

TESTIMONY OF MEL LAGARDE
DELTA DIVISION PRESIDENT OF HCA, INC.
BEFORE THE
OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE
OF THE
HOUSE COMMITTEE ON ENERGY AND COMMERCE
JANUARY 26, 2006

Mr. Chairman, members of the Committee and staff – good morning. My name is Mel Lagarde, and I am the Delta Division President of HCA, Inc. (“HCA”). HCA is the largest private healthcare provider in the United States. Headquartered in Nashville, Tennessee, HCA affiliates operate 180 hospitals and eighty-two outpatient surgery centers in twenty-three states, England, and Switzerland. HCA facilities currently employ approximately 190,000 people worldwide. Ever since our inception in 1968, HCA has taken seriously our responsibility for emergency preparedness and response.

Historically, the Joint Commission on Accreditation of Healthcare Organizations (“JCAHO”) has served as the national survey and standards agency for accreditation based upon quality and patient safety. JCAHO accreditation represents, in part, that accredited hospitals have designed, implemented and demonstrated the efficacy and compliance of the emergency preparedness plans of accredited institutions. All HCA hospitals have full JCAHO accreditation, based in part upon compliance with the organization’s emergency preparedness standards. Particularly motivated by the events of September 11th, HCA has scrutinized and enhanced its comprehensive strategy towards emergency preparedness. HCA is looking to enhance not only the emergency preparedness of each affiliated hospital, but also the emergency preparedness of the entire HCA network, and most importantly, the communities served by HCA affiliates.

In designing our approach, working in conjunction with the CEO of each HCA facility, we began by assessing the emergency preparedness of our affiliates. HCA also conducted facility audits to ensure data quality and accuracy. We then met with the Departments of Health of various states, JCAHO, and the American Hospital Association (“AHA”) to develop community-based emergency preparedness strategies. On the federal level, HCA met with the Department of Health and Human Services, Office of Emergency Preparedness (“HHS-OEP”) to discuss the role that HCA resource deployment could play in national emergency preparedness plans. HCA also was among the first private sector entities to meet with officials at the Department of Homeland Security (“DHS”), shortly after Congress had established the agency.

HCA’s Delta Division encompasses Louisiana and Mississippi. As Delta Division President, I have taken an active part in formulating HCA’s comprehensive strategy on emergency preparedness. As a former hospital CEO, I have come to appreciate – both professionally and personally – the critical importance of preparedness for all types of disasters. In the wake of Hurricane Katrina, I also have acquired first-hand experience in implementing and modifying that strategy. Before I delve into my experiences in preparing for and managing emergencies, however, I would like to provide you with some background information on the structure of HCA. I believe that this information will help you appreciate the interconnections between the emergency preparedness plans of HCA affiliates, the communities served by HCA hospitals, and the HCA network.

I. COMMUNITY-BASED EMERGENCY PREPAREDNESS STRATEGIES

Hospitals are community institutions, where people turn for care and solace in times of crisis. September 11th and the anthrax attacks underscored the need for hospitals to be cognizant of disasters within the communities they serve, and the special risks that such service

entails. And in an era of terrorism, hospitals no longer can afford to be isolated from each other, or from governmental agencies. Rather, these parties must form a seamless web in order to formulate a coherent emergency response and to educate the community on emergency preparedness.

HCA encourages all affiliates to contribute and comply with their community-based emergency preparedness plan. HCA's participation also enables employees to serve on Disaster Medical Assistance Teams (DMATs), which may be deployed anywhere in the United States to support communities overwhelmed by emergency. HCA also encourages affiliates that currently are located outside affected areas to coordinate with local and state agencies to ensure that appropriate emergency preparedness plans are developed for their communities.

Additionally, HCA affiliates serve as participants in the National Disaster Medical System ("NDMS"), prepared to receive disaster victims in the event that a mass casualty situation arises.

HCA currently sponsors two DMATs – one based in Atlanta, Georgia comprising 125 members, and another based in Denver, Colorado comprising 127 members. HCA's Director of Emergency Preparedness commands the Georgia-based team, which was deployed to New York after the September 11th attacks, and to the Gulf Coast after Hurricane Katrina. HCA staff members also lead the Colorado-based DMAT. In both cases, HCA acts as a resource for the DMATs by recruiting new members, arranging training, and coordinating deployment. HCA also provides material support in the form of pharmaceuticals, communications equipment, defibrillators, protective gear, vehicle rentals for training exercises, and storage space.

HCA's leadership believes that affiliates should take an active role in educating their communities on emergency preparedness. To help affiliates assume these educational responsibilities, we have provided them with materials such as posters, web casts, seminar

programs, and conference programs. One example of the materials that we have distributed is entitled *General Guidelines for the Recognition, Immediate Treatment, and Precautions in the Management of Potential Victims of Radiological, Biological, or Chemical Exposure*. Another example is our internal emergency preparedness manual, entitled *Disaster Readiness: Guidelines for Emergency Management Planners*. HCA has mailed copies of *Disaster Readiness* to state hospital associations, the HHS-OEP, the Centers for Disease Control (“CDC”), JCAHO, and to educational programs aimed at healthcare professionals. I am proud to note that HCA personnel served as members of the DMAT deployed to Ground Zero in the immediate aftermath of the events of September 11th. Additionally, HCA personnel at one of our affiliate hospitals in Florida diagnosed and treated the first anthrax victims.

II. ENHANCING THE EMERGENCY PREPAREDNESS OF THE HCA NETWORK

In addition to participating in community-based emergency planning, HCA has taken steps to enhance the emergency preparedness of the HCA network. For example, HCA has created the *Disaster Readiness* manual, which is updated annually, to serve as a comprehensive reference for our affiliated hospitals. The manual explains the Hospital Emergency Incident Command System (“HEICS”), which we require affiliates to adopt. I will speak more about HEICS later, when I detail HCA attempts to strengthen the emergency preparedness of affiliates. In addition to describing HEICS, the *Disaster Readiness* manual provides affiliates with templates of specific plans dealing with natural disasters, bioterrorism, chemical terrorism, and radiation sickness. HCA requires affiliates to implement and customize these templates as appropriate. A Chief Nursing Officer is designated for each Division and is responsible for making sure that the hospitals under their supervision comply with the manual’s policies. We

also train affiliate CEOs and CNOs in *Disaster Readiness* through web cast, conference calls and facility-specific customized training.

As part of our emergency preparedness guidance, HCA provides each hospital with an algorithm to calculate the quantity of drugs, supplies and equipment that would be needed in a crisis situation. Factors of computation include: (i) staff size; (ii) medical staff support; and (iii) patient census trends, among others in the various markets. We utilize these calculations to achieve emergency preparedness against all kinds of hazards – whether natural or man-made.

Although HCA expects each affiliate to maintain emergency supplies of pharmaceuticals and medical equipment, we recognize that a catastrophic event could cause affiliates to exhaust provisions quickly, without hope of restocking from ordinary suppliers. HCA has therefore created the Central Supply Warehouse system, which is devoted to storing drugs and medical supplies vital to the national emergency response. The Warehouse system requires each Division to set up a Central Supply Center (“CSC”), containing caches of burn/trauma kits, SARS/respiratory kits, and pharmaceutical kits. The Far West and the East Florida Divisions are responsible for storing bio-isolation units. Additionally, HCA has developed the capacity to transport kits and bio-isolation units to any affiliate hospital within twenty-four hours.

HCA also recognizes that affiliates responding to catastrophic events may confront insufficient personnel to treat the number of incoming patients. We therefore have relied on one of our subsidiaries, All About Staffing (“AAS”), to augment the emergency response capabilities of our affiliates. Whenever an emergency occurs, AAS is ready to provide temporary staffing for affected facilities. AAS generally provides nursing support, although an

affected facility may request any type of staff essential to fulfilling patient needs. HCA has appreciated the federal government's waiving of licensure requirements after declarations of emergency. HCA believes that these waivers have enhanced our ability to draw upon staff throughout our network in response to emergencies of national dimensions.

So far, I have been speaking to you about how HCA has attempted to enhance network response to emergencies. Now I would like to speak briefly about HCA efforts to prevent catastrophic events. Throughout the HCA hospital network, we conduct syndromic surveillance of emergency room patients with laboratory testing needs. For example, HCA monitors the white blood cell volume of such patients daily. Our surveillance has been instrumental in identifying increased rates of influenza in the communities that our affiliates serve. We believe that our syndromic surveillance system may be helpful in identifying the spread of other diseases of national import. Currently, CDC is considering the role that HCA may play in national surveillance through the CDC Syndromic Surveillance Program.

III. STRENGTHENING THE EMERGENCY PREPAREDNESS OF HCA AFFILIATES

HCA has taken steps to strengthen the emergency preparedness of our affiliates, as they inevitably are on the front-lines of catastrophic events. As I mentioned previously, HCA requires affiliates to adopt the HEICS approach to crisis management. There are two reasons for this requirement. First, HEICS creates a common vocabulary for use during an emergency response. HCA also has encouraged other healthcare providers to utilize HEICS, because we believe that more widespread use would ensure better coordination among first responders in every community. Second, HEICS creates a framework of leadership positions, and assigns specific responsibilities to those positions. The HEICS command structure establishes an "all hazards" command structure within the hospital, which links with the "community" command

structure – whether that “community” comprises the neighborhoods in proximity to the hospital, our other HCA divisions, other local hospitals, or corporate offices.

HEICS therefore creates fully-operational chains of command at the first sign of an emergency. Such command chains include the hospital experiencing the event, the Division and Market where that hospital is situated, the CSC associated with that Division, and HCA corporate headquarters. Although HCA sister facilities are not direct links in the command chain, they stand ready to provide support, using HEICS as a shared platform. As I mentioned previously, HEICS has the benefit of providing a common vocabulary, role definition, and organizational structure and accountability. Accordingly, the system has the ability to supersede corporate titles and business positions that establish the traditional lines of authority during non-emergency situations.

As part of our Quality Review System (“QRS”), every 12-24 months HCA conducts routine audits and surveys of the emergency preparedness of each affiliate hospital. While HCA data collection demonstrates that affiliates steadily are improving their programs, HCA continues to use QRS to ensure that facilities comply with the *Disaster Readiness* guidelines.

IV. HCA RESPONSE TO HURRICANE KATRINA

HCA has been in operation since 1968, and we often must contend with hurricanes and other natural disasters. In 2004 alone, HCA affiliates in Florida were exposed to four major storms, including the devastating effects of Hurricanes Charley, Frances and Ivan. Needless to say, severe weather preparedness is a top priority for our HCA affiliates in the Southeast. Accordingly, in November of 2004, HCA senior executives and the CEOs of our affiliate hospitals met in Orlando, FL to discuss “Hurricane Lessons Learned.” The meeting

helped HCA identify three areas in our severe weather plan that needed improvement: (i) communications; (ii) transportation of supplies; and (iii) sourcing for alternative energy should public utilities fail. In the following months, HCA provided our affiliates with satellite phones, hurricane shutters, and additional portable emergency generators. HCA also contracted with local businesses – like refrigeration companies, water companies, and diesel and gasoline retailers – to provide supplies quickly in the face of an emergency. In hurricane strike zones, we began to move food, medical supplies, and other gear to warehouses near hospitals.

Despite this extent of experience and preparation, Hurricane Katrina inflicted an unprecedented level of destruction on the region, which affected four HCA affiliates in Louisiana and Mississippi. Lakeview Regional Medical Center in Covington, Louisiana sustained water and wind damage but remained open. Garden Park Medical Center in Gulfport, Mississippi sustained flooding and roof damage, but resumed emergency room operation shortly after Hurricane Katrina passed. Since Garden Park Medical Center was one of only two hospitals still functioning in the Gulfport-Biloxi area after Hurricane Katrina, FEMA installed tents near its parking lot to give tetanus shots and to treat the less seriously injured.

HCA was forced to evacuate two facilities. We closed Tulane-Lakeside Hospital in Metairie, Louisiana after local officials ordered a mandatory evacuation, and we transported patients, employees, and family members to a safe location by bus convoy. Tulane University Hospital and Clinic (“TUHC”) in New Orleans, Louisiana, which sustained the heaviest damage, mainly had to be evacuated by helicopter. I would like to speak now of HCA’s role in the TUHC evacuation and in the national emergency response to Hurricane Katrina.

On August 29, 2005, Hurricane Katrina made landfall in Louisiana as a Category 4 storm. Shortly after Katrina passed, CEO Jim Montgomery reported that TUHC had suffered

only minor damage and that flooding in New Orleans appeared to be limited. Our relief was short-lived, however. By the morning of August 30th, we became painfully aware of the true state of devastation caused by Hurricane Katrina. HCA senior executives already had established a HEICS Command Center in the boardroom of the company's headquarters in Nashville (the "Corporate Command Center"), and they remained there for the rest of the week to coordinate HCA disaster relief efforts along the Gulf Coast.

The Corporate Command Center's top priority was to assist in the evacuation of TUHC in any way possible. On the morning of August 30th, the TUHC Command Center reported that flooding had intensified in New Orleans and was threatening the hospital's emergency generators. At that point, TUHC housed approximately 180 patients, and one thousand staff members and their families. Eleven patients were on ventilator support, and two were attached to heart pumps. It was clear that TUHC had to be evacuated as soon as possible. Although TUHC had called Acadian Ambulance to request helicopter assistance, we did not believe that Acadian alone could complete the evacuation within a reasonable period of time. HCA therefore chartered twenty-four helicopters to support TUHC efforts.

On the morning of August 31st, the Corporate Command Center learned that HCA-chartered helicopters had arrived at TUHC, with HCA contractors providing flight coordination. Since the TUHC evacuation proceeded in stages, HCA headquarters arranged to load each chartered helicopter with 750 pounds of food, water, and medical supplies to help TUHC staff and patients remaining in New Orleans. Rather than transporting patients from one staging area to the next, the Corporate Command Center prearranged for other HCA facilities to be awaiting their reception. Many of the evacuees initially were taken to Women's and Children's Hospital in Lafayette, Louisiana. HCA sent fifty nurses from AAS to support

affiliated hospitals in the Gulf Coast receiving evacuees, and we stood ready to deploy 170 additional nurses, if needed.

On the evening of August 30th, TUHC lost backup power, causing its communications network to fail. The following morning, headquarters helped TUHC set up a radio network by flying in three members of the Tallahassee Amateur Radio Club, who set up a portable generator-powered HAM radio with a satellite uplink. The three radio operators used the satellite uplink to contact HCA offices in Tallahassee, FL for evacuation information. They then used two-way radios to relay evacuation information to TUHC staff. The three radio operators also delivered flight directions from HCA staff to the helicopter pilots.

On September 1st, TUHC completed the evacuation of its patients, along with thirty-eight patients from Charity Hospital. The Corporate Command Center was encouraged by our hospital's response to the greatest natural disaster in our nation's history.

Apart from my account of the evacuation itself, let me now give you a sense of the magnitude of HCA's response to Hurricane Katrina. In terms of supplies, HCA provided the following to aid Katrina's victims:

- 30,000 gallons of bottled water;
- 95,600 pounds of ice;
- 40,320 meals ready to eat (MREs);
- five truckloads of other food;
- four truckloads of linen;
- one truckload of scrubs;
- seven truckloads of assorted supplies;
- one truckload of mattresses;

- 2,500 gallons of gasoline for vehicles and small portable generators; and
- 50,000 to 100,000 gallons of diesel fuel for large portable generators.

In terms of pharmaceuticals, HCA provided 17,360 doses of Cipro, tetanus immunizations, and insulin injections, along with other drugs. To serve transportation needs, HCA provided twenty-four chartered helicopters for patient evacuation, as well as one fixed-wing plane to deliver supplies, two Boeing 727's to transport staff and families to Houston and Atlanta, two hundred commercial airline tickets, fifty buses for evacuations, and one refrigeration truck. In terms of communications, HCA provided cell phones and fifteen satellite phones. Finally, HCA sponsored the Georgia-based DMAT deployed in response to Hurricane Katrina. That DMAT team traveled 1,400 miles to set up a mobile hospital in Galveston, TX and provided medical assistance to 4,000 evacuees, nearly all of whom were at least sixty-five years old.

HCA's efforts to help victims of Hurricane Katrina are continuing today. HCA established the "HCA Hope Fund" and contributed \$4 million, also offering to match employee donations dollar-for-dollar. HCA's hospital business partners and vendors – including the Rapides Foundation; St. David's Foundation; Health One; the Methodist Foundation; and Meditech – have contributed a total of \$1.5 million. HCA affiliates throughout the nation and our employees have donated an additional \$450,000 to the Fund. Displaced HCA employees continue to be on payroll, and HCA has offered to help them relocate – either temporarily or permanently – within the HCA network. Moreover, the HCA Hope Fund gave \$4.2 million in grants to help displaced employees meet immediate living expenses. We also have donated \$1 million to the American Red Cross. Finally, HCA has shown its dedication to New Orleans by

reopening Tulane-Lakeside Hospital, and by moving forward with the recovery process at TUHC.

V. LESSONS LEARNED FROM HURRICANE KATRINA

Since grappling with the effects of Hurricane Katrina last summer, HCA is continuing the process of analyzing our procedures for emergency preparation and response, continually seeking to enhance our practices and procedures. For example, in March 2006, HCA headquarters will host a “Lessons Learned” meeting, which will be attended by each of our affiliate hospitals that experienced hurricanes and other natural disasters during 2005. In the meantime, HCA is working with its affiliates to assess the positioning of emergency generators, and to enhance their communications capabilities. In addition, our current efforts to improve upon disaster preparedness are focusing on mitigation, preparation, response and recovery for Avian Flu.

On balance though, I believe that the HCA response to Hurricane Katrina revealed far more strengths than weaknesses in our emergency preparedness strategy. On the community level, HCA was able to relay critical information to TUHC and federal authorities after the hospital’s communications system failed. Garden Park Medical Center in Gulfport, MS coordinated with FEMA to determine how to treat less seriously-injured victims of Katrina. On the network level, HCA successfully created a command chain and drew upon the resources of all our affiliates to evacuate TUHC, to provide placement for all TUHC patients, and to provide food, water, and medical supplies as needed. On the affiliate level, TUHC followed the *Disaster Readiness* manual and developed an effective emergency preparedness plan. At all levels, therefore, HCA launched an appropriate response to Hurricane Katrina. In sum, we are justly

proud of our colleagues at TUHC, as well as all 190,000 members of our staff, and the communities that we serve.

Thank you, Mr. Chairman and members of the Committee for your time and attention. I will be happy to respond to any questions.