



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

**Stage I Options Recommendations
Summary Report**
Site: **Walla Walla**

August 2005

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OVERVIEW AND CURRENT STATE

Statement of Work

The CARES statement of work specifically notes the following for the Walla Walla site:

The Walla Walla study consists of two major components, the Healthcare Delivery Study, and the proposed General Capital and Re-use Plans for the Walla Walla campus. General Capital and Re-use Plans would be developed for the campus to assist in decision making of proposals.

Healthcare Delivery Study - The study examines options that provide quality healthcare in a modern, quality care setting. Using forecasted health services utilization data, the study will evaluate the demand for healthcare against the availability of care in the community. Particular attention should be given to patient origin data to determine the communities in which accessible care should be provided.

General Capital and Re-use Study - The General Capital and Re-use Study for the current campus will include the proposed capital infrastructure if services will continue to be delivered on campus or re-use if the campus will no longer deliver VA healthcare services. These Capital and Re-use Studies will complement the Healthcare Delivery Study.

Summary of Market

The Jonathan M. Wainwright Memorial VA Medical Center is located on the grounds of historic Fort Walla Walla. The VA campus buildings begin at the intersection of West Chestnut Street and Wainwright Drive. Buildings are situated along the perimeter of a former parade ground in the center of the campus. The VA Center is located in the southwestern quadrant of the City of Walla Walla, Washington.

The Medical Center is part of VISN 20 in Southeast Washington. VISN 20, the VA Northwest Health Network, includes the States of Alaska, Washington, Oregon, most of the State of Idaho, and one county each in Montana and California. The network is comprised of six medical centers (including two tertiary sites), one independent outpatient clinic, one rehabilitation center, 19 community based outpatient clinics, and one mobile clinic covering several sites. Other services are seven nursing home care units, two homeless domiciliaries and 14 readjustment counseling centers.

The population of Walla Walla, Washington is supported by community healthcare services typical for a community of its size and demographic composition which are highlighted below:

Walla Walla General Hospital, Walla Walla, Washington

Founded in 1899, Walla Walla General Hospital is a non-profit integrated healthcare delivery system which owns and operates a licensed seven-bed acute care hospital in Walla Walla, Washington. An active medical staff of 100 physicians, other caregivers and support staff serve the healthcare needs of a primary service area population of 60,000.

Walla Walla General Hospital is part of Adventist Health, a 20-hospital consortium, not-for-profit healthcare system sponsored by the Seventh-day Adventist Church with headquarters in Roseville, California. Adventist Health oversees regional delivery systems in California, Hawaii, Oregon and Washington.

St. Mary Medical Center, Walla Walla, Washington

St. Mary Medical Center is a 148-bed acute care community hospital located within one mile of the Walla Walla VAMC. St. Mary Medical Center offers an array of general medical, surgical, and diagnostic services. St. Mary's is designated as a Level III Trauma Center and a Level II Adult Trauma Rehabilitation Service in the state of Washington.

Local Nursing Homes

Selected nursing homes that offer a level of nursing home care similar to that provided at Walla Walla VAMC have been identified through research of public sources. These have not been assessed from a quality perspective, but do meet access criteria, and include:

- Park Manor Rehabilitation Center, Walla Walla, Washington
- Regency At The Park, College Place, Washington
- St. Mary Medical Center T.C.U., Walla Walla, Washington
- Washington Odd Fellows Home, Walla Walla, Washington

Local Inpatient Psychiatric Services

Similarly, selected inpatient psychiatric providers have been identified in the greater Walla Walla region (Tri-Cities), though they have not been fully assessed for quality based on current research of public sources. These alternative sites include:

- Our Lady of Lourdes Health Center, Pasco, Washington
- Carondelet Behavioral Health Center, Richland, Washington (32 beds)

Kennewick General Hospital, Kennewick, Washington—Tri-Cities

Kennewick General Hospital is a 101-bed acute care community hospital located in Kennewick, Washington, approximately 53 miles from Walla Walla. In addition to the acute care hospital, there is the Kennewick General Hospital Medical Mall. The Medical Mall is a comprehensive state-of-the-art outpatient facility located in West Kennewick. The mall includes a diagnostic imaging center, a Medical Mall pharmacy and an outpatient surgery center.

Yakima is 125 highway miles from Walla Walla. Yakima has two major hospitals that not only meet community health needs but also function as regional referral facilities for the Central Washington region. They also provide a number of comprehensive programs that attract patients from Central and Southeastern Washington, and Northeastern Oregon. The city of Yakima has a reputation as a mecca for regional first-rate medical facilities and services.

Yakima Valley Memorial Hospital, Yakima, Washington

Yakima Valley Memorial Hospital has 225 beds including seven in the intensive care nursery. Hospital inpatient services include cancer care, cardiology, critical care, orthopedics, The Family Birthplace, a pediatrics unit, neonatal intensive care, surgery, psychiatric health care, respiratory therapy, as well as a laboratory and pharmacy.

Yakima Regional Medical Center and Heart Center, Yakima, Washington

Yakima Regional Medical and Heart Center is a fully accredited, 226-bed facility providing comprehensive medical services and is located in the heart of Washington State. Yakima Regional provides a full complement of medical services including open-heart and neuro-surgery, cancer care, and same-day surgery as well as many others. Yakima Regional is nationally recognized in the treatment of heart attacks and is a Level III trauma center.

A conjoined medical staff of 240 physicians practices at both hospitals, representing 33 medical specialties. Both provide surgical, general medical, oncology, coronary care, intensive care, pediatric services and maternity

Summary of Current Services Provided

Walla Walla VAMC houses 66 beds (14 acute care beds, 30 nursing home care beds and a 22-bed psychiatry and substance abuse residential rehabilitation and treatment program). The facility provides outpatient and limited inpatient medical care plus psychiatry and substance abuse residential rehabilitation and compensated work therapy (CWT) programs.

Primary care clinics include a primary prevention program, weight program, mental health and tobacco cessation. General medicine clinics are supplemented by specialty referrals as needed. Surgical services offered on site include endoscopy. A Spinal Cord Injury Primary Care Team as well as optometry services are also located on site.

Clinical laboratory services include routine hematology, chemistry, microbiology, and microbacteriology. Specialized diagnostic testing is referred out.

Currently there is an urgent care center on site. Most emergency cases are handled by non-VA contractors such as Walla Walla General and St. Mary Medical Center in Walla Walla.

Tertiary services not provided at Walla Walla are referred either to other VAMCs, primarily Seattle, Portland and Spokane, or contracted out to the private sector. Examples of these referred services are: rheumatology, infectious disease, allergy, dermatology, nephrology, dialysis, otolaryngology, invasive cardiology, cardiac surgery, neurology, neurosurgery, vascular surgery, hematology/oncology, and transplants. VA specialized programs in blind rehabilitation and spinal cord injury are provided at other VA centers.

Other notable outpatient services provided at Walla Walla include dentistry, geriatric medicine, mental health and substance abuse, pharmacy, prosthetics, physical therapy, occupational therapy and rehabilitation. A sleep disorder clinic is also available at the Walla Walla VAMC.

Access

The purpose of access is to determine to what degree the VA is meeting, or will meet, its performance criteria as it relates to an enrolled veteran’s ability to access healthcare services.

Drive Time

The Walla Walla VAMC is located in the VA’s Inland North market. The analysis of drive time determines the number of actual and projected enrollees that are within each defined travel parameter. Drive time guidelines at the market level have a criteria threshold of 70% for primary care and 65% for acute hospital tertiary care. The Inland North market does not meet the drive time standard for primary care, nor does it meet the standard for acute and tertiary care.

The Inland North market area falls short of the access standard for primary care by 16%, reporting at 54% for 2003. The previous CARES study for 2002 reported 56% of veterans resided within an area that met the primary care access guidelines. For acute hospital care, only 60% of enrollees reside within the driving time standard. This is a decline from the previous CARES study which reported that 64% resided within the guidelines.

Table 1: VA Drive Time Standards Inland North Market

VISN 20 Market Areas		VA Drive Time Standards					
		Primary Care		Acute Hospital		Tertiary Care ¹	
Market ID	Market Name	Baseline	Meets Threshold	Baseline	Meets Threshold	Baseline	Meets Threshold
20-e	Inland North	54%	No	60%	No	55%	No

¹ Tertiary care data is based on 2001 figures. All other information is based on 2003 figures.

Summary of Current Facility Condition

The facility is situated on 88 acres of land, which includes 29 buildings (362,611 gross square feet). The main buildings are arranged around central parade grounds; the logistical and support buildings are clustered to the north of the central group of buildings. The buildings are in a park-like setting with brick or wood clapboard exterior walls with asphalt shingle roofs. Fifteen buildings on the campus are on the National Historic Register. The campus has numerous deferred maintenance requirements on all the existing buildings. There have been no major projects at the facility in over 50 years. A minor project in 1995 added space to the ambulatory care building, originally constructed in 1929.

Walla Walla VAMC provides outpatient and limited inpatient medical care plus psychiatry and substance abuse residential rehabilitation and CWT programs. The campus has total capacity for 70 beds.

Buildings have received ratings in the full range of ‘2’ to ‘4’ based on the VA Capital Asset Index (CAI). Surface parking is dispersed around the buildings, convenient for patients, family and employees. Most of the buildings have asbestos and lead paint. Mechanical systems are substandard for modern delivery of healthcare and generally in poor condition.

Historic Considerations:

- The site has been listed on the National Register as an Historic District.

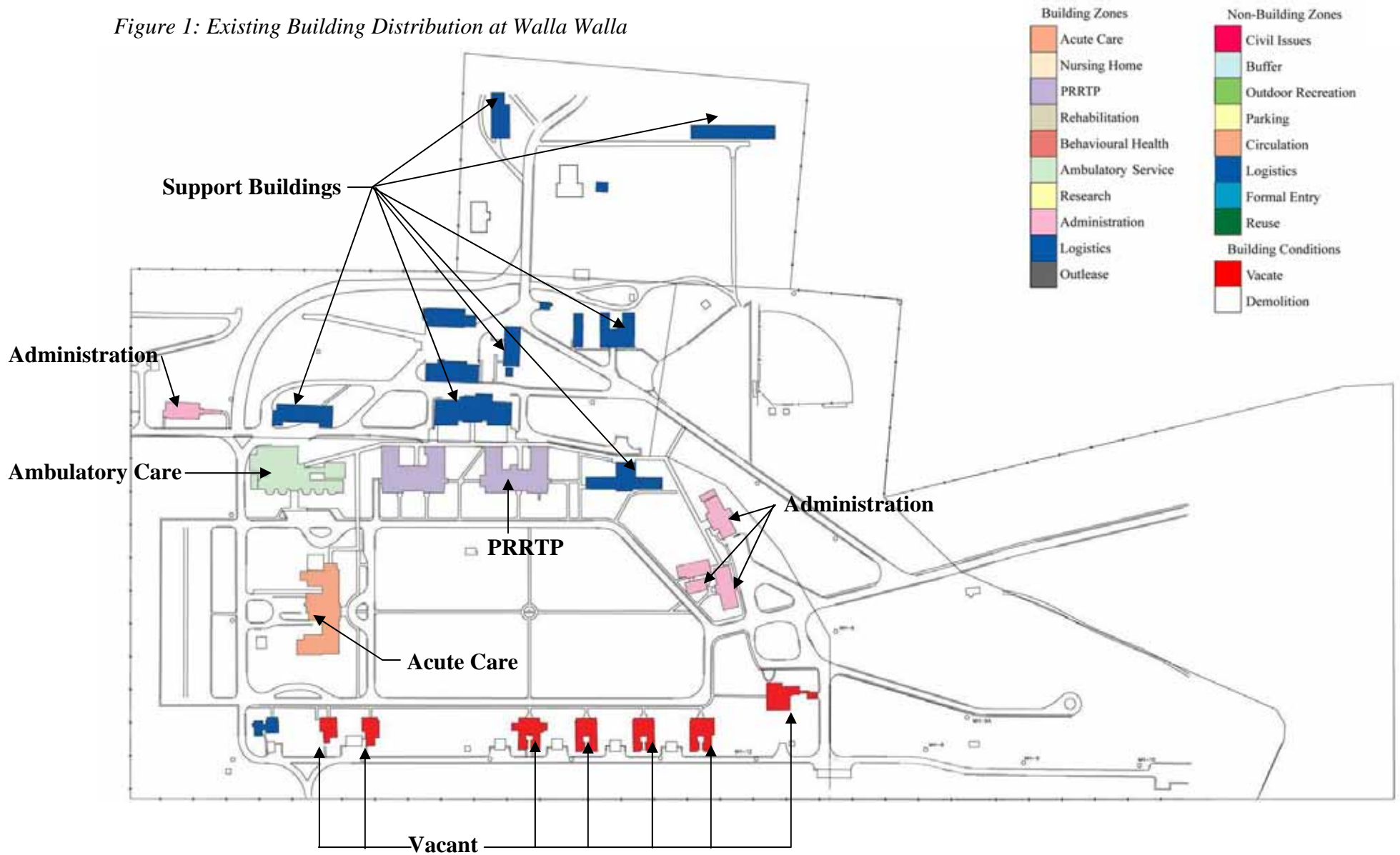
Vacant Buildings:

- There are seven wholly or partially vacant buildings on the Walla Walla campus. These are the original military quarters built in 1858 and 1888 (Buildings 1, 2, 3, 4, 5, 48 and 49).

Current Land Agreements include five Enhanced Use Agreements:

- Walla Walla School District Parking Lot
- City of Walla Walla Bicycle Path
- Walla Walla Youth Football League
- WA TWO Federal Credit Union
- Pacific Little League Baseball Field

Figure 1: Existing Building Distribution at Walla Walla



Real Estate Market Assessment

Office Market

Office market demand is driven by employment in certain sectors, such as Finance, Insurance and Real Estate (FIRE), services and government. In Walla Walla, these sectors make up a significant portion of the employment base and have been increasing slowly over the past 15 years. Assuming the relationship between office size and lobby space remains relatively constant, the amount of office space required to accommodate employment growth can be calculated. Typically, the growth in employment requiring office space is multiplied by an average square footage per user. In Walla Walla County, most of the office employment stems from the FIRE sector (100%), services (32%) and government sectors (38%). In addition, about 17% of the transportation, communications and utilities employment and a negligible amount of other sectors require office space.

The commercial office market in Walla Walla is not large and appears to be concentrated in and around the downtown financial and government core of the city. While there is not a complete compilation of office space statistics, the total is currently less than 600,000 square feet. Due to its location and distance from the downtown area, the Walla Walla VAMC campus does not appear to be a good candidate for commercial office uses.

It should be noted that in addition to private real estate markets, there is an institutional market for real estate assets. It is in this market that the VA hospitals have typically operated. The market is shaped by legislative and administrative decisions instead of market factors that drive commercial real estate. It is possible that there may be administrative or institutional users in need of office space that could utilize Walla Walla VAMC. However, to date, The Re-use Team has not been made aware of any such users of a sizable nature.

Housing Market

The demand for residential real estate is driven by household formation, with each household requiring one dwelling unit. There are currently approximately 21,400 households in Walla Walla County. Since 2000, the number of households in the County grew at a rate of 1.5% per year. Projections by Woods & Poole Economics indicate that approximately 2,100 new households will be added to the Walla Walla County area over the next ten years, for an average of 210 per year.

By applying the population projections developed by the State of Washington and Woods & Pool Economics, Inc. to the household formation rate as well as the owner / renter rates shown above, it is possible to estimate the upcoming demand for new ownership and rental housing in Walla Walla over the next decade. It is projected that there will be demand for nearly 2,000 ownership dwellings and approximately 330 rental dwellings between 2005 and 2015.

It appears that there will be a modest but continuing demand for both ownership and rental housing in the Walla Walla area. Anecdotal evidence indicates that there is a particularly strong demand for ownership housing priced under \$300,000. The Walla Walla VAMC site could

accommodate housing of varying types and densities at several locations within the campus including the area currently occupied by a football field at the eastern entrance to the campus, and potentially near the other entrance to the campus along Poplar Street.

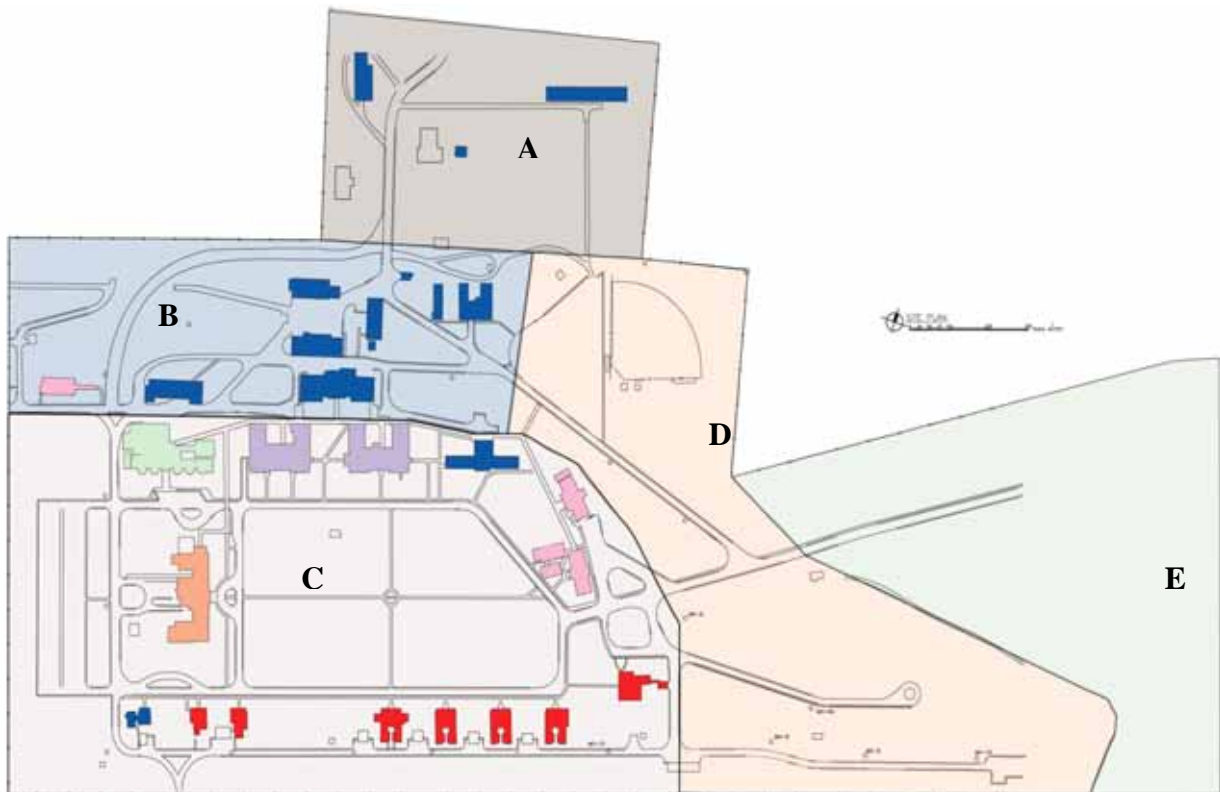
The senior-age population in and around Walla Walla is gradually increasing and the Walla Walla VAMC campus offers a good location for a sizable number of units targeting a varying elderly population. The central portion of the campus surrounding the parade grounds would provide a significant open space amenity if some of the existing buildings could be renovated into living units. Additionally, the area immediately north of the central campus area is an ideal location for the development of senior independent living housing units.

Opportunities for Retail Use on the VAMC Campus

Most of the VAMC campus is too isolated and does not have sufficient access and visibility to provide a successful site for a retail center. However, the north entrance to the campus, especially adjacent to the Grand Cinema 12-Plex Theater, would be an ideal spot for retail development for restaurants, snack outlets, and other complementary retail operations.

The site plan below illustrates for discussion purposes only, the five parcels that have been identified based on their unique characteristics for re-use and redevelopment, including but not limited to location, adjacencies, topography, encumbrances and easements.

Figure 2: Potential Parcels for Redevelopment/Re-Use



Business Plan Option Development

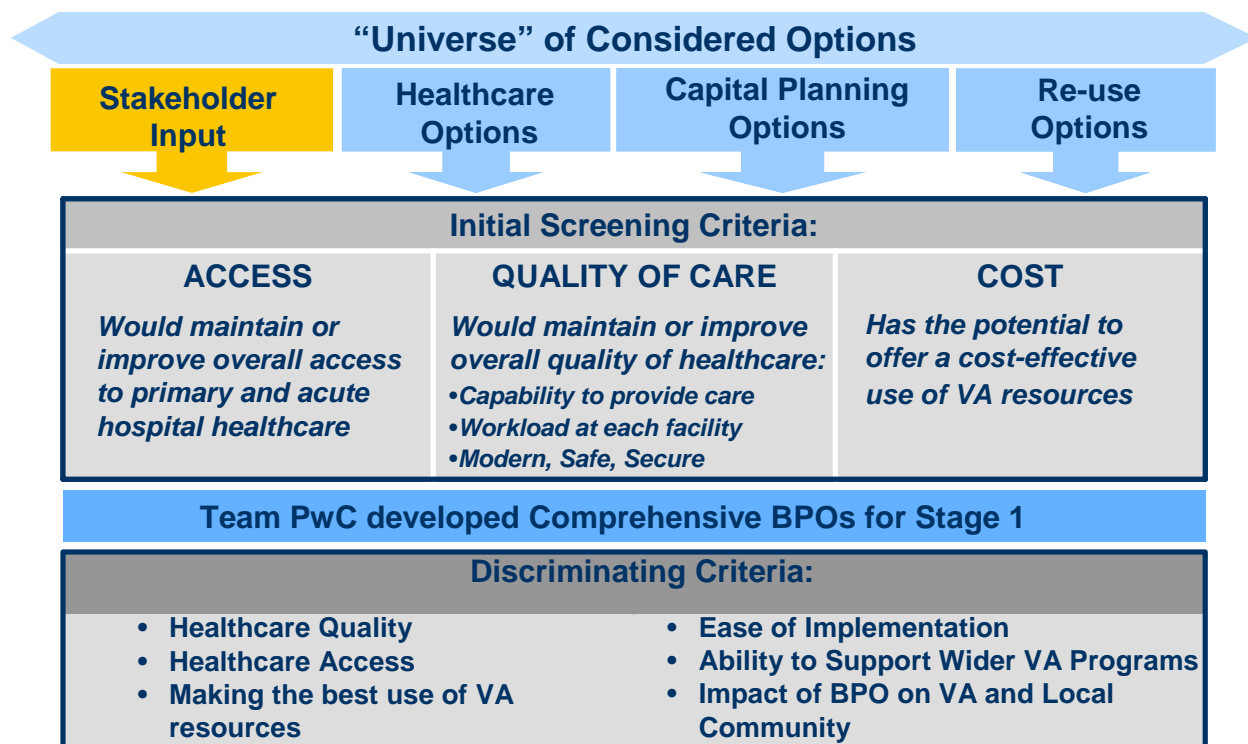
Option Development Process

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

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

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 healthcare and associated capital planning and re-use options were developed by the teams. These options were tested against the agreed-upon initial screening criteria of access, quality, and cost. The healthcare and capital options that passed the initial screenings were then further considered to be potential healthcare and capital options to comprise a comprehensive BPO. All of the comprehensive BPOs were then further assessed at a more detailed level according to a set of discriminating criteria.

Figure 3: Option Development Process



Stakeholder Concerns

For the Walla Walla CARES Study Site, 126 stakeholder responses 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. Two other respondent groups with modest response rates were veterans’ family members and VA or medical center employees.

Stakeholders who submitted written and electronic input indicated that their top three key concerns centered on support for veterans, maintaining current service/facility and the effect on healthcare services and providers. Stakeholders who contributed oral testimony at the first Local Advisory Panel public meeting shared the same two key concerns: concerns for keeping the facility open and/or concern about the location of the facility or access to the facility.

Table 2: Definitions of Stakeholder Concerns

All written submissions from stakeholders were read and sorted according to specified “Key Concerns of Stakeholders”. If the author conveyed multiple concerns, each concern was recorded.

The definitions of the categories are listed below:

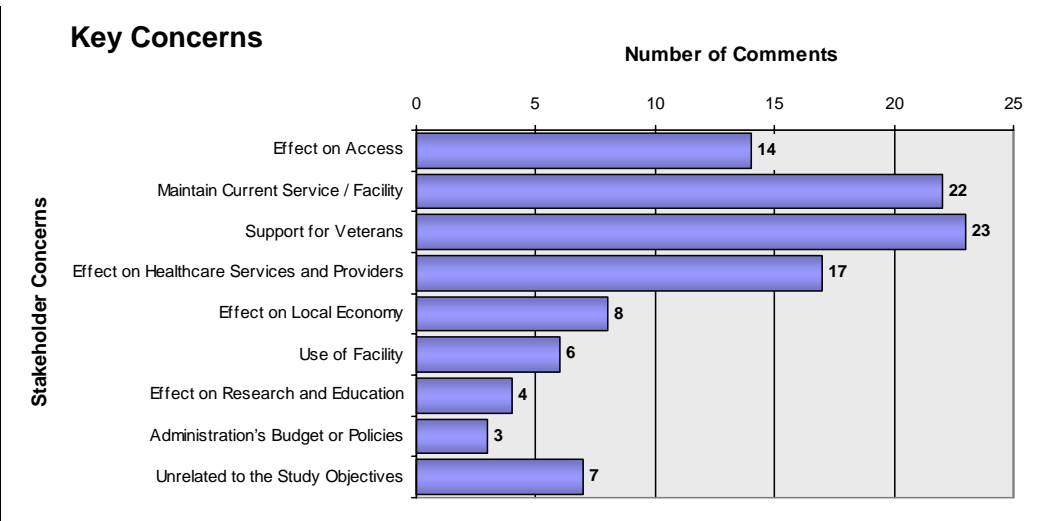
<i>Stakeholder Concern</i>	<i>Definition</i>
Effect on Access	Involves a concern about traveling to another facility or the location of the present facility.
Maintain Current Service/Facility	General comments related to keeping the facility open and maintaining services at the current site.
Support for 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.

Figures 4 & 5: Analysis of Stakeholder Key Concerns

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

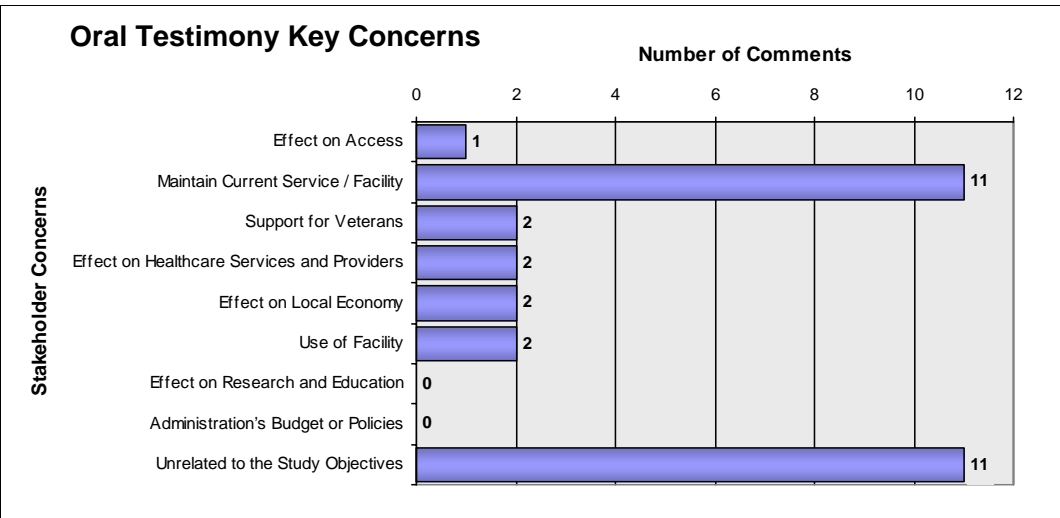
**Analysis of Written and Electronic Inputs
 (Written and Electronic Only):**

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



* Note that totals reflect the number of times a "key concern" was raised by a stakeholder. If one stakeholder addressed multiple "key concerns", each concern is included in the totals.

COMPREHENSIVE BUSINESS PLANNING 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 Decision 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 Decision.
- Life Cycle capital planning costs allow for on-going preventative maintenance and life-cycle maintenance of major and minor building elements.

Therefore, the Baseline is 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.

Options Not Selected for Assessment

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

Table 3: Options Not Selected for Assessment

Label	Description	Screening Results
Build a new nursing home care unit	Build a new nursing home care unit (NHCU) either on the Walla Walla campus or at another site.	Option was rejected due to the limited number of projected beds required (20) and limited efficiencies to be gained from a stand-alone facility.
Rebuild stand-alone inpatient care (Medicine)	Rebuild Medicine in a stand-alone inpatient building either on or off the Walla Walla campus.	Option was rejected due to the limited number of projected beds (6) and limited efficiencies to be gained from this stand-alone facility/function, and reliance on adjacent ancillaries.

Comprehensive BPOs to Be Assessed in Stage I

The comprehensive BPOs incorporate capital and re-use option components as previously described. The combinations of capital and re-use options were formulated to determine the most appropriate options for the site. The table below describes each of the BPOs and the support for their selection.

Table 4: Comprehensive BPOs for Assessment

BPO Designation	Label	Description	Support for BPO Selection
<p>BPO 1</p> <p>Comprising: HC-1/CP-1</p>	<p>Baseline</p>	<p>Current state workload 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.</p> <p>Vacant buildings are to be maintained with no additional renovation, yet are to be secured to ensure that they pose no danger to veterans, patients, employees and visitors (i.e., structures on National Historical Register).</p>	<ul style="list-style-type: none"> • CP-1 represents the least level of change to current service provision with all existing services remaining on campus in existing facilities, for which appropriate investments to render them modern, safe and secure are implemented. • Strongly supported by stakeholders. • Costs required include heavy renovation for the services being relocated, but no new construction is required.
<p>BPO 2</p> <p>Comprising: HC-2A/ CP-2B/ RU-1-4</p>	<p>Contract All Inpatient Care; Construct new Outpatient Medical and Mental Health</p>	<p>Contract for inpatient medicine, surgery, psychiatric, PR RTP and nursing home care. Expand outpatient medical and mental health services at Walla Walla in new construction (Parcel E). All remaining parcels (Parcels A-D) of the campus available for re-use/redevelopment.</p>	<ul style="list-style-type: none"> • All outpatient medical and mental health services that remain on campus are provided in one smaller location, therefore maximizing operational efficiencies as well as maintenance. • New outpatient facilities would incorporate modern technology and facility structure. • Vacates all existing obsolete buildings and makes those portions of the site available for re-use. <ul style="list-style-type: none"> ▪ New facility would incorporate all Homeland Security requirements ▪ Contracted facilities to provide inpatient medical, surgical, psychiatric and nursing home care are expected to yield the same quality and access as currently offered in local Walla Walla providers – or better. ▪ Costs for new construction/replacement of existing inpatient medical, surgical, psychiatric, domiciliary, and nursing home care are mitigated through contracted relationships. ▪ Large portion of the existing site (Parcels

BPO Designation	Label	Description	Support for BPO Selection
			<p>A-D) are available for re-use and redevelopment, potentially providing a return to the VA on its investment in new facilities and alternative healthcare delivery arrangements.</p>
<p>BPO 3 Comprising: HC-2B/ CP-2B-3D/ RU-1-4</p>	<p>Contract Inpatient Medicine, Surgery & Nursing Home Care; expand Ambulatory Care, Outpatient & Inpatient Mental Health and PRRTTP at Walla Walla & CBOCs</p>	<p>Contract for inpatient medicine, surgery and nursing home care services with local/regional providers. Expand ambulatory and outpatient mental health services and inpatient mental health and PRRTTP at Walla Walla in new construction (Parcel E). All remaining portions of the campus (Parcels A-D) available for re-use/redevelopment.</p>	<ul style="list-style-type: none"> • New construction would provide ambulatory care, outpatient and inpatient mental health and PRRTTP services on campus in one, smaller, location therefore maximizing operational efficiencies as well as maintenance. • New facilities for these services/functions would incorporate modern technology and facility structure. • Vacates all existing obsolete buildings and makes those portions of the site available for re-use. <ul style="list-style-type: none"> ▪ New facility would incorporate all Homeland Security requirements ▪ Contracts with local and regional providers for inpatient medicine, surgery and nursing home care would be in facilities meeting current accreditation criteria (including current facilities), and provide quality and access to healthcare services at, or better than, current services provided to veterans.
<p>BPO 4 Comprising: HC-2C/ RU-1-5</p>	<p>Contract all Inpatient & Outpatient Care; vacate campus</p>	<p>Contract for all services with local and regional Walla Walla providers. Vacate campus in phased process and make entire campus (Parcels A-E) available for redevelopment/re-use.</p>	<ul style="list-style-type: none"> • All services are consolidated among local and regional providers and other VAMCs, reducing commute to Seattle, Portland and Spokane and other regional providers for the various levels of care now and expected to be provided to veterans in this market. • Through contracts with local and regional providers, patient care is expected to at least meet if not enhance quality and

BPO Designation	Label	Description	Support for BPO Selection
			<p>access (particularly for patients now seeking care at other VAMCs out of the Walla Walla Valley).</p> <ul style="list-style-type: none"> • Vacates all existing obsolete buildings and makes all parcels available for re-use, providing a return on investment for the VA on expanding patient care services through enhanced contracts with local/regional providers.
<p>BPO 5</p> <p>Comprising HC-2D/ CP-2D, 3B, 3D/ RU-1-4</p>	<p>Construct new Inpatient and Outpatient Facilities - Replacement of Walla Walla VAMC.</p>	<p>Construct new inpatient and outpatient facilities, accommodating projected workload through 2023; contract as-needed for capacity above need for 2023 requirement (i.e., interim workload greater than 2023 totals). Phased construction of new facilities on Walla Walla VAMC campus in consolidated location on Parcel E. All remaining portions of the campus (Parcels A-D) available for re-use/redevelopment.</p>	<ul style="list-style-type: none"> • All services on campus are provided in one smaller location therefore maximizing operational efficiencies as well as maintenance. • New facility would incorporate modern technology and facility structure. • Vacates all existing obsolete buildings and makes those portions of the site available for re-use. <ul style="list-style-type: none"> ▪ New facility would incorporate all Homeland Security requirements and mitigates extensive land acquisition process and costs.
<p>BPO 6</p> <p>Comprising HC-3A/ CP-4H/ RU-1, 2, 4, 5</p>	<p>Relocate Services and Construct New Facilities in Tri-Cities Area</p>	<p>Construct new inpatient and outpatient hospital, accommodating projected workload through 2023; contract as needed for capacity above need for 2023 requirement. Phased construction off campus in Tri-Cities (site to be determined). Retain Walla Walla ambulatory care/outpatient mental health site as CBOC in renovated space (Building 74). All remaining portions of the campus available for re-use/redevelopment, including unused portions of Parcel C not utilized by Walla Walla CBOC.</p>	<ul style="list-style-type: none"> • Relocate core VA patient care programs to high density VA Market, enhancing access for majority of patient population • Establishes new, efficient healthcare facilities in both Tri-Cities and at the Walla Walla campus. • Retains outpatient presence (CBOC) at Walla Walla campus for convenience of Walla Walla patient population. • Makes a majority of the Walla Walla VAMC campus available for re-use and redevelopment, potentially mitigating site acquisition, new construction and renovation costs associated with this

BPO Designation	Label	Description	Support for BPO Selection
			option in Tri-Cities and Walla Walla.
<p>BPO 7</p> <p>Comprising HC-3B/ CP-2B, CP-4F, 4G/ RU-1-4</p>	<p>Relocate Services to Tri-Cities: Contract Inpatient Medicine and Surgical Care; Expand Outpatient Medical and Mental Health at new Walla Walla facility (CBOC)</p>	<p>Contract with local Walla Walla and/or regional provider(s) for inpatient medicine, observation, surgery and nursing home (NHCU) care. Construct new inpatient mental health and PRRT in Tri-Cities, accommodating projected workload through 2023 in center of region’s high veteran population density; contract as needed for inpatient mental health capacity above need for 2023 requirement. Phased construction off Walla Walla’s campus in Tri-Cities (site to be determined). Retain Walla Walla outpatient medical and mental health site as CBOC in new construction, abandoning current space (Building 74) upon completion of new facility (Parcel E). All remaining portions of the campus available for re-use/redevelopment.</p>	<ul style="list-style-type: none"> • All services on Walla Walla campus are provided in one smaller location, therefore maximizing operational efficiencies as well as maintenance. • New facilities in Walla Walla and Tri-Cities would incorporate modern technology and facility structure. • Vacates all existing obsolete buildings and makes those facilities and land available for re-use and redevelopment by non-VA parties, potentially offsetting land acquisition and new construction costs. <ul style="list-style-type: none"> ▪ New facilities in Walla Walla and Tri-Cities would incorporate all Homeland Security requirements ▪ Mitigates concern for lack of efficiencies in rendering care by VA due to limited inpatient volume (six patients) through contract with local or regional provider for care.

ASSESSMENT SUMMARY

Table 5: Assessment Summary

Assessment Summary	BPO 2	BPO 3	BPO 4	BPO 5	BPO 6	BPO 7
Healthcare Access						
Primary	↔	↔	↔	↔	↔	↔
Acute	↔	↔	↔	↔	↔	↔
Tertiary	↔	↔	↔	↔	↔	↔
Healthcare Quality						
Quality of medical services	↔	↔	↔	↔	↔	↔
Modern, safe, and secure environment	↑	↑	↑	↑	↑	↑
Meets forecasted service need	↑	↑	↑	↑	↑	↑
Impact on Local Community						
Human Resources: FTEE need (based on volume)	↑	↑	↑	↑	↑	↑
Recruitment / retention	↔	↔	↔	↔	↔	↔
Research	↔	↔	↔	↔	↔	↔
Education and Academic Affiliations	↔	↔	↔	↔	↔	↔
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	↑	↑	↑	↑	↑	↑

Assessment Summary	BPO 2	BPO 3	BPO 4	BPO 5	BPO 6	BPO 7
Wider VA Program Support						
DoD sharing	↔	↔	↔	↔	↔	↔
One-VA Integration	↔	↔	↔	↔	↔	↔
Special Considerations	↔	↔	↔	↔	↔	↔

Evaluation System for BPOs

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

Table 6: Evaluation System for BPOs

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

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.