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August 29, 2003

Mr. Richard E. Larson
Executive Director, CARES Commission
Department of Veterans Affairs
Washington, D.C.

Dear Mr. Larson:

Thank you for your invitation to provide input to the CARES process in the state of Kentucky. We look forward to attending the September 8, 2003 public hearing before the Commission in Lexington, Kentucky. This letter documents our input for that public hearing.

The CARES analysis has clearly shown that the Louisville region has, and will continue to have, a large number of veterans requiring health care services. In addition, the analysis has verified that the Louisville VA Medical Center is limited by its facility to provide such care. In fact, the Louisville VA hospital is one of the oldest hospitals in the VISN, and is in desperate need of modernization to improve both care and efficiency in the delivery system.

The University of Louisville finds the Louisville VA Medical Center to be a critical partner in carrying out our mission of education and research. We are proud to supply the physicians to the Louisville VA, and believe we have done so in the context of an excellent partnership with our local and VISN leadership. We are pleased that we have been informed along all steps of the CARES process, and in particular are grateful for the performance of Mr. John Dandridge, the VISN Director, and Mr. Tim Shea, our Louisville VA Director, during this time.

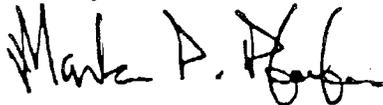
As the CARES data revealed that the current facility could not meet expanded veterans' needs in our region, the University of Louisville offered to think creatively with VA administration to build a right-sized facility adjacent to, or as part of, the University Medical Center complex. This could be designed as a hospital-within-a-hospital structure, or as a free-standing facility connected to University Hospital. The basis of this model is that while VA patient loads will vary over the next twenty years, the VA's facility can flex by using shared resources. By sharing facilities such as operating rooms, MRI's, parking, and food services, the VA can more efficiently and affordably provide quality care in our region. University Hospital will work with the VA to determine which features in such a model the VA would like to own independently, and those that it might lease or co-own with us. We are also open as to the capitalization of such a project, and

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all possible financial arrangements, including capital leases. The benefit for us, of course, is further expansion of our medical center and increased efficiency in our physicians' work at the two facilities. We are also driven by our belief that veterans' care can be improved further in this model in times of limited federal capital for new projects.

We are excited about the possibilities the CARES analysis offers, and look forward to working with you as you make your important determinations and recommendations. We hope you will continue to see us as a helpful and flexible partner in addressing the health needs of our veteran population.

Best regards,

A handwritten signature in black ink, appearing to read "Mark P. Pfeifer". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Mark P. Pfeifer, M.D.
Associate Vice President for Health Affairs
Chief Medical Officer, University of Louisville Hospital

Capital Asset Realignment for Enhanced Services (CARES) Commission Hearing

Statement of Jimmy L. Wardle, Director Louisville VA Regional Office September 8, 2003

I wish to thank the Chairman and members of the CARES Commission for the opportunity to testify on the CARES Program as it relates to the Louisville VA Regional Office.

The Veterans Benefits Administration is fully supportive of the goals of the CARES Program.

VBA has had representation on the CARES National Policy Steering Committee and on various regional planning committees or workgroups. The Louisville VA Regional Office first participated in the CARES planning process when we attended a strategic planning meeting in Murfreesboro, TN, in December 2002. Since then, we have been a member of VISN 9's North Market Work Group.

VBA is very pleased that the CARES Plan for VISN 9 recommends that the Louisville VA Medical Center and the Louisville VA Regional Office be co-located on a single site. We look forward to the potential for co-location regardless of which of the three options for capital enhancement for the Louisville VAMC is ultimately implemented.

Co-location offers a number of opportunities for both operations. Among these are:

Improved Service to Veterans

Co-location will provide "one-stop shopping" for veterans' benefits and medical care. Free parking and fully accessible facilities will also improve access to services by elderly and handicapped veterans.

The opportunity of working together will also improve communication. Increased collaboration and communication should improve the accuracy and timeliness of claims processing.

Improvements in Operational Efficiency

Co-location offers both organizations an opportunity to work in state-of-the-art facilities designed and built to meet our business needs. A well-designed working environment with the latest in information technology will improve efficiency in daily operations and enable productivity.

Maximizing Use of VA Assets

In collaboration with the Louisville VA Medical Center, we will closely study the life cycle benefits and costs of a co-located arrangement.

The proposed co-location creates an opportunity to explore ways in which similar services can be combined. The combining of some support activities, police and security functions, maintenance of buildings, and the sharing of training facilities, are just a few of the potential opportunities that exist for maximizing the use of VA assets.

Improvements in Employee Working Conditions

A state-of-the art facility will incorporate improvements in lighting, noise abatement, temperature control, information security, physical security, and accessibility.

Employees with the requisite skills may find expanded job opportunities emanating from the two facilities working together to become an “employer of choice” within the community.

The improved working environment may attract a greater number of qualified candidates for vacant positions, as well as extend the careers of some of our skilled employees. Improving our candidate pool and reducing turnover within skilled positions would certainly translate into better service delivery.

For all of the reasons stated above, the Louisville VA Regional Office and VBA support the co-location venture proposed in the VISN 9 CARES plan.