

Capital Asset Realignment for Enhanced Services (CARES)

Business Plan Studies for Lexington VAMC – Leestown Campus

Presentation for Local Advisory Panel

September 22, 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.

The VA has also contracted with another government contractor, The Pruitt Group EUL, LP, to develop re-use options for inclusion in this study. The Pruitt Group EUL, LP issued its report, *Enhanced Use Lease Property Re-Use/Redevelopment Plan Phase One: Baseline Report, Veterans Affairs Medical Center, Lexington, KY*, and as directed by the VA, PricewaterhouseCoopers LLP has included information from its report in this document.

PricewaterhouseCoopers was not engaged to review and, therefore, makes no representation regarding, the sufficiency of nor takes any responsibility for, any of the information reported within this study by The Pruitt Group EUL, LP.

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.

Recap of First LAP Meeting



First Public Meeting Recap

- The Secretary's CARES Decision Document, MAY 2004, calls for additional studies to improve the previous analyses for eighteen sites including Lexington, Kentucky
- Study Objective:

Identify the optimal approach to provide veterans with healthcare equal to or better than is currently provided in terms of:

Access

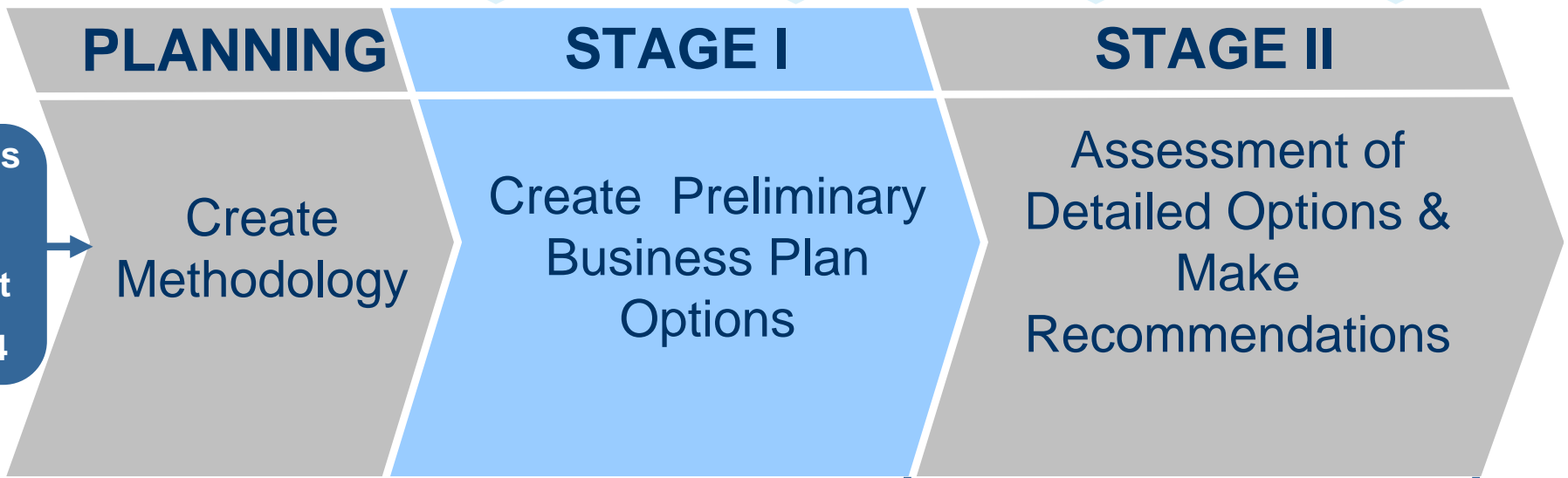
Quality

Cost Effectiveness

Project Overview

Public Meetings & Congressional Briefings

1st April/May	2nd Aug/Sept	3rd TBD	4th TBD
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Secretary's CARES Decision Document
May 2004

Secretary's Decision: Options to Study Further

Secretary's Decision: Final Option

VA Capital Investment Process

2004 Secretary's CARES Decision Document for Lexington - Leestown

- The Secretary will not consider consolidation of the Leestown campus at Cooper Drive, but VA will pursue opportunities to reduce the footprint of the Leestown campus.
- While the mission of the Leestown campus will remain unchanged, the Master Plan will propose an efficient, cost-effective, and appropriately sized footprint that will reduce vacant and underused space on the campus.
- The Master Plan will consider enhanced use lease opportunities and will ensure that any plan for alternate use or disposal of VA property serves to enhance the Department's mission.

What's Being Studied at Lexington - Leestown

■ Capital Planning

Identify the best use of buildings and facilities to provide needed healthcare services in a modern, safe and secure setting

■ Re-Use/Redevelopment

Identify options that maximize the potential re-use of all or some of the current VA property, if that property is not needed for VA or VA-related services

Purpose of the LAP Meeting

- Review the options prepared by the contractor for the future use of this medical center.
- Present the options that the contractor believes will maintain or improve veterans' access to quality health care in a cost effective manner.
- Members of the LAP will ask questions so that each option is clear. Members of the public may also ask questions about the options.
- The LAP may add options not presented by the contractor.
- The LAP will recommend to the Secretary which options it believes should be studied further, but the Secretary is not required to adhere to this recommendation.

Lexington – Leestown Public Input



Lexington – Leestown Public Input

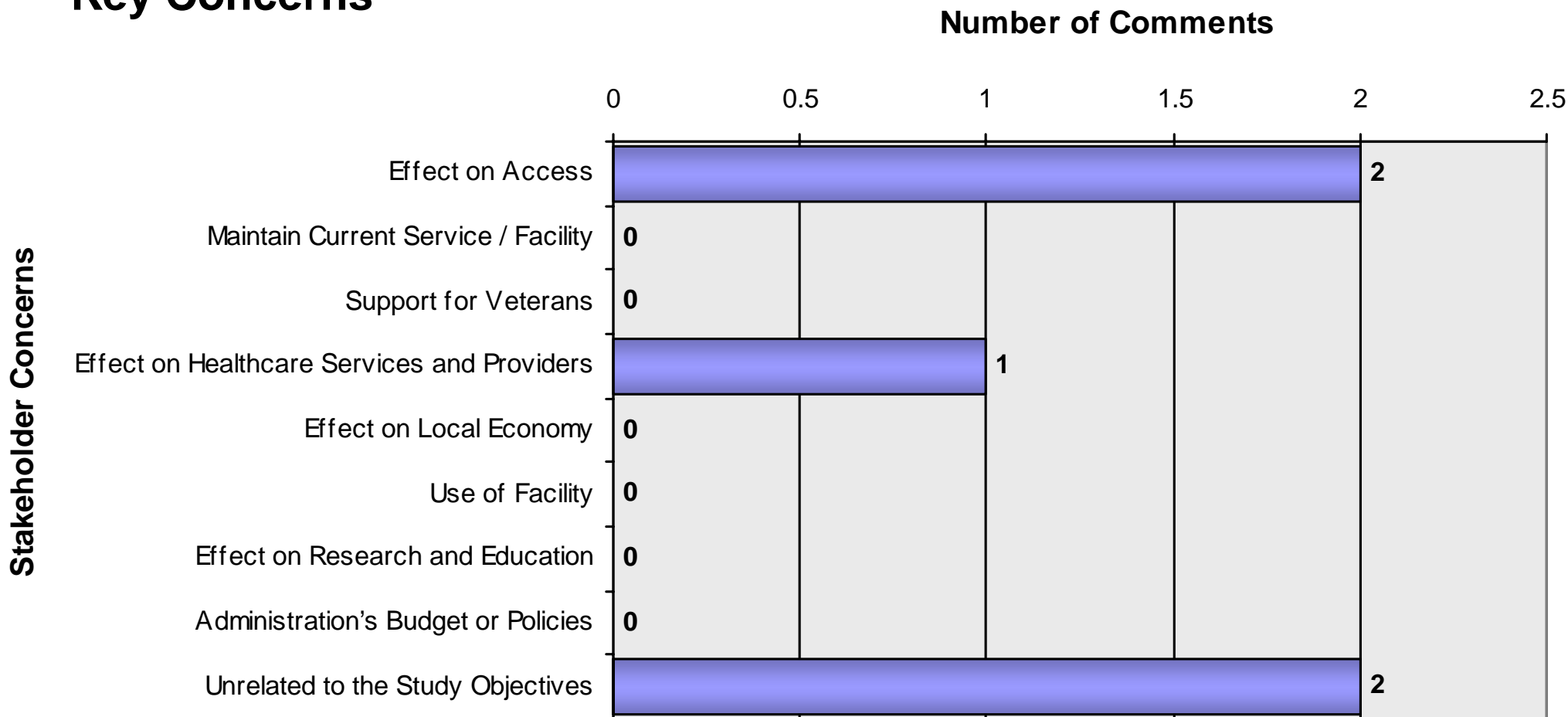
- 16 forms of stakeholder input were received between January 1, 2005 and June 30, 2005.
- Veterans were the primary source of written and electronic input.
- Top key concern:
 - Access to the facility

Categories of Stakeholder Concerns

- Effect on Access
- Maintain Current Service/Facility
- Support for Veterans
- Effect on Healthcare Services/ Providers
- Effect on Local Economy
- Use of Facility
- Effect on Research and Education
- Administration's Budget or Priorities
- Unrelated to the Study Objectives

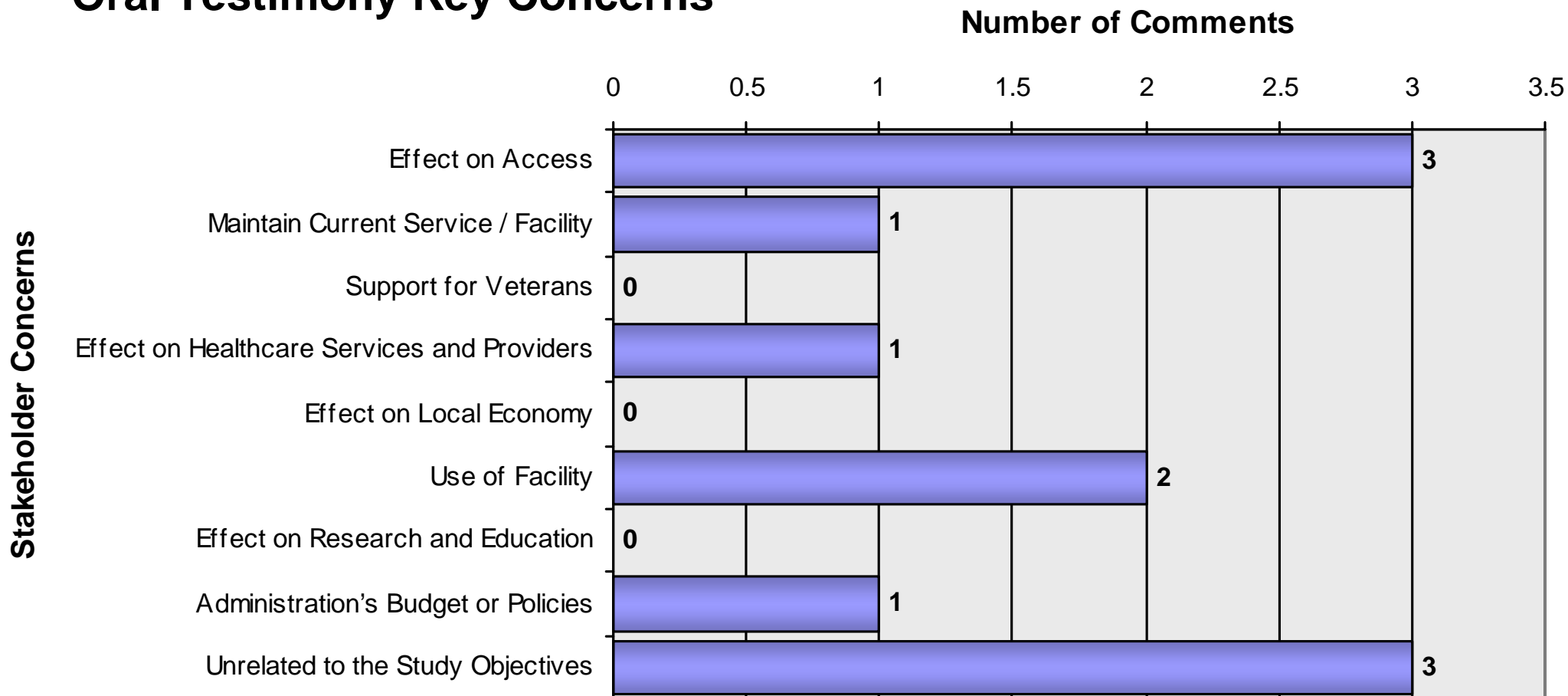
Key Concerns – Written and Electronic Input

Key Concerns



Key Concerns – Oral Testimony

Oral Testimony Key Concerns



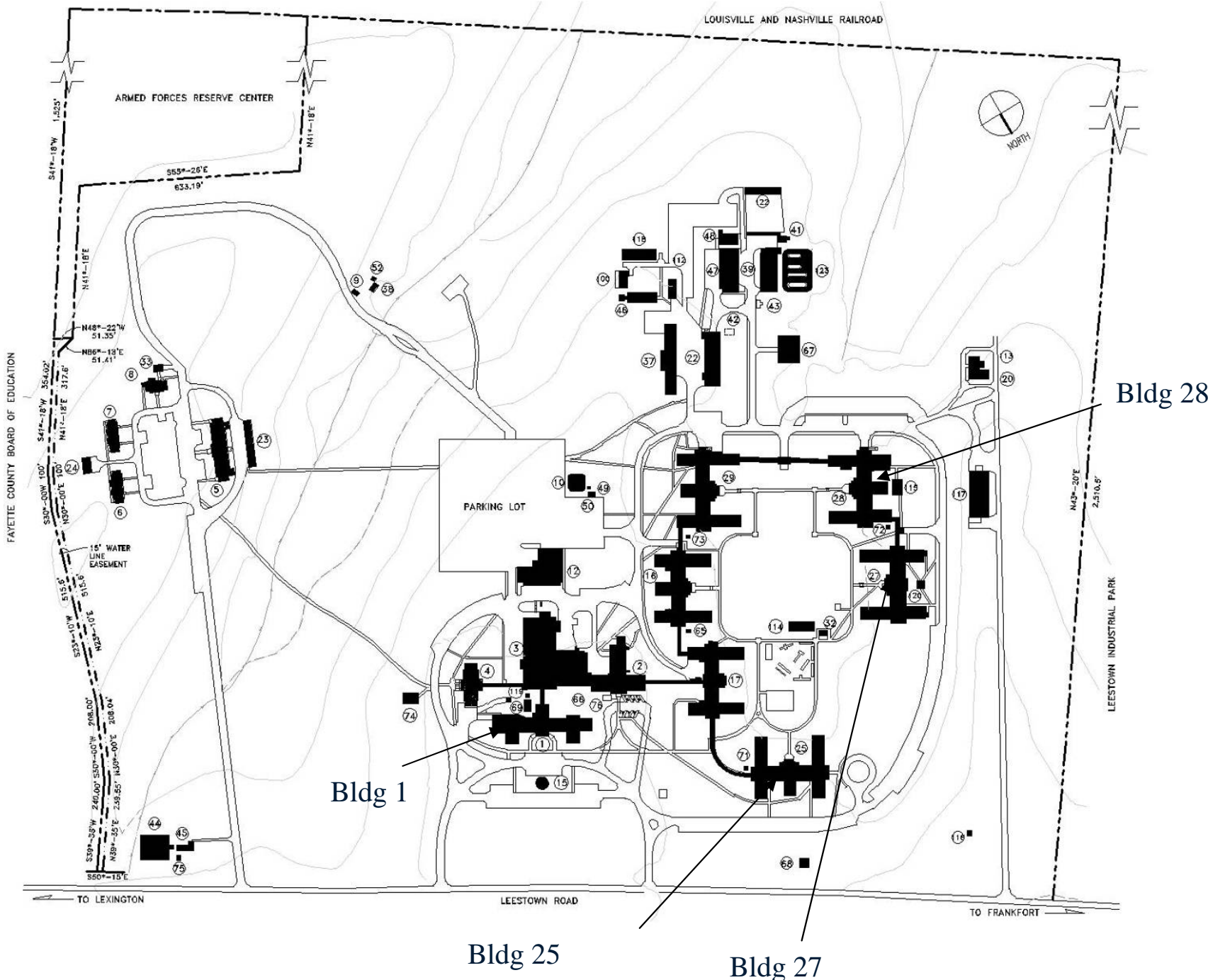
Current Status and Business Plan Options



Stage I Study Findings for Lexington - Leestown



Lexington – Leestown Site Map



Lexington Site Overview

■ The Lexington VAMC:

- ◆ Is part of the Mid-South Healthcare Network of VISN 9
- ◆ 119,000 enrolled Veterans in the Northern Market of VISN 9
- ◆ The Campus was established in 1931
- ◆ The Lexington VAMC has two divisions, Leestown and Cooper Drive
- ◆ The Leestown Campus is composed of 52 buildings located on 135 acres

Lexington VAMC Services Overview

The Lexington VAMC:

- Operates 107 acute hospital, 20 Psychiatric Residential Rehabilitation Treatment Program (PRRTP) beds in 2005 (planning for 30 beds in 2007), and 59 nursing home care beds. It is planned that the majority of the primary outpatient care be moved to Leestown from Cooper Drive in 2011 to alleviate capacity and improve Veteran's access issues at Cooper Drive.
- Operates a community-based outpatient clinic (CBOC) in Somerset, Kentucky
- The Leestown Division offers:
 - ◆ Nursing home care, psychiatric residential rehabilitation treatment program (PRRTP) inpatient care, outpatient primary care, and outpatient mental health including substance abuse treatment. Administrative and other services are also located at Leestown.
- The Cooper Drive Division offers:
 - ◆ Acute medical, neurological, surgical and psychiatric inpatient services, and outpatient primary and specialty service care including ambulatory surgery. It is next to the University of Kentucky Medical Center.

Current Status & Projections

- The majority of buildings at Leestown were constructed between 1930 and 1950 and are in a campus-type setting
- The buildings are well-maintained, but have exceeded their useful life for clinical and support functions
- Over the next 20 years the number of Priority 1-6 enrolled veterans for the VISN 9 Northern Market is expected to increase 1%

Options Development

“Universe” of Considered Options

**Stakeholder
Input**

**Capital Planning
Options**

**Re-use
Options**

Initial Screening Criteria:

ACCESS

Would maintain or improve overall access to primary and acute hospital healthcare

QUALITY OF CARE

Would maintain or improve overall quality of healthcare:

- *Capability to provide care*
- *Workload at each facility*
- *Modern, Safe, Secure*

COST

Has the potential to offer a cost-effective use of VA resources

Team PwC developed Comprehensive BPOs for Stage 1

Discriminating Criteria:

- **Healthcare Quality**
- **Healthcare Access**
- **Making the best use of VA resources**

- **Ease of Implementation**
- **Ability to Support Wider VA Programs**
- **Impact of BPO on VA and Local Community**

Options Overview

“Universe” of Considered Options

Capital Planning
Options

TOTAL = 9

Re-Use
Options

TOTAL = 4

Initial Screening for Access, Quality, Cost

Business Planning
Options (BPOs)

TOTAL = 5

Assessed for Stage I Report

Summary of Options for Lexington - Leestown

- A Baseline option accounting for projected volumes but no change to programs or services and consolidating services in renovated buildings. Reduced campus footprint. (BPO 1)
- One option is to renovate existing buildings & relocate outpatient services in close proximity renovated buildings. Reduced campus footprint. (BPO 2)
- One option is to renovate existing buildings and construct additional space to relocate outpatient services in a combined renovated and newly constructed outpatient clinic. Reduced campus footprint. (BPO 3)
- One option is to renovate existing buildings and construct a new outpatient clinic on the Leestown campus. Reduced campus footprint. (BPO 4)
- One option is to construct a right sized new campus facility. Reduced campus footprint. (BPO 5)

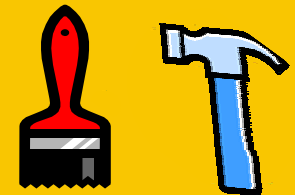
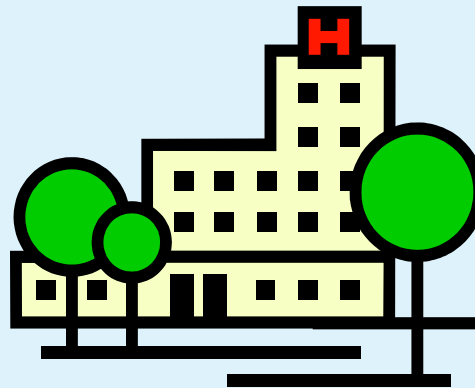
BPO 1: Baseline Option [BPO CP-1/RU-1]

A Baseline option reflects the:

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 improvements for a safe, secure, and modern healthcare environment

Renovate necessary space to meet 2023 demand and modern, safe and secure requirements. Relocate outpatient services to Bldgs 27 & 28. Make 39 acres of land available for reuse.

Leestown



Renovate

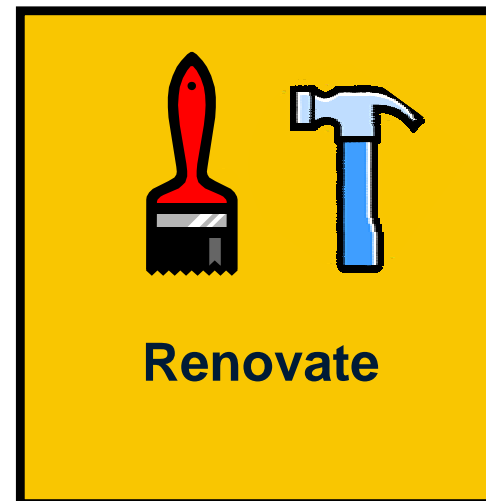
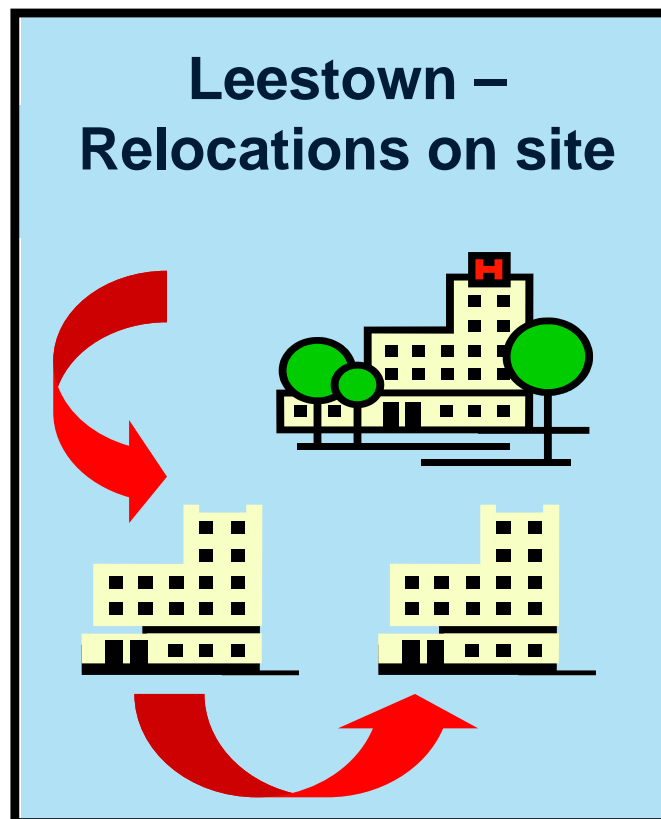
Re-use

BPO 1: Assessment, Baseline Option

Healthcare Access	No material impact.
Healthcare Quality	Meets 2023 demand for a modern, safe, secure environment. Improved accessibility for Veterans due to improved parking and ease of entry.
Impact on VA & Local Community	No material impact.
Cost Effectiveness	Expenditures required for renovations.
Ease of Implementation	Extensive renovations, yet minimal risk.
Wider VA Program Support	No material impact.

BPO 2: Renovate Vacant Areas, Consolidate Outpatient Services in Renovated Space [CP-2/RU-2]

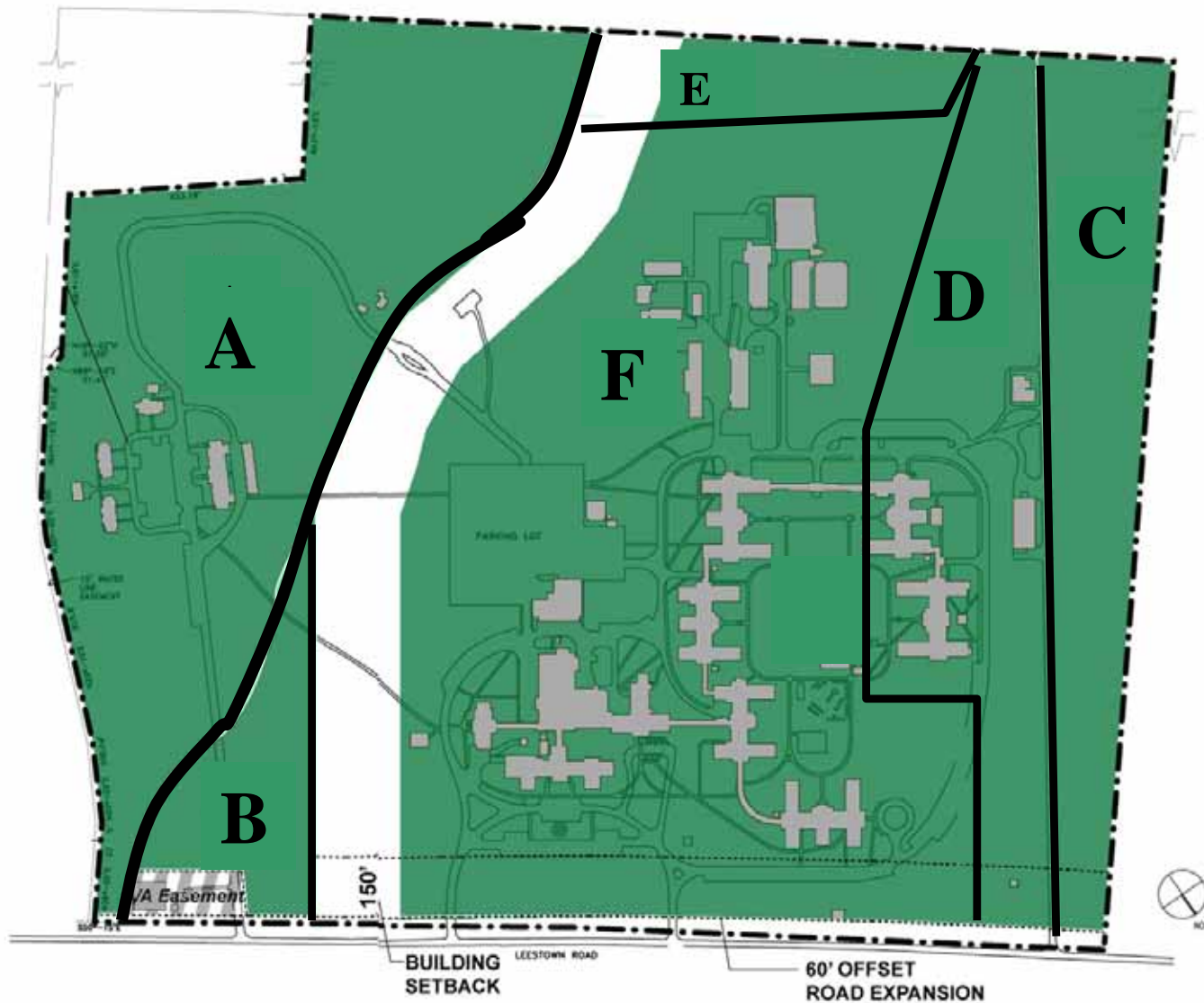
Renovate necessary space to meet 2023 demand and modern, safe, and secure requirements. Consolidate outpatient services in one renovated building that meets the space requirements. 50 acres available for reuse.



BPO 2: Assessment, Renovate Vacant Areas, Consolidate Outpatient Services in Renovated Space

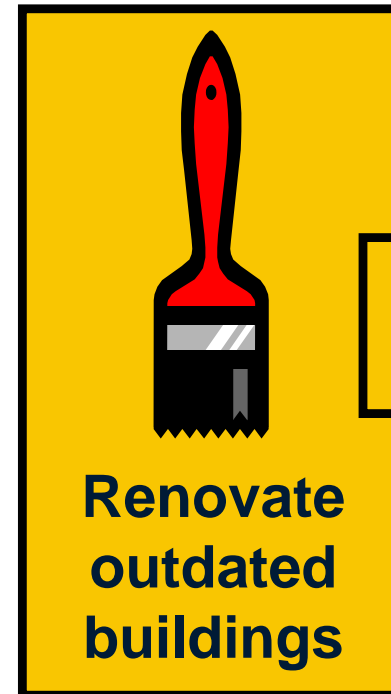
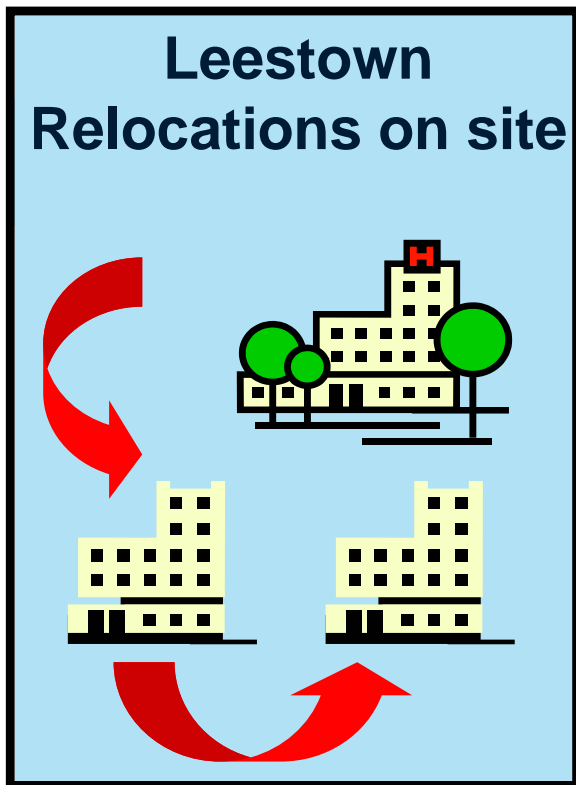
Healthcare Access	No material change from Baseline.
Healthcare Quality	No material change from Baseline. Outpatient services are consolidated.
Impact on VA & Local Community	No material change from Baseline.
Cost Effectiveness	No material change from Baseline.
Ease of Implementation	Phasing will alleviate interruptions in care.
Wider VA Program Support	No material change from Baseline.

Lexington-Leestown Re-Use Options



BPO 3: Renovate and Combine Renovation and Construction to Provide for Outpatient Services [BPO CP-3/RU-2]

Renovate necessary space and construct additional 30,000 BGSF building for outpatient services to meet 2023 demand and modern, safe and secure requirements. A portion of the renovated space and the new construction consolidates outpatient services. 50 acres available for reuse.



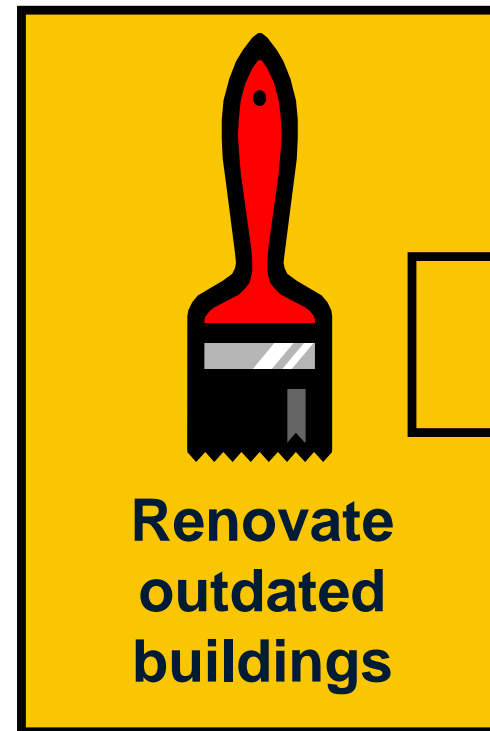
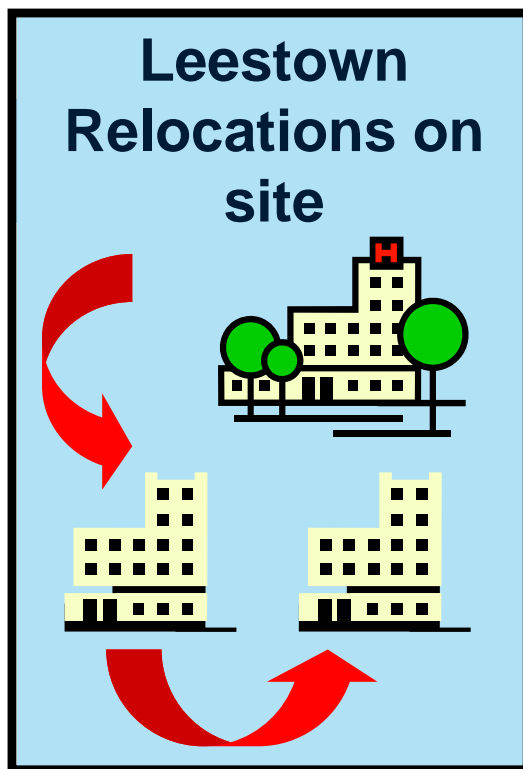
Re-use

BPO 3: Assessment, Renovate and Combine Renovation and Construction to Provide for Outpatient Services [BPO CP-3/RU-2]

Healthcare Access	No material change from Baseline.
Healthcare Quality	No material change from Baseline, except outpatient services are consolidated.
Impact on VA & Local Community	No material change from Baseline.
Cost Effectiveness	No material change from Baseline.
Ease of Implementation	No material change from Baseline.
Wider VA Program Support	No material change from Baseline.

BPO 4: Renovate and Consolidate Outpatient Services in New Building. [BPO CP-4/RU-3]

Renovate necessary space and construct new 65,000 BGSF building to meet 2023 demand and modern, safe, and secure requirements and to consolidate outpatient services. 50 acres available for reuse.



Re-use

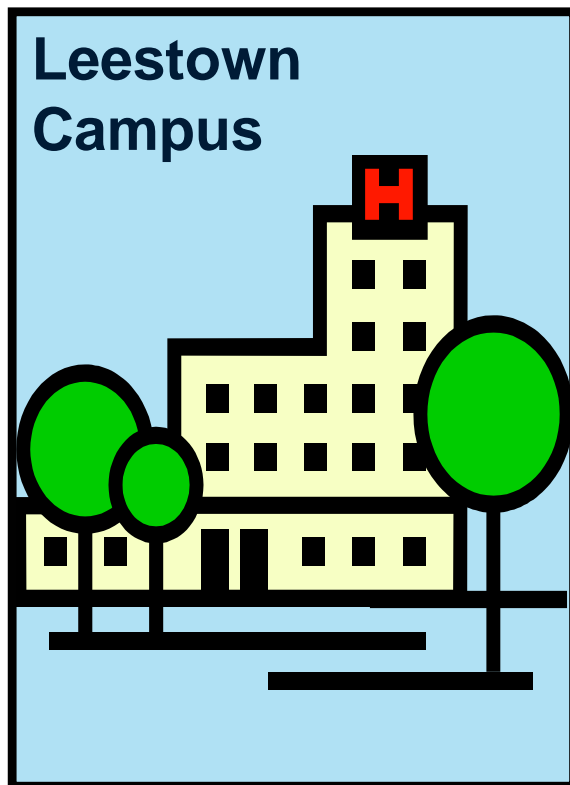
BPO 4: Assessment, Renovate and Consolidate Outpatient Services in New Building. [BPO CP-4/RU-3]

Healthcare Access	No material change from Baseline
Healthcare Quality	No material change from Baseline, except outpatient services are consolidated in new specifically designed building.
Impact on VA & Local Community	No material change from Baseline
Cost Effectiveness	Potential likelihood of improved operating efficiencies.
Ease of Implementation	No material change from Baseline
Wider VA Program Support	No material change from Baseline

BPO 5: Replace Campus on Southeast Portion of Site

[BPO CP-5/RU-4]

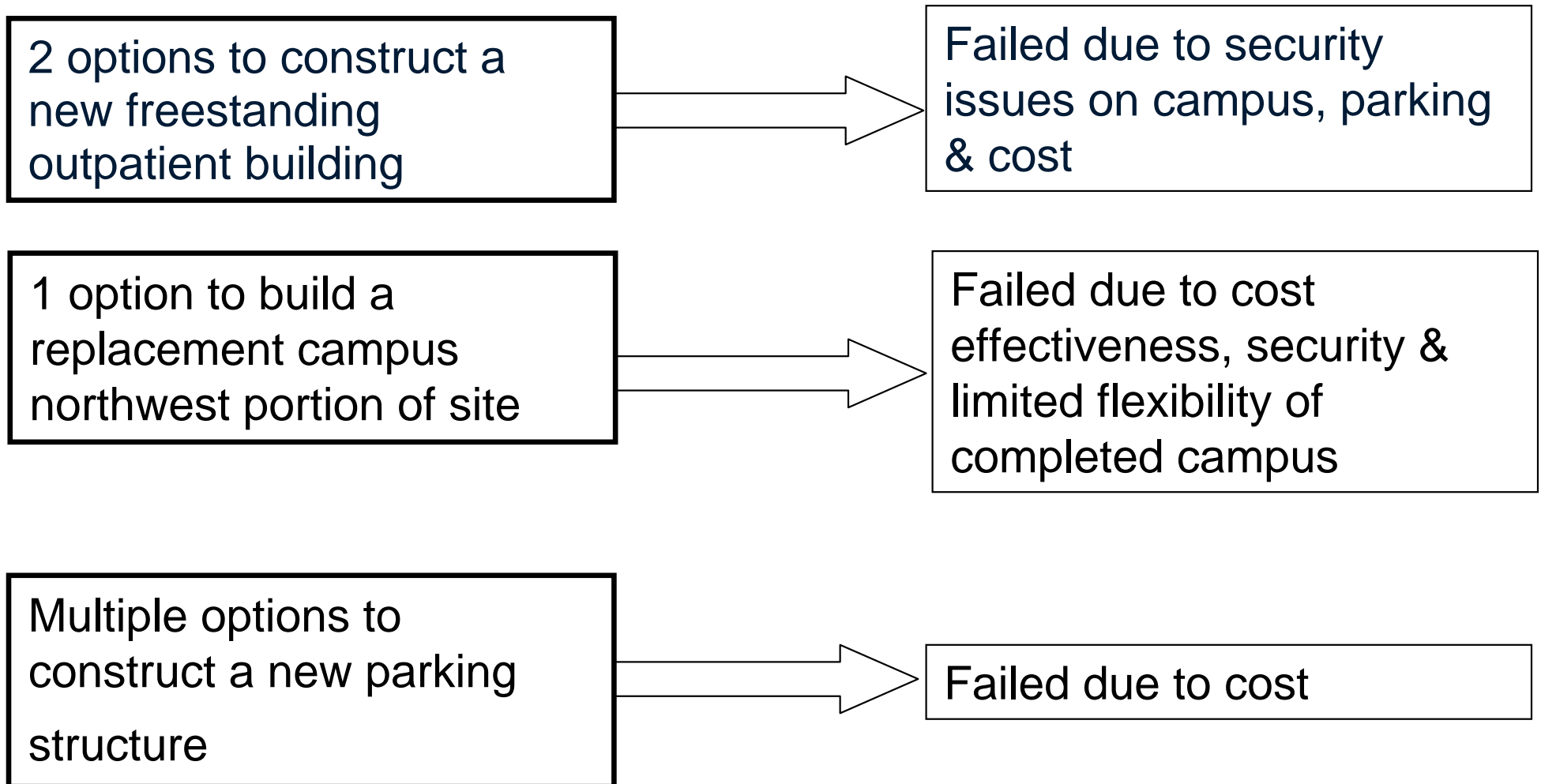
Build new facility on the Southeast section of the Leestown campus to meet 2023 demand and modern, safe, and secure requirement. 77 acres plus all old buildings available for reuse.



BPO 5: Assessment, Replace Campus on Southeast Portion of Site

Healthcare Access	No material change from Baseline
Healthcare Quality	No material change from Baseline
Impact on VA & Local Community	No material change from Baseline
Cost Effectiveness	Increased cost effectiveness due to new and appropriately sized buildings
Ease of Implementation	No material change from Baseline
Wider VA Program Support	No material change from Baseline

Options Not Selected for Assessment



Next Steps

- The LAP will review the Business Plan Options and recommend:
 - ◆ Which options should be further studied
 - ◆ Proposing additional options
 - ◆ Specific concerns to be addressed
- Responses and comments to the Business Plan Options will be collected for 10 days following the LAP meeting
- The next public meeting will review options selected by the Secretary for further study and discuss key issues.
- The fourth and final public meeting will present detailed analysis of the options and recommendations by Team PwC.

How Can You Provide Feedback?

Local Advisory Panel Meeting

- ◆ Provide testimony at the public meetings
- ◆ Fill out a comments form at the public meetings

CARES Project Website

<http://www.va.gov/CARES>

- ◆ An **electronic comments form** is available to share your views and opinions on the options presented
- ◆ Website provides public meeting information, agendas, meeting summaries, and links to background documents

CARES Central Mailstop

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