

Testimony of
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Subcommittee on Health
U.S. House of Representatives
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Mr. Chairman and Distinguished Members of the Committee:

Thank you for the opportunity to discuss the collaborative efforts between the Department of Veterans Affairs (VA), the Department of Defense (DoD) and the University of Colorado Hospital (UCH) and University of Colorado Health Sciences Center (UCHSC) to build a Federal Health Care Tower at the new Fitzsimons Campus. There are unprecedented opportunities for these partners to join together on the campus of the former Fitzsimons Army Hospital. These opportunities include improving the quality of care for the citizens of Colorado, for our veterans and for the men and women in the armed services, including their families. There are also great opportunities to share and improve the efficiencies and reduce costs for all parties.

An Unprecedented Model of Collaboration and Cooperation

The U.S. Department of Veterans Affairs (VA), the University of Colorado Health Sciences Center (UCHSC) and University of Colorado Hospital have a very long and mutually beneficial relationship. It dates back to 1946 when, in order to meet the country's need for medical services for veterans at the end of World War II, new hospitals were planned, including one to be built in Colorado.

Representatives of the CU School of Medicine and other interested parties lobbied to have the new hospital built adjacent to the medical school on the campus at Ninth Avenue and Colorado Boulevard in Denver. They argued that this would have many advantages both to the VA and the

university. The VA would benefit from this affiliation in attracting the best physicians and gaining access to the research enterprise; the medical school would benefit by a quality partner and an increase in the number of teaching beds; and both entities would enjoy great savings from economy of scale.

The new VA hospital opened in 1951 next door to the School of Medicine. Within a few years, the clinical, teaching and research programs of the two entities were fully integrated.

This mutually beneficial relationship between the VA, University of Colorado Hospital and the Health Sciences Center, which began more than 50 years ago, was declared at the time to be “without precedent in the history of federal hospitalization.”

I am here today to express our appreciation for the wonderful cooperation and collaboration that has marked this relationship from the beginning; and to talk with you about unique and even greater opportunities that are now before us to take this historic relationship in new directions that are again without precedent. This opportunity includes an additional quality partner, the United States Department of Defense (DoD).

The Need to Expand by the University of Colorado Health Sciences Center and the University of Colorado Hospital

By the mid 1990s, University of Colorado Hospital and UCHSC desperately needed to expand patient care, research and educational facilities. The 46-acre site at Ninth Avenue and Colorado Boulevard in Denver had reached maximum capacity.

At the same time, the Fitzsimons Army Medical Center in Aurora was listed on the Base Realignment and Closure list. The 577-acre site had been a medical military installation since 1918. When it was clear that the base was to be closed, officials from the University of Colorado Hospital, UCHSC and the City of Aurora proposed an innovative concept to the U.S. Department of Defense – to reuse the site to create a model health sciences city for the 21st century.

The concept was approved and 227 acres of the Fitzsimons site were conveyed from the DoD to the Department of Education to the university in 1995. UCHSC and University of Colorado

Hospital began planning to move all services and facilities to the new campus, which would be built from the ground up – an extraordinary opportunity.

Impact on the VA

The move of University of Colorado Hospital and the Health Sciences Center, although essential to their continued growth and successful future, posed problems for the VA. Physical separation would threaten the mutually beneficial relationship, which included integration of faculty, facilities, programs, patients, education and shared equipment.

The VA facility also was old and outdated. Additionally, after UCHSC and University of Colorado Hospital moved to the new medical campus at Fitzsimons, the relationships would continue, but the efficiency and effectiveness of future cooperation would be more difficult. VA representatives expressed interest in exploring a move to Fitzsimons as well. An initial study was undertaken in 2000 to determine if the opportunity merited further exploration and a second move study was done two years later. These studies concluded that the pending separation of the VA hospital from the UCHSC could be harmful, but that another even greater opportunity existed. This opportunity was to relocate the Denver Veterans Affairs Medical Center (DVAMC) to the Fitzsimons campus as well. The preferred option would enhance the sharing between entities; improve the quality of care, provide access to sophisticated medical care, and deliver savings in both capital expenditures and ongoing operational costs.

CARES Commission Ranks It Among Top Three

In February of this year, the Capitol Asset Realignment for Enhanced Services (CARES) Commission, which studied all VA medical facilities in the country, recommended that a replacement facility be built at Fitzsimons. It was one of only three new hospital projects in the country to be recommended and was ranked “high priority.” Recently, Secretary Anthony Principi of the Department of Veterans Affairs, concurred with the CARES Commission report and approved the planning and design necessary for the DVAMC move to the Fitzsimons campus. Congress has authorized planning and appropriated money for architectural work for the replacement medical facility.

Department of Defense Interest in Fitzsimons

While the Department of Veterans Affairs studied a move to Fitzsimons, the Department of Defense redesignated nearby Buckley as a full Air Force base in 2000, entitling it to a Military Treatment Facility (MTF). Rather than build the new hospital at Buckley, the DoD determined that it would be better to move to Fitzsimons where it could benefit from sharing facilities, physicians and services with University of Colorado Hospital, the Health Sciences Center and the VA.

In addition to new opportunities for economics of scale resulting from sharing, Air Force personnel would benefit from state-of-the-art medical care and there would be expanded services for TRICARE populations. Air Force medical personnel would have increased opportunities for training and experience in cardiovascular, neurological and other specialty skills with the resulting partnerships and increase in patients.

The Impact on the University of Colorado Hospital

The University of Colorado Hospital and the UCHSC have long valued their relationships with the VA and the DoD. The need to continue this relationship is important. The move to the Fitzsimons campus creates the opportunity to enhance the relationships and increase the sharing, thus reducing cost for all parties. The land at Fitzsimons is very precious and all uses of the land must be weighed against other potentially more valuable uses. Making land available to the VA and DoD on the Fitzsimons campus was subject to this “opportunity cost” analysis. The VA/DoD use of the land rises to the top because of the potential for capital and operations cost savings. These savings come from sharing. This sharing should be done only if it benefits all parties. It is UCH’s expectation that having the DoD and the VA on the site in this new collaboration will produce these economies of scale. The approach in the implementation of this project should be one of looking for the maximum opportunities for sharing rather the minimal opportunities for sharing.

The Effort to Make It Happen

The last three years have been marked by extraordinary effort by all parties to see this opportunity realized. Although there were some conceptual issues early on, the current plan to build on the Fitzsimons campus a “Federal Health Care Tower” housing the DVAMC and the

military treatment facility that would have been built at the Buckley Air Force base, and to have them connected to and sharing with the University of Colorado Hospital is unprecedented. Much of the relationship and sharing that has taken place in the past will be continued and enhanced. Ninety percent of the physicians that practice at the DVAMC have School of Medicine faculty appointments. Many of their physicians currently see patients at DVAMC then walk across the green space to see patients at University of Colorado Hospital and vice versa.

New opportunities will be available. The partnerships will be strengthened and a new model for collaboration created. There will be available on one campus coordinated care for the citizens of Colorado, for veterans from several states, care for our active duty men and women, and the major TRICARE provider for Colorado (UCH) providing care to the families of our active duty and the retirees from our armed services.

The Fitzsimons Campus Today

Already Fitzsimons is synonymous with state-of-the-art health care, providing medical services unique in a five-state area. To date, it is:

- A \$1.3 billion project with the funding secured (not including The Childrens Hospital and the Federal Tower)
- Three years ahead of schedule on a 12-year plan
- Two million square feet are completed, one million under construction and another million to start in the next six to nine months.

Already completed are:

- The University of Colorado Hospital's Anschutz Outpatient Pavilion
- The University of Colorado Cancer Center
- Rocky Mountain Lions Eye Institute
- Anschutz Inpatient Pavilion – Phase I (opened February 2004)
- Ben Nighthorse Campell Native American Health Center
- A 180-bed state veterans nursing home.

This summer, the university will cut the ribbon on two research towers. A new dental school is under construction, as is the Marion Downs Hearing Center and the Barbara Davis Center for

Childhood Diabetes. The Children's Hospital held groundbreaking ceremonies June 10: and a biosciences research park, town center and hotel facilities are underway. Light rail will also connect the campus with downtown, the greater Denver metro area and Denver International Airport.

The University of Colorado Hospital's Board of Directors on June 22 authorized the acceleration of several of the hospital's projects, taking advantage of current low interest rates to complete its move by early 2007. This includes the build-out of the 12-story inpatient tower already partially occupied, the building of the Center for Dependency, Addiction and Rehabilitation (CeDAR), and office buildings and parking structures.

With the campus filling up sooner than anticipated, cautious planning is needed to maximize the remaining site. There no longer is sufficient land for entities to build separate stand-alone facilities. They must be shared.

The Federal Tower

A federally owned clinical tower at Fitzsimons would provide a federal facility for federal employees to care for veterans, and DoD active duty and TRICARE beneficiaries. The federal government will retain ownership, governance and management of the federal tower and the underlying land would be made available through the use of a long-term ground lease.

The tower would house all VA and DoD functions except those shared and would have a separate identity with separate access, parking, way finding and unique services. Care would continue to be provided for and/or directed by VA and DoD physicians.

Shared services and functions with University of Colorado Hospital could include operating rooms, recovery rooms and highly specialized surgeries and intensive care beds; specialized care in GI, cardiology and oncology; OB/GYN services; dietetics; specialized imaging and laboratory services; physical plant operations and parking. Additionally, economies of scale, including significant savings can be found in sharing warehousing, materials management, sterile processing and administrative space.

Long-term care beds and sub acute/rehab beds would be located near the new state veterans nursing home that is about 100 yards from the Federal Tower. VA research space could be co-located with the Health Sciences Center in a new research tower located approximately 150 yards from the Federal Tower.

Sharing University of Colorado Hospital clinical facilities and Health Sciences Center research facilities would achieve unprecedented economics of scale. For example, University of Colorado Hospital is considering leaving its clinical lab in the basement of a building on the old campus, as labs do not need to be located on-site. By not building one in the new hospital building, the hospital can save \$6 million or more. If the VA elects to share University of Colorado Hospital's clinical lab rather than building one in the federal tower, it could save \$4 million or more. If the Air Force does the same, it, too, will save millions. By using an existing asset and bringing the volumes together, the joint savings could be as much as \$10 million in capital costs alone. By combining labs, the equipment could be used more efficiently resulting in significant operational savings for years to come. The issues of management and personnel can be worked out with mutual protection of all parties.

The Benefits of the Federal Tower with Shared Services and Functions

Many veterans groups have told us that Fitzsimons is a friendly site for veterans, who like the way the old army base is being revitalized. They have said they appreciate the potential for the VA and DoD to learn from the university and for the university's willingness to learn from the VA and DoD.

The United Veterans Committee of Colorado, representing more than 400,000 veterans, approved a resolution supporting the relocation to Fitzsimons. Among the major points cited were:

- the effective partnerships between the VA and University of Colorado Hospital, which incorporates facilities, equipment and physicians with dual appointments
- the need to restore or replace the current VA facility
- the hardships for staffs to travel between sites
- loss of shared facilities and equipment to VA, causing expense for replacement.

What's Next

The Department of Defense, the Department of Veterans Affairs and the US Congress have authorized the building of the federal tower at Fitzsimons. By locating the tower by UCH and sharing services and functions yet maintaining separate identities the qualitative and financial savings will accrue to all entities, and provide outstanding research and educational facilities and state-of-the-art health care for veterans, DoD beneficiaries and the citizens of Colorado and surrounding states.

University of Colorado Hospital and Health Sciences Center, the VA and the DoD must continue to work together to resolve critical relationship issues relating to the implementation of this plan including the sharing of facilities and services.

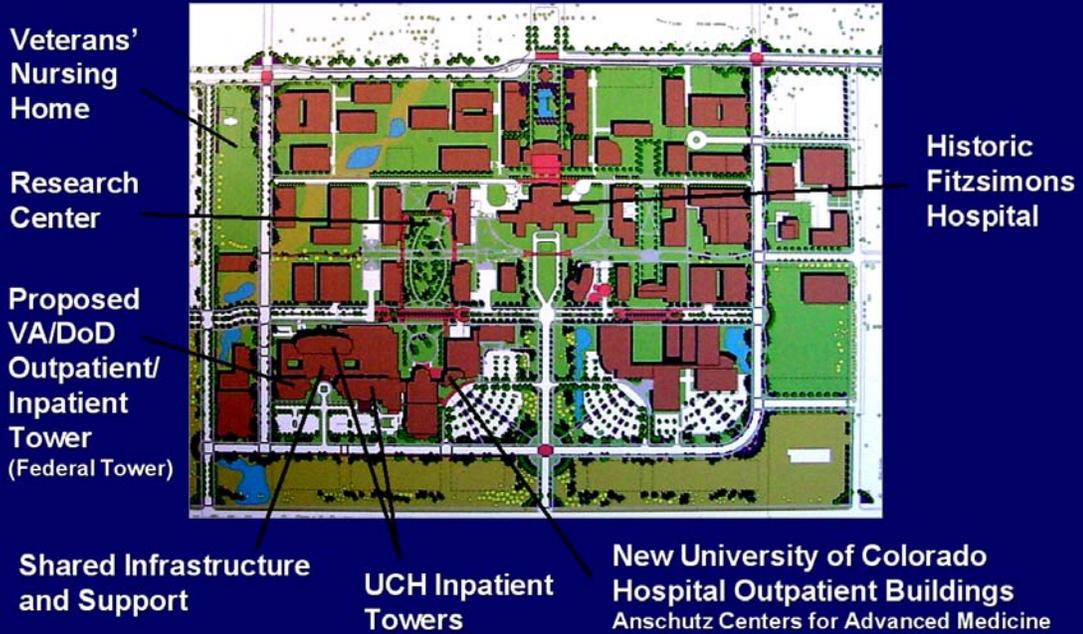
Together with the DoD and the VA, we have the rare opportunity to create a new national model of care for veterans, DoD beneficiaries and UCH patients. One that offers flexibility and quality care in a state-of-the-art facility while offering long-term cost savings to the federal government and to University of Colorado Hospital and the Health Sciences Center.

It is a once in a lifetime opportunity to enhance and expand upon already successful partnerships – one that was started more than half a century ago.

Mr. Chairman, this concludes my statement. I will be pleased to respond to any questions you or the members of the Committee may have.

Fitzsimons Campus Plan

"Federal Tower" – University of Colorado Hospital



Dennis C. Brimhall has been President and Chief Executive Officer of University of Colorado Hospital since 1988. Today, University of Colorado Hospital serves as the regions and one of the nations leading tertiary/quaternary health care providers. University of Colorado Hospital is the University of Colorado Health Sciences Center main clinical facility for teaching and research.

A native of Provo, Utah, Mr. Brimhall earned an undergraduate degree in zoology from Brigham Young University in 1972 and a master's degree in management from the Kellogg School of Management at Northwestern University in 1974. In 1974, he joined the University of Utah as Assistant Administrator, and then became Associate Administrator.

Before joining University of Colorado Hospital in Denver, he was Associate Director for the Medical Center at the University of California at San Francisco, where he worked for five years.

His professional activities include the Chairman of the Board of Directors of Novation, a member of the Executive Committee of the University HealthSystem Consortium, a member of the Board of Directors for TriWest Healthcare Alliance (A TriCare contractor). He has served as Past Chair of the Board of Trustees of the Colorado Hospital Association, Past President of the Colorado Children's Campaign, Past Chairman of the Governor's AIDS Council and Past Chairman of the Board of the National Conference for Christians and Jews. He is currently the Chairman of the Board of Directors of the Mile High United Way, is involved with Boy Scouts of America and the Fitzsimons Rotary Club. He is involved with church activities and with health care projects in Central Mexico and Biratnagar, Nepal. Mr. Brimhall and his wife Linda have four children and live in Englewood, Colorado.

6/2004

Disclosure

The University of Colorado Hospital is currently negotiating a contract with the Air Force (DoD) to lease approximately 7,490 square feet of space in its Anschutz Outpatient Pavilion on the Fitzsimons campus. This space would be used by the medical detachment at Buckley Air Force Base to house its primary medical care practice.

This lease is in anticipation of the construction of the Federal Tower on the Fitzsimons campus at which time the Air Force would relocate to the Federal tower.

The estimated annual value of this lease is \$142,310.