

Capital Asset Realignment for Enhanced Services (CARES)

Business Plan Studies for Poplar Bluff VAMC

Presentation for Local Advisory Panel

September 14, 2005



Disclaimer

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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 Poplar Bluff, Missouri
- Study Objective:

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

Access
Quality
Cost Effectiveness

2004 Secretary's Decision for Poplar Bluff

The VA will:

- ◆ Consider Poplar Bluff's designation as a Veterans Rural Access Hospital (VRAH) and its defined scope of services
- ◆ Conduct a Financial Analysis that includes:
 - An analysis of the costs for maintaining inpatient services at VAMC Poplar Bluff
 - An analysis of the costs of contracting inpatient services to a local community provider
 - An assessment of the impact on access
- ◆ Capture the Public/Veterans' Opinions and Preferences

What's Being Studied at Poplar Bluff

- ◆ Determine the cost effectiveness of providing care at the hospital versus contracting the service to a local community provider. The study will span a 30-year time period, and will consider the potential impact on access to healthcare.

Purpose of the LAP Meeting

- The purpose of this meeting is to review the financial analysis prepared by the contractor and what effect it may have on the future use of this medical center.
- During this meeting, the contractor will present the information about which option it believes will maintain or improve veterans access to quality health care in a cost effective manner.
- Members of the Local Advisory Panel may ask questions so that the result of the financial analysis is clear. Members of the public may also ask questions.
- The Local Advisory Panel will recommend to the Secretary which option it believes should be adopted, but the Secretary is not required to adhere to this recommendation.

Poplar Bluff Public Input

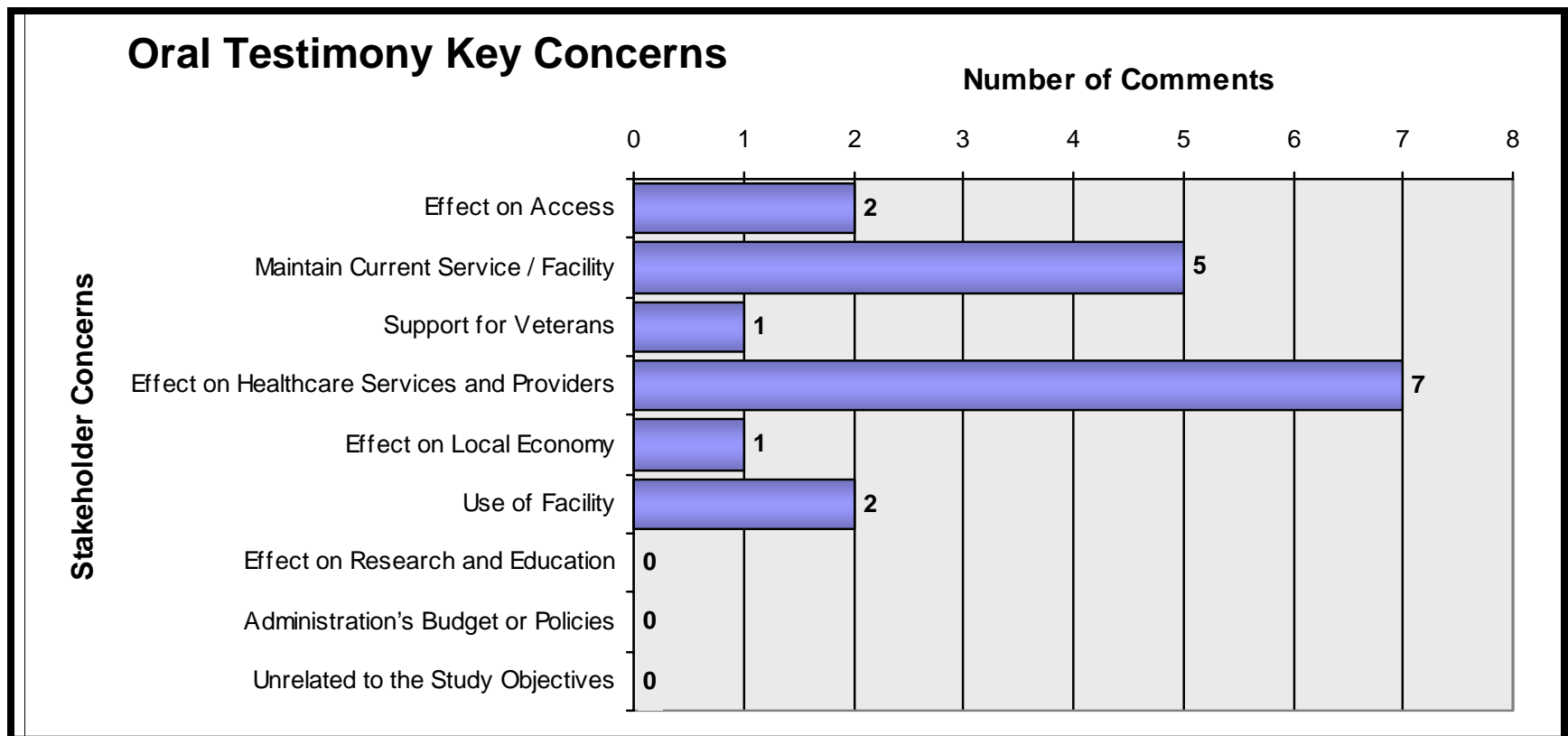


Categories of Stakeholder Concerns

- 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 – Oral Testimony

- Limited written correspondence was received
- Key Concerns expressed during the oral testimony from the first Local Advisory Panel public meeting:



Current Status and Business Plan Options



Stage I Study Findings for Poplar Bluff

Poplar Bluff VAMC



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Poplar Bluff Site Overview

■ Poplar Bluff VAMC:

- ◆ The John J. Pershing VA Medical Center serves 24 counties in southeast Missouri and 6 counties in northeast Arkansas
- ◆ Is in the VISN 15 East market which serves 131,194 enrolled veterans
- ◆ Is located 150 miles from the nearest VA Medical Centers in St Louis and Memphis
- ◆ A local community provider is located approximately 1 mile from the Poplar Bluff VAMC
- ◆ Accessibility is complicated by the large geographic area and limited public transportation
- ◆ Is comprised of 30.33 acres surrounded on three sides by residential neighborhoods and one side by commercial areas

Poplar Bluff Services Overview

The Poplar Bluff VAMC:

- ◆ Offers inpatient medicine, primary medical care, specialty care, ambulatory surgery, outpatient mental health and nursing home care
- ◆ Inpatient surgery and acute psychiatry are provided by other VISN 15 VA medical centers (e.g. St. Louis VAMC)
- ◆ Authorized as a 25 inpatient medicine bed facility

Current Status & Projections

- For fiscal year 2003 the VA obligated \$53.7 million to the operation of the Poplar Bluff campus
- \$16.3 million in capital investment is required to address facilities maintenance and replacement over the next few years
- \$12 million in capital investment is required to replace air handlers in the main hospital building
- Over the next 20 years Poplar Bluff's demand for inpatient services is projected to remain generally the same (from 20 to 21 beds)
- Over the next 20 years, the number of enrolled veterans in Priority Groups 1-6 is expected to decrease by 1%, from 92,174 to 91,599

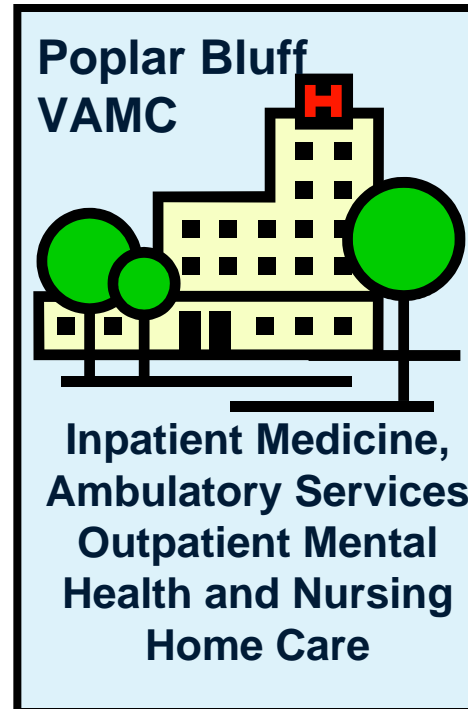
Options for Poplar Bluff

- **Baseline (BPO HC-1)-** examined the cost effectiveness of maintaining inpatient medicine at the Poplar Bluff VAMC
- **Alternative (BPO HC-2)-** examined the cost effectiveness of contracting inpatient medicine services to the local community provider

BPO 1: Baseline Option [HC-1]

The 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.

Inpatient medicine, ambulatory surgery, primary care, specialty care, mental health services and nursing home care are provided at Poplar Bluff VAMC. Inpatient surgery is referred to other VA medical centers within VISN 15.

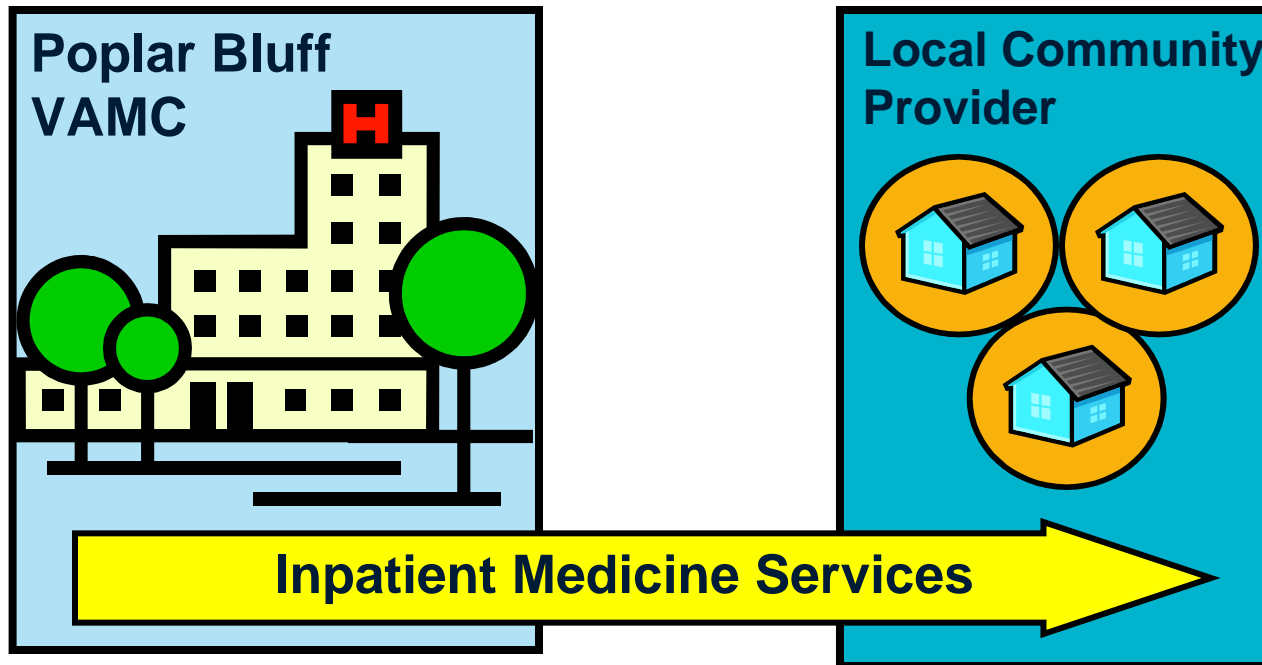


BPO 1: Assessment

Healthcare Access	Access to acute care remains the same.
Healthcare Quality	Same or better clinical quality through 2023.
Impact on VA & Local Community	Expected number of FTEEs will be slightly less than current. Poplar Bluff VAMC is one of the top four employers in the city and offers well paying jobs.
Cost Effectiveness	Cost-effectiveness levels remain the same.
Ease of Implementation	Implementation should not interrupt care. Option is low risk due to adequate space to support projected utilization
Wider VA Program Support	Provides the same level of program support.
Veterans Rural Access Hospital	No change in services. Operates currently as a VRAH.

BPO 2: Contract inpatient medicine to the local community provider [HC-2]

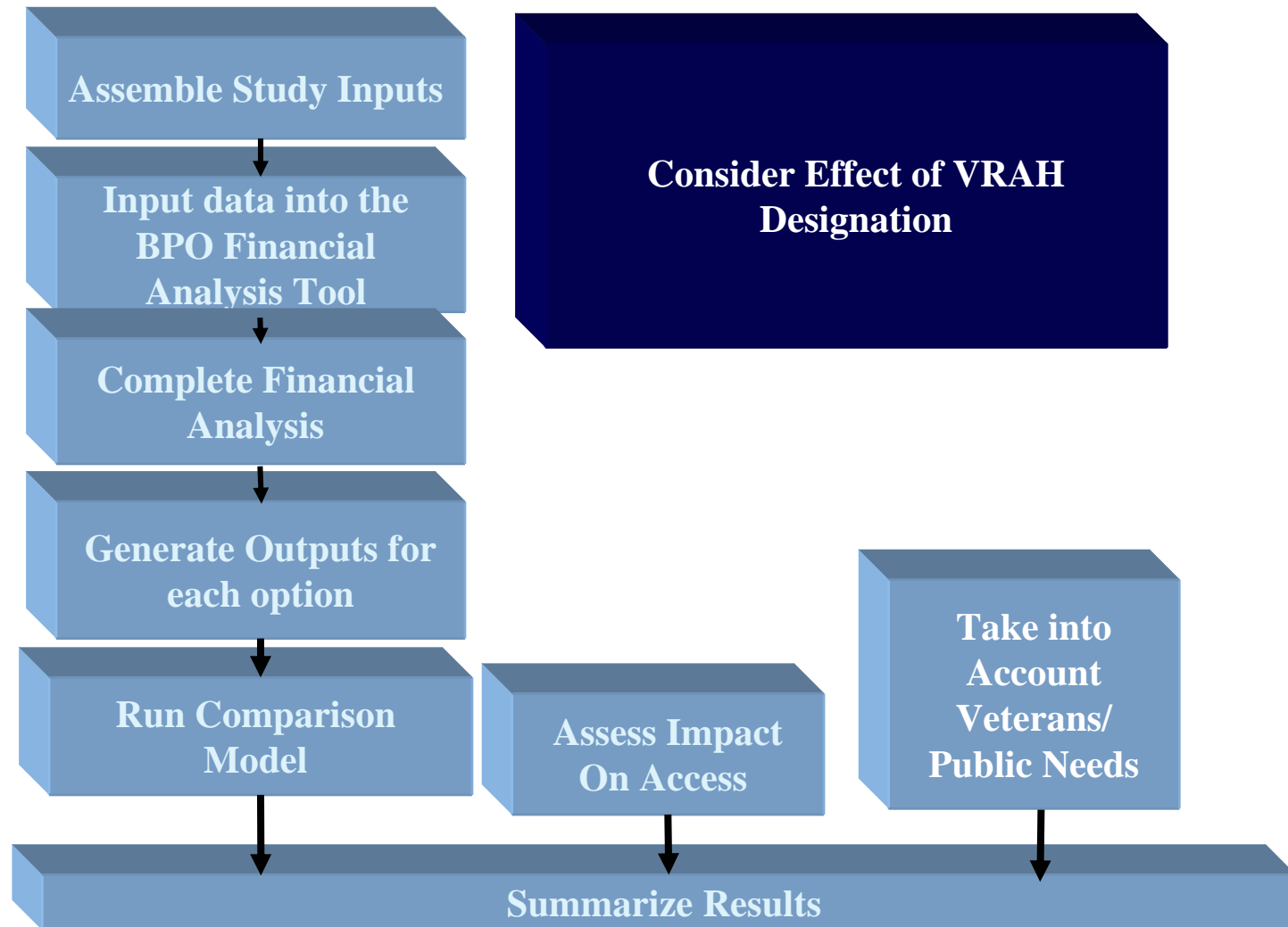
Inpatient medicine is purchased from the local community provider. Local community provider would need to meet the CARES objectives of meeting or exceeding current care provided to area veterans in terms of access, quality, and cost effectiveness. Primary care, specialty care, ambulatory surgery, outpatient mental health and nursing home care remain at the Poplar Bluff VAMC.



BPO 2: Assessment

Healthcare Access	Access remains unchanged.
Healthcare Quality	Quality is negatively impacted compared to the baseline
Impact on VA & Local Community	There would be a decrease in VA employment compared to the baseline option.
Cost Effectiveness	Results in a higher cost per patient than the baseline without a significant opportunity for savings.
Ease of Implementation	Costs may be associated with workforce transformation, training and severance.
Wider VA Program Support	Provides the same level of program support.
Veterans Rural Access Hospital	No significant impact.

Financial Analysis



Financial Analysis

Inputs

=

- Current and forecasted services to be provided
- Current and forecasted workload
- VA current unit costs of care
- Estimated future unit costs of care
- Forecasted facility and equipment investment requirements
- Alternative medical care options
- Revenues generated from real property and sharing agreements
- Other costs and savings that can be quantified

Outputs

=

- Cost to the VA

Sensitivity Analysis

=

- Effect of inflation
- Effect of higher or lower than estimated cost of contracting

Financial Analysis

Outputs

- Cost of providing care at Poplar Bluff VAMC is 9% lower than providing care at a local community provider.

Financial Analysis

Sensitivity Analysis

Measurement	Result
Inflation	No significant impact.
Cost of Contracting	In order for BPO 2 to be more cost effective than the baseline option, the cost of contracting would have to be reduced to less than 47% of current contracting costs for inpatient medical services.

Overall Evaluation

The cost effectiveness of providing care at the Poplar Bluff VAMC appears to be a more desirable option that contracting inpatient medicine to the current local community provider.

Next Steps

- The results of the financial analysis will be reviewed by the VA Secretary and he will determine what additional action if any is required.

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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