



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

July 2, 2003

The Honorable Lane Evans
Ranking Democratic Member
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Evans:

This is an interim response to your May 27, 2003, letter regarding the Fiscal Year (FY) 2002 report submitted to Congress pursuant to Section 305 of Public Law 104-262. I understand your concerns about the basis for the cost comparisons and decisions involving performance of work that is currently or was previously performed by Department of Veterans Affairs (VA) employees. As discussed below, we will be collecting data from the field to ensure the validity of the methodology used to perform these comparisons, and to take appropriate corrective action for any cost studies that cannot be validated. As to the General Counsel opinion of April 28, 2003, that the 38 U.S.C. Section 8110 (a)(5) prohibition against using medical care appropriations or personnel paid from them to perform cost studies applies to all studies, including those under VA's three-tiered competitive process, we note that the opinion was issued after the report was complete.

As explained in the May 23, 2003, meeting with Committee staff, many of the data elements for the competitive sourcing and Section 305 reports are similar and the data calls were combined for FY 2002. The end result of the combined data call for FY 2002 did not produce the desired quality of data, as recognized by your staff.

To meet the requirements specified by Committee staff, a data validation call memo was issued to Veterans Health Administration field facilities, which included specific guidance with templates, calculations, and detailed instructions in an attempt to provide a revised report to meet your needs. The Department will make every effort to provide all of the requested information to the Committee by July 23, 2003.

A similar response has been sent to Congresswoman Hooley who co-signed your letter.

Sincerely yours,

A handwritten signature in black ink, reading "Anthony J. Principi", is centered below the text "Sincerely yours,".

Anthony J. Principi