

NATIONAL PRESS CLUB LUNCHEON WITH JIM NICHOLSON, SECRETARY OF  
VETERANS AFFAIRS

SUBJECT: THE STATE OF VETERANS AFFAIRS

MODERATOR: JONATHAN SALANT, PRESIDENT OF THE NATIONAL PRESS CLUB

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MR. SALANT: Good afternoon, and welcome to the National Press Club. I'm Jonathan Salant,  
the reporter for Bloomberg News and president of the National Press Club.

I'd like to welcome club members and their guests in the audience today, as well as those of you  
watching on C-SPAN. Please hold your applause during the speech so we have time for as many  
questions as possible. For our broadcast audience I'd like to explain that if you hear applause, it  
is from the guests and the members of the general public who attend our luncheons, not from the  
working press.

The video archive of today's luncheon is provided by ConnectLive and is available only to  
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Before introducing our head table, I'd like to remind our members of future speakers. On April 17th, Philippe de Montebello, the director of the Metropolitan Museum of Art, will discuss yours, mine or ours cultural property, museums and the memory of mankind; on April 27th, Christina Norman, the president of MTV Networks; and on May 8th, Senator Russ Feingold, a Wisconsin Democrat.

If you have any questions for our speaker, please write them on the cards provided on your table and pass them up to me. I will ask as many as time permits.

I would now like to introduce our head table and ask them to stand briefly when their names are called. Please hold your applause until all the members of the head table are introduced.

From your right, John Cosgrove, senior past president of the National Press Club and the past commander of American Legion Post 20 at the National Press Club; Ramona Joyce of the American Legion; Ken Dalecki, a freelance writer and editor; Tom Philpott of Military Update, a syndicated news column; William Tuerk, undersecretary for Memorial Affairs of the U.S. Department of Veterans Affairs; Bill McCarren, president of U.S. Newswire and a member of the Press Club's Speakers Committee; Admiral Daniel Cooper, undersecretary for Benefits for the Benefit -- for the Veterans Affairs Department. Skipping over our speaker for a moment -- or first -- or Angela Greiling Keane, the associate editor of Traffic World and the vice chair of the Speakers Committee.

Skipping over our speaker for a moment, John Fales, known to most of us as Sergeant Shaft, reporter for The Washington Times and the Speakers Committee member that organized today's luncheon. And John, thank you very much.

Dr. Michael Kussman, principal undersecretary for Health of the Department of Veterans Affairs; Beverly Hudnut (sp), the Commission on the National Guard and Reserve, and a new member of the press club; Joe Davis, the Veterans of Foreign Wars; Captain Marc Giammatteo, a guest of our speaker; and Don Larrabee, a former president of the National Press Club. (Applause.)

Our speaker today oversees the second-largest Cabinet agency, the Department of Veteran(s) Affairs. He has 230,000 employees and an \$80 billion budget to provide health care and other benefits to 25 million military veterans.

The demands put on the Veterans Administration keep growing as the United States continues to fight in Iraq and Afghanistan. The head of the agency, Jim Nicholson, is well-equipped to understand the needs of America's veterans: he is one. A graduate of West Point, he served in Vietnam, where he received a Bronze Star, the Combat Infantry Badge and several other medals. After eight years of active duty, he served for 22 years in the Army Reserve.

As head of the VA, Secretary Nicholson has promoted healthy living, such as controlling obesity, as a way to cut health care costs. Working with the Department of Health and Human Services, the VA's kicking off a series of educational campaigns, known as Steps Towards a Healthier U.S.

The VA has been criticized by some veterans for failing to expand its services to handle those returning from Iraq and Afghanistan. John Fergus, who at the time was commander of the Veterans of Foreign Wars lashed out last June, calling the Bush administration's spending proposals for the VA, quote, "especially shameful during a time of war."

Secretary Nicholson himself reversed his opposition to increased funding for veterans' health care, saying that the Bush administration had underestimated the number of returning military personnel who needed medical care.

Jim Nicholson became Veterans Administration secretary in 2005, after serving as ambassador to the Vatican. Before joining the administration, he helped elect the president, as chairman of the Republican National Committee. In the private sector, he was a successful developer and home builder -- quite a series of accomplishments for someone born in poverty in Iowa, living with a father who suffered from alcoholism. He sold greeting cards door to door in second grade to help support his family and later worked 18- hour days laying railroad tracks.

In a television interview with conservative commentator Armstrong Williams several years ago, Secretary Nicholson talked about what it was like growing up as the child of an alcoholic. He urged those close to alcoholics to urge them to seek treatment.

As he said on the program, quoting now, "I used to dream that someone would do that for my father, and it never happened."

It is a pleasure to welcome Secretary Nicholson to the National Press Club. (Applause.)

SEC. NICHOLSON: Thank you for that generous introduction, Jonathan, and thank you for having me. My special thanks to my good friend John Fales for the invitation to come here. I'm truly pleased and complimented to be able to come and come back here and talk to you about my favorite subject these days, which is the Department of Veterans Affairs.

I want to acknowledge the many members of the veterans service organizations who are here with us today. The value of your partnership with the VA in caring for our veterans just cannot be overstated. And I want also to recognize the many members of my team at the VA, my colleagues who work there, particularly the group of leaders that we have here at the head table and others.

And I want to recognize and salute Captain Giammatteo, Marc Giammatteo. He's here at the head table. I've gotten to know him through my visits to Walter Reed and the Friday nights that we spend in a local restaurant with those wounded who are ambulatory enough to come down for a steak fry that we put on. But I'm so proud of Marc on many levels, but just last Friday night he told me, with that characteristic smile that he has in spite of his wounds and 30 surgeries, and

amputation of his leg, that he's just been admitted to the Graduate School of Business at Columbia, Wharton and the University of Chicago. And Harvard, if you're listening, he's still waiting to hear from you. (Laughter, applause.)

Over the next few minutes I'm going to tell you about my department, about the work that we have been accomplishing since the Veterans Administration was signed into being a little more than 75 years ago. I'm going to talk about the challenge that we've faced in recent times with the global war on terror. And I'm going to tell you now that this Cabinet-level department was made so in 1989, but it was in 1931 that President Hoover signed the legislation bringing together the various and many disparate parts of the government into one, which was at that time called the Department of Veterans Administration, now the Department of Veterans Affairs.

We have a lot of work ahead of us at the VA. Our job as the agents of the American people is to fulfill the initial admonition of President George Washington. I'm reading a book right now called "Washington Crossing The Delaware" -- it's a Pulitzer Prize-winning book. But he talks about those men that he met the first time when he came from the northern neck of Virginia and went up with those Yankees up in New England. And he wrote, he said, my God, he said, these people are nasty, and he said, and they're dirty. And he implied that he hoped they scared the British because they scared the heck out of him. (Laughter.) And he went on from there, when the war was over, to reflect his admiration for their courage and their ability to endure untold hardships and deprivation. And he said this new nation owes them a debt of gratitude, indeed, a debt of honor.

And President Lincoln, in his second inaugural, said that we need "to care for him who has borne the battle, and his widow and his orphan."

And that's what we do as your agent, agent of the people, of a grateful country, for the 25 million veterans that there are in our society. And I think currently we have no better models of selflessness and courage than those patriots who are now serving us in Operation Iraqi Freedom and Operation Enduring Freedom -- patients like Captain Giammatteo, and the tens and tens of thousand of others.

Today in the deserts and mountains and cities of Southwest Asia, American men and women in uniform are shouldering the burden of securing freedom in a part of the world that has known only fear and oppression for now more than a generation. Our soldiers, sailors, Marines, airmen, Coast Guardsmen represent a long and unbroken line of remarkable citizens who set aside their dreams in the prime of their life, who put down their tools or their school books, who bid farewell to their families, and if asked, took up and take up perilous positions on the frontlines of democracy.

From the time of our first national census back in 1790 to today, more than 500 million Americans have enjoyed the blessing of liberty under one flag. In that same time, over 48 million Americans -- about one in 10 of all Americans who have ever lived -- put on a uniform of the United States, took that oath and went off to serve and procure and protect, defend what that flag stands for.

One million Americans in that uniform died in that noble cause. One out of every 500 of our fellow citizens since the beginning of our republican -- our republic have paid that ultimate price for our freedom.

The honor roles of the armed forces are lined with the names of men and women who chose the journey of service to our country, the journey from the American Revolution to Operation Enduring Freedom and Operation Iraqi Freedom, and it's been a noble one of choices known to every serviceman and -woman. Thanks to our veterans, democracy has flourished on our shores now for 230 years.

Democracy's journey is, to my way of thinking, one of the greatest journeys ever told, and the men and women in uniform who made that journey possible are the reason that story can be told. And if you've ever visited a VA hospital, and I hope you have -- or if you haven't, that you will -- you'll see inscripted over the entryway to many of them the words that say, "enter here to witness the price of freedom."

You know, one of America's premier storytellers, Herman Melville, wrote, "We cannot live only for ourselves. A thousand fibers connect us with our fellow man." I suggest to you today that 48 million patriots in uniform throughout our history are the connecting threads of our democracy. There are nearly 25 million veterans today still alive, and they're the living proof of the soldiers' bonds that have, without compromise, encircled and defended our nation.

It's a privilege to be the steward of the federal government's commitment to honor those men and women who stood between freedom and tyranny. In 2004, when President Bush asked me if I would take this job as secretary of Veterans Affairs, I was, as Jonathan said, the ambassador to the Holy See -- the Vatican -- and I had been since 2001. After I told the president that I would be honored to take this, and if the Senate would confirm me, I returned to Rome to begin the transition. It became clear to me that no other nation on Earth -- and there are 174 nations accredited to the Holy See -- have anything remotely near what we have to care for our veterans because so many of the other ambassadors came to me after word got out that Nicholson was being called back and going to become a minister in the government, to ask me about what I was going to be doing. And I explained it to them, and most of them had these vacant looks on their face because they had no context for what we do in our country for veterans, and that made me very proud -- ab initio -- before even coming into this great job.

From health care to benefits to final memorial tributes, VA's 234,000 employees carry out our mission as President Lincoln admonished us to do, to care for him and his widow and his orphan.

So I would like today to take this opportunity to report to you on the state of the VA as we're completing this 75th birthday year. It is strong and it's moving forward. It is fulfilling President Bush's commitment to honor our veterans just as they have honored us with their commitment to us.

Let's start with the budget. The VA's budget is the springboard to keeping that promise, that Lincolnesque promise. And our 2007 budget proposal is truly historic in its scope of services to our veterans. President Bush's request of \$80.6 billion is 12 percent above the level of last year,

and last year was a record. It contains the largest increases in discretionary funding for the VA ever requested by any president. For medical care alone, the president's asking for \$34.3 billion for healthcare funding that is 69 percent higher than it was when he took office -- that's right, over two-thirds greater. Our budget is now bigger than that of 24 of our states combined.

Our priorities are to our service-connected disabled veterans, indigent veterans, and veterans in need of our highly specialized services, like amputee care, spinal cord injury, blind rehabilitation, and treatment for Post-Traumatic Stress Disorder. With regard to PTSD, as it's called, we are continuing to study the long-term effects of combat as it presents itself in PTSD. Our seminal work in this area has made VA a recognized world leader in PTSD treatment.

Another major priority is the welfare overall of our returning service members from the combat theater. Our budget provides the resources to ensure a seamless transition from military status to civilian life, and it stresses the importance of an informed, hassle-free changeover for all of our armed forces members, but most especially for those that have been injured.

The VA is, I think, truly one of America's good news stories. Following a decade-long healthcare transformation, the VA is now at the forefront of America's healthcare industry. And it's not just a proud secretary saying that, but a host of other organizations within and outside of the healthcare community saying that about us. For example, the Journal of American Medical Association has applauded the VA's dedication to patient safety. The Washington Monthly magazine a few months ago had a feature article calling VA health care, quote, "the best care anywhere."

U.S. News and World Report described the VA as the home of top-notch health care in its annual best-hospitals issue. And since you're sitting down, I won't shock you unduly by telling you even The New York Times recently said that the VA is a model for our nation. And very recently, I think last week or the week before, on the NBC Nightly News was aired a story about VA healthcare, saying that it is the envy of healthcare administrators and a model for health care nationwide.

And we are a model of humanitarian service in our communities as well. Our VA employees come to the aid of their communities and their citizens -- veterans and non-veterans alike -- in times of disasters and other emergencies. To make my point, I need only to mention the heroic effects and efforts of VA employees during Hurricane Katrina and Rita. Not only did our staffs evacuate several hundred patients out of our hospitals in the Gulf area to other hospitals without losing one, and not only did they do it quickly and efficiently, at great personal risk to themselves and at great personal sacrifice and loss. One nurse told me in Houston, where we relocated patients, that she for four days could see her house in New Orleans, and she could see only the roof and the chimney, but she went with her patients when we evacuated them, not even knowing the disposition of her own family.

And when it's all said and done, it's the millions of the men and women who we care for, though, who are our biggest supporters. For the sixth consecutive year, the American Customer Satisfaction Index reports that veterans are more satisfied with their health care than any other patients in America. VA outscored the private sector by a full 10 percentage points. And as you

would expect, because of our first-rate care, veterans are now coming to us in ever greater numbers. Fully 7.7 million are now enrolled in our system.

This year VA doctors and nurses will treat over 5.3 million veterans at one of our 14 points of healthcare access. That's an increase of more than 1 million veterans coming to us since President Bush came to office. We expect this year that we will have 60 million patient encounters; that is, 60 million visits to our centers, clinics and hospitals. We have 154 major hospitals and over 900 clinics, and we dispense pharmaceutical prescriptions to over three -- excuse me, over 230 million times.

We've achieved something that no other major integrated provider has ever yet been able to do, and that is that every one of these 7.7 million veterans enrolled in our system has an electronic medical record.

Time precludes me from telling you all of the advantages of safety and good medicine that that gives us, but let me mention anecdotally a couple of things.

One, a young man came through Ronald Reagan airport. He was a diabetic. His insulin was in his luggage, and they lost his luggage. And he called his father in South Carolina, panicking, and his father said, "Call the VA," because he was a veteran.

He called our VA hospital here in north Washington. They said, "Get in a cab and come out here." And by the time he got there, they had his medical record dialed up, knew his insulin regime, administered to him, gave him a supply and sent him on his way.

And during that relocation of hundreds of patients in Katrina, we were able in every case, after we got them resettled into another hospital, to dial up their medical record.

So electronic health records and their advantages to patient safety, for telemedicine, have put us at the forefront in health care delivery in this country, and we are very proud of that achievement. And I can say that because it didn't happen in the 14 months that I've been in the job. So I'm sitting on the shoulders of those who did make it happen. But it is a seminal achievement in health care.

Our partnership with the Department of Defense is also a priority of President Bush and our administration. Over the years, the VA and the DOD have worked to provide a seamless information and care flow for the men and women making that difficult transition from active duty to civilian life. It is made much more difficult for those who get injured while serving on active duty.

Our efforts in that regard have gained us a major award recently from the American Council for Technology, citing our collaboration on treating patients receiving care from both the DOD and the VA.

However, the ramping up of our military forces and the subsequent deployments to Southwest Asia have brought new cooperative challenges to us, both the VA and the DOD. For example,

we are working better to understand the rapidly evolving threats of the modern battlefield, the effects of explosive devices, and the strengths and weaknesses of body armor that, while saving lives, are also causing very severe traumatic injury to the unprotected body parts. These are people who in other wars would be KIA.

Of great concern is how our two departments can work together to meet the rehabilitation needs of these troops injured in this way.

Today, it is not unusual for a wounded soldier to go from a combat medic to an aides station to a combat support hospital to Walter Reed Medical Center and to a VA polytrauma center in a matter of just a few weeks.

When I visit Walter Reed and our other hospitals, I'm always impressed with the incredible skills and the great compassion of the entire cadre of life-saving professionals who practice reconstructive medicine on our youngest heroes. I am even more impressed by the attitude of those heroes, most of whom when I meet them for the first time tug on my lapel and say, "Sir, can you help me get back to my unit?" With every visit, I am recommitted to make absolutely certain that when those patients come to the VA for the next phase of their care, they will receive no less than the very best care that this nation can offer.

We're now meeting that benchmark. Our rehabilitation, research and development centers of excellence are focal points for the best and brightest minds in medicine to help us devise innovative solutions to the challenges of traumatic and multiple injuries. The VA's four polytrauma rehabilitation centers respond to those injuries with a dramatically new level of rehabilitative care. They provide both inpatient and outpatient services supported by teams of physicians, rehabilitation therapists, audiologists, speech pathologists, neuropsychologists, social workers and other disciplines.

This weekend a group of us will be accompanying over 50 of our recent amputees and folks injured in Southwest Asia to Colorado to put them on the ski slopes, joining many others out there, for the purpose helping them to realize that -- realize what they still can do with their new body, if you will, and take the focus off of what they no longer can do. And the other important part of this is for them to see what others have been able to do and for the larger body of people to be injured -- who have been injured to be inspired by what these folks can achieve. Our VA professionals and the many volunteers, over 500 volunteers will be in Colorado to help them achieve new heights and a new sense of self-value and a new determination and a new set of aspirations.

Let me mention the VA benefits and burials -- two other extremely important parts of what we do. In fact, we spend more money in benefits at the VA than we do in health care. Our volume of claims receipts has grown substantially. Last year, 3.5 million people received VA disability compensation and pensions worth over \$30 billion. One of the key drivers of new claims activity is the increase in size of the active duty military force, which as you know, now includes the Reservists and National Guard members called to active duty. This has led to a sizable growth in the number of new claims, as has the growing aging demographic of our veteran population at large. We expect these patterns to persist, and as we do, the growing number of complex



disability claims also increase, resulting from things like PTSD or environmental and infectious risks, and those complex combat-related injuries that I've mentioned. Because each claim now takes more time and more resources to adjudicate, we are addressing our ever-growing workload in ways targeted to improve our productivity. They range from simplifying and clarifying our regulations, to leveraging technology to the fullest.

Our third challenge is that now in our country, every day 1,800 veterans pass away. In 2007, which is contemplated in our new budget submittal, we will at VA facilities bury 107,000 veterans. This is a sharp increase from just two years ago. As a result, we are now conducting one of the most ambitious expansions of the national cemeteries since the Civil War. Three new cemeteries will soon be added to our 122 existing cemeteries, and six more are in the planning stages. By 2009, we will have nearly doubled our capacity, and as I said, it's the biggest expansion since the Civil War.

The VA that I've been describing today is not a monolithic department guided by aging policies set in stone. We are a vibrant, dynamic, flexible, and most of all, forward-looking organization in pursuit of the best care for America's defenders.

On that note, I want to close with two examples of what the VA is doing today to lay the groundwork for a whole new journey of care for our nation's veterans. We are reaching out to all veterans with programs designed to help them lead healthier lives.

For example, our newest initiative, called, "Healthier U.S. Veterans," addresses the fact that diabetes and obesity are particularly prevalent among veterans. Fully 20 percent of our veterans have diabetes, compared to an incidence overall in our population of 7 percent.

Although diabetes and obesity are silent killers, they are preventable, or at least controllable. Healthier U.S. Veterans was designed to prepare millions of diabetic, obese and at-risk veterans with common-sense measures so they may make healthy and life-saving decisions that they need to make.

Two weeks ago I announced the creation of another front of technological initiative at the VA, which has the potential for untold ramifications in health care, and that's the creation of a new Genomic Medicine Program Advisory Committee, which will be to help me establish policies for using genetic information to help improve the medical care of our veterans.

The VA's commitment to move into this realm of research, to advance our knowledge of the relationship of the genome to a host of physical and mental conditions relevant to veterans, is completely in keeping with the investigative nature of VA medicine. For 75 years our researchers and clinicians have been breaking exciting ground in virtually every aspect of medicine, with most of their work resulting in new and better ways to treat the myriad illnesses of our veterans. From Nobel Prize-winning researchers -- and the VA's had three Nobel Prize winners -- from Nobel Prize winners to the CAT scan to paperless records technologies, to kidney transplants, to microchip-drive prosthetics, to medical school partnerships that have trained more than half of our nation's physicians today, we are leading the world in our care for our veterans.

As I've outlined, we've done a great job so far. We are a world-class healthcare network when it comes to treating existing illnesses and disabilities. But then we ask ourselves, what if we knew how to identify the earliest possible signs of a veteran's predisposition to a particular disease? What if we knew in advance how a veteran would react to a particular drug therapy? What if we could reasonably forecast the risks a particular veteran might face with respect to some forms of cancer? What if, summing up, we could move from providing medicine that is preventative to medicine that is predictive?

With the advent of the Genomic Medicine Advisory Committee, we are positioning the VA to take a new journey, a truly great journey along the DNA trail. It is a path still not well lighted. There are so many questions of ethics and privacy that we are not going to proceed down that trail without first assessing the risks and benefits to our veterans. But we know from past experience that once we determine that a VA program is in the best interest of our veterans, we move forward with all the resources we can muster.

And when VA health care is on the move, we change the nation's healthcare landscape for the better. As medical practice incorporates the advances of science, we must harness VA's triple mission of health care, research and training to bring these advances to the veterans we serve.

I'm confident our new push down the genomic road will benefit not only our veterans, but the larger national health care community as a whole, as so much of our other research has done, such as the development of the CAT scan and the pacemaker and the first liver transplant done at the VA.

So ladies and gentlemen, America's veterans made selfless sacrifices, selfless choices to face the whirlwinds of tyranny wherever and whenever we asked them to do so. Their centuries-long journey to protect and defend freedom, liberty and human rights brought upon them the highest honor, the honor to be called an American veteran. At VA, we know we are privileged to serve these people, and we're grateful for the many opportunities we have to open our hearts and our programs with equal alacrity and to care for him and her, now, who shall have borne the battle; for we know that while wars have beginnings and endings, pray God, those who need care, and our need to provide it, have no endings.

So may God bless the United States of America and the men and women in uniform past, present and future who pay that price for us.

Thank you very much. (Applause.)

MR. SALANT: A reminder if you have questions for our speaker, please pass them up on the cards on your table and pass them up to me. We'll ask any many as we can.

To begin with, given the success of the VA hospital system, why doesn't the Bush administration use it as a model for overhauling health care in America?

SEC. NICHOLSON: Well, the Bush administration and many other people working that issue do look carefully at the VA health system. We have a lot of visitors. My colleagues and I attend a

lot of conferences on health care, and we, I think, are providing a great, albeit, large laboratory for people to look at in a closed, integrated system, which we are. And I think we're providing a major contribution in that way also.

MR. SALANT: How has the VA's job changed, given the increasing number of female veterans, particularly among the wounded?

SEC. NICHOLSON: That's a very good question. About 13 percent now of the force is female. We are seeing an ever-increasing number of women coming into our system, and we are adapting to that. It has been heretofore primarily an organization that has served men. That is changing, and thus, so are we as a result of that. I was just out on the West Coast very recently visiting, and we had the opening of a new women's clinic in one of our major medical centers there. So we are adapting to that, and we will be there for our women veterans as well.

MR. SALANT: How big a strain is the VA experiencing from the new combatant veterans?

SEC. NICHOLSON: That's a question I'm asked often. You know, I told you that we see about 5.4 million patients in any given year. We had 55 million patient visits last year from those people, and we are seeing about 110,000 to 120,000 returning combatants from the combat theater.

So that's a good sized number, but it's only about 2 percent of our volume, so it's not having a material impact on our system. We are well prepared for it.

We are seeing a goodly number of people -- maybe 30 percent of those that we give an examination to for post-traumatic stress disorder and see if there are any of those symptoms present because we want to make sure, if they are suffering any of those symptoms, that we want, number one, to know that there should be no stigma attached to that; they're having common reactions to an uncommon experience. And we also know that if we can start treating that early, we can return most of them to very a normal, productive life.

MR. SALANT: Can you comment on the disappointing unemployment rate for young returning vets?

SEC. NICHOLSON: Yes, I can. The unemployment rate among age cohort of veterans 20 to 24 is about 16 percent, which is over three times the unemployment of our economy as a whole. It's something that bothers me considerably. In fact, I had a meeting with a group of leaders of the VSOs this morning, and we discussed that.

To me, they're perfect for prospective employers. They've volunteered to do something. They made a commitment. They did the training. They did the job. They've been honorably discharged. And they deserve a job. And so every chance that I have to talk to employers and other people in the government, I make that pitch to reach out and try to find a veteran and offer him or her a job.

MR. SALANT: How big a priority is mental health research for the VA? Is what you're doing adequate, or should spending be increased?

SEC. NICHOLSON: Mental health is a very high priority of ours. The VA possesses -- this will sound boastful, but I don't -- you know, as we used to say back home, it ain't bragging if it's true -- but we have the best expertise in post-traumatic stress disorder in the world. And we have the finest research facility for it in White River Junction, Vermont. At every one of our 154 major medical centers, we have an expert in PTSD. We also have just established three areas: Waco, Texas; Canandaigua, New York; and San Diego. Our facility in San Diego has centers of excellence for mental health and PTSD. So we are -- we are ramped upward, and we have a terrific cadre of experts in that area, and we are adequately funded to deal with it.

MR. SALANT: What is being done differently today than the post-traumatic stress syndrome of the returning Vietnam veterans?

SEC. NICHOLSON: Well, I'm a returned Vietnam veteran. I don't remember the term post-traumatic stress disorder. I don't think it existed. We all -- in reading about war, and so forth -- know of people that had shell shock and flashbacks and phantom pains, and so forth. So these phenomena are -- have been around a long time.

Post-traumatic stress disorder is the descriptor of this phenomenon of people suffering these effects of irritability, and sleeplessness, and fear, and sometimes irrationality. And we take that very seriously. We also know from our experts that if we can get them into our system of treatment early, unlike was done for those who came back from Vietnam, we can make most of them very healthy.

What happened with the Vietnam veteran, it seems, is that there was a long gap between the time that they finally started coming forward and relating their experiences from being in Vietnam. And so a lot of that had gotten quite ingrained, and some of those have far more severe cases. But we are treating with success also some of those from Vietnam.

MR. SALANT: Many private sector pensions are facing difficulties. How is the VA pension system faring? And are there administrative lessons in this for the private sector?

SEC. NICHOLSON: Well, the VA pension system it seems has two parts to it. One is the, you know, the eligibility and adjudication. And we have -- Undersecretary of VA Admiral Dan Cooper is here with us today, and he has a large group of professionals who do the job of evaluating people to see whether -- you know, because of service-connected disabilities are eligible for pension and compensation. So one is to determine the eligibility, and then the other is to be able to pay for it. And I'm happy to report also that under President Bush's administration, we are being very generously funded to pay for pension compensation. It is mandatory funding and, therefore, the determination of eligibility is very critical in the first instance.

MR. SALANT: Doonesbury -- no fan of the Bush administration -- has been running a series featuring the character B.D., who lost his leg in Iraq. How helpful are those type of story lines to your mission? And what else can the media do?

SEC. NICHOLSON: Well, I travel around the country a lot in this job. We have a VA facility in virtually every congressional district in the United States. We have a hospital in every state. We have a cemetery in most states. We have a vast presence.

And I would say that there are people in the country who have honest disagreement today about the war, but I find very little disagreement about the warriors. There's a great feeling of gratitude and admiration and affirmation for our men and women who are serving us in this war against terrorism globally. And what we can do, from my perspective, is we can continue to reach out and let them know how much we appreciate their sacrifice, and not just them, but their families. And there are many ways in the communities where the family that they've left behind, the spouse and the children and, you know, the anxious parents, and so forth, that can be, you know, reached out with a kind word and a helping hand as well. And a lot of that is happening, I'm pleased to say.

MR. SALANT: A couple of questions about the CARE system. This questioner says: CARES was initiated as an effort to streamline the VA healthcare system. A large amount of time and effort has been spent on determining which facilities will be downsized or closed.

Recent statements from Capitol Hill, though, have denounced the importance of CARES, and there are no funds proposed in the 2007 VA budget. What is the future of the program?

SEC. NICHOLSON: Maybe we should first define the acronym. CARES stands Capital Asset Review for Enhanced Services. And it's the mandate of the Congress to the VA to take a look at all these vast real estate capital assets that we have around the country and see -- it was determined that we were inefficient in some ways, where some of the hospitals that were built right after the war, where there were a lot of veterans, do not have that many veterans anymore. The veterans, like a lot of the people in our country, have shifted to the West and the South, and they've made these demographic changes.

And so our charge is to look at that to see where, if appropriate, facilities should be closed or downsized or their mission changed. And we're in that process. And it's -- I think it's very thorough and comprehensive, with a great amount of public input. And most of it will culminate this year in decisions that end up on my desk. And you've never met a self-respecting senator or congressman yet that wanted a facility closed in their district, so you can imagine some of the conversations that we have on that.

But what we will -- we are guided and our decisions will be made by what is best for the veterans.

MR. SALANT: Why do so many veterans have diabetes? Is it out of line with other Americans in the same age group?

SEC. NICHOLSON: As I said, about 20 percent of our veterans -- in fact, I was in Puerto Rico last week, and 30 percent of our veterans in Puerto Rico have diabetes, 20 percent in our -- in the mainland, and only 7 percent of the people at large.

Lack of good diet and exercise are real contributing causes to this, and that's why we're initiating this educational plan. And we have a chance to access so many veterans, and we are really working with our VSO partners in this, because they have millions of members, they have their magazines and ways to communicate.

When we have a patient come in to see us now in these 55 million patient encounters I told you about, we're asking our doctors to treat them for that which they came in for and then to assess their body mass and talk to them about their lifestyle and then give them a prescription and a little pedometer to put on their belt with a prescription for how many paces they should walk a day before they come back the next time.

And in the cumulative, through better education and some gentle nudging from our care-giving community, we think we can make real inroads into this. And it's a terrible disease, as you all know. It's a precursor to heart disease and hypertension, kidney disease, hardening of the arteries, amputations, blindness. And of course we take care of all those issues with our veterans as well.

So it's incumbent on us, we think, as the people responsible for them, and on them to try to, you know, improve their lifestyle some to help prevent this because it's very preventable.

MR. SALANT: This questioner writes, you speak as if the VA has no problems. Isn't it true that the VA has some deep-seated funding problems, with Congress adding 1.5 billion (dollars) in 2005 and 1.2 billion (dollars) in 2006? Is that not a problem? And another question, would veterans be better served if the VA's medical programs were assured of a predictable, reliable funding stream?

SEC. NICHOLSON: Well, I think any time you employ 15,000 doctors and 50,000 nurses among the 230,000 people you have and you see 55 million patient appointments, you'll have a few problems. (Chuckles.) But I will tell you that overall, in a transcendent way, this is a wonderful organization populated by committed, compassionate and competent people. It's just an extraordinary American story.

I gave a speech to the Rotary Club in Phoenix one day and got a letter from a veteran afterwards and he said, "I had no idea about the VA." He said, "You ought to tell it more." He said, "It's the greatest American story never told." And so it really is a phenomenal organization.

Does it have what I would call tactical problems? Sure. You know, there are things that do happen -- medical procedures and other ways. We have -- in our benefits area, we're trying to compress the time it takes to get a decision so a veteran doesn't have to wait so long. There are things that we can and we need to do better. But overall it's a wonderful organization -- one that all Americans, I think, should be very proud and very grateful for.

MR. SALANT: As a decorated Vietnam veteran, how do you feel when others with distinguished military careers, such as Senator John Kerry and Representative John Murtha, have their military service vilified by people who oppose their politics?

SEC. NICHOLSON: Well, I'm not going to take the bait on that one. (Laughter.)

You know, we're here to serve veterans. Those are the people that have fought to defend and protect, preserve that freedom that Senator Kerry and Representative Murtha have to speak the way they do, and anybody else that wants to park right outside the Press Club and make statements. That's the American way. And I don't always agree with what's being said, but I certainly respect people's right to say it. And I don't feel any diminution or denigration of the VA as a result of that at all.

MR. SALANT: Putting your Republican National Committee hat back on --

SEC. NICHOLSON: (Laughs.)

MR. SALANT: -- what does the Republican Party need to do in '06 elections, given the battering it has taken lately?

SEC. NICHOLSON: Well, I appreciate the invitation to put that hat back on, but I honestly don't have time to put it on. I'm totally immersed in the VA and trying to do the best possible job we can. We're at war. We have, you know, just tens of thousands of combatants coming in to see us, as well as all the other people that would need and deserve our help. So I am really not -- I don't have time to think very much about partisan politics.

I am an ardent supporter of our president. In my previous job as ambassador, it was my job to try to sell the war to the pope, and that was a lift, believe me. (Laughter.) But the -- but the pope -- the pope never said that it was immoral for us to go into Iraq.

And in fact, a few weeks after the war did start, the Chaldean patriarch came from Baghdad to Rome and wanted to be received by me, and I did, at my residence. And he thrust his arm at me and said, "Thank you for coming to my country and freeing my people." And this is from the Chaldean Catholic population, that had been relatively well treated by Saddam Hussein.

But what it did is it bespoke the penchant that people have to be free and to be self-governing. And that's what we're trying to do, and we're also trying to protect ourselves from those that are openly committed to destroying us. And so I'm strongly supportive of the president and the need to provide our country and those that we also care so much about in our world with security.

MR. SALANT: A couple of questions about the population. One talks about TRICARE -- I hope you'll explain a little bit about TRICARE -- saying, doesn't TRICARE discriminate against those who don't live near a military facility? Another questioner wants to know what you're going to do to put facilities near populations that right now don't live near a VA facility.

SEC. NICHOLSON: Let me answer the second question first. I mentioned the population demographic shifts in our country. And as a result of that, we are now going to build a new hospital in Las Vegas. There is no VA hospital in Las Vegas. We're going to build a new VA hospital in Orlando, Florida, build a new hospital in Denver. Those areas of the South and Southwest are experiencing tremendous growth, and growth in veteran populations as well.

So, you know, there's a long lead time on this, and when you're near an area where there is not a VA hospital -- and there are areas that are not, because of the sparsity of the populations -- we try to mitigate that with a transportation system. The VSOs help us in many ways, with vans to transport people that are referred from our clinics to the hospitals.

And maybe it's worth pointing out that the VA health system used to be a hospital-centric system. And to have an ingrown toenail worked on, you were admitted to the hospital. Well, it's not that at all anymore, it's an outpatient system. And that's why we have those 900-plus clinics that I mentioned to you, and we've pushed those out into those communities where there are really not very many veterans in some cases.

And they come in there for primary care and preventative care, and then if they need acute care, tertiary care, they're referred in to one of those major medical centers where we have these great specialists. And if they cannot provide their own transport, we'll provide it for them to go in and be treated at those distant hospitals.

MR. SALANT: Before we ask our last question, I want to thank you for coming, present you with the coveted National Press Club coffee mug. (Laughter.)

SEC. NICHOLSON: (Laughs.) Well, thank you very much.

MR. SALANT: And a certificate of appreciation for appearing here today.

Thank you very much.

SEC. NICHOLSON: Thank you very much. (Applause.)

MR. SALANT: Our last question comes to us from a resident or somebody who grew up in the same small Iowa town you did. This person writes: I was wondering if you would share with us some of the values you learned there that are important to you today on behalf of -- as head of the VA.

SEC. NICHOLSON: Well, there's a book out, I think, about, you know, "All I ever learned, I learned in kindergarten" or something, and I think a lot of what I am or stand for I learned from my mother. She was an extraordinary woman, never went to college, Valedictorian of her high school class, was a Latin scholar and always correcting our grammar, but most importantly, she said to us seven kids who were living for a number of years in real, real poverty, "Keep your head up." And she somehow helped us maintain our dignity, and she did it based on her faith. She had tremendous faith in prayer, and she has passed that along to me. And she also used to say, you know, not only pray hard, but work hard and study hard, and if you do, you'll have quite an opportunity in this country that we live in. And she was right, and all seven of the kids got to college somehow, and four of us have post-graduate degrees.

And so I think that the values I learned are, you know, if you live your life right and you work hard, in America there are great opportunities, and there are always people that can use your help. And that's the American way, and in or out of government, but it's an admonition, I think,



that we got from our Lord. When asked what's the most important commandant, he said to love one another. And I think by what we all get to do at the VA is a manifestation of that, and there are many other opportunities in our society to do that. And this is a great country, and we're a lucky people.

Thank you very much. (Applause.)

MR. SALANT: I'd like to thank everyone for coming today. I would also like to National Press Club staff members Melinda Cooke, Pat Nelson, Jo Anne Booze and Howard Rothman for organizing today's lunch. And thanks to the National Press Club's Eric Friedheim Library for its research.

We're adjourned.

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