



Capital Asset Realignment for  
Enhanced Services (CARES)

---

Stage I Summary Report  
Site: **Big Spring**

---

August 2005

This report was produced under the scope of work and related terms and conditions set forth in Contract Number V776P-0515. Our work was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants (AICPA). Our work did not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation service in accordance with standards established by the AICPA. Accordingly, we do not express an opinion or any other form of assurance on the financial statements of the Department of Veterans Affairs or any financial or other information or on internal controls of the Department of Veterans Affairs.

This report was written solely for the purpose set forth in Contract Number V776P-0515 and therefore should not be relied upon by any unintended party who may eventually receive this report.

## OVERVIEW AND CURRENT STATE

### Statement of Work

Team PwC is assisting the VA to identify the optimal approach to provide current and projected veterans with health care equal to or better than is currently provided in terms of access, quality, and cost effectiveness, while maximizing any potential reuse of all or portions of the current real property inventory at the study sites. This work relies on three principal teams to undertake healthcare planning, capital planning, and reuse planning.

Specifically, the Big Spring study is reviewing the demand for services that are within the scope of services for a Veterans Rural Access Hospital (VRAH) and determine whether there is adequate demand in the Odessa-Midland area with and without the demand from the Big Spring area.

### Summary of Market

Big Spring is in the New Mexico-West Texas market which contains approximately 360,000 veterans or roughly 40% of the veteran population for VISN 18 and approximately 131,000 enrolled veterans or roughly 46% of all enrollees within VISN 18.

Over the next 20 years, the number of enrolled veterans for this market is expected to decline 21% from 131,000 to approximately 104,000. Projected utilization for inpatient services appears to vary over the next 20 years, which presents both opportunities and challenges. Specifically with regard to inpatient care:

- Both medicine/observation and surgery demand steadily declines over the projected period resulting in an 30% decrease by 2023.
- Psychiatry and substance abuse demand increases through 2013, and although then declines, but still remains significantly higher than the current bed need.

The City of Big Spring is located in Howard County in the western region of Texas and hosts an estimated population of 25,500. Although there has been no substantial growth for several years. Potential future events that may positively impact the city of Big Spring and its associated veteran population include the possible expansion of Abilene Air Force Base per the Base Realignment and Closure (BRAC) Commission recommendation and the Boeing Introductory Flight Training program scheduled to be awarded in the fall of 2005.

VA Drive Time Guidelines					
Primary Care		Acute Hospital		Tertiary Care <sup>1</sup>	
Baseline	Meets Threshold	Baseline	Meets Threshold	Baseline	Meets Threshold
75.6%	Yes	54.7%	No	55%	No

Examining the VA Drive Time Guidelines table, the New Mexico-West Texas Market achieves the drive time standard for primary care, but not for acute and tertiary care. Currently the New Mexico-West

Texas Market area exceeds the access guideline for primary care by 6%. For acute and tertiary

<sup>1</sup> Tertiary care data is based on 2001 figures. All other information is based on 2003 figures.

hospital care, the percent of enrollees within the driving time threshold falls short of the access guideline by 10%. Wait times for new patients at the Big Spring VAMC is significantly worse than wait times for existing patients. During 2004 an average of 67% of new patients compared to 98% of existing patients met the wait time standard established by the VA.

### **Summary of Current Services Provided**

The Big Spring VAMC offers inpatient medicine, outpatient specialty and primary care services is a secondary care level facility, offering primary medical care, subspecialties in medicine and surgery, mental health, and nursing home. The Big Spring VAMC houses 69 inpatient beds with 14 in acute medicine, 4 in surgery, 4 in the medical ICU, 2 in the surgical ICU, 5 in intermediate care, and 40 in nursing home care. All inpatient psychiatry beds at the Big Spring facility were closed in FY03 and now acute psychiatry needs are purchased from a local community provider (Big Spring State Hospital and Scenic Mountain Medical Center) or referred to the Waco VAMC. Similarly, inpatient surgery closed in FY04, and surgical cases are referred to Scenic Mountain Medical Center or a VA tertiary care center. Domiciliary care is currently being provided in Prescott, AZ, which is Big Spring's assigned network VA resource for domiciliary care. By 2023 inpatient medicine bed needs are projected to decline from 16 to 11, surgery beds decline from 4 to 2, and inpatient psychiatry increase from 2 to 18.

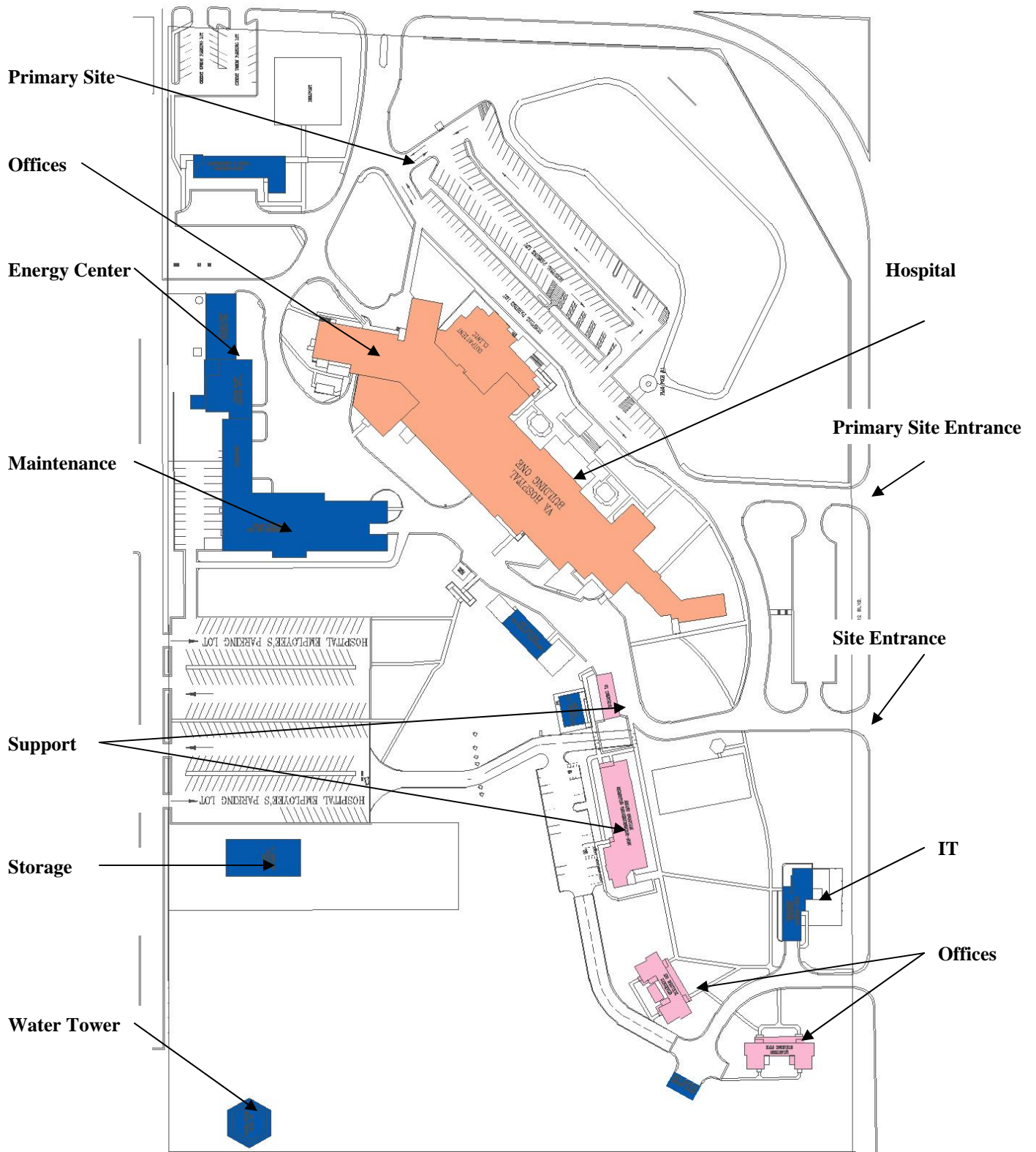
Ambulatory services available at the Big Spring campus include medicine, surgery, mental health, physical medicine, and rehabilitation. Notable outpatient services include ocular plastic surgery, audiology, dentistry, geriatric, mental health and substance abuse, pharmacy, rehabilitation, and an amputee clinic. Tertiary services are referred to other VAMCs, primarily Albuquerque or purchased from local community providers.

### **Summary of Current Facility Condition**

The Big Spring VAMC site is located at the northwest corner of Gregg Street (HWY 87) and Ryon Street in Big Spring, TX within Howard County. The Big Spring VAMC site is rectangular in shape, containing a total area of approximately 31 acres. The campus is composed of 13 buildings which were constructed over a period of several years beginning in 1948.

The buildings are generally of masonry construction with brick exterior. The facilities were developed to provide health services including: ambulatory and acute care, psychiatric, research, and other medical uses. Big Spring VAMC facility is in good condition, rating 4.4 out of 5 for critical values such as accessibility, code, functional space and facility conditions. Moderate capital investments are required for the facility to meet modern, safe, and secure standards.

**Current Building Distribution of the Big Spring Campus:**



## COMMUNITY INFORMATION

### **Healthcare Market Assessment**

The population of Big Spring, TX is supported by community healthcare services appropriate to its size and demographic composition which are highlighted below:

#### ***Lamun-Lusk-Sanchez Texas State Veterans Home, Big Spring, TX***

Created through a partnership between the State of Texas and the Department of Veterans Affairs, this 160-bed Medicare and Medicaid certified nursing home is operated by the Texas Veterans Land Board. One factor in deciding where to locate the Texas State Veterans Home was the existence and location of the Big Spring VAMC. Occupancy in 2003 was 67%<sup>2</sup>.

One unique feature of the Texas State Veterans Home is that both the spouse and veteran are eligible for care. Veterans who use this facility have ready access to the healthcare services offered at the Big Spring VAMC which is located three miles from the Texas State Veterans Home. Presently approximately 100 veterans who reside at the Texas State Veterans Home also qualify to receive services at the Big Spring VAMC nursing home.

#### ***Scenic Mountain Medical Center, Big Spring, TX***

Scenic Mountain Medical Center (SMMC) is a 155-bed acute care community hospital located within one mile of the Big Spring VAMC. SMMC is owned by Community Health Systems, Inc, an operator of general acute care hospitals in non-urban U.S. markets. SMMC offers an array of general medical, surgical and diagnostic services including a 25 bed geriatric psychiatric inpatient service. Occupancy in 2003 was approximately 30.2%<sup>3</sup>. Presently veterans utilize SMMC for surgical, diagnostic and psychiatric services. In addition, SMMC and Big Spring VAMC partner to recruit physicians that are difficult to recruit independently, as is the case with a radiologist on staff at both facilities.

#### ***Big Spring State Hospital, Big Spring, TX***

Big Spring State Hospital (BSSH) is a 170 bed psychiatric hospital serving 58 counties in West Texas and the Texas Pan Handle. It is managed by the Department of State Health Services, accredited by Joint Commission Accreditation on Healthcare Organizations (JCAHO), and certified by Medicare and Medicaid.

VISN 18 contracts with BSSH to provide psychiatric hospitalization for veterans. Veterans from this area, which includes Big Spring, may be admitted to BSSH by a formal referral from one of the seven VA hospitals in VISN 18. These veterans have access to the same array of services offered to any hospital patient. BSSH occupancy is 93%<sup>4</sup>.

---

<sup>2</sup> <http://www.nursing-homes.biz>

<sup>3</sup> Solucient, 2003.

<sup>4</sup> Ibid.

### ***Memorial Hospital & Medical Center, Midland/Odessa, TX***

In addition to the facilities in Big Spring, there are also three general acute care facilities in the Midland/Odessa area. These include Memorial Hospital & Medical Center in Midland, TX, with an occupancy rate of 64.93%, Medical Center Hospital in Odessa, TX, with an occupancy rate of 59.94% and Odessa Regional Hospital in Odessa, TX, with an occupancy rate of 38.19% (source: Solucient, 2003).

### **Real Estate Market Assessment**

The community has limited new demand for residential space, substantially lower than other Texas communities with vacancy rates higher than 16%. Rents are very low and their level would have implications for the market to support new multifamily construction.

The office market has had consistently high vacancy rates since the Air Force base was closed – leaving some buildings vacant for many years. Further, discussions indicate that office rents have stayed low and there is little new leasing activity in the community or new construction of office space. The site could feasibly accommodate a limited amount of new office space, perhaps build-to-suit for business that are looking for new and higher quality space.

High vacancy rates exist in the College Park Shopping Center, which when combined with the vacant Wal-Mart space, would translate into retail vacancy rates in the order of 20%. However, retail and service activity surrounds the VA site from three corners of the hospital's intersection, indicating that the location is considered a good retail area. Better restaurants are also nearby, identifying the area as appealing for restaurant dining. Thus, the site could feasibly accommodate retail or restaurant development, but the level of demand would be tied to the ultimate staffing levels of the realigned VAMC, and the resulting population base and household spending.

The occupancy rates for local hotels are 50.5%, the average daily room rates are \$65.58, with very low revenue per room of \$32.12. The hotel market cannot support additional room construction, given the low occupancy and average daily rate (ADR). While there is a limited-service hotel nearby, the VA site is not an optimal hotel location given its distance from the interstate and the possibility future development would be targeted along the interstate.

## BUSINESS PLAN OPTION DEVELOPMENT

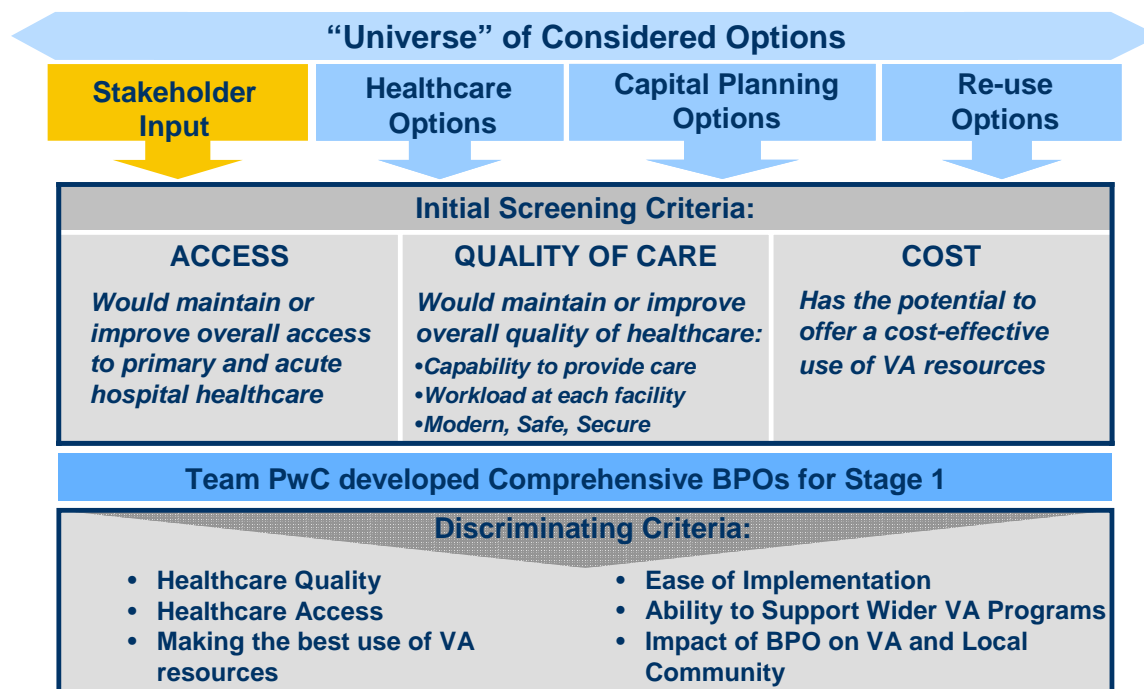
### Option Development Process

Team PwC developed a set of comprehensive BPOs to be considered for the Big Spring VAMC. A comprehensive BPO at Big Spring is defined as consisting of a single healthcare option (HC), combined with at least one associated capital planning option (CP), and at least once reuse option (RU). Therefore, the formula for a comprehensive BPO is:

$$\text{Comprehensive BPO} = \text{HC option} + \text{CP option} + \text{RU option}$$

A multi-step process was employed in the development and selection of these comprehensive BPOs which will be further assessed, as illustrated in the figure below. Initially, a broad range or “universe” of discrete and credible healthcare, associated capital planning, and reuse options were developed by the study teams. These options were tested against the agreed-upon initial screening criteria of access, quality, and cost. The healthcare and capital options that passed the initial screenings were then further considered to be potential healthcare, capital, and reuse options to comprise a comprehensive BPO. The teams utilized an internal panel of experts to provide professional judgment and industry experience to select the most appropriate combinations of healthcare, capital planning, and reuse options to create a set of comprehensive BPOs. All of the comprehensive BPOs were then further assessed at more detailed level according to set of discriminating criteria.

### Options Development





## **Stakeholder Concerns**

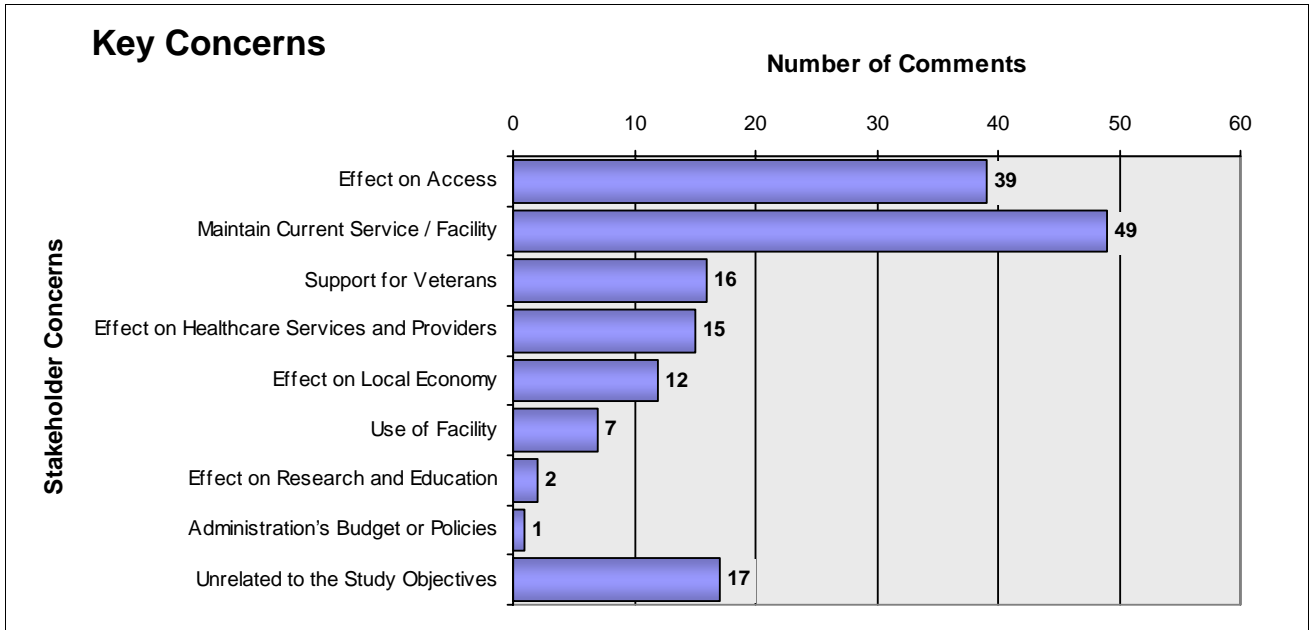
Team PwC considered input received from the Big Spring VAMC Stakeholders when developing comprehensive BPOs. For the Big Spring CARES Study Site, 229 forms of stakeholder input were received between January 1<sup>st</sup>, 2005 and June 30<sup>th</sup>, 2005 including comment forms (paper and electronic), letters, written testimony, oral testimony, and other forms. The greatest amount of written and electronic input was received from veterans. Two other respondent groups with modest response rates were veterans’ family members and VA or medical center employees.

Stakeholders who submitted written and electronic input indicated that their top two key concerns centered on effect on access and keeping the facility open. The majority of stakeholders who contributed oral testimony expressed concern with maintaining current services at the facility.

<b><i>Stakeholder Concern</i></b>	<b><i>Definition</i></b>
<b>Effect on Access</b>	Involves a concern about traveling to another facility or the location of the present facility.
<b>Maintain Current Service/Facility</b>	General comments related to keeping the facility open and maintaining services at the current site.
<b>Support for Veterans</b>	Concerns about the federal government/VA’s obligation to provide health care to current and future veterans.
<b>Effect on Healthcare Services &amp; Providers</b>	Concerns about changing services or providers at a site.
<b>Effect on Local Economy</b>	Concerns about loss of jobs or local economic effects of change.
<b>Use of Facility</b>	Concerns or suggestions related to the use of the land or facility.
<b>Effect on Research &amp; Education</b>	Concerns about the impact a change would have on research or education programs at the facility.
<b>Administration’s Budget or Policies</b>	Concerns about the effects of the administration’s budget or other policies on health care for veterans.
<b>Unrelated to the Study Objectives</b>	Other comments or concerns that are not specifically related to the study.

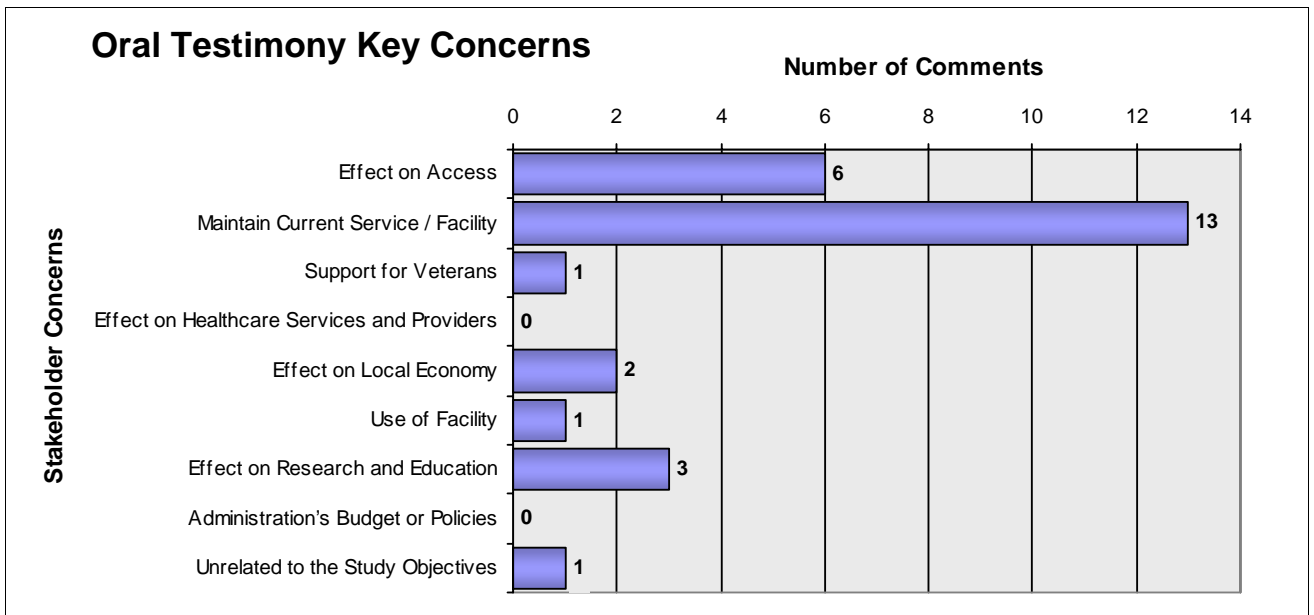
**Analysis of Written and Electronic Inputs  
(Written and Electronic Only):**

The breakout of “Key Stakeholder Concerns” regarding the Big Spring study site is as follows\*:



**Analysis of Oral Testimony Input Only  
(Oral Testimony at LAP Meeting):**

The breakout of “Key Stakeholder Concerns” that were expressed during Oral Testimony for the Big Spring study site is as follows\*:



## COMPREHENSIVE BUSINESS PLANNING OPTIONS

### Baseline Option

The Baseline is the BPO under which no significant changes occur in either the location or type of services provided in the study site. In the Baseline BPO, the Secretary’s Decision and long-term healthcare demand forecasts and trends, as indicated by the demand forecasted for 2023, are applied to the current healthcare solution for the study site.

Specifically, the Baseline BPO is characterized by the following:

- Healthcare continues to be provided as currently delivered, except to the extent healthcare volumes for particular procedures fall below key quality or cost effectiveness threshold levels.
- Capital planning costs allow for current facilities to receive such investment as is required to rectify any material deficiencies (e.g. in safety or security) such that they would provide a safe healthcare delivery environment as required in the Secretary’s Decision.
- Life Cycle capital planning costs allow for on-going preventative maintenance and life-cycle maintenance of major and minor building elements.
- Re-use plans use such vacant space in buildings and/or vacant land as emerge as a result of the changes in demand for services and the facilities in which they reside.

Therefore, the Baseline would retain inpatient medicine and long-term care at Big Spring VAMC. Domiciliary services would continue to be referred to other VAMC’s. Inpatient surgery and psychiatric services would continue to be purchased from local community providers or referred to other VAMCs. Existing ambulatory and outpatient mental health services would continue to be provided at Big Spring VAMC.

### Options Not Selected for Assessment

Label	Description	Screening Results
<b>Midland / Odessa</b>		
Midland/Odessa – IP Med/Psy/NHCU	Inpatient medicine, psychiatric and nursing home care services to be provided at Midland/Odessa. All other services remain at current location of provision.	Inferior to option HC-2B if a new facility is to be built. If the better option is to consolidate all inpatient related activities rather than have them split between two campuses.
Midland/Odessa – IP Med/Psy/NHCU/AMB/OP MH, Big Spring - Dom	Inpatient medicine, psychiatric and NHCU services to be provided at Midland/Odessa. Domiciliary services to be provided at Big Spring. All other inpatient services remain at current location of provision. Existing ambulatory and outpatient mental health services to be provided	Failed primary care access guideline threshold when you move ambulatory services to Midland/Odessa area.

Label	Description	Screening Results
Midland/Odessa – IP Med/Surg/Psy/NHCU/AM B/OP MH, Big Spring - Dom	at Midland/Odessa.  Inpatient medicine, surgery, psychiatric and nursing home care services to be provided at Midland/Odessa. All ambulatory care and outpatient mental health service continue to be provided at Midland/Odessa. Domiciliary services are added to Big Spring campus in new or renovated space.	Failed quality screening. Minimum surgical case volume does not meet VRAH requirement.
Midland/Odessa – IP Med/Psy, Big Spring – NHCU	Inpatient medicine and psychiatric services to be provided at Midland/Odessa. All other services remain at current location of provision.	Inferior to option HC-2B if you split up inpatient type services.
Midland/Odessa – IP Med/Psy/AMB/ OP MH Big Spring – Dom/NHCU	Inpatient medicine and psychiatric services to be provided at Midland/Odessa. Domiciliary services to be provided at Big Spring. All other inpatient services remain at current location of provision. Existing ambulatory and outpatient mental health services to be provided at Midland/Odessa.	Failed primary care access guideline threshold when you move ambulatory services to Midland/Odessa area.
Midland/Odessa – IP Med/Surg/Psy/AMB/ OP MH Big Spring – Dom/NHCU	Inpatient medicine, surgery and psychiatric services to be provided at Midland/Odessa. Domiciliary services to be provided at Big Spring. All other inpatient services remain at current location of provision. Existing ambulatory and outpatient mental health services to be provided at Midland/Odessa.	Failed primary care access guideline threshold when you move ambulatory services to Midland/Odessa area.
Midland/Odessa – IP Med/Psy, Big Spring – Dom/NHCU	Inpatient medicine and psychiatric services to be provided at Midland/Odessa. Domiciliary services to be provided at Big Spring. All other services remain at current location of provision.	Inferior to option HC-2B if you split up inpatient type services
Midland/Odessa – IP Med/NHCU	Inpatient medicine and nursing home care services to be provided at Midland/Odessa. All other services remain at current location of provision.	Inferior to option HC-2B if you split up inpatient type services
Midland/Odessa – IP Med/NHCU/AMB/ OP MH	Inpatient medicine and NHCU to be provided at Midland/Odessa. Domiciliary services to be provided	Failed primary care access guideline threshold when you move ambulatory services to

Label	Description	Screening Results
Big Spring – Dom	at Big Spring. All other inpatient services remain at current location of provision. Existing ambulatory and outpatient mental health services to be provided at Midland/Odessa.	Midland/Odessa area.
Midland/Odessa – IP Med/Surg/NHCU/AMB/ OP MH Big Spring – Dom	Inpatient medicine, surgery and NHCU to be provided at Midland/Odessa. Domiciliary services to be provided at Big Spring. All other inpatient services remain at current location of provision. Existing ambulatory and outpatient mental health services to be provided at Midland/Odessa.	Failed primary care access guideline threshold when you move ambulatory services to Midland/Odessa area. Also failed quality screening. Minimum surgical case volume does not meet VRAH requirement.
Midland/Odessa – IP Med/NHCU Big Spring - Dom	Inpatient medicine and nursing home care to be provided at Midland/Odessa. Domiciliary services to be provided at Big Spring VAMC. All other services remain at current location of provision.	Inferior to option HC-2B if you split up inpatient type services
Midland/Odessa – IP Med/Psy/NHCU/DOM/A MB/OP MH	Inpatient medicine, psychiatric, nursing home care and domiciliary services to be moved to Midland/Odessa. Inpatient surgery is purchased from local community provider or referred to other VAMC. Existing ambulatory and outpatient mental health services to be provided at Midland/Odessa.	Failed primary care access guideline threshold when you move ambulatory services to Midland/Odessa area.
Midland/Odessa – IP Med/Surg/Psy/NHCU/DO M/ AMB/OP MH	Inpatient medicine, surgery, psychiatric, nursing home care and domiciliary services to be moved to Midland/Odessa. Other mental health services to be provided by local community provider or referred to other VAMC. Existing ambulatory and outpatient mental health services to be provided at Midland/Odessa.	Failed primary care access guideline threshold when you move ambulatory services to Midland/Odessa area. Also failed quality screening. Minimum surgical case volume does not meet VRAH requirement.
<b>Expanded Purchased Services</b>		
All Services Purchased	All inpatient, ambulatory and outpatient mental health services are purchased from the local community or referred to other VA providers.	This option will not pass the cost screening criteria. Reuse proceeds, if realized, likely will not off set contract expense.
<b>Big Spring + Expanded Service</b>		
Baseline + Psy/Dom/Surg	Inpatient medicine, psychiatric, nursing home, surgery and domiciliary services provided at Big	Failed quality screening. Minimum surgical case volume does not meet VRAH requirement.

Label	Description	Screening Results
	Spring campus. Existing ambulatory and outpatient mental health services remain at current location of provision.	
<b>DOD Collaborations</b>		
Dyess AFB	Inpatient medicine and surgery to be provided at Dyess Air Force Base. Domiciliary, nursing home inpatient psychiatric and existing ambulatory and outpatient mental health services to be provided by local community providers or referred to other VAMCs.	Failed quality screening. Dyess AFB currently does not provide inpatient services.
<b>Domiciliary Options On Big Spring campus</b>		
Demolition and new construction	Demolition of Building 4,5,6,7 and 9. New construction of domiciliary building on this site.	This option is inferior to CP-3A, CP-3B.
<b>CBOC Options in Big Spring</b>		
New Construction for Ambulatory and Outpatient Mental Health	Demolition of existing space and construction of new space on Big Spring campus right-sized for projected needs.	This option fails the cost screening criteria given the suitable and available existing space at current facility.
Relocate and New Construction for Ambulatory and Outpatient Mental Health	Relocate ambulatory and outpatient mental health services off campus and construct a new facility.	Given the available vacant space in local market, the ability to sell or lease existing VA land would not be feasible making this option in its totality not feasible.

### **Comprehensive BPOs To Be Assessed in Stage I**

The comprehensive BPOs incorporate healthcare, capital, and re-use option components as previously described. The combinations of healthcare, capital, and reuse options were formulated to determine the most appropriate options for the site. They will be more thoroughly assessed according to the discriminating criteria in the subsequent sections. The following describes each of the BPOs the support of the selection of the BPOs.

BPO Designation	Label	Description	Support for BPO Selection
<p align="center"><b>BPO 1</b></p> <p align="center"><b>Comprising: HC-1/CP-1/RU-4</b></p>	<p>Baseline</p>	<p>Current state projected out to 2013 and 2023 without any changes to facilities or programs, but accounting for projected utilization changes, and assuming same or better quality, and necessary maintenance for a safe, secure, and modern healthcare environment</p> <p>Inpatient medicine and nursing home are provided at Big Spring VAMC. Domiciliary are not served by other VAMC’s. Inpatient surgery and psychiatry are purchased from local community or referred to tertiary VAMCs. Most Ambulatory services and Outpatient Mental Health service provided at the Big Spring VAMC.</p> <p>Parcel D1/D2 on the southeast corner of the campus available for potential retail, restaurant or office re-use.</p>	<ul style="list-style-type: none"> <li>• Maintains the only VA inpatient medicine beds in West Texas other than those in Amarillo, Texas which is approximately 240 miles from Big Spring.</li> <li>• The facilities are in good condition rating 4.4 on a 5.0 scale.</li> <li>• Many relationships exist with other providers both VA and private to augment services for both.</li> <li>• Seven acres, approximately 22% are vacant representing a financial burden to the VA and taxpayers.</li> <li>• Option developed within the context of VRAH guidelines.</li> </ul>
<p align="center"><b>BPO 2</b></p> <p align="center"><b>Comprising: HC-2G/CP-2/CP-4A/RU-1,2,3,4</b></p>	<p>Midland/Odessa – IP Med/Psy/NHCU/DOM. New Hospital. Renovation of existing CBOC in Big Spring. Existing CBOC in Midland/Odessa.</p>	<p>Inpatient medicine and psychiatry, nursing home and domiciliary services provided in new hospital built in Midland/Odessa. All other services remain at current location of provision.</p> <p>Parcel A, B, C, D1/D2 on the Northeast, Northwest, Southeast and Southwest corners of the campus available for potential retail, office, service, restaurant and residential re-use.</p>	<ul style="list-style-type: none"> <li>• Puts a newly built hospital in a larger population area. The employment pool is larger supporting recruitment of staff.</li> <li>• The hospital would have cutting edge technology and would support Homeland Security requirements as well as the Uniform Federal Accessibility Standards.</li> <li>• The new facility would have adequate square footage to accommodate future ambulatory and outpatient volumes through 2023.</li> <li>• Option developed within the context of VRAH guidelines.</li> </ul>

BPO Designation	Label	Description	Support for BPO Selection
<p align="center"><b>BPO 3</b></p> <p align="center"><b>Comprising: HC-3A/CP-4A/RU- 1,2,3,4</b></p>	<p>Inpatient Services provided by local community providers. Big Spring becomes CBOC</p>	<p>Inpatient medicine, nursing home and psychiatry services are purchased from local community providers in Big Spring, Midland/Odessa, or close to where patients reside. Big Spring and Midland/Odessa CBOCs remain with ambulatory and outpatient mental health services. Consolidate and renovate existing space on Big Spring campus.</p> <p>Parcel A, B, C, D1/D2 on the Northeast, Northwest, Southeast and Southwest corners of the campus available for potential retail, office, service, restaurant and residential re-use.</p>	<ul style="list-style-type: none"> <li>• Vacates the out parcel buildings making them available for reuse. Future ambulatory and outpatient volumes for Big Spring would be accommodated.</li> <li>• Avoids significant capital expenditures needed to bring facility to modern, safe and secure.</li> </ul>
<p align="center"><b>BPO 4</b></p> <p align="center"><b>Comprising: HC-4A/CP-1/CP- 3B/RU-1,3,4</b></p>	<p>Baseline + Dom. Dom in renovated facilities on Big Spring campus</p>	<p>Add domiciliary services to existing Big Spring campus. Requires renovation of facility for domiciliary. All other services remain at current location of provision</p> <p>Parcel A, C, D1/D2 on the Northeast, Northwest and Southeast corners of the campus available for potential retail, office, restaurant and residential re-use.</p>	<ul style="list-style-type: none"> <li>• Has significant stakeholder support and provides positive economic supporting pursuit of a Boeing contract, and the proposed BRAC realignment for Abilene base. Being the 4<sup>th</sup> largest employer of the total workforce impacts the local community’s economic base.</li> <li>• While minimizing the impact on local private providers for VA’s inpatient psychiatric population there would be a local reliance for clinical services.</li> <li>• Option developed within the context of VRAH guidelines.</li> <li>• Consistent with proposal submitted by Chamber of Commerce Taskforce.</li> </ul>



BPO Designation	Label	Description	Support for BPO Selection
<p align="center"><b>BPO 5</b></p> <p align="center"><b>Comprising: HC-4B/CP-1/CP-3A/RU-1,3</b></p>	<p>Baseline + Psy/Dom. Dom in new construction on Big Spring campus</p>	<p>Add inpatient psychiatric and domiciliary services to existing Big Spring campus. Requires renovation and construction of new facility for domiciliary and inpatient psychiatry. All other services remain at current location of provision.</p> <p>Parcel A and C on the Northeast and Northwest corners of the campus available for potential retail, office or residential re-use.</p>	<ul style="list-style-type: none"> <li>• Has substantial stakeholder support and provides unmet needs for domiciliary and psychiatric services..</li> <li>• Alternatively, there is limited improvement in overall cost effectiveness and increased capital investment.</li> <li>• There would also be a continued reliance on local providers for inpatient surgery.</li> <li>• Option developed within the context of VRAH guidelines.</li> </ul>
<p align="center"><b>BPO 6</b></p> <p align="center"><b>Comprising: HC-5A/CP-4C/RU-5</b></p>	<p>Lease Space for Inpatient Services. Vacates property. CBOC in community</p>	<p>Inpatient medicine, surgery, psychiatry, and nursing home services are provided by VA staff in leased beds in Big Spring, Midland/Odessa, or both. Domiciliary services provided by other VAMCs. A CBOC is established in the Big Spring community. Midland/Odessa CBOC remains.</p> <p>Parcels A,B,C,D1,D2 and their related uses apply. No foreseeable use for the hospital building unless it is demolished.</p>	<ul style="list-style-type: none"> <li>• In vacating the buildings, the only cost is to maintain the existing buildings until a reuse option is exercised</li> <li>• Support local community healthcare providers.</li> </ul>

## ASSESSMENT SUMMARY

Assessment Summary	BPO 2	BPO 3	BPO 4	BPO 5	BPO 6
<b>Healthcare Access</b>					
Primary	↔	↔	↔	↔	↔
Acute	↔	↔	↔	↔	↔
Tertiary	↔	↔	↔	↔	↔
<b>Healthcare Quality</b>					
Quality of medical services	↔	↔	↔	↔	↔
Modern, safe, and secure environment	↑	↑	↔	↔	↑
Meets forecasted need	↑	↓	↑	↑	↓
<b>Impact on Local Community</b>					
Human Resources: FTEE need (based on volume)	Increase	Decrease	Increase	Increase	Decrease
Recruitment / retention	↓	↓	↔	↔	↓
Research	↔	↔	↔	↔	↔
Education and Academic Affiliations	↓	↔	↔	↔	↔
<b>Cost Effectiveness</b>					
Operating cost effectiveness	↓↓↓	↑	-	-	↓↓↓
Level of capital expenditure anticipated	↓↓	-	↓↓	↓↓	↑↑↑↑
Level of re-use proceeds	-	-	-	-	-
Cost avoidance opportunities	-	↑↑	-	-	↑↑↑↑
Overall cost effectiveness	↓↓↓	↑↑	-	-	↓↓
<b>Ease of Implementation</b>					
Riskiness of BPO implementation	↓	↓	↓	↓	↓
<b>Wider VA Program Support</b>					
DoD sharing	↔	↔	↔	↔	↔
One-VA Integration	↔	↔	↔	↔	↔
Special Considerations	↔	↔	↔	↔	↔

## EVALUATION SYSTEM FOR BPOS

The evaluation system below is used to measure the impact on the Baseline BPO for all discriminating criteria in the BPOs that follow.

<b>Rating for all categories except cost and overall evaluation</b>	
↑	The BPO has the potential to provide a slightly improved state than the Baseline BPO for the specific discriminating criteria (e.g. access, quality, etc.)
↔	The BPO has the potential to provide materially the state as the Baseline BPO for the specific discriminating criteria (e.g. access, quality, etc.)
↓	The BPO has the potential to provide a slightly lower or reduced state than the Baseline BPO for the specific discriminating criteria (e.g. access, quality, etc.).
<b>Operating cost effectiveness (based on results of initial healthcare/operating costs)</b>	
↑↑↑	The BPO has the potential to provide significant recurring operating cost savings compared to the Baseline BPO (>15%)
↑↑	The BPO has the potential to provide significant recurring operating cost savings compared to the Baseline BPO (>10%)
↑	The BPO has the potential to provide some recurring operating cost savings compared to the Baseline BPO (5%)
-	The BPO has the potential to require materially the same operating costs as the Baseline BPO (+/- 5%)
↓	The BPO has the potential to require slightly higher operating costs than the Baseline BPO (>5%)
↓↓	The BPO has the potential to require slightly higher operating costs than the Baseline BPO (>10%)
↓↓↓	The BPO has the potential to require slightly higher operating costs than the Baseline BPO (>15%)
<b>Level of capital expenditure anticipated (based on results of initial capital planning costs)</b>	
↓↓↓↓	Very significant investment required relative to the Baseline BPO (≥ 200%)
↓↓↓	Significant investment required relative to the Baseline BPO (121% to 199%)
-	Similar level of investment required relative to the Baseline BPO (80% to 120% of Baseline)
↑↑	Reduced level of investment required relative to the Baseline BPO (40%-80%)
↑↑↑↑	Almost no investment required (≤ 39%)
<b>Level of Re-use proceeds relative to Baseline BPO(based on results of initial Re-use study)</b>	
↓↓	High demolition/clean-up costs, with little return anticipated from Re-use
-	No material Re-use proceeds available
↑	Similar level of Re-use proceeds compared to Baseline (+/- 20% of Baseline)
↑↑	Higher level of Re-use proceeds compared to Baseline (e.g. 1-2 times)
↑↑↑	Significantly higher level of Re-use proceeds compared to Baseline (e.g. 2 or more times)
<b>Cost avoidance (based on comparison to Baseline BPO)</b>	
-	No cost avoidance opportunity
↑↑	Significant savings in necessary capital investment in the Baseline BPO
↑↑↑↑	Very significant savings in essential capital investment in the Baseline BPO

<b>Overall Cost effectiveness (based on initial NPC calculations)</b>	
↓↓↓↓	Very significantly higher Net Present Cost relative to the Baseline BPO (>1.15 times)
↓↓↓	Significantly higher Net Present Cost relative to the Baseline BPO (1.10 – 1.15 times)
↓	Higher Net Present Cost relative to the Baseline BPO (1.05 – 1.09 times)
-	Similar level of Net Present Cost compared to the baseline (+/- 5% of Baseline)
↑	Lower Net Present Cost relative to the baseline (90-95% of Baseline)
↑↑	Significantly lower Net Present Cost relative to the Baseline BPO (85-90% of Baseline)
↑↑↑↑	Very significantly lower Net Present Cost relative to the Baseline BPO (<85% of Baseline)

## ACRONYMS

AMB	Ambulatory
BPO	Business Plan Option
CARES	Capital Asset Realignment for Enhanced Services
CBOC	Community Based Outpatient Clinic
CIC	CARES Implementation Category
DoD	Department of Defense
IP	Inpatient
LAP	Local Advisory Panel
OP	Outpatient
MH	Mental Health
VA	Department of Veterans Affairs
VAMC	Veterans Affairs Medical Center
VISN	Veterans Integrated Service Network

## DEFINITIONS

Access Guidelines – Minimum percentage of enrollees living within a specific travel time to obtain VA care. For the CARES process, guidelines were defined as follows:

*Access to Primary Care:* 70 percent of veterans in urban and rural communities must be within 30 minutes of primary care; for highly rural areas, this requirement is within 60 minutes.

*Access to Hospital Care:* 65 percent of veterans in urban communities must be within 60 minutes of hospital care; for rural areas, this requirement is within 90 minutes; and for highly rural areas, this requirement is within 120 minutes.

*Access to Tertiary Care:* 65 percent of veterans in urban and rural communities must be within 4 hours of tertiary care; for highly rural areas, this requirement is within the VISN.

CARES (Capital Asset Realignment for Enhanced Services ) – a planning process that evaluates future demand for veterans’ healthcare services against current supply and realigns VHA capital assets in a way that results in more accessible, high quality healthcare for veterans.