THE ASSISTANT SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

APR 2 7 2006

The Honorable John W. Warner
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Mr. Chairman:

This letter forwards the final reply to the request in House Report 109-16 that the Secretary of Defense prepare a study on the medical facilities in the National Capital Region. Specifically, the Secretary was asked to provide options for revamping facilities at Walter Reed Army Medical Center and constructing a new hospital in the region.

The President forwarded recommendations of the Base Realignment and Closure Commission to Congress on September 15, 2005. Congress having failed to enact a joint resolution of disapproval within the statutory period, the Department is now required to close and realign all installations so recommended by the Commission. The Department of Defense is now engaged in planning implementation consistent with the statute. Specifically with respect to medical facilities within the National Capital Region, the Department will close Walter Reed Army Medical Center, expand the National Naval Medical Center, and re-name it the Walter Reed National Military Medical Center, and construct a new community hospital at Fort Belvoir. The attached report summarizes the planning efforts to date and highlights some of the benefits and challenges associated with transforming the military medical infrastructure in the National Capital Region. I am certain that when completed, these actions will produce an integrated health system to better support research, training, and patient care.

Thank you for your continued support of the Military Health System.

Sincerely,

William Winkenwerder, Jr.

William Winkenwerder, Jr., MD

Enclosure:
As stated

cc:
Senator Carl Levin

NATIONAL CAPITAL REGION FACILITIES REPORT

Prepared in Response to House Report 109-16

INTRODUCTION

The following information is provided as the final report describing Department of Defense (DOD) plans for medical facilities within the National Capital Region (NCR). It updates the interim report provided in August of 2005.

BACKGROUND

Base Realignment and Closure (BRAC)

On May 13, 2005, the Secretary of Defense announced his recommendations to realign or close multiple installations throughout the United States. Included among the Secretary's recommendations was one with the potential to profoundly affect the medical facilities of the NCR. The BRAC recommendation for the NCR entailed the closure of Walter Reed Army Medical Center (WRAMC), construction of a new, larger, and more capable community hospital at Fort Belvoir, and consolidation of graduate medical education, research, and specialty care at the current campus of the National Naval Medical Center, which would be re-named as the Walter Reed National Military Medical Center (WRNMMC) at Bethesda. The BRAC recommendation further called for realigning staff from WRAMC –the new DeWitt Army Community Hospital (DACH) at Fort Belvoir. Scenario savings will be obtained in large part through elimination of civilian and military positions currently at WRAMC. Additionally, Malcolm Grow Medical Center (MGMC) will cease inpatient operations, allowing for a reduction in personnel requirements there as well. Various research, training and support functions would also be re-located or consolidated at other sites such as Dover Air Force Base and Fort Sam Houston.

The BRAC Commission reviewed the Secretary's recommendations and forwarded their findings to the President on September 9, 2005. In their report, the Commission

concurred with the Secretary's recommendations as they pertained to the NCR. The President forwarded the Commission's findings to Congress on September 15, 2005. Congress having failed to enact a joint resolution of disapproval within the statutory time period, on November 9, 2005, the Department became obligated to close and realign all installations so recommended by the Commission. According to the BRAC Act, DOD must begin implementing the approved BRAC actions by September 15, 2007 and complete them by September 15, 2011. Total one-time costs to implement the complete NCR recommendation were estimated at $988.8 million.

Implementation Planning

Immediately following the announcement of the Secretary's recommendations in May, the TRICARE Management Activity (TMA) provided support and guidance to local planning teams in both the NCR and San Antonio markets to review in detail the BRAC scenario assumptions and prepare for the potential implementation. Since then, multiple groups of clinicians and support personnel from the existing inpatient facilities within the NCR have been actively engaged in working out the details of consolidating clinical service delivery, training, research, and support functions.

CURRENT STATUS

Near-Term Activities

The outputs of the planning team have helped inform the NCR BRAC business plan, which details the actions required to implement the recommendation along with associated costs and savings. Once approved by the Department, the NCR business plan will provide the framework for execution of construction, renovation, demolition, closure, mission realignments, and manpower adjustments from FY2007 through FY2011.

In order to provide the most thorough description of facility requirements, the NCR

planning team will produce a Program for Design (PFD) for both the north (Bethesda) and south (Fort Belvoir) campuses. The PFD's will provide detailed descriptions of the type and quantity of spaces that will be constructed or renovated. The PFD's will accompany the authorizations issued to start the design processes for both campuses. While design may begin within the next several months, requirements of the National Environmental Protection Act (NEPA) and the National Capital Planning Commission (NCPC) must be satisfied prior to the start of construction. Assuming NEPA and NCPC coordination proceeds without delay, it is possible that some preliminary construction work can be initiated as early as FY 2007; however, most of the major work will occur in FY 2008 and beyond. Planning, design, and coordination activities must proceed briskly if construction is to be completed by September 15, 2011, in compliance with statute.

Market Perspective

Although the Department will fully and faithfully implement the BRAC recommendation, it is worth noting that the NCR planning team approaches its charge from a total market perspective. In addition to its efforts to detail the expansion of the medical center campus at Bethesda and construction a new community hospital at Fort Belvoir, the planning team is also evaluating potential future use of MGMC when that facility ends its inpatient mission in FY 2007. There may exist opportunities to reduce new construction requirements in the NCR by using space at MGMC that may become available when that facility ceases inpatient operations. The team has also conducted initial discussions with local representatives of the Department of Veterans Affairs (VA) and expects to engage more fully in the next few months.

Amputee Care

DOD beneficiaries will derive many future benefits from the consolidation of operations and facilities in the NCR. However, service members who have lost one or more limbs while fighting the Global War on Terror represent a special category of patients that

requires immediate attention. In FY 2004, DOD re-programmed $10 million to support emergency construction of the Advanced Amputee Training Center at WRAMC. Unfortunately, initiation of construction activities was delayed when bids exceeded available funds. While a team of architects, engineers, planners and clinicians worked to reduce the cost of the Center, the BRAC decision to close WRAMC was announced in May of 2005. This issue is now under review in accordance with Section 128 of the Military Construction Appropriations Act, 2006 (Public Law 109-114).

CONCLUSION

DOD intends to fully implement the BRAC recommendation scenario for the NCR in compliance with the BRAC Act. Without question, closing WRAMC, expanding DACH, and consolidating research, teaching, and specialty care at a new WRNMMC will be an extraordinarily complex undertaking that will significantly alter the facility landscape in the NCR. While BRAC will solve the major facility deficiencies at the two facilities most in need of attention, it will also challenge all levels of the Military Health System (MHS) to shed traditional business practices and transform operations. Standard design and construction activities must be compressed. The one time costs represent a sizable commitment of resources that must be managed effectively. Our staff and patients will need to accommodate new surroundings and practices. Change for everyone involved will be difficult. Yet despite these challenges, there remains no doubt that the NCR BRAC recommendation remains the right course to take. BRAC offers the MHS an unprecedented opportunity to align capabilities with requirements. Fort Belvoir will become home to a robust community hospital that can better serve the beneficiaries residing in Northern Virginia. WRNMMC will become one of the leading medical centers in the United States, with unique capabilities to provide casualty care, conduct research, and train new physicians and other providers. The MHS will obtain substantial

operating efficiencies while providing better services closer to where our patients need them.

And finally, DOD can avoid the cost and turmoil of expanding and repairing existing facilities at WRAMC. It is clear that despite the best efforts of its dedicated staff, WRAMC today is a facility in dire need of a major overhaul. Space is inadequate or poorly configured for today's requirements and major building systems are failing. Yet to execute substantial renovations at WRAMC while maintaining patient care operations would be a decidedly unpalatable task. Complex phasing and multiple functional moves would prolong contract execution. The WRAMC campus would seem like a perpetual construction zone for all who work, visit, or receive care there.

Recapitalization of the existing WRAMC not only would be difficult, but also expensive. Preliminary estimates suggest a minimal requirement of $500 million to renovate existing space and replace obsolete mechanical, electrical, and plumbing systems. Given the severity of the problems with the existing facility and the complexity involved with phased construction work, it is highly likely that the resources required to bring the current WRAMC up to modern standards would grow substantially. These are funds not formally identified as BRAC savings but instead represent a substantial cost avoidance. Implementing the BRAC recommendation enables the MHS to preclude this very disruptive and costly undertaking while pursuing a long-term solution that benefits our patients, our staff, and the taxpayer.