

# Capital Asset Realignment for Enhanced Services (CARES)

## Business Plan Studies for CAVHCS, Montgomery Division

Presentation for the Local Advisory Panel

September 1, 2005



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# Recap of First Meeting



# First Public Meeting Recap

- The Secretary's CARES Decision Document, May 2004, calls for additional studies to expand the previous analyses for eighteen sites including Montgomery Campus of the Central Alabama Veterans Health Care System (CAVHCS)
- 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

1<sup>st</sup>

April/May

2<sup>nd</sup>

Aug/Sept

3<sup>rd</sup>

TBD

4<sup>th</sup>

TBD

**PLANNING**

**STAGE I**

**STAGE II**

Create  
Methodology

Create Preliminary  
Business Plan  
Options

Assessment of  
Detailed Options &  
Make  
Recommendations

Secretary's  
Decision May  
2004

Secretary's  
Decision: Options  
to Study Further

Secretary's  
Decision:  
Final Option

VA Capital Investment Process

# 2004 Secretary's Decision for Montgomery

## The study will:

- ◆ Examine the feasibility of converting the Montgomery Campus of CAVHCS to an outpatient-only facility.
- ◆ Examine the effect of this potential change on access, quality of care and cost-effectiveness.
- ◆ Consider comments from stakeholders while conducting the study.

# What's Being Studied at Montgomery

## ■ Healthcare Study

A study to 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

A study to provide the best use of buildings and facilities for modern healthcare delivery, while maximizing the potential reuse of all or some of the property owned by the VA



# Purpose of this Meeting

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



# Montgomery Public Input



# Montgomery Public Input

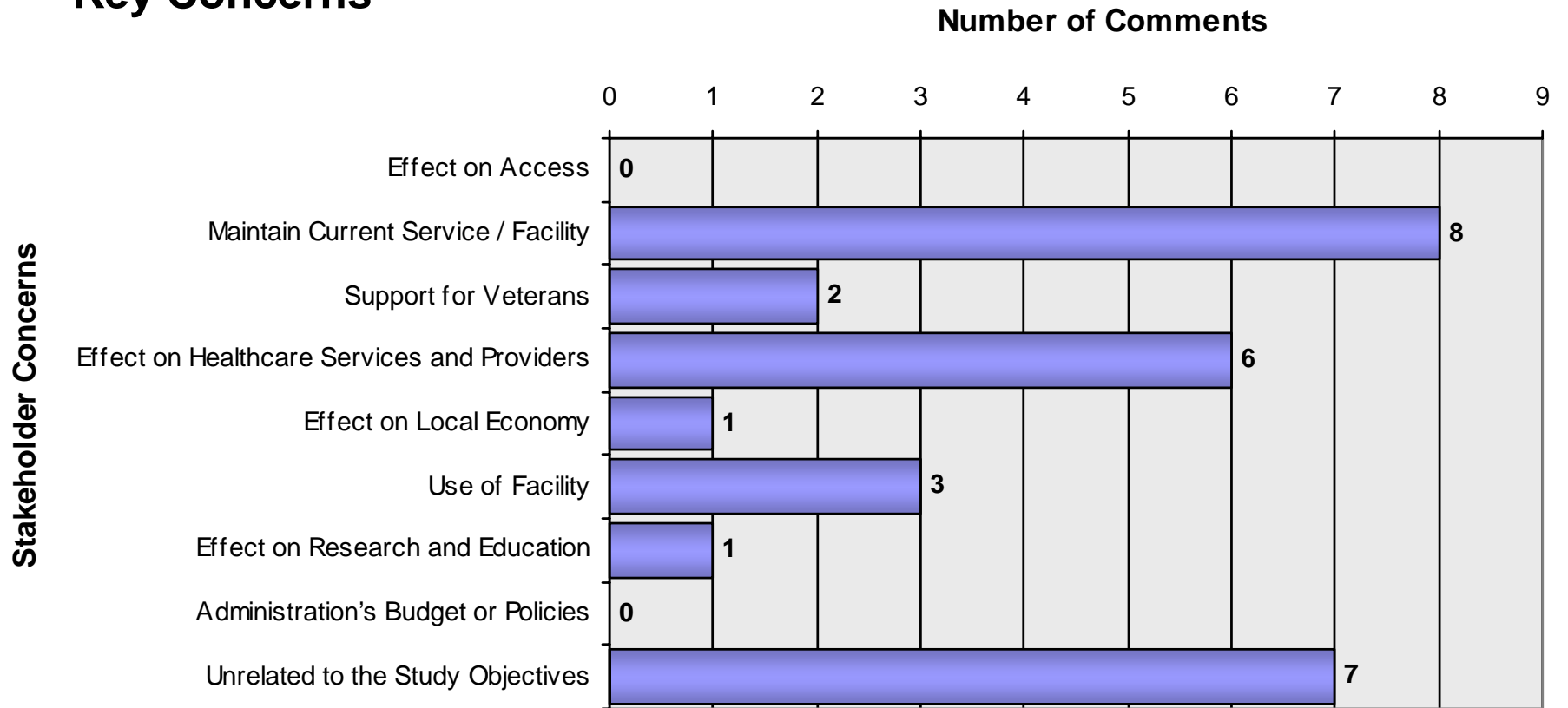
- 51 stakeholder comments were received between January 1, 2005 and June 30, 2005 - comprising: written, electronic and oral testimony
- The greatest source of written and electronic input was from veterans
- Top key concerns:
  - Keeping the facility open
  - Potential effect on healthcare services or providers

# Categories of Stakeholder Concerns

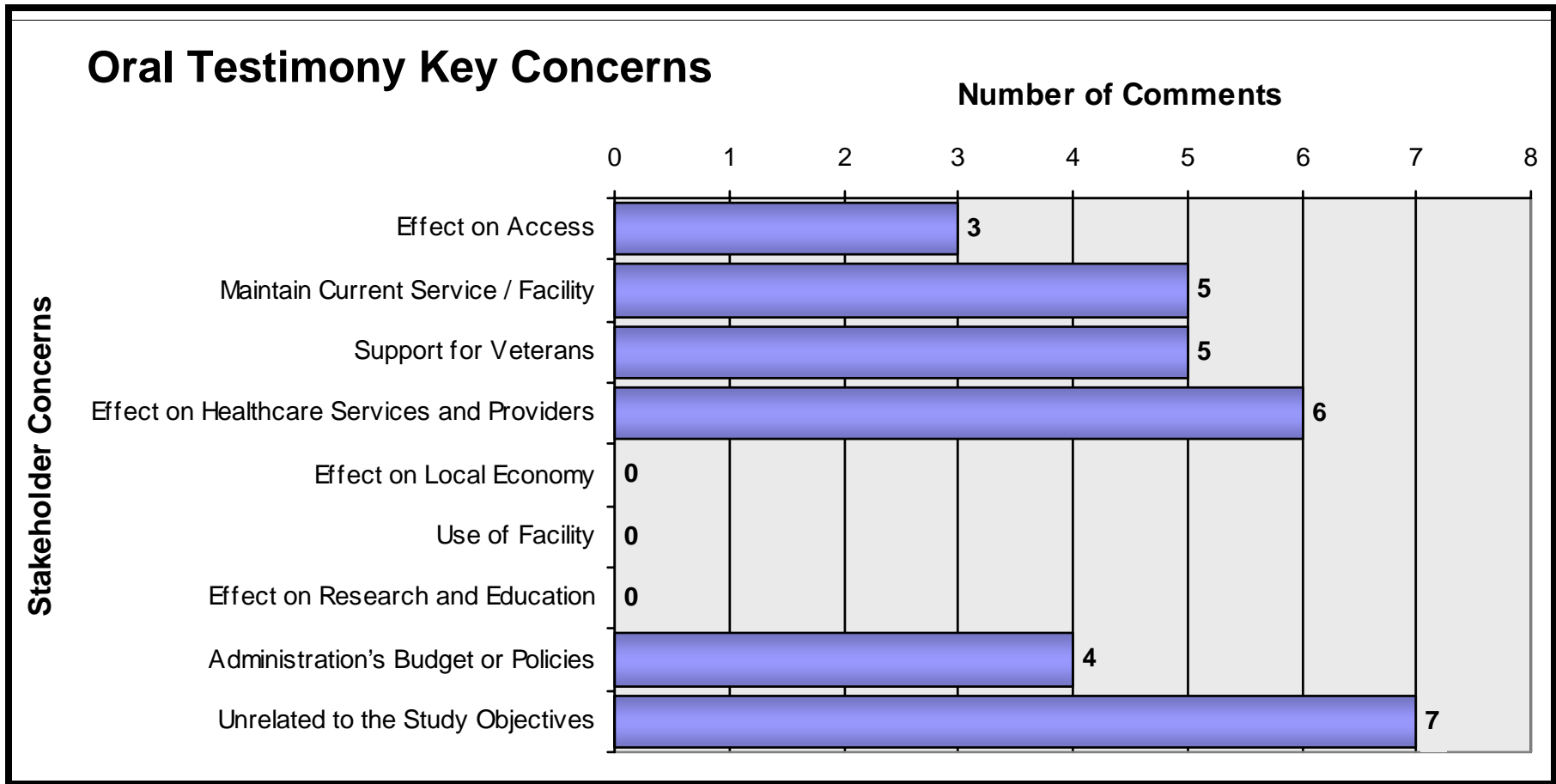
- Effect on Access
- Maintain Current Service/Facility
- Support for Veterans
- Effect on Healthcare Services/ Providers
- Effect on Local Economy
- Use of Facility
- Effect on Research and Education
- Administration's Budget or Priorities
- Unrelated to the Study Objectives

# Montgomery Key Concerns – Written and Electronic Input

## Key Concerns



# Key Concerns – Oral Testimony



# Current Status and Business Plan Options



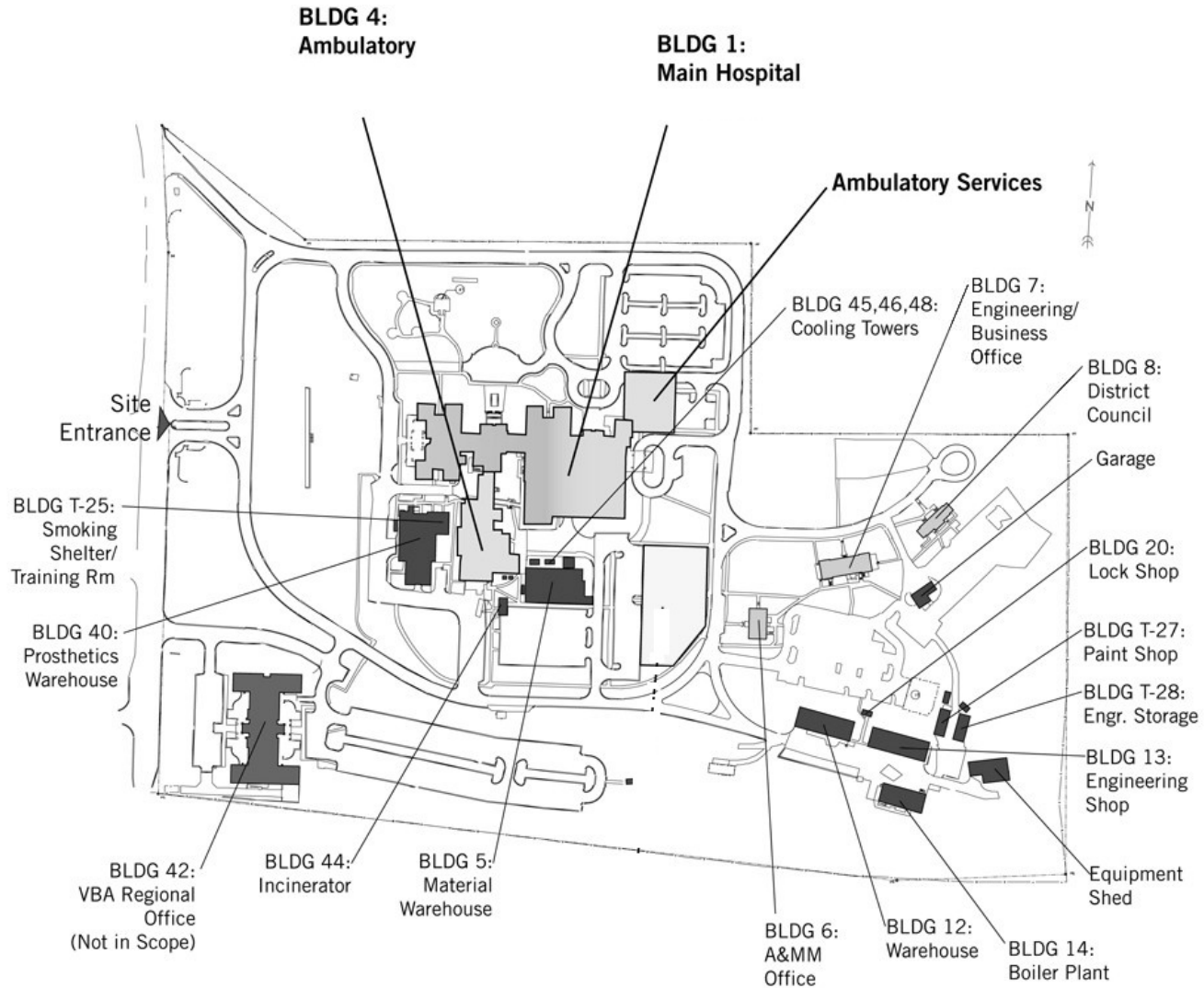
# Stage I Study Findings for Montgomery

## CAVHCS, Montgomery Division





# CAVHCS Montgomery Division Current Site Map



# Montgomery Site Overview

## ■ CAVHCS, Montgomery Division:

- ◆ Is in the Alabama Market of VISN 7 which serves 123,000 enrolled veterans
- ◆ Was established January 1, 1997 from the merger of Montgomery and Tuskegee VA Medical Centers which are approximately 40 miles apart
- ◆ Contains 22 buildings on 50.3 acres
- ◆ Employs approximately 1,016 Full-Time Employee Equivalents (FTEEs)
- ◆ Is affiliated with Morehouse School of Medicine, Alabama State University, and Auburn University

# Montgomery Services Overview

- CAVHCS, Montgomery Division is known as the “West Campus” and houses 45 inpatient beds:
  - 32 for acute medicine
  - 4 for surgery
  - 7 for medical ICU
  - 2 for surgical ICU
- Montgomery Division also offers an extensive array of ambulatory services, including medicine, surgery, and behavioral health
- Complex surgery is referred to other VA medical centers
- Montgomery Division has an urgent care center on site, but no true emergency department
- The Tuskegee Division, or “East Campus”, provides the CAVHCS with all inpatient psychiatry/substance abuse, nursing home, rehabilitation, and domiciliary services

# Current Status & Projections

- 73% of the Alabama market is designated as rural
- 63% of enrollees within the Alabama market are within the access guidelines for primary care
- 55% of enrollees within the Alabama market are within the access guidelines for acute care
- Conditions of buildings and components of buildings vary widely throughout the Montgomery campus:
  - ◆ The inpatient areas are in average to poor condition, with all mechanical and electrical systems in need of upgrades or replacement
  - ◆ The ambulatory care facility is adequate.
- Over the next 20 years Alabama market enrollment is projected to increase to 128,000 veterans (4%) by 2013, and then decrease to 121,000 veterans (14%) by 2023.

# Options Development

## “Universe” of Considered Options

**Stakeholder  
Input**

**Health Care  
Options**

**Capital Planning  
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

Health Care  
Options

TOTAL = 6

Capital Planning  
Options

TOTAL = 5

## Initial Screening for Access, Quality, Cost

Business Planning  
Options (BPOs)

TOTAL = 4

## Assessed for Stage I Report

# Summary of Business Plan Options: Montgomery

- **Baseline:** Maintain current facilities with improvements as necessary to accommodate workload and create a safe, secure, and modern environment.
- **Local Community Providers:** Contract with local providers for all inpatient and/or ambulatory surgery services, closing those services at Montgomery, and renovate/construct expanded ambulatory space.
- **Maxwell Air Force Base:** Enhanced service-sharing arrangements, with DoD beneficiaries receiving ambulatory surgery services at Montgomery.



# Options Not Selected for Assessment

<b>Option</b>	<b>Screening Results</b>
Transfer inpatient services and ambulatory surgery services to Atlanta VAMC	Failed drive time access guidelines for acute care.
Transfer inpatient services and ambulatory surgery to Birmingham VAMC	Failed drive time access guidelines for acute care.
Renovation to accommodate existing services for non-surgical ambulatory services	A replacement option was selected instead of this renovate option: it provided far greater cost efficiency potential.

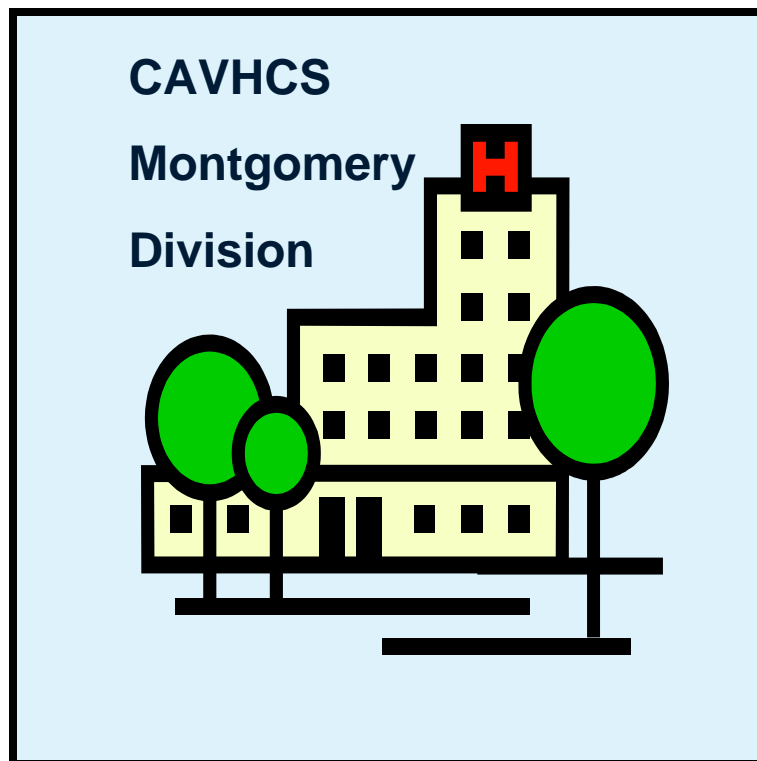
# BPO 1. Baseline Option

[HC-1/CP-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 maintenance for a safe, secure, and modern healthcare environment

CAVHCS Montgomery Division currently provides inpatient medicine, inpatient surgery, ambulatory surgery, and ambulatory care on site

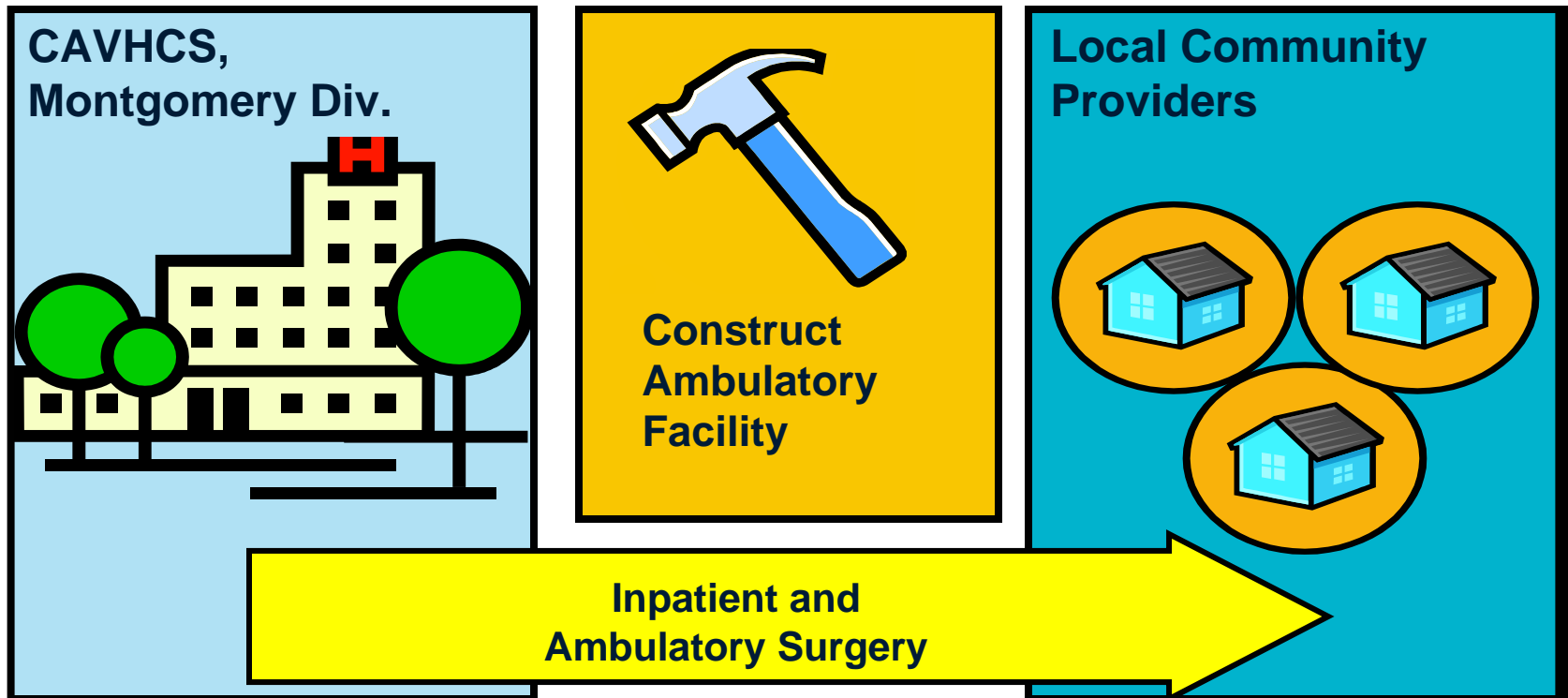


# BPO 1. Assessment - Baseline Option

<b>Healthcare Access</b>	The percentage of enrollees living within appropriate drive times for healthcare services is lower than the VA guideline.
<b>Healthcare Quality</b>	Comparable to VISN and National VA performance on the selected quality measures. Facilities will need significant investment to ensure a modern, safe, and secure healthcare environment.
<b>Impact on VA &amp; Local Community</b>	VAMC is a major employer in the community. Expected number of fulltime employees will increase. Inpatient services supported by medical residents, continued collaboration with Morehouse School of Medicine.
<b>Cost Effectiveness</b>	Cost of maintaining and renovating the facility is equivalent to the cost of replacing the facility. The demand for inpatient services is forecasted to decrease over time reducing the cost effectiveness of the current facilities.
<b>Ease of Implementation</b>	No inherent risk.
<b>Wider VA Program Support</b>	Possible DoD sharing opportunities. VBA office co-located at the Montgomery site.

## BPO 2. Inpatient and ambulatory surgery provided by local community providers [HC-2B/CP-2C]

Inpatient and ambulatory surgery provided by local community providers. Non-surgical ambulatory services and inpatient medicine will remain at VAMC. New space constructed for ambulatory care.

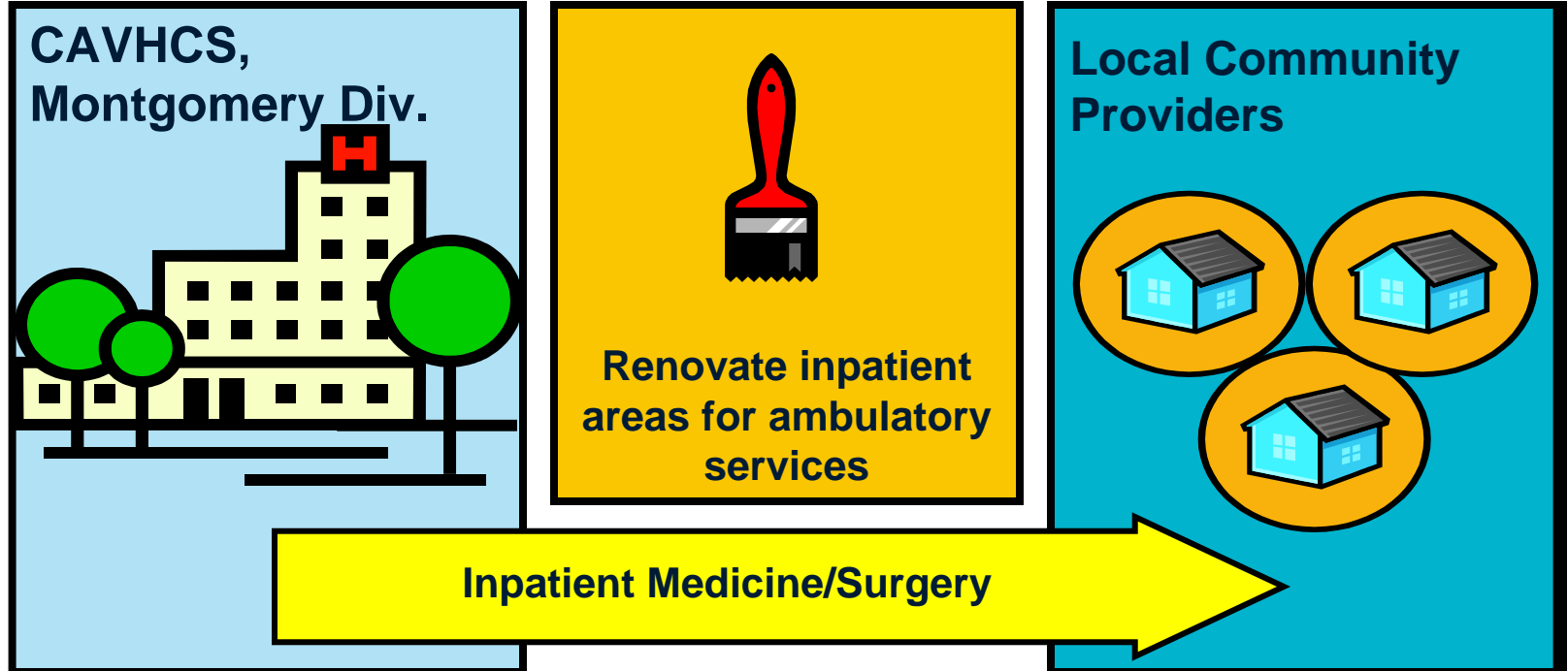


## BPO 2. Assessment - Inpatient and ambulatory surgery provided by local community providers

<b>Healthcare Access</b>	The percentage of enrollees living within appropriate drive times of healthcare services remains lower than the VA guideline.
<b>Healthcare Quality</b>	Maintained for patients transferring between CAVHCS Tuskegee and Montgomery. Veterans would receive comparable quality of care from accredited providers in the community.
<b>Impact on VA &amp; Local Community</b>	Less FTEEs needed. Negative impact on recruitment and retention. Elimination of surgical-related training programs.
<b>Cost Effectiveness</b>	Depending on contractual arrangements, the cost of services in the community could greatly affect the overall cost effectiveness.
<b>Ease of Implementation</b>	No significant risk.
<b>Wider VA Program Support</b>	Decreases VA capability for national emergency response.

# BPO 3. Inpatient medicine and surgery provided by local community provider [HC-2C/CP-2A]

Inpatient medicine/surgery services provided by local community provider. Ambulatory services (including surgery) to be provided in a renovated building on VAMC campus.



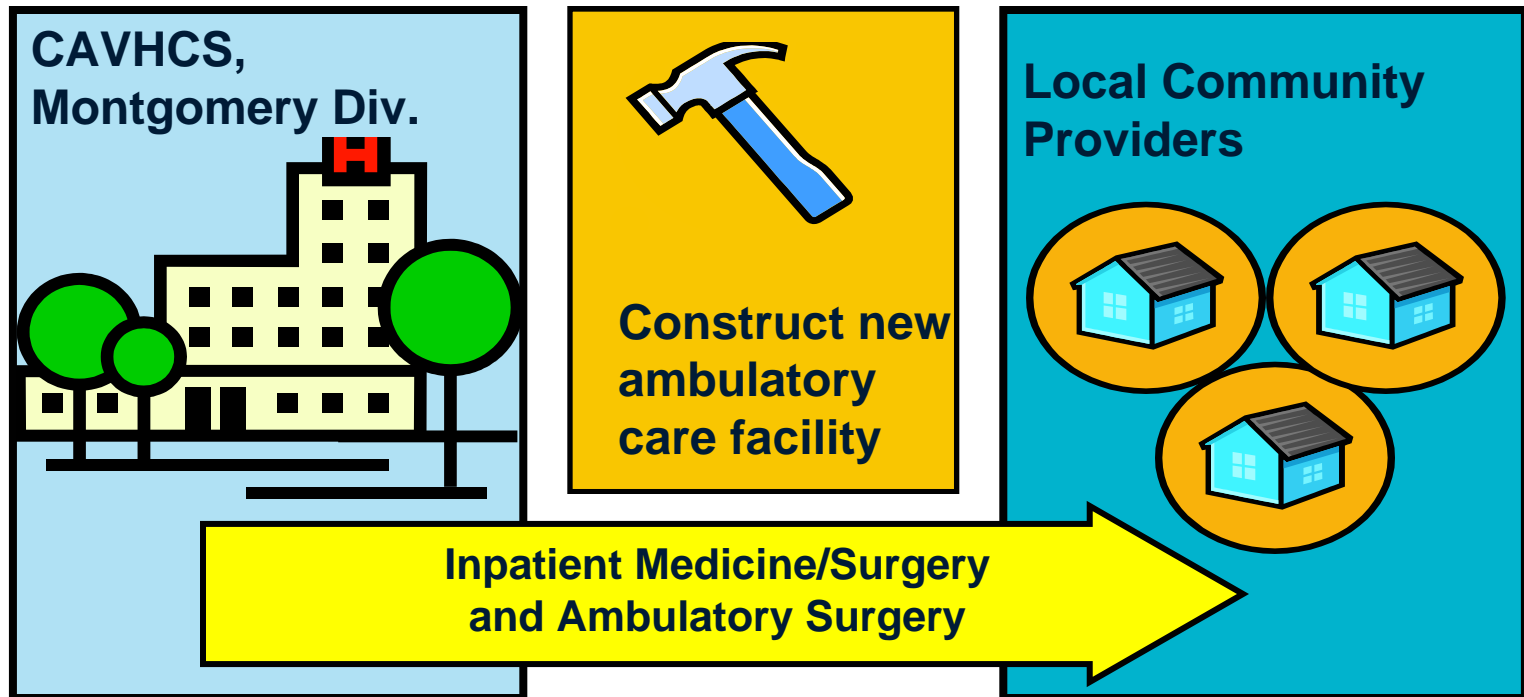
## BPO 3. Assessment - Inpatient medicine and surgery provided by local community provider

<b>Healthcare Access</b>	The percentage of enrollees living within appropriate drive times of healthcare services remains lower than the VA guideline.
<b>Healthcare Quality</b>	CAVHCS Montgomery would retain surgical expertise and capabilities. Veterans would receive comparable quality of care from accredited providers in the community.
<b>Impact on VA &amp; Local Community</b>	Less FTEEs needed. Negative impact on recruitment and retention. Elimination of inpatient medical and surgical-related training programs.
<b>Cost Effectiveness</b>	Space currently dedicated to inpatients is less than ideal but can be effectively renovated for ambulatory facilities. Depending on contractual arrangements, the cost of services in the community could greatly affect the overall cost effectiveness.
<b>Ease of Implementation</b>	No significant risk.
<b>Wider VA Program Support</b>	Some enrollees could no longer receive services and meet with benefits representatives at the same facility. Decreases VA capability for national emergency response.



# BPO 4. Inpatient medicine/surgery and ambulatory surgery services provided by local community [HC-2A/CP-2B]

Inpatient medicine and surgery services and ambulatory surgery services provided by local community provider. New ambulatory care facility constructed.

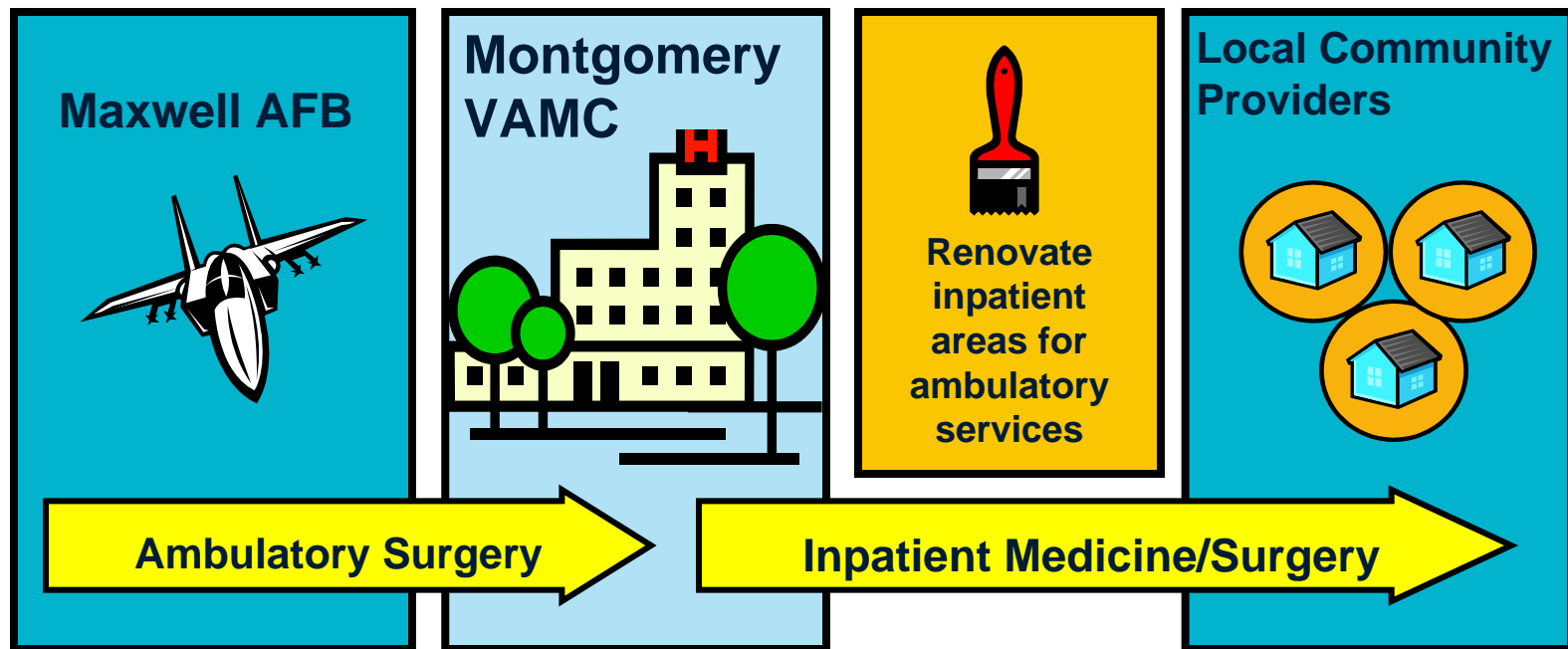


# BPO 4. Assessment - Inpatient medicine/surgery and ambulatory surgery services provided by local community

<b>Healthcare Access</b>	The percentage of enrollees living within appropriate drive times of healthcare services remains lower than the VA guideline.
<b>Healthcare Quality</b>	Veterans would receive comparable quality of care from accredited providers in the community.
<b>Impact on VA &amp; Local Community</b>	Less FTEEs needed. Negative impact on recruitment and retention. Elimination of inpatient medical and surgical-related training programs. .
<b>Cost Effectiveness</b>	New ambulatory facility can be operated more efficiently. Depending on contractual arrangements, the cost of services in the community could greatly affect the overall cost effectiveness.
<b>Ease of Implementation</b>	No significant issues. .
<b>Wider VA Program Support</b>	Decreases VA capability for national emergency response.

# BPO 5. All inpatient services provided by local community provider and all ambulatory services remain at CAVHCS [HC-3A/CP-2A]

Inpatient services provided by local community providers and ambulatory services remain on site in newly renovated ambulatory facility. Maxwell patients to receive ambulatory surgery at Montgomery Division.



# BPO 5. Assessment - All inpatient services provided by local community provider and all ambulatory services remain at CAVHCS

<b>Healthcare Access</b>	The percentage of enrollees living within appropriate drive times of healthcare services remains lower than the VA guideline.
<b>Healthcare Quality</b>	CAVHCS Montgomery would retain surgical expertise and capabilities. Veterans would receive comparable quality of care from accredited providers in the community.
<b>Impact on VA &amp; Local Community</b>	Less FTEEs needed. Negative impact on recruitment and retention. Elimination of inpatient medical and surgical-related research and training programs.
<b>Cost Effectiveness</b>	DoD patients utilize extra capacity and provide revenue. Depending on contractual arrangements, the cost of services in the community could greatly affect the overall cost effectiveness.
<b>Ease of Implementation</b>	Must resolve Tricare and Memorandum of Understanding issues.
<b>Wider VA Program Support</b>	Increased DoD sharing. Possible distraction from mission to serve veterans. VBA office co-located at the Montgomery site.

# Next Steps

- The Local Advisory Panel 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

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