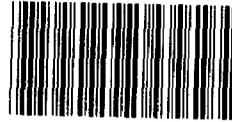


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United States
General Accounting Office
Washington, D.C. 20548



149310

Human Resources Division

B-250866

June 2, 1993

The Honorable John L. Mica
House of Representatives

Dear Mr. Mica:

This is in response to the list of questions you gave us at our April 1, 1993, meeting. These questions bear on our March 1993 report on the Department of Veterans Affairs' (VA's) east central Florida site selection.¹ This letter also responds to comments on our report by the Orange County Veterans Council, Inc., and discusses the potential effects of both national health care financing reform and the proposed closure of the Orlando Naval Hospital on the need to construct a VA medical center in east central Florida at this time.² Our detailed responses are contained in appendixes I and II.

BACKGROUND

On March 1, 1993, we reported that the former Secretary's March 1992 selection of the Crowntree Lakes site in Orange County was not justified, and would likely increase the government's total costs for constructing and operating new medical facilities in east central Florida. We noted that the support cited for the former Secretary's decision was inadequate because it (1) provided an incomplete analysis of each site's accessibility for veterans who would use the medical center, and (2) downplayed the benefits of a joint venture with the Air Force at North Viera.

We recommended that the Secretary of Veterans Affairs reconsider the former Secretary's March 1992 selection of the Crowntree Lakes site. The Secretary announced on March 4, 1993, that he had changed VA's selection to the North Viera

¹VA Health Care: Selection of a Planned Medical Center in East Central Florida (GAO/HRD-93-77, March 1, 1993).

²On April 8, 1993, Representative Mica's office sent the comments of the Orange County Veterans Council, Inc., to GAO, and requested a response.

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site in Brevard County and that VA will pursue a joint venture with the Air Force to serve both veterans in east central Florida and military beneficiaries around Patrick Air Force Base.

SUMMARY OF RESPONSES

Neither the information developed in response to your questions, nor the comments from the Orange County Veterans Council, has persuaded us to change our findings or conclusions concerning the east central Florida site selection. Although we agree with the former Secretary's belief that both North Viera and Crowtree Lakes are good sites for a VA medical center, we continue to believe that the added potential of a joint venture with the Air Force at North Viera, in terms of reduced government construction and operating costs, provided a compelling reason for VA to reconsider its site selection and focus on a joint venture. While the cost savings cannot be quantified until the details of the joint venture are worked out, the potential for savings through joint ventures, both in construction and operating costs, is well established.

Some of the information you requested, such as the numbers of veterans living within selected radii of the proposed medical center sites, is not readily available from VA. Because of the short time frame within which you requested that we respond, we were not able to independently develop the data. As discussed in appendix I, however, we do not believe such data would provide a complete or meaningful basis for selecting a medical center site. This is because such data overlooks more important factors affecting likely use of the new facility, such as the incomes, insurance coverages, ages, and population growth of each county's veterans. As the Veterans Council commented, veterans in Brevard County are generally older and less likely to be employed than veterans in Orange and Seminole counties. Such veterans are more likely to use VA services than younger, employed veterans. Similarly, as we reported, the veteran population is growing faster in Brevard and Volusia counties than in Orange and Seminole counties.

POTENTIAL EFFECTS OF NATIONAL
HEALTH REFORMS ON THE EAST CENTRAL
FLORIDA PROJECT

Notwithstanding our view on the appropriateness of the Secretary's decision to reconsider and change the site selection, we have broader concerns about the VA's plans to build additional VA capacity until national health care

reforms take shape. We expressed these concerns in our transition series report on VA; February 1993 report on the VA construction program; and three recent congressional testimonies.³ Copies of those documents are enclosed.

In short, a universal health insurance system could reduce the demand for VA medical care by almost 50 percent. This is because many veterans, given an alternative, would not use VA medical care services.⁴ Should VA fail to consider the potential impact of national health reforms, it may build additional inpatient capacity that, by the time construction is completed, is not needed.

We recognize that VA and Congressional action on our concerns could delay completion of an east central Florida medical center, perhaps indefinitely. We believe, however, that VA and the Congress could act now to improve veterans' access to medical care, and need not wait for the new medical center to be constructed. In our March 3 and May 6, 1993, testimonies, we suggested that the Congress authorize VA to develop demonstration programs, in which VA would provide outpatient services through its clinics, but contract with community hospitals to provide inpatient care for veterans. East central Florida would be a good candidate for such a demonstration program. Because its veteran population is dispersed throughout a large area with three main population centers, one medical center location is not likely to provide easy access to all of the area's veterans. Meanwhile, east central Florida has considerable unused private-sector hospital capacity (a total of about 2,000 beds in Orange, Seminole, Brevard, and Osceola counties); VA use of some of this capacity would allow VA

-- to provide care for veterans years before a new medical center can be built; and

³Transition Series: Veterans Affairs Issues (GAO/OCG-93-21TR, December 1992); VA Health Care: Actions Needed to Control Major Construction Costs (GAO/HRD-93-75, February 26, 1993); Veterans' Health Care: Potential Effects of Health Reforms on VA Construction (GAO/T-HRD-93-7, March 3, 1993); Veterans' Health Care: Potential Effects of Health Financing Reforms on Demand for VA Services (GAO/T-HRD-93-12, March 31, 1993); and Veterans Health Care: Potential Effects of Health Care Reforms on VA's Major Construction Program (GAO/T-HRD-93-19, May 6, 1993).

⁴VA Health Care: Alternative Health Insurance Reduces Demand for VA Care (GAO/HRD-92-79, June 30, 1992).

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-- to care for more veterans nearer their homes, rather than having many veterans travel long distances to either North Viera or Crowtree Lakes.

POTENTIAL VA USE OF ORLANDO NAVAL HOSPITAL

The proposed closure of the Orlando Naval Hospital provides yet another reason for possibly delaying construction of a new VA medical center. Shortly after we issued our report, the Department of Defense recommended closing the Orlando Naval Training Center, including Orlando Naval Hospital. The Secretary of Veterans Affairs indicated that VA will consider acquiring the Naval Hospital for use as an alternative site for a new Orlando-area outpatient clinic and 120-bed nursing home. This usage would be consistent with VA's plan, if it builds a medical center at the North Viera site, to build a replacement for the existing Orlando clinic, plus a new nursing home.

An alternative use for the Naval Hospital would be to provide inpatient beds in the Orlando area, while VA contracts for inpatient care in Brevard and Volusia counties. We agree with the Secretary that VA should explore the possibility of acquiring the Naval Hospital, if it is closed. Until the future of the Naval Hospital is determined, it may not be prudent to build a new VA medical center, particularly in the Orlando area.

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We are sending copies of this correspondence to the Senators and other Representatives who represent east central Florida; the Secretaries of Veterans Affairs and Defense; the House and Senate Committees on Veterans' Affairs; the House and Senate Committees on Armed Services; the House and Senate Committees on Appropriations; and other interested parties. We will also make copies available to others on request.

Please call me on (202) 512-7101 if you or your staff have any questions concerning this letter.

Sincerely yours,

Flora N. Milans

for David P. Baine
Director, Federal Health Care
Delivery Issues

Enclosures

GAO'S RESPONSES TO QUESTIONS FROM REPRESENTATIVE JOHN MICA

This appendix contains our responses to questions provided by Representative John Mica on April 1, 1993. References to our March 1993 east central Florida report refer to the report VA Health Care: Selection of a Planned Medical Center in East Central Florida (GAO/HRD-93-77, March 1, 1993).

QUESTION 1

Provide the total veteran population (based on 1990 census data) for each county within the established service area.

GAO RESPONSE

In 1990, the east central Florida "service area" had about 311,000 veterans -- about one in every seven residents of the eight-county area. See Table I.1 below. This is the same county-by-county data that the Veterans Health Administration (VHA) used to support its March 1992 recommendation of Crowtree Lakes.

Table I.1: Veteran Populations of East Central Florida Counties, 1990

County	Veteran Population	Percent of Total Population
Orange	82,341	12.2
Brevard	69,652	17.5
Volusia	59,563	16.1
Seminole	36,839	12.8
Lake	26,775	17.6
Indian River	16,203	18.0
Osceola	14,409	13.4
Flagler	5,631	19.6
Total	311,413	14.7

Our March 1993 report, however, going beyond the limited demographic analyses (1990 county and 50-mile radius veteran populations) VA used to support its original decision, showed that the veteran populations of other counties (including Brevard) are growing significantly faster than the veteran populations of Orange

and Seminole counties. (See Figure I.1 on page 20 of the March 1993 report.)

Also, we noted that VA's March 1992 decision to change its preference from North Viera to Crowntree Lakes was not supported by any projection of what the veteran population will be when the new medical center is scheduled for completion. VA's 1991 evaluations, which ranked North Viera ahead of Crowntree Lakes, used projections of the future east central Florida veteran population. Similarly, VA's recent site evaluation for a replacement medical center in Northern California used population projections. Had VA included such an analysis in its March 1992 evaluation, it would likely have shown that by the time the new medical center opened, Brevard County's veteran population would be much closer in size to Orange County's.

QUESTION 2

Provide the total veteran populations within the following distances of the Orange and Brevard County sites: 20 miles, 30 miles, 40 miles, and 50 miles.

GAO RESPONSE

VA estimated that, in 1990, 186,700 veterans lived within 50 miles of North Viera, and 284,308 were within 50 miles of Crowntree Lakes. This comparison was used by VA as the basis for its March 1992 selection of Crowntree Lakes. As noted on page 23 of our March 1993 report, however, the figures for Crowntree Lakes inappropriately included many Polk County veterans not in the east central Florida service area.

VA did not develop estimates of veteran populations within radii smaller or larger than 50 miles to support the selection of Crowntree Lakes. Because of the short timeframe within which you requested our response, we did not attempt to independently develop population estimates for 20-, 30-, and 40-mile radii around North Viera and Crowntree Lakes.

We do not consider an estimate of the veteran population within any radius essential for analyzing VA's site selection. Such an analysis is contrary to VA's original site selection criteria. In 1988, VA defined a 35-mile radius area of consideration for site offers that included all of Seminole County, most of Orange and Brevard counties, and portions of Volusia and Osceola counties. VA's position at the time was that any site within this area would maximize access to medical care for east central Florida veterans. Both the North Viera and Crowntree Lakes sites are within the original 35-mile radius. In other words, VA had already determined that sufficient numbers of veterans would be served by any site

within the 35-mile radius, and that accessibility would be judged by other criteria. Those criteria included proximity of a site to underserved veterans and to local transportation corridors. Estimating the number of veterans within a given radius of each site would provide a limited picture of accessibility, based on these criteria, because it does not consider

- the age, income, and insurance coverage of the veteran population, which affects demand for VA services;
- each site's proximity to, and service area overlap with, existing VA medical centers; and
- each site's access to local road and mass transit systems.

Our March 1993 report discussed how VA analyzed these accessibility factors in making its site selection.

Using radii of less than 50 miles would reduce overlaps with radii around other VA facilities, but would also exclude many more east central Florida veterans. For example, a 20-mile radius around Crowtree Lakes would exclude part of the Orlando metropolitan area. On the other hand, expanding the radius to 75 miles, for example, would show that most east central Florida veterans are within that distance of both Crowtree Lakes and North Viera. Crowtree Lakes' 75-mile radius, however, would extend into the suburbs of Tampa, and overlap significantly with the service areas of the Tampa, Bay Pines (St. Petersburg), and Gainesville VA Medical Centers. We do not think this is what VA planned in 1988, when it defined an area of consideration to maximize access for all east central Florida veterans.

QUESTION 3

Provide the total veteran populations over age 65 within the eight service counties.

GAO RESPONSE

See Figure I.2 on page 21 of our March 1993 report, and Table I.2 below. As we noted in our report, Brevard County not only has a higher proportion of elderly veterans than Orange County, but already has more elderly veterans than Orange County. This is significant because elderly veterans are more likely to use a VA medical center than other veterans.

Table I.2: Veterans Age 65 or Older
in East Central Florida Counties, 1990

County	Veterans 65 or Older	Percent of All Veterans
Volusia	23,188	38.9
Brevard	21,208	30.4
Orange	19,267	23.4
Lake	11,598	43.3
Seminole	7,965	21.6
Indian River	7,638	47.1
Osceola	3,580	24.8
Flagler	2,589	46.0
Total	97,033	31.2

QUESTION 4

Provide the total veteran populations over age 65 within the following distances of the Orange and Brevard County sites: 20 miles, 30 miles, 40 miles, and 50 miles.

GAO RESPONSE

VA estimated that, in 1990, 54,435 veterans aged 65 or older lived within 50 miles of North Viera, while 86,402 lived within 50 miles of Crowtree Lakes. As noted in our response to Question 2, the figure within 50 miles of Crowtree Lakes includes veterans who live outside the eight-county east central Florida service area. VA did not use data on the numbers of veterans within 20, 30, and 40 miles of each site. See our response to Question 2 concerning the usefulness of such data.

QUESTION 5

What is the percentage of veterans over 65 within the service area that are within 20 miles, 30 miles, 40 miles, and 50 miles of the Orange and Brevard sites?

GAO RESPONSE

According to VA, 29.2 percent of the veterans living within 50 miles of North Viera are aged 65 or older, compared to 30.4 percent

of the veterans within 50 miles of Crowntree Lakes. As discussed above, some of the veterans within 50 miles of Crowntree Lakes live in Polk County, which is not within the eight-county service area. See our response to question 2 concerning 20-mile, 30-mile, and 40-mile areas.

QUESTION 6

What is the veteran population density per square mile for each of the counties in the service area?

GAO RESPONSE

See Table I.3 below. As noted in our response to Question 1, however, the veteran populations of Seminole and Orange counties are growing more slowly than other east central Florida counties. Thus, their population densities are also growing more slowly.

Table I.3: Veteran Population Density of East Central Florida Counties, 1990

County	Veterans per Square Mile
Seminole	124
Orange	90
Brevard	70
Volusia	54
EAST CENTRAL FLORIDA	47
Indian River	33
Lake	28
Flagler	11
Osceola	11

QUESTION 7

The 1986 GAO report cited accessibility as a key factor.¹ Provide the results of the access index analysis for the Orange County and the Brevard County sites. The 1986 Report indicates "if each

¹VA Health Care: Insufficient Support for Brevard County Location for New Florida Hospital (GAO/HRD-86-67, June 4, 1986).

veteran in the respective PSAs [Primary Service Areas] made one (1) trip to the PSA hospital each year, veterans would save 4 million miles in distance traveled if the hospital would be placed in Orange or Seminole County instead of Brevard." What is the mileage saved for the comparison 2 PSAs based on the accessibility index criteria?

GAO RESPONSE

VA did not perform an "access index analysis" under any of its three site evaluations, and data are not readily available to allow such an evaluation. First, data on projected veteran populations in each community have not been developed. VA's 1986 access index analysis used projected veteran populations for 1995. VA used 1990 census data on veteran populations in its March 1992 site selection evaluation, but did not project future veteran populations.

Second, the March 1992 site selection analysis computed travel distances from the North Viera, Crowntree Lakes, and Deltona sites to the population centers in the east central Florida counties, but incorrectly assumed that these sites are located in their counties' population centers. In other words, the study assumes that Crowntree Lakes is located at the population center of Orange County; in reality, the site is south and east of Orlando and its suburbs, where most of Orange County's residents live. Likewise, neither North Viera nor Deltona is at the population center of its county. To develop an access index would thus require recomputing distances from the medical center sites to the population centers in each community.

Third, such an access index has a fundamental weakness that limits its usefulness; it assumes that all veterans are equally likely to use VA services. In reality, elderly, low-income, and uninsured veterans are far more likely to use VA care. For example, veterans without private health insurance are about eight times more likely to use VA hospital services than are veterans with private health insurance. Similarly, VA's 1987 Survey of Veterans found that about 6 percent of veterans with incomes of under \$10,000 had used a VA hospital in the past year compared to less than 2 percent of those veterans with incomes of between \$10,000 and \$19,999; less than 1/2 of 1 percent of veterans with incomes of \$20,000 or more reported using a VA hospital in the last year. Because income is closely related to the likelihood of having insurance coverage, the concentration of lower-income veterans in Brevard and Volusia counties makes it likely that veterans in those counties will be greater users of VA services than veterans in Orange and Seminole counties.

QUESTION 8

Under the joint venture approach, provide evidence as to the commitment by the Air Force to the VA that would result in reduced expenditures by the VA. Is the Air Force joint venture an add-on wing to the VA's 470-bed hospital and, if an add-on, what is the reduced expenditures to the Air Force and to the VA? What is the total cost savings to the Federal budget?

GAO RESPONSE

VA and the Air Force had been discussing a joint medical center since 1987; at that time, both agencies planned to build separate hospitals in east central Florida. Negotiations between VA and the Air Force led to the signing of a joint venture agreement in 1990. The goals of the joint venture included (1) reducing the government's capital outlay for new facilities in east central Florida, and (2) maximizing the efficiency of service delivery. Also, prior to the March 1992 selection of Crowntree Lakes, the Air Force had funds programmed in DOD's long-range construction plans for its share of the costs of constructing the joint medical center. This agreement only applied if the medical center were built near Patrick Air Force Base (AFB).

The joint venture would have no effect on the number of beds available for veterans. The North Viera joint medical center, as evaluated by VA in 1991 and 1992, would have at least 510 beds -- 470 for veterans, and at least 40 for Air Force beneficiaries. The planned 470 VA beds are the same number as first proposed by VA in 1983. While VA and the Air Force would share services, each agency would admit patients under its own eligibility rules. The 1990 agreement included some preliminary agreements on sharing services; for example,

- both VA and Air Force laundry would be done at VA's West Palm Beach Medical Center;
- the Air Force would provide ambulance services and would have responsibility for the emergency room;
- the Air Force would be responsible for the outpatient clinic, to be staffed by both VA and the Air Force.
- VA would provide such clinical support services as audiology and speech pathology, dietetics, and radiology.
- pharmacy services would be shared, with VA providing inpatient services and the Air Force providing outpatient services.

In conducting our review, we could not ignore the potential cost savings to the government from a joint venture. VA is authorized by law to share medical resources with DOD; also, VA is required to consider joint ventures with DOD when making decisions on new medical facilities.² We would also note that VA and the Air Force have developed, or are developing, several joint ventures to save construction and operating costs. For example, VA agreed to allow the Air Force to use excess capacity at the Albuquerque, New Mexico, Medical Center, as an alternative to constructing a new hospital of its own. Other examples of VA/Air Force joint ventures:

- In Las Vegas, Nevada, and Anchorage, Alaska, VA would have dedicated beds in a new Air Force hospital, instead of building a separate new VA hospital.
- In northern California, VA plans to build a replacement for the Martinez Medical Center on the grounds of David Grant Medical Center, at Travis AFB.

For a discussion of cost savings from a joint venture, see our response to Question 9.

QUESTION 9

Document the total cost savings under a joint venture approach.

GAO RESPONSE

In 1982, the Congress provided authority for the sharing of VA and DOD medical resources, to help achieve savings to the federal government by preventing duplication of medical facilities, equipment, and services. We consider VA's pursuit of a joint venture with the Air Force in Brevard County, and the value placed on joint venture potential in VA evaluations prior to March 1992, consistent with the Congress's intent to encourage VA/DOD sharing. In this case, as noted in our response to Question 8, the joint venture was designed to obviate the need for duplicate VA and Air Force facilities in east central Florida. Also, if the new VA medical center is to be built, a joint venture would help reduce the costs of care in non-federal facilities -- both under the VA fee-basis program and DOD's Civilian Health and Medical Program of the Uniformed Services. (See the cover letter for a discussion of the need for the east central Florida VA medical center.)

²The VA/DOD sharing authorization is contained in 38 U.S.C. 8111. VA's requirement to consider joint ventures is 38 U.S.C. 8102(d).

We could not, however, determine specific savings from an east central Florida joint venture, and we note that VA did not attempt to do so. To determine such savings, we would need to know

- the construction and operation costs of the alternative to the joint venture -- separate VA and Air Force facilities. The Air Force had not, however, determined the size of a new Patrick AFB facility, or its cost.
- the actual number of Air Force beds in the joint medical center. In its September 1991 site evaluation, VA estimated that the Air Force would have 40 beds in the joint medical center, at a construction cost of \$21.7 million, but no final decision had been made on the number of Air Force beds.
- the exact services to be shared, and the workloads of these services. The 1990 VA/Air Force joint venture agreement included a preliminary discussion of how services would be provided by each agency; some of these are noted in our response to Question 8. Decisions on the precise sharing arrangements would not be made until VA selected the North Viera site, and began working with the Air Force to develop the joint venture. During this phase, VA and the Air Force would develop an agreement covering the responsibilities of each agency, and the services to be shared. VA and the Air Force would also develop more detailed information on their projected workloads.

QUESTION 10

What guarantees does the VA have as to the completion of infrastructure at the Brevard site? Who will be responsible for the infrastructure to the Viera site if the developer fails to perform and what is the cost to the VA to provide these necessary infrastructure services?

GAO RESPONSE

We asked VA's former Assistant Secretary for Acquisition and Facilities why, when he sought infrastructure guarantees from Orange County in March 1992, he did not also seek such guarantees from Brevard County. He stated that the Viera developer had already provided adequate guarantees. Thus, Orange County was being asked to upgrade its own guarantees before Crowtree Lakes was selected. Orange County provided its guarantees 4 days before the former Secretary selected Crowtree Lakes.

There is also a difference between the infrastructure needs at North Viera and Crowtree Lakes. North Viera is in a development where access roads are already being built. Crowtree Lakes, on

the other hand, currently has no direct access roads; access roads to the property will have to be constructed, along with utility connections. We have no reason to believe that either developer, or either county, will default on its obligations, so there is little risk that VA would have to pay for access roads or utility connections at either site.

QUESTION 11

Provide the adopted Federal Emergency Management Agency (FEMA) flood maps for the site and provide evidence from FEMA regarding the flood conditions of the Brevard site. How does the elevation of the Brevard site compare to the elevations of the government complex at Viera? How does Viera propose to provide minimum guarantees that the VA Hospital site will not be subjected to flooding similar to the government complex? What is the risk to the hospital and accessibility if the levy pumping system that protects the hospital site were to fail?

GAO RESPONSE

We have requested Brevard and Orange County flood maps from FEMA, and will provide copies of the maps to you when they are received. We relied on the Environmental Impact Statement (EIS) done for VA, and did not attempt to undertake our own environmental review. As a result, we did not review the FEMA flood maps or determine the precise elevation of the Brevard County government center during our review. We did not believe it was necessary to conduct our own environmental review because VA's EIS contractor conducted an extensive study of environmental conditions at each site, as well as the infrastructure around the sites. Environmental conditions reviewed included water table and soil conditions, groundwater quality, wetlands, noise impacts, and endangered species. State agencies, site offerors, and local governments had an opportunity to comment on the EIS; we reviewed their comments, and VA's responses.

The EIS noted the high water table at North Viera, and asserted that VA's medical center design would have to account for potential flooding. VA considered the environmental impacts of building a medical center at both North Viera and Crowntree Lakes, and identified potential problems to be considered in designing a medical center at either site. We agree with the conclusion reached in VA's March 1992 site evaluation, based on the environmental review, that there were no environmental problems preventing VA from building at either site.

We would expect that VA would design a medical center at North Viera to avoid the flooding problem that the Brevard County government center experienced. The responsibility for designing

and constructing the medical center belongs to VA, not to The Viera Company or Brevard County. If the new medical center has similar flooding problems, the failure will be in VA's facility design and construction, not in selecting North Viera in the first place. Likewise, if the medical center were built at Crowntree Lakes, we would expect its design to include noise abatement and other features to deal with the potential problems identified in the EIS.

QUESTION 12

The March 1993 report cites a 3-year delay as a result of considering the new sites. What is the basis for this position and the associated cost? Will the construction of the hospital be delayed as a result of the proposed relocation to Brevard County? If so, how long and at what cost?

GAO RESPONSE

VA site selection records showed that, by the time VA selected Crowntree Lakes in March 1992, the estimated date for completion of construction had slipped from April 1996 to October 1999. While we believe that VA's delay in selecting its preferred site (from August 1990 to March 1992) was a factor in the medical center's increased estimated cost (from \$93 million to \$171 million), we could not estimate how much of the increase in estimated costs was due to the delay.

According to the Secretary's March 4, 1993, announcement, VA plans to complete the North Viera medical center in fiscal year 1999. This is actually earlier than VA's timeframe when Crowntree Lakes was selected, which called for completion of the medical center in fiscal year 2000. A recent status report on VA's major construction projects shows that VA's estimated completion is now in April 2000. This estimate is based on completion of design in April 1995, and award of a construction contract in January 1997. We have no evidence to suggest that VA will miss either the timeframe the Secretary announced in March, or its current estimated completion date.

VA's timeframe for completion of the medical center depends, however, on obtaining authorization and appropriations from the Congress. VA plans to proceed with project planning using fiscal year 1994 advance planning funds, and to request design funds in its fiscal year 1995 budget. VA can spend advance planning and design funds on the east central Florida medical center without a specific project authorization from the Congress, but cannot spend construction funds without such an authorization.

We should note that we have recently reported and testified that VA and the Congress should proceed cautiously with new inpatient

construction projects -- including east central Florida. This is because national health care reform and VA eligibility reform could significantly affect the future demand for VA medical care. In the case of a new facility like the east central Florida medical center, VA might build inpatient capacity that, by the time the facility is completed, may not be needed.

QUESTION 13

Does the Brevard site have the necessary land use approvals to accommodate the hospital? If not, how long will the approval process take for an amendment to the Brevard Comprehensive Plan and to obtain zoning approval for the hospital? Will this delay the hospital construction or place VA at risk for expenditure of planning and design funds before the necessary approvals are obtained for the hospital?

GAO RESPONSE

VA did not obtain land use approvals from Brevard, Orange, or Volusia counties during the site selection process. The active involvement of officials from all three counties on behalf of the North Viera, Crowntree Lakes, and Deltona sites, respectively, suggests that VA should not experience significant delays in obtaining needed permits at any of the three sites. VA's environmental review included a discussion of land use at each potential site. The EIS noted that the North Viera site is within the area for sewer and water system expansion, and outside Flood Prone Areas, as identified in the Brevard County Comprehensive Plan. The EIS also noted that both the Viera and Crowntree Lakes developments were undergoing land use reviews under the State of Florida's Developments of Regional Impact (DRI) process, and that the master plans of both developments include medical complexes.

According to the EIS, if VA selected the North Viera site, Brevard County would have to review VA's project plans for consistency with the Comprehensive Plan, and coordinate rezoning of the site as "government managed land" with the Florida Department of Community Affairs. Under its current schedule, VA would not have funds to design the new medical center until at least October 1994. This gives VA over a year to complete its project planning, and to work with Brevard County and The Viera Company to obtain the necessary Comprehensive Plan revisions and zoning approvals.

QUESTION 14

The March 1993 Report emphasizes fee-basis care as a factor, stating "Brevard veterans are the largest users of fee-basis care in east central Florida." What is the basis of this data? Provide the total veteran users of fee-basis care per County and compare

the data on the 50-mile service area criteria for the Orange County site and the Brevard County site.

GAO RESPONSE

We reviewed the fiscal year 1989 data on fee-basis outpatient visits and non-VA hospitalizations contained in VHA's September 1991 report. This same information was used in VHA's March 1992 report. This data showed that, in fiscal year 1989, Brevard County veterans had 15,526 fee-basis outpatient visits and 253 non-VA hospitalizations, and incurred about \$2.2 million in VA costs for care in non-VA facilities. VA did not develop data on the numbers of fee-basis users per county, or the numbers within 50 miles of North Viera and Crowtree Lakes. Such an analysis would probably show greater fee-basis usage near the North Viera site, because costs for Brevard County veterans were about the same as the costs for Orange, Seminole, and Volusia counties combined.

One of the reasons that North Viera scored as high as it did in VA site evaluations prior to March 1992 was because of its distance from existing VA medical centers, and its relatively high volume of non-VA care. Because of this, the selection process was geared to provide a VA presence in Brevard County.

In describing the advantages of VA's three top-rated sites, the March 1992 VHA report incorrectly suggested that a medical center at Crowtree Lakes would have a greater impact on reducing non-VA hospitalizations and fee-basis care than would a medical center at either North Viera or Deltona. The report stated that a VA medical center at Crowtree Lakes would reduce non-VA hospitalization and fee-basis services for all east central Florida veterans. Its description of the advantages of a North Viera site was more guarded, suggesting only a possible reduction in non-VA hospitalization and fee-basis services in Brevard County.

As we noted in our report, construction of new VA facilities in east central Florida would reduce VA's costs for providing care to service-connected veterans in non-VA facilities. Brevard County (and neighboring Indian River County), however, is significantly farther from existing VA medical centers than Orange County. A medical center in Brevard County should achieve a greater reduction in non-VA care than a site in Orange County, since Brevard County is where the largest volume of non-VA use is.

QUESTION 15

The March 1993 report states, "[W]hen total costs to the government are considered, the North Viera option would be [the] preferred option under the cost criteria . . ." What is the basis of this statement? Provide a cost comparison of the Orange County and

Brevard County sites. How does this compare to the March 1993 report, which states "[W]e could not estimate the extent of cost savings from a VA/Air Force joint venture[.] [W]hile VA and Air Force officials asserted there would be savings from constructing and operating a joint medical center, no estimates were prepared."

GAO RESPONSE

As discussed in our responses to Questions 8 and 9, the cost advantages of joint ventures are well established, although specific savings from a joint venture at North Viera cannot be quantified at this time. In its two 1991 site selection evaluations, VA clearly recognized the value of a joint venture, in terms of savings to the government. VA/DOD sharing potential was one of the criteria in VA's evaluations, and the Viera sites rated highly, based on the Air Force's firm commitment to a joint venture at either site. While we think VA could have attempted to estimate savings from a joint venture under the 1991 site evaluations, we recognize the difficulty of obtaining the information described in our response to Question 9. We were particularly concerned about the March 1992 site evaluation, which VA used to change its preferred site from North Viera to Crowntree Lakes, because the cost advantages to the government from joint construction and operation of a VA/Air Force medical center were largely overlooked.

GAO'S RESPONSES TO COMMENTS FROM THE
ORANGE COUNTY VETERANS COUNCIL INC.

This attachment contains the Orange County Veterans Council's comments on GAO's March 1, 1993, report VA Health Care: Selection of a Planned Medical Center in East Central Florida (GAO/HRD-93-77), and our responses. The comments are summarized from a letter from the council president to Representative John Mica.

VETERANS COUNCIL COMMENT 1

GAO uses the phrase "Improve services for federal beneficiaries," but does not further define it. We question just what this phraseology encompasses. It would appear from this report that the VA officers consulted were discussing veterans and active duty military personnel. It appears that apples and oranges were being utilized by the GAO personnel who composed the subject report. "Improve services for federal beneficiaries" could cover a very broad spectrum indeed.

GAO RESPONSE

As used in this report, "federal beneficiaries" refers to those eligible for care under the VA and DOD health care systems, including service-connected and nonservice-connected veterans, active duty military and their dependents, retired military personnel and their dependents, and the survivors of military personnel. For over 15 years, we have advocated VA/DOD sharing as a way to improve services to beneficiaries of both agencies. In 1982, the Congress authorized VA and DOD to undertake such projects. Early in its site selection process, VA identified a potential for sharing through a joint VA/Air Force facility, because both agencies were planning new facilities to improve services to their east central Florida beneficiaries. As part of our review, we looked at the costs and benefits of a joint venture at North Viera, compared to a VA medical center at Crowtree Lakes or Deltona, and a separate facility at Patrick Air Force Base.

VETERANS COUNCIL COMMENT 2

The GAO states it is unable to estimate cost savings from construction and joint operation of a hospital at the North Viera site. It then proceeds to base its entire review and its recommendations on the subject of cost savings if construction were to take place at the North Viera site.

GAO RESPONSE

The potential for savings through joint ventures, both in construction and operating costs, is well established. VA and the

Air Force currently have a joint medical center in operation at Albuquerque, New Mexico (near Kirtland AFB), and joint ventures with the Air Force are planned or under construction in Las Vegas, Nevada (Nellis AFB); Anchorage, Alaska (Elmendorf AFB); and Fairfield, California (Travis AFB). As we point out in our report, the savings could not be quantified until determinations were made of the cost of Air Force facilities that would be built (1) as part of a joint venture and (2) as a separate Air Force facility. In addition, until agreements are reached on the specific services to be shared under a joint venture, savings to the government through joint operation of a federal health care facility cannot be determined. Again, however, prior experience demonstrates the advantages of joint ventures in reducing operating costs.

Our recommendation was not based solely on the potential for cost savings. As discussed on pages 6 and 7 of our report, the March 1992 VA study which recommended selection of the Crowntree Lakes site provided little data to support a change in relative ranking of the top sites in two previous evaluations that ranked the North Viera site higher than Crowntree Lakes by wide margins. In addition the March 1992 VA study was defective in several respects. For example, the March 1992 study based its demographic analysis on current veteran population rather than projected populations at the time the medical center would become operational. This favored the Crowntree Lakes site because the veteran population is growing at a slower rate in Orange and Seminole Counties than in Brevard and Volusia Counties. Typically, VA bases site selection on projected populations rather than current population. For example, in its recent site selection in northern California, VA assessed accessibility using projected veteran populations.

As stated on page 13 of our report, VA stated at the time it solicited land donations that any site within its 35-mile radius area of consideration would maximize access to health care for east central Florida veterans. VA said that the site selection would be based on (1) cost effectiveness, (2) potential for VA/DOD joint ventures and sharing, and (3) highway access. We based our analysis on how the sites compared under these criteria.

VETERANS COUNCIL COMMENT 3

The term socioeconomic comes into play with income averages, aging, and the overall quality of life presumed to be the factors included in this term. It is used in the comparisons between Brevard County and Orange County within the framework of this report. Suffice it to say that the younger veteran supposedly inhabiting Orange County is here because of higher and better paying employment. This is true of the older veteran too.

We simply point out that Brevard County is more of a beach community with the bulk of its people residing between Interstate 95 and the Atlantic Ocean. Most of them, young or old, are there to affect some sort of retirement and are less interested in being included in the work force.

GAO RESPONSE

We agree. These are the precise factors that are likely to contribute to greater use of VA services by Brevard County veterans. Those veterans taking advantage of the higher and better paying employment in Orange County are more likely to have private health insurance than the veterans in Brevard County "there to affect some sort of retirement." Veterans without private health insurance are eight times more likely to use VA hospital care than privately insured veterans. Similarly, older veterans use significantly more VA services than do younger, healthier veterans.

VETERANS COUNCIL COMMENT 4

GAO presents figures on the veteran population of Brevard, Orange and Volusia Counties while blatantly ignoring Seminole County. It also makes reference to its 1986 report to Representative Bill McCollum and the 1990 Census data on veterans.

We point out here that the original Medical District 12 Final Report on Future Bed Need and Future Sites For New VA Hospitals in Florida released in June 1983 and the GAO 1986 Report to Representative McCollum released in 1986 both considered the Orlando Metropolitan area to include Orange and Seminole Counties.

In its March 1, 1993, report to Representative Bacchus, GAO refers to the populated areas in Brevard County as Melbourne/Cocoa, in Volusia County as Daytona, and in Orange County as Orlando although the designation Orlando and Orange County appear to be used interchangeably. GAO ignores the fact that Orange and Seminole Counties are considered the same metropolitan area.

We submit to you our figures drawn from the 1990 Census figures on veterans population in the Orange/Seminole and Brevard County areas. We find these figures revealing.

1990 Census Figures on Veterans

County	1980	1990	Change	% Change
Orange	68,100	82,341	14,241	20.9
Seminole	28,670	36,839	8,169	28.5
Total	96,770	119,180	22,410	23.2
Brevard	48,557	69,652	21,095	43.4

Veterans 65 & Older per 1990 Census

County	1990	Age 65+	Percent
Orange	82,341	19,267	23.4
Seminole	36,839	7,965	21.6
Total	119,180	27,232	22.8
Brevard	69,652	21,208	30.4

[GAO Note: Minor corrections have been made to the data in the two tables above.]

The illustration here is clear. GAO refers constantly to percentages to make their point in preferring Brevard County over Orange as a hospital site. In each of the above illustrations, the numbers applying to the Orlando Metropolitan Area exceeds that of Brevard County. To substantiate our figures we have attached a copy of the 1990 Census Data on veterans.

This further illustrates the population concentration in Orange and Seminole Counties as well as the geographic configuration of this population along with Brevard County relative to the proposed siting. You can see where the North Viera site simply does not fit into the scheme as far as the central Florida veteran is concerned.

GAO RESPONSE

Our report contains data on (1) the rate of population growth of the east central Florida veteran population (Figure 1.1, page 20) and (2) the number of east central Florida veterans aged 65 or older on a county by county basis (Figure I.2, page 21). Consistent with how the data were presented in our 1986 report, it reports data on the veteran populations in Orange and Seminole Counties separately.

As discussed above and in our report, the use of 1990 census data to evaluate site options without projecting such data to the future is inappropriate. We agree that there are currently more veterans living in the Orlando area than in the Cocoa/Melbourne or Daytona Beach areas. VA, however, in determining the size and location of medical centers typically looks at projected veteran populations, not at current populations. As shown in Figure 1.1 of our report, the veteran population in east central Florida is not growing as fast in the Orlando area (Orange and Seminole counties) as in the surrounding counties.

Finally, as we point out in our report, the number of veterans within a given distance of a medical center site should not be the sole criterion used to select a medical center site. Larger numbers of veterans does not necessarily equate to greater demand or need for VA-supported health care. As the President of the Orange County Veterans Council points out elsewhere in his comments, veterans in the Orlando area generally have higher incomes than those in Brevard County. Income, age, and insurance status are important indicators of likely use of VA health care services; veterans with low incomes, veterans without public or private health insurance, and veterans age 65 and older use significantly more VA services than younger, higher-income veterans.

VETERANS COUNCIL COMMENT 5

GAO contends that the North Viera site is better served by road and mass transportation than is the Crowntree Lakes site. GAO gives credit for this primarily to I-95 which runs north and south through Brevard County yet does not go directly to the North Viera site. I am not aware of the public transportation going there at this time. This last is subject to doubt at this time.

GAO completely overlooks the fact that a number of feeder roads to the Orlando International Airport already exist. Ready access into the general area of the Crowntree Lakes site would be in place with a minimum of difficulty and has been pledged by Orange County. In addition, we point out that the Tri County Transit System (Orange, Osceola and Seminole Counties) is in full operation to serve the Orlando International Airport and could extend its bus service to the Crowntree Lakes site without difficulty. This is a more sophisticated service than operating in Brevard County.

Consult any road map of the area and the extent of existing roads can be readily ascertained. We believe Crowntree Lakes to be a far more accessible site to a far greater number of veterans.

GAO RESPONSE

The three site evaluations conducted under former Secretary Derwinski found that the Brevard County site had better highway access and better prospects for public transportation than the Crowntree Lakes site. As we point out on page 24 of our report, the March 1992 report did not address the transportation site selection criterion in its recommendation of Crowntree Lakes, even though the supporting data in the report showed that the North Viera site has better transportation access. We also reported that the former Assistant Secretary for Facilities told us that he had reservations about selecting the Crowntree Lakes site because of uncertainty that access roads would be constructed. It was only a few days before the former Secretary's March 1992 site selection that Orange County provided assurances that the roads would be constructed. The former Assistant Secretary did not have similar concerns about completion of the access roads to the North Viera site, which is immediately adjacent to I-95.

Similarly, the VA site evaluations and environmental impact study conducted under former Secretary Derwinski's administration found that the North Viera site had better prospects for public transportation. Brevard County currently has bus service to its government center in the Viera development and has made a commitment to extend that service to the VA/DOD medical center. A similar commitment has not been made to extend bus service to the Crowntree Lakes site. VA's September 1991 site evaluation report cited the poor prospects for public transportation at the Crowntree Lakes site as a disadvantage of the site. We are not aware of any commitment made by Orange, Seminole, or Osceola Counties or the Tri County Transit Authority to extend service to the Crowntree Lakes site. The Authority indicated to VA that service would be provided if development around Crowntree Lakes generated sufficient demand for mass transit.

VETERANS COUNCIL COMMENT 6

GAO's criticism of VA for not considering the effects of various sites on existing VA facilities would appear to be without merit in its application to the Crowntree Lakes site. Although first considered as a factor by the VA, it was not considered as a factor in the final consideration of the Crowntree Lakes site and has appeared to have only been revived by the GAO in their effort to find criticism of the site.

First of all VA facilities in Florida are vastly overcrowded and have been for some years. The VA has simply not kept up with the growth in the veterans' population. This simple truth brought about the hospital planning for future use back in 1982 and 1983. Secondly, while the VA will state that a veteran can choose where

to go for hospitalization, the veteran is generally given little choice except to go to the facility that will best serve his medical need or where directed. To go on his own will more than likely result in his not being admitted.

Therefore, a VA Hospital in the central Florida area and more so in Crowntree Lakes would only alleviate the crowded conditions at Gainesville and Tampa and enable them to better serve their immediate areas.

GAO RESPONSE

We disagree. Considering sites for new medical centers without evaluating the potential effect on existing facilities is inconsistent with common VA procedures. In its recent evaluation of options for placement of a new medical center in northern California, VA's demographic analysis accounted for service overlaps with existing VA medical centers. For example, a 50-mile radius around the Martinez, California, site includes the San Francisco, Palo Alto, and Livermore Medical Centers. VA's estimates of the numbers of veterans living within 50 miles of potential sites, however, were adjusted to exclude veterans already being served by the three existing medical centers.

The new VA medical center is intended to serve veterans throughout east central Florida, not just those in the Orlando area, as the President of the Orange County Veterans Council repeatedly suggests. We agree that, if VA builds a medical center at either North Viera or Crowntree Lakes, few east central Florida veterans would travel to Tampa or Gainesville for care, freeing up additional beds for veterans in those areas. We would point out, however, that one of VA's objectives in building this medical center is to serve veterans who currently have poor access to VA care. Brevard County has the largest number of such veterans, because of its distance from existing medical centers, and because, unlike Orange and Volusia counties, it lacks a VA outpatient clinic.

VETERANS COUNCIL COMMENT 7

Fee Basis cards [authorization to obtain care from private providers at VA expense] are given only to service-connected veterans beyond a certain radius of an existing VA facility. Few of these cards have been issued in Orange, Seminole or Volusia Counties because of their proximity to the Orlando and Daytona Clinics. They were issued in Brevard County where necessary. The conditions for issuing fee basis cards will vary and this should be checked out with one of the clinics.

GAO RESPONSE

We agree that the use of fee-basis care is greater in Brevard County because its veterans have less access to care than veterans in Orange, Seminole, and Volusia counties. Veterans in these three counties have access to VA outpatient clinics in Orlando and Daytona Beach. Placement of an outpatient clinic in Brevard County should similarly reduce fee-basis care in Brevard County.

Our review of VA's site selection showed that VA downplayed the potential of each site to reduce fee-basis care usage in east central Florida. As we point out on page 24 of our report, the March 1992 site evaluation report stated that a medical center at Crowntree Lakes would reduce non-VA hospitalizations for all east central Florida veterans but mentions only that a medical center at North Viera could result in a possible reduction in non-VA hospitalizations. The report contains data, however, that show that most non-VA hospitalizations in east central Florida occur in Brevard County. This is because Brevard County veterans live the farthest from an existing medical center.

VETERANS COUNCIL COMMENT 8

GAO provides a figure of \$171 million as the VA cost for a hospital in Brevard County. Then it goes on to state that the Air Force would contribute \$21.7 million if it were to be a joint venture. The GAO does not state that this sum is in addition to the VA money for a total of \$192.7 million and that the hospital in Brevard County would be 510 beds to 570 beds depending on the Air Force requirements. There is no offset of the VA funds by the Air Force contribution.

GAO also claims cost savings in a joint venture from common use of the facilities such as laundry and pharmacy operations. Here again they are only guessing, for any savings would depend upon the military use of the facility.

GAO RESPONSE

Our report does not suggest that the Air Force funds would offset VA construction costs. The point we make in the report is that the total cost to the government for new VA and Air Force facilities in east central Florida under the various site options should have been determined. VA's estimated costs were roughly comparable under all of the site options, with medical center construction at the Crowntree Lakes site expected to cost about \$5 million more than medical center construction at North Viera. The Air Force's costs, and therefore total government costs, however, would be less if VA constructs the medical center at North Viera. This is because the Air Force would need to build a separate facility at

Patrick Air Force Base if VA builds its medical center at Crowntree Lakes or Deltona. Although the Air Force has not established costs for a freestanding facility--it counted on a joint venture with VA until former Secretary Derwinski's March 1992 decision to build at Crowntree Lakes--DOD's cost to build a freestanding hospital at Patrick Air Force Base would be higher than that of adding the same number of beds to the VA hospital as a joint venture.

Similarly, until details of joint operation of the medical center are determined, the savings in operating costs cannot be determined. Experience in the joint venture at Albuquerque and plans for other joint ventures clearly establish the potential for cost savings.

Equally important, however, should be the advantages to both DOD beneficiaries and veterans from the broader range of services that could be offered through a joint venture. For example, women veterans could benefit from the focus of the DOD health care system on meeting the health care needs of women. Similarly, a small Air Force hospital in Brevard County could not afford to offer many specialized services, but by constructing the facility as a joint venture with a larger VA medical center, a wider range of services could be offered to DOD beneficiaries.

VETERANS COUNCIL COMMENT 9

GAO claims there are several factors that VA would have to take care of at the Crowntree Site which they apparently feel would result in additional cost:

1. Designing the building to avoid noise from overhead flights to Orlando International Airport.
2. Testing of ground water because of a county land fill in the area.
3. Designing the building to preserve wetlands at the site.

The Veterans Council president said that:

1. The Crowntree Lakes site is not in the direct approaches to the Orlando International airport and overhead flights would not be a problem. Soundproofing should not be a significant factor.
2. The County land fill is not on the site but some distance from it. I do not believe it appears in the Environmental Impact Study.

3. Preservation of drainage facilities is commonplace in Florida and is ignored at one's peril. Similar problems should exist at North Viera.

GAO RESPONSE

The potential environmental problems we noted in our report were identified by VA through its Environmental Impact Statement process, not by GAO. In September 1992, the former Secretary signed the Record of Decision that completed the environmental review and his selection of Crowtree Lakes; this document identified actions required to mitigate the potential environmental problems VA identified at Crowtree Lakes. These actions included aircraft noise mitigation, groundwater testing, and avoidance of wetland areas.

The President of the Orange County Veterans Council correctly points out that the Environmental Impact Statement did not identify the Orange County Landfill as the reason for recommending groundwater testing at Crowtree Lakes. Instead, such testing was recommended because of the proximity of Crowtree Lakes to a now-closed household waste dump. We did not report, as the President of the Orange County Veterans Council implies, that any landfill or waste dump is actually on the Crowtree Lakes site. Finally, we state on page 26 of our report that VA did not consider the costs of mitigating environmental problems at any of the sites. This applies both to the recommended actions at Crowtree Lakes and actions required to deal with the high water table at North Viera.

VETERANS COUNCIL COMMENT 10

GAO places great emphasis on the Navy's role in serving the Orlando area veteran through the availability of its unused beds. They give various counts on the number of beds at the facility ranging from 140 to 160. If these beds are indeed available, why have they not been utilized in the past. It has been our understanding that the Navy maintained a significant number of beds for psychiatric care because of the Recruit Training Center. We also understand that Navy hospital construction standards vary from those of the VA as they serve a younger patient load.

GAO did not allow for base closure. With the announcements of Friday, March 12 regarding the Orlando Naval Training Center the GAO's theorizing could be out the window.

By the same token it must be borne in mind that there is no strategic military value to the Patrick Air Force Base. It serves the Air Force Missile Range. It too could come up on a future base closure list. Then we would have a dislocated VA Medical Center

far removed from the center of the veterans' population and at a cost savings to no one.

GAO RESPONSE

We agree that the former Administration should have pursued sharing agreements with the Navy to use some of the unused capacity at the Orlando Naval Hospital.¹ The potential closure of the Orlando Naval Hospital, rather than decrease VA's opportunity to meet Orlando-area veterans' needs through use of unused beds at the Naval Hospital, might increase the possibilities. VA could potentially operate the hospital as a VA facility. Although the planned closure was not announced until after our report was issued, we discussed such potential with VA officials prior to completion of our work. We advised VA that, in the event of the closure of the Naval Hospital, VA could end up with two hospitals in the Orlando area but no hospital facilities in the Daytona Beach and Cocoa/Melbourne areas. Selection of the North Viera site creates the potential for VA to operate hospitals in two of the three population centers in east central Florida. In our opinion, the subsequent announcement of the planned closure of the Orlando Naval Hospital reinforces the wisdom of focusing VA inpatient hospital construction at North Viera rather than Orlando, if a hospital is to be built.

We have informed VA, DOD, and the Congress, however, that we believe VA should proceed cautiously with constructing new acute care facilities, including a new medical center in east central Florida, until national health care reforms take shape. To proceed with construction of a VA medical center at this time could result in construction of a facility with significant excess capacity before it even opens. We agree that the downsizing of the military is an important factor to consider, but we did not attempt to assess Patrick Air Force Base's strategic value, nor did we attempt to speculate whether it might be closed sometime in the future.

VETERANS COUNCIL COMMENT 11

GAO ignored the fact that a facility at the North Viera site would cost the VA more for travel because a greater number of veterans would have to cover greater distances from inland Florida to this coastal site. Also ignored are the individual costs to visiting families who would have to travel the greater distances.

¹In 1987, when VA and the Navy discussed sharing opportunities, the Naval Hospital had about 140 beds. When we visited the hospital in June 1992, it had 153 beds.

Further, GAO ignores the funds expended by the Orange County Board of Commissioners; an expenditure based upon the word of a Cabinet Officer and the integrity of a federal agency. Also to be considered is the monies already expended by the VA on the Crowntree site.

GAO RESPONSE

Clearly, at any site selected, some veterans and their families will have to travel farther than others. As we have stated above, and in our report, any measure of accessibility should consider more than straight-line or driving distances from a site. It also should consider such factors as veterans' likelihood to use VA services, and distances from existing VA facilities. The veterans most likely to use the VA facility are aged 65 and older, have low incomes, and lack public or private health insurance. As the President of the Orange County Veterans Council has noted, Brevard County veterans generally have lower incomes, and are less likely to be employed, than veterans in Orange and Seminole counties. Thus, Brevard County veterans are more likely to travel to a VA medical center for care.

Also, Brevard County is farther from existing VA medical centers than Orange and Seminole counties. This distance is reflected in a lower usage of existing medical centers, and a higher usage of fee-basis care, by Brevard County veterans. When VA evaluated sites prior to March 1992, it considered accessibility in terms of access for underserved veterans; that is, veterans who had the least access to VA care. For example, the accessibility criteria in VA's September 1991 site evaluation included such factors as distance from existing VA facilities; usage of existing VA medical centers and fee-basis care; and veterans' per-capita incomes. This evaluation rated North Viera higher than Crowntree Lakes on accessibility.

We did not ignore the financial commitment that Orange County made in March 1992; VA solicited that commitment before the former Secretary selected Crowntree Lakes. Also, Orange County was aware of our review when it decided to begin spending funds on infrastructure improvements, based on its March 1992 commitment. When we recommended that the new Secretary reconsider the selection of Crowntree Lakes, it was with the understanding that the former Secretary's site selection could be changed by the new Secretary.

VA's plans to build the medical center at North Viera still depend on receiving congressional authorization and appropriations. The Congress has not yet authorized, or appropriated design or construction funds for, the east central Florida project. Under a law enacted by the Congress in 1992, VA may not spend construction funds for the project until it has been specifically authorized by

law. This law would also have applied if the Secretary had not changed VA's site selection; to build the medical center at Crowntree Lakes, VA would have been required to obtain the same authorization.