

**STATEMENT OF
SUSAN H. MATHER, M. D., M.P.H.
CHIEF OFFICER, PUBLIC HEALTH AND ENVIRONMENTAL HAZARDS
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
SUBCOMMITTEE ON NATIONAL SECURITY, VETERANS AFFAIRS AND
INTERNATIONAL RELATIONS
COMMITTEE ON GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES**

MAY 1, 2001

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to address the significant progress that VA has made pursuant to GAO's October 1999 report concerning management of chemical and biological medical supplies. I am accompanied by Dr. Kristi L. Koenig, Chief Consultant, Emergency Management Strategic Healthcare Group, and Mr. John Ogden, Chief Consultant, Pharmacy Benefits Management Strategic Healthcare Group.

BACKGROUND

As you recall from the hearing in March of last year, one of VA's missions is to ensure health care for eligible veterans, military personnel, and the public during Department of Defense (DoD) contingencies and natural, manmade, and technological emergencies. VA has assigned lead responsibility for this mission to the Emergency Management Strategic Healthcare Group (EMSHG), which is headquartered at the Martinsburg, WV, VA Medical Center. The primary responsibilities and authorities governing VA's program implementation are outlined below.

- VA/DoD Contingency Hospital System, Public Law 97-174, May 1982, requires VA to serve as the primary contingency back-up to DoD medical services.

- National Disaster Medical System (NDMS) was established in 1984 by agreement between DoD, Department of Health and Human Services (HHS), VA, and Federal Emergency Management Agency (FEMA). It operates to provide capability for treating large numbers of patients who are injured in a major peacetime disaster within the continental United States, or to treat casualties resulting from a conventional military conflict overseas.
- Federal Response Plan, required by Public Law 93-288, the Robert T. Stafford Act as amended, April 1992, established the architecture for a systematic, coordinated, and effective Federal response to a disaster or emergency situation.
- Executive Order 12656, Assignment of Emergency Preparedness Responsibilities, November 1988, charged VA to plan for emergency health care services for veterans, active duty personnel, and, as resources permit, to civilians in communities affected by national security emergencies.
- Presidential Decision Directive – 62, Combating Terrorism, May 1998, tasked U.S. Public Health Service (USPHS), working with VA, with ensuring that adequate stockpiles of antidotes and other necessary pharmaceuticals are maintained nationwide and to train medical personnel in NDMS hospitals.

Under the provisions of the Federal Response Plan (FRP), VA is involved in the planning for, and response to, catastrophic disasters that require federal assistance. Over the past ten years, VA has deployed over 1,000 health care personnel, and provided medical supplies, equipment (including mobile health clinics), and facilities.

Under Presidential Decision Directive 62 (PDD 62), VA has an agreement with USPHS to maintain caches of pharmaceuticals at strategic locations throughout the United States that may be needed for treatment of victims of an event involving weapons of mass destruction (WMD). If an event occurs, these caches would be deployed to the site of the incident to augment the capability of the National Medical Response Teams (NMRTs) that are maintained and directed by the USPHS. In addition, these pharmaceuticals would provide supplemental capability to local medical caregivers and facilities to treat WMD victims.

VA also has an agreement with the Centers for Disease Control and Prevention (CDC) to assist with procurement and maintenance of the supplies under the National Pharmaceutical Stockpile Program (NPSP). This agreement is being revised now to reflect VA's diminished role in maintenance of the stockpile. In both instances VA receives funds from the agencies involved to procure and maintain these stockpiles for the respective agencies.

GAO REPORT - MANAGEMENT OF MEDICAL SUPPLIES

I am pleased to have this opportunity to update the Committee concerning VA's activity as a partner with the Department of Health and Human Services' Office of Emergency Preparedness (OEP) in the procurement, inventory, storage, maintenance and delivery of medical supplies that may be needed by NMRTs to treat victims where weapons of mass destruction may have been used. The development and maintenance of these stockpiles are integral parts of the Nation's ability to provide needed health care following an emergency. OEP officials determine the contents of inventories; provide funding for the procurement, maintenance and deployment of the medical supplies; and determine the locations of the stockpiles at sites across the United States.

The partnership between OEP and VA began in late 1995 and evolved to a formal interagency agreement in April 1997. EMSHG has overall VA responsibility for emergency management activities. VA's Emergency Pharmacy Service (EPS) is directly responsible for managing the pharmaceutical/medical supplies stockpiles and works in coordination with EMSHG. GAO reviewed this program during the summer of 1999 and reported their findings in October 1999. In calendar year (CY) 2000, GAO conducted a follow-up review; their final report is pending. With the above background, what follows is a description of VA's actions to address each of the four recommendations from the 1999 GAO report.

First, GAO recommended that OEP, CDC, the Marine Corps Chemical and Biological Incident Response Force, and VA establish sufficient systems of internal control over their chemical and biological stockpile management to reasonably assure

that personnel conduct risk assessments and organize program activities to identify and mitigate risks so that, when needed, the stockpiles will be provided as planned. To implement this recommendation, OEP contracted with Logistics Management Institute (LMI) to evaluate the program, conduct a risk assessment, and advise us on areas for improvement. LMI reviewed the program from April to August 2000, visited each storage site, and reported their findings to OEP in December 2000. Concurrently, EPS implemented numerous improvements to simplify the inventory process (bagged or banded and labeled like products, adjusted quantities to full manufacturer containers); refine the inventory database (standardize nomenclature, label products to clarify nomenclature, record all lot numbers and expiration dates); improve cache security (extend cages to ceiling, spot weld bolts, seal pallets with security tape); color code all inventory categories; monitor storage temperatures; and improve inventory results. LMI noted many of these improvements in their report. LMI recommended adding an inventory management system with bar codes. OEP has selected a computer package that will be implemented during the summer of 2001.

Second, GAO recommended that the agencies arrange for periodic, independent inventories of the stockpiles. Four complete inventories were conducted during CY 2000 using personnel from EMSHG, EPS and the Office of Acquisition and Material Management. OEP staff participated in the inventories as well. The results of each inventory showed improvement over the previous, concluding in a less than 1% discrepancy rate in the November inventory. The majority of findings were attributed to data discrepancies, particularly expiration date or lot number differences. There were no controlled substance discrepancies, and all outdated products were replaced with fresh stock. All inventory participants were invited to provide suggestions for improvement. At the completion of the November 2000 inventory, all suggestions were reviewed by OEP and EPS to determine lessons learned. Using this information, OEP specified the inventory process and frequency for 2001.

Third, GAO recommended that VA implement a tracking system that retains complete documentation for all supplies that have been ordered, received or destroyed. In January 2000, VA began using an enhanced inventory management system. The resulting database was verified during the April 2000 inventories. LMI reviewed this

inventory management system and recommended that it be replaced by a commercial system that would provide additional enhancements. OEP decided we would use the same inventory management system CDC selected for use with the NPSP. Training on this system is scheduled to begin in May 2001.

Fourth, GAO recommended that supplies be rotated properly. I am pleased to report that supplies are being rotated properly. The current inventory management system provides reports indicating future expiration dates. These reports allow for necessary planning for ordering, receiving, shipping and rotating stock at each location on a timely basis. No outdated drugs or supplies were found in the caches at the August and November 2000 inventories. The new inventory management system should enhance this capability.

Mr. Chairman, I would like to close with a description of additional actions taken since the testimony provided you in March 2000. First, GAO conducted a follow-up review of this program from August to November 2000. The draft report of this visit indicates that GAO was pleased with the progress that VA has made. Second, VA moved the cache that was stored outside VA control into a VA warehouse location. Both LMI and GAO have favorably reviewed this site. Third, VA placed refrigerator units into service at all sites. These units have a self-contained battery pack that will maintain refrigeration when deployed, or if there is a power failure. Fourth, VA will replace all products at the Central cache that may be heat sensitive as soon as the cache is moved to the new storage location. The new storage location has been selected. OEP recently approved the plans for the necessary construction and the contractor has been selected. The move is currently targeted for June 2001. Fifth, an update to the 2000 MOA between OEP and VA has been developed and is in the clearance process within VA. The MOA further defines responsibilities and expectations by OEP and VA. Sixth, VA has initiated an internal Risk Assessment Group, including members with financial, security, emergency management, and risk assessment expertise. The group is charged with conducting a new risk assessment and reporting findings to Pharmacy Benefits Management Strategic Healthcare Group (PBMSHG), EMSHG and ultimately, OEP later this year. Seventh, to improve security of each cache, installation of locking devices at the access point is underway. These devices will record date, time, and the

individual gaining access. Eighth, all of the caches were successfully deployed and then returned to storage.

Mr. Chairman, the efforts of OEP and EPS staff to develop, maintain, and deploy emergency supplies have been greatly improved since the first GAO review. We look forward to receiving the findings of our internal risk assessment to make the program more successful in the future. We appreciate the benefits of GAO's work on the Congress's behalf. Should incidents involving the use of weapons of mass destruction occur, we are prepared to meet our responsibilities as a part of the Nation's readiness capability.

Dr. Koenig, Mr. Ogden and I will be happy to respond to questions from the Committee.