

NATIONAL PRESS CLUB LUNCHEON WITH VETERANS AFFAIRS SECRETARY JIM
NICHOLSON

MODERATOR: JERRY ZREMSKI, PRESIDENT OF THE NATIONAL PRESS CLUB

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MR. ZREMSKI: Good afternoon, and welcome to the National Press
Club. My name is Jerry Zremski, and I'm Washington bureau chief for
the Buffalo News and president of the Press Club.

I'd like to welcome club members and their guests in the audience
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 that we can have as much time for
questions as possible. For our broadcast audience, I'd like to
explain that if you hear applause, it may be from the guests and the
members of the general public who attend our luncheons, and not
necessarily from members of the working press. (Laughter, laughs.)

I'd now like to introduce our head table guests and ask them
stand briefly when their names are called, and if you could withhold
your applause, please, until I'm done with the entire head table.

From your right, Ken Fireman of Bloomberg; Tim Philpott of
Military Update; syndicated Columnist Bob Novak; Corey McGee,
Operation Iraqi Freedom veteran and public affairs specialist with the
U.S. Department of Veterans Affairs; John Cosgrove, senior past
president of the National Press Club; Katherine M. Skiba of the

Milwaukee Journal Sentinel; Suzanne Nicholson, the wife of the speaker.

Skipping over the podium, Melissa Charbonneau of CBN News and vice chair of the National Press Club Speaker Committee -- skipping over our speaker -- John Fales, known to most of us as Sergeant Shaft of the Washington Times. He's the Speakers Committee member who organized today's luncheon. John Donnelly of Congressional Quarterly, the vice president of the National Press Club; Tom Vanderbrooke (sp) of USA Today; Gordon Mansfield, deputy secretary of the U.S. Department of Veterans Affairs; and Patrick Yost of Congressional Quarterly. (Applause.)

Our guest today oversees the U.S. government's second-largest Cabinet agency and the nation's largest hospital system. He manages 230,000 employees and an \$80 billion budget. His agency provides health care and other benefits to nearly 70 million Americans, which is roughly a quarter of the U.S. population. For American veterans and their dependents, the U.S. Department of Veterans Affairs is a lifeline to a better life, to hospital care and benefits our war heroes need now that they have come home.

Of course, any agency this large is also a bureaucracy. And VA Secretary Jim Nicholson will tell us today what can be done to make that bureaucracy more workable for veterans of the Iraq and Afghanistan wars.

Americans found out how unworkable that system can be in February, when The Washington Post ran a series of stories recounting the troubled conditions at Walter Reed Army Medical Center and the spools of red tape our wounded warriors were encountering, courtesy of the VA.

In wake of that controversy, President Bush appointed Nicholson to lead an interagency task force to examine all of those bureaucratic problems and to find a way to fix them.

Today Nicholson will discuss his report and also talk about his broader vision for the VA.

Jim Nicholson is no stranger to military service and its pressing demands. A West Point graduate, he served in Vietnam, where he earned 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.

A successful developer in Denver, Nicholson served as chairman of the Republican National Committee and then entered the Bush administration as ambassador to the Vatican.

After President Bush won reelection, he appointed Nicholson as VA secretary, and he was unanimously confirmed by the Senate on January 26th, 2005, and sworn in to office on February 1st, 2005.

Nicholson spoke here at the club a year ago, and we're pleased that he chose the National Press Club as a venue to announce news that will be important to every American veteran. Ladies and gentlemen,

please join me in welcoming back to the Press Club VA Secretary James Nicholson. (Applause.)

SEC. NICHOLSON: Thank you, Jerry, for that generous introduction and for having me back. And I want to thank John Fales, AKA "Sergeant Shaft" to all of you who read his articles in The Washington Times, for tendering the invite to me as well.

My greetings to all of you at the head table and particularly to my wife, Suzanne, who has put up with me now -- it'll be 40 years the month after next.

I also want to welcome here my son Nick, who works here in Washington.

And I'm delighted that we're joined by my deputy, a truly great American, Gordon Mansfield, a veteran of Vietnam, won the Distinguished Service Cross for heroism in Vietnam.

We have patients here from Walter Reed and Bethesda that I give special greetings to, to all my fellow veterans, friends, and members of the veterans service organizations who are here as well, who are so important to us at the VA.

I really do welcome this opportunity to come here today both to report to you on the state of your VA today, the state in general, and on the work of the just-completed task force that President Bush convened and asked me to chair, which was called the Interagency Task Force on Returning Global War on Terror Heroes, which was designed to look at it, find ways to cut the red tape and better serve today's warriors, today's combatants.

You know, I come from a little town in rural Iowa. Some say that's a redundancy. (Laughter.) But it -- when I was growing up there, it had 99 people in it, and nine of them were my family. (Laughter.)

And it was -- I remember when I went off to West Point and told people about this town that had a mayor and a city council, they wouldn't believe it. And two of my classmates committed that if we graduated, they were going to come and see if there was a Struble, Iowa. And by the grace of God we graduated. And they kept their word and came out there and spent a week on graduation leave but were never convinced that it was called Struble, because the only two signs that existed there were Resume Speed. (Laughter.)

And I remember the first time I ever got out of there was shortly before I got out of the eighth grade, because I went to high school in a different town and I can remember when that started. But my dad took me to Sioux City to a rodeo, and I was really struck by the bucking Brahman bulls. And these days in Washington I reflect on that more than I used to. Some days I even reflect on some other things that bulls do regularly. (Laughter.)

But if you think about it -- you did think about that. (Laughter.) I think it's so appropriate to be here though today, here

in Washington at the National Press Club, a place that for nearly a hundred years now has been, you know, host to America's most prominent journalists, who have gathered around this podium to celebrate our constitutional guarantees of free speech, cherished freedoms that we enjoy today only because of the sacrifices and the service of 48 million Americans who donned the uniform, took the oath, went wherever asked, to do whatever asked of them, regardless of the danger and the deprivation. And they're still doing it today.

A little over half of those, 24 million people, who have served in uniform are still alive today. And we at the VA have a responsibility to each and every one of those that's eligible for any of our wide panoply of services and benefits. And those of you who've been in combat, either as a combatant or as a journalist, can appreciate the enormity of the sacrifice that so many of them have made. And the lucky ones, of course, are grateful to return home. Those not so fortunate must endure crippling injuries and long hospitalizations.

Each of us, however, is changed by the experience of service. In my own case, I witnessed acts of extraordinary bravery and

selflessness in the jungles and in the mountains in the II Corps area of Vietnam. I think about those heroes every day in this job.

So I'm a very proud veteran. I'm the son of a veteran. My dad was an enlisted man in the Navy in World War II. I'm the father of a veteran. I have a son who was called up in the first Gulf War. He was a student at the University of Colorado. I'm the brother of a veteran. I'm the uncle of four active duty colonels. One is commanding a brigade right now in Afghanistan, in his 14th month there. So I have veterans in my blood. I know their needs, their expectations and what they deserve.

And last Veterans Day, I was so struck by President Bush's speech out at Arlington Cemetery because he said in there our veterans are our nation's finest citizens. And I had been saying in talks that I'd been giving and have continued to say that our veterans are also our nation's most important citizens because they have, in the centuries, they have stood the guard to protect this way of life we have, this freedom and this security.

And today we are a country at war. Today we have service men and women, all volunteers, every one of them, on that front line for our freedom in the global war on terror, a uniquely dangerous environment. There are no safe zones, no respites, no rear. So today the VA has a very unique role to fulfill in that sacred obligation that we've been charged with by a grateful country, to take care of these people, to take care of these young combatants coming to us now with very unique and often serious injuries.

And it's fair to say that in all previous wars, I think, in our country's history, many of those who are coming to us now for care would have been coming to us for burial, but due to the heroic battlefield medical evacuation system that we have and the chain of care that's been created for these people, they're coming to us, thank God, alive but with special challenges for us, both in the military

health system, which is what Walter Reed and Bethesda and others are, and then eventually to the VA for their long-term perpetual care, if you will.

So how is your VA doing in discharging this great, noble mission that we have? And I would say, in three words, doing very well. And permit me, if you will, to describe briefly just how the VA is organized to do this.

And again, I will use the metaphor from my youth, because I also used to milk cows, as I used to sit on a three-legged milking stool, and so I like to use those legs to talk about the VA. And we have a health leg, we have a benefits leg and we have a burial leg.

The health leg is the biggest in terms of number of people who work there and the number of people whom we serve. We are now seeing over a million patients a week in our medical facilities that are sited from Maine to Manila. And it is the biggest -- I'm quite sure it's the biggest integrated health care system in the United States, and I will say very arguably also the best. And that's not just a proud secretary, but there are others who evaluate these things that have said that.

In fact, two weeks ago today in The Washington Post, the health section, in the cover article talking about the electronic medical record that the VA has perfected and what it's meant for patient care, patient safety and efficiency; Harvard last year gave very high accolades to the VA for our health care. Business Week on its cover said it's the best hospital system in America. The New York Times opined twice similarly. I could go on -- the Annals of Internal Medicine.

But most important to me -- although we certainly appreciate those kinds of appraisals -- but the most important thing to me is what do our patients think, what -- you know, the people that we're here to take care of, our veterans. And we survey them. We do it annually. We use the University of Michigan Institute of Social Research. And they tell us that they really, really like and appreciate our care, and they give us a rating of -- that's 11 percentage points above that of their counterparts in the civilian sector.

Another very important group that provides oversight to us is the VSO community, the Veterans Service Organizations, who have -- also very competent in this oversight function. And I'm delighted to say that we just got two recent letters, one from the commander of the Military Order of the Purple Heart, that -- and I actually have those, but I won't read them to you, although I'd like to -- but he said that our members feel that the VA is a godsend for us, and we appreciate all you do.

Similarly, the Disabled American Veterans just wrote us a letter that said much the same. And these are from organizations whose main task is to really review us and see that we're doing what we're supposed to be doing, so we're very appreciative of that. That's the health leg in a nutshell.

The benefits leg -- the theory behind the benefits is that if someone serves and they're diminished in any way, physically or mentally, this grateful nation, for having asked them to come out of the prime of their life usually and serve, wants them to be compensated.

Interestingly, this started with George Washington. You know, this Southerner went up from the northern neck of Virginia up into New England and married up with those Yankees up there. And he wrote in his ledger the first night, he said, man, are these people ever stubborn. And he said -- and ornery. He said, "I sure hope they scare the British because they scare the heck out of me!" (Laughter.) And he went from there -- that was in 1775, and in 1783, when he turned over the Continental Army, he admonished the new country and said it owed these people a debt of honor, a debt of care.

And that's a predicate for the way we take care of veterans in America. There's nothing like it in the world. A few months before leaving Rome -- in the diplomatic corps they have diplomatic relations with 174 countries. The ambassadors would come and converge on me and say, "Now what it is you're going to be doing, Nicholson? You're going home to be a minister?" And I would tell them, if I'm confirmed, I would be the head of the Department of Veterans Affairs. And that was met with blank stares. There's no context in any other country for a Cabinet-level agency like we have in America for our veterans. And it's exactly, in my opinion, the way it ought to be.

And in this benefit area, we do a lot of things. We evaluate those that make claims to us for some kind of service-connected diminution, if you will. We administer the GI bill, known to all of you; the VA-guaranteed home mortgage program. We just recently made our 18 millionth loan out of that program. I'm responsible for the sixth largest life insurance company in the United States. We have a large vocational, education, training program in that benefit area.

But we are challenged right now in the benefit leg, we're challenged really because we're the product of -- a victim, maybe is the best way to say it, of our own success. We've got a very active outreach going on to reach veterans and let them know that they may be eligible for benefits that they haven't hitherto sought from the VA. And they are starting to come into us in very large numbers. Last year we had more than ever, for 15 years. And the result of that is while we are working diligently, the time it's taking is too long. The average time to adjudicate one of these claims from inception to the first payment today is 177 days. And that's too long. It's too long, in my opinion. We want to shorten that so that those that are deserving can start to get compensation sooner.

One of the things that I've done is that I have moved the current combatant claimants from Iraq and Afghanistan to the top of the pile, if you will, and those claims will be dealt with first. And our goal there is to get those claims completed within a hundred days. And we are making progress across the board, but we need to be, because it's too long and the volume is going to continue because we are certainly continuing our outreach.

The third leg is the burial leg. Again, in this continuum of care, this manifestation of gratitude of a country that feels so proud and thankful for people who've kept it free, we want them to have the opportunity for final repose in a very dignified, shrine-like setting, if you will.

So we run the largest cemetery system in the United States as well, and we're in the biggest expansion of that since the Civil War because we're seeing a queuing of our older veterans passing away. Every day now, over 1,800 die, most of them World War II/Korean War vintage, and we need to be there with a cemetery for them if their survivors choose that. And that program is going extremely well.

So that, in a nutshell, is the VA today. It's big and good, but not perfect, and we're working on that every day. And we do have reminders almost every day of our imperfection, and we take each one of those seriously to see what we can learn from them because we recognize when there is a mistake, that's a human being and that's a veteran. And we strive for that not to happen.

And we also have recognized that this huge bureaucracy, that's got a rich history of service to veterans, like a lot of things in the 21st century to take advantage of demands and technology and expectations, needs major transformations. So I have initiated several of those, and I'm going to mention a few of those.

One is in the whole area of IT, information technology and data security. We lead the world in the use of electronic medical records. Every one of our nearly 8 million enrolled patients that we see has an electronic medical record. It gives them tremendous portability. You could decide today you want to go next week down to Arizona for the weekend; if you were veteran, you didn't have to worry about your medical record. If anything happens to you, you go into our hospital in Phoenix or Prescott or Tucson, and all you need to do is remember your last name and your last four numbers in your Social Security, and your record will come up -- anywhere in this vast system.

It has other applications. Katrina, for example, we had to evacuate thousands and thousands of people. We didn't lose a patient and we did not lose a medical record. In the civilian sector down there, they lost over a million medical records.

We have an epidemic of diabetes among veterans that we're treating, nearly 25 percent of them. So we have kicked off an initiative of education to educate veterans of the causes of adult onset Type II diabetes. It's mostly lifestyle. It's overeating and under-exercising.

We have seen in health care in general a rise in staph infections, so we've kicked off an initiative. We piloted this at our Pittsburgh hospital, and we cut staph infections by 70 percent in one year.

We're taking it throughout the entire system. It's mostly common sense, disciplined sanitation measures.

In the management area, we're a big enterprise. Our budget request for this coming fiscal year will be \$89 billion. That's more than almost every corporation in America. And we have one assistant secretary who's responsible for that plus all the acquisitions. I'm going to split that, with the leave of Congress, so we have a pure CFO and then we have an assistant secretary for acquisitions. We buy over \$14 billion worth of -- call it sort of miscellaneous kind of purchases. That's bigger than the budgets of many Cabinet departments.

And we have other transformative initiatives ongoing. But I want now, if I could, in the time I have remaining to address some special needs and opportunities that we have that relate to the war that we are in.

There were these revelations about the Army hospital at Walter Reed, and that is an Army facility, not a VA facility. But President Bush took decisive action, formed a Cabinet-level task force, that he asked me to chair, to look into ways across the system, both DOD, VA and the rest of the government, to see what we can do to better serve these young combatants. And the charges were that we do this in 45 days, we come up with recommendations that do not take new funding or new law. And so we had a very robust 45 days. We reached a new plateau of interagency cooperation, I think. And we reported -- yesterday I reported to the president -- gave him the report, and had a very good conversation with him. He commended our work, he accepted our recommendations, and now, of course, wants to ensure that we are complementary of the work being done, the more strategic work now being done by the Dole-Shalala commission. And I spoke both to Senator Dole this morning and Secretary Shalala to make sure that what we've come up with is -- you know, they will be very well aware of when they continue to do their work, which will be completed in July.

Our focus was on ways that we can improve the needs of these returning service members from the war, how we can better reach out to them and their families and make them aware of what's there for them. And we came up with 25 recommendations. Time precludes me telling you of all of those, but I do want to hit what I consider some of the most significant.

In the context of health care, we have agreed, DOD and VA, to a system of co-management and case management for these combatants who are seriously injured who move from one system to another.

We have the pre-eminent polytrauma care centers in the United States. If a young person is injured so badly, they immediately come to one of those. They skip Walter Reed or Bethesda. But then they may go back, because they're still on active duty. This is going to really benefit the movement, the transfer of these patients.

We are under way with this. We've affirmed it. We are now going to screen every patient from that ward who comes to us to see if they have any form of brain injury, whether it's a mild or moderate form of brain injury as a result of the environment that they're in over there and the concussive, the blasts that are so prevalent, and when identifying it as early as possible, begin treating it, because we

find that most of them will heal from that.

We're going to simplify the enrollment process facilitating veterans to enroll for health care online. We're going to mobilize the -- very hopefully mobilize the development of an electronic medical record by DOD that talks to our existing electronic medical records. I was so struck the last time I was in Iraq -- there were a couple of Marines injured up in the Fallujah area where we were. We just by coincidence ended up about 36 hours later in Landstuhl, entering into that hospital there, which is a major transfer point. And these two young Marines were being wheeled in on gurneys, and on each of them were their medical records taped to them with duct tape. And I was reflecting on what I'd seen just two days before in the sophisticated targeted acquisition night-vision equipment and so forth we had, and the contrast of that was palpable. And we have a stepped-up effort, and we need it badly so that they come to us with electronic medical records, not paper, which suffers from omissions and the old legibility and so forth.

Another very significant process that we are instigating is in the area of evaluating disability. And those that are real familiar with the Walter Reed situation know -- I think they would know that the health care at Walter Reed is first-rate. As a Cabinet member, I'm a patient there. But they had a lot of young people in what is called medical hold. And what they do is they make a determination of whether they're fit or unfit to stay on active duty. If they're fit, they go back; if they're unfit, they have an elaborate process of evaluating how unfit and how are they be to compensated.

And we are proposing that if they're deemed unfit, they come right to the VA for us to make the evaluation because most of them will come to us anyway. They have a right to do that, and if they're not satisfied with what they got at DOD, they'll come to us for a de novo evaluation. This, I think, will really speed up that process, cut the anxiety out of it and very hopeful that we can achieve that. It's into a feasibility study right now.

Other things that are going to happen as a result of this, there's going to be a step up in the program and outreach availability from the Department of Labor and Education; credentialing of young people is going to improve. A truck driver comes out of the military now, cannot often get a driver's license to drive a truck commercially because the trucks he drove in the military were automatic transmissions in a lot of them. And we're going to cut through a lot of this red tape and stuff that's been there in their way. And so those are big, tangible benefits that's going to come from this, and in a nutshell, it's going to improve things for our veterans and their families. And that, of course, is the goal.

So we at the VA have a lot to do, but we have a lot of help. It's been said we have 235,000 very dedicated, competent and compassionate people who work there. We have a very supportive president who took decisive action here recently as a result of the revelations at Walter Reed. But more fundamentally, his budget requests reflect an increase of 77 percent since he's come in to office.

We have a very supportive Congress, both in funding and oversight, and while, you know, let's face it, we're in a controversial war, the lawyers are not controversial thank goodness. And I reflect -- when I came back from Vietnam, the Army sent me to graduate school in New York. If I'd worn my uniform on that campus, they would have spit on me. That's not the case today thank goodness. People in America really support and appreciate what these young service members are doing for us over there in that dangerous environment.

And we at the VA think this is a wonderful time to be serving there. We are at war. We are part of the biggest health care system in America and we think very proudly the best, and our charge is to serve our finest citizens.

You know, we've just witnessed the fragility of life firsthand with the trauma at Virginia Tech, and we know what those families are going through. We have an employee in our headquarters at VA who lost his daughter, and I've visited with him. I've called parents and spouses of fellow soldiers killed in war many times.

I've been to many funerals, held the hands of families and the survivors, who also sacrifice so much in our country. I've been to medical evacuation stations and hospital wards and rehab facilities probably thousands of times. So I know the price that they pay and I know how much they deserve. They deserve the best.

And that's what we are striving to be at the VA. And we are not perfect, but that's our goal and we are very good. But as I said, we need to learn every day from mistakes that we do make. And as I tell the great people who work with me at the VA, that, you know, even the team that wins the World Series every year has made some errors during the season.

And so we really still have a way to go and we really need to speed up the delivery of our benefits. This presidential task force is going to take us far down the road toward that. We are the agents of a grateful country. We're a rare organization with a rarely noble mission -- to serve, to serve our fellow citizens. And wars do have beginnings and endings, pray God, but our obligation to serve those who fight them never ends.

Thank you, and God bless America. (Applause.)

MR. ZREMSKI: Thank you very much, Secretary Nicholson.

We have a lot of questions, starting with this: Please explain the difference between the mission of your task force and the Dole-Shalala panel.

SEC. NICHOLSON: If I could use military lexicon, our task force was tactical; theirs is strategic. They're looking at this thing at a real 40,000-foot level; we were down at ground level looking at things that are going on right now and ways that we can improve them. And again, as I said, we were constrained in our charge by coming up with steps, looking at gaps, ways to fill them that we could do

without going to the Congress for new law or new money. And those things that I identified and the other 18 or so that I didn't in the report fulfill that criteria.

The Dole-Shalala commission are not restrained by that. They're looking very broadly to see what new laws, maybe new systemic changes should be made in this entire way that we treat active military as they come back and then transition for life to us at the VA.

MR. ZREMSKI: Could you mention one thing in the task force report that could directly give some reassurance to those whose claims are waiting to be adjudicated?

SEC. NICHOLSON: Yes, indeed. The -- I can, because we are -- we're going to accelerate and treat in a different category those people who are coming back from the war. They're our current combatants in our current conflict, and some of them have immediate needs. They have -- they were taken out of a job or whatever they were doing in their life. They went off and served. They got hurt, they come back, and then they file a claim. And they need to be compensated quickly.

So that, I think, is the thing that is our top priority. And that's going to happen very soon. That is happening.

MR. ZREMSKI: One of the veterans in the audience writes, "My claim is one of the 850,000 in your backlog. Why hasn't this embarrassment been fixed as of yet?"

SEC. NICHOLSON: Well, the -- we actually have about 800,000 claims a year, and we process just about 800,000. So it's a big pipeline. And at any given time in that pipeline, there is not a backlog that's that big, but there may be 3(00,000) or 400,000 in there because it's a high volume of claims that are coming in, and it's a high volume going out the other end completed.

As I said, we've done such robust outreach that more and more veterans are coming in. We have a fiduciary to the taxpayers of the United States to make sure that we comply with the laws. And if a veteran claims to have gotten hurt in a parachute fall, we need to know that he was a parachutist, that he was in a unit, he took a parachute jump, and that he went to see a doctor and reported that. Those are requirements that we have to authenticate these claims.

If we need another piece of information, as I said, it tacks a new 60-day provision on for the veteran to respond.

We are looking at ways to truncate this. I brought in a visiting -- one of the foremost management consulting firms in the United States looking at it.

We have in the budget request for '08 a request for 450 new claims evaluators.

I'm sure we will get that. We think that will cut this time down by 18 percent across the whole body of claims so that we will, by that, have it down to 145 days. Our goal -- and this is about as quick

under existing law as you can get this, this goal, is 125 days.

MR. ZREMSKI: How do you account for the rapid increase in VA's disability claims backlog, and why didn't VA factor-in the influx of Iraq and Afghanistan vets as well as the increasing complexity of claims in its planning?

SEC. NICHOLSON: Well, I've been secretary there now for about 27 months, and this claim volume has been ascending now for the last several years. The money that's paid out in the claims is not discretionary money, it's mandatory, so whatever the claim is found to be, it is paid by the government. The system is our responsibility, and we apply for the funds to pay for that every year.

But, you know, a few years ago this backlog was about 225 days. So we have brought it down. But it's not -- it's not down to what it should be, in my opinion, and that's one of our most singular biggest focuses. But there's not a problem with having the money to pay the claims, and we have a very diligent organization. We have, I think, 57 regional offices around the United States that handle these claims.

MR. ZREMSKI: There have been complaints about veterans getting lost in the system's bureaucracy, especially after the transition from DOD to the VA system. Explain how the new case manager program would work to help vets navigate the red tape.

SEC. NICHOLSON: That's a -- that, too, is a very good question. And I go around and visit with families and injured veterans just to get their experiences. And they're almost universally complimentary and grateful of the quality of the health care they get. But they have to deal with sometimes the bureaucracy and the red tape and the regulations. And so we're continually seeing how we can cut that down. And then we want to ensure that no one gets lost in this large system. And we now have developed with DOD a joint patient tracking system that I think is going to ensure that we will know at any given time where every patient enrolled in this system, be it still on active duty and a soldier and not yet a veteran, although we might be treating them, and veterans are.

My staff has heard me say, you know, if we can track a package in this country and know where it is at any given time, we certainly can -- should be able to track a human being. And we now, with this new joint tracking system with DOD, have that.

MR. ZREMSKI: Why aren't veterans compensated from the day that they're wounded instead of the day that their claim was adjudicated?

SEC. NICHOLSON: That isn't the way it works. A veteran files a claim and it goes through the adjudication system. As I said, the average time now is 177 days. If he is given a service-connected disability, and these range from 10 percent to a hundred percent, he or she, the claimant, is paid from the day they originated the claim.

MR. ZREMSKI: How will the VA handle the flood of injured combatants from Iraq and Afghanistan with current resources? Is there a coming crisis as demand rises in the hospital system?

SEC. NICHOLSON: Very important question, and we of course monitor this closely, pay a great deal of attention to data that we get from DOD. And we have a very sophisticated system of modeling what our needs are going to be. As I've said here, we run the biggest health care system in this country, maybe in the world. And we go to Congress to get a budget for that, and that budget cycle is about two-and-a-half years before you're actually going to be able to start spending it. So you have to be able to project pretty carefully what you're going to need, because that's your window of what you're going to need out there.

And I will say with very few exceptions that the VA has been uncanny in its accuracy of doing that. In fiscal year 2005, there was a hiccup in that. Because that '05 budget -- I'd just been in this job in a few weeks in this service -- having been put together based on data that was over two years old, was based on data where we were not at war. And it eventually showed itself, and we went to the Congress and very quickly got a supplemental appropriation.

But we track this very closely. We report to the White House every month on exactly where we are in a spending cycle, and we report to the Congress every quarter. These are two things I've initiated because I want to know, just like we would in any business, exactly where we are, and our needs versus our resources.

MR. ZREMSKI: What is the VA doing to build specialty expertise in traumatic brain injury, often referred to as the signature injury of Operation Iraqi Freedom? How long will it take to fully build capacity in this area?

SEC. NICHOLSON: Traumatic brain injury is one of the signature injuries of this conflict, as I said. Many of them would not have survived in other wars. They're coming back to us, though, with these serious brain injuries.

In absolute numbers, it's not huge. But again, each one of them is important. And as it turns out, the VA had four traumatic brain injury centers existent since 1993. And when the war started and wounded combatants started coming back with these now-unique injuries, we converted those four traumatic brain injury centers into polytrauma centers.

So they are the foremost facilities -- I think I'm safe to say this -- the foremost facilities in this country in treating a traumatic brain injury.

And we have one in Richmond; we have one in Minneapolis, Tampa and Palo Alto California. We've also now introduced 17 level-two polytrauma centers into the system so that we can have them more geographically approximate to the patients and their families.

And we track this and project, but our capacity to serve these -- I think we've had 368 patients so far in those traumatic brain injury or polytrauma centers is what we're really calling them -- and their capacity has been wholly adequate so far.

MR. ZREMSKI: How big is the problem of post-traumatic stress disorder and how are we doing at responding?

SEC. NICHOLSON: The post-traumatic stress disorder I think is another signature ailment of this conflict. It stands for -- post-traumatic stress disorder, you know, the acronym is PTSD. And of the patients that we've seen that have come to us from the conflict, about a third of them are showing some mental issues. And about half of those -- and some of those are sleeplessness, things like that -- but about half of that number or about 35,000 in actual numbers we've diagnosed with having post-traumatic stress disorder.

It's a mental condition. We are being very active in trying to reach out and get the soldiers to come to us. We screen all of them, by the way, but a lot of it is a mental and, you know, a Q&A -- an interview kind of diagnosis at that point: Are you experiencing irritability, sleeplessness, flashbacks, sort of unwarranted fear and so forth? And what we know about it -- and I'll also say that we have real expertise on PTSD. We have the foremost research center in the world on it in White River Junction, Vermont. But what we know is that if we can diagnose and start treating it early, we can make most people whole. So that's our goal.

And there's an inhibitor out there, which we're working on also, which is some of these young people think that, well if I come in for this kind of treatment it's going to be interpreted as I'm losing my mind or that something is wrong with me mentally. That indeed is not the case, because what they're experiencing is a common reaction -- coming from a civilized society it's a common reaction to a very uncommon experience that they've just had for a year or so in combat. So it's common. And it should have no stigma for them, spouses, employers, family. We want to put it out in the light of the day and then get more and more to come in and be treated and have everybody understand what that's about.

MR. ZREMSKI: On the front page of USA Today last Friday, there was an article about staffing issues in the vet centers. The real issue is finding qualified social workers. What is the VA doing to find these qualified social workers and to retrain them?

SEC. NICHOLSON: I might first say what a vet center is. We have these huge hospitals. We have about 750 clinics. A clinic, by the way, can be 90,000 square feet, but it's still a clinic because it doesn't have inpatients. And then we have 230 or so vet centers. And a vet center -- think of a storefront in a shopping center or a commercial district. It's a place where we want to be out in a community for veterans to come in, meet other veterans, be counseled in a preliminary way both on vocational and education opportunities and to talk to someone if they're experiencing any mental or physical problems so that they can be referred into one of our secondary or tertiary treatment facilities.

And we have expanded the number of these vet centers, because they're efficient. They're great catchments areas and they give a lot of solace to veterans that are having problems. And because we're expanding, we're staffing up and we're trying to get trained social workers, psychologists -- and to the extent possible have them be

veterans so they can relate better to the veterans. And we are very aggressively out there recruiting people to come in to these vet centers where we still have some personnel slots that are open.

And the way we try to retain them is the way we are able to retain most of the people at the VA is with a good work environment, the satisfaction of whom it is they're taking care of, decent compensation -- although it's just like veterans. You can't pay them enough to do what you ask them to do and that's often the case with VA employees as well.

MR. ZREMSKI: The VA's budget is under strain, and veterans service organizations want as many numbers as possible. Does this combination make it impossible for you to reasonably control access to VA medical care so that those who are indigent or have service-related injuries get the first dibs on using the system?

SEC. NICHOLSON: As I said, there are 24 million-plus veterans in the country. If you add up those that we're taking care of medically with benefits and the family beneficiaries and so forth, you had it about right. There are 70 million people directly affected.

But we do have priorities that have been prescribed for us in the law. And one of those is an indigent veteran. That's a sad case for someone that's served our country and has ended up indigent/homeless. So we are there for them. Those that have special medical needs -- be it paraplegic, diabetic, kidney dialysis -- no questions asked. Come in and be treated. Then of course, anybody who has a service-connected injury -- a Purple Heart, things like that.

And that's how we get to the roughly 8 million that are there for treatment for us medically and the 3.6 million that we're dispensing benefits to. There is a category of veterans that currently is not eligible -- they're called Category Eight veterans. They are veterans that have no service-connected disability and that are working in their community. And they currently would be on the lowest rung of priority and at this time are not enroll-able.

MR. ZREMSKI: Okay. We're almost out of time, but before asking the last question I just have a couple of other important matters to take care of here.

First of all, let me remind our members of our future speakers. Tomorrow, Sam Waterston, the actor and star of NBC's "Law and Order" will be here to discuss "Unity '08: People Doing What Politicians Won't." On May 1st, Paul Helmke, president of the Brady Campaign to Prevent Gun Violence will discuss "Gun Violence: What Are We Going to Do About It?" And on May 4th, Bobby Rahal, the racing legend and owner of Rahal Letterman racing will discuss "The Greening of Racing: Ethanol Powers the Indianapolis-500."

Second, we have a tradition here at the National Press Club, which you are well aware of, of presenting our speaker with a plaque.

SEC. NICHOLSON: Thank you very much.

MR. ZREMSKI: Sure. And you're well on your way to collecting a

full set of these now -- (laughter) -- the National Press Club mug.

Okay, and finally, our last question: It's often said that we need to do more than put yellow ribbon magnets on our refrigerators when it comes to supporting our troops. What would your suggestions be for the American people to best support our veterans?

SEC. NICHOLSON: Well, again, thank you very much for having me, allowing me to come back here and tell you again about the great story of this great organization.

And to answer your question I think I'm going to use an anecdote. Suzanne and I -- my wife and I were up in New York last fall with I think it was 31 veteran amputees -- most of them from Walter Reed. And they were up there to run the New York Marathon. And we were having lunch with them the Friday before the Sunday running of the marathon. And we were having so much fun and mirth and frivolity and I finally, I said, "How are you people" -- every one of them was an amputee, by the way. And every one of them ran, wheeled, walked and finished the marathon.

I said, "How do you people keep yourself up? How do you do this and have this kind of life spirit?" And then there was silence and then a young sergeant E5 sort of deputized himself to respond and he said, "Sir," he said, "It's because we feel so appreciated by the American people." And I think that is -- that's the distinguishing thing of this war from recent conflicts.

And so to all of you, I say, show your appreciation to these people. Every one of them is a volunteer. They had other choices in their life but to do what they did. And those that we see and deal with every day, of course, are those that really paid an extra sacrifice and so have and so are their families. And really, all they -- well, of course they want to be well taken care of by us, but the thing that means so much to them is to feel like what they have done is being appreciated by a grateful country.

Thank you. (Applause.)

MR. ZREMSKI: Thank you very much.

Thank you, Secretary Nicholson. Thank you, all of you for coming today. I'd also like to thank National Press Club staff members Melinda Cooke, Pat Nelson, Jo Anne 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 Operation Center. Press Club members can access free transcripts of our luncheons at our website www.press.org. And nonmembers may purchase transcripts, audio and videotapes by calling 1-888-343-1940. Thank you.

We're adjourned.

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