mission. Nevertheless, VA research includes a very broad range of studies, from basic molecular biology and genetics to large-scale clinical trials, rehabilitation research, and health systems and outcomes research. Because VA research is nested within a health care system, it serves as a unique and very valuable national resource for improving health care for veterans and for all Americans.

VA research is an intramural program. The Medical and Prosthetic Research appropriation is allocated to VA facilities to conduct research on veterans health care needs under the supervision of VA employees. Unlike NIH and some other federal agencies, VA does not make research grants to colleges and universities, cities and towns, or any other non-VA entity. This intramural program serves as a recruitment and retention tool that helps VA recruit the best and brightest clinicians to provide health care to veterans and conduct research. As an index of that quality, 70% of VA staff physicians have faculty appointments at affiliated medical schools. While the proportion of funded physician-scientists in the private sector has declined steadily over the past two decades, clinicians continue to constitute 70% of all VA investigators. In a recent national survey of VA scientists, more than 60% of respondents said they would not work for the VA if no research opportunities were available.

Although there are some limitations on the scope of VA research, I am informed that 84% of respondents in the same survey were satisfied with their autonomy to choose the direction of their research.

I will also work to make sure that VA gets credit for the findings of researchers who are funded by VA for their work. VA's research program is important to veterans and to the American people and over the long run support for that research program requires the American people to know what they are getting for their money.

Question 52. What should be the role of the Secretary in guiding VA research?

Answer. I believe the Secretary provides guidance to assure that VA research remains focused on such high priority health care needs of veterans and the VA health system as:

The Secretary should encourage and, where possible, facilitate collaboration between the VA research program and other public and private sector sponsors of research. Collaborative relationships that already exist, such as those with NIH, DoD, the Juvenile Diabetes Foundation, and the pharmaceutical industry, have proven effective in leveraging the VA research appropriation to create a more efficient and effective research enterprise.

The Secretary should continue to seek advice from Veterans Service Organizations, the affiliated academic community, the VA's National Research Advisory Council, the National Leadership Board, and the intramural research community represented by the Office of Research and Development in formulating guidance for the VA research program.

Question 53. The 2001 DoD Appropriations bill allows retirees and dependents to keep CHAMPUS/TRICARE coverage after they turn 65 and change to Medicare coverage. CHAMPVA, however, has not been similarly reformed. Dependents of service-connected disabled veterans who receive enhanced compensation for such dependents, and survivors of service-connected veterans who receive DIC payments, will be denied CHAMPVA (and its drug coverage) when they turn 65. Would you support a similar reform for CHAMPVA?

Answer. Under 38 USC section 1713, the CHAMPVA program is required to provide benefits similar to that of the TRICARE/CHAMPUS program. VHA advises that a proposal to address these new benefits is currently being developed. While

I am inclined to be supportive of these efforts, I want to be more fully briefed on the matter before coming to final conclusions.

Question 54. Do you believe that the VA should contribute funds to assist the government's efforts to be indemnified for their medical expenses associated with tobacco-related diseases?

Answer. Money appropriated to VA should be used for veterans benefits and services.

Question 55. I understand you have visited several programs for homeless veterans over the last few years. Given that the findings of the National Survey of Homeless Providers and Clients indicated that one-third of homeless adult men and one-quarter of all homeless adults are veterans, do you believe that this problem has been adequately addressed by the Department of Veterans Affairs?

Answer. I believe that VA has made significant progress in developing programs and services for homeless veterans. In 1992, when I was Deputy Secretary, Congress passed Public Law 102-590, the Homeless Veterans Comprehensive Services Program Act of 1992. This law authorized VA's Homeless Providers Grant and Per Diem Program, the further development of Comprehensive Homeless Centers and the placement of Veterans Benefits Counselors in Homeless Veterans Treatment Teams. I fully supported this legislation.

Several years later, I served as Chair of the Congressional Commission on Servicemembers and Veterans Transition Assistance. Our report to Congress recommended that VA's Homeless Providers Grant and Per Diem Program be funded at \$50 million per year beginning in FY 2000. I understand this program is currently funded at approximately \$32 million.

I understand that VA's FY 2000 medical care appropriation included an additional \$50 million for homeless veterans programs and those funds have been used to:

- Expand outreach, case management and contract residential treatment for homeless veterans across the country.
 - Support Stand Downs for homeless veterans.
 - Establish special demonstration programs for homeless women veterans, hospitalized homeless veterans and seriously mentally ill veterans.
 - Establish special demonstration dental programs for homeless veterans in rehabilitation.
 - Develop additional therapeutic employment programs for homeless veterans.
 - Initiate the Loan Guaranty for Multifamily Transitional housing for Homeless Veterans Program.
 - Enhance VA's monitoring and evaluation of VA's homeless veterans programs.
- These new and expanded initiatives clearly show VA's strong commitment to addressing the needs of homeless veterans. As the Secretary of the Department of Veterans Affairs, I will use VA's existing foundation of homeless veterans programs to strengthen VA's partnerships with community-based providers so that, together, we can better serve homeless veterans.

Question 56. Public Law 106-377 funds the Interagency Council on Homeless and makes the Secretary of Veterans Affairs a rotating chair of the Council. What plans do you have to improve services for homeless veterans and their families in this leadership role?

Answer. While I have not yet been briefed on the provisions of PL 106-377, I support as a matter of principle coordination of services across all federal departments and agencies. I would like to see the Interagency Council play a more active role in developing guidance and establishing interagency goals to address the needs of the nation's homeless population, especially the population of homeless veterans.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. JOHN D. ROCKEFELLER
IV TO ANTHONY J. PRINCIPI

Question 1. What percentage of VA's community-based outpatient clinics (CBOC's) provide mental health services, and of those, what percentage provide more than minimal mental health services, such as assessments? What do you believe is the right mix of services for CBOC's to offer?

Answer. A recent report from the VHA Committee for Severely Chronically Mentally Ill Veterans to the VA Policy Board states that nationally, in FY 2000, 55.2% of CBOCs provided mental health care to at least 2% of unique patients, varying among VISNs from 15.8% to 94.1%. The national percentage decreases to 21.9% of CBOCs at the 20% level and varied, depending upon the size of the CBOC (smaller clinics providing a lesser percentage of mental health care). In FY 1999, 62% of all VA primary care patients were screened for depression, an 18% increase from the previous year. Ideally, every enrolled veteran should have access to mental health

services anywhere in the country, at parity with medical services. Practically, the right mix of mental health services depends upon the size of the clinic, driving distances to clinics, availability of mental health professionals in a given area, and local practice patterns. VHA is forming an expert panel to work with VISN representatives to come up with appropriate standards for providing mental health services in both rural and urban CBOCs.

Question 2. The Veterans Millennium Health Care and Benefits Act (Public Law 106-117) mandates reimbursement for emergency treatment in non-VA facilities for certain veterans. If confirmed, what will you do to expedite the implementation of this provision?

Answer. The timely implementation and provision of expanded veteran health benefits remains a high priority for the Department. I am advised that the regulations for the emergency care provision were completed and forwarded to OMB for review on November 22, 2000. A meeting was held with key VHA and OMB officials to discuss the Department's proposed regulation during January 2001. OMB requested additional information on the Department's financial impact and demand forecast, which was developed by an independent actuarial firm. OMB officials also requested additional information on the development of the OMB collection burden information. In addition, the Under Secretary has charged a workgroup to develop the business processes required for implementation of centralized emergency care claims processing to include handling of electronic claims. I will need to be fully briefed on these issues before authorizing publication of the final regulations. VA is currently collecting the claims, but cannot process them until the regulations are final.

Question 3. Recent pilot programs to improve care delivery to elderly veterans have focused on Interdisciplinary care management teams. If confirmed, how will you continue to explore and expand this sort of case-based approach to long-term care?

Answer. VHA advises that the Long-Term Care pilots that were authorized by the Veterans Millennium Health Care and Benefits Act will test three different models for all-inclusive care of the elderly. These programs will begin in February 2001 and will be evaluated over a three year period. These clinical demonstrations will provide data on the effectiveness of each model in improving the care delivery to elderly veterans.

A decision has been made to adopt a standardized screening instrument to be used by the clinical team in determining a veteran's need for long-term care. It is anticipated that VA will continue to utilize interdisciplinary care management teams in its well-established geriatric evaluation and management programs and long-term care admission and discharge planning committees.

Question 4. What is your view of the use of assisted living facilities as an alternative to nursing home care?

Answer. VA's goal for patients needing Long Term Care has always been to utilize the least restrictive setting such as the Community Residential Care and the VA and State Domiciliary programs. VHA advises that the Assisted Living Pilot program authorized by the Millennium Act will begin in February 2001 and will be evaluated for a 3-year period. The evaluation data of this pilot will help us determine the feasibility of VA providing, either directly or by contract, for this level of care in the future.

Question 5. In the last year, VA completed a Department-wide risk assessment of computer security vulnerability and initiated an accelerated security program to address weaknesses. How will you ensure that plans to protect patient privacy, such as controlling user access authority and monitoring network security, are implemented comprehensively across VISN's and throughout medical centers?

Answer. I will ensure implementation of and compliance with security plans and privacy directives throughout the VA by first making it known to every VA employee and contractor that the privacy and security of medical records are as important as their accuracy. If veterans cannot trust that we will zealously guard their personal information, they will not entrust it to us. I will continue the recently initiated policy of making security a measured critical success factor in all senior managers' annual performance plans. I will see that the VA security program is adequately funded so that appropriate technology is available to allow for a single logon regime, role-based access, and stringent network intrusion detection. I will ensure that VA is fully compliant with all relevant laws and regulations, such as those contained in the Health Insurance Portability and Accountability Act (HIPAA). I will ensure that comprehensive policies and procedures are implemented to institutionalize the protection of medical records throughout VA.

Question 6a. Although VA and DoD have made progress in joint procurement of medical supplies, a recent report from both departments suggests that optimal shar-

ing will result in a smaller combined annual savings than the \$295 million projected by the General Accounting Office, and will fall far short of the \$500 million that you predict. I am concerned that focusing on shared programs before we have established good oversight of VA's efforts—such as its evolving drug formulary—might result in trading veterans' services for an uncertain economic benefit. How will you pursue combining VA and DoD efforts without endangering our abilities to provide veterans with the best possible health care?

Answer. I would not pursue any sharing with DoD that would decrease VA's ability to deliver the best possible health care. Having said that, I do not believe that the two Departments are doing all they can to improve the mutual use of our respective resources. I believe that access and patient satisfaction can in fact be improved if we put our parochial differences aside and focus instead on the needs of the men and women we are pledged to serve. If we can reduce the expense of pharmacy purchasing, we can purchase more pharmaceuticals. Our focus should be on "win-win" opportunities, both large and small, that can benefit both Departments and our beneficiaries.

Question 6b. Please describe the plan encompassed in your prehearing statement that NA would like to be DoD's first choice for supplemental care."

Answer. My prehearing statement did not refer to a specific plan. Rather, I was suggesting that VA and DoD would benefit from a mutual review of VA's role in providing care to DoD beneficiaries. At present, DoD's model is to first provide care in its own facilities, and second, to purchase care through the TRICARE networks. This model has led to uncertainty regarding DoD's policy regarding the use of VA facilities, and confusion with respect to VA's role. My prehearing statement simply reflected my belief that VA could in fact be DoD's first choice for care not provided in a DoD facility. Care that could not be delivered in either a DoD or a VA facility could then be purchased through the TRICARE networks. As I have indicated previously, in no event would care for DoD beneficiaries be undertaken without assurance that VA's beneficiaries would not suffer.

Question 6c. Please describe how you would ensure that VA's formulary committees, Medical Advisory Panel, and the Pharmacy Benefit Management Group are kept well informed.

Answer. VHA advises that all decisions regarding formulary management initiatives including national contracting and joint contracting are reviewed by VA's formulary committee, Medical Advisory Panel and Pharmacy Benefit Management Strategic Healthcare Group. All such efforts require their support and concurrence. All actions begin with a clinical review of the issues, assuring that the care of veterans is the first concern. If these organizational elements do not agree that joint procurement is in the best interest of veterans, VA does not participate in that action. VA will continue to consider all joint procurement actions from the clinical perspective and the care needs of veterans.

Question 7. In your responses to my pre-hearing questions, you stated that VA's current information systems are unequal to the task of collecting and delivering care quality data to administrators and clinicians. Do you see this as an obstacle to system-wide quality monitoring? How would you approach this problem?

Answer. I believe that timely availability of reliable data is essential to effective, system-wide quality monitoring. As I have stated in response to a previous question, I will not be able to provide a comprehensive answer until I have been more fully briefed on this matter by VHA officials and my Chief Information Officer. In the next several months, I will look forward to learning more about the existing system capabilities and developing plans for significant system improvement.

Question 8. How would you ensure that VHA has a functional Quality Advisory Board, representative of the entire health care system, that meets regularly to evaluate program success?

Answer. I am advised that late last year, the Under Secretary for Health recognized the need for the establishment of a new national level committee to provide oversight on quality and safety issues and policy. Membership is comprised of the Under Secretary for Health (Chair), the Chief Officer for Quality and Performance, the Chief Network Officer, the Medical Inspector, the Chief Officer for Patient Care Services, and the Senior Advisor for Quality for the Under Secretary for Health. It was determined at the initial meeting that the body would begin routine meetings, on a monthly basis, beginning in February 2001. I look forward to receiving a follow-up analysis from the Under Secretary for Health as to the results being achieved by this new oversight process.

Question 9. In your view, are VA's quality management programs being routinely monitored to determine if they are attaining the desired results? What steps has VA taken to validate the data it currently uses in documenting its current quality of care structures, processes, and health outcome improvements?

Answer. VHA reports that local quality management programs include performance improvement, risk management (including patient safety and infection control), utilization review, and credentialing and privileging. Structurally, these programs are monitored by dedicated staff and processes at the local, network, and headquarters level. External accreditation evaluations and the network performance plans (which include a broad array of structure, process, and outcome measures) provide mechanisms to routinely monitor these programs.

VA uses highly credible external organizations, e.g., West Virginia Medical Institute, Inc. (WVMI), Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and Commission on the Accreditation of Rehabilitation Facilities (CARF) for accreditation and data collection. For example, WVMI uses internal quality control processes that are capable of identifying unexplained variations in data. This process has successfully identified variance in performance by WVMI abstractor personnel and is capable of identifying unlikely practice patterns within a facility that, once identified, would trigger further review by VHA. VHA evaluates the validity of its data by trending performance measures over time, comparing data amongst facilities and networks, and when applicable, comparing data to similar data from non-VHA facilities.

Question 10. How will you ensure that the Office of the Medical Inspector maintains its independence and is included in the decision-making processes that affect quality management programs?

Answer. VHA advises that the Office of the Medical Inspector (OMI) reports directly to the Under Secretary for Health and makes assessments of the quality of patient care and quality assurance programs throughout the VA health care system. The OMI evaluates allegations of less than acceptable care; and when substantiated, assesses management controls designed to prevent and detect therapeutic misadventures, develops recommendations for corrective action to preclude reoccurrence, and reports evaluation results to the Under Secretary for Health. The Medical Inspector is a member of the new quality oversight committee established late last year—discussed in response to question 8.

Also, Public Law 100–322 requires the Office of the Inspector General to oversee, evaluate, and report on the patient care and quality assurance activities of VHA, including the OMI. This provision was created specifically to ensure that the OMI is allowed to maintain its independence while organizationally placed within VHA.

Question 11. Do you think VERA is a fair way to allocate funds? Does VERA sufficiently allow VA managers to sustain programs for high cost patients and patients in need of specialized services?

Answer. I am told that the VERA methodology is still an equitable model for distributing funds to the 22 networks. As directed by the Senate, VA has contracted with a Federally Funded Research and Development Center to determine whether the VERA methodology leads to a distribution of funds that covers the special needs of some veterans, and also to investigate the progress of this funding allocation method. VA recently entered into a contract with the RAND Corporation to conduct this study and the results are due to Congress no later than August 15, 2001. I will give this study, along with the ongoing GAO VERA audit, careful consideration. If this study identifies problems in VERA resource allocations, VA will review and refine the VERA methodology and will act as quickly as possible to resolve any inequities. There are several VERA workgroups, comprising VHA field-based and headquarters staff, that provide ongoing evaluation of the VERA methodology and input on policy issues to improve VERA. I assure you that VA is open to future adjustments, refinements, and improvements to the VERA methodology if problems are identified.

Question 12. In October 1998, VA contracted with Price Waterhouse to evaluate VERA. The contractor recommended a series of refinements—most notably, that VA implement a transfer pricing system. What effect have these recommendations had?

Answer. I am advised that as a result of the study, VA has simplified data inputs, and has completed a three-year phase-in of revised methodologies for equipment and non-recurring maintenance components. The labor adjustment is now based on a single national market basket for labor. The patient classification system has been evaluated and revised. Classification of patients on the basis of diagnostic and functional data instead of utilization characteristics is being evaluated for a potential change in FY 2003. Review of data accuracy and accountability has been strengthened, and the allocation process timetable has been clarified and improved. Finally, a suggestion box has been established electronically and is accessible to all VA employees.

The VERA Care Across Networks Workgroup studied the need for a transfer pricing system to account for patients that receive care in more than one network. Under a transfer pricing methodology, networks would receive an annual price for

their “enrolled” patients and be required to compensate other networks that care for their enrolled patients. As part of a comprehensive review, the group conducted a transfer pricing pilot project to assess the impact of implementing a program within VA. As part of the pilot study, a software package was developed and National Medicare rates were used to price out of network care. The objective of the pilot project was to assess the financial and clinical impact of implementing a transfer pricing program. After extensive analysis, the workgroup concluded that the costs of implementing a transfer pricing system far outweighed the benefits of such a program. In addition, there was no clinical evidence that transfer pricing improved the coordination of clinical care for patients that receive care in more than one network. The workgroup recommended that the VA not implement transfer pricing and instead retain the existing pro-rated person (PRP) methodology to account for care across networks. The Under Secretary for Health approved that recommendation in March 2000. As a bi-product of the pilot project, all networks were provided the opportunity to use the pilot test software to review the volume and clinical care patterns of patients receiving care outside their enrolled network. The software was provided to all networks in FY 2000. I look forward to further discussions with the Under Secretary for Health on this issue.

Question 13. What efforts are being made today to ensure that Gulf War veterans, still suffering from undiagnosed illnesses, are receiving the specialized care they need at their local VA medical centers? Are the efforts consistent among medical centers and across VISNs?

Answer. VHA reports that most Gulf War veterans coming to VA medical centers have commonplace symptoms and receive conventional diagnoses and treatments. Nevertheless, some veterans have occasionally debilitating symptoms that cannot be diagnosed even after thorough medical work-ups at VA medical centers. To address this issue, in August 1992 VA established the Gulf War Referral Centers for Desert Storm veterans. The four referral centers at Houston, Texas, Washington, DC, West Los Angeles, California, and Birmingham, Alabama provide for inpatient stays for observation, multidisciplinary consultation, documentation of lengthy occupational and exposure histories, and an opportunity for frequent re-examination. The centers place an emphasis on specific symptom complexes, such as undiagnosed illnesses, chronic fatigue, memory loss and other neurologic conditions, unexplained weight loss and other adverse health conditions possibly associated with hazardous exposures in the Gulf War. About 700 Gulf War veterans have been admitted to VA's referral centers.

VHA also developed a standard protocol for assessing Gulf War veterans who are concerned about possible health effects of their wartime experience. If the veteran has an unexplained illness, VA facilities use a standardized protocol consisting of a set of clinical practice guidelines to evaluate and treat the veteran's illness. Since 1992, VA facilities have provided over 4400 Uniform Case Assessments using this standardized protocol.

VHA has also undertaken extensive educational and outreach efforts to improve conformity with established treatment guidelines and to communicate the latest information about unexplained illnesses to Gulf War veterans. These efforts include regularly scheduled and special purpose telephone conferences, satellite conferences, and Continuing Medical Education programs to keep medical personnel well informed regarding Gulf War veterans health issues and developments. VA's Gulf War Review Newsletter is regularly provided to all veterans on the Gulf War registry.

VA's experience treating Gulf War, Vietnam and other veterans has taught us that current medical practices are not always adequate for addressing the health needs of veterans. We now appreciate that combat casualties do not always result in obvious wounds, and that some veterans inevitably return with difficult to diagnose, yet nevertheless debilitating, health problems. Unfortunately, we do not yet fully understand the causes of many of the illnesses suffered by veterans returning from wars and peacekeeping missions, and therefore we often have difficulty finding effective treatments. In response, VA intends to fund two new Centers for the Study of War-Related Illnesses. These centers will focus on developing superior methods for diagnosing and treating veterans with difficult to diagnose illnesses. Proposals have been peer reviewed, and VA expects to fund these centers by Spring 2001. I look forward to sharing the results of these new centers as they become operational.

Question 14. A GAO report released in September 2000 highlighted concerns about the protection of human research subjects in the VA system. Particularly troubling was the finding that medical centers often failed to comply with all regulations to inform and protect human subjects. What systemwide efforts would you implement to assure appropriate guidance, oversight, and funding of VA staff conducting research with human subjects? What internal guidelines and sanctions would you advocate?

Answer. VHA advises that in late FY 1999 it established an Office of Research Compliance and Assurance (ORCA) reporting directly to the Under Secretary for Health to respond to the issues outlined in your question. ORCA places emphasis on education and proactive surveillance as well as sanctions for non-compliant programs and investigators, when necessary. Over the past year, ORCA has initiated bimonthly teleconferences and biweekly educational newsletters for all VA sites conducting research involving human subjects. These have provided guidance on the requirements to protect human subjects. ORCA continues to work with the HHS, Office of Human Research Protections and the Food and Drug Administration along with other federal agencies implementing the Common Rule to achieve harmonization of the regulatory requirements.

ORCA conducts "for cause" inspections (Special Inquiry Force Team [SIFT] reviews) of research activities at VAMCs. ORCA will pilot this month the new proactive surveillance review, the Multi-Assessment Program (MAP). This is a systematic "preventative" oversight compliance program. Depending on the severity of violations of internal guidelines, various restrictions and sanctions have been invoked ranging from various compliance requirements to the temporary or permanent suspension of investigators and the suspension or termination of research programs. These actions will continue and be enforced, depending on the seriousness of the violations. A new accreditation of human subjects programs is under development, which will provide an added external scrutiny to ensure additional protection of human subjects enrolled in VA research protocols. This accreditation program and the new initiatives through ORCA will be systematically implemented this year.

I am pleased that VHA has initiated these efforts to assure compliance with the highest standards when veteran patients are involved in research studies. I will insist on VA compliance with these standards and will work with the Under Secretary for Health to assure any deficiencies are promptly corrected.

Question 15. How do you view the balance between funding VA research and supporting clinical services? What should the goals of VA's research program be, and how should the VA allocate its limited research funds among the general areas of basic, applied clinical, and health services research?

Answer. Funding for clinical services to veterans and for VA research should be viewed as complementary, not competitive. Patient care is the primary mission of the Veterans Health Administration. VA research supports that mission by discovering new knowledge about illnesses that affect veterans, new treatments, and enhancements in health care delivery. The availability of research opportunities also helps VA recruit the "best and brightest" clinicians to conduct research and provide clinical services to veterans. In turn, new research problems are identified on the basis of the health care needs of veterans, which drive the VA research agenda.

The following goals have been established for the VA research program:

1. Sustain a superior environment of inquiry conducive to the highest quality research, education, and patient care.
2. Effectively integrate basic, clinical, and applied research to best meet veterans' health care needs.
3. Effectively transfer research results to advance veterans' health care.
4. Capitalize on VHA's value as a national research asset.
5. Lead and manage an effective and efficient research enterprise.
6. Increase awareness and understanding of the value of VHA's research contributions for veterans and all Americans.

VA research appropriately covers a very broad spectrum, from the most basic to the most applied studies. The majority of VA's research funds should continue to be focused on clinical research. Basic science research that is pertinent to veterans' health care needs should also be supported. All research funds should continue to be allocated to VA facilities on the basis of nationally competitive scientific merit review.

Question 16. I know you agree that specialized services are one of the jewels of the VA health care system. Yet for years, we have received complaints that VA managers are foregoing their responsibility to maintain a high level of specialized services. For example, maintaining the level of spinal cord injury care has remained a problem. Please describe what efforts you intend to make to maintain VA's specialized services under your administration.

Answer. I am committed to maintaining VA's capacity to respond to the specialized needs of veterans, and will ask the Under Secretary for Health to brief me regularly on this matter. VHA reports that plans are underway to improve information collection and verification of data used in assessing capacity levels. Notable progress is being made in the development of outcome measures that evaluate functional improvements in each of the special programs.

In order to improve integration of activities for monitoring capacity, VHA has created a position to serve as the coordinator for special disability programs. This person will work with field and Headquarters offices responsible for service delivery, data, quality and resource reporting activities for the special disability programs to monitor capacity and maintain specialized services. To provide additional emphasis for improving coordination for these services, VISN Clinical Managers will serve as coordinators for special disability programs in the field.

Oversight of the quality of these special programs is the responsibility of providers and managers in the field, with appropriate guidance from the respective Strategic Health Groups and Chief Consultants in the Central Office. In addition, it is my understanding that the performance plans for each of the Network Directors has been modified to clearly indicate that their performance evaluation will be based in part on the level of services provided to special populations.

Question 17. More than 20 percent of veterans who use VA services annually receive psychiatric care from the VA, yet VA mental health services have seen severe cutbacks in capacity. As a result, many veterans who relied on VA have fallen through the cracks and are no longer receiving needed care. In light of these facts, what is your vision for turning this situation around?

Answer. VHA reports that the number of veterans receiving mental health care in VHA has actually increased since 1996 with the exception of a drop of 4000 receiving specialty substance abuse treatment. We have already begun to address this issue with regard to PTSD and Substance abuse treatment as a result of provisions in the Veterans Millennium Health Care Act. Decreased use of hospital beds has been more than compensated for by greatly increased availability of residential care, outpatient services, and community-based care. We plan to work closely with the Mental Health Strategic Health Care Group to assess the further need, and then develop strategies to remedy the situation. Because there is considerable variation among VISNs, VHA plans to continue to monitor care and work with networks individually to improve and maintain capacity and quality of care for all veterans with serious mental illness and substance abuse. Recent initiatives to increase mental health treatment in community based outpatient clinics, increase use of assertive community treatment for the most seriously mentally ill veterans, and increased use of opiate substitution clinics in major urban centers are examples.

Question 18. In my prehearing questions, I asked if you believed that the VA should contribute funds to assist the government's efforts to be indemnified for their medical expenses associated with tobacco-related diseases. You answered that "money appropriated to VA should be used for veterans benefits and services." Please expand on your answer, given that transfer from non-Medical Care accounts are not prohibited by law.

Answer. By my earlier answer I meant only to indicate I would prefer that sufficient appropriations be made available to the Department of Justice to permit it to cover its costs of prosecuting all litigation on behalf of the United States. If that were the case, VA funds, needed as they are for veterans programs, would not have to be diverted to DoJ.

Question 19. During your tenure as a panel member on the review conducted by the National Academy of Public Administration (NAPA) of VA compensation and pension claims processing, you submitted dissenting views from the panel. One of the areas you mention is VBA's need to restructure and consolidate its regional offices, due to advancements in telecommunications and "paperless office" work processes. Is this something you still advocate? If so, what criteria would you use in this restructuring?

Answer. I advocate the expansion of the technology that would support the "paperless office". Imaging and telecommunication technology would ensure VBA has the greatest flexibility in meeting the needs of the veterans. Upon full evaluation of the paperless environment, I believe that there may be changes warranted in VBA's organizational structure. Until that full evaluation occurs, I cannot say how I would structure the organization. The most important criteria would be ensuring quality and timely service to veterans. This is one area where I will be requesting additional views from the task force I have proposed to take a top to bottom review of VA's benefits claims processing system.

Question 21. During the last session of Congress, we authorized construction of new national cemeteries. The aging veteran population makes creating a resting place of honor an even more important priority. What will you do to expedite construction of these and other new facilities?

Answer. The process of site selection is underway for new national cemetery locations to serve veterans in the areas of Atlanta, Miami, Pittsburgh, Sacramento, and Detroit. An offer to donate 776 acres of land near Atlanta has been accepted by VA, the environmental assessment has been favorably completed, and a contract for

master planning of the site should be awarded soon. An environmental assessment (EA) is underway for a site north of Miami and will be completed within 60 days. Following completion of the EA, action will be initiated to purchase the site, and a contract for master planning is anticipated later this fiscal year. A contract for performing environmental reviews is in place for the preferred site near Pittsburgh and for two sites near Sacramento. Potential sites have been identified near Detroit, and a site evaluation team from VA will visit these sites within the next month to identify the most favorable location for a new national cemetery. Acquisition of land near Pittsburgh, Sacramento, and Detroit is dependent upon future appropriations.

The urgency of providing additional burial space for veterans has led VA to develop rapid activation plans to expedite availability of interment areas. At the new Oklahoma City area national cemetery currently under design at Fort Sill, Oklahoma, we will be preparing a "fast track" section for burials. This section will be available up to two years before the full cemetery is completed and dedicated. This "fast track" section will be created and operated as a national shrine, and will be incorporated into the broader master plan of the cemetery so that it will fully blend with the cemetery as it is developed. Using this innovative method, we hope to develop "fast tracks" in each of our new national cemeteries in order to more quickly meet the needs of our Nation's veterans.

Question 23. What is your view on changing current VA disability compensation law to allow veterans to choose a lump sum payment, rather than monthly payments?

Answer. I am aware that last month the General Accounting Office issued a report on this issue, "Veterans Have Mixed Views on a Lump Sum Disability Payment Option." That report indicates that veterans are about evenly split as to whether they would support a program offering a one-time lump sum payment in lieu of future monthly disability payments. In addition, in 1996 the Veterans Claims Adjudication Commission asked Congress to consider creating a lump sum option for veterans. It is possible that the lump sum option might be more useful to some disabled veterans as they transition from military to civilian life. It might also allow VA to process claims more quickly for all veterans. However, before taking a position on any new lump sum program, a more thorough review of the proposal would be needed.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. BOB GRAHAM TO
ANTHONY J. PRINCIPI

Question 1. Mr. Principi, as Secretary of the VA, would you support the closing of under utilized hospitals, or would you have other suggestions for restructuring the Veteran Health Care System?

Answer. I am aware that the Veterans Health Administration (VHA) has initiated a comprehensive review of its infrastructure needs to support modern health care delivery requirements. This review will first estimate health care needs out to the year 2010, then assess whether the current infrastructure optimally supports those needs. This initiative, called Capital Asset Realignment for Enhanced Services (CARES), will identify and objectively assess options for changing the current infrastructure to better meet those future needs. I expect that we will see proposals to reduce infrastructure in some areas; expand infrastructure in areas experiencing significant patient workload growth; and proposals to re-configure infrastructure to better meet current needs. The first phase of this effort is underway in the Chicago area, following that CARES studies will be initiated in up to 7 VISNs in phase II, and all the remaining VISNs will conduct studies in phase III.

I will support proposals to modify VA's current infrastructure if it is shown that such proposals would better meet veteran's healthcare needs.

Question 2. Mr. Principi, one issue of particular importance to Florida is the Veterans Equitable Resource Allocation (VERA) program. I would encourage you to continue to support this successful program which was implemented in 1997. Florida, in particular, has received some much needed budget increases to Veterans Integrated Service Networks (VISNs) to help support the large number of veterans who migrated to the South.

Answer. I understand that in 1997, VA implemented VERA to comply with the requirements in Public Law 104-204 to develop an equitable resource allocation system. VERA has been used for the FY 1997 to FY 2001 network budget allocations to shift funding from networks that were relatively inefficient to networks that were historically underfunded. Over the past four and one-half years, VERA has undergone extensive scrutiny. Its effectiveness has been assessed by both the private sector through the PricewaterhouseCoopers study (1998) and two government spon-

sored GAO reviews (1997, 1998). All three of these studies viewed the success of VERA in positive terms and as meeting the intent of Congress. Currently, as a result of the FY 2001 Medical Care Appropriations process, the House has asked GAO to conduct a follow-up VERA evaluation. At the same time that GAO is assessing VERA for the Congress, as directed by language in the FY 2001 Senate Appropriations Report, VA has contracted with a Federally Funded Research and Development Center to conduct a VERA study. The RAND Corporation will conduct this study and a report to Congress is due by August 15, 2001.

VHA also has an ongoing process to continually review and refine the VERA methodology. There are several VERA workgroups, comprising VHA field-based and Headquarters staff, that provide ongoing evaluation of the VERA methodology and input on policy issues to improve VERA.

In conjunction with these external studies and internal review activities, I assure you that VA is committed to continue to review the VERA methodology for its ongoing relevance and improvement and ensure that the allocation of taxpayer dollars for veterans' health care is equitable.

Question 3. Another priority for Florida is completion of a new cemetery in South Florida. In FY 01 the VA was appropriated \$15 million to purchase 500 acres in Palm Beach County to establish a full-service National Cemetery. For the past 13 years, South Florida has been on the U.S. Department of Veterans Affairs' priority list for a new National cemetery, yet one has never been built. There are nearly 500,000 veterans in the ten counties of south Florida who will potentially be served by this new National Cemetery. This year we will seek to secure the actual construction funds for the cemetery and ask for your support.

Answer. Efforts are well underway to select and acquire a site to serve the burial needs of south Florida's veterans. More than a dozen sites have been evaluated and compared in our efforts to find the best location. The top site, located in Palm Beach County, is currently undergoing an environmental assessment that should be completed within the next 60 days. I strongly support the need for a new national cemetery to meet the needs of Florida's veterans, and appreciate the need for additional appropriations for both design funding and construction funding in order to help this critical project become a reality.

Question 4. Finally, an issue which is not only adversely affecting Florida's veterans, but all veterans is claims adjudication. This issue needs to be addressed expeditiously. Implementation of new technology for rating disability claims and the recent decision to add Type II diabetes as an Agent Orange disability has increased the already huge backlog of pending claims. I am eager to hear how you plan to improve the disability claims adjudication process.

Answer. As I mentioned in my confirmation hearing before the Committee, I will create a broad-based and inclusive task force to conduct an examination of VA benefits processing. After I have considered their recommendations I will be in position to more fully answer your question.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. PAUL WELLSTONE TO ANTHONY J. PRINCIPI

Question 1. As Secretary for Veterans Affairs you will clearly play a key role in the drafting of the VA's budget request to OMB. How do you view the current level of funding being provided to the VA?

Answer. Congress' \$3.2 billion appropriation increase for discretionary programs over the two-year period FY 2000–2001 was certainly appropriate and helpful. I will be a strong advocate for maintaining appropriate funding levels for all VA accounts.

Question 2. Can you assure this Committee that you will be a forceful advocate for full funding of veterans health care within the administration?

Answer. As I noted in my response to the previous question, I will be a strong advocate for maintaining appropriate funding levels for all VA accounts, including the accounts supporting VA's health care system.

Question 3. I have been told by VA staff that they view the Independent Budget produced by the major veterans service organizations as a better indicator of the VA's needs than OMB's numbers. What is your view, generally, of the Independent Budget?

Answer. Recommendations presented in the Independent Budget highlight important concerns of the veterans' community and help to define our national sense of duty to those who have served this country. I welcome this input by the veterans service organizations.

Question 4. On December 27th, Acting Secretary of Veterans Affairs Hershel Gober proposed adding bone, brain, colon, lung, and ovary cancers to the list of ill-

nesses presumed to be connected to the military service of veterans exposed to radiation during their military service. These diseases are currently on the VA's list of non-presumptive radiogenic conditions, the effect of which has been that atomic veterans have a negligible chance of obtaining compensation. The denials of claims filed by individual atomic veterans for service connection for these diseases are essentially based on arbitrary decisions and assumptions. This regulation would correct a decades-long injustice. The proposed regulation is currently being reviewed by OMB. If the regulation did not get final approval before the end of the Clinton administration, will you support and push for its enactment by the new administration?

Answer. I am aware of the rulemaking proposal, which I understand did not receive OMB approval during the prior Administration. If I am confirmed, one of my early tasks will be a review of the details of the proposed regulation.

Question 5. More than 20 percent of veterans who use VA services receive psychiatric services annually from the VA, yet VA mental health services have seen cutbacks in needed capacity. As a result, the National Mental Health Association reports that many veterans who relied on VA have fallen through the cracks and are no longer receiving needed care. In light of these points, what is your vision for turning this situation around?

Answer. VHA reports that the number of veterans receiving mental health care in VHA has actually increased since 1996 with the exception of a drop of 4000 receiving specialty substance abuse treatment. VHA has recently distributed \$15 million to fund the creation of additional PTSD and substance abuse treatment capacity as a result of provisions in the Veterans Millennium Health Care Act. Decreased use of hospital beds has been more than compensated for by greatly increased availability of residential care, outpatient services, and community-based care. Because there is considerable variation among VISNs, VHA will continue to monitor care at the national level and work with networks individually to improve and maintain capacity and quality of care for all veterans with serious mental illness and substance abuse. Recent initiatives to increase mental health treatment in community based outpatient clinics, increase use of assertive community treatment for the most seriously mentally ill veterans, and increased use of opiate substitution clinics in major urban centers are examples.

Question 6. By some estimates, as many as one third of all homeless males are veterans. Seventy-six percent of these veterans have a mental illness and/or a substance abuse disorder. Yet it is my understanding that some VISNs do not have any inpatient substance abuse care and very little psychiatric inpatient care. Is this the case? And if so, which VISNs currently do not offer these services? Further, what steps would you take to provide adequate services to these at-risk veterans?

Answer. As of the end of fiscal year 2000, VISNs 2, 8, 19, and 22 reported no inpatient substance abuse workload. All VISNs have developed some residential treatment capability to address the need for residential treatment for substance abuse. The additional funding discussed in response to question 5 above will improve availability of these services this year and beyond. In FY 2000, all VISNs have maintained inpatient psychiatric capability and only 18 of 138 medical centers offer only outpatient mental health treatments.

Over the past 7 years VA has offered over \$50 million in grants to state and local governments and non-profit organizations to develop supported housing and supported services centers for homeless veterans under VA's Homeless Providers Grant and Per Diem Program. Currently, over 2,000 community-based beds have become operational through the use of grants and another 900 beds are available to homeless veterans under "per diem only" awards. Over the next few years, another 2,800 beds will be activated. In summary, a total of approximately 6,000 community-based beds for homeless veterans have been supported under the Grant and Per Diem Program. I will continue to support VA partnerships with community based service providers to enhance services for homeless veterans.

I also understand that VA is making progress in implementing the Loan Guarantee for Multifamily Transitional Housing for Homeless Veterans Program which was authorized by P. L. 105-368. Under this pilot program, VA will be able to guarantee up to 15 loans with an aggregate value of \$100 million to non-VA organizations to assist with the development of large-scale transitional housing for homeless veterans. It is expected that 5,000 community-based beds will be supported through this new initiative.

Question 7. The Department of Veterans Affairs has a highly regarded research program. But while over 20 percent of its patients use mental health services, only about 10 percent of the research budget supports mental health research. Do you think this is an appropriate ratio? If not, what steps will you take to bolster the investment in mental health research?

Answer. VHA advises that the VA research program has identified mental health and substance abuse as two of nine Designated Research Areas (DRAs) that drive the VA research agenda. The DRAs represent the high-priority health care needs of veterans. The VA investment in mental health and substance abuse research has been growing steadily, from \$26.6 million in FY 1990 to \$54.2 million (about 17% of all VA-funded research) in FY 1999. VA is investing in the future growth of mental health research by providing mentored research experiences for young investigators. Awardees conducting research in mental health and substance abuse constitute 26% of Associate Investigators, 17% of Merit Review Entry Program investigators, and 14% and 20% respectively of the Medical Research and Health Services Research Career Development Program awardees.

In FY 1999, VA funded almost 350 individual research projects in mental health and substance abuse. In addition, the research program supports Research Centers of Excellence in Schizophrenia (2 Centers), Alcoholism (2 Centers), Mental Health Care, and Substance Abuse, as well as pilot research projects in VHA's Mental Illness Research, Education, and Clinical Centers (MIRECCs). Two of the eight projects (25% of those funded thus far) in VHA's Quality Enhancement Research Initiative (QuERI) focus on depression/schizophrenia and substance abuse.

The Cooperative Studies Program has completed landmark studies in schizophrenia, bipolar disorder, PTSD, and substance abuse over the past decade, and currently has additional ongoing multi-center clinical trials and open program solicitations in the mental health field. VA's research portfolio in mental illness and substance abuse thus covers a broad spectrum, including basic mechanisms of disease, large-scale treatment trials, health services use, and quality of care. This investment reflects VA's concern for veterans who suffer from these common and serious illnesses.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. ZELL MILLER TO
ANTHONY J. PRINCIPI

Question 1. The United States of America and Puerto Rico are home to over 24.8 million veterans. 685,000 of these veterans reside in Georgia. Although veteran populations as a whole have been declining, Georgia has one of the lowest relative declines in veteran populations in the United States. Additionally, we have recently experienced a significant increase in the populations of veterans over the age of 65. These demographics have produced an increasing need for geriatric and long-term care in Georgia. As Secretary of VA, what role do you think the agency should have in helping states prepare for these needs? What services, if any, do you believe the VA could and should provide to local and regional communities in managing these needs?

Answer. As VA moves its long-term care (LTC) focus from nursing home care to home and community based care (H&CBC), VA can assist states and local communities that serve the long-term care needs of veterans.

VA can make available the results of its Long-Term Care Planning Model (LTC), which offers a solid basis for estimating the demand for long-term care services. Joint planning efforts have emerged in some states and appear to be valuable in minimizing duplication of effort among agencies.

VA can work jointly with states and communities in long-term care service delivery. The Department's sharing authority and the specific adult day health care sharing authority offer exciting opportunities to address the LTC needs of the veteran population and the frail, chronically ill and disabled elderly population at large. Adult Day Health Care and Assisted Living are programmatically and economically appropriate for joint development.

VA will also examine new opportunities for volunteer work with the Veterans Service Organizations and local communities. VA's new authority in Public Law 106-117, to provide Respite Care in home and community based settings, will be valuable as the Department explores this endeavor.

Finally, VA will continue its support for the State Veterans Home Grants and Per Diem program. As you know, through this long standing joint federal-state effort VA works in close coordination with states in providing long term care to veterans.

Question 2. Vietnam Era veterans make up the largest portion of the United States' veteran population, with numbers exceeding 8.1 million. As this population ages, they will increasingly require managed care. As you know from your previous experience as Acting Secretary of the Department of Veterans Affairs, many of our veterans' medical centers are already filled to capacity. As Secretary of the VA, how will you confront our ever-increasing problems with excess capacity in the VA medical care system?

Answer. I am aware that the Veterans Health Administration (VHA) has initiated a comprehensive review of its infrastructure needs to support modern health care delivery requirements. This review will first estimate health care needs out to the year 2010, then assess whether the current infrastructure optimally supports those needs. This initiative, called Capital Asset Realignment for Enhanced Services (CARES), will identify and objectively assess options for changing the current infrastructure to better meet those future needs. I expect that we may see proposals to reduce infrastructure in some areas; expand infrastructure in areas experiencing significant patient workload growth; and proposals to re-configure infrastructure to better meet current needs. The first phase of this effort is underway in the Chicago area, following that CARES studies will be initiated in up to 7 VISNs in phase II, and all the remaining VISNs will conduct studies in phase III. The study in VISN 7 (including Georgia) is in phase III and could begin in the summer of FY 2002 and take approximately 1 year to complete. VA will work closely with you and all the stakeholders in VISN 7 to conduct this study.

Question 3. In recent years, the United States' veteran population has led the national average in relocation towards Southern and Midwestern states. In Georgia, this relocation has led to one of the highest increases in the nation in veteran population over the age of 65. This increasingly mobile population has resulted in medical errors due to a lack of communication between veterans' facilities. This lack of information is due in part to inadequate funding and dated medical equipment. As Secretary of the VA, what steps, if any, would you take to improve coordination between providers in the VA and DoD?

Answer. The Department of Veterans Affairs has improved coordination among VA facilities and providers by implementing and enhancing the Computerized Patient Record System (CPRS) software that is implemented at all VA Medical Centers. CPRS has introduced Remote Data Views capabilities that enable VA clinicians to obtain and review clinical care information for a specific patient regardless of where in the VHA system that care was provided. Using CPRS Remote Data View, a provider can quickly review a patient's most recent visits to other VA medical facilities and then choose to view clinical data, such as health summary components and lab results, from some or all of the facilities at which the patient was seen. This software capability enables providers to better care for their patients, improves patient safety and reduces medical errors by making patient medical records available across facilities. It also optimizes available clinical resources by providing a mechanism for health care providers to concurrently view and discuss patient care activities. It reduces cost by eliminating the need for duplicate procedures and laboratory tests previously performed at a remote facility.

VHA plans to change the existing clinical computing model by developing a Health Data Repository that will integrate data from multiple treatment locations as well as allow for the introduction of data from non-VA locations such as community nursing homes or Department of Defense. The repository will take advantage of relational database technology and will enable the creation of a single patient record that delineates all aspects of a patient's care across the continuum with and across VHA.

VHA is actively working with partners including the Department of Defense, Indian Health Service to build the Government Computerized Patient Record GCPR Framework. This initiative will facilitate the exchange and integration of patient-specific data gathered from other entities that provide health care to the veteran patient.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. E. BENJAMIN NELSON
TO ANTHONY J. PRINCIPI

Question 1. One of the biggest obstacles for veterans in Nebraska seeking health care is the distance they have to travel to hospitals. In an effort to streamline services, two rural inpatient hospitals in Nebraska have been closed in recent years and veterans from the Western part of our state are often forced to travel all the way to Omaha for care. Is there a way to provide services to veterans with often unique needs and still consolidate veterans' facilities?

Answer. Similar to rural health care throughout the country, veterans living in rural areas such as Nebraska may travel greater distances for primary care than urban veterans. I am advised that VHA has addressed access to primary care in Nebraska in multiple ways. Primary care is available at three facilities, Omaha, Lincoln and Grand Island, as well as community based outpatient clinics located in North Platte and Norfolk, Nebraska. Inpatient services previously provided at Grand Island and Lincoln are now made available through a contractual arrange-

ment with a community hospital in Grand Island (St. Francis Hospital) and Lincoln (Bryan LGH Hospital). The Omaha VA Medical Center serves as the tertiary care referral hospital. Access to primary care continues to be a priority for VHA in Nebraska.

Question 2. Also on the subject of consolidation, I am concerned that the closing of those rural hospitals may have been too hasty. I do not have figures for the year 2000, but in 1999 29,500 veterans sought care in Nebraska—a 17% increase over the previous year and one of the highest growth rates in the nation. As you know, veterans often have special needs that can only be met at facilities specifically intended for veterans. Can you assure me that Nebraska veterans will continue to have convenient and quick access to care when they need it?

Answer. VHA advises me that a contractual arrangement with a community hospital in Grand Island and Lincoln ensures that inpatient services are maintained at the same level as when the Grand Island and Lincoln VA facilities provided inpatient care. In addition to maintaining programs designed to meet the unique needs of veterans, access to primary care continues to be a priority for VHA. In an attempt to improve access to primary care, the VA Central Plains Health Network (VISN 14) established community based outpatient clinics at North Platte and Norfolk, NE as well as Sioux City, IA. This is in addition to the primary care clinics, and specialty care clinics at the Grand Island and Lincoln, NE facilities and the full range of tertiary and specialty services at the Omaha facility. The need to expand community based clinics is continually assessed and re-evaluated and clinics will be added as needed to ensure veterans receive the best possible care. Veterans are assisted in transportation needs via a state wide transportation system which provides shuttle service to all facilities in Nebraska.

Question 3. Last year, following a deluge of complaints from Nebraska veterans, the VA's Inspector General conducted an investigation of the Omaha VA Medical Center. While they found many positive things to say about the facility, they also discovered an alarming number of problems including:

- Poor treatment at the Post-Traumatic Stress Syndrome (PTSD) clinic;
- Inconsistent follow-up care for veterans with hepatitis C;
- Failure to communicate about patients' medical histories among hospital staff;
- Poor monitoring of narcotics prescriptions; and
- Poor management and a backlog in the hospital's pain management program.

Will the VA follow-up to ensure that the recommendations of the Inspector General have been implemented? And what can be done to prevent these types of problems from occurring in the future?

Answer. Since the Inspector General's report, a new Medical Center Director has been appointed to the Omaha VA Medical Center (VAMC). The new director has taken swift action to assure that all the recommendations are being fully addressed. Additionally, the VA Central Plains Health Network as well as VHA Headquarters, is closely monitoring the Omaha VA Medical Centers progress in addressing each of the recommendations. Changes made at the Omaha facility since the report include:

- Incorporating the PTSD program into the overall Mental Health Clinic to improve the administration and performance of the program. Separate from the Inspector General visit, the Omaha VA Medical Center hired a recognized VA PTSD expert to assist the Omaha program in making continual improvements and developing a formal curriculum for staff education. In November 2000, A follow-up visit by the internal VA consultant found significant improvement in the PTSD program's quality, compliance with national VA standards, and improvement with high patient satisfaction.
- Implementation of a call-back program has been initiated for hepatitis C virus (HCV) infected patients;
- All Nebraska VHA facilities have implemented an electronic medical record, which provides the capability of accessing medical information and records of care;
- Assuring that all narcotic prescriptions are hand written according to VA regulation and reviewing medication records for narcotics regularly; and
- Establishing a pain management clinic to ensure an effective pain management program. Patients with chronic pain problems are assessed by primary care providers and referred for care to the Anesthesiologist who is in charge of the program.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. ARLEN SPECTER TO ANTHONY J. PRINCIPI

Question 1. I have been blunt with prior VA Secretaries about the importance I place on working with the Committee in its legislative and oversight capacity. The

appearance of the Secretary—not his or her staff—before this Committee is indispensable to the Committee, and to veterans. Can I count on you to work with the Committee so as to better serve veterans? Can I count on you to appear when requested?

Answer. If confirmed, you can count on my active and continued cooperation with the Committee, including testimony when required.

Question 2. VA has made significant changes in recent years in the way it delivers health care. Some of those changes are the result of legislation—e.g., “eligibility reform,” and the long-term care and emergency care provisions of the Millennium Act. But more, perhaps, are the result of budgetary pressures and the changing nature of health care in the United States, generally, and its increased emphasis on outpatient-based care. Do you foresee further restructuring of VA health care? Has there been enough change in VA over the past five years to effectively deliver health care to the nation’s veterans?

Answer. At this time, I don’t know whether there will be further restructuring of VA health care. As I have promised, we will conduct a top to bottom review of the VA health care system. Although I believe VA effectively delivers health care to the nation’s veterans, I would never say that the changes over the last five years mark an end to the process. We must continually strive to improve the VA health care system and remain alert to the changes in the health care arena so that VA can stay in the forefront of the health care delivery. If this requires change, then I assure you I will strive to make the appropriate changes.

Question 3. Senator Rockefeller and I have worked hard to secure significant increases in VA health care funding over the past two years. Do you believe that the VA health care system is adequately funded? Will you seek additional funding to provide health care for our nation’s veterans? Do you have a sense of how much increased funding is needed to make necessary improvements in the system? If so, how much?

Answer. The \$3 billion appropriation increase provided by Congress for Medical Care over the two-year period, FY 2000–2001 has significantly helped the system. I will be a strong advocate for maintaining appropriate funding levels for VHA. However, until I’m briefed in detail on VHA’s budget requirements and determine the resources necessary to support the improvements I envision, I will not speculate on the magnitude of any additional funding needs.

Question 4. In the past five years, VA’s health care system has reduced its workforce over 15%—from approximately 201,000 employees to approximately 179,000 employees. At the same time, VA has seen more patients—approximately 3.89 million in FY 2001 as compared to approximately 2.86 million in FY 1996. Do you believe that these trends can continue? Should they? Can VA continue to achieve such growth in efficiencies and still provide quality care to veterans?

Answer. I am aware that, over the past five years, VA has significantly restructured its health care system to improve quality, capacity, and access to care, mainly through expansion of outpatient health care programs. This was achieved by shifting resources through improvements in health care services delivery and by efficiencies gained through program and organizational restructuring, technology improvements, and business process re-engineering.

VA informs me that the downward trend in employment has leveled off and as of December 30, 2000 VHA employment was approximately 182,000 FTE. VA will continue its system restructuring and improvement efforts to maximize the delivery of health care to veterans within resources provided. I will work closely with the Congress and the VSOs to ensure that resource levels are appropriate to meet the health care needs of our Nation’s veterans.

Question 5. It has been argued in some quarters that VA has wasteful and overlapping “infrastructure.” GAO contends, for example, that VA wastes \$1 million dollars per day maintaining unneeded building—money that could otherwise be spent on providing care. Do you agree that VA’s medical “infrastructure” is wasteful and overlapping? If so, how will you stop this waste?

Answer. I agree that VA’s medical infrastructure does not optimally support modern health care delivery. I am aware that the Department has developed the Capital Asset Realignment for Enhanced Services (CARES) process to review its medical capital infrastructure requirements.

VA’s health care system has been assembled over the past 100 years. VA must work with all its stakeholders to identify needed changes. Modernizing VA will also require the support of the congressional committees responsible for overseeing the VA system. The CARES process has the potential to provide VA with a mechanism to better justify its capital needs and make changes that will enable it to more effectively carry out its health care mission.

Question 6. I am very concerned about the current status of VA's "CARES" process—a VA contractor evaluation of allegedly wasteful and overlapping medical infrastructure. This process needs to proceed—and it needs to proceed quickly. Do you support "CARES"? Please provide me a detailed schedule of how—and when—this work will progress.

Answer. VHA advises me that CARES is not just about facilities or buildings, but is about veterans health care needs and the infrastructure that will be needed to meet those needs in the most cost-effective manner in the future.

The CARES program will assess veterans health care needs in each network, identify service delivery options to meet those needs, and identify options for realignment of capital assets linked to those needs. The goal is to improve both access to care and quality of care in the most cost effective manner, while mitigating impacts on staffing and communities and on other VA missions.

I support the goals of the CARES initiative. It is a critically needed strategic planning mechanism. If successful, the evaluation criteria will allow difficult decisions to be made based on measurable criteria, with particular emphasis on quality of care.

Phasing of this project is as follows:

- Phase I began on January 8, 2001 and is anticipated to take 90 days. Phase I includes the application of the CARES Evaluation Criteria to the results of the Delivery System Options Study conducted for VISN 12. Phase I will also evaluate these criteria as well as the entire CARES process and recommend adjustments.

- Phase II is expected to commence in April 2001 and take approximately one year. Phase II will comprise service delivery option studies in up to seven of the following VISNs: VISN 1 (Boston), VISN 3 (New York), VISN 4 (Pittsburgh), VISN 10 (Cincinnati), VISN 11 (Indianapolis), VISN 21 (San Francisco), and VISN 22 (Los Angeles).

- Phase III will complete the remaining VISN studies. It is projected to also take one year to complete, beginning in May 2002.

Question 7. I think "CARES" is important—and I surely recognize that, in some cities, VA has multiple facilities which appear to compete with each other and which each appear to attempt to be "all things to all people." But I also think that CARES analysis must take into account that multiple facilities in the same city can make sense if they operate under a single management and in a complimentary way. Do you agree?

Answer. Again CARES is not just about facilities, but about veterans health care needs. Each CARES study is intended to answer the question, "What health care service delivery options best meet future veteran health care needs, while assuring the highest quality care and optimal access for a defined veteran population in the most cost effective manner?"

VHA has made significant progress in combining services over the last 5–6 years, integrating geographically close facilities under single management. CARES is designed to systematically evaluate each VISN using uniform, tested evaluation criteria.

The planning horizon for each CARES study will be 2010. The study will concentrate on the Year 2010 demand for services, with a sensitivity analysis performed to the year 2020 to determine whether any longer range changes in demand could affect the viability of the service delivery options developed. CARES studies will result in a strategic plan for VHA for its current enrolled veterans and projected future enrollees.

Question 8. This Committee supported the nomination of Dr. Thomas L. Garthwaite to be Under Secretary for Health, and we approved that nomination for a term of four years just a couple of months ago. Nonetheless, Dr. Garthwaite had indicated that he would step down if the next Administration does not want him to continue serving as Under Secretary. Will you ask Dr. Garthwaite to step aside? Will it be your decision to make? Will you assure this Committee that you will not take that action without first consulting the Committee?

Answer. I am aware of the Under Secretary for Health's statutory term of office and the process set forth in the statute should the President choose to replace the Under Secretary before completion of the term. The President has assured me that I will have a key role in implementing his pledge to appoint veterans advocates to lead the Department. There is no predetermined decision to seek a replacement for the leadership of the Veterans Health Administration. I look forward to discussing health care matters with Dr. Garthwaite in the near future to discuss my vision for VA healthcare and the role he will play in implementing that vision. I have committed to working in partnership with VA's many stakeholders, including the Congress and the VSOs, as I reach major decisions concerning VA.

Question 9a. In a recent budget submission, VA pledged to improve the timeliness of VA medical service delivery through a “30–30–20” initiative—a promise that veterans will obtain an initial visit with a health care provider within 30 days of applying for care; an appointment to see a specialist within 30 days after referral by a VA doctor; and an actual waiting time not to exceed 20 minutes. Are these goals realistic? Are they obtainable? Will you commit to them?

Answer. I believe that the 30–30–20 goals are consistent with access and waiting time goals in other service industries and are consistent with veteran expectations. I am told that they are obtainable, over time, given adequate resources to meet the demand for care.

Question 9b. One measure of VA’s effectiveness is veteran patient satisfaction. Do you agree? How should VA gauge patient satisfaction?

Answer. I agree that veteran patient satisfaction is critical to our success. And, in fact, I’ve been told that VHA’s goal is to move beyond mere patient satisfaction to a higher goal of “delighting” patients. As a veteran, I applaud them for this objective.

VHA should, and I am advised that it does, gauge patient satisfaction using standard industry patient satisfaction instruments. The use of these tools allows VHA to benchmark its performance relative to the private sector. Internally, this same data is used by VHA facilities to compare performance with other VHA facilities. This allows VHA to identify practices that result in improved customer satisfaction.

In addition to traditional patient satisfaction instruments, VHA has developed instruments for assessing patient satisfaction in clinical areas or populations not traditionally assessed in the private sector. For example, VHA has specialized surveys for patients who receive prosthetic devices, patients in Spinal Cord Injury Centers and patients who receive home care services. In addition, I am told that VHA is completing an annual study on patient satisfaction of Persian Gulf War veterans. And with the aging of the veteran population, it will become increasingly important to develop a patient satisfaction tool for use in long-term care settings.

Finally, VHA has further demonstrated its commitment to patient satisfaction by conducting semi-annual national surveys of patient satisfaction and developing a point-of-care Patient Satisfaction Toolkit that will allow facilities to generate surveys that are more responsive to local issues.

Question 10. When he announced his intention to nominate you to be Secretary of Veterans Affairs, President-Elect Bush stated that reducing the amount of time it takes for VA to adjudicate a claim would be a top priority. Do you view this as a Presidential charge? How will you implement it?

Answer. As I indicated in my testimony, President Bush has charged me with a top to bottom examination of VA benefits processing which I will achieve by commissioning a broad-based and inclusive task force charged with identifying problem areas and proposing solutions.

Question 11. Do you believe VA’s Veterans Benefits Administration (VBA) is now moving in the right direction to improve the quality and timeliness of its claims adjudication process? In what areas will you encourage VBA to continue on its present course? In what areas will you provide new direction?

Answer. As I mentioned in my confirmation hearing before the Committee, I will create a broad-based and inclusive task force to conduct an examination of VA benefits processing. After I have considered their recommendations I will be in position to more fully answer your question.

Question 12a. Many people are familiar with your work on the Commission on Service members and Veterans Transition Assistance. Fewer may recall that you were a member of a 1997 National Academy of Public Administration panel which studied VA’s claims processing system. In fact, you offered dissenting views as part of the panel’s report and, there, you made several observations about VA’s claims processing system and the role the VA Secretary ought to play in improving that system. Please respond to the following questions relating to your participation on the NAPA panel.

You stated in your NAPA report dissenting views that the report had failed to identify the “root causes” of claims processing problems. Among those “root causes” you noted were “legislative requirements . . . [which] creat[e] some of the most arcane and complex requirements in all of government.” You wrote, further, that “[I]f VBA is to achieve its claims processing improvement targets, Congress will need to play an active role, including enacting legislative reform, [and] streamlining claims processing requirements. . . .” If you are confirmed, what “legislative reform” measures, specifically, will you propose to Congress? How would you have us “streamline claims processing requirements?”

Answer. There is no question that the law governing disability compensation is extremely complex and could benefit from thoughtful reexamination. The NAPA report could have been, but was not, a part of that process. The forthcoming program evaluation, to be accomplished pursuant to the mandates of the Government Performance and Results Act (GPRA) should provide helpful guidance. But I need not remind the Committee that this is an extremely sensitive question for which considerable effort and time will be required to achieve consensus by veterans organizations and the Congress. As Secretary, I would be charged with implementing the law as the Congress has written it. VA's immediate pressing problem is to improve the quality and timeliness of claims processing within the framework of the law as it currently exists. That will be the function of the task force I have proposed.

Question 12b. You also stated in the NAPA report that claims processing problems transcend the boundaries of any one VA organization, and that, therefore, "[t]he Secretary should take the lead in breaking down the stove-pipe structures and barriers existing within VA today." You stated that "[t]hose barriers are tall and thick, and they are protected by elements more focused on turf than on meaningful change, but change they must." Who or what are the "elements" to whom or which you referred in 1997? Are they still present in VA? How will you break them down?

Answer. As I indicated in my testimony, I support and will continue fostering the One VA initiative implemented over the past few years to help break down the stove-pipe structures and overcome the barriers of cross-Administration cooperation. I understand that this initiative included a number of educational conferences that involved VA managers and employees, union representatives, VSOs, State VA directors, and Hill Staff who worked together to identify specific opportunities for collaboration. These conferences resulted in the development of several Statewide and National initiatives that are already underway and improving the way VA provides service to veterans and their families. Of greater importance, the Department's career senior leaders have been actively involved in this initiative. Continuing and improving upon this initiative will be an important way to further the elimination of barriers to cooperation and will help reduce the focus on turf. As Secretary of the Department of Veterans Affairs, I will work with my senior leadership team to continue improving seamless service to veterans.

Question 12c. In explaining the need for VA to work with the Department of Defense and other Federal agencies, you wrote in your NAPA dissent that "[t]he Secretary should . . . look at the opportunities that exist for real improvements in information gathering and sharing beyond the VA. . . ." What information does VA need to gather from outside itself to properly—and promptly—adjudicate claims? Why can't it get that information now? What will you do, as Secretary, to secure such access?

Answer. As I explained in my testimony, I intend to work closely with Secretary Rumsfeld to improve the co-operation and data exchange between VA and DoD, particularly as it relates to service medical records.

Question 12d. In arguing that VA's Veterans Benefits Administration should "initiate new efforts to restructure and consolidate, where appropriate, its regional offices," you wrote that the Secretary "should dedicate Departmental resources to the development of a consensus among the VBA's various stakeholder organizations that a restructuring business plan is vital. . . ." Do you still hold the view that a consensus needs to be built? If so, how will you build such consensus?

Answer. As I indicated in a previous response to a pre-hearing question, I will need more information before I reach conclusions on the effectiveness of the SDN reorganization VBA implemented subsequent to my 1997 remarks. The effectiveness of the current organizational structure will be one of the issues I will ask to be reviewed by the task force I plan to convene. I believe the ability to reasonably project improved benefit delivery through proposed changes is the key to achieving needed consensus.

Question 12e. I appreciate the need for consensus and consultation—especially with this Committee. The Committee, however, also expects you to lead—an action that sometimes must predate the evolution of consensus. If you believe that VBA's Regional Office structure needs to be modified, why do you not just move to fix it?

Answer. Considerable change has occurred in the VBA organizational structure and VA's claims processing procedures since 1997. While I will not hesitate to initiate needed changes, the decisions I will make will be informed decisions, acting decisively but not impulsively. I also recognize that a key to achieving change is building consensus within Congress and the veterans community for those changes.

Question 13a. President-Elect Bush has made "education reform" one of his top priorities. As you know, the Committee has made significant progress in the last four years in securing increases in Montgomery GI benefits. Yet what we have achieved—an 87% increase in the maximum monthly benefit paid to a full-time vet-

eran students/trainees still falls short of increases you advocated as Chairman of the Commission on Service members and Veterans Transition Assistance. Please explain the Commission's reasoning in recommending that we adopt a tuition-reimbursement benefit.

Answer. The Commission's report will provide the most complete explanation of the findings and rationale underlying this specific recommendation. However, as I indicated in my response to one of the Committee's pre-hearing questions, I believe that educational benefits are essential if we are to give veterans the foundation for a successful civilian life.

Question 13b. Will you advocate within the administration that VA seek legislation to provide for a "tuition reimbursement" benefit for veteran-students/trainees? How will you convince OMB to fund such a benefit?

Answer. As Secretary of Veterans Affairs, I do realize that I must balance my advocacy and support for "tuition reimbursement" with the fiscal constraints of the federal budget. I will carefully examine the alternatives presented to me by well-intentioned advocates of veterans' education. As you may know, the Partnership for Veterans' Education, a coalition of more than 50 military and veterans' organizations and higher education groups, proposed a benchmark for veterans' benefits that would equal the average cost of tuition and educational expenses for a commuter student at a 4-year public college or university. I want to examine this and other possible proposals that sufficiently honor and reward our separating service members for their military service to this nation.

Question 14. During the 106th Congress, legislation was enacted expanding, for civilians exposed to weapons-related radiation, the listing of diseases covered under the Radiation Exposure Compensation Act, and creating a new program for compensation for civilian Department of Energy employees who were exposed to radiation in weapons' plants. As a consequence, civilians will now be compensated for diseases that are not on VA's listing of "presumptive" diseases. Do you agree that this situation cannot be allowed to persist? Do you agree that veterans must be afforded benefits that are at least equal to those afforded to civilian Federal employees? Will you propose—or at least support—legislation to that effect?

Answer. Atomic veterans deserve fair treatment, and if those with meritorious claims require additional presumptions in order to receive benefits, I would support that. However, before committing to a position on this matter, I need to be briefed on 1) the comparability of the civilians' and veterans' radiation exposures, and 2) the likelihood that meritorious claims by veterans would be denied in the absence of new legal presumptions.

Question 15. As you know, Congress has enacted presumptions relating to certain diseases and environmental exposures. In some instances, Congress has, in addition, granted to VA explicit statutory authority to add diseases, by regulation, to such statutory listings. Do you believe that VA has authority to add to statutory listings of presumptive disease by regulation in the absence of such an explicit delegation of authority? If so, what is the legal source of that authority?

Answer. The Department's long-held position is that 38 U.S.C § 501(a) authorizes the Secretary to create evidentiary presumptions through rulemaking when they are found to be necessary for the fair and just administration of VA benefit programs. That section provides, in pertinent part:

(a) The Secretary has authority to prescribe all rules and regulations which are necessary or appropriate to carry out the laws administered by the Department and are consistent with those laws, including—

(1) regulations with respect to the nature and extent of proof and evidence and the method of taking and furnishing them in order to establish the right to benefits under such laws;

Because legal presumptions are rules affecting the duty to produce evidence, they fall squarely within this authority. It was this authority upon which former Secretary Derwinski and I relied when, in 1991, VA first proposed rules presuming certain diseases to have resulted from mustard-gas exposure.

Question 16. VA's Committee on Care of Severely Chronically Mentally Ill Veterans has stated that VA is slow in adopting for use the latest FDA-approved medications for treatment of the mentally ill. Is this so? If so, why?

Answer. I am informed by VHA that a recent survey addressing the concern expressed by the Committee on Care of Severely Chronically Mentally Ill Veterans has shown that, overall, VA's use of the latest medications for the care of the mentally ill is comparable to that of systems caring for similar non-VA populations (e.g. Medicaid). It has been noted that there appears to be some local variation in the use of these medications. The data on use of medications for mental disorders is being provided to the Networks and their facilities for their review and consideration of any needed changes in prescribing practices. It should be noted that VA's National

Formulary includes virtually all of the latest antipsychotic and antidepressant medications. I will work with VHA to ensure appropriate treatment for severely, chronically mentally ill veterans.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. STROM THURMOND TO ANTHONY J. PRINCIPI

Question 1. Would you please elaborate on your prior employment at QTC Medical Services, particularly that company's business dealings with the VA. Would you please explain what safeguards you have in place to avoid any conflict or apparent conflict of interest.

Answer. The VA signed a contract with QTC in February 1998 to conduct medical examinations for compensation and pension claims purposes. QTC was selected from three bidders after a technical evaluation panel determined that corporation to be not only the best qualified, but also the lowest bidder. I joined QTC in June of 1999 as President of the Medical Services Division. I have now terminated all relationships with QTC and waived any and all future rights or benefits that could flow from my relationship with that organization. Furthermore, I will execute a formal memo to the Deputy Secretary of VA, recusing myself from any matter affecting QTC (until the Deputy Secretary is confirmed such delegation will be considered within the authority of the Under Secretary for Benefits). In order to ensure that the recusal has its full effect, the memo will delegate to the addressee all of the authority of the Secretary of Veterans Affairs to affect such matters. Further the memo requests, and authorizes, the Assistant General Counsel in the Department who serves as the designated ethics official, and the Inspector General, to monitor the implementation of the recusal.

Question 2. What are your thoughts on improving VA medical care?

Answer. I have heard from many sources that the quality and consistency of care in VA has improved over the past 6 years. I am told that VHA has used a data-driven, management-incentive strategy to yield consistent, sustained improvements in care. The availability of facility, network and national level measurement data has allowed VHA to benchmark its performance internally and externally.

Despite recent success, I believe that all of health care, including VA, has room for improvement. President Bush has promised a top to bottom review of VA's healthcare system, implementation of the Millennium Health Care Act, and modernization of barriers hindering veterans' access to health care. I will look to the broad based, inclusive task force I have proposed to provide recommendations on how we can achieve these improvements.

Question 3. What are your views on the Veterans Equitable Resource Allocation (VERA) program in VA?

Answer. As directed by the Senate, VA has contracted with a Federally Funded Research and Development Center to determine whether the VERA methodology leads to a distribution of funds that covers the special needs of some veterans, and also to investigate the progress of this funding allocation method. VA recently entered into a contract with the RAND Corporation to conduct this study and the results are due to Congress no later than August 15, 2001. VA will give this study, along with the ongoing GAO VERA audit, careful consideration. If this study identifies problems in VERA resource allocations, VA will review and refine the VERA methodology and will act as quickly as possible to resolve any inequities. There are several VERA workgroups, comprising VHA field-based and headquarters staff, that provide ongoing evaluation of the VERA methodology and input on policy issues to improve VERA. I assure you that VA is open to future adjustments, refinements, and improvements to the VERA methodology if problems are identified.

Question 4. Are there issues remaining from the veterans transition commission which you would like to address at the VA?

Answer. I am pleased to note that many of the Transition Commission recommendations have been implemented or are being developed. I expect VA will continue to explore recommendations in the areas of outreach, use of information technology, data exchange and VA/DoD cooperative efforts to improve claims processing and service delivery. With respect to the Education, Vocational Rehabilitation and Employment, and Loan Guaranty programs, also I expect VA will continue to explore opportunities for assisting service members in their transition to civilian life by providing benefits that meet their unique needs.

Question 5. Do you have some ideas on how the VA can improve the benefit determination and adjudication process?

Answer. I plan to await the recommendations of the task force before rendering judgments on this matter.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. JAMES M. JEFFORDS TO
ANTHONY J. PRINCIPI

VET CENTERS

Question 1. When the Vet Center program was established in 1979, it addressed the VA's mission to provide local readjustment counseling services to veterans. Last year, Congress expanded the role of Vet Centers by requiring them to open their doors to the counseling needs of veterans of all wars. Would you support increased funding for the Readjustment Counseling Service to meet this expanded mandate to provide all vets with this very important service?

Answer. VHA reports that since enactment of enabling legislation, the Vet Center program has provided services to approximately 110,000 Gulf War; 12,000 Lebanon, Grenada, and Panama; 30,000 World War II; 22,000 Korean War; and 5,000 Somalia veterans. Veteran feedback indicates a very high level of satisfaction. I support the Readjustment Counseling Program and if the need arises for additional resources, I would be supportive.

HEPATITIS C

Question 2. As I understand it, Acting Secretary Goyer yesterday sent recommendations to OMB that would establish a service-connected presumption for Hepatitis C for veterans who had blood transfusions, solid organ transplants, and for medical personnel. Have you seen these recommendations? If so, would you support them? If not, what is your thought on the coverage of Hepatitis C in veterans?

Answer. I have not yet seen this proposal and would need to be fully briefed before taking a position on it. However, if the proposed presumptions are necessary to the fair resolution of these claims, I would support them.

MEDICARE SUBVENTION

Question 3. What is your view of the future for VA interaction with the Medicare program? Would you support the Medicare Subvention pilot program as introduced by Senator Rockefeller and myself last Congress? How high a priority will this be for you?

Answer. With the aging of our veteran population, I believe it is essential that there be ongoing and close interactions with the Health Care Financing Administration and the Medicare program. It makes sense that the care of individuals who depend on both the veterans health care system and the Medicare program be better coordinated. This would result in better medicine, better care for our patients, and the most efficient use of scarce federal dollars. In addition, I think that the Medicare program can benefit from many of the programs and research efforts that are underway within VA. More and more it is being shown that in many of the areas of concern to Medicare, such as patient safety and preventive medicine, VA is in the forefront of health care delivery today.

I support efforts to implement a Medicare Subvention pilot, similar to that which is now underway within DoD. I think it makes sense to take a look at all options that may bring this about. I appreciate the effort and interest you and Senator Rockefeller have shown in this area and look forward to working with you and other members of Congress to gain authorization for a meaningful pilot that is fair to VA and to Medicare.

VERA FORMULA INEQUITIES

Question 4. As you may know, last year the New England delegation requested a study that will be conducted by the Rand Corporation evaluating current VERA reimbursement procedures. I hope that you will give this study careful consideration. Do you intend to devote some attention to the problem of VERA inequities? Are you open to future adjustments in VERA if problem areas are identified?

Answer. As directed by the Senate, VA has contracted with a Federally Funded Research and Development Center to determine whether the VERA methodology leads to a distribution of funds that covers the special needs of some veterans, and also to investigate the progress of this funding allocation method. VA recently entered into a contract with the RAND Corporation to conduct this study and the results are due to Congress no later than August 15, 2001. VA will give this study, along with the ongoing GAO VERA audit, careful consideration. If this study identifies problems in VERA resource allocations, VA will review and refine the VERA methodology and will act as quickly as possible to resolve any inequities. There are several VERA workgroups, comprising VHA field-based and headquarters staff, that provide ongoing evaluation of the VERA methodology and input on policy issues to

improve VERA. I assure you that VA is open to future adjustments, refinements, and improvements to the VERA methodology if problems are identified.

VISN STRUCTURE

Question 5. What is your opinion of the value of the Veterans Integrated Service Network (VISN) structure? Has it been successful? Do you anticipate any changes to this structure?

Answer. VHA informs me that the VISN structure has allowed VHA to keep pace with the rapidly changing health care industry and foster flexibility and innovative approaches that enable the networks to address local healthcare needs quickly. As I said in my statement on January 18th before the committee, I believe that a broad based, inclusive, tightly-focused and short-fused task force, drawing on the commitment and knowledge of the VSOs, forward-looking VA employees, and VA's partners in health care delivery, can help me deliver on President Bush's promise of a top to bottom review of VA's healthcare system by identifying problems and proposing solutions. I await the recommendations of the task force.

MEDICAL HISTORIES

Question 6. Legislation that was enacted this past November included language that requires the VA to take a complete military history from veterans who are enrolled and treated by the VA in order to have a more informed system to provide better treatment for veterans. The implementation date is March 1st of this year. Will you make implementation and enforcement of this provision a priority?

Answer. I fully intend to support the implementation and enforcement of this provision. The VHA advises that in September 1999 the Under Secretary for Health established the Veterans Health Initiative (VHI) in part to ensure better military histories be taken from veteran patients, specifically to improve care to veterans. One goal of this initiative is to ensure that all enrolled veterans will have a comprehensive military history taken, which will become part of their medical record. The expected outcomes are improved sensitivity to the effects of military experiences and exposures on veteran patients health and attitudes, improved patient satisfaction, increased awareness of the occupational risks in a patient's history, and a data base for future research activities.

AGENT ORANGE

Question 7. Will you support continued outreach by VA to find, treat and compensate Vietnam Veterans exposed to herbicides while in Vietnam? As new evidence presents itself, would you be willing to add diseases to the list of presumptive illnesses under the authority provided to you by the Agent Orange Act?

Answer. As a Vietnam veteran myself, I feel a special responsibility to veterans exposed to herbicides during that conflict. I will insist that they be treated fairly and compassionately, and provided every benefit and service to which the law entitles them. As but one example, I would not hesitate to expand the list of compensable diseases if the evidence presented meets the threshold requirement of the Agent Orange Act of 1991.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. LARRY E. CRAIG TO ANTHONY J. PRINCIPI

Question 1. How are you planning on developing the Memorandum of Understanding between the Veterans Administration and the Department of Defense in order to provide medical services to TRICARE-dependent military retirees in the Veterans Medical Centers?

Answer. I understand that VA and DoD are working together to identify and attempt to remove barriers to sharing between the two Departments. Section 113 of the "Veterans Millennium Health Care and Benefits Act" (P. L. 106-117) authorizes the Department of Defense (DoD) to reimburse the Department of Veterans Affairs (VA) for medical care provided to eligible military retirees. On December 20, 2000, the Under Secretary for Health, Veterans Health Administration (VA) and the Acting Assistant Secretary for Health Affairs (DoD) reported on the status of the development of a Memorandum of Understanding (MOU). The VA stated that there are issues that require further analysis and discussion before the drafting of an MOU could be initiated.

The major issue cited implementation of the Millennium Act in the light of the Fiscal Year 2001 Defense Authorization Act's major benefit restructuring for DoD's Medicare-eligible retirees and the accompanying universal enrollment plan. Sub-

stantial changes in entitlement for these retirees and changes in the financing of that entitlement are looming. VA plans to revisit DoD's reimbursement for VA for medical care provided to eligible military retirees once DoD has satisfied legislative requirements regarding the new military retiree Medicare benefit structure.

Question 2. Considering the rise in gas prices, are you going to adjust the travel reimbursement rates?

Answer. The Department has advised me that the beneficiary travel mileage reimbursement rates are reviewed on an annual basis. During the review which took place in CY 2000, the Department elected not to raise mileage reimbursement rates, due to potential adverse financial impact on the medical care appropriation. During the upcoming CY 2001 review cycle, rising gas prices will need to be addressed.

Question 3. Do you plan to provide more Community Based Outpatient Clinics (CBOC) and expand services in the existing facilities?

Answer. CBOCs are very important to the future of VA and will continue to be a priority. Over the last several years, VA has increased veteran access to health care services through the establishment of close to 400 new Community Based Outpatient Clinics. VHA Networks will be encouraged to plan for the establishment of additional CBOCs, and/or expand services at existing CBOCs, where there is demonstrated need and within the context of available resources.

Question 4. How are you planning to reach out and ensure that all disabled veterans are adequately compensated for related service-connected disabilities, and receive high quality medical care?

Answer. To promote high quality medical care for veterans, I will work closely with VHA to monitor the success of its efforts to improve its performance in six critical areas:

- Improving the Quality of Health Care
- Improving Access to Services/Health Care
- Enhancing Customer Satisfaction
- Building Healthy Communities
- Improving Cost-Effectiveness
- Improving Functional Status

I will evaluate the quality of healthcare provided by VHA through the collection and analysis of objective performance measurement data, which will be compared to internal and external benchmarks. I will insist that VHA identify best practices and innovations and spread those quickly across the entire system. I will evaluate VHA managers relative to their success in measurably improving care for veterans. The forthcoming program evaluation of the disability compensation program should provide valuable information to improve that program where needed.

Question 5. How are you planning on implementing the Millennium Health Care Act?

Answer. VHA advises that significant progress has been made on implementing Millennium Act requirements. However, a number of requirements have required significant program development and the issuance of Federal Regulations. I am advised that actions are underway on all provisions of the Act. I understand that the Committee staff will be briefed on this in the near future.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. JEFF SESSIONS TO
ANTHONY J. PRINCIPI

Question 1. Given the enormity of the VA claims backlog, what are you prepared to do to guarantee that this process is improved while ensuring reliability, efficiency, and consideration for Alabama veterans, who are frankly becoming increasingly cynical about the claims process.

Answer. I look forward to recommendations from the task force I propose at my confirmation hearing before deciding on what particular changes need to be made.

With respect to Alabama in particular, VBA officials inform me that numerous initiatives are underway that have been designed to provide more efficient and accurate service to our veterans and their families. Some of VBA's initiatives are highlighted below:

- Fast Track Partnership designed to rapidly turn around claims completely developed by our service organization partners. Results show over 2302 claims completed since 10-01-97 inception with average processing time of 3.2 days.
- Added 20 employees to the claims processing staff over the past year.
- Implementation of Decision Review Officer program with five employees in November 2000 after training.

- Implementation of Case Management, a proactive system designed to closely monitor progress, improve communications, and keep claimants informed on the progress of their claims.

- Conducted Training, Responsibility, Involvement, and Preparation of Claims (TRIP) for all Alabama service officers. This 31 hour training program was designed to enhance development skills and improve this partnership. Approximately 100 participants completed the program.

- Implemented TPSS, Training and Performance Support System, a computer based training system designed for rating specialists to improve quality.

- Established a Veterans Service Representative trainee mentoring program. Established a One-VA initiative with Central Alabama Veterans Health Care System and assigned a Rating Specialist and a Veterans Service Representative to work at that location to facilitate and improve the VA compensation and pension examination process.

Question 2. Alabama's three Veterans Administration hospitals have come under increasingly harsh criticism for not properly addressing veterans' circumstances, whether it be waiting times, thoughtfulness, or quality of care. How will you create an atmosphere within the VA that addresses these quality of life and care shortfalls at our VA facilities?

Answer. Specifically, as it relates to the Alabama facilities, VHA has advised me that there have been actions taken within the VISN 7 Network to redirect resources to address deficiencies in these areas. Further, VHA advises me that they have moved to identify well-qualified permanent leadership in this VISN to provide expertise, stability, and accountability. I will also ask VHA to continue to assess the performance of Alabama facilities in each of these areas of concern and to keep me informed. I will assure that progress continues.

Question 3. In your testimony before the Senate Veterans' Affairs Committee, you indicated a need to streamline the administration of the VA around the country by implementing technological improvements for the sake of potentially saving billions of dollars a year. How much of the potential savings would be directed towards improving medical care while at the same time promoting various avenues of access to quality health care?

Answer. Until I have been more fully briefed on this matter by VHA officials and my Chief Information Officer, I am unable to provide a comprehensive answer to this question. I would expect that significant cost savings and benefits generated by new or enhanced IT systems would be directed towards improving the access and quality of care provided to the nations veterans.

Chairman ROCKEFELLER. Thank you very much, Mr. Principi. I appreciated your statement and I appreciated your kind of out-of-the-box approach to it because I think that is going to be necessary. As I said before, it is not just what you think, but how it is translated down through the ranks. And that I think is the great magic of a good administrator. It can be done and I believe you can do it.

We will now have a 5-minute round of questioning. I notice that the designate has a time clock and we do not, so I presume that means we can cheat a little bit. But let me start off in my last 18 hours of glory here. [Laughter.]

You have promised a top-to-bottom look at the health care system. That is one of the reasons, Senator Nelson, that you will love this committee, as Senator Jeffords and Senator Hutchinson do, because so much of its work is about health care. And if you are intrigued by health care, this is the place to be because it is health care at a particular phase of life and it deals with health care matters like PTSD, which are ignored by so many others and yet which we are discovering goes all the way back to World War I, as well as the Korean war and the Gulf War. So top to bottom—

Senator THURMOND. Mr. Chairman, I am going to have to leave. I would like to submit a few questions to be answered for the record.

Chairman ROCKEFELLER. Thank you very much, Senator Thurmond, and thank you for remaining as long as you did.

Senator THURMOND. Remember, I organized this committee. [Laughter.]

Chairman ROCKEFELLER. Yes, sir. That is now twice on the record today. [Laughter.]

I do think we have made substantial progress in this area. We have started some things that have not been completed, but it has been a committee which I think has tried, working with VA administrators, to do good work.

Let's take long-term care. Again, nothing had been done by the Government in long-term care since Medicaid in the 1960's until Senator Specter and I and those on the committee did it in conference with Chairman Bob Stump a year or so ago. It has not all been implemented, as I indicated, but nobody else in Government has done anything about long-term care. My own view is that, in terms of health care, the two biggest problems in the country are the ones about which we are doing the least, and one is long-term care and the other is mental health. And the Department of Veterans Affairs is doing something about both and the health care system is doing very little about either outside of the VA. So, we can be proud of that.

You indicated that you want to take this look. My guess is that you will probably put together a task force also to look at how you do this top to bottom. But again with your higher bar, you will have the experience and the instinct to suggest to us what you think some of those changes from the top to the bottom might look like.

Mr. PRINCIPI. Yes, sir. You talked about extended care, and I note that this year 39 percent of the veteran population is over the age of 65 compared to 15 percent in the general population, and that figure grows to 53 percent over the age of 65 over the next 20 years. So we see a significant increase in our elderly Korean and Vietnam war veteran population and we have to address those challenges.

Clearly, I think we need to look at the entire system to ensure that it is aligned to the needs of the veteran population and the profound changes in health care in America to ensure that we are meeting those needs both in urban and rural areas. And I think there are some studies on this subject ongoing at this time.

Members have talked about the growth in the number of outpatient clinics, which I think is a very, very positive step. However, I believe GAO has reported we spend a million dollars a day on maintaining, heating, and cooling empty hospital beds. How do we make better use of those beds? Should they be converted, should they be closed, should their mission be changed to extended care facilities or assisted care facilities?

We need to look at our specialized programs to ensure that the intent of the law is being met with regard to maintaining capacity in spinal cord injury, in blind rehabilitation, and PTSD. VA plays an enormous leadership role in those specialized programs. We need to maintain our leadership role and do more. Research is another important component of that.

So I think there are lots of different parts of this health care system that we need to look at. We have to identify how we are going to do this top-to-bottom review and over what period of time we will conduct it. Those are some of the points that I would want to look at as well as looking at the organizational structure, the VISN structure, to ensure that we have uniformity of access throughout the system so that veterans in one VISN are not being treated differently than veterans in another VISN. We need to ensure that wherever you live or reside, you have equal access to the health care in the system.

Chairman ROCKEFELLER. Which is both the problem but not necessarily the problem of my State, where we have four different VA hospitals, each of which report to a different VISN. You cannot say by definition that is bad. But one also needs to know that it can work and is an integrated system. And I know that is on your mind.

Mr. PRINCIPI. I would not want to see the VA evolve into 22 separate health care systems. We are a national resource. We are one national health care system with uniform policies and procedures and standards that should be followed through the entire system. I believe in centralized policy formulation combined with decentralized policy implementation.

Chairman ROCKEFELLER. I have a number of other questions. But I call now upon Senator Jeffords.

Senator JEFFORDS. Thank you very much, Mr. Chairman. Chairman. I will repeat that twice. It is a pleasure to be with you again. I look forward to working with you.

I want to followup perhaps a little bit on the previous questions and on how we can improve the financing of the various health care options that we have. I would like to talk a little bit about Medicare subvention and what is your view on the future of the VA interaction with the Medicare program, and would you support the Medicare subvention pilot program as introduced by Senator Rockefeller and myself in the last Congress. I kind of loaded the audience for that one. How high a priority is that?

Mr. PRINCIPI. It is a very, very high priority. I have always been a supporter of Medicare subvention. I think the pilot program is the right approach to take to see how well this could work. I have not heard of any good arguments against Medicare subvention. I am sure there are challenges with it, but I do believe that it could prove to be an excellent mechanism to get Medicare eligible veterans into the VA and with the cost of their care reimbursed by HHS. So I think it is something that will be a very, very high priority. We need to look at that and see if the pilot program should be made permanent.

Senator JEFFORDS. Vet Centers. When the Vet Center program was first established back in 1979 it addressed the VA's mission to provide local readjustment counselling services to veterans. Last year Congress expanded the role of the Vet Centers by requiring them to open their doors to the counselling needs of veterans of all wars. Would you seek and/or support increased funding for the readjustment counselling service to meet this expanded mandate? And how is it being handled now?

Mr. PRINCIPI. Senator, quite honestly, early on in my tenure on the Hill back in the 1980's I was somewhat concerned about and cynical of the Vet Center program. I was wondering if it really could meet its intended purpose. I remember visiting a Vet Center which looked like a bunker in Vietnam and I was concerned about it not being linked more closely with the VA.

But, as you know, the decision was made to maintain the Vet Center program. At that point in time, I went to work to ensure that we had high quality people staffing our Vet Centers. I thought that was important, when I was Deputy Secretary, to make sure that we had the right programs. I also wanted to make sure that Vet Center staff had the breadth of experience and knowledge to ensure that veterans who sought help through the Vet Centers and not through the mainstream VA medical system could get the breadth of services they needed.

I think the Vet Centers can play an important role in not only psychological counselling, PTSD, but also in all of the related problems—employment, training, and education. I certainly will look at the Vet Center program. I am committed to the program. Funding decisions must be based upon funding priorities. I can give you a more detailed, informed decision on whether we need to increase the funding or not when the VA budget is sent to the Congress. But I will support the program.

Senator JEFFORDS. Thank you. The VERA formula inequities, I would like to chat a little bit about that. As you may know, last year the New England delegation requested a study that will be conducted by the Rand Corporation to evaluate the current VERA reimbursement procedures. I hope that you will give your careful attention to that study. Do you intend to devote some attention to the problem of the VERA inequities?

Mr. PRINCIPI. Yes, I certainly do. One of the first things I intend to do, if confirmed, would be to sit down with Dr. Garthwaite and better understand the VERA methodology, the model and how it works, and what the issues are. I know there have been some concerns expressed about VERA from different Members.

So I need to take a look at it to assure that the funds are being equitably distributed. We must both make sure that we have adequate funding for the growing population in the Southeast, the Sun Belt in the Southwest, and for those who don't get down to those areas of the country. They may be in the Rust Belt, the Northeast, but they need to be cared for as well. So I need to look at that entire program.

Senator JEFFORDS. As I understand it, Acting Secretary Goyer yesterday sent recommendations to OMB that would establish a service-connected presumption for hepatitis C for veterans that had blood transfusions, solid organ transplants, and for medical personnel. Have you seen these recommendations?

Mr. PRINCIPI. No, sir, I have not. I know that hepatitis C is a major issue, a major problem. I have not seen the proposed regulation. I have not been briefed on it, but I am aware that it is a major problem that I will have to address.

Senator JEFFORDS. What are your thoughts about coverage of hepatitis C?

Mr. PRINCIPI. If there is a linkage between exposure to blood on the battlefield or in hospitals, or with organ transplants, I certainly believe that veterans should be compensated for that disease. So, generally speaking, I support the presumption of service-connection where there is a causal relationship to exposure. Absolutely.

Senator JEFFORDS. Thank you very much. I really look forward to working with you. We have had great experiences in the past and I know they are going to go into the future.

Mr. PRINCIPI. Thank you, Senator Jeffords.

Chairman ROCKEFELLER. Thank you, Senator Jeffords.

Senator HUTCHINSON.

Senator HUTCHINSON. Thank you, Mr. Chairman. I want to associate myself with some of your remarks. You may only have 20 hours left but I want to be in your good graces. [Laughter.]

You commended Mr. Principi for his willingness to think outside the box, and that is reflected in his opening statement. I think that is very important as well.

As we go to the 21st century, change is going to be essential. Your willingness to look at needed change is very refreshing. Sometimes our veterans and our friends in the VSOs are concerned that change equates to abandonment or at least a diminution of commitment. I think with your background in the system as well as your experience in the private sector, you can both reassure veterans and still have the objectivity to support needed changes.

One of the things we had an opportunity to visit about, if I recall correctly, was the issue of VA and DoD acquisition and purchasing systems. We have got parallel acquisition systems for medical supplies and equipment and that many of the items purchased are similar, if not identical, and yet we do not have a means by which we can realize the savings from the power of these two departments acting as one. There is I think a certain synergy there. But there have been political obstacles or artificial walls that have been erected that have prevented that from ever happening. Would you comment on your willingness to work with Secretary Rumsfeld on trying to make that a reality and what might be the result of it.

Mr. PRINCIPI. Absolutely, Senator. I recall during my previous administration working closely with Senator Rockefeller on legislation reforming pharmaceutical purchasing in VA. That legislation saved VA countless hundreds of millions of dollars that could be used to expand the reach of health care.

An interesting story. When I sat down with the President-elect, I mentioned to him how important I thought it was for Secretary-designate Rumsfeld and myself to get together to break down these barriers in lots of areas—in the transmission of data, because we cannot do anything at the VA without the medical records and the personnel records of the individual, and in procurement.

I get quite emotional about it. Here we have these two procurement systems for medical supplies, equipment, and pharmaceuticals. I am absolutely convinced, based upon testimony before the Transition Commission I chaired and discussions during its meetings, that if we bring those two together we can save close to \$500 million a year. That is in just the sheer purchasing power of the two agencies' procurement program and in developing a national formulary to cover the beneficiaries of both departments and

utilizing universal product numbering. The savings are very significant. \$2 billion over 5 years. We can buy an awful lot of pharmaceuticals, we can provide an awful lot of health care to needy people and service-connected veterans with that money.

I was so pleased that the other morning I was sitting in my office and there was a knock on the door and it was Secretary-designate Rumsfeld. He said the President-elect told me I should come over and talk to you, that you had some good ideas about breaking down the barriers. He said he went to the Hill for his confirmation hearing and Senator Cleland cornered him and said you better talk to Tony because you might have some good ideas about how your two systems can work better together.

So I think in the procurement arena we can do a lot. I think in data transmission we can do a great deal. And I think that increased partnering, while maintaining the separate identities and the missions of both health care systems, we can certainly be a much healthier and better health care system.

Senator HUTCHINSON. I find that very hopeful and the two anecdotes that you related are being very positive. I look forward to seeing how that develops.

The chairman also mentioned what the VA had done on mental health, and rightly to be commended. When I was on the House side and had the opportunity to serve with Sonny Montgomery and for a couple of years chaired the Subcommittee on Health Care in the House Veterans' Affairs Committee we worked hard and helped to develop the eligibility reform legislation. One element of that legislation requires the VA to maintain its capacity to provide specialized treatment in the area of mental illness, mental health.

VA's own in-house experts, its Committee on Care of Severely and Chronically Mentally Ill Veterans reported last September that the VA is not in compliance with that requirement of Public Law 104-262. I hope that is an area that you will make a priority to ensure that compliance occurs.

Mr. PRINCIPI. Mental health has always been a high priority for me. It sometimes is not very glamorous. It is tough dealing with alcohol and substance abuse problems, the associated problems of HIV and homelessness. These are very real human needs in the veterans community. There will be a lot of attention paid to chronic mental illness, mental health under my tenure. We will work on that.

Senator HUTCHINSON. I know my time has expired, so I will not again bring up the Fayetteville Veterans Home. [Laughter.]

But I just assume that when you are confirmed next week— [Laughter.]

Senator HUTCHINSON. Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Thank you, Senator Hutchinson.

Senator Nelson.

Senator NELSON. Thank you, Mr. Chairman.

Mr. Principi, I again want to thank you very much for your wading into public service again. Clearly, as a manager of a major agency with 200,000 employees, you are going to be challenged at every level. And it sounds as though you have already begun the process of trying to figure out what you need to do but also get the

impact that you can receive from a study of essential areas to help you work your way through the management issues.

I will ask you the same question I asked Mr. Rumsfeld during his confirmation hearing last week. As a manager going in, while you will have specific ideas about what you want to do and they will be supplemented by further study and additional thoughts once you are there, but sometimes when you go in there is one big idea that you start with or that you hope to finish with. It is unfair for us to ask you a lot of specifics right now because you have got to work. But is there one big idea that you hope to bring to the management of this agency based on your experience and your knowledge?

Mr. PRINCIPI. I have several. Clearly, eliminating the claims backlog is probably the most important issue I face early on. Bringing together a group of people both within Government and outside of Government, because there are some wonderfully talented people in the private sector in large corporations that have done medical evaluations, insurance companies type, to see if we can learn a little bit from them. Their insights on how they have done it and been very successful in the private sector coupled with our people and the leadership of the veterans service organizations who have focused on compensation and pension, putting this brain trust together to come up with some concrete practical solutions is one idea that I would like to embark on shortly after arriving.

The technology issue, of course. I believe one of the keys to our success is technology. I think we have to leverage the technology, our artificial intelligence software, that is out there and incorporate that technology in everything we do. I believe it can be enormously helpful to reduce the backlog in claims processing, in claims evaluation and in adjudication. I also believe it can be tremendously important on the health care side. And the two systems have to be linked. So I want to devote some time to that.

And I think the third area is procurement reform. We just need to get on with it. We need to drive down pricing in pharmaceuticals, medical supplies, and medical equipment. I think that can be done and those dollars can be redirected to provide more health care.

Senator NELSON. Thank you.

Chairman ROCKEFELLER. Thank you, Senator Nelson.

Let me ask you a philosophical question. We had a hearing this morning with Governor Thompson of Wisconsin about running HHS, and that is also a pretty large group of folks. And within that organization is something called HCFA, the Health Care Financing Administration. I was talking a little bit about how one gets control of HCFA. In other words, you have 4,000 genuine health care experts in all kinds of various fields, most of them in Baltimore, all of them having been there a long time, although a lot of them will retire, which is a problem that you also face. I have been here through about four or five HCFA directors and they have all made adamant, committed, stern statements as to getting control of those 4,000 workers. But none of them have been able to do it. Part of that is our fault because we do not give them sufficient people to take in with them so that they can place them strategically

throughout HCFA in order to carry out the will of the administrator of HCFA. So we're talking about resources, personnel.

Your organization is slightly larger than 4,000, spread all over the country. And this should not be taken politically, but anybody who runs for executive office never makes the assumption they will be in for 8 years. You hope you are and you work for that, but you have to deal with the idea of 4 years, which is very little time. So the question I am asking you is, how do you get control, what do you need, what do you need to do, what do you need to say that is different from what others have said running this second largest organization in the Federal Government, to get management over the VA as well as possibly be able to accomplish some of the goals that you yourself have talked about this morning?

Mr. PRINCIPI. Great question, Senator. I think the first thing I have to do is win the respect and the confidence of the people in the agency at all levels of the agency. They have to understand and know that my heart is in the agency and our mission. I believe in our mission. I care very deeply about the mission. And then I need to articulate a vision of where I believe the agency needs to go in this new century. And then to work hard. To work day and night bringing the people together, surrounding myself with talented people and making them feel part of the process, not excluding them from participation. And recognizing that the buck stops with me. I have to make the tough decisions and I have to bring those decisions to you after consulting with you.

So I think success starts with winning the respect and confidence of VA employees and leaders, demonstrating leadership, and that I will listen to and want to learn from them. Then through hard work we come up with a blueprint, a vision, if you will, that says we must do the following, and get on with it right away for VA to remain a viable national resource.

You are absolutely right. I look at this as a 4-year assignment. I know if I don't start on day one, I am not going to get there. I have got to hit the deck running so to speak, but not act impulsively. I have to listen and learn, but VA must get moving and come together.

You know, the Commission on Servicemembers and Veterans Transition Assistance was a group of 12 interesting people, Democrats, Republicans, generals and privates, former Hill people, and executive branch people. Somehow we were able to subordinate our personal views to reach a consensus and send to you a unanimous report. Four members of the Commission were representatives of veterans service organizations, half were Democrats. I think the point is that if I can try to take some of the lessons in how we operated there and bring it to VA, perhaps we can get consensus and perhaps we can begin moving together. I guess that is the way I want to start.

Chairman ROCKEFELLER. I think you have talked about your own commitment and you have talked some about structure. We have to assume that they are going to feel your commitment and your intensity and your willingness to work hard and fight hard. But I think a lot of it really does come down to structure, getting your people where you need to have them so that you have somebody who is managing something which is tremendously important to

veterans and to you, in the measurement of your own success, as you measure your own success, you need to have somebody there who is one of your people.

I really believe in that. I am sure that former Governor Nelson strongly believes in that. That is what Governors get to do. They come in and everybody goes out and you appoint your own people to run every single department, the Secretaries and the Under Secretaries and the Under Under Secretaries and then the people beneath that. Some people call that politics. Others, if you are good Governors like Ben Nelson and Jay Rockefeller were, consider it an effective way to run a government. But we deprive people in the Federal Government of doing that. We absolutely deprive them of doing that. We say here are three secretaries, here is somebody for government relations, one or two others, and then go ahead and change the system.

The second thing I want to say, and we can talk more about this, is that one of the things I think President-elect Bush is going to be very good at, because he has shown I think the wisdom and the courage to surround himself with strong people, is something I happen to respect, and that is the ability to have people take him on, his own people take him on, his own heads of agencies, people close around him, say, "Mr. President, I think you are wrong on this. I think you ought to look at this, this, this, and this, and I would like to have another chance to discuss this with you." I am sure that former Governor Nelson was the same. I never asked anybody in the years I was Governor whether they were Republican or Democrat. It didn't make any difference to me. I wanted to know who they were and did they have the strength to come at my face, so to speak, if they felt I was wrong.

And so I don't want to derail you, certainly not with this committee, with the President-elect early on, but I would like to know that you will be willing to do that. I can remember we had a health care budget fight at the highest levels of Government fairly recently and I did that. Well, it is one thing for me to do it because they, unfortunately, have to deal with me in one way or another, or with Ben Nelson. And we happened to win that fight. It was a budget fight. I want you to win those fights. And I want to know that you will be willing to take on the President of the United States, and the Vice President of the United States when it is something about which you care passionately and they seem not to because they don't know as much as you do.

Mr. PRINCIPI. Absolutely. Sir, I could not agree with you more. And I did speak to the President-elect about that. I told him that I intended to be a very strong advocate. I told him that I intended to go to the mat with Mitch Daniels at OMB. I know that in the final analysis, I may not get everything. But I told him I was going to be that passionate advocate and I was going to fight very, very hard for an adequate budget and the things I thought I needed, including people around me, be they Democrats or Republicans, but the best team possible to manage this agency. And without that I said I could not be successful for my agency or for his administration. And he agreed. He told me that he respected that and that he wanted me to do that. We seemed to reach agreement on it.

Chairman ROCKEFELLER. And I think you will find us behind you in that process.

Senator NELSON.

Senator NELSON. You told me this is going till 7 tonight? [Laughter.]

Chairman ROCKEFELLER. Yes. [Laughter.]

Senator NELSON. I really don't have any other questions. I do look forward to working with you on these issues. I hope you will be an advocate for the veterans, that that advocacy will include access and availability of services and benefits in a convenient manner that meets the needs.

I would share one thought with you that somebody shared with me a long time ago and maybe you can use. And after you attribute it to me once, it's yours. That is, as you face the agency and you continue to work with the managers below you and the good personnel who work there, to remind them that if you always do what you've always done, you will always get what you've always got. That is what change has to effect. Change will create uncertainty which creates a cause for insecurity. That will be external and internal. But I think you must be an agent of change if you are going to correct the problems of an overload and backlog of processing as well as the important point of making your available resources stretch across the needs that are out there. It is important we not shortchange our veterans. I believe you are totally committed to making sure we don't. I hope that we can work with you to make sure that is the mission of the agency.

Mr. PRINCIPI. Thank you, Senator. I certainly look forward to working with you and getting out to Nebraska as well.

Senator NELSON. I am a little intimidated to invite you because I am the junior Senator and we have just built a new Veterans Home in North Fork, NE. I suspect what I can do is give you a conditional invitation that I will bring the other appropriate inviters into the process. But that facility will be opening shortly and we would be delighted and honored to have you there with us if it is at all possible.

Mr. PRINCIPI. I would be pleased to be there with you, Senator.

Senator NELSON. Thank you.

Chairman ROCKEFELLER. Mr. Principi, just a thought. You were talking earlier about Vet Centers and then we were talking about taking on the President. I noticed when I said "taking on" the President in a constructive sense that there were a number of heads behind you that went up and down. That told me exactly what I wanted. That it isn't always the new wing that you open or the ones that you close that engage or disengage veterans. Sometimes it is a sense of whether you are willing to fight. And it is a very interesting thing, that Ben Nelson knows as well as I do, that very often, I think most often, the people have a sense of that, and I am talking about all of these 220,000 people that work for you and all of the veterans. And I connect the heads that are going up and down and our earlier discussion about Vet Centers.

You at one point had questions about Vet Centers, but you seem to have fewer of them now. If people feel with the two of us or with you—us, our constituents, with you, our constituents including veterans and the people that work for you—that you are fighting for

them, that you will stand up to whomever has to be stood up to to fight to do the very best you can, not that you can always win but that you do the best you can, I think that often that becomes psychologically as important, if not more important, than what might actually happen, because I think it is sometimes the fastest way to trust.

I think it is the human nature of people in a bureaucracy and out there, veterans and our constituents, as they make up their minds about whether you are on their side or not, are you willing to fight for them or are you not; if they are in trouble, can they go to you or can they not; and they have that instinct and it is a yes or it is a no. And if it is a yes, you can do all kinds of things that you could not possibly do otherwise. And the people in your agency feel the same way and they see that, they react to that, and they do things which they didn't know they could do because they see somebody who is not always on the defensive. I don't want you to be on the defensive. That is why I mentioned these oversight hearings.

Sometimes people come here and we appear hostile or we are hostile, we are angry about something. But it is constructive. It is because we do not meet enough as a committee, I think, and so when we do meet, things flow. Well, that's the same way as when you have a town meeting. You go to a little town in south central Nebraska and they have not seen you in several months and they let things flow. And that is good. That is human nature. Often, just by virtue of letting those things flow, expressing their dissatisfaction with what you are doing about this or that, it often takes away a lot of their angst and, in turn, because you have heard it and you have heard their angst, it motivates you to solve their problem. Now you just forgive me for that.

Mr. PRINCIPI. Well I agree with you. But I want to take you with me the next time I go to that town in southwestern Nebraska. [Laughter.]

Chairman ROCKEFELLER. All right. On benefits, we have discussed already, as you have, that this is a particularly difficult time. You are going to be losing what percentage did you tell me in the next 2 or 3 years?

Mr. PRINCIPI. Close to half.

Chairman ROCKEFELLER. Close to half of all the people who have been working on this for a long time. By definition, they will be the most experienced half, because they will be the ones who will be retiring. So this presents you with a real problem because we were just discussing how can we get this done in a more rapid fashion. So you have got to train a new adjudicator. It must take 2 to 3 years to do that properly. The experience of that, trial and error, not everybody is willing to help people out. I know you have training courses for that. Technology is improving. But technology does not always do it, and I have seen that in my own State where the technology is incredible but the backlog grows. That could only say that people, as we are more litigious as a society, people do that more or they are more aware of their rights and they submit more.

How do you approach, in general terms, how are you going to handle that? The math is stacked against you and so are the retirement numbers.

Mr. PRINCIPI. Sir, I know that the VA, VBA in particular, currently has a very, very aggressive recruiting campaign to bring on new rating specialists and get them trained. They are working very, very diligently at that. I certainly want to look at that from a human resources perspective to see what more can be done. I think that part of the task force's charge will be to address some of those issues. It comes at a time when our economy has been golden and it has been very difficult to compete with the private sector to get people to come to VA.

I think you need to also look at partnering with the private sector in some regards. We need to maintain a strong infrastructure in-house. But I think VA has been a model for performance-based contracting, wherein companies are rewarded for excellent service and they are penalized when their work product falls below a certain level. I think they have done very, very well. So I believe that we need to aggressively bring on new people to VA, get them trained as quickly as possible, as comprehensively as possible before we put them into the trenches, so to speak.

We need to look at technology as part of the solution, not the entire solution, like you said, because ultimately a rating specialist has to rate each case, a computer cannot do that. But a computer can help, software can help cut down the time needed to reach a decision. I think we need to, as VA is currently doing with virtual VA, start eliminating paper files. I think we need to modernize and get electronic files, including electronic signatures.

So I think it is a combination of things, Senator. But it really starts with bringing on new people to replace these experts. I think VA is doing that, to its credit. We may have to accelerate that. We may have to look at new ways to deliver the service. I don't think anything should be off the table. I do not have enough information right now to come before you and say I think I have specific solutions. But what I do need to do is to identify them as quickly as possible and make sure they are implemented and just keep our feet to the fire. We talked earlier about the Persian Gulf War Registry and how that somehow got off track.

What I need to do is to make sure that once we make a decision we follow through. I think one of VA's shortfalls has been that it has been very difficult to make decisions. I think even during my tenure, and I am not just talking about the past 8 years, but historically, decisions at VA come about very slowly. It is decision by management committee and it just grinds on and grinds on. There is a lot of inertia I think because VA is so large, not because people are not well-intentioned. But it is very, very difficult to make decisions at VA, at least it was. I trust it won't be under my leadership. We have got to get on with it. There is a time for deliberation and there is a time for decision and a time for action. I intend to make sure we are thoughtful, but I am going to make sure that we make the decisions at the appropriate time and we move ahead. I think that is part of the solution: just get on with it.

Chairman ROCKEFELLER. I don't want to extend this hearing but, before I ask you a couple of pro forma questions, I just want to say two things. No. 1 is I agree with what you have just said. But, again, I ask you to let us help. Come to us in anger, in frustration

about what you need in the way of people, in the way of resources, in order to manage.

Mr. PRINCIPI. Yes, sir.

Chairman ROCKEFELLER. Everybody thinks in terms of the cost of health care and the cost of building or closing a hospital or whatever. But we do not talk enough about the cost of not being able to run the United States' second largest agency the way it needs to be for the people who have sacrificed the most so that we can be free and have our way of life. I just think that is such an important subject and I think it is one that you should feel very aggressive, at least insofar as I am concerned, and I am sure Senator Specter agrees, to come to us. I think there is a lot of dollar saving in efficiency and performance increasing consequences of being able to get control, and you should feel strong in coming to us in that.

The final thing I want to say before the pro forma questions is there are some of us who have not given up at all on the consequences of the Persian Gulf War, whether it is pyrodostigmine bromide, or whether it is the DoD report that came out a month or so ago saying that they had not misled anybody at all, and that is about the fifth iteration of that I have been through over the last 8 years. And yes, you are the one who has worked with the Registry, started the Registry, and we are working now with spouses and the children of some of those Persian Gulf War veterans. But I still spend a lot of time with people who cannot sleep, whose lives have disintegrated, whose marriages have disintegrated, if you touch their arm very lightly they just shriek with pain, or they have rashes or PTSD, have all kinds of problems.

America, still to a certain extent—the VA less so than anybody else—stands by and watches a lot of this happen. It is something which has always made me angry at our Government, at our Government's willingness to protect itself at the expense of those who are hurt, people who went overseas, went to the front lines, got exposed to all kinds of things and conditions which we have never really fought before except I guess in parts of the Second World War. But I just want to tell you that this is something that at least this particular Senator in no way has lost interest in or has given up fighting the cause on.

Mr. PRINCIPI. Senator, we share a common belief, a common concern. I can't tell you how strongly I feel about it. I think, as you do, that some of the greatest patriots in this country are the men who walked the streets of Nagasaki and Hiroshima, put their hands over their face at Bikini Atoll, scrubbed the ships of the radiation, walked into the chambers to test mustard gas protective equipment and came out with chronic bronchitis, or were exposed to Agent Orange, as my colleagues and I were in Vietnam, or those young men and women breathing in that smoke from the fires in the Gulf.

It is tough. These are tough issues because the science is never quite there. It is always mixed. And 20 or 30 years later veterans have got rare forms of cancer and they believe that it is related to their exposure to ionizing radiation and we force them to go through you know what to try to make the case for service-connection. We just have to do a better job. Certainly, I want to make sure the science is there because I want to protect the integrity of

the C&P program. But at the same time, I think we need to do a better job. We need to be more compassionate and we need to apply the benefit of the doubt rule. And I intend to do that. I am going to look at it carefully, but I agree with you, Senator.

Chairman ROCKEFELLER. Well, you and I both remember when the so-called science did not appear to be there on Agent Orange until a fellow by the name of Zumwalt came in and set us straight, and then all of a sudden, the science seemed to make less difference. So we understand each other and I am happy with your answer.

Now these are my pro forma questions and I will conclude the hearing with them.

Do you, Mr. Principi, have any conflicts of interest which have not been fully disclosed to the committee, or do you know of any other matter which, if known to the committee, would impact upon the committee's recommendation to the Senate on your nomination?

Mr. PRINCIPI. No, I do not.

Chairman ROCKEFELLER. Have you fully and accurately provided financial information to the committee in such form that it shall be considered as if submitted today under oath?

Mr. PRINCIPI. I have.

Chairman ROCKEFELLER. Do you agree to supply such information, materials, documents, and other things as may be requested by the committee in the course of its oversight and legislative responsibility for as long as you serve as Secretary?

Mr. PRINCIPI. I shall.

Chairman ROCKEFELLER. You have already answered this question, but I will ask it again. Do you agree to appear before the committee at all such times and on such matters as the committee shall request for so long as you serve as Secretary?

Mr. PRINCIPI. I certainly will, Senator.

Chairman ROCKEFELLER. Very good.

Senator Nelson, anything else?

Senator NELSON. No. I just look forward to working with you, Mr. Principi.

Mr. PRINCIPI. As do I, Senator. Thank you very much.

Chairman ROCKEFELLER. You have a very, very tough job coming up. A lot of good people have taken it on; nobody has conquered it yet. Maybe you are going to be the man.

Mr. PRINCIPI. I will try.

Chairman ROCKEFELLER. The committee stands in recess.

[Whereupon, at 3:55 p.m., the committee was adjourned, to reconvene at the call of the Chair.]

APPENDIX

PREPARED STATEMENT OF HON. DANIEL K. AKAKA, U.S. SENATOR FROM HAWAII

Mr. Chairman, it is an honor to join you and my colleagues in welcoming Mr. Anthony J. Principi to today's confirmation hearing on his nomination to be the Secretary of the Department of Veterans Affairs. The VA Secretary is an important cabinet position responsible for ensuring that veterans are provided quality services and benefits which they have earned through their courageous and selfless service in defense of our nation.

I commend President-elect George W. Bush's nomination of Mr. Principi to be VA Secretary. Mr. Principi has extensive experience with the Executive and Legislative branches of the government. He served as the VA's first Deputy Secretary in 1989 after being appointed by former President George Bush, who named him the VA's Acting Secretary in 1992. He also served as Chief Counsel of the Senate Veterans' Affairs Committee and Staff Director of the Senate Armed Services Committee. Most recently, he served as Chairman of the Congressional Commission on Military Servicemembers and Veterans Transition Assistance which was responsible for reviewing the adequacy and effectiveness of servicemembers' and veterans' transition assistance programs.

Mr. Principi's impressive background in dealing with veterans issues will assist him in addressing the challenges facing the VA. In the past few years the VA medical system has changed dramatically in order to better meet the needs of veterans. The VA has changed from an inpatient-based system to a primarily outpatient-based system. This has resulted in health care services which are more accessible, efficient, and focused on the needs of patients. While the VA has been able to treat more veterans, improve the quality of health care services, and increase patient satisfaction, there remain areas where improvements can and should be made. The progress made by the VA in the past does not mean much if they are not maintained and if there is not a continued effort to improve the effectiveness of the VA. I believe that Mr. Principi is fully aware of the challenges he will face as VA Secretary and is well-prepared to serve the men and women who served in the Armed Forces.

As a highly decorated Vietnam veteran, Mr. Principi has a strong commitment to his fellow veterans which contributes to his belief in the Department of Veterans Affairs and its mission of service to veterans. In addition, he has proven that he possesses the dedication, knowledge, and experience which are needed to be a representative and advocate for veterans as VA Secretary. These qualities will serve him well as he leads the efforts of the VA to improve the quality of health care services, decrease the time in which benefits claims are processed, and enhance the adequacy and effectiveness of veterans benefits. For these reasons, I intend to support the confirmation of Mr. Anthony J. Principi as Secretary of the Department of Veterans Affairs, and look forward to working with him to address the needs of veterans.

PREPARED STATEMENT OF HON. BEN NIGHTHORSE CAMPBELL, U.S. SENATOR FROM COLORADO

Good afternoon, Mr. Chairman. I cannot be with you today because my schedule requires me to lend support to fellow Coloradan Gale Norton in her confirmation hearing before the Energy Committee. I welcome you, Mr. Principi, and gladly support your nomination for Secretary of Veterans Affairs.

President-elect Bush has said his goal is to modernize our veterans' health care system and to speed up the agency's notoriously slow claims process. Mr. Principi, I am pleased you were nominated to carry out this agenda. Your appointment is a powerful sign that this administration wants to take care of its veterans.

You have said that the nation can never ignore its debt to its military veterans. That attitude will go a long way in tackling the tough job ahead of you. We can all agree that one of our greatest national responsibilities is the welfare of our nation's veterans. It is critical that we find a balanced way to make good on the promises made to them.

You will be heading up an agency responsible for providing medical care and other services to 27 million veterans. Your participation in many levels of our veterans affairs system has strengthened your understanding of the management problems in a top-down system. This experience will be necessary in running a department that has experienced problems with accountability and efficiency during the past several years.

As a fellow veteran, and as Senator of a state with one of the highest numbers of military retirees in the country, I look forward to working with you and enthusiastically endorse your nomination.

PREPARED STATEMENT OF THE AMERICAN LEGION

Mr. Chairman and Members of the Committee:

The American Legion greatly appreciates the opportunity to provide written testimony regarding the appointment of Mr. Anthony J. Principi as the Secretary of Veterans Affairs. While The American Legion's legislative agenda contains several resolutions directly related to policies and procedures within VA, which will be addressed in today's hearing, this testimony is in no way an endorsement or denouncement of Mr. Principi's nomination. Section 2, Article II of The American Legion Constitution states: The American Legion shall be absolutely nonpolitical and shall not be used for the dissemination of partisan principles nor for the promotion of the candidacy of any person seeking public office or preferment.

By providing written testimony for this important hearing, The American Legion hopes to bring attention to key issues affecting the quality and timeliness of services provided to America's veterans through VA programs and services. The recommendations outlined in this testimony will assist the new Secretary in carrying out his obligations.

The past eight years have witnessed a significant reorganization and realignment of Veterans Health Administration (VHA) resources and programs. More has been done to improve VA health care in the past five years than was accomplished over the past several decades. Quality, efficiency and effectiveness are the hallmarks of today's VHA. In order to sustain the progress made in VHA since 1992, several additional objectives must be met. These essential actions include Medicare subvention and greater cooperation with the Department of Defense (DoD) health care system.

Congress must continue to increase VHA funding to maintain a world-class health care system. There are precious little additional efficiency savings expected throughout the system. Yet, those veterans now enrolled and using the system will continue to rely on VHA for the foreseeable future. Therefore, The American Legion believes Congress must examine how to balance the annual appropriations process with additional funding that will not be offset by the Office of Management and Budget (OMB). The American Legion believes that a strategic goal of VHA should be to seek opportunities to increase non-appropriated funding. The now invalid 30-20-10 strategic goals sought to enhance the annual appropriations process by increasing non-appropriated revenues by ten percent by the year 2002. This goal should be revived.

The guiding principle for VA must be improved service to veterans and to their dependents and survivors. This requires improving access to and the timeliness of veterans' health care, increasing quality in the benefit claims process, and enhancing access to national and state veterans' cemeteries. Specific goals yet to be achieved include:

- Set the veterans' health care system on a sound financial footing for meaningful long-term strategic planning and program performance,
- Improve clinic appointment scheduling for access to medical treatment,
- Enact Medicare subvention legislation,
- Establish pilot programs to provide health care to certain dependents of eligible veterans,
- Improve cooperative arrangements between VA and DoD's Tricare system,
- Reduce the benefits claims backlog and improve the quality of the claims process,
- Continuous enhancement of the Montgomery GI Education Bill,
- Repeal of section 1103, title 38, United States Code, concerning service connection of tobacco-related illnesses,
- Increase the rate of beneficiary travel reimbursement.

VETERANS HEALTH ADMINISTRATION

The American Legion commends VHA for the evolutionary changes made over the past several years. Most, if not all, of these alterations were long overdue and necessary. This includes eligibility reform, enrollment, the reorganization of the 172 medical centers into 22 integrated service networks, the elimination of certain fiscal inefficiencies, and the expansion of community-based outpatient clinics. For many years, VHA's annual budget appropriation was the guiding principle behind its management decisions. To a degree this is still true. However, today there is growing evidence that VHA strategic planning will help guide future budget development.

The primary short-term objectives of VHA must be to improve patient access and health services delivery. The American Legion's VA Local User Evaluation (VALUE) guidebook cites patient access as the largest single source of continuing veteran complaints. Paradoxically, as VA annual inpatient admissions have decreased by 32 percent since 1994, ambulatory care visits have increased 35 percent. This phenomenon, along with a large decrease in administrative and clinical staff and a significant increase in patient enrollments over the past few years, has placed a tremendous strain on VHA's ability to meet its workload in a timely and consistent manner. As VHA becomes more proficient in attracting new patients, it must also provide consistent access to care across all 22 Veterans Integrated Service Networks (VISNs).

Currently, the national average waiting time for a routine, next-available appointment for Primary Care/Medicine is 64 days (with a range of 36–80 days). The next available appointments for specialty care:

Specialty Care	Average Days	Range
Eye Care (combined Ophthalmology & Optometry)	94	42–141
Audiology	50	22–91
Cardiology	53	19–78
Orthopedics	47	12–69
Urology	79	39–108

There are additional concerns about the average clinic appointment waiting times for dermatology and pulmonary clinics. However, these specialty clinics are not included in the VISN director's performance standards. Therefore, no national average waiting times were reported. In the main, these waiting times indicate that there are serious access differences between VA health care and private sector health care.

There are also reported concerns about large distances that veterans in rural areas have to travel for certain care. For example, veterans in eastern Montana must travel nearly 700 miles to Fort Harrison, Montana for routine inpatient surgery. For complex surgical procedures, these same veterans are required to travel to Salt Lake City or Denver. This excessive travel places great strain on veterans and their families. Since 1994, the Miles City, Montana VA Medical Center has reduced its payroll over \$7 million per year by eliminating nearly 145 full time employee positions. The American Legion questions why contract services for required surgery have not been acquired to reduce excessive travel requirements?

In some cases, The American Legion believes VHA has gone too far, too fast in attempting to improve its fiscal efficiency. Veterans should not have to increase their travel time for the benefit of VA. Rather, VHA needs to improve its cooperation with other federal, states and private health care providers to improve the quality and timeliness of care for veterans.

GI BILL OF HEALTH

Several years ago, The American Legion created a blueprint for meeting the current and future health care needs of America's veterans and for supplementing VHA's annual health care appropriation. By now, Members of this Committee should be familiar with the proposed GI Bill of Health. Once fully implemented, the GI Bill of Health would expand VHA's patient base and increase its non-appropriated funding through new revenue sources.

VHA's short-term and long-term future must be clearly defined to be responsive to the veterans' community. All individuals who enter military service should be assured that there is a health care system dedicated to serving their needs upon leaving the military. That concept is especially important to disabled veterans and to military retirees. The GI Bill of Health would ensure that all honorably discharged veterans would be eligible for VA health care on a permanent basis, as they would fall into one of the core entitlement categories. A unique feature of the GI Bill of

Health is that it would also permit certain dependents of veterans to enroll in the VA health care system. The American Legion advocates that dependents and surviving spouses of veterans be allowed to use the system and that all monies recovered from any source based on such treatment be returned to VA. An additional significant step will be to enact VA-Medicare subvention.

At the current workload level, VHA requires an annual appropriation increase of approximately \$1 billion to maintain current services and meet its prosthetics and pharmacy costs. The amount of potential efficiency savings is decreasing yearly. The projected \$3 billion funding increase over FY 2000–2001 must compensate for the flat line budgets of FY 1997–99 and fully fund the provisions of the Millennium Act. Consequently, there is a continuing need to adequately fund VHA's uncontrollable cost increases at an acceptable level.

Change within VHA, over the past several years, has been the result of a series of small steps. The American Legion acknowledges that the progress made within VHA has been extraordinary. However, this progress has to be sustained and reinforced. In order to accomplish this goal, Congress must unlock the creative potential of VHA to develop alternative revenue sources to complement the annual appropriations process.

At a recent VA planning meeting, VHA unveiled six strategic goals to be accomplished by 2006:

- Put quality first,
- Provide easy access to medical knowledge, expertise and care,
- Enhance, preserve and restore patient function,
- Exceed customers' expectations,
- Maximize resource use to benefit veterans, and
- Build healthy communities.

The American Legion believes these are important goals. We also think VHA must continue to improve its efficiency. However, we believe VHA must explore all opportunities to develop alternative revenue sources to complement its annual appropriations. To do less will continue to force VHA to solely rely on the annual budget process to establish patient treatment priorities. There is a distinct possibility that if future funding does not keep pace with the needs the veterans who seek treatment through VHA, the current open access to all seven-priority groups will close.

MEDICARE SUBVENTION

Public Law 105–33, the Balanced Budget Act of 1997, established VA's Medical Care Collection Fund (MCCF) and requires that amounts collected or recovered after June 30, 1997, be deposited in this account. Beginning October 1, 1997, amounts collected in the fund are available only for furnishing (1) VA medical care and services during any fiscal year; and for (2) VA expenses for identification, billing, auditing and collection of amounts owed the government. Public Law 105–33 also extended to September 30, 2002, the following Omnibus Budget Reconciliation Act (OBRA) provisions:

- Authority to recover co-payments for outpatient medications, nursing home and hospital care;
- Authority for certain income verification; and
- Authority to recover third-party insurance payments from service-connected veterans for nonservice-connected conditions.

The Health Service Improvement Fund was established to serve as a depository for amounts received or collected under the following areas as authorized by title 38, U.S.C., Section 1729B:

- Reimbursements from DoD for Tricare-eligible military retirees;
- Enhanced-use lease proceeds; and
- Receipts attributable to increases in medication co-payments.

The Extended Care Revolving Fund was also established by the Millennium Act and was to receive per diems and co-pays from certain patients receiving extended care services authorized in title 38, USC, Section 1710B. Amounts deposited in the fund are used to provide extended care services.

Clearly, Congress is providing VA with the authority to bill, collect, retain and use revenues from sources other than direct, federal discretionary appropriations. However, one of the major health care payers (Medicare) is exempt from billing; yet, its beneficiaries are welcomed and encouraged to receive treatment in VA medical facilities.

Currently, approximately 10.1 million veterans are Medicare-eligible solely based on their age. Criteria for Medicare-eligibility are different than eligibility for treatment in VA. In the VA health care network, certain veterans are eligible for treat-

ment at no cost for medical conditions determined to be service-connected. Other veterans are eligible for treatment at no cost because they are economically indigent. All other veterans must pay for treatment received.

Medicare subvention would allow VA to seek reimbursement from the Health Care Financing Administration (HCFA) for treatment of nonservice-connected medical conditions of Medicare-eligible veterans, especially those veterans who are military retirees.

More than 734,000 Medicare beneficiaries have lost HMO coverage over the past two years and another 934,000 seniors will be dropped by their HMO plans next year. Many VA eligible beneficiaries are included in those dropped from coverage and will eventually come to VA for care. The argument that VHA is already reimbursed for its Medicare population and that Medicare subvention will result in double funding is grossly mistaken. VHA is now mandated to provide care to all seven priority groups; Medicare eligibility is not a mandate for care or treatment. As more Medicare eligible veterans seek first time care in VHA, health care costs and subsequent waiting times will increase. It is imperative that Congress examines this issue and takes the actions necessary to ensure that VHA receives all funding necessary to execute its health care mission in a quality and timely manner.

TRICARE

The most significant recent change in military health care is the introduction of Tricare, the DoD regional managed care program. Introduced in 1995, Tricare today is being challenged to maintain a quality health care delivery system for active duty military personnel, certain military retirees, and dependents.

Today, DoD is having severe administrative problems with Tricare. The American Legion is extremely concerned how DoD will fix these problems and how favorably DoD Health Affairs can guarantee Tricare's long-term success.

There are multiple reasons why Tricare is failing to meet the expectations of its beneficiaries. Some of these include:

- Infrastructure and financial problems,
- Problems with provider networks—resulting in weak network links to sub-contractors,
- The inability to attract and retain qualified health care contractors,
- No financial tracking system outside of the Military Treatment Facilities,
- Difficulties in processing claims in a timely manner,
- Tricare lacks portability between all 12 regions,

The American Legion believes that VHA can greatly assist DoD through expanded authority to provide care to Tricare beneficiaries. With limited budgets, both VA and DoD must discover innovative ways to provide care to active duty personnel, to all veterans and military retirees, and to eligible dependents.

Congress recognized the utility of having VHA play a greater role in the treatment of Tricare beneficiaries when it passed the Veterans Millennium Health Care and Benefits Act (PL 106–117). This legislation requires VA and DoD to enter into an agreement to reimburse VA for the cost of care provided to retired servicemembers who are eligible for Tricare and who are enrolled as Priority 7 veterans. These veterans would not be required to pay VA inpatient and outpatient co-payments.

Eight years ago, it was impractical to suggest that VHA was capable of assisting DoD in resolving many of its patient treatment problems. Today, although not without concerns of its own, VA is in a much better position, both financially and organizationally, to assist with the delivery of health care to DoD beneficiaries. The American Legion believes that VA and DoD should closely coordinate medical care services to the extent possible, thereby eliminating duplication of effort and achieving greater cost efficiencies. With active planning, VHA can become the largest single provider of health care to America's veterans, military retirees, and their dependents. DoD could then assume the responsibility of providing health care to active duty servicemembers, Reserve Component members, and their dependents.

VETERANS BENEFITS ADMINISTRATION

Given the number of veterans and other eligible beneficiaries who file claims each year and with an annual expenditure of over \$19 billion in compensation and pension payments, it is imperative that Congress maintain strong oversight of the operations of the Veterans Benefits Administration's (VBA) Compensation and Pension Service.

Over the last several years, the backlog of pending claims has fallen from approximately 450,000 to less than 325,000 cases. However, it still routinely takes six months to a year or more to process disability compensation claims, because of the

increased number of issues per claim and their legal complexity. In addition, annually, some 30,000 to 40,000 new appeals are initiated and it will take over two years for an appeal to reach the Board of Veterans Appeals (BVA or the Board). The Board is currently reviewing appeals docketed in April and May of 1999. Of the cases decided by the Board during the first nine months of FY 2000, 25.9 percent were allowed and 29.3 percent were sent back to the regional office for further development and readjudication. Remanded cases may be pending for another year or two in the regional office, and a substantial percentage will eventually be returned to the Board. Sometimes, cases are remanded two and three times, because the regional office fails to complete the specified corrective action, which adds several more years to the appeal. It is little wonder that veterans are angry and frustrated. The system appears all too often to be adversarial and unresponsive to their needs.

Despite this history, The American Legion believes VBA is committed to bringing about much needed change to the claims adjudication system with the overall goal of providing quality, timely service to veterans and its other stakeholders. In recent years, VBA's strategic plans have made many promises and we have, in fact, seen the implementation of a variety of programmatic and procedural changes. However, it is obvious that progress toward major improvements in service continues to be slow and that much remains to be done. Unfortunately for thousands of veterans and other claimants, the overall quality of regional office decision-making remains inconsistent and problematic.

Beginning in late 1997, The American Legion implemented a program of formal visits to VA regional offices (VAROs) to gain greater insight into the underlying causes for veterans' complaints about unacceptably long processing times, the high number of appeals, and the substantial overturn rate by the Board. These visits have provided our staff the opportunity to evaluate, firsthand, the quality of recently adjudicated Legion cases. We have been very pleased with the level of cooperation received and the support expressed for this program by VA Central Office and regional office officials. Over this period, our staff has reviewed approximately 350 claims involving original and reopened claims for service connection and entitlement to an increased rating for a service-connected disability at 15 VAROs. Some type of substantive error was found in 40 to 50 percent of the cases reviewed. An exit briefing has been held with the regional office director and the service center manager at the conclusion of each visit to discuss specific findings. Subsequently, the regional office director, the Under Secretary for Benefits, his staff and Legion officials are provided a written report covering management issues and the individual case review findings.

Comparing the reports of the past two years, The American Legion found there has been little overall improvement in the way claims are being adjudicated. At most of the offices, there has been a pattern of recurring problem issues, which continue to have a direct and adverse effect on the quality and timeliness of regional office claims adjudication. They relate to budget, staffing, training, quality assurance, accountability, and attitude. These findings confirm our long-held view that quality must be VBA's highest priority. Without guaranteed quality, along with personal and organizational accountability, thousands of claims will continue to revolve unnecessarily through the system. Much of VBA's valuable financial and personnel resources will be wasted, and veterans will not receive the benefits and services they are entitled to and that Congress intended they should have.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

Currently, this nation is faced with the largest aging veterans' population in its history. VA estimates the number of veterans 65 years of age or older will peak at 9.3 million in the year 2000. By 2010, 42 percent of the entire veteran population, an estimated 8.5 million veterans, will be 65 or older, with half that number above 85 years of age. By 2030, most Vietnam Era veterans will be 80 years of age or older. The State Veterans' Home Program must therefore continue, and even expand its role as an extremely vital asset to VA. Additionally, state homes are in a unique position to help meet the long-term care requirements of the Veterans Millennium Health Care and Benefits Act.

State homes provide over 24,000 beds with a 90 percent occupancy rate that will generate more than seven million days of patient care each year. The authorized bed capacity of these homes is 90 nursing care units in 40 states (17,844 beds); 46 domiciliaries in 32 states (5,841 beds); and 5 hospitals in 4 states (469 beds). For FY 1999, VA spent \$255 per day to care for each of their long term nursing care residents, while paying private-sector contract nursing homes an average per diem of \$149 per contract veteran. The national average daily cost of caring for a state

veterans' home nursing care resident during FY 1999 was \$137. VA reimbursed state veterans' homes a per diem of only \$40 per nursing care resident.

As many VA facilities reduce long-term care beds and VA has no plans to construct new nursing homes, state veterans' homes are relied upon to absorb a greater share of the needs of an aging veteran population. If VA intends to provide care and treatment to greater numbers of aging veterans, it is essential to develop a proactive and aggressive long-term care plan. VA should work with the National State Veterans' Homes' Directors to convert some of its underutilized facilities on large multi-building campuses to increase the number of available long-term care beds.

PHARMACY

In 1997, VA established the National Formulary Policy that allows for pharmaceuticals listed on the formulary to be made available throughout the entire VA healthcare system. Once on the formulary, those pharmaceuticals listed on the formulary cannot be made non-formulary at the VISN or local level.

The Pharmacy Benefits Management Board (PBM) determines which pharmaceutical items are to be included in the formulary based on scientific evidence guidelines and prescribing privileges and not cost. Also, VA has established a policy for requesting a non-formulary drug and each VISN has a protocol for prescribing providers to request a patient be treated with a non-formulary medication which must be justified by the National PBM Board.

The American Legion is concerned that the justification process for the non-formulary prescriptions interferes with the doctor-patient relationship and causes doctors to fear poor performance evaluations if they prescribe non-formulary items. VA needs to be more proactive in communicating to the field its policy for pharmaceutical best practices associated with prescribing, purchasing, dispensing, administering, and tracking medications, so that providers can act in the best interests of their patients, reduce adverse medication events, and not worry about administrative ramifications.

The American Legion supports a program that will allow veteran-patients access to the most appropriate pharmaceuticals regardless of whether or not an item is formulary or non-formulary and providers should not be penalized on their performance measures for using non-formulary items.

GULF WAR VETERANS' ILLNESSES

The American Legion continues to actively support Gulf War veterans and their families, as it has since August 1990. The American Legion created two particular programs specifically for Gulf War veterans, the Family Support Network in October 1990, and the Persian Gulf Task Force in October 1995. Today, The American Legion serves Gulf War veterans and their families at the community, state, and national levels through 15,000 local posts and an array of programs and services.

Thousands of Gulf War veterans, who suffer undiagnosed illnesses with a range of symptoms, know as "Gulf War veterans' illnesses," are not receiving adequate care or compensation from VA and DoD. In this regard, The American Legion makes the following recommendations:

- VA and DoD should conduct their respective exams in a standard and uniform way as well as create a database that will merge the individual data from both exams so that patterns in health can be better analyzed,
- VA and DoD should aggressively move to educate its medical doctors about newly defined illnesses (Chronic Fatigue Syndrome, Fibromyalgia, etc.) that are commonly misdiagnosed as psychological conditions. VA should also discourage its doctors from giving diagnoses for common symptoms unless diagnosed properly and so that the Registry and CCEP data will be accurate,
- VA and DoD should conduct extensive follow-up to Gulf War veterans who participate in the Registry and CCEP examinations to monitor health status.

In the upcoming year, the American Legion will be pursuing legislation to amend Title 38 USC § 1117, Compensation for Disabilities Occurring in Persian Gulf War Veterans. In November 1994, the Persian Gulf War Veterans Benefits Act (Public Law 103-446) was enacted to compensate Gulf War veterans suffering from illnesses or symptoms that can not be diagnosed or clearly defined. As the number of sick Gulf War veterans continues to increase, it is quite apparent the VA is too narrowly implementing the law (38 C. F. R. § 3.317) and effectively denying compensation to veterans that the law was intended to help. It is clear that the intent of Congress was not only to compensate Gulf War veterans with conditions that can not be diagnosed but to also compensate sick veterans diagnosed with ill-defined conditions such as chronic fatigue syndrome or fibromyalgia. The American Legion,

calls upon the VA to extend the presumptive period for service connection for undiagnosed illnesses indefinitely.

In September 2000, in response to DoD disclosure that South Korean troops sprayed the herbicide Agent Orange along the demilitarized zone between North and South Korea in 1968 and 1969, VA expanded its Agent Orange registry program to include veterans who served in Korea during that time period. As approximately 80,000 troops may have been exposed, The American Legion strongly urges VA to take appropriate action to ensure that Agent Orange related compensation, currently afforded the Vietnam veterans is extended to these veterans.

HOMELESS VETERANS PROGRAMS

On any given night, there are approximately 750,000 homeless people in America. Of that number, at least one third are veterans. Furthermore, in most major cities, the percentage of veterans in the homeless male population is over 50 percent.

While The American Legion is concerned about the homeless problem in general, it is particularly concerned about the plight of homeless veterans and is committed to bringing an end to this national disgrace.

The American Legion is monitoring the problem and is acting as a clearinghouse for information on the resources and programs that are available to assist homeless veterans. Representatives of the Economic and Veterans Affairs & rehabilitation Commissions within The American Legion are working with both the public and private sectors to find unique and effective ways of assisting homeless veterans and bringing an end to homelessness in America.

Resolution No. 144 from The American Legion's 82nd National Convention outlines our organizational support for the Homeless Chronically mentally Ill program, the Homeless Domiciliary program and the Compensated Therapy Rehabilitation program to be funded separately from general VA funding.

MEDICAL CONSTRUCTION AND INFRASTRUCTURE SUPPORT

Major Construction

The VA major construction program is not being funded in an adequate manner. The major construction appropriation over the past few years has allowed for only one or two projects per year. Meanwhile, the number of priority projects continues to accumulate. For FY 2001, 16 major ambulatory care or seismic correction projects were submitted to OMB. Of this number, only one major VHA project is recommended. For FY 2002, 28 major projects are submitted for funding.

VHA currently has 66 patient care and other related use buildings that require significant seismic correction. Along with the necessary ambulatory care and patient safety projects, it will require from \$250 million to nearly \$1 billion to address VHA's current major construction requirements. Of the 28 major projects submitted for funding consideration for FY 2002, 22 are ambulatory care related and six are seismic correction projects.

The American Legion objects to efforts to close VHA medical facilities for the sake of cost cutting. At a time that access to care and service delivery is eroding, the Capital Asset Realignment Study (CARES) process may find that VHA needs to expand service in certain areas. It is unthinkable that the expansion of care option would not be part of the CARES review. No planning options should be excluded; that includes contraction, expansion, and maintaining the status quo. In the final analysis, the CARES process must consider what is best for the veteran, not what is best for VHA.

VHA needs to use the disposal authority it already has to begin to reduce its unused building inventory. The CARES process may be too time consuming to allow VHA to divest itself of unneeded buildings in an appropriate timeframe.

Currently, ten major medical center projects are considered high priority. Additionally, two parking structures are rated as priority projects. These are:

- Long Beach—Seismic Correction/Clinical—\$26.6 million
- San Diego—Seismic Correction/Bldg. 1—\$51.7 million
- Miami—Hurricane and Flood Addition—\$23.6 million
- Augusta—Spinal Cord Injury Modernization—\$18.3 million
- Cleveland (Brecksville)—Buildings for Special Emphasis Programs—\$39 million
- VISN 6—Special Emphasis Beds—\$28.9 million
- Dallas—Mental Health Enhancement—\$27.2 million
- Atlanta—Modernize Patient Wards—\$12.8 million
- Fargo—Ambulatory Care/Patient Environment—\$18.4 million
- Cleveland (Wade Park)—Clinical Consolidation—\$18.6 million
- West Haven—Patient Environment—\$13.8 million
- St. Louis—Parking Structure—\$5.2 million

- Tampa—Parking Structure—\$10.7 million

Minor Construction

Annually, VHA must meet the infrastructure requirements of a system with approximately 4,700 buildings, 600,000 admissions and over 35 million outpatient visits. To do so requires a substantial inventory investment. For the past several years, minor construction has been funded in the annual range of \$175 million. It is penny wise and pound-foolish to reduce this investment. If Congress fails to appropriate \$175 million for minor construction in FY 2002, VHA will have to delay approximately one-third of its priority minor projects.

SUMMARY

Mr. Chairman, VHA and VBA have made considerable progress in addressing many of their shortcomings over the past several years. In this statement, The American Legion has laid out the priority issues still facing VA. Many of the issues cited will not be resolved overnight. There is a lot of agreement within VA and among Members of Congress that many of the subjects discussed justly require priority attention. That being so, let's commit to developing effective short-term and long-range strategies to address these matters and as a result, improve the services and programs of the Department for current and future generations of America's veterans.

There are many important issues before the Congress of the United States. However, The American Legion believes that Congress must focus on finding effective solutions to veterans' concerns. The veterans of this nation have always answered when their country called. It is time to make a fundamental commitment to make the programs and services of VA second to none in helpfulness, effectiveness and efficiency. The priority challenges facing VA today:

- Increase access to VA health care and improve the timeliness of such care,
- Develop new non-appropriated revenue streams to complement the VA health care appropriations process, without OMB funding offsets,
- Enact the Medicare subvention provision of the GI Bill of Health,
- Enact the dependents care provision of the GI Bill of Health,
- Increase resource sharing and cooperation between VA and DoD health care,
- Provide adequate medical research and medical construction funding,
- Maintain strong oversight of Persian Gulf War statutes,
- Make veteran friendly improvements to the Montgomery GI Bill,
- Continue the recent expansion of newly constructed national and state veterans' cemeteries,
- Amend the current statute that restricts veterans' eligibility to obtain an appropriate VA headstone or marker for previously marked graves,
- Ensure qualitative improvements are made in VA Compensation and Pension Service,
- Provide necessary funding support for the General Operating Expenses of the Veterans Benefits Administration,
- Develop a realistic and viable short-term and long-range strategic plan to include all VA programs and services,
- Establish initiatives to persuade civilian employers to recognize formal military training.

Mr. Chairman and Members of the Committee, in this statement, we have laid out the priorities of The American Legion regarding the many programs and services made available to the veterans of this nation and to their dependents and survivors. As this nation begins a new century, let us never forget those brave men and women who have honorably served this nation and those who are still serving. Let us agree that this nation will always make the right decisions regarding earned benefits for our veterans, their dependents and survivors.

Thank you for allowing The American Legion to provide testimony for this important confirmation hearing.

PREPARED STATEMENT OF DAVID E. WOODBURY, AMVETS NATIONAL EXECUTIVE
DIRECTOR

Mr. Chairman, I am Dave Woodbury, National Executive Director for AMVETS. We appreciate the opportunity to provide written testimony concerning the nomination of Mr. Anthony J. Principi to serve as the Secretary of Veterans Affairs.

AMVETS is a congressionally chartered veterans service organization whose membership is open to all honorably discharged veterans who have served their country, including those currently on active duty. We are proud of our rich tradition

as veterans' advocates. We believe that a "grateful nation" has a sacred duty to honor veterans and to make good on the promises made by our forebears to care for those who have worn this nation's uniform in their time of need. We thank you, Mr. Chairman, and the members of your committee for this opportunity to support Mr. Principi's nomination. We also thank you for your support and leadership on behalf of veterans' programs.

We are certainly mindful of the importance of this high national office. The Department of Veterans Affairs is the federal government's second largest department, responsible for a nationwide system of health-care services, benefits programs and national cemeteries supporting more than twenty-seven million veterans. Its role is central to ensuring that our veterans receive critical medical care, benefits to which they are legally entitled, and lasting remembrance for their selfless sacrifices, patriotism, and unswerving dedication to this nation whenever America called.

We believe the Department of Veterans Affairs should be led by an individual who understands that freedom is not free; that the price is too frequently measured in terms of lives lost, citizen soldiers either physically or psychologically crippled for life—men and women whose service to our nation left them irreparably damaged. This leader must be a veterans advocate for he and the department he leads hold the fate of millions of patriotic Americans in their grasp.

In these terms, AMVETS is encouraged by President-elect George W. Bush's nomination of Anthony J. Principi to be Secretary of Veterans Affairs. We believe the President-elect has chosen a man who possesses the vision, commitment, dedication and compassion to successfully lead the department in its continuing efforts to address and solve those issues on which veterans' welfare is so critically dependent. We are heartened by the fact Mr. Principi is a combat veteran who has displayed a lifelong commitment to and respect for our men and women in uniform. His earlier service as Deputy Secretary of Veterans Affairs, as Acting Secretary, and more recently, as Head of the Congressional Commission on Service members and Veterans Transition Assistance, has consistently demonstrated a thorough understanding of and sensitivity to the issues which directly impact on the quality of life of veterans.

In summary, Mr. Chairman, AMVETS wholeheartedly endorses Mr. Principi's nomination as Secretary of the Department of Veterans Affairs. We believe he is the right man for the job at a time when veterans need and deserve a strong, fair, and committed advocate. We urge you and your Committee to forward Mr. Principi's nomination favorably to the full Senate for confirmation.

Thank you again, Mr. Chairman, for providing AMVETS the opportunity to submit written testimony concerning the nomination of Anthony J. Principi as Secretary of Veterans Affairs.

PREPARED STATEMENT OF THOMAS H. MILLER, EXECUTIVE DIRECTOR, BLINDED
VETERANS ASSOCIATION (BVA)

Mr. Chairman and members of this distinguished committee, on behalf of the Blinded Veterans Association (BVA), I want to express our sincere appreciation for the invitation to submit written testimony on the nomination of Mr. Anthony J. Principi to be Secretary of Veterans Affairs. BVA is very pleased to endorse his nomination for this vital position within the administration's cabinet.

Mr. Principi possesses outstanding credentials that will enable him to fulfill completely and honorably the responsibilities of the position of Secretary. In addition to being a decorated veteran of the Vietnam War, Mr. Principi has had a long and distinguished career in public service. As we all know, much of his service has been on behalf of America's veterans—both in the Legislative and Executive Branches of the government.

BVA has worked closely with Mr. Principi during his tenures as both Staff Director and Chief Council of the committee as well as in his capacity as Deputy Director of Veterans Affairs under Secretary Durwinski. During his service on the Hill as well as within the VA, Mr. Principi demonstrated the exceptional management and leadership skills necessary to undertake the responsibilities of heading the second largest department in the federal government. His dedication and commitment to veterans and their families will also contribute to Mr. Principi's success as Secretary of Veterans Affairs.

It is extremely important to highlight Mr. Principi's effective management style during his service as Deputy Secretary. This Committee held an Oversight Hearing in June of 1990 on Prosthetics and the Special Disabilities Programs. The hearing occurred at a time when these programs were suffering from lack of resources and upper-management support. Mr. Principi was the lead witness for the Department

and committed himself to rectifying the problems identified during the hearing. Despite repeated attempts by management at the Health Care Service to reverse policy decisions that had resulted from the hearing, Mr. Principi never faltered and maintained his promises.

One of the important outcomes of the Oversight Hearing was the establishment of the Federal Advisory Committee on Prosthetics and Special Disabilities Programs. As one of the initial members of that Committee, I can personally attest to Mr. Principi's insistence that the commitments he had made be fully implemented and supported. This kind of leadership was very refreshing, and it resulted in the successful resolution of many of the problems identified at the hearing.

BVA has always been extremely impressed with the interest shown by Mr. Principi in support of the Special Disabilities Programs. As BVA is most directly concerned with the Blind Rehabilitation Services provided by VA, Mr. Principi's exceptional sensitivity to the needs of America's blinded veterans and their families has resulted in the organization's strong endorsement of his nomination. Based on my personal experience on the Advisory Committee, it is abundantly clear that Mr. Principi's interest in the other Special Disabilities Programs was just as genuine.

For the aforementioned reasons, BVA believes Mr. Principi possesses all the qualities and characteristics essential to being an effective leader of the Department of Veterans Affairs and advocate for America's veterans. His proven record of dedicated service, his in-depth knowledge of the Department, and his impeccable integrity leave no questions as to the validity of his nomination. The Blinded Veterans Association strongly urges a swift Committee recommendation to confirm Mr. Principi as the new Secretary of Veterans Affairs.

PREPARED STATEMENT OF DAVID W. GORMAN, EXECUTIVE DIRECTOR, WASHINGTON
HEADQUARTERS OF THE DISABLED AMERICAN VETERANS

Mr. Chairman and members of the committee:

On behalf of the more than one million members of the Disabled American Veterans (DAV) and its Auxiliary, I express my appreciation for this opportunity to present the written views of our organization on the nomination of Anthony Principi for the office of Secretary of Veterans Affairs.

Mr. Chairman, in these challenging times that confront our nation, the Department of Veterans Affairs (VA) stands at an important crossroads in its history. The impact your deliberations will have upon the present and future well being of America's veterans, their dependents and survivors, and the Department established to care for them, is significant.

Your actions today are of primary importance in terms of assuring that the highest caliber of leadership is placed at the helm of our nation's system of federal veterans' benefits and services.

The magnitude of the responsibility of the VA and the scope of its various programs are well known to this Committee. The wide array of specialized care to meet the unique needs of veterans, such as amputee programs, advanced rehabilitation, prosthetics, spinal cord injury medicine, blind rehabilitation, post traumatic stress disorder treatment, mental health services, and long-term care is at the very heart of the VA health care system.

In addition, the VA supplies one-third of all care provided for this nation's chronically mentally ill. About 25 percent of the nation's homeless are veterans, and the VA has developed broad-reaching programs to meet their psychosocial needs. The VA is also the largest source of health care for AIDS-related disorders. Many of the men and women treated by VA simply do not have health insurance or cannot afford to pay for medical care. For them, the VA is their only health care safety net.

Mr. Chairman, the VA's responsibilities also include providing veterans, their dependents and survivors with service-connected disability and death compensation, nonservice-connected disability and death pension, vocational rehabilitation, assistance in educational pursuits, guaranteed home loans, and life insurance protection.

The individual who becomes Secretary of Veterans Affairs shoulders an enormous responsibility to ensure our government honors America's commitment to the men and women who served our great nation and preserved our freedoms. This Committee, and the Congress as a whole, assume no less of a responsibility.

The DAV believes that the next Secretary of Veterans Affairs must be an individual who possesses those characteristics and traits of leadership necessary to successfully direct a national system of federal veterans' benefits and services and advance the interests of our nation's veterans. Because VA is currently poised at a significant crossroad in its history—restructuring its health care system to better meet the needs of sick and disabled veterans—the next Secretary must possess a com-

bination of knowledge, skill, and experience of veterans' issues to enable him or her to guide the VA down the most appropriate path.

Mr. Chairman, I firmly believe that Tony Principi is sufficiently qualified to be Secretary of Veterans Affairs. Indeed, as his record demonstrates, he possesses the essential experience to lead the VA in the 21st century, and to improve the quality of life for veterans and their families by improving the delivery of benefits and health care services provided by the VA.

Mr. Principi, a decorated combat veteran of the Vietnam War, served as the first Deputy Secretary of Veterans Affairs and later as the Acting Secretary. He is thoroughly familiar with the bureaucratic system that is charged with delivering timely, quality benefits and health care services to our nation's veterans.

His prior experience at the VA and on Capitol Hill, where he served as Chief Counsel and Staff Director for the Senate Armed Services Committee and Committee on Veterans' Affairs, will enable Tony Principi to swiftly take command of the leadership role at VA to make certain that veterans' issues are considered a national priority in the new Administration and especially during this transition period.

Mr. Chairman, while we firmly believe that Mr. Principi possesses the requisite requirements to assume the office to which he aspires, we would be negligent in our obligation to our nation's veterans if we did not recognize your Committee's obligation to scrutinize Mr. Principi's qualifications and to question him about his philosophical beliefs as to the future role VA will play in meeting the needs of America's veterans.

It is our belief that such an examination of the nominee will reveal, and assure this Committee and the veterans' community, that Tony Principi will make sure that any policy changes or reorganization plans affecting the Department or any of its functions would not occur unless and until it was determined that it was in the best interests of our nation's veterans, that it would preserve the integrity and independence of the VA and its programs, and was thoroughly discussed with the veterans service organizations.

Further, I believe examination of Mr. Principi would also reveal that he will have a candid working relationship with the Veterans' Affairs Committees and Appropriations Committees in the House and Senate, and with the Congress as a whole, utilizing a nonpartisan concept. Additionally, I would expect Mr. Principi would surround himself with staff members of high competence and a genuine understanding of the needs of America's veterans. The environment he would foster at VA will encourage dedication to duty, quality of productivity, and personal initiative on the part of all VA employees.

Finally, examination of Tony Principi's philosophy should also reveal that first and foremost his loyalty would be directed at promoting the best interests of this nation's veterans and the Department created and committed to fulfilling their needs. In closing, let me state that not only do we support President-Elect George W. Bush's nomination of Anthony Principi to be Secretary of Veterans Affairs, but Mr. Principi can expect the support of the DAV in his efforts to improve, reform, strengthen and lead the Department of Veterans Affairs in the 21st century.

Mr. Chairman, this completes my testimony. Thank you and the Committee for your quick action in confirming the next Secretary of Veterans Affairs.

PREPARED STATEMENT OF THE PARALYZED VETERANS OF AMERICA

Chairman Specter, Minority Member Rockefeller, members of the Senate Committee on Veterans' Affairs, the Paralyzed Veterans of America (PVA) is privileged to be invited to submit testimony for the record concerning the confirmation of Anthony J. Principi as Secretary of the Department of Veterans Affairs.

The timely nomination and confirmation of a qualified Secretary of Veterans Affairs are critical elements to the start of a new Administration and a new Congress. The Secretary serves as the leading representative for veterans within the highest levels of the Executive Branch of government and is the chief advocate for ensuring the adequacy and integrity of VA budgets, is responsible for the administration and delivery of the benefits and services established by Congress and is a national spokesperson on behalf of the services and sacrifices of the men and women who have served in the Armed Forces.

Paralyzed Veterans of America believes that there are several critical criteria for the position of Secretary. First, the individual selected for that position must be a knowledgeable and committed advocate on behalf of veterans. Second, the nominee must be an unqualified supporter of an independent veterans healthcare system and cognizant of the core function of the system's specialized services including spinal

cord dysfunction care. Third, the individual selected for Secretary must recognize and support the broad range of benefits that have been established to assist veterans in recognition of their service. And, finally, the individual who will serve as Secretary must demonstrate a willingness to deal openly and forthrightly with the veterans' service organizations and the Congress in addressing the current and future needs of veterans and the operations of the Department of Veterans Affairs.

Mr. Chairman, and members of the Committee, PVA feels confident that the current nominee, the Honorable Anthony J. Principi, meets each of these litmus tests. Mr. Principi's long and distinguished career in service to veterans certainly marks him as a committed advocate. His service as Deputy and Acting Secretary in an earlier Administration was characterized by firm leadership and dedication to the needs of the veterans of this nation. His service on the staff of this Committee was similarly that of an individual motivated by concern for his fellow veterans.

Mr. Principi has demonstrated his support for the veterans healthcare system throughout his career. It has been PVA's personal experience that he understands and is committed to the role of specialized services and their unique place within this system.

As Chairman of the Congressional Commission on Servicemembers and Veterans Transition Assistance Mr. Principi demonstrated a breadth and depth of understanding of the many benefits and services necessary for the support and readjustment of veterans. The efforts of this Commission reflect the nominee's concern for veterans and his willingness to solicit veterans' views and experiences in guiding the direction of veteran's benefits. While PVA did not agree with every conclusion and recommendation of this Commission, we did recognize that they were all the result of diligent evaluation and hard work that is characteristic of Mr. Principi.

It has also been the experience of PVA and many of its members that Mr. Principi is sincerely open and willing to entertain the views and opinions of those most affected by the Department of Veterans Affairs. Our relationship with Mr. Principi has been one of forthrightness and respect. We have no reason to believe that future dealings with him and the Department should be any different.

For the above reasons, and from our personal experience in dealing with Mr. Principi, the Paralyzed Veterans of America is both pleased and honored to support the nomination and confirmation of Anthony J. Principi as Secretary of Veterans Affairs. PVA asks for your enthusiastic support for this nominee. We believe the veterans of this nation will be well served by Mr. Principi and we look forward to working with him, and the Congress, in addressing the needs of veterans.

Thank you and this concludes the statement of the Paralyzed Veterans of America.

PREPARED STATEMENT OF ROBERT E. WALLACE, DEPUTY EXECUTIVE DIRECTOR,
VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. Chairman and members of the committee:

On behalf of the 2.6 million men and women of the Veterans of Foreign Wars and our Ladies Auxiliary, I wish to express our sincere appreciation for your providing us this opportunity to express our views here today. As we now all set about preparing ourselves to properly meet the great challenges and fully realize the enormous potential of the 21st Century on behalf of America's veterans, it would be hard to imagine any more significant act in this regard than the selection of the Secretary of Veterans Affairs. It is for this reason that we are both humbled and gratified to play a role in this process.

We of the VFW are honor bound and pledged to never waiver nor relent in our fight on behalf of America's true heroes—our nation's veterans: active duty, reserve and National Guard members, their families and survivors, and our military retirees. We are committed to the proposition that as this nation moves forward into the 21st Century, those who stood in harm's way, who bear the scars and injuries of body or spirit so that we might all be prosperous and free, shall never be ignored or left behind.

This is why we are adamant this nation's veterans be provided with the leadership they have earned and deserve a champion, an impassioned advocate as their Secretary of Veterans Affairs!

It is our view that Anthony J. Principi fully possesses the intellect, experience, and, most importantly, commitment to veterans to meet this expectation.

Since his first position of leadership in the arena of veterans affairs in 1983 as Associate Deputy Administrator for Congressional and Public Affairs, Mr. Principi has always impressed us with his graciousness and his willingness to discuss even potentially controversial issues in the interest of better serving veterans. Our re-

spect and appreciation for Mr. Principi's integrity, strength of convictions and candor only increased in the ensuing years.

When Mr. Principi returned to VA in March of 1989, as the first Deputy Secretary of Veterans Affairs, his efforts to keep the newly established Department of Veterans Affairs on course to meet the demands imposed by a burgeoning population of sick and elderly veterans were of singular importance and effectiveness. His leadership within the Department and ability to reach out to the veterans' community is his hallmark accomplishment. There may be no doubt that Mr. Principi's numerous contributions have gone a long way toward making VA what it is today.

We would also note here that it was Deputy Secretary Principi who at the inception of the Persian Gulf War took the initiative calling for the creation of a registry to track the medical conditions affecting those who served in that conflict. There is a certain symmetry and appropriateness to his confirmation hearing as VA Secretary taking place on the tenth anniversary of that war.

The VFW also greatly values Mr. Principi's significant record of legislative accomplishment on behalf of those who have served the nation in uniform when he was chief counsel and Staff Director of the Senate Veterans Affairs Committee from 1984 to 1988. That he was able to achieve so much under two separate Chairmen may be seen as a remarkable accomplishment and bears strong testimony to his strength of character and sense of mission for serving his fellow veterans.

Mr. Principi's three years of distinguished service as Counsel of the Senate Armed Services Committee prior to his joining the VA in 1983, also strongly attests to his commanding intellect and energy.

His most recent role as chairman of the Congressional Commission on Servicemembers and Veterans Transition Assistance, further demonstrated his commitment to service by making a number of major recommendations beneficial to our men and women in uniform as they reenter civilian life.

Given his record of advocacy, we are confident that Mr. Principi is fully committed to meeting the many monumental challenges facing VA in a manner that will ensure quality, timely and accessible services to all veterans.

In closing, speaking on behalf of the membership of the Veterans of Foreign Wars of the U.S., we offer our strong endorsement of Anthony J. Principi to be Secretary of Veterans Affairs.

AMERICAN ACADEMY OF PHYSICIAN ASSISTANTS,
950 NORTH WASHINGTON STREET,
Alexandria, VA, January 11, 2001.

Hon. JOHN D. ROCKEFELLER IV,
Chairman,
Committee on Veterans' Affairs,
U.S. Senate,
Washington, DC.

Hon. ARLEN SPECTER,
Ranking Minority Member,
Committee on Veterans' Affairs,
U.S. Senate,
Washington, DC.

DEAR SENATORS ROCKEFELLER AND SPECTER: On behalf of the nearly 41,000 practicing physician assistants represented by the American Academy of Physician Assistants (AAPA), I am very pleased to convey the AAPA's support for the nomination on Mr. Anthony Principi as Secretary of the Department of Veterans Affairs.

Mr. Principi's background and experience are uniquely suited to lead a public agency whose job is to administer programs that benefit our nation's veterans. Mr. Principi's experiences as a Vietnam War combat veteran, congressional staff on the Senate Veterans' Affairs Committee, Deputy Secretary of the VA, and, most recently, as President of QTC Medical Services, Inc., confirm his exceptional preparedness for this important job. His earlier position as acting secretary of the agency demonstrated the capacity to provide innovative leadership in administering the agency during a period of transition.

Mr. Principi offers a well-rounded knowledge of veterans' issues, demonstrated leadership, and a commitment to public service. The AAPA is also pleased that Mr. Principi has demonstrated his understanding and support of the role of physician assistants in providing medical care during his previous tenure at the VA and through his work in corporate health care delivery.

Mr. Principi will serve our nation well as Secretary of the Department of Veterans Affairs. Accordingly, I urge your support for his nomination as it moves forward for consideration before the Senate. Should you have any questions regarding the physician assistant profession, the American Academy of Physician Assistants, or the Academy's support for Mr. Principi, please do not hesitate to have your staff contact Sandy Harding, the AAPA's Director of Federal Affairs.

I look forward to Mr. Principi's confirmation as Secretary of the Department of Veterans Affairs.

Sincerely,

GLEN E. COMBS, PA-C, MA,
President.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA,
1615 H STREET, NW,
Washington, DC, January 17, 2001.

Hon. ARLEN SPECTER,
Chairman,
U.S. Senate Veterans' Affairs Committee,
Washington, DC.

DEAR CHAIRMAN SPECTER: The U.S. Chamber strongly supports the nomination of Mr. Anthony Principi to serve as Secretary of the U.S. Department of Veterans' Affairs. Expanding military and veterans benefits, including full college scholarships, and offering home loans without down payments for our nation's celebrated veterans are just a few of the challenging initiatives that the new Secretary will face. We believe Mr. Principi has the experience to successfully champion these issues.

As a graduate of the United States Naval Academy and a combat decorated Vietnam veteran, Mr. Principi understands issues facing our veterans. In 1989, Anthony Principi was appointed to Deputy Secretary of Veterans' Affairs for the Department and was named Acting Secretary in 1992 under President George Bush. Later in his career, Anthony served as Chief Counsel and Staff Director for the U.S. Senate Committee on Armed Services.

Currently, Mr. Principi is the Chairman of the Commission on Servicemembers and Veterans Transition Assistance, which reviews and reports programs that provide benefits and services to veterans and servicemembers making the transition to civilian life. The Commission was created under public law in 1996, and was a pet project of former United States Senator Robert Dole.

Mr. Principi is eminently qualified to serve his country as Secretary of Veterans' Affairs. Under his leadership, we are confident that his experience and commitment to issues facing our veterans will be skillfully addressed.

Accordingly, we urge the Committee to report out the nomination of the Anthony Principi and request that you insert this letter into the hearing record.

Sincerely,

THOMAS J. DONOHUE,
President and Chief Executive Officer.

MARINE CORPS LEAGUE,
P.O. BOX 3070,
Merrifield, VA, January 22, 2001.

Hon. ARLEN SPECTER,
U.S. Senate,
Chairman, Senate Veterans' Affairs Committee,
Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the over 51,000 members of the Marine Corps League, it is with a great deal of pleasure and honor that we recommend the Honorable Anthony Principi for confirmation as Secretary for Veterans' Affairs.

Mr. Principi is a proven professional in the Department of Veterans Affairs. A man of honor and integrity, Mr. Principi has proven he has what it takes to make tough choices in the budget arena, and at the same time ensure that veterans' are not forgotten and receive their due as promised by this great Nation. His confirmation as Secretary of Veterans' Affairs would be an outstanding choice for veterans and for all Americans.

Mr. Chairman, the Marine Corps League wishes you the very best and continued success with the Senate Veterans' Affairs Committee,
Semper Fidelis,

DIANA DILS,
National Commandant.

NATIONAL VIETNAM & GULF WAR VETERANS COALITION,
1660 L STREET, N.W., SUITE 204,
Washington, DC, January 11, 2001.

Hon. ARLEN SPECTER,
Chairman, Committee on Veterans Affairs
United States Senate,
Washington, DC.

DEAR MR. CHAIRMAN: The National Vietnam & Gulf War Veterans Coalition is a federation of 106 veteran groups. One of our ten (10) goals is to have Vietnam and Gulf War veterans appointed to high visibility government positions.

It is with the latter in mind that we are pleased to endorse and support President-Elect Bush's nomination of Anthony J. Principi as the next Secretary of the Department of Veterans Affairs.

I and my organization have previously worked with Tony Principi when he served as Deputy Secretary. We were impressed with his availability to listen to our concerns, his fairness in all matters, and his advocacy for improving the plight of all veterans. Tony is a man of integrity with whom we have confidence will be an effective advocate for both the Bush administration and this country's veterans. We urge you and the Committee on Veterans Affairs to expeditiously forward his nomination to the Senate for a full confirmation vote.

Sincerely,

J. THOMAS BURCH, JR.,
Chairman.

NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF
AMERICA,
10635 IH 35 NORTH,
San Antonio, Texas, 16 January 2001.

Hon. JOHN D. "JAY" ROCKEFELLER IV,
Committee on Veterans Affairs,
Washington, DC.

DEAR MR. ROCKEFELLER: The Non Commissioned Officers Association of the United States of America strongly supports the confirmation of Mr. Anthony J. Principi as Secretary of Veterans Affairs.

The Association highly regards Mr. Principi as the man most qualified to be Secretary of Veterans Affairs. His distinguished public service including Deputy Secretary of Veterans Affairs and most recently leadership as Chairman of the Congressional Commission on Servicemembers and Veterans Transition Assistance demonstrate not only an awareness of issues but also the ability to decisively act on behalf of veterans and servicemembers. He has the confidence and trust of the Non Commissioned Officers Association.

Request his expeditious confirmation,
Sincerely,

DAVID W. SOMMERS,
President/CEO.

VETERANS OF FOREIGN WARS OF THE UNITED STATES,
DEPARTMENT OF PENNSYLVANIA,
201 N. Front Street, Harrisburg, PA, January 9, 2001,

Hon. ARLEN SPECTER,
U.S. States Senate,
Washington, DC.

DEAR SENATOR SPECTER, The United States Congress will face many challenges and will be making decisions that will guide America and the world into the next century.

I want to express my personal thanks to you for the way you have represented Pennsylvania, not only as our voice in the U.S. Senate, but your 100% commitment to all of America's veterans.

Your leadership as Chairman of the Veterans Affairs committee is a testament that a free nation does remember. We look forward to that same commitment in the 107th Congress.

President-Elect George W. Bush has nominated Anthony J. Principi to be Secretary of Veterans Affairs. I believe his background and experience make him an excellent choice for that important position. I know that he will be asked many questions during the confirmation hearing. I also know that you will do "the right thing" on behalf of Americas Veterans. I, for one will support whatever action you take.

Sincere best wishes and I hope to meet with you and discuss veterans issues in the very near future.

Respectfully,

ALMON J. LONG,
Legislative Chairman.

