

Capital Asset Realignment for Enhanced Services (CARES)

Business Plan Studies for Waco VAMC

Presentation for Local Advisory Panel

October 4, 2005



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Recap of First LAP Meeting



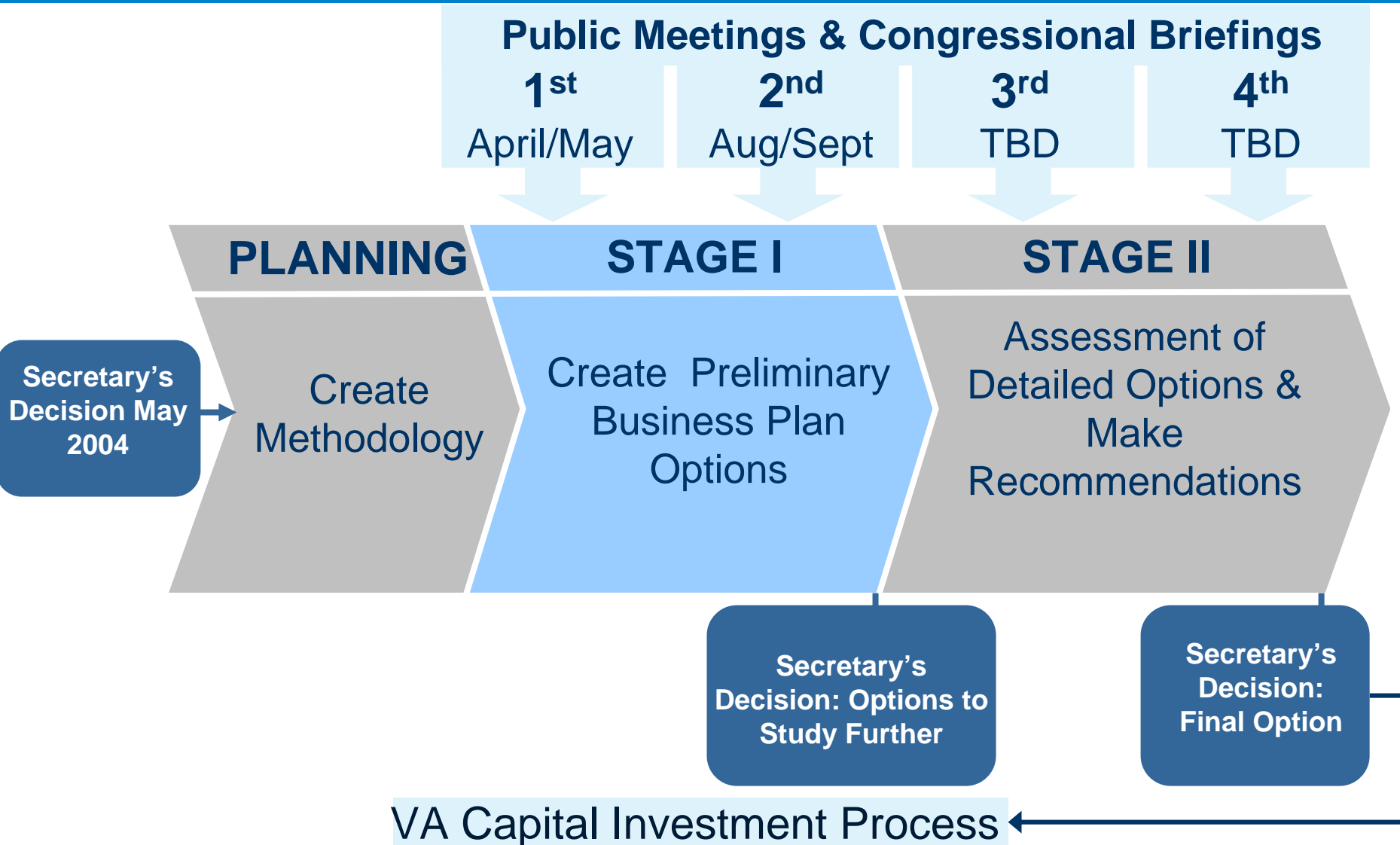
First Public Meeting Recap

- The Secretary's CARES Decision Document, May 2004, calls for additional studies to improve the previous analyses for eighteen sites including Waco, Texas
- 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



2004 Secretary's Decision for Waco

The VA will:

- Conduct a comprehensive study of the cost and continuity of care issues of a campus realignment.
- Evaluate the most appropriate means and site for providing care to veterans now treated at the Waco campus.
- Analyze moving the VBA Regional Office onto the Waco VAMC campus.
- Identify options for divesting or leasing a significant portion of the underutilized property in order to generate savings and revenues that could be applied to VA's healthcare mission.

What's Being Studied at Waco

■ Healthcare Study

Identify the best way to provide current and projected veterans with healthcare equal to or better than is currently provided in terms of access, quality, and cost effectiveness

■ Capital Planning Study

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

■ Re-Use Study

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 healthcare 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.

Waco Public Input



Waco Public Input

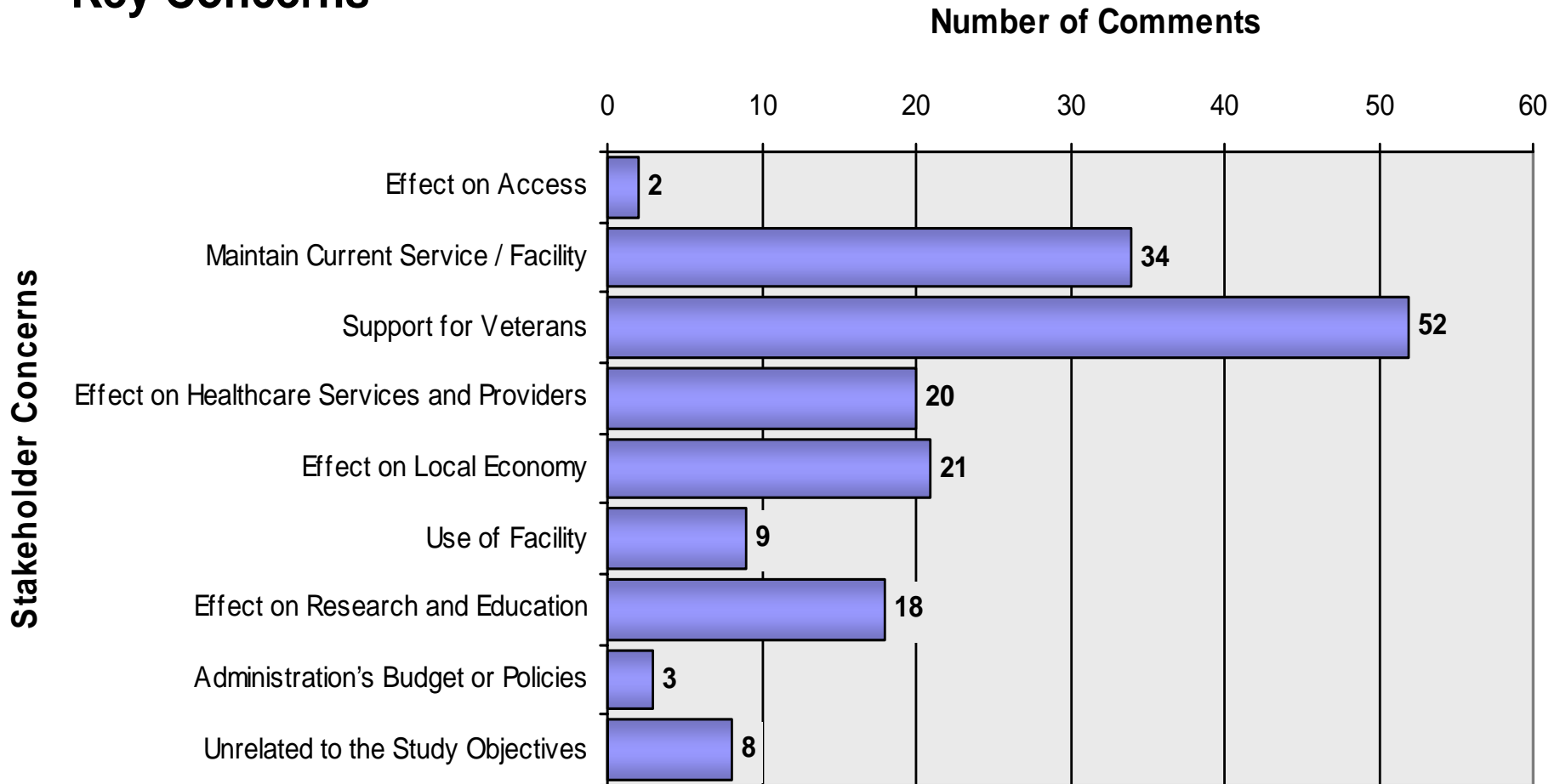
- 188 forms of stakeholder input were received between January 1, 2005 and June 30, 2005.
- The greatest amount of written and electronic input was received from veterans.
- Top key concerns:
 - Support for veterans
 - Keeping the facility open

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

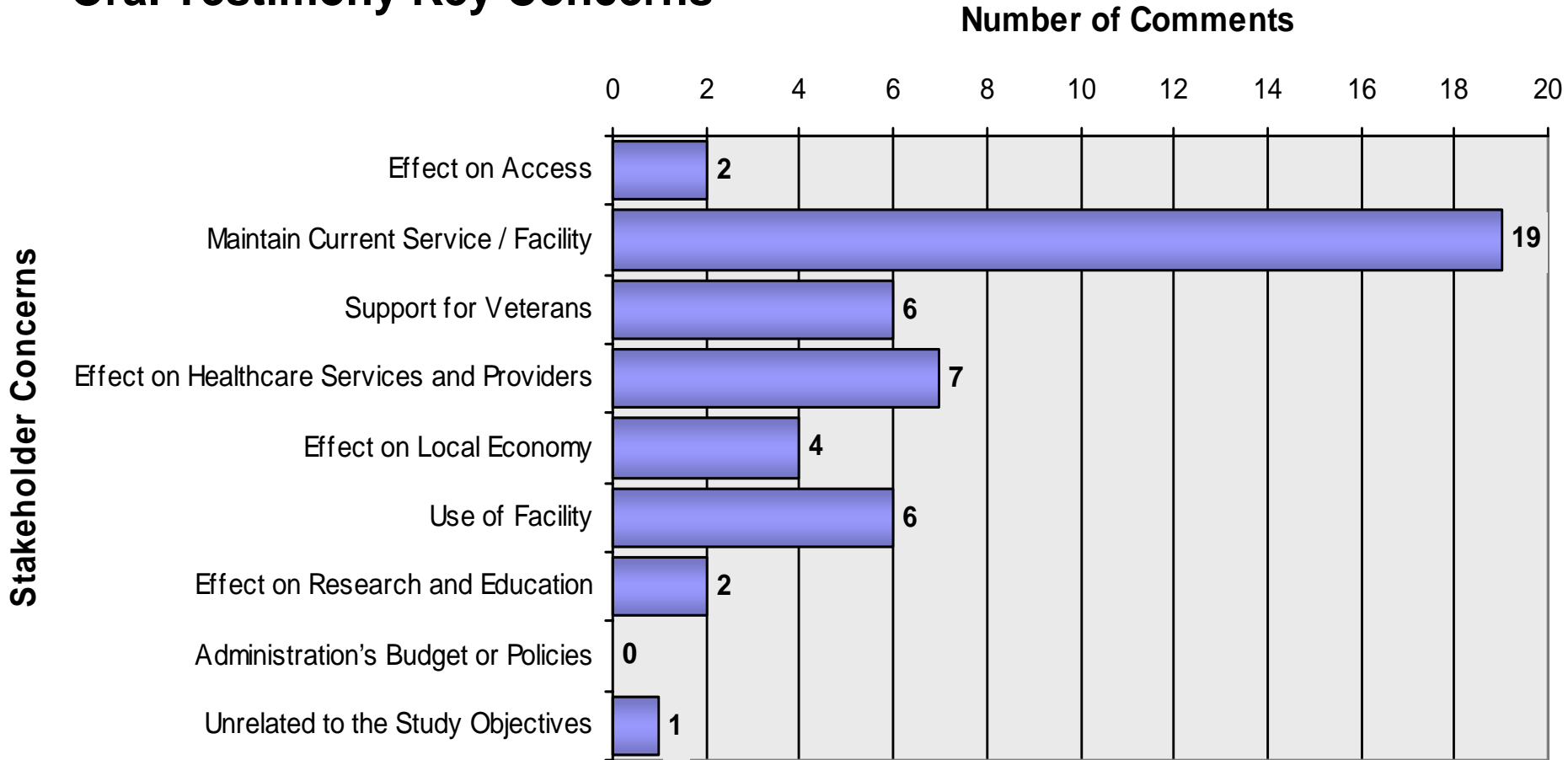
Key Concerns – Written and Electronic Input

Key Concerns



Key Concerns – Oral Testimony

Oral Testimony Key Concerns



Stakeholder Input to Options Development

- City of Waco Task Force submitted a proposal to expand services in Waco and collaborative relationships with local providers. Elements of this proposal are addressed in many BPOs.
- Many of the BPOs will support the Post Traumatic Research Initiative.

Current Status and Business Plan Options

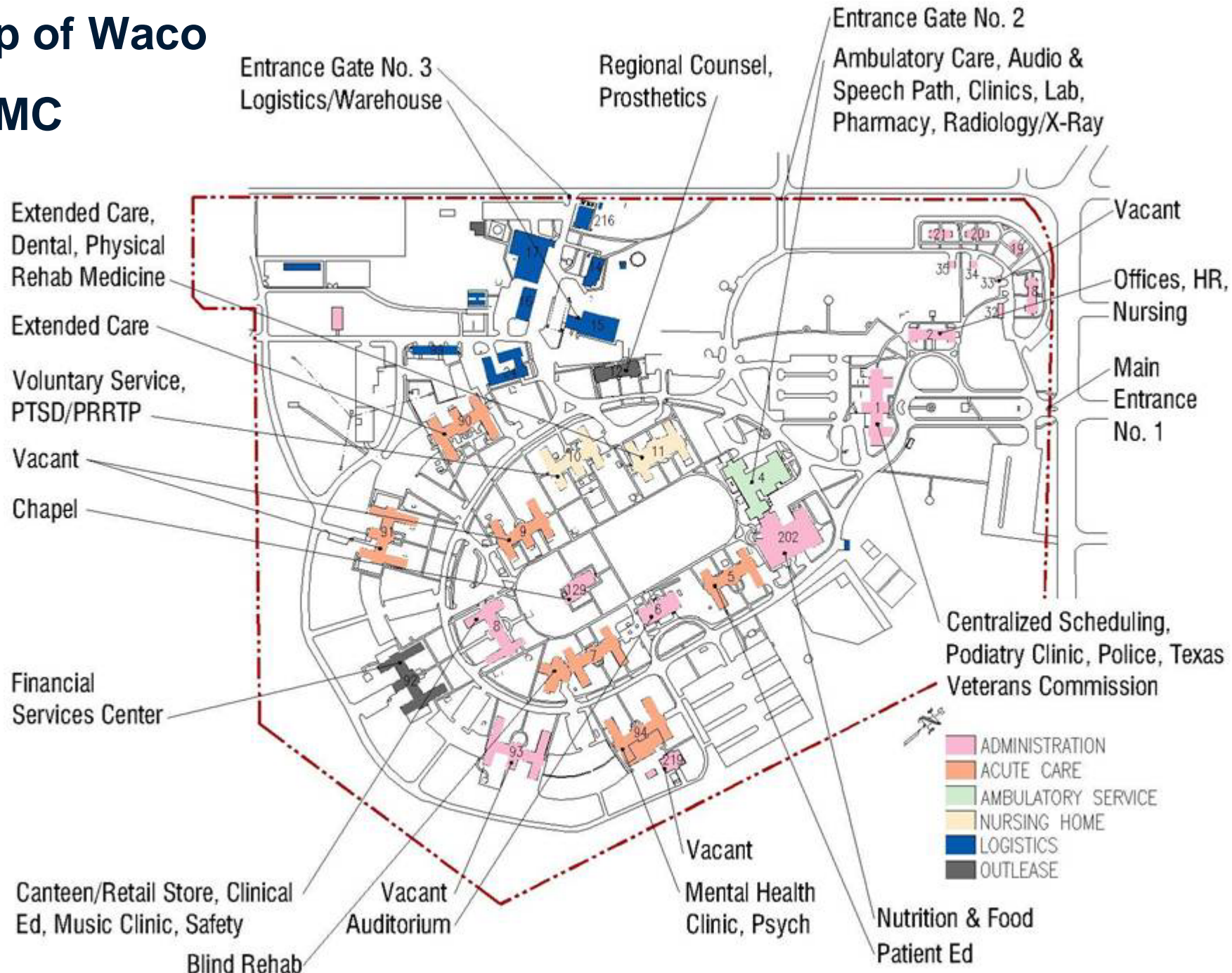


Stage I Study Findings for Waco

Waco VAMC



Map of Waco VAMC



Entrance Gate No. 3
Logistics/Warehouse

Regional Counsel,
Prosthetics

Entrance Gate No. 2
Ambulatory Care, Audio &
Speech Path, Clinics, Lab,
Pharmacy, Radiology/X-Ray

Extended Care,
Dental, Physical
Rehab Medicine

Vacant

Extended Care

Offices, HR,
Nursing

Voluntary Service,
PTSD/PRRTP

Main
Entrance
No. 1

Vacant

Chapel

Centralized Scheduling,
Podiatry Clinic, Police, Texas
Veterans Commission

Financial
Services Center

- ADMINISTRATION
- ACUTE CARE
- AMBULATORY SERVICE
- NURSING HOME
- LOGISTICS
- OUTLEASE

Canteen/Retail Store, Clinical
Ed, Music Clinic, Safety

Vacant
Auditorium

Vacant
Mental Health
Clinic, Psych

Nutrition & Food
Patient Ed

Blind Rehab

Waco Site Overview

■ The Waco VAMC:

- ◆ Is in the Central Market of VISN 17, which contains 240,000 veterans
- ◆ Campus consists of 44 buildings located on 123 acres
 - 25 of the buildings have “Historic” status classification
 - 6 of the buildings are currently vacant
 - 8 of 44 buildings rated 4 or better
- ◆ Employs 760 Full Time Employee Equivalents
- ◆ Primary affiliations with Texas A&M and University of Texas Medical Branch at Galveston in addition to other allied health training programs

Waco Services Overview

The Waco VAMC:

- ◆ Is a multi-VISN referral facility for chronically mentally ill patients and a national referral facility for blind rehabilitation
- ◆ Offers inpatient psychiatry, nursing home, domiciliary services (PRRTP only), blind rehab and outpatient services including primary care and mental health services
- ◆ Houses 286 inpatient beds: 24 locked acute psychiatric beds, 32 locked psychiatric care beds, 6 locked psychiatric triage beds, 40 PTSD/ post traumatic stress residential rehabilitation beds, 44 serious mental illness life enhancement program beds, 125 nursing home beds, 15 blind rehabilitation beds.
- ◆ All other inpatient services are referred to Temple VAMC

Current Status & Projections

- **The Central Market achieves the drive time national guidelines for tertiary care, but not for primary and acute care.**
- **Over the next 20 years the number of enrolled veterans for Priority Groups 1-6 for the Central Market is expected to increase by 11% from 58,000 to approximately 65,000.**
- **In May 2005 Congressman Chet Edwards announced that the Waco VAMC will likely host a new study of causes and possible treatments of post traumatic stress disorder in collaboration with Fort Hood. The House report accompanying the VA's FY 2006 appropriation act notes that the Stress Disorders Research Initiative is funded at Fort Hood through the Defense Health Program, and directs the Waco VAMC to work with Fort Hood on this effort.**
- **The Senate report accompanying the VA's FY 2006 appropriation act directs the Secretary of VA to designate the Waco VAMC as a "mental health center of excellence" and adds funding for the expansion of its PTSD treatment program. It also requests that VA establish three post traumatic stress disorder centers of excellence. The report was approved by the U.S. Senate Appropriations Subcommittee on Military Construction and Veterans Affairs in July 2005, and will be acted on by the full Senate prior to the end of this year.**

Options Development

“Universe” of Considered Options

**Stakeholder
Input**

**Healthcare
Options**

**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 I

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

Healthcare
Options

TOTAL = 35

Capital Planning
Options

TOTAL = 32

Re-Use
Options

TOTAL = 22

Initial Screening for Access, Quality, Cost

Business Planning
Options (BPOs)

TOTAL = 17

Assessed for Stage I Report

Options for Waco

- Developed several options for inpatient services
 - BPO 1 - Utilize existing Waco VAMC
 - BPOs 2 thru 9
 - BPOs 14 thru 17

} Move combinations of services to Temple

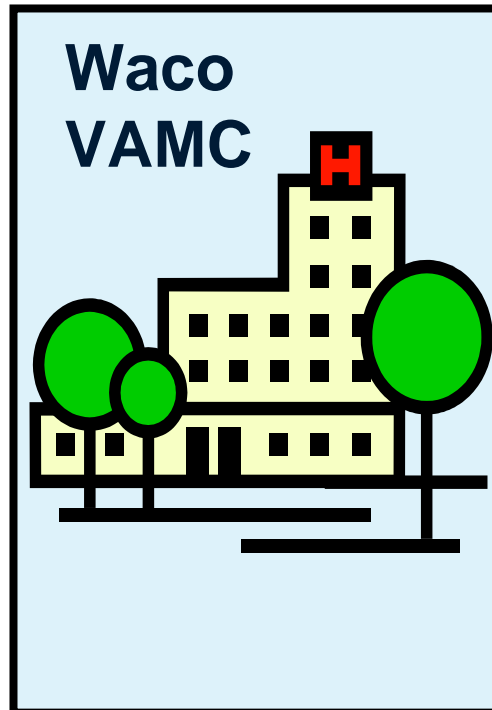
 - BPO 10 – Adds VBA and domiciliary to Waco campus
 - BPO 11 – Adds research center and domiciliary to Waco campus
 - BPO 12 – Adds domiciliary to Waco campus. Nursing home care is purchased from local community
 - BPO 13 – Department of Defense collaboration. Vacates campus

BPO 1: Baseline Option [HC-1/CP-1/RU-1-5]

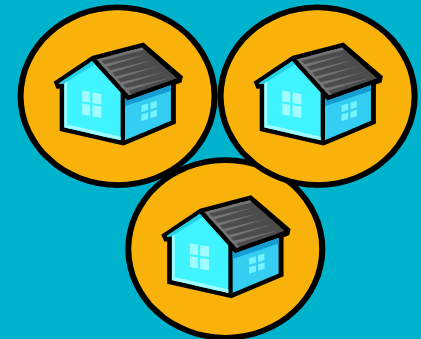
A Baseline option reflects the:

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

Inpatient psychiatry, nursing home, domiciliary (PRRTP), blind rehab and other mental health to be provided at Waco VAMC. Other inpatient services provided at Temple VAMC. Existing outpatient services remain at Waco VAMC.



Local Community Providers/ Temple VAMC



BPO 1: Assessment

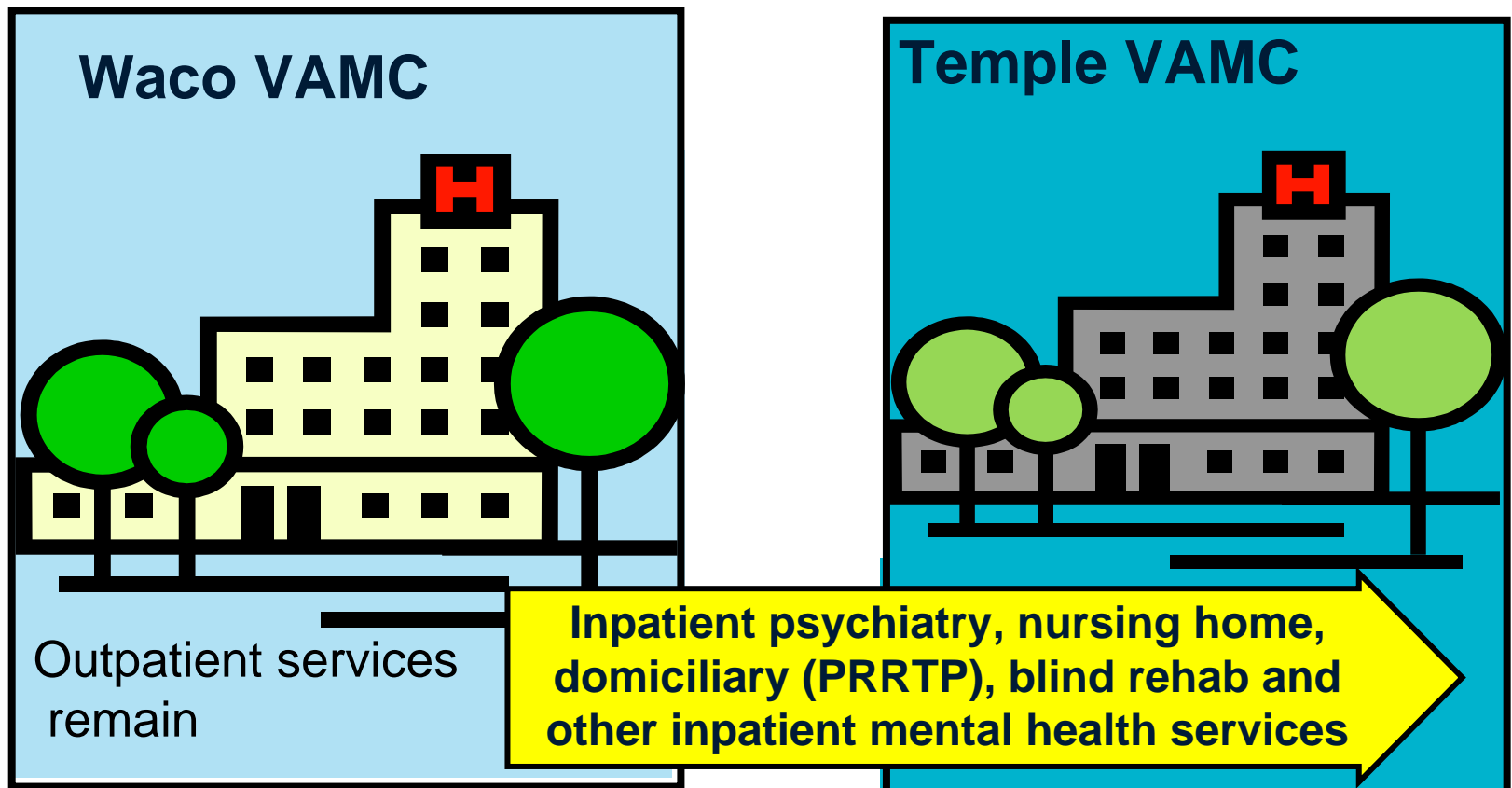
Healthcare Access	Primary and acute care access for the Central Market falls short of VA established access guidelines, however exceeds tertiary care guidelines. 65% of enrollees are within a 30 minute drive for primary care. 59% of enrollees are within a 60 minute drive for acute care. 100% of enrollees are within a 240 minutes drive time for tertiary care.
Healthcare Quality	It is expected that the same clinical quality will be provided through 2023. Facilities are expected to provide a modern, safe, and secure environment, but will require significant renovation.
Impact on VA & Local Community	Employment need is expected to slightly increase. Due to location, Waco VAMC has some difficulty recruiting clinical staff. Baseline option will maintain active research and educational programs.
Cost Effectiveness	Significant expenditures would be required in order to meet the modern, safe, and secure criteria. Re-use potentials are marginal.
Ease of Implementation	Risk factor due to complicated patient transfers and degree of construction.
Wider VA Program Support	Continued support of Darnall relationship, will provide materially the same level of One-VA integration, and does not impact the Department of Defense contingency planning or Homeland Security needs or emergency need projections.

BPOs 2 – 9 Relocate elements of inpatient services to Temple campus. One common element shared with all options - inpatient psychiatry and other mental health services are relocated to Temple.

BPO 2: Inpatient Services at Temple, Outpatient Services at Waco

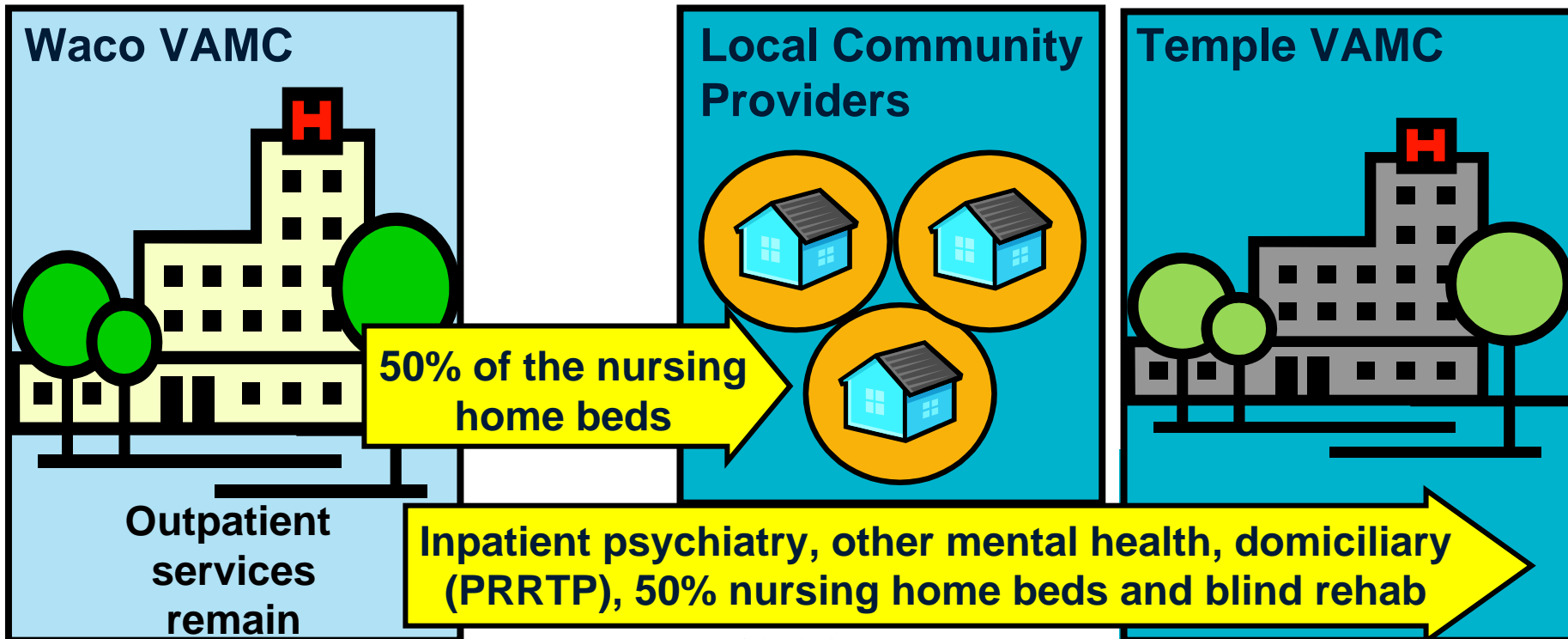
[HC-2A/CP-2A,3A/RU 1-12,14-19]

Inpatient psychiatry, nursing home, domiciliary (PRRTP), blind rehab and other inpatient mental health services relocated to the Temple VAMC. All outpatient services remain on Waco campus.



BPO 3: All Inpatient Services, Except a Portion of Nursing Home, at Temple. Outpatient Services at Waco [HC-2B/CP-2B,3A/RU 1-12,14-19]

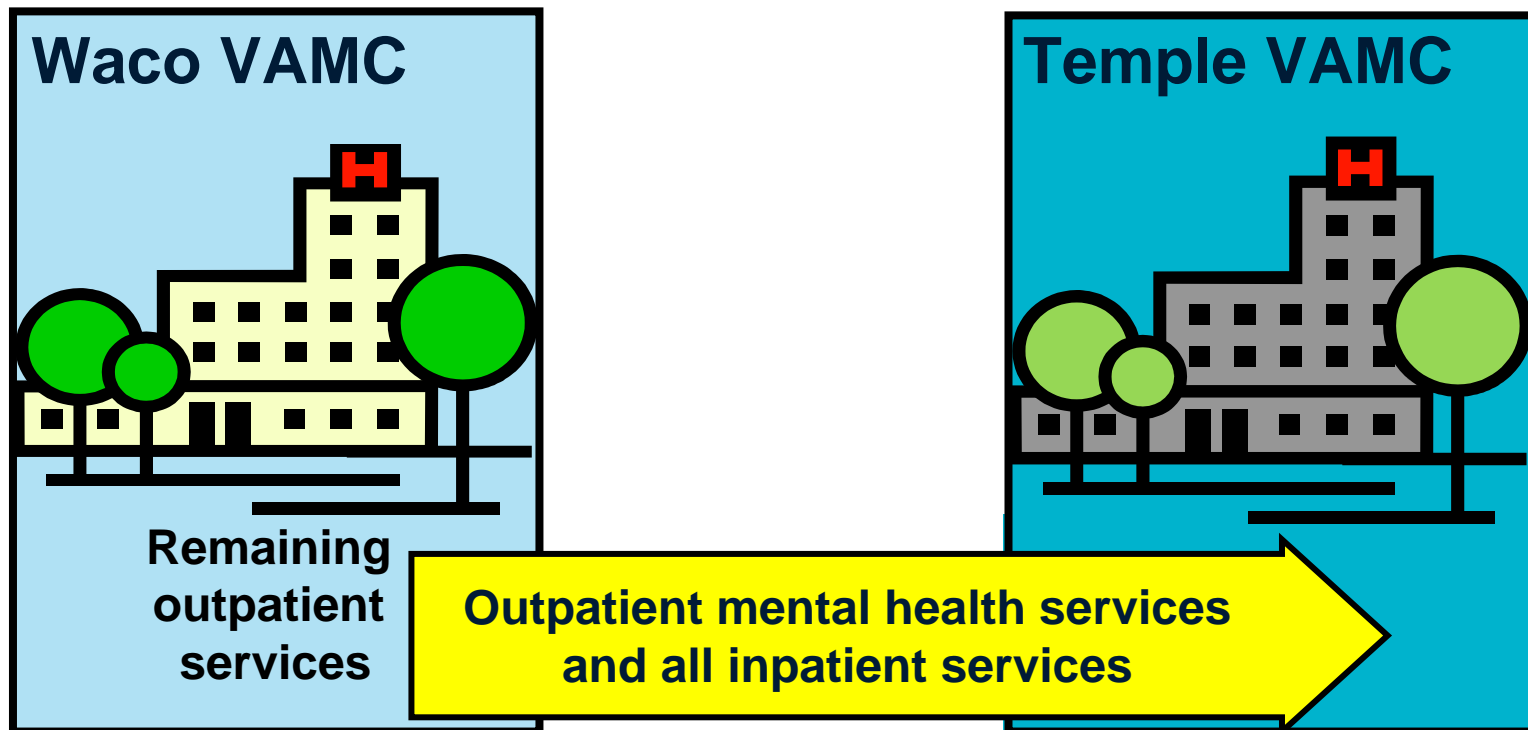
Inpatient psychiatry, other mental health, domiciliary (PRRTP), blind rehab and 50% of the nursing home beds to be relocated to Temple VAMC. Remaining nursing home beds purchased from local community providers. Outpatient services remain on Waco campus.



BPO 4: All Inpatient Services and Outpatient Mental Health Services at Temple, Outpatient Services at Waco

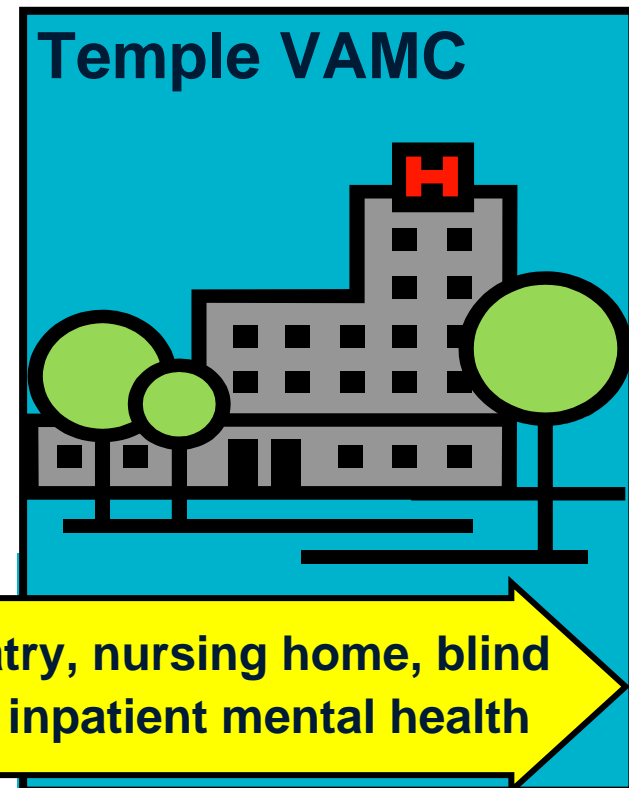
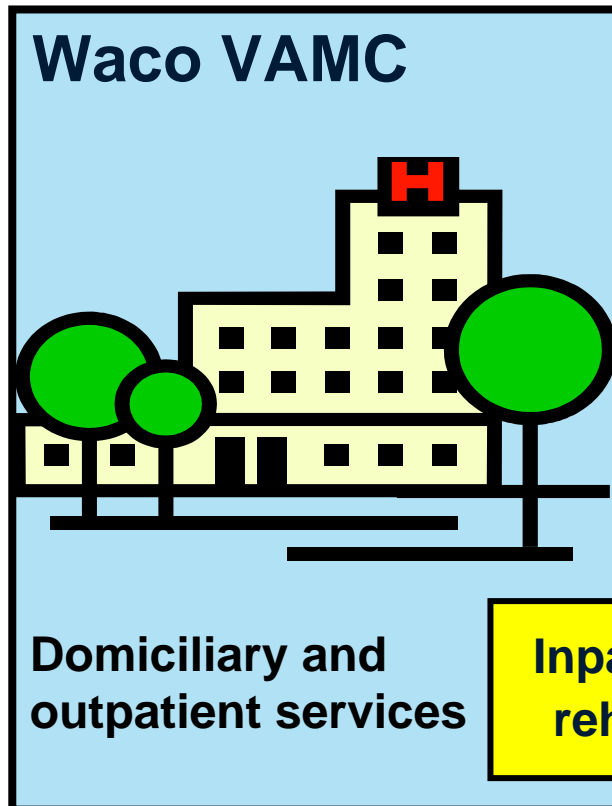
[HC-2H/CP-2C,3B/ RU 1-12,14-19]

Outpatient mental health services and all inpatient services (psychiatry, nursing home, domiciliary (PRRTP), blind rehab and other mental health) to be relocated to Temple VAMC. Remaining outpatient services provided at Waco campus.



BPO 5: Inpatient Services Except Domiciliary at Temple, All Outpatient Services at Waco [HC-2I/CP-2D,3C/ RU 1-11,14-19]

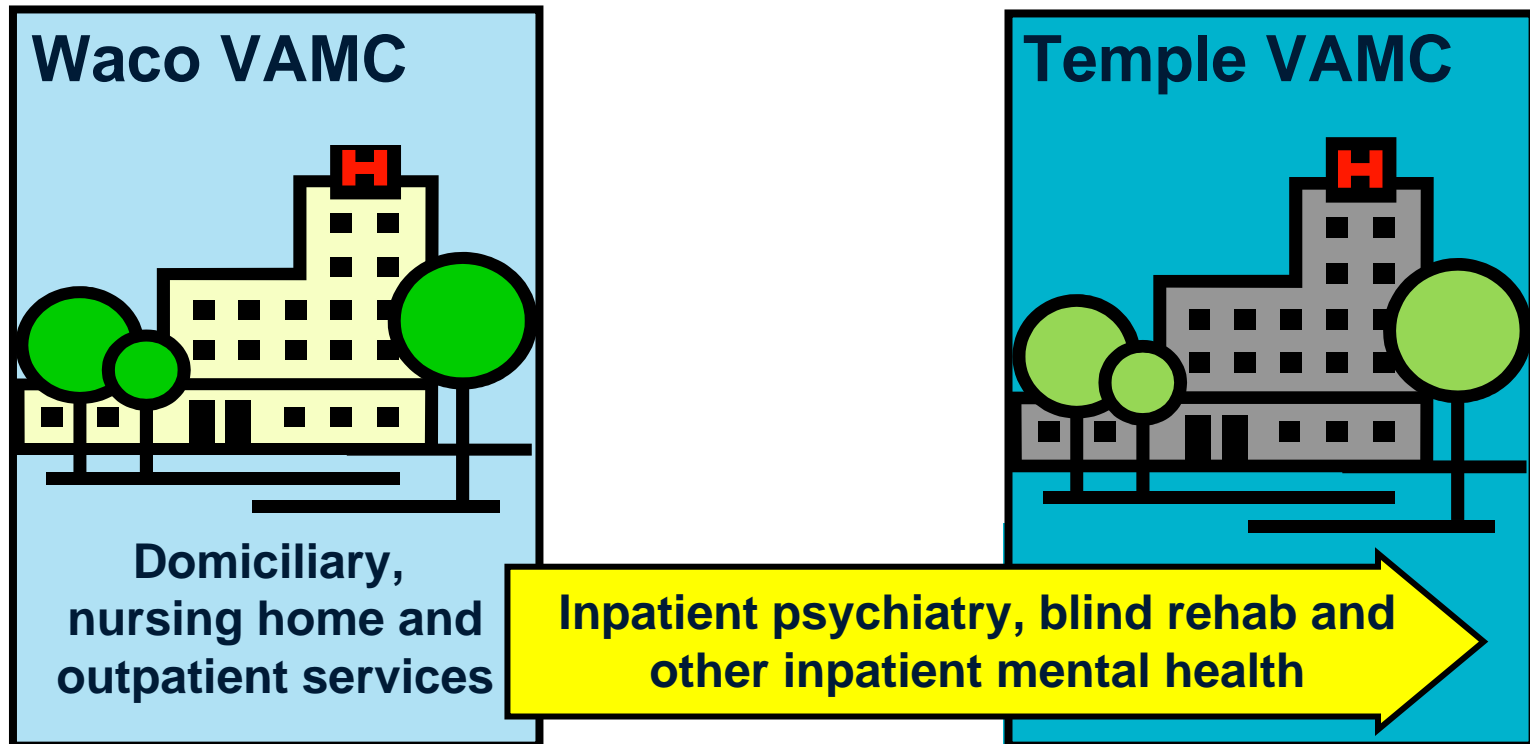
Inpatient psychiatry, nursing home, blind rehab and other inpatient mental health to be relocated to Temple VAMC. Domiciliary and existing outpatient services provided at Waco campus.



BPO 6: Inpatient Services Except Domiciliary and Nursing home at Temple, Outpatient Services at Waco

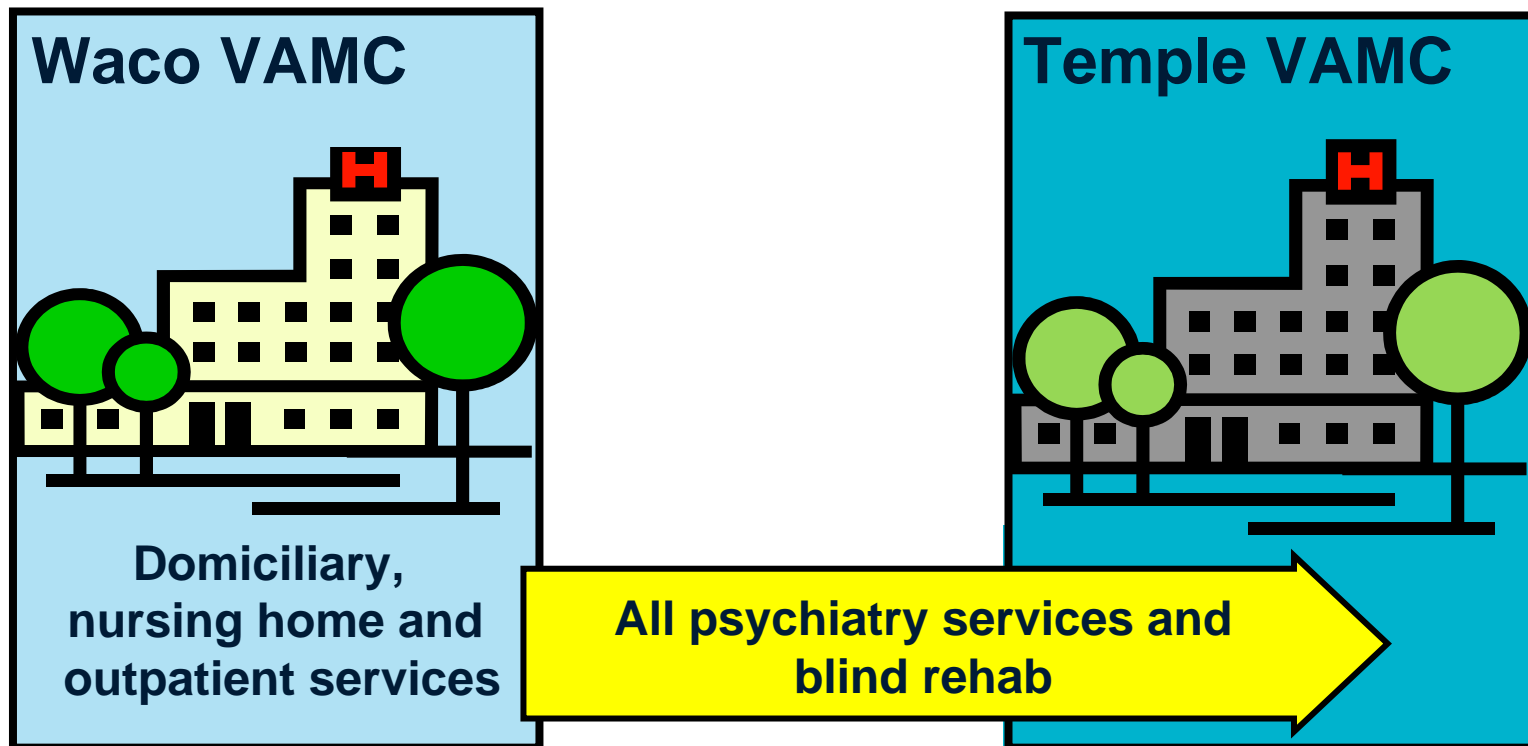
[HC-2M/CP-2F,3E/RU-1-8, 10, 14-16, 18-19]

Inpatient psychiatry, blind rehab and other inpatient mental health to be relocated to Temple VAMC. Domiciliary, nursing home and existing outpatient services provided at Waco campus.



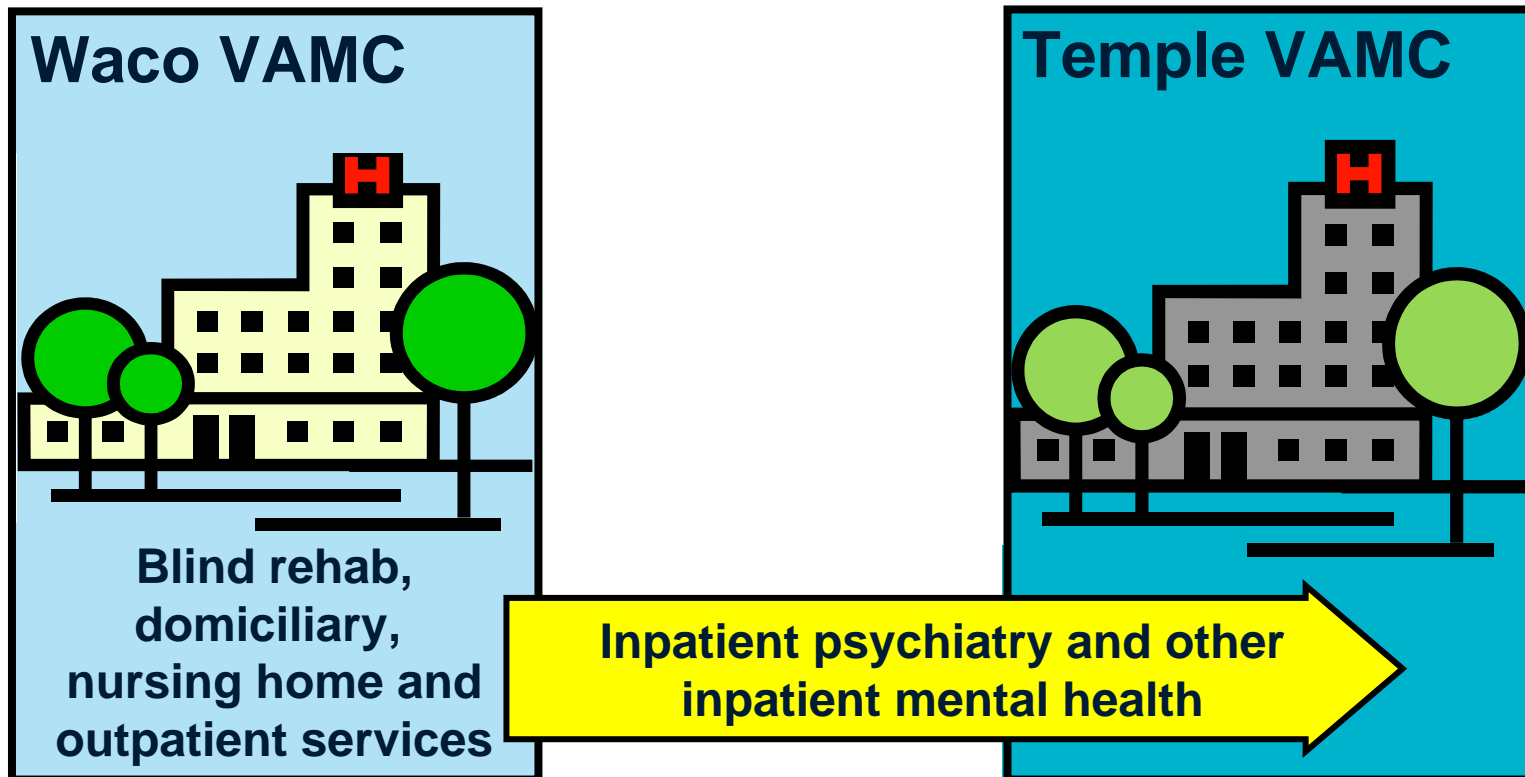
BPO 7: All Psychiatry Services, Blind Rehab at Temple. Domiciliary, Nursing Home and Remaining Outpatient Services at Waco [HC-2P/CP-2G,3F/ RU-1-8, 10, 14-19]

Outpatient mental health, inpatient psychiatry and other inpatient mental health, and blind rehab to be relocated to Temple VAMC. Domiciliary, nursing home and remaining non-mental health outpatient services provided at Waco campus.



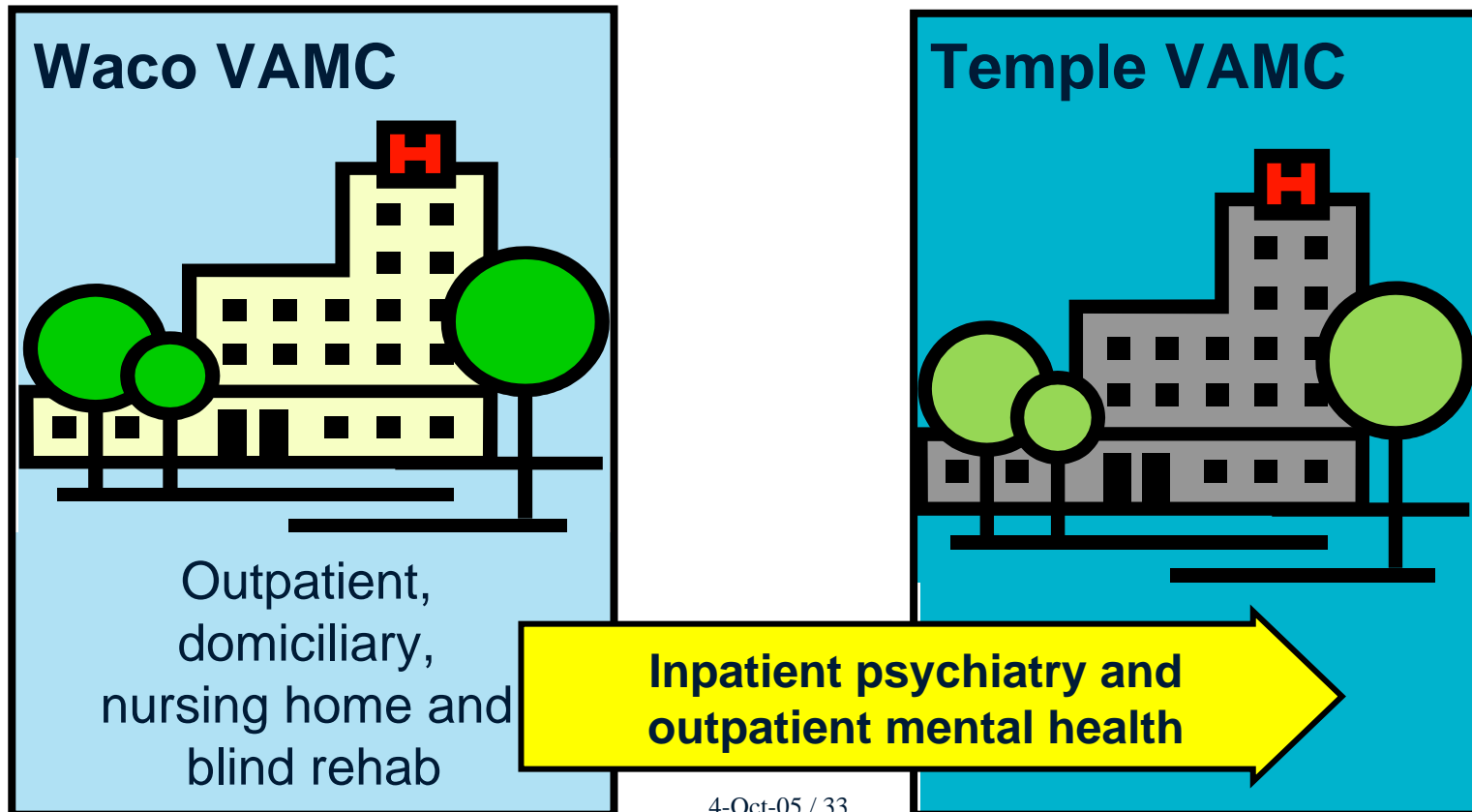
BPO 8: All Inpatient Psychiatry Services at Temple, Outpatient Services at Waco [HC-2Q/CP-2H,3G/ RU-1-8, 14-16, 19]

Inpatient psychiatry and other inpatient mental health will be relocated to Temple VAMC. Blind rehab, domiciliary, nursing home and outpatient services provided at Waco campus.



BPO 9: All Psychiatry Services at Temple, Remaining Inpatient and Outpatient Services at Waco Campus [HC-2T/CP-2F,3H/ RU-1-8, 14-16, 18-19]

Inpatient psychiatry and outpatient mental health to be relocated to Temple VAMC. Remaining outpatient services, domiciliary, nursing home and blind rehab remain at Waco campus.



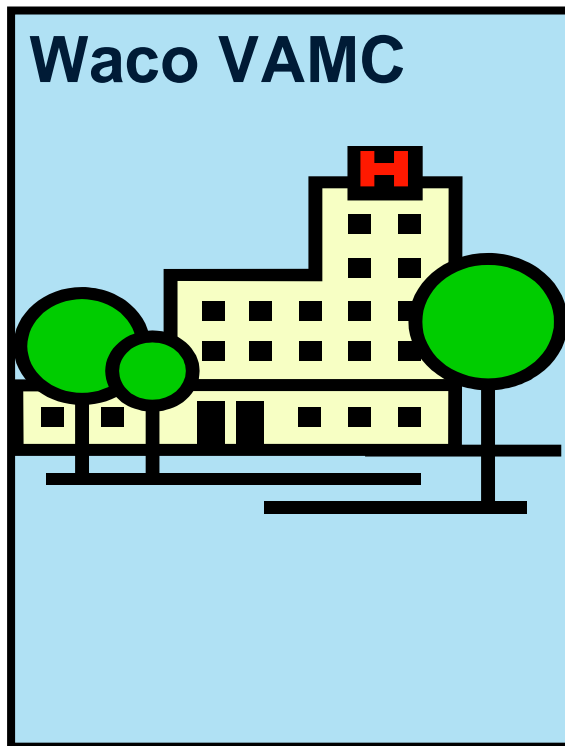
BPOs 2 – 9 relocate elements of inpatient services to Temple campus. One common element shared with all options - inpatient psychiatry and other mental health services are relocated to Temple.

BPO	Description	Assessment to Baseline
	BPOs 2 – 9	<ul style="list-style-type: none"> ■ Decrease in FTEEs ■ Riskier than baseline due to construction and relocation of patient care
2	All inpatient services relocated from Waco to Temple	<ul style="list-style-type: none"> ■ Slightly higher operating costs and net present costs
3	Retains portion of nursing home care in Waco community, providing care closer to veteran's family and reducing cost of nursing home construction at Temple	<ul style="list-style-type: none"> ■ Increase in indirect fixed cost and reduction in variable cost result in similar costs to baseline
4	Similar to 2, but also moves outpatient mental health services as well	<ul style="list-style-type: none"> ■ Slightly higher operating cost and net present costs
5	Retains domiciliary in Waco preserving synergistic relationship between MICM program and residential rehab	<ul style="list-style-type: none"> ■ Slightly higher operating cost and net present costs
6	Similar to 5 plus retains nursing home services at Waco	<ul style="list-style-type: none"> ■ Some recurring operating cost savings and slightly lower net present costs
7	Similar to 2 and 4, but distributes domiciliary and nursing home services across both communities	<ul style="list-style-type: none"> ■ Similar to Baseline in all assessment areas
8	Retains domiciliary, nursing home, blind rehab at Waco, but moves inpatient psychiatry with existing acute inpatient services available at Temple.	<ul style="list-style-type: none"> ■ Similar to Baseline in all assessment areas
9	Similar to 8 but also transfers outpatient mental health to Temple	<ul style="list-style-type: none"> ■ Similar to Baseline in all assessment areas

BPO 10: Baseline plus new Domiciliary and VBA at Waco

[HC-3A/CP-3I,4A,4C/RU-1-4, 6]

Inpatient psychiatry, nursing home, expanded domiciliary, blind rehab and outpatient services are provided at Waco campus. Relocate existing VBA into a newly constructed facility on Waco campus. New domiciliary facility.



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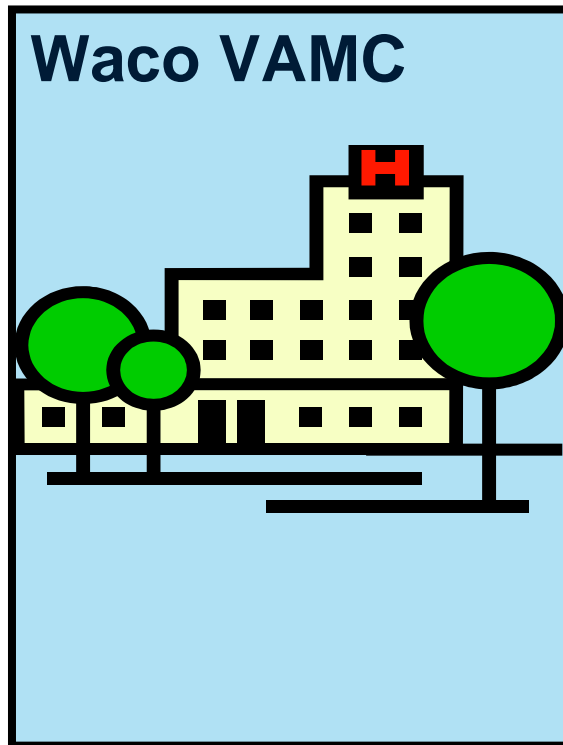


BPO 10: Assessment

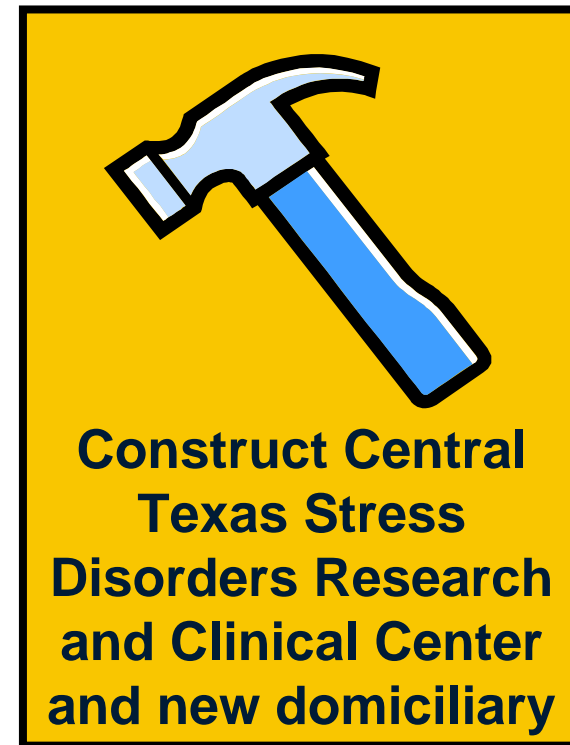
Healthcare Access	No material impact expected for Primary, Acute or Tertiary Care. Primary care services remain in local community. Acute care services remain in Temple.
Healthcare Quality	It is expected that the same clinical quality will be provided. New construction and heavy renovation allow for facility to meet modern, safe and secure requirements. Addresses forecasted need, similar to baseline
Impact on VA & Local Community	No effect on FTEEs employed by VAMC.
Cost Effectiveness	This option is anticipated to require similar operating costs as the baseline. Similar level of Net Present Cost compared to baseline is expected.
Ease of Implementation	No additional risk over baseline.
Wider VA Program Support	No material impact is expected that would affect current or future DOD sharing opportunities. Option accommodates VBA building on the Waco campus.

BPO 11: Baseline plus Central Texas Stress Disorders Research and Clinical Center and new Domiciliary [HC-3C/CP-3I,4B,4C/RU-1-4, 6]

Inpatient psychiatry services, nursing home, expanded domiciliary, blind rehab and outpatient services provided at Waco. Construct new Central Texas Stress Disorders Research and Clinical Center, and domiciliary



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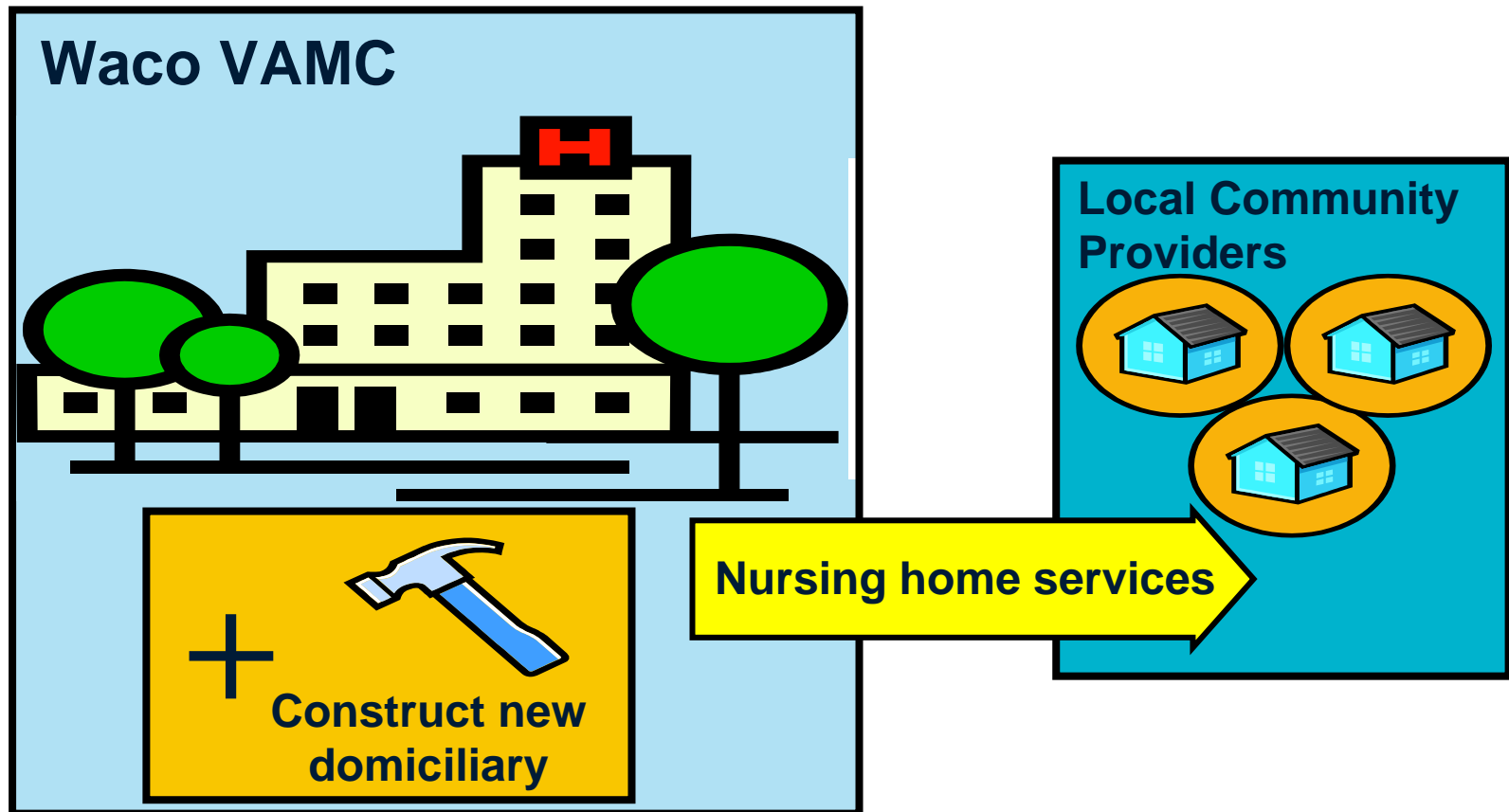


BPO 11: Assessment

Healthcare Access	No material impact expected for Primary, Acute or Tertiary Care.
Healthcare Quality	No immediate material impact is expected. Long term, the research initiative should have an impact on how PTSD patients are cared for. New construction and heavy renovation allow for facility to meet modern, safe and secure requirements. Addresses forecasted need, similar to baseline.
Impact on VA & Local Community	Anticipated FTEEs required are not substantially different than baseline. Option may have a significant impact on the research program at Waco. Enhanced research program could enhance overall educational programs.
Cost Effectiveness	This option is anticipated to require similar operating costs as the baseline. Similar level of Net Present Cost compared to baseline is expected.
Ease of Implementation	Riskier than baseline due to the degree of collaboration with universities and the uncertainty of future funding.
Wider VA Program Support	Could enhance DOD sharing opportunities, such as collaborative research activities. Option increases available land for potential relocation of VBA facility.

BPO 12: Baseline plus expanded Domiciliary, Nursing Home Services purchased from community [HC-4B/CP-3J/RU-1-6,12-13]

Psychiatry services, expanded domiciliary, blind rehab and outpatient services provided at Waco. Nursing home services purchased from local community providers. New domiciliary facility constructed.

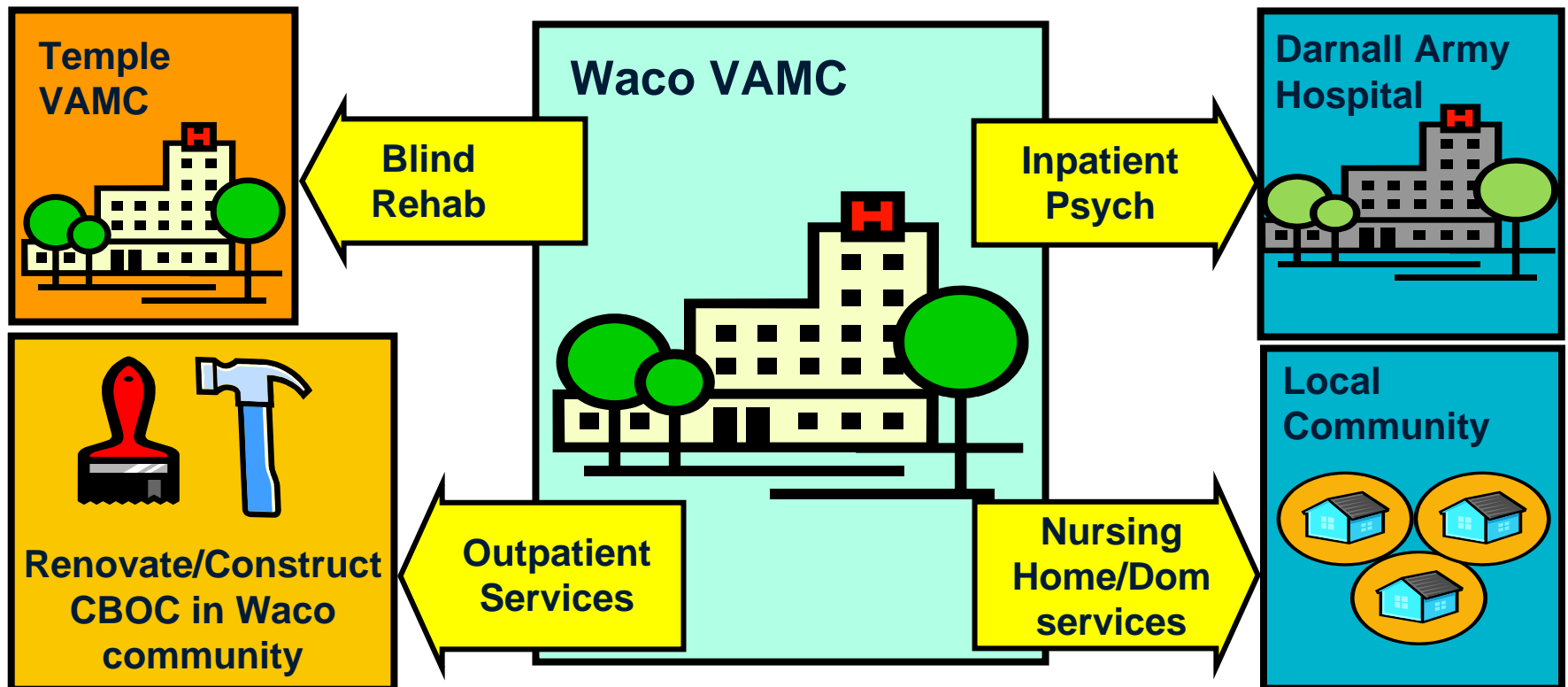


BPO 12: Assessment

Healthcare Access	No material impact expected for Primary, Acute or Tertiary Care.
Healthcare Quality	It is expected that the same clinical quality will be provided. New construction and heavy renovation allow for facility to meet modern, safe and secure requirements. Nursing home care is purchased from local community and is dependent upon availability of community beds.
Impact on VA & Local Community	Decrease in FTEEs anticipated as services are purchased from the community. Option will likely not have a material impact on research program or educational program
Cost Effectiveness	Purchasing nursing home services from local community could result in significant recurring operating cost savings compared to baseline. Anticipated to result in significantly lower Net Present Cost relative to baseline.
Ease of Implementation	This option is riskier than baseline due to level of coordination to execute the transfer of nursing home service to local providers.
Wider VA Program Support	No material impact is expected that would affect current or future DOD sharing opportunities. Option increases available land for potential relocation of VBA facility.

BPO 13: Department of Defense [HC-5A/CP-2I,5A,6A,6B/RU-22]

Purchase inpatient psychiatry from Darnall Army Hospital at Ft. Hood. Purchase nursing home and domiciliary services from local community. Blind rehab services are relocated to the Temple VAMC. Outpatient services are moved into CBOC within the Waco area, either through new construction or renovation of existing vacant space.



BPO 13: Assessment

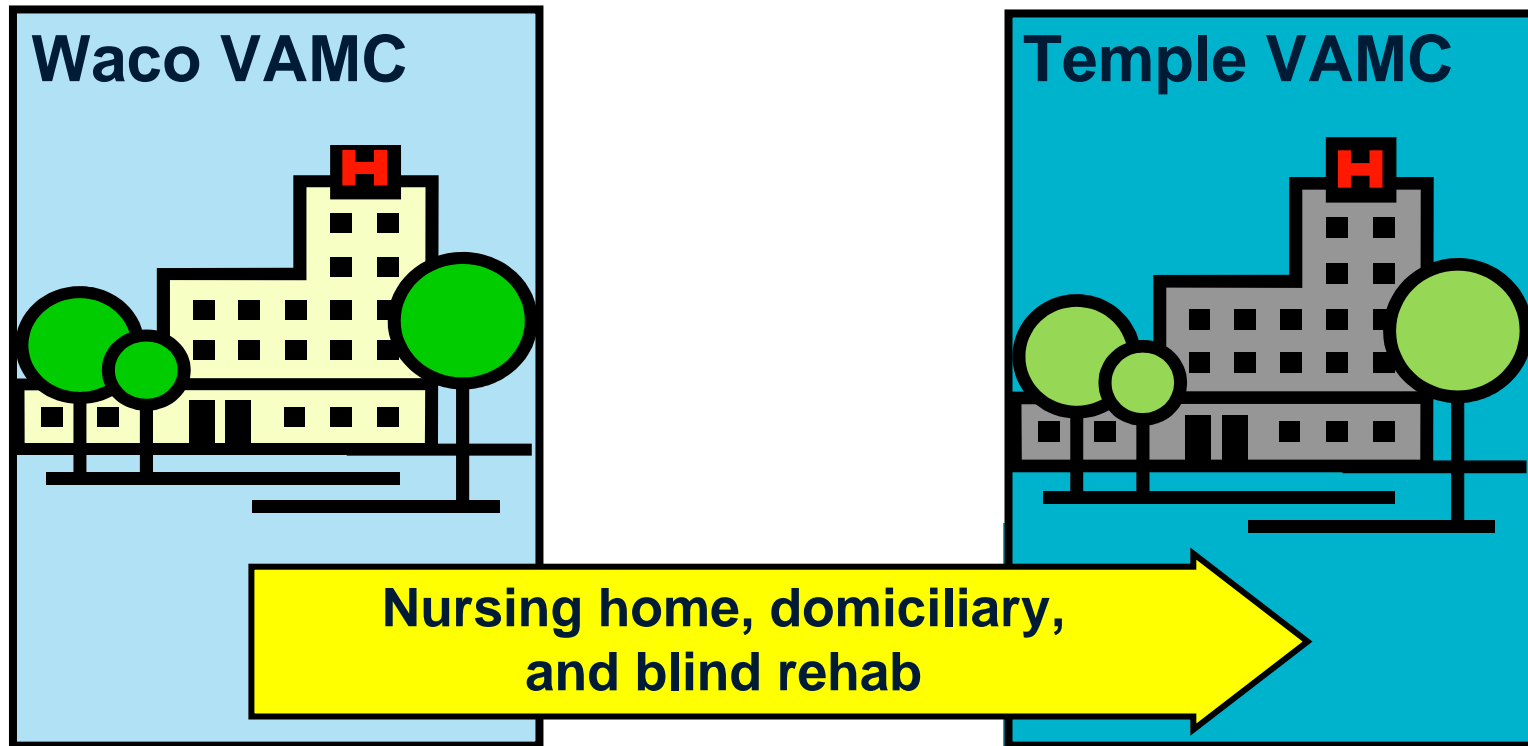
Healthcare Access	No material impact expected for Primary, Acute or Tertiary Care.
Healthcare Quality	Psychiatric quality data unavailable for Darnall Hospital. Nursing home, domiciliary and inpatient psychiatric services are purchased from local community and therefore patient's health information will not be contained in VA's electronic medical records. Option is dependant upon community resources for nursing home and domiciliary services.
Impact on VA & Local Community	Reduction in workforce will occur as a result of closing inpatient services at Waco. Potential impact on current research being performed.
Cost Effectiveness	Contracting inpatient psych to Darnall could result in significant recurring operating cost savings compared to baseline. Avoids significant capital expenditure required to bring facilities up to the modern, safe and secure standard. Anticipated to result in very significantly lower Net Present Cost relative to baseline.
Ease of Implementation	This option is expected to be riskier than baseline due to the degree of services that would be contracted out and their ability to accommodate the demand.
Wider VA Program Support	This option results in expanded collaboration with the DoD and would most likely result in decreased potential for any relocation of VBA facility.

BPOs 14 – 17 Focus psychiatry services on the Waco campus

BPO 14: Inpatient/Outpatient Psychiatry Services and Ambulatory Services at Waco. Nursing Home, Domiciliary (PRRTP) and Blind Rehab at Temple

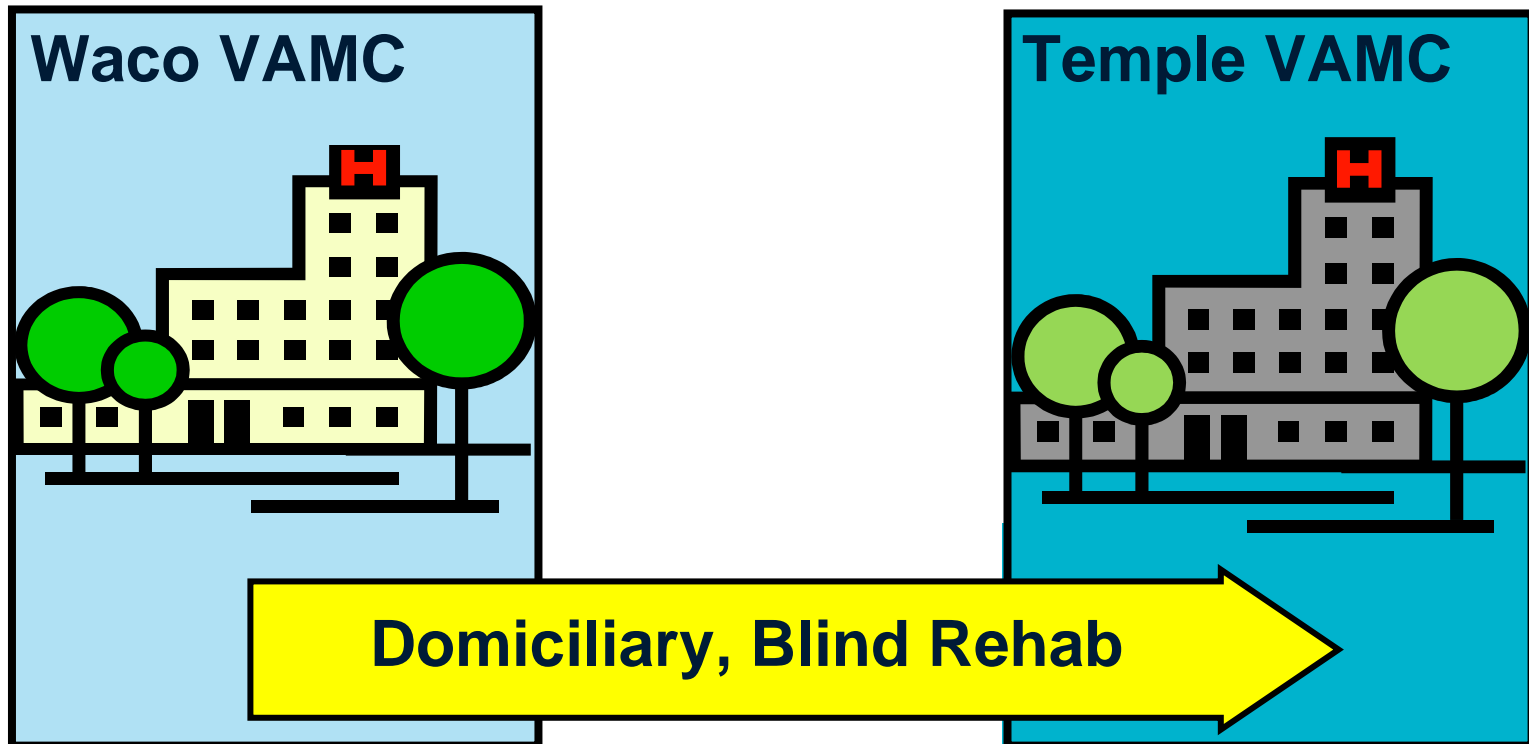
[HC-6A/CP-2H,3K/RU-1-6, 11-14, 16]

Inpatient psychiatry services as well as all outpatient services provided at Waco. Nursing home, domiciliary (PRRTP), and blind rehab services relocated to Temple VAMC.



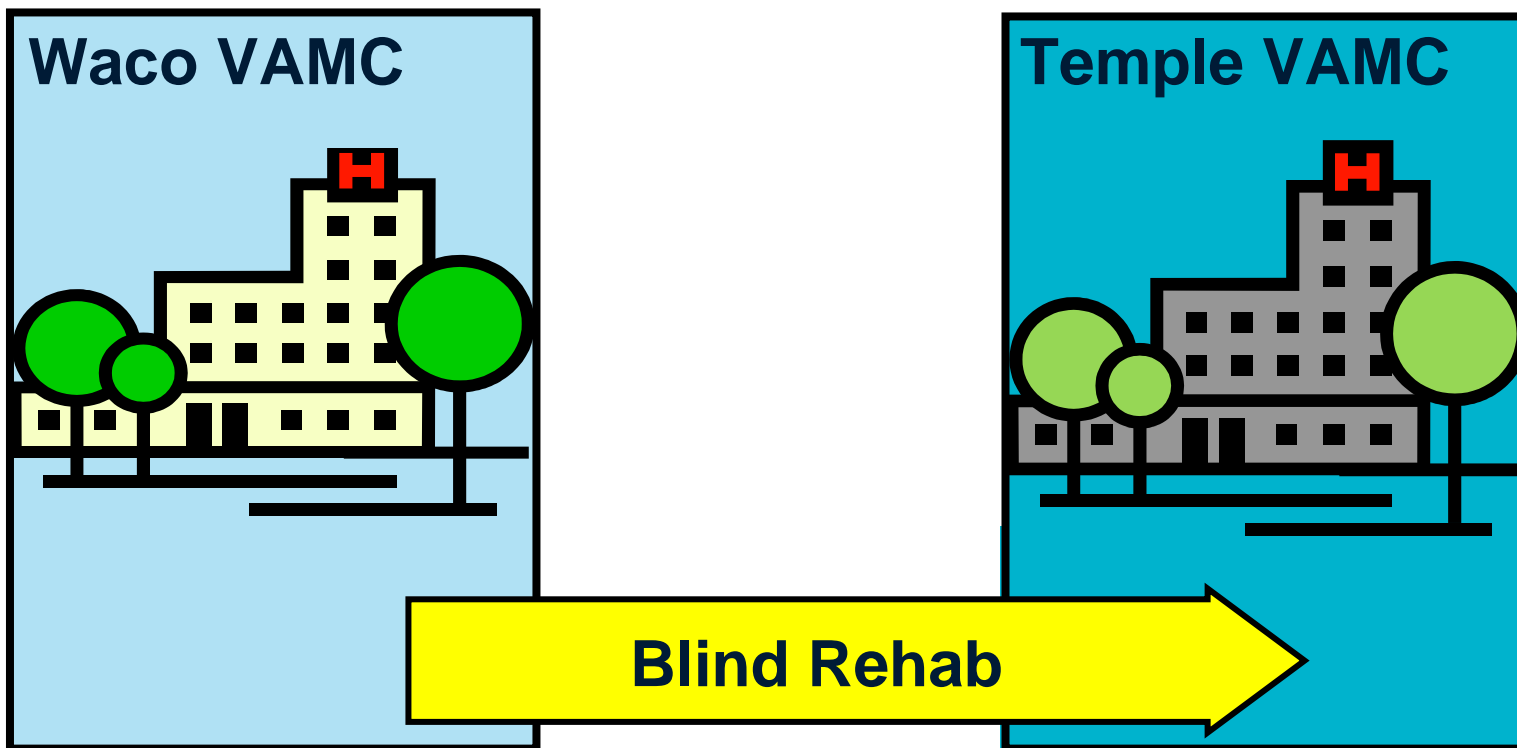
BPO 15: Inpatient Psychiatry Services, Nursing Home and Outpatient Services at Waco. Domiciliary (PRRTP) and Blind Rehab at Temple [HC-6B/CP-2J,3L/RU-1-6,16]

Inpatient psychiatry and other mental health services as well as nursing home and outpatient services provided at Waco. Domiciliary (PRRTP) and blind rehab services will be relocated to Temple VAMC.



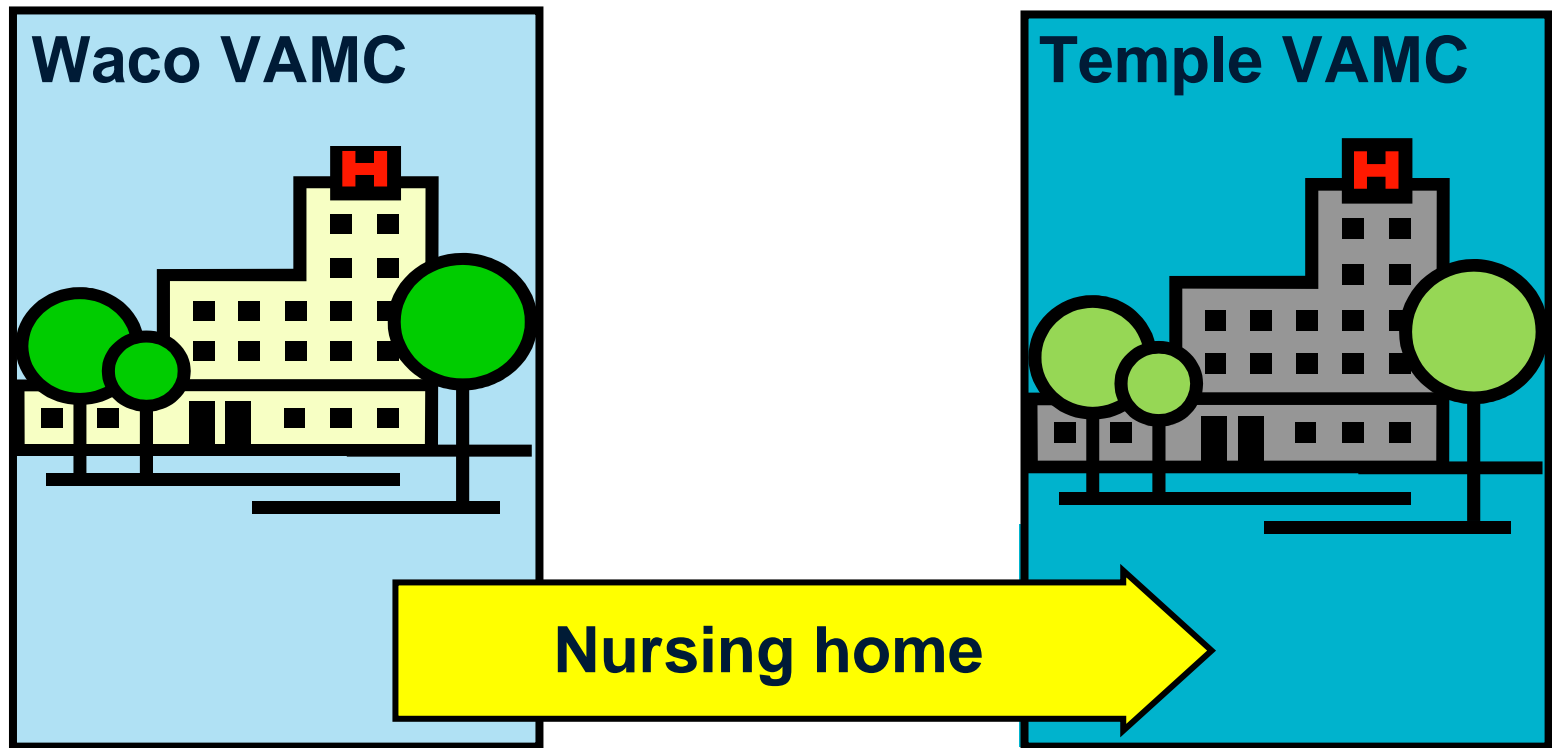
BPO 16: Blind Rehab Relocated to Temple [HC-6C/CP-2I,3/RU-1-6, 11-12, 14]

Inpatient psychiatry and other mental health services as well as nursing home, domiciliary and outpatient services provided at Waco. Blind rehab services relocated to Temple VAMC.



BPO 17: Nursing Home Relocated to Temple [HC-6E/CP-2L,3M/ RU-1-6, 11-12, 14]

Inpatient psychiatry and other mental health services as well as domiciliary, blind rehab and outpatient services provided at Waco. Nursing home services relocated to Temple VAMC.



BPOs 14 – 17 Focus psychiatry services on the Waco campus

BPO	Description	Assessment to Baseline
	BPOs 14 - 17	<ul style="list-style-type: none"> ■ Decrease in FTEEs ■ Riskier than baseline due to construction and relocation of patient care
14	Maintains inpatient psychiatry services at Waco while consolidating other inpatients services for efficiencies	<ul style="list-style-type: none"> ■ Similar operating cost and net present costs
15	Preserves psychiatry services in Waco and maintains linkage between psychiatry and nursing home services by keeping nursing home in Waco. Dom and Blind Rehab relocate to Temple	<ul style="list-style-type: none"> ■ Some recurring operating cost savings and slightly lower net present cost
16	Relocates blind rehab to Temple, Waco campus has a psychiatry concentration	<ul style="list-style-type: none"> ■ Similar operating cost and net present costs
17	Consolidates nursing home services onto one campus for efficiency	<ul style="list-style-type: none"> ■ Slightly higher operating cost and net present costs

Options Not Selected for Assessment

12 Options to move a combination of services to Temple VAMC

Failed for various reasons:

- Inferior to another option if inpatient services were split
- Did not pass primary care access guideline threshold
- Did not pass quality and volume screening

1 Option to expand Blind Rehab service at Waco

Failed due to insufficient evidence to support need for additional beds

1 Option to contract all IP, build community CBOC in Waco, and move Blind Rehab to Temple

Failed quality screening criteria

1 Option to keep all outpatient at Waco and move domiciliary to Temple

Inferior to other healthcare options

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

**Waco Study
VA CARES Studies
PO Box 1427
Washington Grove, MD 20880-1427**