



**Capital Asset Realignment for
Enhanced Services (CARES)**

**Stage I Options Recommendations
Summary Report**
Site: **Lexington, Leestown**

August 2005

This report was produced under the scope of work and related terms and conditions set forth in Contract Number V776P-0515. PricewaterhouseCoopers' work was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants (AICPA). PricewaterhouseCoopers' 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, LLC to develop re-use options for inclusion in this study. The Pruitt Group EUL, LLC 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 LLP 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, LLC.

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 in identifying 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 two principal teams to undertake re-use planning and capital planning.

Specifically, the Lexington study should determine the appropriate capacity and footprint size of the Lexington Veterans Affairs Medical Center (VAMC) campus that will maximize the re-use potential of the balance of the Leestown site as part of the CARES implementation process. The Leestown campus will continue to provide nursing home care, outpatient services, and administrative space, with an appropriately sized footprint and service delivery capacity. The comprehensive capital and re-use plans should reflect the results of the Louisville replacement hospital study to determine any impact on the Cooper Drive and Leestown campuses. However, the study should not prevent re-use analysis of currently available land and buildings on campus or opportunities currently available for enhanced use or other options.

Summary of Market

The Lexington VAMC is part of the VA Mid-South Healthcare Network, which includes six VAMCs in Kentucky, Tennessee, West Virginia and community-based outpatient clinics (CBOCs) in those states as well as Arkansas, Mississippi, Virginia and Indiana.

Established in 1931, the Lexington VAMC is a fully Joint Commission on Accreditation of Healthcare Organizations (JCAHO) accredited (2004), two-division, tertiary care medical center. The veteran population in the primary service area is estimated at more than 92,000.

The Cooper Drive Division is located adjacent to the University of Kentucky Medical Center, and the Leestown Division is located five miles from the Cooper Drive Division. The Leestown campus has about 52 buildings, per the Capitol Assets Inventory (CAI) Database, and is located on about 135 acres.

Lexington VAMC also operates a community-based outpatient clinic (CBOC) in Somerset, Kentucky, which provides primary care services to veterans in southern Kentucky and northern Tennessee. The VAMC has been approved (budget pending) to open CBOCs in Morehead and Hazard, Kentucky and there is also consideration being given to additional CBOCs in Berea and London, Kentucky.

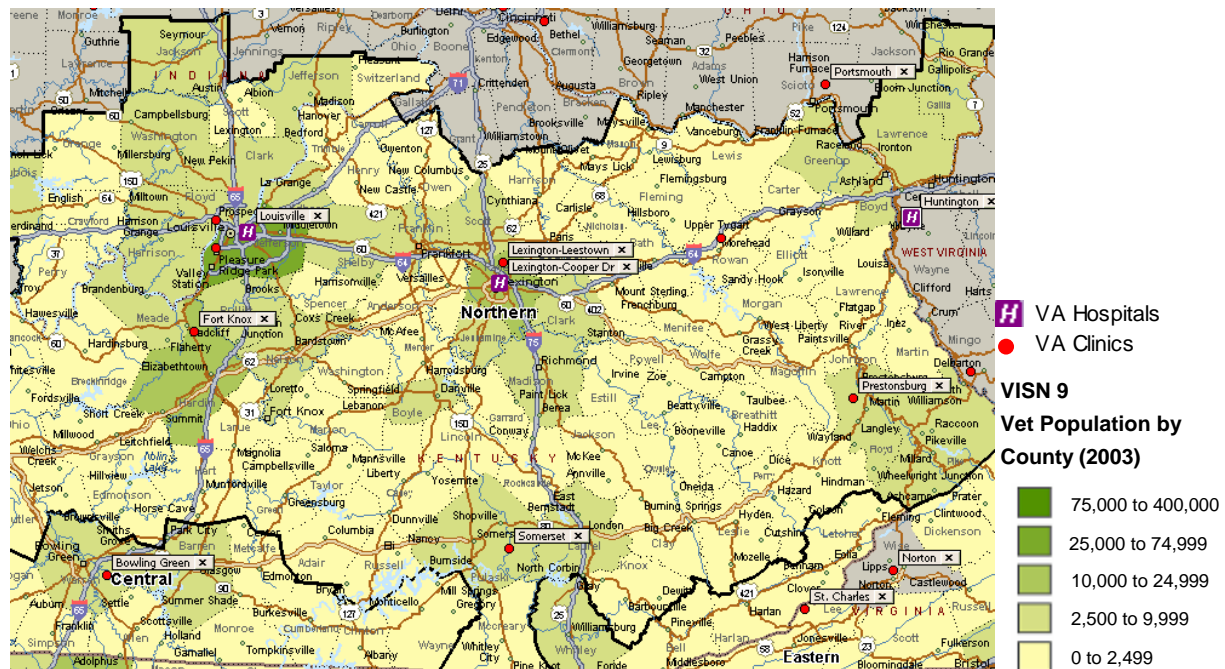
Summary of Current Services Provided

The two-division Lexington VAMC is a tertiary care medical center with an operating bed complement of 107 acute care, 20 psychiatric residential rehabilitative treatment program (PRRTP) and 59 nursing home care beds. The PRRTP beds will increase to 30 in 2007.

The Leestown Division offers nursing home care, which includes hospice and respite services, a 20-bed inpatient PRRTP treatment unit (increasing to 30 in 2007), and primary care and several outpatient mental health modalities including substance abuse treatment. The VISN 9 telephone care program is also housed there. As stated earlier, this project specifically addresses only the Leestown VAMC campus.

The Cooper Drive Division provides acute medical, neurological, surgical, and psychiatric inpatient services. Other programs there include outpatient primary and specialty service care including ambulatory surgery.

Figure 1: VISN 9 Veteran Population by County (2003)

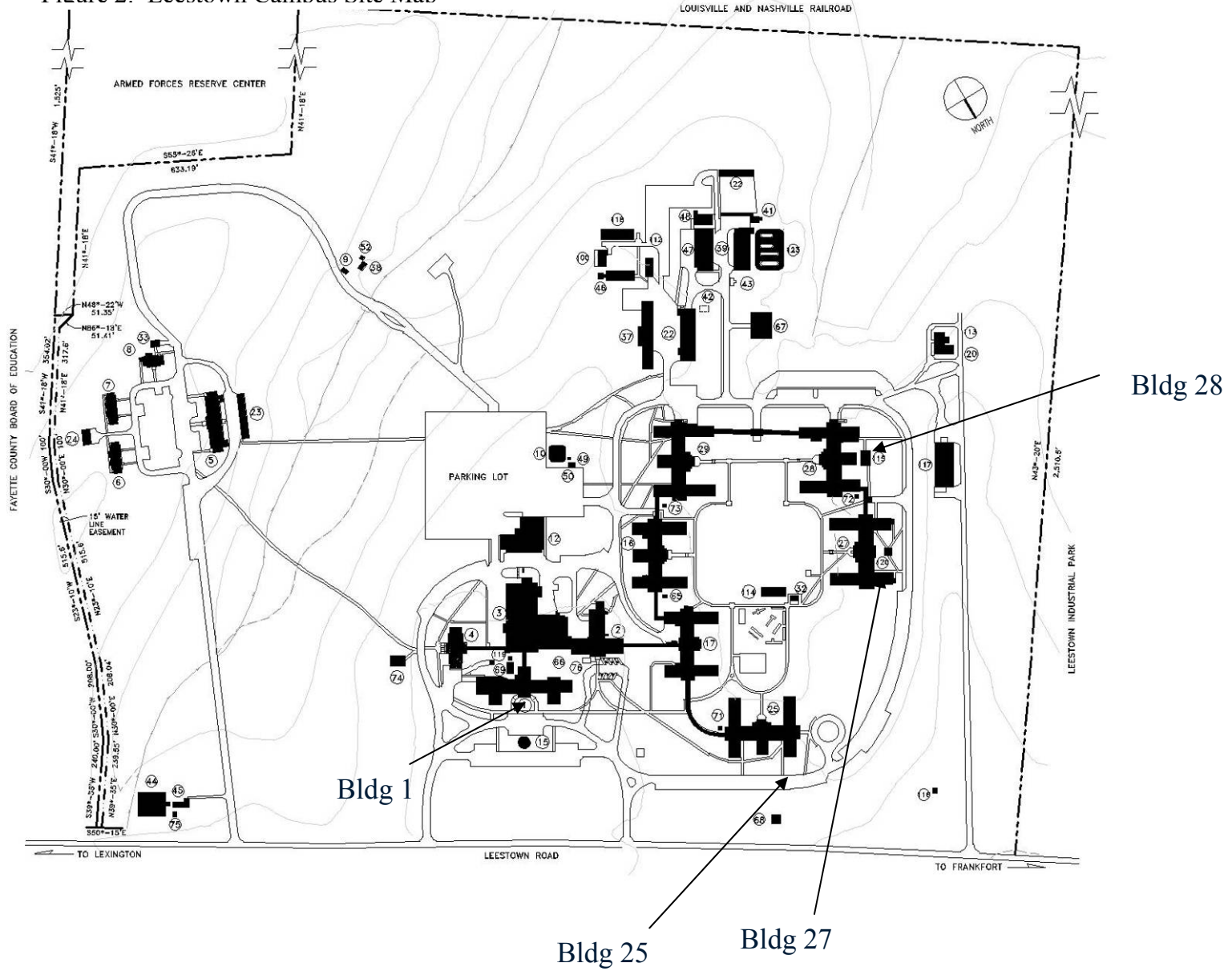


Summary of Current Facility Condition

The campus is composed of 52 total buildings per the CAI database. The majority of these buildings were constructed circa 1930 to 1950 and while well maintained have exceeded their useful life for clinical and support functions. The campus provides inpatient nursing home care, inpatient mental health and outpatient care, support services for both Leestown and Cooper Drive divisions, such as food services, and administrative services. There are 15 historic structures and considerable vacant space on the campus. Hazardous conditions and materials are identified in the associated Environmental Baseline Report.

There are five existing buildings on the property that should not be considered for re-use with a cumulative average condition assessment score of less than 4.0 as identified in the CAI Database. It is recommended that where these facilities contain patient care functions, these functions be relocated in proximity to related services elsewhere on site and that renovations (to bring the facilities to >4.0 standard) or demolition of these facilities be accomplished as part of routine maintenance activities, depending on space requirements.

Figure 2: Leestown Campus Site Map



COMMUNITY INFORMATION

Population

The Lexington-Fayette County¹ area (Lexington area) as of 2000 has approximately 261,000 residents and accounts for about 54% of the larger 7 county metropolitan area. For the three decades beginning in 1970, the area has posted double digit population growth rates of 17.1%, 10.4%, and 15.6%. These growth rates are greater than for the State of Kentucky, but slightly less than for the metro area.

Although more diverse and densely populated than the State, the median household income in the Lexington area (\$39,813) is almost identical to the State's (\$40,939). Perhaps due to the presence of the University of Kentucky, the educational attainment of area residents is much different than for the State. As of 2000, just over 40% of area residents were college graduates, nearly double the proportion for the State. In addition, the proportion of residents who only completed high school is lower in the Lexington Area (22%) versus the State (34%).

While the racial composition and educational attainment characteristics of the Lexington area's population are different from those in the State, the age distribution in the Lexington area, similar to median household income, is very close to the State. Both the Lexington area and State have the following age distribution: 10% above the age of 65, 25% below the age of 18, and 6% below five years of age.

Economic Conditions in the Lexington Area

Housing

Between 1960 and 1989 new building permits were almost equally divided between single family and multifamily buildings. The average number of annual permits issued over those three decades was about 2,200, half for single family and half for multifamily buildings. That pattern changed dramatically in the 1990s: single family building permits accounted for nearly 80% of total building permits during this period. It is not clear as to the reasons for this change, but it may indicate an increasing demand for single family homes or that available land for new home construction was better suited for single family homes.

Employment

Lexington is home to the University of Kentucky, which is the largest employer in Fayette County. The health care and government sectors also represent some of the area's largest employers. Among health care providers, the University of Kentucky, Central Baptist, St

¹ The City of Lexington merged with Fayette County in 1974 to form the Lexington-Fayette Urban County Government. <http://www.lfucg.com/AboutLFUCG/>.

Joseph's and the VAMC employ 9,000 people combined. The Fayette County school district and the Lexington-Fayette Urban County government together have about 7,500 employees. Lexmark International is the area's largest manufacturing employer with 6,000 jobs, followed by the Trane Company with 1,500 employees.

Moreover, Lexington has 10 of the top 200 manufacturing employers in Kentucky as noted in "*The 2000 Kentucky Directory of Manufacturers.*" The Directory ranks Lexington as second in the state in the number of manufacturing establishments, employees, and population. Fayette County has 380 reported manufacturing establishments and nearly 23,000 employees as of 2000.

Land Use

Residential land use comprises approximately 59% of the total land use in the Lexington area. The second largest use is Public and Semi-Public, making up 22% of the area's land. This grouping includes Semi-Public, Other Public Uses, Green space/Open Space, Water, Public Education, and Public Recreation.

The land use within the New Circle Road, which is a beltway around central Lexington, is low- (LD) and medium-density (MD) residential. Retail and trade land use (RT) are concentrated along the New Circle Road and major thoroughfares, such as Newtown Pike that runs southwest to northeast through Lexington and Boonesboro Road, which runs southeast to northwest through the area. The existing land use near the Leestown campus, near the intersection of the New Circle Road and Leestown Road is light industrial.

Zoning

The Leestown campus area is mostly zoned I-1, which is light industrial. This zone is intended for manufacturing, industrial, and related uses not involving a potential nuisance in terms of smoke, noise, odor, vibration, heat, light, or industrial waste. Any proposed developments in this area, according to the Lexington-Lafayette zoning ordinance, should consider the relationship of the development to the surrounding land uses and to the adequacy of the street system to serve the anticipated traffic needs.²

Summary of Real Estate and Demographic Information for Potential Uses

The re-use opportunities for the Leestown Campus are favorable given the site's location on a primary Lexington thoroughfare and a generally positive market. The Lexington-Fayette Urban County had a 2000 population of 260,512 and experienced substantial population growth (15.6%) between 1990 and 2000. The surrounding 7-County area grew by 18% during the same period.

²Lexington-Fayette Urban County Government, Division of Planning, Zoning Ordinance, pg. 8-69. <ftp://ftp.lfucg.com/Planning/ZoningOrdinance/Art08.pdf>.

There has been a significant increase in the amount of residential building permits filed, with the greater majority of these permits being for single family dwellings. Both the number of home sales and average home sales prices have been increasing, indicating strong demand.

Office development in Lexington has occurred primarily downtown and in an area in the Southwest portion of the city zoned for office use. This is an area in which there has been significant residential development in the last few years. Office condominiums in the 15,000 – 20,000 square foot range have been increasing in popularity with small users taking advantage of attractive interest rates. The downtown office vacancy rate is 13% and the suburban office vacancy rate is 14%. There are no new large office developments scheduled to deliver in 2005.

The retail market in Lexington is healthy with several national retailers entering the market. Given limited amount of land zoned for retail, regional malls experience an extremely low vacancy rate (0%). Retail is primarily concentrated downtown and in specific corridors of the city zoned for retail. Many existing shopping center owners are redeveloping or adding pads on to existing sites.

General Re-use Assessment

The site and market characteristics of Leestown campus indicate several prospects of likely demand for alternative re-use in a variety of forms. There are multiple key decision drivers including a favorable location, favorable economic conditions and market demand for site re-use with various property types, mixed use at the site is viable but will need to be evaluated on an individual BPO basis, re-use of exiting buildings is viable but adaptive uses will be limited, consolidating any continuing VA use into a concentrated area on site is desirable, and a re-use parcel with visibility and direct traffic access to Leestown Road will have advantage over any interior parcel for most new-development uses.

Environment

Based on a review of available documents and data base searches, PGEUL developed the conclusions and recommendations pertaining to the Leestown campus. Advanced Environmental Solutions, Inc. (AES) served as the environmental lead performed an environmental baseline assessment. The environmental baseline assessment of current conditions based upon document review, interviews, and a view of the existing conditions at Leestown facility as they relate to re-use of the facilities follows.

Environmental Characteristics

The main campus, historic quarters and support facilities cover approximately 50% of the site, with the remaining acreage relatively undeveloped and comprised of a manicured grass/wooded setting. The site possesses a rolling topography with an overall 50 foot drop in elevation towards the south of the property.

The historical self-sufficiency of the area once included pasture land for livestock management and farmland for the cultivation of food for local consumption. Initial development of this property began in 1926, with formal establishment of the VA facility in 1931. The Campus is currently comprised of 52 buildings and/or structures, with an average age of 64 years. Fifteen of the 52 existing structures have been identified by the Office of Asset and Enterprise Management (OAEM) as historic, although no corroborating documentation has been identified in the facility records.

There are no obvious environmental issues which would preclude the Leestown campus from further consideration under the Enhanced Use Lease Program. Issues related to lead would be abated as a part of the construction process for potential re-use. The Campus has been very well managed from an environmental perspective and compliance with Federal and State permitting requirements appears to be in very good order. The facilities management staff and the environmental staff have a very good understanding of existing conditions and use a solid approach to manage any needed remediation or upgrades.

BUSINESS PLAN OPTION (BPO) DEVELOPMENT

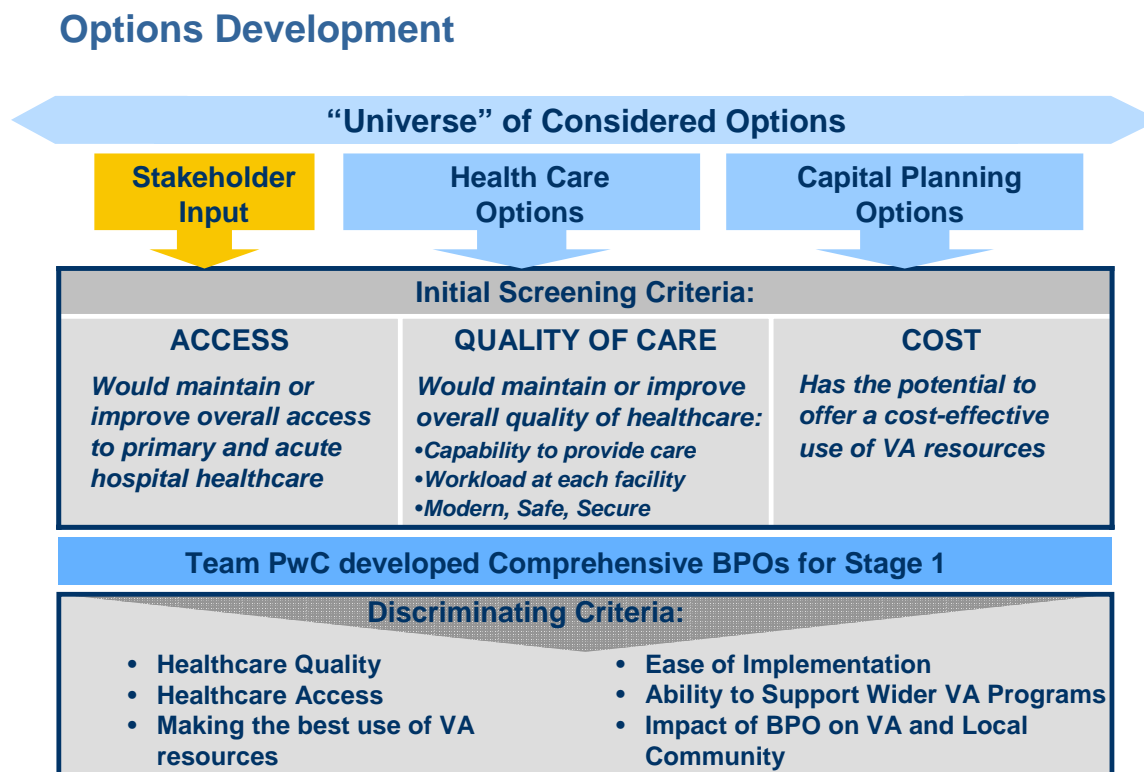
Option Development Process

Team PwC developed a set of comprehensive business plan options (BPOs) to be considered for the Lexington VAMC. A comprehensive BPO is defined as consisting of a single re-use option (RU) combined with at least one associated capital planning option (CP). Therefore, the formula for a comprehensive BPO would be:

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

A multi-step process was employed in the development and selection of these comprehensive BPOs to be further assessed. Initially, a broad range or “universe” of discrete and credible re-use and associated capital planning options were developed by the teams. These options were tested against the agreed-upon initial screening criteria of access, quality, and cost. The re-use and capital options that passed the initial screenings were then further considered to be potential re-use and capital options to comprise a comprehensive BPO. All of the comprehensive BPOs were then further assessed at more detailed level according to set of discriminating criteria.

Figure 3: Option Development Process



Stakeholder Concerns

For the Lexington CARES Study Site, 16 pieces of stakeholder input were received between January 1, 2005 and June 30, 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. Comments were also received from a veteran family member, a VA employee, and a local or state government representative.

Stakeholders who submitted written and electronic input indicated that their main concern was effect on access. Effect on healthcare services and providers, use of facilities, maintaining current services, and administrative budget or policies were other concerns expressed. Several inputs that were received were unrelated to the study.

The following tables summarize the key concerns from stakeholders as collected through written, electronic, and verbal testimony.

Figure 4: Key to Shareholder Input Analysis Report

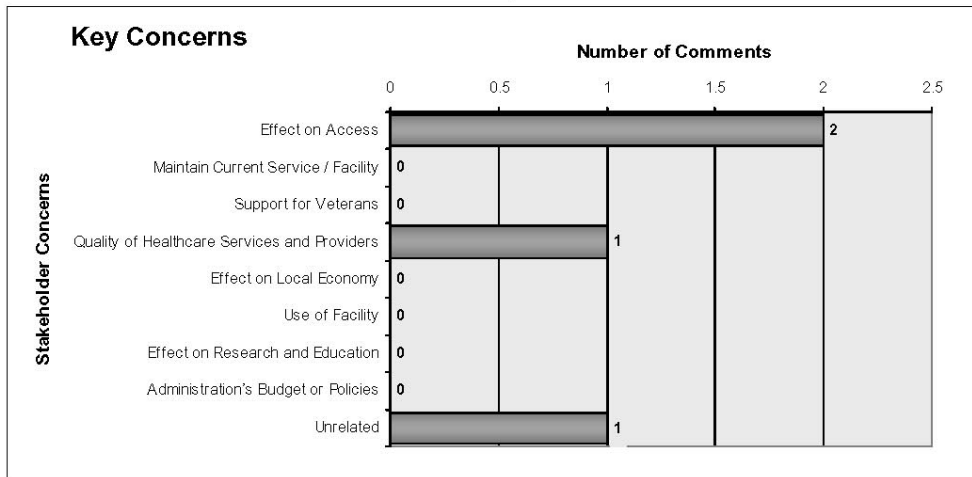
Stakeholder Concern	Definition
Effect on Access	Involves a concern about traveling to another facility or the location of the present facility.
Maintain Current Service/Facility	General comments related to keeping the facility open and maintaining services at the current site.
Support for Veterans	Concerns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

Figure 5: Key Concerns of Stakeholders

VA CARES BUSINESS PLAN STUDIES
 STAKEHOLDER INPUT ANALYSIS REPORT
 Lexington Study Site

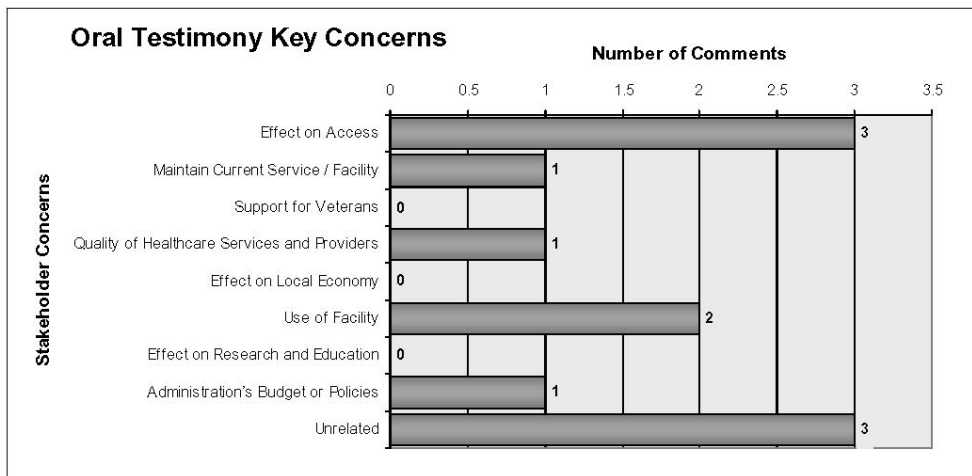
Analysis of Written and Electronic Inputs
 (Written and Electronic Only):

The breakout of "Key Stakeholder Concerns" regarding the Lexington 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 Lexington study site is as follows*:



COMPREHENSIVE BUSINESS PLAN OPTIONS

Baseline Option

The Baseline is the BPO under which there would not be significant changes in either the location or type of services provided in the study site. In the Baseline BPO, the Secretary's CARES Decision Document and forecasted long-term healthcare demand forecasts and trends, as indicated by the demand forecasted for 2023, are applied to the current healthcare provision 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 CARES Decision Document.
- 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 or buildings and emerge as a result of the changes in demand for services and the facilities in which they sit.

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.

Implementation of the baseline option must minimize any impact on patients, employees, and the community as it manages this planning process and transition. This will include assuring continuity of patient care to the greatest extent possible, and managing any reductions in employment through natural attrition, transfer, early retirement, retraining or other benevolent mechanisms. VA will continue to work closely with its stakeholders to ensure that development and implementation of the Master Plan is managed effectively. VA expects this transition to occur over several years.

Options Not Selected for Assessment

The following options were also considered, but were not selected for assessment as a component of a comprehensive BPO.

Table 1: Options Not Selected for Assessment

Label	Description	Screening Results
Construct new freestanding 65,000 BGSF outpatient building at north portion of campus	Similar to BPO 4 in alternate location that eliminates the access road and Gate #4	Fail: security issues on campus, parking restrictions and cost
Construct new freestanding 65,000 BGSF outpatient building on existing warehouse building	Similar to BPO 4 in alternate location	Fail: cost effectiveness, demolition costs would not offset reduced campus footprint
Replacement campus northwest	Similar to BPO 5 in alternate location	Fail: cost effectiveness, security, and limited flexibility of completed campus
Replacement laundry if Louisville VAMC site is vacated	Consider locations on campus for laundry facility	Fail: cost effectiveness, recommend laundry services be contracted if not provided by Louisville facility
Construct new outpatient building with parking structure	Similar to BPO 4 except with structure parking rather than surface parking	Fail: cost effectiveness, land is available for more cost effective solutions

Comprehensive BPOs To Be Assessed in Stage I

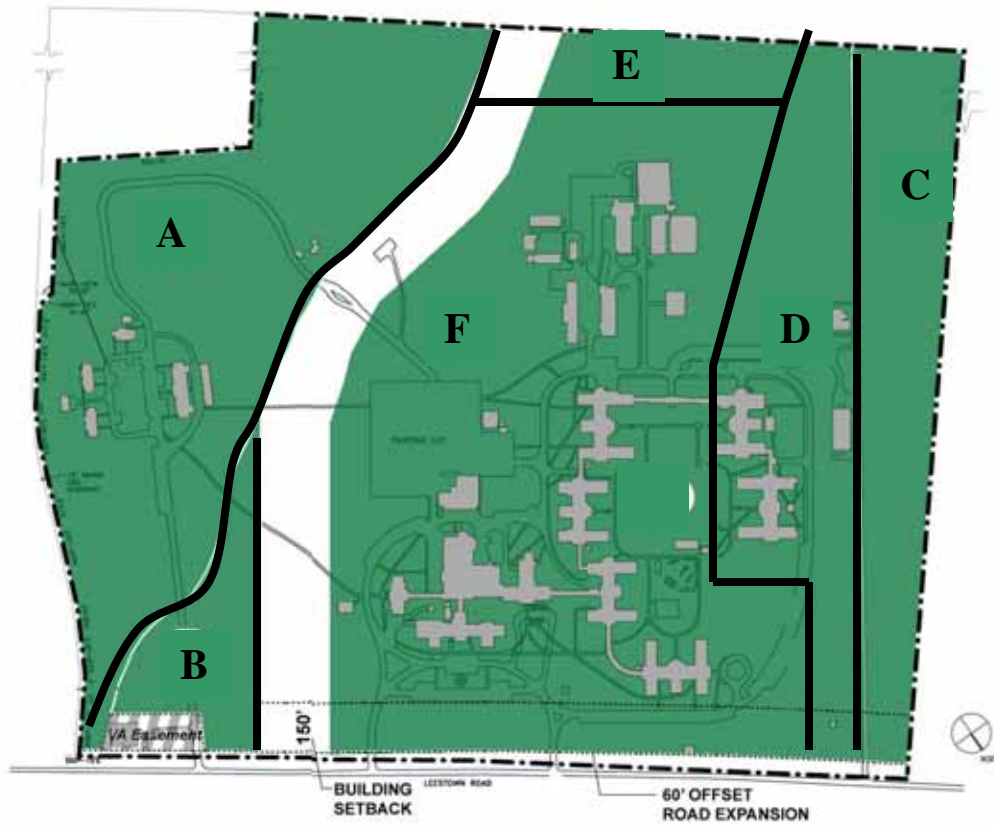
The comprehensive BPOs incorporate capital and reuse option components as previously described. The combinations of capital and reuse options were formulated to develop the most appropriate options for the site. They will be more thoroughly assessed according to the discriminating criteria in the subsequent sections. The following describes each of the BPOs and professional judgment that supports the construction of the BPOs.

Table 2: Comprehensive BPOs to be Assessed in Stage I

BPO Designation	Label	Description	Support for BPO Selection
<p>BPO 1</p> <p>Comprising: CP-1/RU-1</p>	<p>Baseline</p>	<p>Renovate necessary space to meet 2023 demand and modern, safe and secure requirements. Locate outpatient services in renovated Bldgs 27 and 28. Build new surface parking lot. Make re-use parcels A, B, C, and E available. Create master plan.</p>	<ul style="list-style-type: none"> • Maintains separation of outpatient and inpatient zones on site • Consolidates outpatient services in Bldgs 27 and 28 • Meets demand projection on campus • Provides modern, safe, and secure environment for delivery of care • Minimizes new construction investment • Provides re-use potential
<p>BPO 2</p> <p>Comprising: CP-2/RU-2</p>	<p>Renovate vacant areas to meet demand and create master plan</p>	<p>Renovate necessary space to meet 2023 demand and modern, safe and secure requirements. Locate outpatient services in renovated Bldg 25. Build new surface parking lot. Make re-use parcels A, B, C, and E available. Create master plan.</p>	<ul style="list-style-type: none"> • Provides modern and efficient environment for delivery of care • Maintains separation of outpatient and inpatient zones on site • Consolidates outpatient services which should enhance veteran access and convenience. • Minimizes new construction costs • Provides larger piece of contiguous property for re-use
<p>BPO 3</p> <p>Comprising: CP-3/RU-2</p>	<p>Combine renovation and construction to provide for outpatient services and create master plan.</p>	<p>Combine renovation of necessary space and construct new 30,000 BGSF building to meet 2023 outpatient demand and modern, safe and secure requirements. Build new surface parking lot. Make re-use parcels A, B, C, and E available for re-use. Create master plan.</p>	<ul style="list-style-type: none"> • Majority of outpatient space in a modern, new building with the remainder newly renovated • Provides modern and efficient environment for delivery of care • Maintains separation of outpatient and inpatient zones on site • Consolidates outpatient services which should enhance veteran access and convenience • Minimizes new construction costs • Provides larger piece of contiguous property for re-use
<p>BPO 4</p> <p>Comprising: CP-4/RU-3</p>	<p>Renovate and consolidate outpatient services in new building and create master plan.</p>	<p>Renovate necessary space for demand and construct new 65,000 BGSF outpatient building to meet 2023 demand and modern, safe and secure requirements. Build new parking lot. Make re-use parcels A, B, C, D, and E. available.</p>	<ul style="list-style-type: none"> • Optimizes land parcels for re-use development • Maintains separation of outpatient and inpatient zones on site • Consolidates all outpatient services in a modern, new

BPO Designation	Label	Description	Support for BPO Selection
			building and potentially create operating efficiencies and enhance veteran access <ul style="list-style-type: none"> • Provides modern and efficient environment for delivery of care • Ease of implementation • Speed to construct • Minimal interruption and disruption to patient care • Consolidates parking
<p>BPO 5 Comprising: CP-5/RU-4</p>	Create replacement campus, Southeast, and create master plan	Build new campus facility on site to meet 2023 demand and modern, safe and secure requirements and to reduce VAMC campus and footprint. Make re-use parcels C, D, and F available.	<ul style="list-style-type: none"> • New buildings would optimize modern, safe & secure operating environment • New buildings create operating efficiencies • New buildings minimize renovation and operating costs • Optimizes land parcels for re-use development • Maximizes re-use property • Minimizes VAMC property and building footprint • Separates inpatient and outpatient services • Consolidated outpatient services which should enhance veteran access and convenience • Ease of implementation • Speed to construct • Minimal interruption and disruption to patient care • Consolidates parking

Figure 6: Reuse Site Map Showing Reuse Parcels A through F



ASSESSMENT SUMMARY

Table 3: BPO Assessment Summary

Assessment Summary	BPO 2	BPO 3	BPO 4	BPO 5
Healthcare Access	↔	↔	↔	↔
Healthcare Quality				
Modern, safe, and secure environment	↔	↔	↔	↔
Meets forecasted service need	↔	↔	↔	↔
Cost Effectiveness				
Operating cost effectiveness	-	-	-	↑
Level of expenditure anticipated	-	-	-	↓ ↓
Level of re-use proceeds	↑ ↑	↑ ↑	↑ ↑	↑ ↑ ↑
Cost avoidance opportunities	-	-	-	-
Overall cost effectiveness	-	-	-	↑
Ease of Implementation				
Riskiness of BPO implementation	↔	↔	↔	↔
Wider VA Program Support				
DoD sharing	↔	↔	↔	↔
One-VA Integration	↔	↔	↔	↔
Special Considerations	↔	↔	↔	↔

Evaluation System

The evaluation system below is used to compare BPOs to the Baseline BPO.

Rating for all categories except cost and overall evaluation	
↑	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.).
Operating cost effectiveness (based on results of initial healthcare/operating costs)	
↑↑↑	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%)
Level of capital expenditure anticipated (based on results of initial capital planning costs)	
↓↓↓↓	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%)
Level of Re-use proceeds relative to Baseline BPO (based on results of initial Re-use study)	
↓↓	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)
Cost avoidance (based on comparison to Baseline BPO)	
-	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
Overall Cost effectiveness (based on initial NPC calculations)	
↓↓↓↓	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
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
VACO	VA Central Office
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.