

124157 28240



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

May 15, 1984

B-211565

The Honorable Jake Garn
Chairman, Subcommittee on
HUD-Independent Agencies
Committee on Appropriations
United States Senate

The Honorable Alan K. Simpson
Chairman, Committee on Veterans'
Affairs
United States Senate

Subject: VA Justification for Two Nursing Home Care
Construction Projects in Its Fiscal Year 1985
Budget Request (GAO/HRD-84-66)

At the request of the Chairman, Subcommittee on HUD-Independent Agencies, Senate Committee on Appropriations, we have examined the Veterans Administration's (VA's) justification for nursing home construction projects in its fiscal year 1985 budget request to determine whether VA has adequately considered local needs and resources and less costly alternatives to new construction. In our May 1983 report,¹ we recommended that beginning with its fiscal year 1985 budget, VA justify new nursing home construction projects based on local needs and resources and consideration of less costly alternatives--such as conversion or renovation of existing VA facilities or greater use of community nursing homes. As we recommended, VA now requires its district planners, as part of its medical district initiated program planning (MEDIPP) process, to document projected nursing home care needs, the availability of community and state nursing home beds for VA patients, and the feasibility of converting existing space into nursing home care units.



124157

¹VA Is Making Efforts To Improve Its Nursing Home Construction Planning Process (GAO/HRD-83-58, May 20, 1983).

(401946)

028841

As agreed with your staff, this report contains the results of our examination of VA's justification for two of the seven nursing home construction projects in VA's fiscal year 1985 budget request.

In our opinion, the project at the Alexandria, Louisiana, VA medical center (VAMC) (120-bed, \$5.4 million) appears to be needed.

The project at the Providence, Rhode Island, VAMC (60-bed, \$5.2 million) does not appear to be needed. VA did not adequately consider local needs and resources which indicate that the Providence area will have an ample supply of community and state home beds to meet veterans' nursing home needs in 1990. On May 11, 1984, the Acting Chief Medical Director told us that he has recommended to the Administrator that the project be deleted from VA's fiscal year 1985 budget request.

BACKGROUND

In fiscal year 1983 VA provided nursing home care to about 8,900 veterans per day in its own facilities and supported another 10,200 veterans in community nursing homes and 6,900 in nursing homes operated by state veterans homes. Based on population projections, historical utilization rates, and data gathered through its MEDIPP process, VA estimates that up to about 60,500 veterans will need daily nursing home care through these three programs by 1990.

To help meet that projected demand, VA has requested \$47.8 million in its fiscal year 1985 budget for the following seven nursing home construction projects.²

²An eighth project, involving constructing parking space for a previously funded nursing home project in San Francisco, was included in VA's fiscal year 1985 list of nursing home projects. Since this project was not to provide nursing home care beds, we omitted it from our review.

<u>VAMC location</u>	<u>Description</u>	Total estimated cost (millions)
Providence, RI	60-bed nursing home care unit	\$ 5.2
San Juan, PR	120-bed nursing home care unit and 10-bed blind rehabilitation center	9.0
Alexandria, LA	120-bed nursing home care unit	5.4
Durham, NC	120-bed nursing home care unit, research administration and geriatric research education and clinical center	8.8
Prescott, AZ	120-bed nursing home care unit	8.3
Murfreesboro, TN	120-bed nursing home care unit	5.6
West Los Angeles, CA	117-bed nursing home care conversion	<u>5.5</u>
Total	<u>777 beds</u>	<u>\$47.8</u>

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether, in developing its fiscal year 1985 budget justifications, VA planners in the central office and the medical districts adequately considered (1) local needs and resources when deciding on the need for additional VA-owned nursing home care units and (2) less costly alternatives to new construction. As arranged with your staff, we selected the projects proposed for the Providence and Alexandria VAMCs for initial review. We are continuing our work on the projects proposed for the Prescott and San Juan VAMCs and will report to you on them as soon as possible.

We reviewed VA's budget justifications and project files for each project and discussed the projects with planners and other officials in the central office and the districts. We did not attempt to validate VA's data on population projections, utilization rates, or projected availability of beds in community or state nursing homes. Rather, we sought to confirm that district planners had those data available and used them to justify the projects. We did not obtain written comments on a draft of this report; however, we discussed its contents with VA officials on May 9, 1984. Their comments have been incorporated where appropriate.

We conducted our work in accordance with generally accepted government auditing standards.

PROVIDENCE PROJECT NOT
SUPPORTED BY MEDIPP DATA

In May 1977 the director of the Providence VAMC proposed that VA build a nursing home care facility there. Funding for construction of a 60-bed nursing home care unit adjacent to the VAMC hospital was included in VA's fiscal year 1984 budget request, but was not approved by the Congress because of concerns about the need for the project.³ VA resubmitted its request for this project in its fiscal year 1985 budget proposals and ranked it first in priority for nursing home care units because it was the only carry-over project from the previous budget submission.

The Providence VAMC is one of eight medical centers in VA's medical district which covers most of New England. VA's fiscal year 1985 budget justification for this project compared projected nursing home bed needs for the entire district with projected availability of community and state nursing home beds in the Providence area.

Our analysis of MEDIPP information at the medical district headquarters indicates that the Providence area will have an ample supply of community and state nursing home care beds available for VA patients in 1990 without the proposed 60-bed project. VA projects that by 1990 about 1,580 veterans will need daily nursing home care from VA in the district which includes Providence. Although district planners did not allocate the projected demand to the individual medical centers in the district, we estimated⁴ that about 275 veterans will seek nursing home care from the Providence VAMC. District planners have projected that 58 beds in community nursing homes and 249 beds in state veterans nursing homes will be available in the Providence area to meet the needs of those 275 veterans.

³For details, see page 93 of Senate Report No. 98-152, dated June 14, 1983; page 18 of House Report No. 98-264, dated June 23, 1983; and enclosure I, pages 3 and 4, of our May 1983 report (GAO/HRD-83-58).

⁴Our estimate was based on the projected distribution of veterans 65 and older throughout the district by 1990. This method is similar to that used by VA planners in the district which includes the Alexandria VAMC.

According to the Assistant Chief Medical Director for Geriatrics and Extended Care, any of the 275 veterans who require a level of care not provided in the community or state beds can be accommodated in VA-owned beds elsewhere in the district.

The District Director and his planning staff agreed with our analysis and explained that current MEDIPP data were not used for the Providence project because the project had been approved by the VA Administrator in 1982. On May 11, 1984, the Acting Chief Medical Director told us that he has recommended to the Administrator that the project be deleted from VA's fiscal year 1985 budget request.

ALEXANDRIA PROJECT SUPPORTED
BY MEDIPP PROCESS

This 120-bed nursing home project, estimated to cost \$5.4 million, will be in addition to the existing 93 nursing home care beds at the Alexandria VAMC. VA is also planning to replace the 93 beds by 1990 with another new 120-bed facility.

The Alexandria VAMC is one of five medical centers in the medical district which primarily covers Arkansas and Louisiana. VA's budget justification for this project contained similar information to that contained in the Providence project's justification.

Our analysis of MEDIPP information at the medical district headquarters indicates that VA planners adequately considered the projected availability of community and state nursing home beds. VA projects that by 1990, about 293 veterans will need daily nursing home care from the Alexandria VAMC. District planners have projected that only 69 beds in community homes and no beds in state veterans nursing homes will be available to serve those veterans.

In addition, staff from VA's Office of Construction determined that because of the age and condition of the Alexandria VAMC facilities, renovating or converting existing space at the medical center into nursing home beds would not be feasible.

- - - -