

NEW FITZSIMONS REGIONAL FEDERAL MEDICAL CENTER
ACT OF 2003

JULY 14, 2003.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. SMITH of New Jersey, from the Committee on Veterans' Affairs,
submitted the following

R E P O R T

[To accompany H.R. 116]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 116) to authorize the Secretary of Veterans Affairs to construct, lease or modify major medical facilities at the site of the former Fitzsimons Army Medical Center, Aurora, Colorado, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "New Fitzsimons Regional Federal Medical Center Act of 2003".

SEC. 2. AUTHORIZATION OF MAJOR MEDICAL FACILITY PROJECTS, FORMER FITZSIMONS ARMY MEDICAL CENTER, AURORA, COLORADO.

(a) **AUTHORIZATION.**—The Secretary of Veterans Affairs may carry out major medical facility projects under section 8104 of title 38, United States Code, at the site of the former Fitzsimons Army Medical Center, Aurora, Colorado. Projects to be carried out at such site shall be selected by the Secretary and may include inpatient and outpatient facilities providing acute, sub-acute, primary, and long-term care services. Project costs shall be limited to an amount not to exceed a total of \$300,000,000 if a combination of direct construction by the Department of Veterans Affairs and capital leasing is selected under subsection (b) and no more than \$30,000,000 per year in capital leasing costs if a leasing option is selected as the sole option under subsection (b).

(b) **SELECTION OF CAPITAL OPTION.**—The Secretary of Veterans shall select the capital option to carry out the authority provided in subsection (a) of either—

- (1) direct construction by the Department of Veterans Affairs or a combination of direct construction and capital leasing; or
- (2) capital leasing alone.

(c) **CONSULTATION WITH SECRETARY OF DEFENSE.**—The Secretary of Veterans Affairs shall consult with the Secretary of Defense in carrying out this section. Such

consultation shall include consideration of establishing a Department of Veterans Affairs-Department of Defense joint health-care venture at the site of the project or projects under subsection (a).

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary of Veterans Affairs for fiscal years 2004, 2005, and 2006 for “Construction, Major Projects” for the purposes authorized in subsection (a)—

(1) a total of \$300,000,000, if direct construction, or a combination of direct construction and capital leasing, is chosen pursuant to subsection (b) for purposes of the projects authorized in subsection (a); and

(2) \$30,000,000 for each such fiscal year, if capital leasing alone is chosen pursuant to subsection (b) for purposes of the projects authorized in subsection (a).

(e) LIMITATION.—The projects authorized in subsection (a) may only be carried out using—

(1) funds appropriated for fiscal year 2004, 2005, or 2006 pursuant to the authorization of appropriations in subsection (a);

(2) funds appropriated for Construction, Major Projects, for a fiscal year before fiscal year 2004 that remain available for obligation; and

(3) funds appropriated for Construction, Major Projects, for fiscal year 2004, 2005, or 2006 for a category of activity not specific to a project.

(f) REPORT TO CONGRESSIONAL COMMITTEES.—Not later than 120 days after the date of the enactment of this Act, the Secretary shall submit to the Committees on Appropriations and the Committees on Veterans’ Affairs of the Senate and House of Representatives a report on this section. The report shall include the following:

(1) Notice of the option selected by the Secretary pursuant to subsection (b) to carry out the authority provided by subsection (a).

(2) Information on any further planning required to carry out the authority provided in subsection (a).

(3) Other information of assistance to the committees with respect to such authority.

INTRODUCTION

On January 7, 2003, Honorable Joel Hefley, Honorable Mark Udall, Honorable Scott McInnis, Honorable Marilyn N. Musgrave, Honorable Thomas G. Tancredo, Honorable Bob Beauprez, and Honorable Diana DeGette introduced H.R. 116, the Veterans’ New Fitzsimons Health Care Facilities Act of 2003.

On June 11, 2003, the Subcommittee on Health held a hearing on several bills, among them H.R. 116, the Veterans’ New Fitzsimons Health Care Facilities Act of 2003. Witnesses who appeared before the Subcommittee included Ms. Cathleen C. Wiblemo, Deputy Director, Health Care, Veterans Affairs and Rehabilitation Division, The American Legion; Mr. Richard Jones, National Legislative Director, AMVETS; Mr. Adrian M. Atizado, Associate National Legislative Director, Disabled American Veterans; Mr. Carl Blake, Associate Legislative Director, Paralyzed Veterans of America; Mr. Paul A. Hayden, Deputy Director, National Legislative Service, Veterans of Foreign Wars; Honorable Robert H. Roswell, M.D., Under Secretary for Health, Department of Veterans Affairs, who was accompanied by Mr. D. Mark Catlett, Principal Deputy Assistant Secretary for Management, and Mr. Robert L. Neary, Jr., Associate Chief Facilities Management Officer for Service Delivery. Written testimonies were received from Honorable Joel Hefley, Member of Congress from the State of Colorado; Honorable David L. Hobson, Member of Congress from the State of Ohio; Honorable Solomon P. Ortiz, Member of Congress from the State of Texas; and Honorable Deborah Pryce, Member of Congress from the State of Ohio.

On June 24, 2003, the Subcommittee on Health met and unanimously ordered H.R. 116, as amended, reported favorably to the full Committee.

On June 26, 2003, the full Committee met and ordered H.R. 116 reported favorably to the House with an amendment in the nature of a substitute by unanimous voice vote.

SUMMARY OF THE REPORTED BILL

H.R. 116, as amended, would:

1. Authorize the Secretary of Veterans Affairs to carry out a major medical facility project at the site of the former Fitzsimons Army Medical Center in Aurora, Colorado, in consultation with the Secretary of Defense.
2. Allow the Secretary to determine the types of care, including inpatient, outpatient, acute, sub-acute, primary and/or long-term care services, and to determine the type of capital project delivery, whether through construction or a capital lease arrangement.
3. Require the Secretary after consulting with the Secretary of Defense to select a capital option for carrying out the authority between direct construction, capital leasing or a combination of the two.
4. Limit the amount appropriated for direct construction to no more than \$300,000,000; and limit the amount spent each year for the capital leasing option to no more than \$30,000,000 in annual rental costs.
5. Authorize the project to be carried out using a total appropriation of \$300 million, if direct construction or a combination of direct construction and capital leasing is chosen by the Secretary; and \$30 million for each fiscal year of a capital lease.
6. Limit the project authorization to be carried out using funds appropriated for fiscal year 2004, 2005 and 2006 for the purposes of providing a new Fitzsimons Health Care Facility; using available fiscal year 2004 major construction funds; or using major construction funds appropriated for fiscal year 2004, 2005 or 2006 not specific to a project.
7. Require the Secretary to report no later than 120 days after enactment to the Committees on Veterans' Affairs and on Appropriations of the Senate and House of Representatives the option the Secretary chooses to carry out the authority provided in this bill, and any further planning required or assistance from the Committees needed to carry out this project.

BACKGROUND AND DISCUSSION

Since the end of World War II, the Denver Department of Veterans Affairs (VA) Medical Center and the University of Colorado have been in partnership to provide care to veterans. This partnership has included the significant sharing of health care resources, including physician faculty, house staff, facilities, equipment, supplies, services, as well as the long-term shared mission of health-professions education and biomedical research.

Today, nearly all the physicians caring for veterans at the Denver VA Medical Center also practice medicine at the University of Colorado Health Sciences Center and are faculty members of its medical school. From the inception of their relationship, the two institutions have shared expensive and specialized medical equip-

ment and facilities, such as surgical suites and imaging equipment. For example, veterans under care at the VA facility who are candidates for organ transplantation receive those specialized services at the University of Colorado Hospital by surgical staffs in dual appointment at both institutions, governed by a sharing agreement between the two.

Due to the lack of space, inability to renovate or construct newer facilities and the prohibitive cost associated with continuing to develop its downtown site, the university determined in 1995 that the Denver campus was no longer compatible with its mission. The closure of the Fitzsimons Army Medical Center in Aurora, Colorado, provided the university an opportunity to relocate to a new site with over four times the acreage of the existing campus, and to build a new complex.

To date, the development of the 217-acre Fitzsimons campus includes an outpatient and cancer pavilion, an eye institute, a library, and a power plant. Construction is underway on the first phase of the university hospital, biomedical and cancer research towers, and the Native American building. Other development is planned or already programmed.

While the move to Fitzsimons solved existing problems and provided future advantages for the university, it will be separated from its sharing partner and health-professions affiliate, the VA facility. A separation of more than eight miles would create new barriers and challenges to continued quality care for veterans who receive their care at the VA.

A study commissioned by the Department concluded health care demand by Colorado veterans will continue unabated for the next 20 years. The cost of maintaining the VA facility in its current location, a medical center that opened in 1955, was estimated to be over \$200 million, and the study estimated rebuilding the facility in 2020 could cost as much as \$377 million in today's dollars.

The basic elements of a relocated VA medical center at Fitzsimons would include a free-standing inpatient care hospital building for veterans and Department of Defense (DOD) beneficiaries, as well as facilities for ambulatory care. Consolidated and improved VA research facilities could also be included in this plan, as well as long-term care facilities coordinated with a new Colorado State veterans home currently operating on the Fitzsimons campus.

This project could offer vital services to DOD beneficiaries. The Air Force plans to develop a new military medical treatment facility at Buckley Air Force Base near Aurora. A significant population of active duty, reserve and retiree beneficiaries resides in the Denver area. The Air Force has initiated a study to determine whether joint location and construction of health facilities with the VA at the Fitzsimons site is the best option.

In the report accompanying the House-passed National Defense Authorization Act for Fiscal Year 2004, H.R. 1588, an amount of \$4 million was included for DOD to contribute to the design and plan of a new Air Force-VA joint venture health care facility at the former Fitzsimons Army Medical Center site in Aurora. Additionally, recognizing the importance of cost savings and other efficiencies that such a joint venture might produce, the H.R. 1588 bill

report directed DOD and VA to make every effort to share health care facilities.

The Committee welcomes these developments that could bring this community of federal beneficiaries a modern intergovernmental health care resource able to meet their needs comprehensively, while conserving Federal funds.

The bill was amended to require the Secretary of Veterans Affairs to consult with the Secretary of Defense, principally respecting the concerns and needs of the United States Air Force, in selecting an option to move forward with a new medical center at the Fitzsimons site. It is the intent of the Committee that the Secretary of Veterans Affairs, in carrying out this required consultation, consider the opportunities for the achievement of the goals restated in Title VII, Subtitle C, sections 722–725 of the Bob Stump National Defense Authorization Act for Fiscal Year 2003.

SECTION BY SECTION ANALYSIS

Section 1 of the bill would name the Act the “New Fitzsimons Regional Federal Medical Center Act of 2003”.

Section 2(a) of the bill would provide authority to the Secretary of Veterans Affairs to carry out major medical facility projects at the site of the former Fitzsimons Army Medical Center in Aurora, Colorado; projects chosen by the Secretary at this site may include inpatient and outpatient facilities that provide acute, sub-acute, primary, and long-term care services. The costs of these projects would be limited to \$300,000,000 for new construction, and \$30,000,000 in annual rent if the Secretary elected a capital lease option.

Section 2(b) of the bill would require the Secretary to select from two capital options: (1) direct construction by VA or a combination of direct construction and capital leasing, or (2) capital leasing alone to fund the major medical facility projects at the site of the former Fitzsimons Army Medical Center in Aurora, Colorado.

Section 2(c) of the bill would require the Secretary to consult with the Secretary of Defense to consider establishing a VA-DOD joint health-care venture at the site of the project or projects at the former Fitzsimons Army Medical Center in Aurora, Colorado.

Section 2(d) of the bill would authorize funds to be appropriated to the Secretary for fiscal years 2004, 2005, and 2006 for major construction projects at the site of the former Fitzsimons Army Medical Center in Aurora, Colorado.

Section 2(d)(1) of the bill would provide \$300,000,000 in funding authorization for major construction projects at the site of the former Fitzsimons Army Medical Center in Aurora, Colorado, if the Secretary chooses to fund this construction through direct construction or a combination of direct construction and capital leasing.

Section 2(d)(2) of the bill would authorize \$30,000,000 for each fiscal year (2004–2006) for major construction projects at the site of the former Fitzsimons Army Medical Center in Aurora, Colorado, if the Secretary chooses to fund this construction through capital leasing alone.

Section 2(e) of the bill would limit funds used for major construction projects at the site of the former Fitzsimons Army Medical

Center in Aurora, Colorado, so that the projects may be completed by using funds: (1) appropriated for fiscal year 2004, 2005, or 2006; (2) appropriated for major construction projects prior to fiscal year 2004 which are still available; or (3) appropriated for major construction projects for fiscal year 2004, 2005, or 2006 for any activity not specified for any particular project.

Section 2(f) of the bill would require the Secretary to submit a report to the Committees on Appropriations and Veterans' Affairs of the Senate and House of Representatives 120 days after enactment of this Act that would include: (1) the funding option chosen by the Secretary to complete major construction projects at the site of the former Fitzsimons Army Medical Center in Aurora, Colorado; (2) information on any further planning for those projects; and (3) additional information on those projects which might be of assistance to the Committees.

PERFORMANCE GOALS AND OBJECTIVES

The performance goals and objectives of VA programs dealing with major medical facility construction and the activity of the Department in sharing health care resources with the Department of Defense are established in the Department's annual performance plans and budget formulation processes, and are subject to the Committee's regular oversight.

STATEMENT OF THE VIEWS OF THE ADMINISTRATION

Testimony of Honorable Robert H. Roswell, M.D., Under Secretary for Health, Health Subcommittee Hearing on H.R. 1720, Veterans Health Care Facilities Capital Improvement Act; H.R. 116, Veterans' New Fitzsimons Health Care Facilities Act of 2003; H.R. 2307, to provide for the establishment of new VA medical facilities for veterans in the area of Columbus, Ohio, and in south Texas; and H.R. 2349, to authorize certain major medical facility projects for VA, June 11, 2003

* * * * *

VA also supports the intent of H.R. 116, the Veterans' New Fitzsimmons Health Care Facilities Act of 2003, to authorize the Secretary to carry out major medical facility projects at the former Fitzsimons Army Medical Center in Aurora, Colorado. The bill provides the Secretary flexibility in selecting the projects by providing that they may include acute, sub-acute, primary, and long-term care services. H.R. 116 limits project costs to an amount not to exceed \$300,000,000 if a combination of direct construction and capital leasing is selected and no more than \$30,000,000 per year in capital leasing costs if a leasing option is selected. In addition, the bill places certain limitations on the fiscal years from which appropriated funds can come.

We have been involved in evaluating and planning for a facility for the Fitzsimons site and there is a potential for a joint venture with DoD to provide health care to both veterans and DoD beneficiaries. Many issues still remain including the availability of land, but VA would be able to provide the report to Congress as required if the bill is enacted.

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CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The following letter was received from the Congressional Budget Office concerning the cost of the reported bill:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 27, 2003

Hon. CHRISTOPHER H. SMITH
*Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 116, the New Fitzsimons Regional Federal Medical Center Act of 2003.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sam Papenfuss, who can be reached at 226-2840.

Sincerely,

DOUGLAS HOLTZ-EAKIN,
Director

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

*H.R. 116, New Fitzsimons Regional Federal Medical Center Act of
2003*

*As ordered reported by the House Committee on Veterans' Affairs on
June 26, 2003*

H.R. 116 would authorize three different options for the Department of Veterans Affairs (VA) to carry out major construction projects at the site of the former Fitzsimons Army Medical Center in Aurora, Colorado. Under the bill, and at the discretion of the Secretary of Veterans Affairs, VA could opt to engage in major construction, engage in major construction with leasing of some facilities, or forgo major construction in favor of leasing. If the Secretary chooses either option entailing major construction, the bill would authorize the appropriation of \$300 million over the 2004-2006 period. However, if the Secretary chooses to forgo major construction, the bill would authorize funding of only \$90 million over the same period.

Absent information from VA, CBO assumes that VA would opt to carry out these projects solely through major construction. Under that assumption, CBO estimates—as shown in the following table—that implementing H.R. 116 would cost \$13 million in 2004 and \$291 million over the 2004-2008 period, assuming appropriation of the authorized amount.

	By Fiscal Year, in Millions of Dollars				
	2004	2005	2006	2007	2008
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level	300	0	0	0	0
Estimated Outlays	13	81	98	72	27

If VA were to choose to carry out these projects through both major construction and some leasing, CBO estimates that the total costs over the 2004–2008 period would be roughly the same, but estimated outlays in 2004 would be \$23 million higher. If, on the other hand, VA were to choose to forgo major construction and lease facilities for only three years, CBO estimates that costs over the 2004–2006 period would total \$90 million. While total costs over the first three years would be lower under the leasing-only option, that course of action would only provide services for the three-year period, while the major construction option would provide services over a much longer period of time.

H.R. 116 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact is Sam Papenfuss, who can be reached at 226–2840. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

STATEMENT OF FEDERAL MANDATES

The preceding Congressional Budget Office cost estimate states that the bill contains no intergovernmental or private sector mandates as defined in the Unfunded Mandates Reform Act.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution, the reported bill is authorized by Congress' power to "provide for the common Defense and general Welfare of the United States."