

NATIONAL PRESS CLUB LUNCHEON WITH SECRETARY OF VETERANS AFFAIRS JAMES  
PEAKE

SUBJECT:  
THE VETERANS ADMINISTRATION, HONORING OUR COMMITMENT AND MEETING THE  
NEEDS OF 21ST CENTURY VETERANS

MODERATOR: SYLVIA SMITH, PRESIDENT, NATIONAL PRESS CLUB

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MS. SMITH: Good afternoon, and welcome to the National Press  
Club. My name is Sylvia Smith. I'm the Washington editor of the Fort  
Wayne Journal-Gazette and I'm president of the National Press Club.  
I'd like to welcome Club members and their guests today, as well as  
those of you who are watching on C-SPAN. We're looking forward to  
today's speech, and afterwards I'll ask as many questions from the  
audience as time permits.

Please hold your applause during the speech so we have as much  
time as possible for questions. For our broadcast audience, I'd like  
to explain that if you do hear applause from the audience, it may be  
coming from our guests and members of the general public who attend  
our events, not necessarily from the working press.

And now I'd like to introduce our head table guests and ask them  
to stand briefly when their names are called.

From your right, Paul Krawzak, defense correspondent for Copley  
News; John Cosgrove, past president of the National Press Club; Gordon  
Mansfield, deputy VA secretary; Angela Greiling Keane of Bloomberg

News and chairwoman of the NPC Speakers Committee.

I'm skipping our speaker for just a moment. John Fales, columnist, a/k/a Sergeant Shaft of the Washington Times, the organizer of today's event and a member of the Speakers Committee; Dr. Michael Kussman, VA undersecretary for health; Carlton Sherwood, a documentary filmmaker; John Hanchette, journalism professor at St. Bonaventure University; and Steve Barr of The Washington Post. (Applause.)

The Department of Veterans' Affairs employs nearly a quarter-million people and is in charge of hundreds of medical centers, clinics, nursing homes, benefit offices and national cemeteries. It also touches one in four Americans, veterans and their families, all of whom are eligible for veteran benefits, be it education, health care, or burial assistance.

But all has not been smooth for the gigantic agency. The good news is that improvements in battlefield medical care have saved lives that would not have made it through previous wars. But the cold reality of that is more veterans with medical needs that can place stressers on the VA.

Though major criticism of the care of wounded soldiers returning from Iraq and Afghanistan was pinned on Walter Reed, an Army facility, the VA came in for some complaints as well. And last year the computer data on millions of veterans was potentially compromised by the theft of a laptop computer from a department employee's home.

Maybe not the best circumstances in which to take over the administration of an agency, but it's what James Peake inherited when President Bush nominated him last fall to be secretary of the Veterans Administration. Six months into the job, however, Peake gets good marks from the veterans' community. One agency, for instance, said his outreach to all veterans of Iraq and Afghan wars was unprecedented. And a month into the job, he increased the mileage reimbursement rate that veterans receive for their trips to receive medical care from a shocking 11 cents a mile to 28.5 cents.

Peake is a retired Army lieutenant general who is a cardiac surgeon. He describes himself this way: "Fundamentally, I'm a soldier. I've been taking care of soldiers essentially all my adult life." Peake served in Vietnam as an infantry officer and was awarded a Silver Star, a Bronze Star, and two Purple Hearts. He was the Army surgeon general for four years before his military retirement in 2004.

Before taking the helm of the VA, Peake was the chief medical director and chief operating officer at a company that sells disability examination testing and other medical services.

Please welcome to the National Press Club podium Secretary James Peake. (Applause.)

SEC. PEAKE: Sylvia, thank you very much, and congratulations on the 100th anniversary of this organization. It is a pleasure to be here.

John, Sergeant Shaft, thank you very much for organizing and

getting me invited here.

He asked me what theme I wanted to use. And I said, "Well, the VA -- honoring our commitment and meeting the needs of the 21st century veterans." And I thought about it, as Sylvia and I talked earlier, and I thought, "Well, maybe it's the first five months." And it's five months today, actually, Sylvia, and running fast.

Listen, I've had -- and I am absolutely delighted to have this job. It is an absolute honor and a privilege to be a part of this organization. Shortly after the first set of budget hearings were over, I got out on the road and tried to see this organization that has 263,000 people and, you know, 1,400 points of care and offices.

I've been to Walla Walla, Washington, Billings, Montana, Helena, Montana, Harlingen, Texas, Waco, San Antonio, Kansas, and lots of other places in between. I've been to medical centers. I've been to vet centers. I've been to CBOCs, to regional offices, to data centers, and to some of our cemeteries.

My impressions: I am absolutely blown away by the quality of the people and what they stand for and what they care about. So many of them are veterans. And every place I've gone, you know, obviously I get a chance to meet the leaders and the leadership and get around to see them, but every place I go, I try to sit down with about 12 to 15 in a room of front-line folks without the supervisors and talk to them about how they came to the VA and what they care about and what's important to them. And it's the veterans.

And they'll talk about their service as veterans. And about 31 percent, I think, of our folks are veterans. They'll talk about their dad or their mom or their granddad that was a veteran and why working in the VA is important to them. This is not anecdotal. I mean, this is place after place and worker after worker.

I am impressed with the very best electronic health record in the world. It is more than an electronic health record. It is a system of information technology support for providers that allows us to get into the notion of measurement, to be able to provide reminders to very busy clinicians who are working hard every day and want to do the right thing. And that reminder helps them to be able to do the right thing. And we're learning a lot about that.

I am very proud of the accolades that have been earned by the VA. I mean, you've just got to go to the literature, if you're really serious about it, and take a look, and it's accolade after accolade about meeting the quality measures that all the rest of medicine is measured by, by the kinds of results from a joint commission like we've had just recently here at the VA MC here in Washington, D.C. There's no question about the quality journey that this organization has been on since the early '90s and the success of that quality journey.

Let me talk a little bit about the priorities as a new secretary. The first one, obviously, is transition. We're, for the first time in quite a while, in a shooting war where we have soldiers, sailors, airmen, Marines coming back from a combat zone. And so this issue of

transition is important. But I will tell you, I think some people want to simplify it. I see transition with a big "T," not a small "t."

Let me say what I mean by that. You have a wounded warrior at Walter Reed in the ICU or a wounded warrior at Bethesda or Fort Sam Houston or wherever. And being able to move those wounded warriors into our poly-trauma centers -- and we have four of those, another one on the way, that are there for the rehabilitation of the poly-trauma patient.

We started out in '92 studying TBI, by the way, so we've got a history there as well. But the fact is, we've only had about 507, or something like that, of those seriously injured folks moving into the level one poly-trauma centers. That's a chip shot. We take care of some 5.7 million unique patients every year in the VA. So the notion that that should overwhelm us is wrong.

But we've got to do better. And we, I think, have really made some really significant improvements in how we manage those transitions and share information, because that's very important. It's not -- and it's information-sharing not just from doctor to doctor, but sharing information with the family members, to understand what is expected and what the expectations ought to be as somebody moves from one system of acute care into a system for rehabilitation.

And so those are important aspects of it that I think I am -- that is really important in transition. But that's, I would say, transition with a small "t."

Transition with a larger "T" is helping those men and women who are returning from overseas to be able to reintegrate into society, to reintegrate with their family members, to reintegrate with their employers and with their communities.

And so you start looking at the panoply of services that we have that include everything from providing compensation if they have a disability to both rehab, which is extremely important and, I think, underused, and we want to expand that, to giving them their

educational benefits to all of those things that really, in some ways, are the social determinants of health, in addition to their health care, by the way, because now we can see those folks within five years of their discharge, five years of their separation from the military, and without having had to go through the adjudication process. And so what we want to be able to do is make sure that they have that opportunity.

That's really the larger aspects of transition that I would like to --  
--  
that I think is important.

Obviously, PTSD, TBI, the mental issues, suicide are very important issues to us. And trying to understand how to deal with that is not something new to us. You know, last year we saw some 400,000 people with PTSD in our system. Only about 57,000 of those were OIF/OEF.

But you say, well, is it quite the same of somebody -- you know, I'm a Vietnam-generation guy -- is it quite the same for somebody my age who's had 30 or 40 years to deal with it and so forth, as someone coming straight back from a combat zone?

The notion -- you know, I'll tell you upfront right now: One of my concerns with both PTSD and TBI is this notion of over labeling a generation of wonderful veterans, over labeling people who are the best trained, best educated, best-selected military we have ever had in this country. And so I want to make sure that we in the VA do our very best to get that aspect of it right. And we're still learning about how to get it right to be honest with you. We really -- we need to keep studying it and keep understanding it.

I'll tell you, I've been talking about a post-traumatic-stress-NR instead of PTSD. I'm saying post-traumatic-stress-normal-reaction. You've got to be something of a sociopath, perhaps, to go over and see the things that our young men and women are seeing and not come back somehow affected by it. It doesn't mean you're going to be permanently disabled by it.

And sorting that out -- some might be. Some will be. And we need to be there for them for the long haul -- for the ever and ever -- to have them have as productive of life as possible. But the majority are going to -- they're going to be fine. They're going to be this next greatest generation.

Same with TBI. I worry about labeling somebody with a traumatic brain injury when what they've had is a concussive -- post-concussion disorder and there's some big guys in the crowd. You've probably had your bell rung once or twice. It doesn't necessarily mean that you've had traumatic brain injury that should label you forever. So I worry about that.

This issue of suicide. I mean, we've had testimony on that. You know, it is not a trivial problem. It is not a small issue. But we are aware of it and we're following it and it's one that we have invested a lot in. We will continue to follow the trends, but we have got to have really good data and it's got to be standardized against the national data so that we understand really what -- how we fit into it.

I'd like to see us work more with DOD to make sure we see the whole picture, because we get focused in our lane of looking at those who have separated from the service. I see our services, frankly, as more of a continuum than that.

Other priorities -- claims. Obviously, it's been an issue for us for some time. Why is it important? It's important because it does open the door to a lot of those other services. So to get a claim adjudicated is important to the individual and it doesn't matter what era veteran you are. It's important. Fifty-four percent of our claims are reopened claims and we are working at it. I mean, it is a complicated system. I mean, it takes us two to three years to really train somebody well to adjudicate those claims. We are hiring 3,100

new people to be able to do that.

We've had lots of people look at us. Dole-Shalala, the Scott Commission, the Marsh-West, the Institute of Medicine and others that talk about the complexity of our disability system.

It is not an easy answer and I understand the concerns of our partners -- our BSOs -- about signing up to something that they don't really see exactly what the next alternative is. But I'm bound and determined to try to work with them and work with Congress to try to plot it so that you don't have to be a lawyer to understand your benefit or be a lawyer to get your benefit.

And that leads a bit to the next issue, which is the next priority, and that is information technology. It's one of those things that crosscuts our entire organization. I mean, I talked already about the best electronic medical record that's available. Well, it's on a multi-tiered and an old system and it's going to have to migrate. But I will tell you, when I look across -- I mean, we're sort of a Fortune 15 company and when I look at the other systems that we have, I think we are way down on the totem pole. We've got some work that we need to do, whether it's in financial systems, whether it's in H.R. systems or whether it's in applying modern technology to that claims process that we've already talked about.

We need to get paperless. I mean, it's not a new idea. We have a VA magazine that says, hey, that's the way to go. But it was 1999 when that magazine was published. So I think it is something that we need to really take on.

Now we have a separate appropriations line for IT. I will tell you, I think for the first time we're starting to figure out how much we are really spending on information technology and how much it really takes to run an organization of the scope, complexity and size of the Veterans Administration, of this department. And so as we get moving forward or modernizing it, we're going to have to be careful not to choke on the cost that that might be.

And then we've got to poise ourselves for the future, because think about the veteran of today. I mean, you know, I've got a 20 -- don't tell my wife I can't remember -- 27-year-old son who text messages. I mean, that's how he communicates. And they're web-enabled. And that's how they're used to communicating and dealing. And we've got to make sure that as we move forward we not think of service and people like me. We're thinking of how we're going to service folks like them, which leads to the next piece of what I think is really important. And that is posturing our Department of Veterans Affairs for the 21st century. And that means getting it right today, because everything we do today ultimately sets the footprint and the axis of advance -- the azimuth -- for what the VA is going to look like in the future.

Think of what's going on in medicine. I mean, it's unbelievable change. Somebody mentioned I was a heart surgeon. You know, that whole specialty kind of came up in my whole lifetime here. I remember my professor showing us home movies of the first this and the first

that. Well, you know, you look at what we can do in ambulatory environment today, things that, you know, our hospitals were designed to do 20 years ago and we can do those with one-days stays and outpatient surgery and outpatient specialty environment casts and all those kinds of things. And so we need to keep that forward -- not just because -- not because, well, that's the most cost effective thing to do. I mean, I think there are some costs. Those are obviously considerations, but it's better quality. It keeps our clientele at home with their families.

We have 32,000 people with home telehealth. That means they can be at home -- I want to be careful to let you understand that this is not just technology. This is technology enabling a relationship, because when I got to Salisbury, North Carolina and sit in the telehealth unit and talk on the telephone with the person who's 85 years old and 50 miles away and doesn't have to make a visit that day, but knows the nurse that's sitting there with me and they have a comfortable relationship. But it's a relationship informed by the data that comes from the feeds that come from his home telehealth unit that starts to become extremely powerful. And I think we're going to see more of that and we need to be ready for that.

I think the example of retinol scans for diabetics is another good one, because we can improve the availability of retinal scans with a technician out there in the hinterlands, but you have an experienced ophthalmologist that knows what he's looking for or she's looking for to be able to read those scans. And we promulgate that across our diabetic patients, our diabetic veterans, are going to get better care.

We've had academic affiliations with some of the greatest medical facilities and universities and academic centers in the world since 1946 when Omar Bradley hooked us up with Heinz VA -- at Heinz.

And I guess what I tell you is I think that is going to continue to be a strength of the VA. I think we're going to, like any business relationship, may restructure the partnerships so that we get what we need and our veterans get what they need and the academic affiliates get what they need. And I think there's opportunity to do more sharing of services. And that's as true with our academic partners as it is with the Department of Defense.

You know, I've been on the other side and I think that we can do more even with this collaborative work with the Department of Defense.

We need to make sure that we keep looking forward in hiring new veterans so that they can be understanding of the veterans populations that we're dealing with. We've done that. We've hired 100 new OIF/OEF coordinators in the Vet centers, we've got another 100 in the budget.

Women are 14 percent of the force. We have to keep moving forward. And every place I go I ask to see: Where is our women's clinic? And I am impressed that we're putting gynecological care, primary care, mental health care with separate access portals for the women of our veteran population.

And that's getting positive reviews. I think we need to keep looking to make sure that that is being promulgated everywhere to the same level of standard.

I say the theme was "keeping our commitment," and then "poising for the 21st century." I want to emphasize that this is not just about OIF and OEF, this about that "greatest generation," the World War II generation, the Korea War generation. And what are they, and where are they in their lives? I mean, they need geriatric care. They need hospice care, in some cases. They need our beautiful cemeteries. They're sadly passing away, 900, or 1,000, 1,200 a day, or something like that.

And then there's the Vietnam generation. And they need something different. They need, really, an understanding -- trying to make sure that they get the benefit that they have earned, and that they're starting to realize that maybe they need. Some have put off completely ever coming to the VA, because they -- you know, but now, at this stage in their life, well, maybe they figure they need something.

And then, of course, this global war on terrorism generation, where are they in their lives -- ready to go back to their families, ready to go back to the workforce? So, they need a different intervention. And I just -- I say that because, you know, it's been in the Press, and people have said -- and I think rightfully say, you don't want a multi-tiered system.

That's not what this is about. It's about giving the care to people that need it -- what they need, when they need it, in the way that is comfortable for them to get it. Now, do we have that all perfect? No. But, boy, I'll tell you, all those people that I have met are out there trying really, really hard to do -- to do the right thing.

This VA that we have now is built upon the demobilization of a 16-million-man -- I say "man," largely men -- army, military force of World War II. When you look at the big picture, about 1.5 million have deployed -- a little more, to OIF and OEF in seven years. About 800,000 -- I think 837,000, or something like that, have actually come out with -- (inaudible) -- now, are now veterans.

And some of those back and forth, you know, are Reservists -- great, double the, twice-the-citizen folks, moving back and forth. But, nevertheless, those are the, those are the numbers over seven years. So, when you start looking at VA, 30 years, 40 years down the road, it's going to look different. It's got to look different. And so we need to be thinking about how to get that right for the next 60 years.

A few concluding thoughts, if I may, Madame, and that is trust and confidence are important. It's important to those we serve. It's important to their families. And my belief is we need to earn that, and we need to earn it with -- by being transparent and being accurate, and giving the best information that we can possibly give.

We need to get better at translating medical to the public. It



is easy to get lost in our jargon and to get lost in our numbers. And so, you know, I -- if I had a plea to you, it's to come and ask us; get, you know, weighed-in with us, and we'll try to make sure we do what's right, and that is being America's VA.

Five months here, I don't see a climate of deny, deny, deny, or cover-up, cover-up, cover-up. I don't. I find, really, absolutely hardworking, caring people that are concerned about giving the best information, to the point that sometimes limits our complete message.

There are things that we don't have all the answers to. PTSD, TBI, some of those kinds of things, everybody's struggling with it. We find nobody that's got as much on the ball, in terms of looking at it, as we do. There's lots of people out there that would tell you they do, and I'm sure they're out there finding you. But, you know, we want to bring them in.

I can tell you that no one is really trying harder to find the answers to those complex questions than your VA. And my -- part of my job, I think, is to ensure that we have that climate of honesty and transparency. And so I thank you for the opportunity to be here and I look forward to your questions. (Applause.)

MS. SMITH: Thank you, Secretary Peake. And, particularly, thank you for inviting us to ask, because that's what we're going to do.

Can you please talk in more specifics about what you want DOD and the VA to do -- research, treatment, whatever, for Post Traumatic Stress Disorder?

And what are you doing to avoid the overlabeling problem that you mentioned, which, I think probably harkens back to the Vietnam era when there were that spate of stories about crimes committed by Vietnam veterans, and the context was that one was the causal factor, which probably wasn't the case?

SEC. PEAKE: Well, in terms of our work with DOD, in terms of the research and trying to understand the questions, about every meeting that we have -- we have DOD representatives. As a matter of fact, I now have an Army officer on my staff to make sure that we can walk back and forth and get quick answers to questions, find the links that need to come together.

Brigadier General Loree Sutton has the lead in the Department of Defense for moving forward with the PTSD, TBI. We have provided a deputy from the VA. As I say, we've been in the PTSD business for a long time, as well as the TBI business, since '92, with our, with our centers.

The other piece is to -- as an example, when we start looking at our suicide data, I can tell you about the 144 veterans that were -- going back to 2005 because that when we have accurate data, looking forward to the 2006 data coming out so that we can analyze it -- but, I'm looking at it from the VA side.

What I want to be able to do is look at that full spectrum, so

that, instead of overlapping systems, we have a system that looks like that -- with the, with the DOD focused on their readiness, healthy, fit, deployable force mission, and we are there as the receiving mode for making sure that we can provide the rehab and transition piece.

This notion of sharing our health records is an important one. And we've got lots of groups working forward. I think, personally, this notion that we have to migrate our electronic record offers a great opportunity because, as we work together, when you have that kind of systems changes there's a chance for us to work even more closely together.

MS. SMITH: You brought up the suicide issue. And there were quite a number of questions about that. One person wants to know, what is the state of the military's national program, announced earlier this month, to encourage veterans to seek psychiatric counseling for wartime mental health problems?

SEC. PEAKE: I can't speak to the military's. I can tell you, they've done a lot of teaching and they've -- they're working in a chain teaching program all up and down their chain of command for suicide awareness.

I will tell you -- and maybe what you're talking about, is the fact that we opened a call center to try to reach out. And about 300,000 of those 800,000 who have separated have actually come to the, to the VA for some health care -- have touched our system one way or the other. And when they do, we screen them for -- now, since April, TBI, before that, for PTSD, and they get asked about suicidal (tendencies ?).

One of my officers -- actually, former officers, came into the VA system. She says, you know, they're serious about this stuff -- this was just a, this was a year or so ago -- because even at radiology they're asking me all the right questions about suicide. She looked okay to me, but I -- (laughter).

But the fact is, we're reaching out to call all those folks that we -- to offer them the opportunity. Let them know that for five years they can come in and see us, and that we can give them that assistance with this -- the counseling that I hope, if they take advantage of it, will preempt some of the longer term sequelae that we sort of missed, I think, in the Vietnam generation.

MS. SMITH: Is there a veteran suicide problem?

SEC. PEAKE: Well, there -- the answer is, yes. If you look at the data that I presented at the HVAC hearing not too long ago, it shows, in certain segments of our veteran population, that there are some consistent elevations -- not massive, but some consistent elevations. It's sort of an endemic issue.

And what we noticed, in just this one example, is in the middle-aged men, it was higher in the middle-aged men, whereas in the civilian -- in the general population, it's a, it's a little bit higher in the older-aged men. What we haven't seen yet -- and, again, I'm talking about data that's only as good as '05 because that's the

accurate data -- we haven't seen major jumps one way or the other.

The last, older women's data, in that set showed a bit of an elevation in the older women's.

Looking at different sets of data you can see different patterns, but

I think overall there is some elevation in the veterans, which is why we are putting like \$3.9 billion in mental health. It's not a -- you know, it's part of -- it's part of suicide.

Now, the veterans I'm talking about are the veterans that have accessed our system. Now, you know, they tend to have more comorbidities and more mental health kinds of issues because, you know, that's who we try to pull in. But nevertheless, I do think it is a -- it is a very real issue, and it's one that we are trying to put the resources together to reach out into the community and deal with.

MS. SMITH: The psychiatric community and Eli Lilly announced yesterday the expansion of a program to connect soldiers returning from Iraq and Afghanistan with mental health professionals who will provide them with free counseling. The question they ask is, is this needed because the military is not doing enough, but I think I would rather ask the question, is that sort of program necessary, and how does it fit in with what your agency does?

SEC. PEAKE: You know, I actually saw that on a plane. I guess I was coming back. And I actually was a little concerned about it because if you come to us, you know, we know the credentials of all of the people that, you know, we're taking -- that are providing our care, and we are appropriately under the gun to make sure that we do all of the appropriate verification of the credentials and all this. As I read the release, it was, well, if you self-report, you know, you verify on your own recognizance that you're a, you know, qualified provider, we'll list you. I don't know all the details of it.

You know, we are continuing to try to increase our force. We've hired 3,800 new mental health in the spring of '05, and we're continuing to go out and resource our mental health providers. I think there are places in the country where we don't have as many as we'd like, but we're aggressively approaching it. And so, again, I go back to the notion that I'm not sure this general sense that the VA is overwhelmed is at all correct.

MS. SMITH: There were quite a few questions turned in about the suicide data and Dr. Ira Katz, the chief mental health officer. The question is, is he, in fact, guilty of a cover-up? Is he an innocent victim of Democratic partisanship, or is there another reason?

SEC. PEAKE: Dr. Katz doesn't have a bad bone in his body. I mean, the guy is honest and the day is long. It was absolutely, grossly unfortunate choice of e-mail. And you know, it's something that, you know, I got no excuse for. But it was not part of a cover-up.

What he had was data that was suspicious at best. I mean, we --

when I laid out all the data, it is so erratic, if you were to draw conclusions on it, you would not be providing accurate information to the press or to Congress or to anybody else you told. Is he a victim of -- no, I don't think he's a victim. I think, you know, he's a victim of his own carelessness in terms of putting out.

And frankly, you know, I read the in-mail, I says, "Okay, what should I be doing here?" I called him in and scratched down to understand what the issue was. And I am absolutely convinced that -- that's my -- my assessment is correct. And I think we need to remind people, frankly -- lots of people -- that when we got 263,000 people out there, that e-mail, for us, is a public document. It winds up being that way. And you got to be just a little bit more careful than, you know, talking to your buddy and that that's what a lot of us tend to do on e-mail. So, I think it's a good caution for all of us, probably.

Thank you.

MS. SMITH: Thank you.

Congress has been trying to extend the 90-day period that protects soldiers and sailors from losing their homes after they return from active duty to one year. Is there a need for this extension, in your opinion? And if so, will that be enough to help struggling veterans faced with rising mortgage rates?

SEC. PEAKE: I will tell you, I don't know enough about this particular topic to give you a good answer. I will be happy to -- whoever asked the question, come see me later, I'll be happy to get some details for you, but I'm not in a -- frankly, knowledgeable enough to give you a good answer.

MS. SMITH: I do have a couple other questions about foreclosure. Is that a topic that we can get into, or shall we have them get back with you?

SEC. PEAKE: I'd prefer to get back to them.

MS. SMITH: Okay, that's fine.

Are there any elements of the Dole-Shalala report you think are unworkable and that you would recommend against, or do you support full implementation of it?

SEC. PEAKE: I think the Dole-Shalala report has given us a wonderful blueprint. We're moving forward. And that blueprint includes many different things that we are already engaging in.

We have hired the first round of the federal recovery coordinators. I think that is already -- as I hit the field and start talking to some people in the poly-trauma centers, they're already saying, "Oh boy, that's starting to pay some dividends." We're still sorting out the roles and missions. I think we'll sort -- we will continue to sort that out. We will learn from it and we will improve.

I will tell you also that I am expanding our push on case

management, and part of this call center is to reach out to what I think are about 17,000 folks who potentially could benefit from case management that may or may not have it. And so we're trying to put all that together.

You know, it's more than case management; it's the issue of establishing a relationship. Some people, maybe some of this audience, would say, "I don't need to be managed," and that's okay. We need to acknowledge that. The other is, when is the teachable moment? And that may be beyond when they are blowing through the (demoed ?) site. So part of this -- and I think it all does relate to the Dole-Shalala, which is really the broad access -- is make sure that you provide the assistance of people to navigate through this system.

The other pieces, the one that is the hardest I've already kind of alluded to, and that is this issue of revamping a very complicated, well established, well entrenched disability system. And when I read, you know, Omar Bradley's report of 1956, I said, "Is this from yesterday or is it really back to 1956?" Same kinds of issues that we're dealing with, and I think it's time to take that on.

I do appreciate that -- I can see a value in transition payments because we sometimes don't know kind of what your status is with, say, PTSD or TBI or whatever. So -- and I see the rationale in saying quality of life is really what some of these things are about because the world has changed. It's not about earning potential because it doesn't limit you to have low earning potential. I was with a soldier at Water Reed not too long ago who had a fairly large stump, and that's usually a sign of a fresh stump, and he says, "Yeah, I had them take that leg off." He says, "When I'm looking around here, I realize, with one of these prostheses, you're not disabled if you've lost a leg below the knee." So you know, it talks about the difference, something about the will of our wonderful young men and women, but it also talks about the difference in era of what is -- I think we're not allowed to have our amputees compete because they have an advantage. So you know, we need to be thinking about that.

MS. SMITH: You alluded a little bit to maybe some conflict among generations, and this question gets at that. Do you agree with Senator Dole's commission recommendation that disabled veterans should revert primarily to Social Security for their retirement support when they turn 65? Is this a just policy compared to VA's much more generous treatment of older generations of disabled veterans?

SEC. PEAKE: I guess I would say that, you know, you have to wrap this all together in the revision of the disability system. And the issue is to make sure -- we don't want to disadvantage any of these young men or women and take away something that they would have earned. So it is a matter of putting kind of all the pieces in perspective and then figuring out if that is -- if this is a rational approach to it. I'm not sure that I have a -- I don't have a fixed opinion on that at this point.

MS. SMITH: What is the status of the implementation of the CARES Commission? In some places, including the city that I report for, Fort Wayne, Indiana, the recommendation to close or partially close facilities has been put on hiatus.

Did the Iraq and Afghanistan wars fundamentally change the way the VA should view its medical facilities, or do you think hospitals like Fort Wayne's, which was proposed for significant reduction, will be reshaped, as the Commission recommended?

SEC. PEAKE: I would go back to the comment I made in my talk about trying to make sure that we are thinking broadly enough about the future -- the future of our veteran population, the future of our -- the way health care is going to be delivered and those kinds of things. As we --

You know, CARES was really started well -- really, quite a few years ago now, based on 2004 demographic data. And I think we really owe the veteran and the American people a continual look at it.

I will tell you, as I've looked at some of our CBOCs, we've put CBOCs that weren't on the CARES Commission in place because we learned that's where we needed them, and that's where the veterans were and that's where the requirement was to allow us to expand an integrated system. There are other places where CARES as well has put a CBOC, and we put CBOCs around it in other places because that's where the veterans were and we don't need that one anymore.

I'm about to the point where I say okay, let's declare a victory on CARES and let's start looking, really, again to the future in applying good, sound common sense to what we're doing.

So regarding Fort Wayne, I think it's in that same boat. We need to take a look at what we need, what the population's going to look like, and then how we would shape it to provide veterans access to care so that you don't have to drive 500 miles to get care. So we are looking at a variety of models to be able to provide better ambulatory care, and then leverage the local market as long as we can get quality -- that's fundamental, that we can ensure the quality for our veterans.

And so I think that with Fort Wayne and in general those are the kinds of considerations that we're taking into account.

MS. SMITH: Is declaring victory administrative lingo for ashcanning?

SEC. PEAKE: Actually, we've moved a long way with CARES. I mean, it's been a great tool to give us kind of a road map of where to go. And so many of the things, those decisions were made and -- of what we're doing, I think the last big decision we just announced was Boston, and that was to -- okay, we'll hold for the status quo now. Because the demographic really hasn't shifted as much as -- yet.

But it will, over time, and so at that point we will -- we need to keep taking it under advisement. You know, the world changes, and we change and the world changes around us, and our veteran population changes and migrates and moves. And so we need to get much more sophisticated and work really harder at forecasting so that we can do the right thing for the American people really.

MS. SMITH: Do you have a project in the works on doing that kind of demographic study?

SEC. PEAKE: We are -- I don't have a specific -- how should I say -- chartered project at this time. But we will get there.

MS. SMITH: Do you support the expansion of the G.I. Bill proposed by Senators Webb and Warner, and if not, why not?

SEC. PEAKE: Well, as a guy that got his education through the military and so forth, it has -- as Senator Webb pointed out at my hearing. (Laughter.) I'll tell you, my view of it is the Montgomery G.I. Bill was a great thing. It was a peacetime bill, and for all the things we've talked about, we're in the middle of a global war on terrorism and we've got soldiers, sailors -- going in harm's way. And I think it's time to revisit it, and I think what I want is, if we're going to move forward with modifying it, we want something that will allow us to administer it without a huge amount of complexity so that the young -- or the person who's seeking to use his or her benefits are not disadvantaged by just getting lost in trying to figure it out, or that we've got to do a huge, massive IT transformation to be able to do something that should be simple.

I do believe that the transportability that -- actually I think President Bush talked about it in the State of the Union -- is something that my colleagues in DOD think is very important, and I don't believe that's in there.

So I think that there are some things that we would -- I appreciate the value of looking at a different benefit. I think there are some details that would need to be worked out.

MS. SMITH: What do you think of the reason for -- of Senator McCain's reason for objection, that it would encourage people to leave the military, rather than re-up for another tour?

SEC. PEAKE: I know that it is a concern of the Department of Defense that providing a really rich benefit, if you will, for education might encourage folks to, instead of staying in the military for that next tour, to get out. And I -- would defer to Secretary Gates on really what the impact of that might be.

The counterbalance, of course, is that we would believe that it would increase the recruitment in this day of a modern volunteer force.

MS. SMITH: And so do you have an opinion on that?

SEC. PEAKE: (Chuckles.) I guess -- as I say, I would defer to Secretary Gates and the studies that they have commissioned to look at that issue.

MS. SMITH: This questioner obviously has a point of view here. Senator Webb's bill would grant generous allowances for higher education of veterans who served after September 11th, 2001, but nothing for those who served earlier. Does the newest generation of disabled war veterans, all of whom free volunteered for military

service, deserve more than older generations from World War II, Korea, or Vietnam, and why or why not?

SEC. PEAKE: I'd go back to what I said before, that what you want to do is serve those who need it with what they need to make them successful at the time that they need it.

I look at the -- so I don't actually see that this is really changing something for the World War II generation, which was really pretty good for the World War II -- that's actually Senator Webb's point. And so I'm not sure I agree with the context of the question.

MS. SMITH: What do you think of the funding mechanism in the proposed bill, a tax on high earners? (Scattered laughter.)

SEC. PEAKE: Well, not being the secretary of the Treasury -- (Laughter.) You know, I guess the truth is when you put a bill -- and I don't mean a -- when you put a monetary requirement, that kind of bill, it's the American people who are going to have to ultimately figure out how to pay for it. And so I don't have -- one -- a feeling about which way to pay for it is better than another.

MS. SMITH: Questioner wants to know has the political shift in Congress injected more partisan politics into VA issues? And can you give us an example to validate whichever point of view you take?

SEC. PEAKE: Well, I will tell you, my first testimony in Congress was -- before Congress was as a -- I was a two-star general in the Army. I was the first TRICARE lead agent.. And I remember a congressman came in, got recognized, and asked, General, how is TRICARE program going to affect the VA in my town? And I don't remember exactly which one it is.

And I said -- I thought for a second and said well, you know, a different agency, really not related. And so I said that it wouldn't really affect his VA at all. And he says thank you; that's all I need to know, and got up and left.

So VA is very personal to all of our congressmen, for good reasons. We've got wonderful employees that work in their community. They've got a group of veterans that they represent that they care about. And so --

We're in an interesting political season for sure, but I actually believe that our committees that provide us oversight care about the veterans. And we can work through, despite some of the posturing, we can work through together to try to do the right thing.

MS. SMITH: In your talk, you mentioned the backlog. And this questioner says the VA has over 600,000 pending benefit claims of all types and the backlog is growing.

Some of these claims are many years in the VA pipeline. Your benefits head recently retired, so the program is currently leaderless. What are your plans to reduce that backlog? And what do you expect the backlog to be on January 20th, 2009?



SEC. PEAKE: Well, first of all, it's not leaderless. I've got Admiral Pat Dunne serving as the acting undersecretary, and has got the bit in his teeth to try to keep moving forward on this stuff.

I already alluded to the issue about claims. It is a problem for us, and it's, as I say, a complicated business. We've gotten behind. We had a hiring lag. I mean, I've watched the -- I've seen the graphs, and I'm a big one for visual because I'm -- I can see stuff. And you can see when we had the hiring lag some -- a couple of years ago, I guess, and how the claims started to back up.

Now we're hiring. We've got 3,100 new people. We expect to come down to 169 by the end of the year, 145 days -- average days to complete after that, at the end of 2009. We are looking at ways -- I think there are some claims that we ought to be looking at very -- as sort of fast movers because they're sort of easier, some of our non-rating claims that take up time of people that could otherwise be rating complex claims. Sixty-five percent of our time is spent -- 65 percent of our time is spent trying to collect information, you know, from -- that is hard to find and hard to get. And I think we can increase our efforts in terms of trying to speed that up.

Our BDD program -- our Benefits, Delivery and Discharge Program -- is a good example of how we can rate in -- you know, 85 days or 60 days is what our objective is, but we're right now about 85. If you can get somebody to say "Okay, this is all the information I got. I'll sign a waiver. Let's get it done." And so it's -- some of this is bureaucratic time that's built into it.

And again, as we look at the disability system for revamping, that gives us the opportunity to start to take out some of those inefficiencies while absolutely being committed -- I want to be really clear about this -- of protecting the rights of the veterans to the benefits that they have earned. That is absolutely, unequivocally the position that we are in. We're not here to deny. It's to try to make sure that we are adjudicating it properly and get them the claims that they -- get them the benefits that they have earned.

MS. SMITH: This questioner is talking about the backlog and says, well, do you favor a disability claim process that grants

benefits up front? Sort of like in Virginia, you file your taxes and you get your refund; then if it turns out you made a mistake, they come after you.

SEC. PEAKE: Well, coming after you is a problem -- (laughter, laughs) -- if you want to know the truth of it. And you know, I've got anecdote after anecdote where we have given somebody a rating on a temporary basis or whatever and then ultimately, you know, even though the person's working and all those other kinds of things, they say, well, you shouldn't bring me down, you know.

And so I think -- I do appreciate the notion of that, and I think there are some -- maybe some of non-rating claims that might fit really well into that category. But I'm concerned about sort of, you know, the easy answer of, "Oh, sure, we'll come back and we'll fix

that in three or four years." It will not work.

MS. SMITH: Several people asked questions about homeless vets, and so can you give us an estimate of the number of homeless vets and give us your update on that situation?

SEC. PEAKE: Actually, there's some good news on the issue of homeless vets -- not that any vet ought to be homeless, not that any vet needs to be homeless anymore -- we've had about a 20 percent decrease in homeless vets from last year, about 40 percent, I guess, since -- over the last several years. We have a great partnership with HUD to try to improve and increase the number of permanent housing for -- which is really sort of the gold standard for homeless vets with the vouchers that HUD provides, along with the case management that we provide. So that's a really tremendous thing.

We are also increasing the number of transitional homes. For the permanent homes, it'll be 10,000 this year and 10,000 next year. We'll be up to 13,000 transitional homes. And I will tell you that the other thing -- I mean, I just told you, I get the chance to go out and talk to folks. I've talked to some of our homeless vet coordinators in our medical centers. They go out right here in town under the bridges and find folks. What they also find is a lot of people that aren't veterans that, you know, sort of claim to be. But what we do is we sort through it. The other thing we do is about \$1.6 billion of health care for homeless veterans, and we expect that'll be up by \$1.9 billion in health care for homeless veterans in 2009.

So you know, we've -- I've talked to our coordinators that go into the prisons to find veterans in the prisons to ensure, when they come out, they've got a place to stay or they've got that medical appointment, whatever they need to try to keep them from going homeless, or going back to prison for that matter. So I think -- even though one homeless veteran is too many, I think our efforts are starting to pay off.

MS. SMITH: This questioner says, Arlington National Cemetery traditionally has gravestones engraved with name, rank, service such as Korea, Vietnam. And now, with the Bush administration, the gravestones carry operational names: "Operation Iraqi Freedom." The questioner wants to know, is this political? Is it propaganda?

SEC. PEAKE: This is -- it's an issue that has never been brought to me before, I will tell you that. But the fact is I think through it -- I've also seen "Battle of the Bulge" on gravestones. I was in a cemetery just yesterday, as a matter of fact. We have a beautiful cemetery down in El Paso, Texas where we are doing, you know, water conserving, landscaping and so forth. So I was going through it to make sure I was satisfied with how it looked. But -- so I don't think that -- I look at Operation Iraqi Freedom and Enduring Freedom as the operations that it will -- our veterans will wear on their lapels and their ribbons, and will be remembered that way. So I don't see this as a political statement; it's a statement of fact.

MS. SMITH: What two things can Congress do to improve veterans' lives?

SEC. PEAKE: Well, their continued support for the Department of Veterans Affairs is certainly one of them.

We have been generously supported. You know, our budget this year, in 2009, that we've asked for is (\$)93.7 billion. Dr. Kussman's budget we've asked for is (\$)41.2 billion. That's twice what it was in 2001 -- more than twice what it was. And so to continue that kind of support and that kind of interest in veterans is one of the things that Congress can do for us.

And the -- I guess the other is to continue to work with us to put programs in place to work collegially with us so that we can continue to make some of the advances that the VA has done since we've had a VA.

MS. SMITH: We're almost out of time, and before I ask the last question, there are a couple things I'd like to take care of.

First, let me remind you of some upcoming speakers. On Friday, we have former Senator Bob Dole. He will assess the changes being made to improve care for today's wounded veterans. And on May 27th, we have the president of the Czech Republic, Vaclav Klaus, who will talk about "Blue Planet in Green Shackles -- What is Endangered: Climate or Freedom?" And on June 2nd, we have Vice President Cheney, who will present the Gerald R. Ford Journalism rewards -- Awards.

And I'd like to present our speaker with our National Press Club mug. This is of Eric Sevareid, the famous journalist.

And now my last question for you, Secretary Peake. Do you use VA health care for yourself?

SEC. PEAKE: No. (Laughs, laughter.) Think about it -- trying to think -- I've been -- I can't think the last time that I've been to a doctor, to be perfectly honest with you. (Laughs.)

MS. SMITH: Your annual physical? (Laughs.)

SEC. PEAKE: No. I'll tell you -- I'd have to talk to my wife.

But I -- I'll tell you, I actually am eligible. I'm in the -- in a priority group that is eligible. So I wouldn't hesitate for a moment to use VA health care. And I -- you know, I just -- it is truly health care second to none. I really -- I believe in it, and I have absolutely no qualms about recommending it. And should I need it, I will avail myself of it.

MS. SMITH: Well, we'll hope you don't need it.

SEC. PEAKE: I will just tell you -- I mean, you're going to have Bob Dole here on -- Friday, is it, that you said? Well, A, you're in for a treat. But I tell you, you talk about somebody that reminds you -- I had the great honor of having him on the right side when we had -- when I got confirmed or had the confirmation hearing. And to -- I mean, you talk about somebody that has given full service to this nation, somebody who is a product of a system of concern and caring

about bringing some -- but you read -- you ought to read his book if you want a reminder of the importance of what VA does every day.

So, again, thank you very much for having me here.

MS. SMITH: Thank you so much. Thank you so much for coming. (Applause.) Thank you. Yeah, get that mug. (Applause.) Thank you to Secretary Peake.

Thank you for coming today, also. I'd like to thank National Press Club staff members Melinda Cooke, Pat Nelson, Joanne Booze and Howard Rothman for organizing today's lunch. Also, thanks to the NPC Library for its research.

The video archive of today's luncheon is provided by the National Press Club Broadcast Studio, and many of our events are aired on XM Satellite Radio and available for free download on iTunes. Transcripts and DVDs can be ordered through the NPC archives by calling 202-662-7598, or e-mail [archives@press.org](mailto:archives@press.org). For more information on this event or joining the Press Club, please visit our website at [www.press.org](http://www.press.org).

Thank you for coming, and we are adjourned. (Sounds gavel.)

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