108TH CONGRESS, 1st Session | HOUSE OF REPRESENTATIVES | REPORT 108–210

VETERANS HEALTH CARE FACILITIES CAPITAL IMPROVEMENT ACT

JULY 15, 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. 1720]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 1720) to authorize the Secretary of Veterans Affairs to carry out construction projects for the purpose of improving, renovating, establishing, and updating patient care facilities at Department of Veterans Affairs medical centers, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

The amendments are as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Veterans Health Care Facilities Capital Improvement Act".

SEC. 2. AUTHORIZATION OF MAJOR MEDICAL FACILITY PROJECTS FOR PATIENT CARE IMPROVEMENTS.

(a) IN GENERAL.—(1) Subject to paragraph (3), the Secretary of Veterans Affairs is authorized to carry out major medical facility projects in accordance with this section, using funds appropriated for fiscal year 2004 or 2005 pursuant to subsection (e). The cost of any such project may not exceed

(A) $100,000,000 in fiscal year 2004; and

(B) $125,000,000 in fiscal year 2005.

(2) Projects carried out under this section are not subject to section 8104(a)(2) of title 38, United States Code.

(3) The Secretary may not award a contract by reason of the authorization provided by paragraph (1) until after the Secretary has awarded a contract for each construction project authorized by section 3(a) and a contract for each lease authorized by section 3(d).

(b) TYPE OF PROJECTS.—A project carried out under subsection (a) may be carried out only at a Department of Veterans Affairs medical center and only for the purpose of one or more of the following:

(1) Improving a patient care facility.

(2) Replacing a patient care facility.
(3) Renovating a patient care facility.
(4) Updating a patient care facility to contemporary standards.
(5) Establishing a new patient care facility at a location where no Department patient care facility exists.
(6) Improving, replacing, or renovating a research facility or updating such a facility to contemporary standards.

(c) PURPOSE OF PROJECTS.—In selecting medical centers for projects under subsection (a), the Secretary shall select projects to improve, replace, renovate, update, or establish facilities to achieve one or more of the following:

(1) Seismic protection improvements related to patient safety (or, in the case of a research facility, patient or employee safety).
(2) Fire safety improvements.
(3) Improvements to utility systems and ancillary patient care facilities (including such systems and facilities that may be exclusively associated with research facilities).
(4) Improved accommodation for persons with disabilities, including barrier-free access.
(5) Improvements at patient care facilities to specialized programs of the Department, including the following:
(A) Blind rehabilitation centers.
(B) Inpatient and residential programs for seriously mentally ill veterans, including mental illness research, education, and clinical centers.
(C) Residential and rehabilitation programs for veterans with substance-use disorders.
(D) Physical medicine and rehabilitation activities.
(E) Long-term care, including geriatric research, education, and clinical centers, adult day care centers, and nursing home care facilities.
(F) Amputation care, including facilities for prosthetics, orthotics programs, and sensory aids.
(G) Spinal cord injury centers.
(H) Traumatic brain injury programs.
(I) Women veterans' health programs (including particularly programs involving privacy and accommodation for female patients).
(J) Facilities for hospice and palliative care programs.

(d) REVIEW PROCESS.—(1) The Secretary shall provide that, before a project is submitted to the Secretary with a recommendation that it be approved as a project to be carried out under the authority of this section, the project shall be reviewed by a board within the Department of Veterans Affairs that is independent of the Veterans Health Administration and that is constituted by the Secretary to evaluate capital investment projects. The board shall review such project to determine the project's relevance to the medical care mission of the Department and whether the project improves, renovates, repairs, establishes, or updates facilities of the Department in accordance with this section.

(2) In selecting projects to be carried out under the authority provided by this section, the Secretary shall consider the recommendations of the board under paragraph (1). In any case in which the Secretary approves a project to be carried out under this section that was not recommended for such approval by the board under paragraph (1), the Secretary shall include in the report of the Secretary under subsection (g)(2) notice of such approval and the Secretary's reasons for not following the recommendation of the board with respect to that project.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Veterans Affairs for the Construction, Major Projects, account for projects under this section—

(1) $500,000,000 for fiscal year 2004;
(2) $600,000,000 for fiscal year 2005; and

(f) LIMITATION.—Projects may be carried out under this section only using funds appropriated pursuant to the authorization of appropriations in subsection (e), except that funds appropriated for advance planning may be used for the purposes for which appropriated in connection with such projects.

(g) REPORTS.—(1) Not later than April 1, 2005, the Comptroller General shall submit to the Committees on Veterans' Affairs and on Appropriations of the Senate and House of Representatives a report evaluating the advantages and disadvantages of congressional authorization for projects of the type described in subsection (b) through general authorization as provided by subsection (a), rather than through specific authorization as would otherwise be applicable under section 8104(a)(2) of title 38, United States Code. Such report shall include a description of the actions of the Secretary of Veterans Affairs during fiscal year 2004 to select and carry out projects under this section.

(2) Not later than 120 days after the date on which the site for the final project under this section for each such fiscal year is selected, the Secretary shall submit to the committees referred to in paragraph (1) a report on the authorization process under this section. The Secretary shall include in each such report the following:

(A) A listing by project of each such project selected by the Secretary under that section, together with a prospectus description of the purposes of the project, the estimated cost of the project, and a statement attesting to the review of the project under subsection (c), and, if that project was not recommended by the board, the Secretary's justification under subsection (d) for not following the recommendation of the board.

(B) An assessment of the utility to the Department of Veterans Affairs of that authorization process.

(C) Such recommendations as the Secretary considers appropriate for future congressional policy for authorizations of major and minor medical facility construction projects for the Department of Veterans Affairs.

(D) Any other matter that the Secretary considers to be appropriate with respect to oversight by Congress of capital facilities projects of the Department of Veterans Affairs.

SEC. 3. AUTHORIZATION OF MAJOR MEDICAL FACILITY PROJECTS AND LEASES.

(a) PROJECT AUTHORIZATIONS.—The Secretary of Veterans Affairs may carry out the following major medical facility projects, with each project to be carried out in the amount specified for that project:

(1) Construction of a new bed tower to consolidate two inpatient sites of care in inner city Chicago at the West Side Division of the Department of Veterans Affairs health care system in Chicago, Illinois, in an amount not to exceed $98,500,000.

(2) Seismic corrections to strengthen Medical Center Building 1 of the Department of Veterans Affairs health care system in San Diego, California, in an amount not to exceed $48,600,000.

(3) A project for (A) renovation of all inpatient care wards at the West Haven, Connecticut, facility of the Department of Veterans Affairs health system in Connecticut to improve the environment of care and enhance safety, privacy, and accessibility, and (B) establishment of a consolidated medical research facility at that facility, in an amount not to exceed $50,000,000.

(4) Construction of a medical facility on available Federal land at the Defense Supply Center, Columbus, Ohio, in an amount not to exceed $90,000,000.

(5) Construction of a Department of Veterans Affairs-Department of Navy joint venture, comprehensive outpatient medical care facility to be built on the grounds of the Pensacola Naval Air Station, Pensacola, Florida, in an amount not to exceed $45,000,000.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary of Veterans Affairs for fiscal year 2004 for the Construction, Major Projects, account $332,100,000 for the projects authorized in subsection (a).

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

(1) funds appropriated for fiscal year 2004 pursuant to the authorization of appropriations in subsection (b);

(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 for a category of activity not specific to a project.

(d) AUTHORIZATION OF MAJOR MEDICAL FACILITY LEASES.—The Secretary of Veterans Affairs may enter into leases as follows:

(1) For an outpatient clinic in Charlotte, North Carolina, in an amount not to exceed $3,000,000.

(2) For facilities for a multi-specialty outpatient clinic for the Veterans Health Administration and a satellite office for the Veterans Benefits Administration in Clark County, Nevada, at an annual lease amount not to exceed $6,500,000.

SEC. 4. LIMITATION ON DISPOSAL OF LAKESIDE DIVISION, DEPARTMENT OF VETERANS AFFAIRS MEDICAL FACILITIES, CHICAGO, ILLINOIS.

(a) LIMITATION.—The Secretary of Veterans Affairs may not make a final disposal under section 8162 of title 38, United States Code, of the Lakeside Division facility of the Department of Veterans Affairs medical facilities in Chicago, Illinois, until the Secretary has entered into a contract for the construction project authorized by section 3(a)(1).

(b) DEFINITION.— For purposes of this section, the term "disposal", with respect to the Lakeside Division facility, includes entering into a long-term lease or sharing

agreement under which a party other than the Secretary has operational control of the facility.

SEC. 5. PLANS FOR FACILITIES IN SOUTHERN NEW JERSEY AND FAR SOUTH TEXAS.

(a) PLAN.—(1) The Secretary of Veterans Affairs shall develop—

(A) a plan to establish an inpatient facility to meet hospital care needs of veterans who reside in southern New Jersey; and

(B) a plan for hospital care needs of veterans who reside in far south Texas.

(2) In developing the plans under paragraph (1), the Secretary shall, at a minimum, consider options using the existing authorities of section 8111 and 8153 of title 38, United States Code—

(A) to establish a hospital staffed and managed by employees of the Department, either in private or public facilities, including Federal facilities; or

(B) to enter into contracts with existing private facilities and private providers for that care.

(b) REPORTS.—The Secretary shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on each plan under subsection (a) not later than January 31, 2004.

(c) DEFINITIONS.—In this section:

(1) The term "far south Texas" means the following counties of the State of Texas: Bee, Calhoun, Crockett, DeWitt, Dimmit, Goliad, Jackson, Victoria, Webb, Aransas, Duval, Jim Wells, Kleberg, Nueces, Refugio, San Patricio, Brooks, Cameron, Hidalgo, Jim Hogg, Kenedy, Starr, Willacy, and Zapata.

(2) The term "southern New Jersey" means the following counties of the State of New Jersey: Ocean, Burlington, Camden, Gloucester, Salem, Cumberland, Atlantic, and Cape May.

SEC. 6. INCREASE IN MAJOR MEDICAL FACILITY CONSTRUCTION COST THRESHOLD.

Section 8104(a)(3)(A) of title 38, United States Code, is amended by striking "$4,000,000" and inserting "$6,000,000".

SEC. 7. NAME OF DEPARTMENT OF VETERANS AFFAIRS HEALTH CARE FACILITY, CHICAGO, ILLINOIS.

The Department of Veterans Affairs health care facility located at 820 South Damen Avenue in Chicago, Illinois, shall after the date of the enactment of this Act be known and designated as the "Jesse Brown Department of Veterans Affairs Medical Center". Any reference to such facility in any law, map, regulation, document, paper, or other record of the United States shall be considered to be a reference to the Jesse Brown Department of Veterans Affairs Medical Center.

SEC. 8. STUDY AND REPORT ON FEASIBILITY OF COORDINATION OF VETERANS HEALTH CARE SERVICES IN SOUTH CAROLINA WITH NEW UNIVERSITY MEDICAL CENTER.

(a) STUDY REQUIRED.—The Secretary of Veterans Affairs shall conduct a study to examine the feasibility of coordination by the Department of Veterans Affairs of its needs for inpatient hospital, medical care, and long-term care services for veterans with the pending construction of a new university medical center at the Medical University of South Carolina, Charleston, South Carolina.

(b) MATTERS TO BE INCLUDED IN STUDY.—(1) As part of the study under subsection (a), the Secretary shall consider the following:

(A) Integration with the Medical University of South Carolina of some or all of the services referred to in subsection (a) through contribution to the construction of that university's new medical facility or by becoming a tenant provider in that new facility.

(B) Construction by the Department of Veterans Affairs of a new independent inpatient or outpatient facility alongside or nearby the university's new facility.

(2) In carrying out paragraph (1), the Secretary shall consider the degree to which the Department of Veterans Affairs and the university medical center would be able to share expensive technologies and scarce specialty services that would affect any such plans of the Secretary or the university.

(3) In carrying out the study, the Secretary shall especially consider the applicability of the authorities under section 8153 of title 38, United States Code (relating to sharing of health care resources between the Department and community provider organizations) to govern future arrangements and relationship between the Department and the Medical University of South Carolina.

(c) CONSULTATION WITH SECRETARY OF DEFENSE.—The Secretary of Veterans Affairs shall consult with the Secretary of Defense in carrying out the study under this section. Such consultation shall include consideration of establishing a Department of Veterans Affairs-Department of Defense joint health-care venture at the site referred to in subsection (a).

(d) REPORT.—Not later than March 31, 2004, the Secretary shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a re-

port on the results of the study. The report shall include the Secretary's recommendations with respect to coordination described in subsection (a), including recommendations with respect to each of the matters referred to in subsection (b).

Amend the title so as to read:

A bill to authorize the Secretary of Veterans Affairs to carry out construction projects for the purpose of improving, renovating, establishing, and updating patient care facilities at Department of Veterans Affairs medical centers, and for other purposes.

INTRODUCTION

The reported bill reflects the Committee's consideration of several bills introduced during the 108th Congress, to include H.R. 1720, H.R. 2307, and H.R. 2349.

On June 11, 2003, the Subcommittee on Health held a hearing on four bills, among them H.R. 1720, the Veterans Health Care Facilities Capital Improvement Act, introduced by Honorable Rob Simmons and Honorable Christopher H. Smith on April 10, 2003; H.R. 2307, to provide for the establishment of new Department of Veterans Affairs medical facilities for veterans in the area of Columbus, Ohio, and in south Texas, introduced by Honorable David L. Hobson, Honorable Solomon P. Ortiz, Honorable Deborah Pryce, Honorable Patrick J. Tiberi, Honorable Paul E. Gillmor, Honorable Ciro D. Rodriguez, Honorable Ralph Regula, Honorable Silvestre Reyes, and Honorable Michael G. Oxley on June 3, 2003; and H.R. 2349, to authorize certain major medical facility projects for the Department of Veterans Affairs, introduced by Honorable Lane Evans, Honorable Rob Simmons, Honorable Luis V. Gutierrez, Honorable Bob Filner, Honorable Shelley Berkley, and Honorable Susan A. Davis on June 5, 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; and 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. 1720, as amended, reported favorably to the full Committee.

On June 26, 2003, the full Committee met and ordered H.R. 1720, as amended, reported favorably to the House by unanimous voice vote.

SUMMARY OF THE REPORTED BILL

H.R. 1720, as amended, would:

1. Authorize the Secretary of Veterans Affairs to carry out major medical facility construction projects to improve, renovate, replace, update or establish patient care facilities of the Department of Veterans Affairs (VA), using funds appropriated for two fiscal years beginning with fiscal year 2004.
2. Limit the cost of a single project to no more than $100,000,000 in fiscal year 2004; and $125,000,000 in fiscal year 2005.
3. Require the Secretary to award the specific major construction projects this bill would authorize before the Secretary may authorize additional capital improvement projects using the delegation of authority provided in this bill.
4. Limit the projects only to VA medical centers for the purposes of improving, replacing, renovating or updating a patient care facility; or for the purpose of establishing a new patient care facility at a location where no VA patient care facility exists.
5. Require the Secretary to meet certain criteria in approving projects under this authority, including review by an independent board appointed by the Secretary.
6. Require the Secretary to consider the recommendations of the board and to disclose such reasons for deviating from the recommendations of the board.
7. Authorize a total of $500,000,000 for fiscal year 2004; and $600,000,000 for fiscal year 2005 to be appropriated to the Secretary for construction of undesignated major projects.
8. Require the Comptroller General to make a report to the Committees on Veterans' Affairs and on Appropriations of the Senate and House of Representatives by April 1, 2005, evaluating the effectiveness of this legislation compared to previous authorizations, and describing the actions of the Secretary to select and carry out projects under this authority.
9. Require the Secretary to make a report each fiscal year to the Committees on Veterans' Affairs and on Appropriations of the Senate and House of Representatives on the authorization process, providing a list of the projects selected, their purposes and costs, the results of the selection and the authorization processes, and recommendations for amending or extending this authority, and other appropriate recommendations.
10. Authorize $98,500,000 to consolidate two inpatient sites of care in Chicago by constructing a new bed tower at West Side Division.
11. Authorize $48,600,000 for seismic corrections to Building 1 at the San Diego, California VA Medical Center.
12. Authorize $50,000,000 to renovate all inpatient care wards at the West Haven, Connecticut VA Medical Center to improve the environment of care and enhance safety, privacy and accessibility; and to consolidate medical research at that facility.
13. Authorize a new VA Medical Center in Columbus, Ohio, at a cost of $90,000,000.

14. Authorize a joint VA-DOD venture to construct a comprehensive outpatient medical care facility on the grounds of the Pensacola Naval Air Station, in an amount not to exceed $45,000,000.
15. Authorize a lease for an outpatient clinic in Charlotte, North Carolina, in the amount of $3,000,000, to be paid from the medical care account.
16. Authorize the lease of a multi-specialty outpatient clinic for the Veterans Health Administration and a satellite office for the Veterans Benefits Administration in Clark County, Nevada, at an annual rental cost not to exceed $6,500,000.
17. Require the Secretary to develop a plan for meeting the future inpatient hospitalization needs of veterans who reside in a number of counties of southern New Jersey, with a report to the Committees by January 31, 2004.
18. Require the Secretary to develop a plan for meeting the future inpatient hospitalization needs of veterans who reside in a number of the far southern counties of the State of Texas, with a report to the Committees by January 31, 2004.
19. Prohibit the Secretary from disposing of the Lakeside Division facility in Chicago, Illinois, before the construction contract for the new bed tower at the West Side Division is awarded.
20. Raise the threshold for major construction projects from $4,000,000 to $6,000,000.
21. Name the VA Medical Center (West Side Division) at 820 South Damen Avenue in Chicago, Illinois, the Jesse Brown Department of Veterans Affairs Medical Center.
22. Require the Secretary to conduct a feasibility study in coordination with the Medical University of South Carolina and in consultation with the Secretary of Defense to consider establishing a joint health-care venture to deliver inpatient, outpatient and/or long-term care to veterans, DOD and other beneficiaries who reside in Charleston, South Carolina, with a report to the Committees by March 31, 2004.

BACKGROUND AND DISCUSSION

Major Medical Facility Projects and Leases in VA.—For fiscal years 1998 to 2003, the Department of Veterans Affairs (VA) requested an average of two major medical facility construction projects per year. The average funding requested by VA for such projects was $52.2 million for the major construction account. Congress, realizing that safety, quality, and improved health care are enhanced by facilities that comport to contemporary standards of care, has authorized an average of five major medical projects and appropriated an average of $104.7 million for major construction projects during the same period.

In the First Session of the 107th Congress, Honorable Christopher H. Smith, Chairman of the Committee on Veterans' Affairs, along with other Members, introduced H.R. 811, the Veterans Hospital Emergency Repair Act. H.R. 811 would have provided the Department with $550 million in emergency repair funds over a two-year period for VA's crumbling health care infrastructure. The

House unanimously passed H.R. 811 on March 27, 2001, and it was associated subsequently with a House-passed construction appropriation of $300,000,000. In the Second Session of the 107th Congress, the Committee reported H.R. 4514, the Veterans' Major Medical Facilities Construction Act of 2002. H.R. 4514 would have authorized the Secretary of Veterans Affairs to initiate ten major medical facility construction projects in fiscal year 2003 at a cost of $285,000,000. These particular projects were chosen from a list of the Secretary's top twenty major medical facility construction projects submitted to Congress on February 13, 2002, in accordance with requirements of section 8107(d)(1) of title 38, United States Code. The House unanimously passed this construction authorization measure on May 21, 2002. The Senate did not address these measures during either session of the 107th Congress.

The Committee believes that veterans enrolled in VA health care deserve medical facilities that provide high quality services, ensure safety and improve efficiency. The reported bill would establish a two-year delegation of authority enabling the Secretary to establish, improve and replace VA health care facilities where needed. H.R. 1720, as amended, would give the Secretary the authority to approve individual facility projects based on recommendations of an independent capital investments board. The criteria detailed in the reported bill would place a high premium on projects that address patient safety and privacy, seismic protection, barrier-free accommodations, and patient care capabilities. In order to meet the contemporary standards of care that veterans need, these criteria are intended to encourage VA to focus on several specialized areas of concern, such as privacy needs, specialized care programs (spinal cord injury, blind rehabilitation, and long-term care) and other high priorities of Congress. The reported bill would also help improve the safety of veterans who are furnished medical care in VA health care facilities, as well as the Department staff who must work in them to provide that care.

H.R. 1720, as amended, would authorize appropriations of $500 million in fiscal year 2004, and $600 million in fiscal year 2005 to accommodate vitally needed and overdue construction projects. The discretionary budget approved by Congress for veterans benefits and services accommodates this level of commitment in appropriations for fiscal year 2004.

The bill would mandate a review and a report of findings by the General Accounting Office of this delegated-project approach. This review would compare the Secretary's use of this authority to previous authorizations, and describe the actions of the Secretary to select and carry out projects under this authority so that Congress can determine the effectiveness of this approach.

The Secretary would be required to make a report each fiscal year to the Committees on Veterans' Affairs and on Appropriations of the Senate and House of Representatives on the authorization process. This report would provide a list of the projects selected, their purposes and costs, the results of the selection and the authorization processes, recommendations for amending or extending this authority, and other appropriate recommendations.

In addition to the broad delegation of authority granted to the Secretary, this bill would authorize several specific VA major medical facility construction projects in fiscal year 2004, as follows:

Columbus, Ohio: This project would construct a new medical facility on available Federal land at the Defense Supply Center. Columbus is the largest city in the United States without a VA hospital.

West Side Division, Illinois: This project would consolidate two existing inpatient sites of care in Chicago that are located in 50-year old facilities only five miles apart. The bill would authorize a new VA bed tower at the West Side Division to consolidate all inpatient acute VA care within the city of Chicago. The West Side Division project that would be authorized by this bill was included in the President's fiscal year 2004 budget request.

San Diego, California: This project would seismically strengthen the primary medical center building. This seismic upgrade would correct significant risks to life safety in an area that is known to be highly prone to earthquakes.

West Haven, Connecticut: This project would make essential renovations to inpatient wards to correct privacy inadequacies, upgrade the environment, consolidate support services, correct deficiencies in air quality, and make other improvements in the delivery of care and in the general safety of patients and staff. It would provide a new research facility to offer functional and safe laboratories for investigators currently working in inadequate, antiquated facilities.

Pensacola, Florida: This project would authorize a joint venture between the Department of Veterans Affairs and the Department of the Navy to construct a state-of-the-art outpatient care facility on the grounds of the Pensacola Naval Air Station.

Clark County, Nevada: This project would authorize the Department to lease space for a multi-specialty clinic in Clark County, Nevada, to replace an unsafe facility that the Department has abandoned. This clinic would include a satellite benefits claims office.

Charlotte, North Carolina: This project would authorize the Department to lease outpatient clinical space in Charlotte, North Carolina, to replace an inadequate clinic in one of the largest and fastest growing municipalities in the country which lacks a VA hospital.

South Texas and Southern New Jersey: The Committee desires that VA investigate opportunities for providing geographically isolated veterans reasonable access to inpatient care. This bill is not a specific project authorization. However, it would require the Secretary to develop a plan for meeting the inpatient hospitalization needs of veterans who reside in a number of the far south counties of the State of Texas, where access to VA facilities is nearly impossible due to geographic and economic factors and extreme remoteness. This region is the most underserved in the United States, in terms of access to acute inpatient hospital care. The Department's CARES initiative makes no provision for these veterans' needs for VA inpatient care. Presumably these veterans would continue to travel several hours to the distant San Antonio VA medical center for their hospitalizations.

The bill would also require the Secretary to develop a plan for meeting the inpatient hospitalization needs of veterans who reside in southern New Jersey, an area that is also rural and isolated

from the remainder of the State of New Jersey and sources of VA care in other eastern states. VA's CARES initiative projects that VA needs to accommodate an average daily hospitalization census range of 22–24 patients for southern New Jersey veterans through the year 2022. Thus far, VA has made no commitments with respect as to how these veterans' needs are to be met, except to suggest that they will be met primarily at the over-crowded VA Medical Center in Philadelphia, Pennsylvania, or at the more distant but less crowded VA Medical Center in Wilmington, Delaware. The Committee believes these are unacceptable alternatives.

The Committee concludes that in both cases VA seems more focused on ensuring the viability of existing VA facilities, than on meeting the needs of veterans. The bill would require the Secretary to submit separate special reports to the Committees on Veterans' Affairs of the Senate and House of Representatives reflecting these required plans.

Charleston, South Carolina: The reported bill would require the Secretary to conduct a feasibility study to examine coordinating and integrating the delivery of health care in a joint venture with the Department of Defense (DOD) and the Medical University of South Carolina at the site of the Medical University. No later than March 31, 2004, the Secretary would report to the Committees on Veterans' Affairs of the Senate and House of Representatives regarding the results and recommendations of this study.

The reported bill would also prohibit the Secretary from disposing of the Chicago Lakeside Division property until the Secretary awards a construction contract for the new bed tower at the Chicago West Side Division. The Committee believes that VA should keep its commitment to the veterans of Chicago and begin the West Side project before it concludes any disposition of the Lakeside property. Throughout the duration of the CARES initiative, veterans have relied on VA's commitment to provide the funds to improve the West Side Division.

VA has not identified the source of funds for the West Side inpatient tower project. VA is negotiating either a sale or an enhanced-use lease of the Lakeside facility for non-veteran, commercial purposes. VA is proposing to use the revenues from this enhanced-use lease for construction.

In addition to these matters, the bill would also raise the dollar threshold for VA major medical facility construction projects from its current level of $4 million to $6 million. This higher threshold would provide flexibility to VA in selecting and scheduling smaller construction projects. The Committee notes that under existing law, VA tends to split major construction projects into projects that are less than the current $4 million threshold, in order to avoid delays attendant to the Congressional approval process. Split-funded projects add contract administration burdens, complicate the process for local managers, often require more time and added expense to complete, and may not receive sufficient oversight.

Naming of VA Medical Facility.—The Committee bill would honor the late former Secretary of Veterans Affairs, Jesse Brown, for his exemplary service to his country as a combat-wounded U.S. Marine Corps veteran of the Vietnam War and dedicated leader of the Department of Veterans Affairs.

Mr. Brown enlisted in the Marine Corps in 1963. During the Vietnam War he was wounded in combat in 1965 while on patrol in Danang, Republic of Vietnam, leaving him partially paralyzed. After a lengthy recuperation, Mr. Brown began a career in advocacy for veterans that spanned the remainder of his life. He worked for fellow veterans for 25 years with the Disabled American Veterans, culminating his career by serving as executive director from 1989 to 1993.

The Honorable Jesse Brown was sworn in by President Clinton as the Secretary of Veterans Affairs on January 22, 1993. Under his leadership for nearly five years, VA expanded benefits and treatment services for those exposed to Agent Orange, radiation, mustard gas, and veterans suffering from post-traumatic stress disorder. He made programs for homeless veterans the "fifth mission" of VA.

On August 21, 2002, following a lengthy battle with amyotrophic lateral sclerosis (ALS), commonly known as Lou Gehrig's disease, Mr. Brown was laid to rest at Arlington National Cemetery with full military honors.

The Committee believes naming the West Side Division of the VA Chicago Health Care System after Secretary Brown would appropriately memorialize his earnest efforts to help those wounded in battle and would recognize his accomplishments and commitment to improving the quality of life for all veterans.

The Illinois Congressional delegation is unanimous in its support for this provision of the bill, as are the major veterans organizations of the State of Illinois.

SECTION-BY-SECTION ANALYSIS

Section 1 of the bill would name the Act the "Veterans Health Care Facilities Capital Improvement Act".

Section 2(a)(1) of the bill would authorize the Secretary of Veterans Affairs to carry out major medical facility projects using appropriated funds for fiscal year 2004 or 2005.

Section 2(a)(1)(A) of the bill would prohibit appropriated funds used in fiscal year 2004 for a major medical facility project from exceeding $100,000,000.

Section 2(a)(1)(B) of the bill would prohibit appropriated funds used in fiscal year 2005 for a major medical facility project from exceeding $125,000,000.

Section 2(a)(2) of the bill would exempt major medical projects in this bill from the requirements of section 8104(a)(2) of title 38, United States Code, which states that the Secretary cannot obligate or expend funds (other than for advance planning and design) for any major medical facility project or lease unless those projects have been authorized by law.

Section 2(a)(3) of the bill would prohibit the Secretary from awarding contracts for any major medical facility projects or leases until projects and leases listed in section 3 of the bill are awarded.

Section 2(b) of the bill would limit the type of major medical facility projects to be carried out using funds authorized by this bill to projects with one or more of the following purposes: (1) improve a patient care facility; (2) replace a patient care facility; (3) ren-

ovate a patient care facility; (4) update a patient care facility so that it meets contemporary standards; (5) establish a new patient care facility in a location where no other VA facilities exist; or (6) improve, replace, renovate, or update a research facility so that it meets contemporary standards.

Section 2(c) of the bill would limit the Secretary's authority to select major medical facility projects that improve, replace, renovate, update, or establish new facilities, in order to (1) make seismic protection improvements to provide patient safety, or in the case of a research facility, to provide patient and employee safety; (2) make fire safety improvements; (3) improve utility systems and ancillary patient care facilities, including any research facilities associated with these systems and facilities; (4) improve accommodations for persons with disabilities, including barrier-free access to facilities; (5) make improvements at patient care facilities which specialize in (A) blind rehabilitation; (B) inpatient and residential programs for seriously mentally ill veterans, including mental illness research, education and clinical centers; (C) residential and rehabilitation programs for veterans with substance-use disorders; (D) physical medicine and rehabilitation activities; (E) geriatric research, long-term care, adult day care, and nursing home care; (F) amputation care, including facilities for prosthetics, orthotics programs, and sensory aids; (G) spinal cord injuries; (H) traumatic brain injuries; (I) women veterans' health programs involving privacy and accommodation for female patients; and (J) hospice and palliative care programs.

Section 2(d)(1) of the bill would require a review process by an independent board within VA to evaluate proposed capital investment projects before making recommendations to the Secretary. This board would review projects to determine whether or not a project would improve, renovate, repair, establish, or update VA facilities.

Section 2(d)(2) of the bill would require the Secretary to consider the recommendations made by the board when approving major medical facility projects. If the Secretary does not implement the board's recommendations, the Secretary must provide an explanation for not doing so in a report to the Committees on Veterans' Affairs and on Appropriations of the Senate and House of Representatives.

Section 2(e)(1) of the bill would authorize $500,000,000 to be appropriated for major construction projects at VA for fiscal year 2004.

Section 2(e)(2) of the bill would authorize $600,000,000 to be appropriated for major construction projects at VA for fiscal year 2005.

Section 2(f) of the bill would require the appropriated amounts listed in subsection (e) to be the only funds used to carry out the major construction projects authorized by this bill, except for any funds appropriated for the advance planning of projects.

Section 2(g)(1) of the bill would require the Comptroller General to submit a report to the Committees on Veterans' Affairs and on Appropriations of the Senate and House of Representatives by April 1, 2005. The report would evaluate the advantages and disadvantages of general authorization versus specific authorization,

and a description of the projects the Secretary approved during fiscal year 2004.

Section 2(g)(2) of the bill would require the Secretary to submit a report to the Committees on Veterans' Affairs and on Appropriations of the Senate and House of Representatives no later than four months after the Secretary approves the final major medical facility projects for each fiscal year. This report would (A) include a list of each project selected by the Secretary, the purpose for each project, and a review of each project; the Secretary would be required to justify his reasons should he choose to not implement recommendations of the board; (B) assess VA's utilization of the authorization process; (C) include recommendations from the Secretary on future authorizations for major and minor medical facility construction projects for VA; and (D) include any other oversight matter deemed appropriate by the Secretary.

Section 3(a) of the bill would authorize the Secretary to carry out the following major medical facility projects: (1) construction of a new bed tower to consolidate two inpatient sites of care in the West Side Division of the VA health care system in Chicago, Illinois, in an amount not to exceed $98,500,000; (2) seismic corrections to strengthen Medical Center Building 1 of the VA health care system in San Diego, California, in an amount not to exceed $48,600,000; (3)(A) a project for renovation of all inpatient care wards at the West Haven, Connecticut, facility of the VA health care system to improve the environment of care and enhance safety, privacy, and accessibility, and (B) a project to establish a consolidated medical research facility at that facility, in an amount not to exceed $50,000,000; (4) construction of a medical facility on available Federal land at the Defense Supply Center in Columbus, Ohio, in an amount not to exceed $90,000,000; and (5) construction of a Department of Veterans Affairs-Department of Navy joint venture, comprehensive outpatient medical care facility on the grounds of the Pensacola Navel Air Station, Pensacola, Florida, in an amount not to exceed $45,000,000.

Section 3(b) of the bill would authorize $332,100,000 to be appropriated in fiscal year 2004 to VA for the major medical facility projects listed in subsection (a).

Section 3(c) of the bill would limit the funds used to carry out the major medical facility projects listed in subsection (a) to (1) funds appropriated in fiscal year 2004 as required by subsection (b); (2) funds appropriated for major construction projects prior to fiscal year 2004 which are still available for obligation; and (3) funds appropriated in fiscal year 2004 for major construction projects which are not obligated to a specific project.

Section 3(d) of the bill would authorize the Secretary to enter into major medical facility leases for (1) an outpatient clinic in Charlotte, North Carolina, in an amount not to exceed $3,000,000; and (2) a multi-specialty outpatient clinic for the Veterans Health Administration and a satellite office for the Veterans Benefits Administration in Clark County, Nevada, at an annual lease amount not to exceed $6,500,000.

Section 4(a) of the bill would prohibit the Secretary from disposing of the Lakeside Division facility of VA in Chicago, Illinois, until a contract is awarded and executed for construction of a new

bed tower at the West Side Division of the VA health care system in Chicago, Illinois.

Section 4(b) of the bill would define the term "disposal" used in subsection (a) as entering into a long-term lease or sharing agreement in which a party other than the Secretary has operational control of the facility.

Section 5(a)(1) of the bill would require the Secretary to develop a plan to (A) establish an inpatient care facility to meet the health care needs of southern New Jersey veterans, and (B) establish a plan to meet the health care needs of far south Texas veterans.

Section 5(a)(2) of the bill would require the Secretary to consider options using the existing authorities in sections 8111 and 8153 of title 38, United States Code, when developing the plans under section 5(a)(1)(A) and (B) in developing the plans to (A) establish a hospital staffed and managed by Department employees in private, public, or federal facilities, or (B) enter into contracts with private facilities and providers for health care of veterans.

Section 5(b) of the bill would require the Secretary to submit a report to the Committees on Veterans' Affairs of the Senate and House of Representatives by January 31, 2004; the report would include the Secretary's plans for facilities in southern New Jersey and far south Texas, as authorized in subsection (a).

Section 5(c)(1) of the bill would define the term "far south Texas" as the region that includes the following counties of the State of Texas: Bee, Calhoun, Crockett, DeWitt, Dimmit, Goliad, Jackson, Victoria, Webb, Aransas, Duval, Jim Wells, Kleberg, Nueces, Refugio, San Patricio, Brooks, Cameron, Hidalgo, Jim Hogg, Kenedy, Starr, Willacy, and Zapata.

Section 5(c)(2) of the bill would define the term "southern New Jersey" as the region that includes the following counties of the State of New Jersey: Ocean, Burlington, Camden, Gloucester, Salem, Cumberland, Atlantic, and Cape May.

Section 6 of the bill would amend section 8104(a)(3)(A) of title 38, United States Code, to define a "major medical facility project" as a project for the construction, alteration, or acquisition of a medical facility which has a total expenditure of more than $6,000,000, thus increasing the ceiling for minor construction projects by $2,000,000.

Section 7 of the bill would designate the VA health care facility located at 820 South Damen Avenue in Chicago, Illinois, as the "Jesse Brown Department of Veterans Affairs Medical Center" after the enactment of this Act.

Section 8(a) of the bill would require the Secretary to conduct a study to examine the feasibility of coordination by VA of its needs for inpatient hospital, medical care, and long-term care services for veterans, with the pending construction of a new university medical center at the Medical University of South Carolina, Charleston, South Carolina.

Section 8(b)(1) of the bill would require the study to examine (A) the integration with the Medical University of South Carolina of some or all of VA's needs for inpatient hospital, medical care, and long-term care services for veterans through contribution to the construction of the university's new medical facility or by becoming

a tenant provider in the new facility, and (B) construction by VA of a new independent inpatient or outpatient facility alongside or nearby the university's new facility.

Section 8(b)(2) of the bill would require the Secretary to consider the degree to which VA and the university medical center would be able to share expensive technologies and scarce specialty services that would affect construction plans of the Secretary or the university.

Section 8(b)(3) of the bill would require the Secretary to consider the applicability of the authorities under section 8153 of title 38, United States Code, relating to sharing of health care resources between VA and community provider organizations, to govern future arrangements and relationships between VA and the Medical University of South Carolina.

Section 8(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 this site.

Section 8(d) of the bill would require the Secretary to report to the Committees on Veterans' Affairs of the Senate and House of Representatives on the results of the study and the Secretary's recommendations based on the findings of the study by March 31, 2004.

PERFORMANCE GOALS AND OBJECTIVES

The performance goals and objectives of VA programs dealing with VA major medical facility construction authorizations, the management of VA's capital investment and capital maintenance programs, management of the portfolio of VA minor construction projects, and prioritization of major medical facility construction projects, are established in VA'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, Department of Veterans Affairs, Health Subcommittee Hearing on H.R. 1720, Veterans Health Care Facilities Capital Improvement Act; H.R. 2307, to provide for the establishment of new VA medical facilities for veterans in the area of Columbus, OH, and in south TX; and H.R. 2349, to authorize certain major medical facility projects for VA, June 11, 2003

H.R. 1720—VETERANS HEALTH CARE FACILITIES CAPITAL IMPROVEMENT ACT

VA supports H.R. 1720, the Veterans Health Care Facilities Capital Improvement Act, which would authorize the Secretary to carry out construction of certain projects using funds appropriated for fiscal years 2004, 2005, or 2006 without requiring specific authorization on an individual project basis. Enactment would accelerate the process for correcting deficiencies in the infrastructure of VA hospitals and help bring VA hospitals in compliance with existing Federal standards. It would also facilitate the future planning of projects.

The physical infrastructure of the VA health care system remains one of the largest in the Federal government with over 5,000 buildings and 150 million square feet in the inventory. VA has been significantly challenged to maintain this aging infrastructure and to make the improvements necessary to meet the needs of modern health care delivery. We believe H.R. 1720 would improve our ability to respond to immediate needs of the system's infrastructure and to implement CARES.

The bill would require the review and recommendation of a VA board independent of the Veterans Health Administration to evaluate each project before it is proposed to the Secretary for approval. The Senior Management Council within VA, which

has been in place for many years, can serve this important purpose. The Senior Management Council provides VA with a comprehensive strategic tool to evaluate capital program requirements. VA intends to continue with its current capital asset management program that includes this independent board. VA is committed to a set of capital programming principles that ensure that investment decisions are made wisely and efficiently based on accurate data, after consideration of reasonable alternatives, and provide veterans high quality health care in safe facilities where they need it. VA capital asset decision-making continues to evolve and continuously improve. Many external groups including the General Accounting Office have commended the process.

VA is encouraged by the intention of H.R. 1720 to provide VA the flexibility in funding necessary to make critical improvements to its health care infrastructure. VA's interpretation of the legislation is that it will not alter the opportunity of VA to propose other projects through the traditional authorization process.

* * * * * * *

H.R. 2307—A BILL TO ESTABLISH NEW VA MEDICAL FACILITIES IN THE AREA OF COLUMBUS, OHIO AND SOUTH TEXAS

VA agrees that the need for an expanded/replacement outpatient clinic in Columbus, as called for in H.R. 2307, will likely be borne out by the CARES study. The outpatient workload at the existing clinic has increased beyond the planning level projected when the clinic was opened. It is premature to endorse the new facility proposed in South Texas. We are reviewing the need for additional sites in CARES and until that effort is complete, we do not have a position. Without the benefit of additional planning, it would be difficult to accurately estimate the cost of either of the contemplated facilities.

H.R. 2349

In the President's Fiscal Year 2004 budget, VA is requesting authorization for a major construction project at Chicago (West Side), Illinois for a new inpatient tower; outpatient clinic leases in Boston, Massachusetts and Pensacola, Florida; and a lease for the Health Administration Center in Denver, Colorado. In addition we request an authorization for the outpatient lease in Charlotte, North Carolina that received an appropriation in FY 2002.

VA requests an authorization for a lease instead of construction for the Las Vegas replacement Ambulatory Care Center. VA has determined that a lease can be procured sooner than construction and that it will reduce the initial funding required.

The construction projects in the bill for West Haven, Connecticut and San Diego, California are projects that VA identified in our "Priority Major Medical Construction Projects" report to Congress that we submitted in 2002 for the FY 2003 budget. Based on our preliminary data from CARES, both medical centers will retain their current missions and would represent valid projects.

VA asks that the Committee also consider authorizing those seismic projects that were listed in the President's FY 2003 budget. The facilities at Palo Alto, San Francisco, and West Los Angeles remain as a critical risk to the safety of patients and staff in the case of a seismic event and remain a high priority for VA. We are confident that the CARES studies will validate the continued need for these major facilities.

VA supports Sections 1, 2 and 3 of H.R. 2349 and requests that the Subcommittee consider the additional projects that Dr. Roswell mentioned.

VA strongly objects to Section 4 of H.R. 2349, which prohibits VA from spending funds to dispose of the VA's Lakeside property until after VA has awarded a contract to construct a new bed tower on the VA's West Side campus. VA is proceeding with design of the bed tower project for West Side, and concurrently taking steps needed to dispose of its Lakeside property as soon as possible through an enhanced-use lease. Both projects are critical to VA's successful realignment of health care activities to improve veteran services in the City of Chicago.

Planning and successful execution of a real estate disposal in a major urban center (like Chicago) is time consuming and complex, taking anywhere from twelve to twenty months to close. A complex enhanced-use project like Lakeside requires VA to take a number of actions before it can actually dispose of the property, including conducting environmental baseline surveys and assessments as well as initiating critical discussions with veterans, local officials, the public, and potential users. For VA to complete these steps and comply with the congressional notification requirements for enhanced-use leases, VA must act now to be in position to take full advantage of market interest and favorable local conditions. Both activities are now on schedule and actions are progressing independently without adversely impacting

progress on either design or construction of the West Side project or planning for the execution of the enhanced-use lease.

Section 4 of H.R 2349 will require VA to cease efforts currently underway, and restart them in approximately 14 months. VA awarded a schematic design contract on November 2002, a design development contract in May 2003 for the West Side bed tower and currently estimates a construction award to be made on schedule in August 2004. Under the current schedule, an enhanced-use lease might be executed as early as spring of 2004. This 14 month hiatus will push that execution back to no earlier than Summer/Fall of 2005.

Linking the two activities, however, will limit VA's ability to use revenues generated by the disposal of Lakeside to help finance VA's VISN 12 CARES Implementation Plan. Moreover, if award of the construction project is delayed due to reasons beyond VA's control, changing market conditions would likely reduce VA's return and benefit to veterans.

VA is encouraged by the Subcommittee's interest and actions to improve the infrastructure of VA's heath care system. VA's capital infrastructure has suffered for many years from an uncertainty of the demands and needs for the VA system. I can assure you that there needs to be a strong and viable infrastructure to support veterans' health care and that these bills will enable VA to meet those needs. We look forward to continuing to work with the Subcommittee to ensure that VA continues to fulfill a grateful Nation's obligation to care for its veterans.

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, July 9, 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. 1720, the Veterans Health Care Facilities Capital Improvement Act.

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. 1720, Veterans Health Care Facilities Capital Improvement Act

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

H.R. 1720 would primarily authorize appropriations for major construction and the leasing of two medical facilities by the Department of Veterans Affairs (VA). The bill would specifically authorize $332 million for 2004 for specific construction projects and another $500 million in 2004 and $600 million in 2005 for unspecified major construction projects that would be chosen by the Secretary of Veterans Affairs.

The bill also would authorize VA to lease two medical facilities for annual lease payments that could not exceed $9.5 million a

year. H.R. 1720 also would raise the threshold for projects to be financed out of the appropriation for major medical facility construction from $4 million to $6 million. (Thus, under the bill, projects costing up to $6 million would now be considered minor construction.) Finally, the bill would name the health care facility of the Department of Veterans Affairs located at 820 South Damen Avenue in Chicago, Illinois, as the "Jesse Brown Department of Veterans Affairs Medical Center."

CBO estimates that implementing H.R. 1720 would cost $46 million in 2004 and almost $1.4 billion over the 2004–2008 period, assuming appropriation of the authorized amounts. The bill would not affect direct spending or receipts.

H.R. 1720 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1720 is shown in the following table. This estimate assumes the legislation will be enacted by the end of fiscal year 2003, that the necessary funds for implementing the bill will be provided for each year, and that outlays will follow historical spending patterns for existing or similar programs. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars					
	2003	2004	2005	2006	2007	2008
Spending Under Current Law for Major Construction of Veterans' Medical Facilities						
Authorization Level [1]	99	0	0	0	0	0
Estimated Outlays	174	151	98	47	15	4
Proposed Changes						
Estimated Authorization Level	0	842	610	10	10	10
Estimated Outlays	0	46	260	442	405	230
Spending Under H.R. 1720 for Major Construction of Veterans' Medical Facilities						
Estimated Authorization Level [1]	99	842	610	10	10	10
Estimated Outlays	174	197	358	489	420	234

[1] The 2003 level is the amount appropriated for that year.

BASIS OF ESTIMATE

H.R. 1720 contains provisions that would authorize appropriations for major construction and the leasing of two medical facilities by the Department of Veterans Affairs. Taken together, CBO estimates that implementing these provisions would cost $46 million in 2004 and almost $1.4 billion over the 2004–2008 period, assuming appropriation of the authorized amounts.

Section 2 would authorize $500 million in 2004 and $600 million in 2005 for major construction projects including constructing, improving, replacing, renovating, and updating VA medical centers. Rather than authorize funds for specific facilities, this provision would give the Secretary of Veterans Affairs discretion in choosing the projects. CBO estimates that implementing this provision

would cost $22 million in 2004 and about $1 billion over the 2004–2008 period, assuming appropriation of the authorized amounts.

Section 3 would authorize $332 million for 2004 for the construction, renovation, and improvement of VA medical facilities in Chicago, Illinois; San Diego, California; West Haven, Connecticut; Columbus, Ohio; and Pensacola, Florida. CBO estimates that implementing this provision would cost $15 million in 2004 and $332 million over the 2004–2008 period, assuming appropriation of the authorized amount.

Section 3 also would authorize VA to lease two medical facilities for annual lease payments that could not exceed $9.5 million a year. One medical facility would be located in Charlotte, North Carolina. Under the bill, the annual lease payment for that facility could not exceed $3 million a year. While the bill does not specify the length of the lease, according to VA, it expects that to lease this facility for 20 years. Based on information from VA, CBO believes this lease would meet the criteria for an operating lease. The second medical facility would be located in Las Vegas, Nevada. Under the bill, the annual lease payment for that facility could not exceed $6.5 million a year. According to VA, it does not currently have information or plans for leasing any new facilities in Las Vegas. For the purposes of this estimate, CBO assumes that this lease also would meet the criteria for an operating lease. CBO estimates that implementing these leases would cost $9 million in 2004 and $47 million over the 2004–2008 period, assuming appropriation of the necessary amounts.

Finally, section 7 would name the health care facility of the Department of Veterans Affairs located at 820 South Damen Avenue in Chicago, Illinois, as the "Jesse Brown Department of Veterans Affairs Medical Center." It also would require that any reference to such outpatient clinic in any law, map, regulation, document, paper, or other record of the United States be considered to be a reference to the clinic by the new name. CBO estimates that implementing this provision would have a negligible cost, subject to the availability of appropriated funds.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1720 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATES

On May 13, 2003, CBO transmitted a cost estimate for H.R. 1908, a bill to name the health care facility of the Department of Veterans Affairs located at 820 South Damen Avenue in Chicago, Illinois, as the "Jesse Brown Department of Veterans Affairs Medical Center," as introduced on May 1, 2003. On May 19, 2003, CBO transmitted a cost estimate for H.R. 1562, the Veterans Health Care Costs Recovery Act of 2003, as ordered reported by the House Committee on Veterans' Affairs on May 15, 2003. The provisions in those bills regarding the naming of the health care facility of the Department of Veterans Affairs located at 820 South Damen Avenue in Chicago, Illinois are identical to section 7 of H.R. 1720 and the estimate of negligible cost is the same in all three estimates.

ESTIMATE PREPARED BY:

Federal Costs: Sam Papenfuss (226–2840)
Impact on State, Local, and Tribal Governments: Melissa Merrell (225–3220)
Impact on the Private Sector: Allison Percy (226–2900)

ESTIMATE 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."

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 8104 OF TITLE 38, UNITED STATES CODE

§ 8104. Congressional approval of certain medical facility acquisitions

(a)(1) * * *

* * * * * * *

(3) For the purpose of this subsection:

(A) The term "major medical facility project" means a project for the construction, alteration, or acquisition of a medical facility involving a total expenditure of more than **[**$4,000,000**]** *$6,000,000*, but such term does not include an acquisition by exchange.

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