


CARES Contracts and Reports

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36. PricewaterhouseCoopers Technical
Capabilities for the Capital Asset Realignment
for Enhanced Services (CARES) Business Plan
Studies contract (Jan 31, 2005)



PRICEWATERHOUSECOOPERS 

In Response to RFP: 776-04-241

Capital Asset Realignment for Enhanced Services (CARES) Business Plan Studies

Volume I
Technical Capability

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1 UNDERSTANDING THE PROJECT

1.1 Introduction

"The VA healthcare system now stands at a crossroads between the medical care of the past and the great possibilities of the future." - Secretary Principi.

Team PwC appreciates the crossroads the VA has reached, and we would be privileged to play a part in shaping the future of VA healthcare.

To do so, we must deliver no less than your full vision for the Capital Asset Realignment for Enhanced Services (CARES) business planning project. Delivering that full vision requires excellence in four areas:

- A world-class healthcare team
- A strong unbiased organization ready and able to meet CARES business planning needs
- Robust, reliable study, analysis, and planning methods
- A detailed project plan that minimizes risk

Therefore we are proposing excellence in all four areas to deliver CARES success (Figure 1). In our proposal, we demonstrate that excellence and our commitment to your vision by:

- Presenting our team's impeccable health-

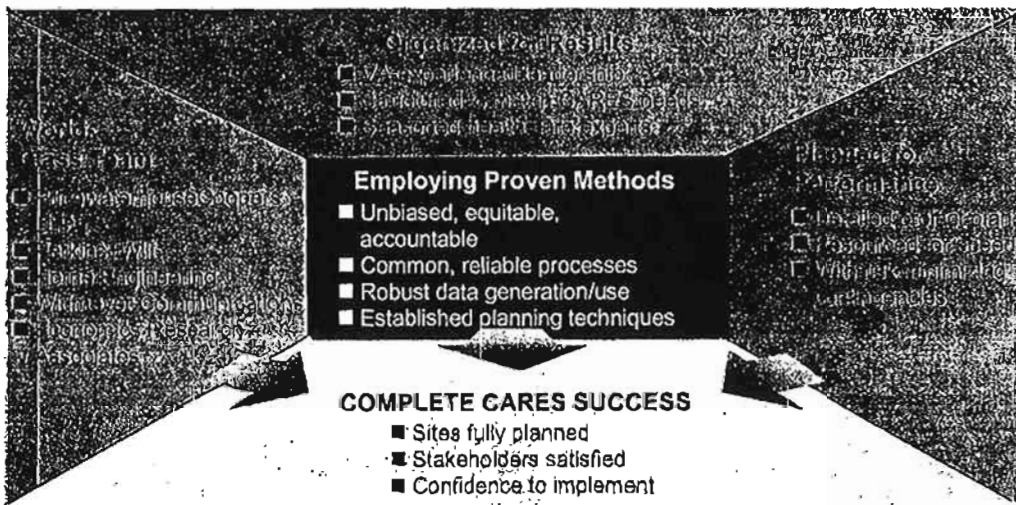
We've built four key cornerstones for CARES success

- A World Class Team of 5 top ranked firms, each a recognized leader in their respective fields
- An organization headed by a VA expert with 30 years of experience understanding veterans needs
- Methods and templates proven in thousands of health care settings
- An aggressive but achievable project plan that fully addresses requirements

3 CARES 113

- care credentials
- Highlighting the skilled, experienced and knowledgeable people comprising Team PwC
- Describing the field-proven discipline and rigor of our studies, analyses, and planning approach
- Displaying our program plans detailing every site, study, stakeholder interaction, and output

We welcome this opportunity to help you achieve your mission and "care for him who shall have borne the battle and for his widow and his orphan." - Abraham Lincoln



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Figure 1. Four cornerstones of excellence deliver CARES success

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Team PwC, including Pricewaterhouse-Coopers LLP, Perkins+Will supported by Davis Langdon, Economics Research Associates, Widmeyer, and Home Engineering, consists of partner firms with expertise in public relations, environmental planning, capital planning and reuse planning. Our team is distinguished by a strong track record of providing advisory services to U.S. healthcare providers, international experience defining and planning healthcare delivery strategy, federal experience delivering sensitive and critical programs to key stakeholders coupled with significant experience working with the VA and VHA specifically.

Team PwC brings intellectual capital from around the world to help develop solutions addressing the most complex business decisions like CARES, and a qualified and reputable team that can garner stakeholder "buy-in".

1.2 Project Objectives

"Never before has such a comprehensive and strategic approach been taken to VA capital asset management."

– Secretary Principi

The CARES Decision announced on May 7th, 2004, has been adopted as VA's roadmap for bringing VA's healthcare system's facilities in line with the needs of 21st century veterans.

The CARES analyses process focuses on answering the following question:

"What is the optimal approach to provide

Team PwC's Qualifications

- PwC is the only "Big Four" firm with dedicated resources in health care provider planning, specifically in health care delivery assessment and planning
- Team PwC offers the VA unmatched access to industry expertise in formulating facility master plans
- Team PwC appropriately incorporates stakeholders and their concerns into the team's option development approach

CARES 105

current and projected veterans with equal to or better health care than is currently provided in terms of access, quality, and cost effectiveness, while maximizing any potential reuse of all or portions of the current real property inventory?"

Answers to this question assist the VA in achieving the Department's planned goals for 2022. The VA's objectives for 2022 outlined in Figure 2, improve access, modernize facilities and reduce financial overhead related to managing vacant space while increasing service to a larger enrollee population and maintaining or improving quality of health-care.

The CARES Decision resulted from a multi-stage, long-term effort and identified several requirements for additional analysis at a medical center site level including:

- Further studies to support planning at locations including: Montgomery, Muskogee, Waco, New York City, Poplar Bluff, Big

CARES Drivers: Today to 2022 Predicting a 24% to 33% Veteran Population Service Increase						
Improved Access			Modernization		Vacant Space	
	Today	Planned 2022			Today	Planned 2022
Acute Care	49/77 Market Goal	73/77 Market Goal	<ul style="list-style-type: none"> ■ 100 Construction projects in 37 states ■ 156 existing high priority CBOCs 		Acute Care Square Feet	8.57M 4.93M
Tertiary Care	95%	97%			Square Footage Cost to Maintain	\$3.4B \$750M
Primary Care	73%	80%				

2 CARES 012

Figure 2. The VA meets needs by expanding access and enhancing service across three key areas



Spring, and Boston

- Realignment of care provided in specific facilities including Livermore and Knoxville
- Gathering additional information before determining the best approach to ensure high quality of care
- Increased sharing with Department of Defense healthcare sites

The CARES project is fundamental to supporting the VA and the Veterans Health Administration's (VHA) transformation to a healthcare system aligned with modern delivery standards and reflective of veteran enrollee community needs.

Team PwC recognizes the VA's desire to obtain a full range of viable asset management options that:

- Maintain or improve healthcare quality
- Maintain or improve healthcare access
- Maximize reuse potential of VA owned sites
- Result in a modernized, safe healthcare delivery environment
- Result in a cost effective physical and

operational configuration of VA resources

The range of options must make clear to the VA the collection of opportunities available for each medical site with substantiating research and expert recommendations.

We believe that if you want to rigorously analyze options for transforming a world-class healthcare system, you should work with a team that has experience with world-class organizations in areas that are most important to planning and executing your project objectives (Figure 3).

Team PwC is positioned to help the VA meet the CARES Business Plan Studies objectives, by combining vastly experienced team partners with a common goal: to independently discover the best range of options to provide current and projected veterans with equal to or better healthcare than is currently provided in terms of access, quality, and cost effectiveness, while maximizing any potential reuse of all or portions of the VA's current real property inventory.

Team PwC Member	CARES Objective
PricewaterhouseCoopers LLP	<ul style="list-style-type: none"> ■ Healthcare Delivery Studies ■ Financial Analysis and Business Planning ■ Stakeholder Management ■ Risk Management ■ Implementation Planning ■ Project Management
Perkins+Will (supported by Davis Langdon)	<ul style="list-style-type: none"> ■ Capital Planning and Capital Costing ■ Healthcare Architecture and Engineering ■ Capital Costing
Economics Research Associates	<ul style="list-style-type: none"> ■ Economic in-depth analysis ■ Reuse planning
Widmeyer	<ul style="list-style-type: none"> ■ Stakeholder Management ■ Communications
Horne Engineering	<ul style="list-style-type: none"> ■ Environmental Baseline ■ Business Planning

Figure 3. The diversity of the PwC Team provides full coverage of all VHA objectives



i.3 Level of Detail

Using proven methodologies, Team PwC produces strategies, studies, recommendations and options that are detailed, comprehensive and defensible based upon detailed data analyses. Ultimately, creating business plans at a level of detail sufficient to support and provide confidence in VA decision making.

The business planning study objectives clearly require detailed analyses within each of the study areas: healthcare, reuse, capital planning and especially for the financial analyses. Team PwC understands that achieving the appropriate level of detail in the project overall is essential to gaining the confidence of stakeholders in VA's decision-making process. In specifying the level of detail required, reference points are the Phase I CARES study conducted for VISN 12, The Draft National CARES Plan, the Secretary's Decision, the Statement of Work (SOW) and the site specific information included in Attachment 1. A significant history of analysis supports the CARES process to-date, yet gaps and additional requirements are identified in the SOW specific to addressing the following points in option analysis and business planning:

- Maintains or improves quality
- Maintains or improves access
- Maximizes reuse potential of VA owned sites
- Results in a modernized, safe health care delivery environment
- Results in a cost effective physical and operational configuration of VA resources

In addition to the level of detail required to complete each study and analysis type, require focused data collection and data management. The stakeholder management process and option analysis approach interactions with the Federal Advisory Committee's (FACs) and the stakeholders proposed trace and report disagreement between the options generated and those recommended by the FACs. In order to document any differences between results of analysis and the FACs' recommendations,

requires performing a detailed analysis of stakeholder and FAC inputs.

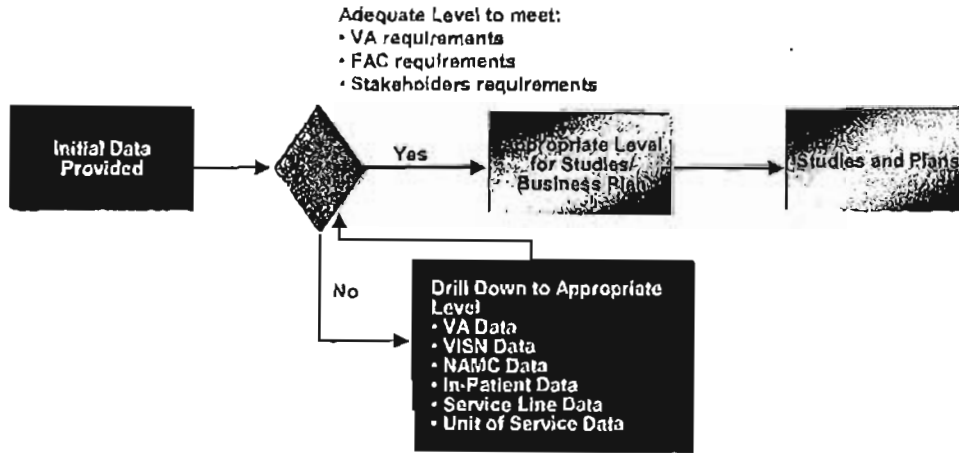
We are confident that our healthcare consultants, facility planning, capital planning and reuse experts have a wealth of experience in conducting these studies. Team PwC is familiar with the data and information requirements needed to perform the level of analysis outlined by the VA. Our study methodologies specify use of VA provided data, market and industry data. The execution of these methodologies and the reliance on data elements is covered under quality management. To the extent additional data is required to achieve the appropriate level of detail (creating defensible outcomes), data requests are submitted at the site level. In our Planning Phase master data and assumptions are specified as well. The process for drilling down and capturing the data necessary to reach the level of detail required to support methodology execution is presented in Figure 4.

It is critical that recommended options include a significant level of detail, are comprehensive in nature and are justifiable. Team PwC brings the right resources, the right methodologies and has the right experience necessary to develop detailed, defensible recommendations.

i.4 Team PwC's Approach To Integrating Multiple Data Sources

All relevant data sources are used in the option development process as detailed in our approach and methodology. Our information source approach is data rich and secure.

There is a large array of discrete data sources for the CARES project. Collecting, collating, organizing, cataloging, storing and managing the many sources of data are a fundamental competency of Team PwC. Key to using this data effectively is the integrating and identifying of information so it can be located and used as needed on the project. To accomplish this, we create a secure, central



1 CARES 062

Figure 4. We provide valid and defensible option recommendations through a process that determines the appropriate level of data

repository of data and documentation, which is available to each study team, as well as a Master Data and Assumptions List (MDAL) that catalogs and indexes material. This enables efficient search, retrieval, and sourcing of data and documentation by the teams.

Initially, data sources such as the Draft National CARES Plan, standard benchmark data, other VA data, patient origin and access data, and contractor data sets are loaded and made available to Team PwC. Thereafter and on an ongoing basis, the data generated from project activities is collected and loaded. This includes communications, analysis, research, reports, etc.

Effective large scale data integration and management allows Team PwC:

- to identify any additional data sources that might be needed from the VA in a timely manner,
- to be able to cite the sources of data when used in the formulation of recommendations, and
- to use VA budget forecasting model data effectively.

Just as important, our Document and Data Management capability enables Team PwC to

tag critical data and to identify information gaps.

PwC's approach and methodology is designed to consider all appropriate data sources throughout the entire project, thereby facilitating maximizing data sources and uses that contributes to the quality of project deliverables.

i.5 High Level Summary of Team PwC's

Approach

Team PwC provides an integrated and fully compliant approach delivering the VA objective analysis of site options, option vetting and selection, resulting in draft business plans for each site.

Leading the VA CARES Project Team is a strong national leadership team with a dedicated project management office led by Dr. Peter Erwin, who is our single point of contact for technical communications between the COTR and Team PwC. Our project management office is responsible for distributing project information to the study team in a consistent and timely manner in accordance with our standard processes and practices.

Team PwC provides our technical approach organized as follows:



i.5.1 Management Plan. Summarizes Team PwC's management process and tools used to coordinate this effort; communication and management approach; and quality assurance process.

i.5.2 Key Stages/Sequence. Summarizes Team PwC's overall schedule, highlighting the tools for creating and managing schedules, resolving issues, and mitigating risks.

i.5.3 Key Study Elements. Summarizes Team PwC's approach to each of the key study elements and domains of activity (i.e. Healthcare Delivery, Capital Planning and Reuse Planning) and provides an overview of the Business and Implementation Planning process.

Additionally it summarizes the outputs provided during each stage of the project.

i.5.1 Management Plan

i.5.1.1. Management Tools

Team PwC's extensive knowledge of best practice management tools, experience in managing complex, multi-site projects and in-

depth knowledge of the VA, provides a low risk and high value solution.

Team PwC understands the risks and management challenges in conducting projects of this type. We view disciplined and well-coordinated project management to be critically important to the success of this project. Our management team has significant experience working within the VHA and serving as Chief Counsel to the Congressional Committee on Veterans Affairs. We bring this experience and a comprehensive management approach to planning and executing the CARES project. Our past performance demonstrates that we have successfully managed initiatives of similar scale and complexity. For example:

- PwC managed 12 enterprise initiatives in 11 States for Catholic Health East
- PwC provided a Project Management Office (PMO) to transition all West Coast TRICARE enrollees to a new North Region for HealthNet Federal Services
- PwC provided a PMO for the September

Risks	Risk Value (1-5)	PwC Mitigation to Reduce Risks	Risk Value After Mitigation
Delays in obtaining data during planning phase impacts study timeliness	4	<ul style="list-style-type: none"> ■ Ongoing communication with the office of the Secretary and VA management to produce adherence to pre-established timeline 	2
Validity of data or previous recommendations by Other Government Contractors is questioned	3	<ul style="list-style-type: none"> ■ Identify data and information dependencies of each study upfront ■ Apply PwC's quality assurance standards to all inputs ■ Use the issue management process to support resolution of problems 	2
Aggressive schedule to complete 18 studies	5	<ul style="list-style-type: none"> ■ Use of an experienced project team ■ Define the critical path, baseline the schedule, identify dependencies and risks to the schedule upfront ■ Closely track activities on the critical path, and manage issues proactively 	3
Decentralized study teams experience difficulties sharing information	3	<ul style="list-style-type: none"> ■ Use of a web-based Project InVision tool ■ Project Management Office specializing in continuous reporting to ensure work by all teams is shared, lessons learned identified and there is a consistent approach to each study 	2
Review and approval process for interim deliverables is delayed	4	<ul style="list-style-type: none"> ■ Ongoing communication with the office of the Secretary and VA management to result in adherence to pre-established timeline 	2
Compelling stakeholder interests make it difficult to gain consensus on recommended options	5	<ul style="list-style-type: none"> ■ Use an experienced public relations firm to facilitate ■ Design FAC meetings to be highly collaborative ■ Use a communications and stakeholder input process which seeks views from key stakeholders prior to large group meetings and results in viable options being presented to FACs 	3
Site FAC's request alternate study types and requirements resulting in increased project scope and cost	3	<ul style="list-style-type: none"> ■ Establish change control process at the outset ■ Quickly assess the impacts of requests on project objectives, schedule and cost, and support an informed management decision 	2

2 CARES 022

Figure 5. The PwC Team has the tools in place necessary to reduce risks to the CARES project



11th Victims Compensation Fund to Department of Justice

Team PwC's quality methodology builds in quality from the beginning which encompasses all our processes throughout the entire lifecycle of deliverables and supporting materials.

Figure 5 identifies some of the potential risks to the CARES project, and the mitigating actions we have included in our management approach, which we describe in the following pages.

i.5.1.2. PwC's Approach to Project Management

PwC's approach to project management demonstrates a strong understanding of the management tools needed for successful delivery of this project. Our project lifecycle approach provides a high degree of management control and oversight of the inputs, dependencies and outputs of each phase. Figure 6 describes the benefits to the VA through better management of schedule, risk and quality.

We structure our approach in a modular fashion. Each of the processes and tools are complete within themselves. This provides us with the flexibility to structure and deploy each management tool according to the re-

Fast Facts

- PwC is a market leader in project management:**
- ▶ PwC is a founding member (and the only Big 4 accounting firm) of the Corporate Council of the Project Management Institute (PMI) - the world's peak professional body for Project Management
 - ▶ PwC holds a position on the PMI's Credentialing Board of Directors
 - ▶ PwC is recognized by Gartner for our leadership in project management. Gartner's market analysts regularly consult PwC for our knowledge of project portfolio management
 - ▶ PwC has made multi-million dollar investments in developing its project management methodologies, which are aligned with leading edge methods, standards and tools from the PMI and ANSI
 - ▶ PwC's methodologies truly represent global best practices. Our management tools were developed globally and are used each and every day by our project management practitioners around the world
 - ▶ Our certified Project Management Professionals (PMPs) are trained and experienced in the application of project management methodologies and tools on large, complex projects
 - ▶ We have experience evaluating and using over 30 project portfolio management tools on the market today, and are routinely asked by our clients to help them select the best tools

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Features	Benefits
Lifecycle approach to project management	Aligns management controls with the inputs, dependencies and outputs of each study phase
Modular, structured approach to project management	Reduce management costs for the project, since every management activity adds value
Standardized project management processes and methodologies	Higher efficiency and reduced risk
Structured risk management approach	Minimize risks associated with project delays and failure to meet project objectives
Focus on quality and standards management across each study and throughout the project lifecycle	Increase customer satisfaction Streamline studies and reduce rework
Disciplined approach to schedule management from the outset	Increased likelihood of on-time project delivery
Best practice, commercially available software tools used to automate project management delivery	More efficient management of the project lifecycle
Project Management Office staffed by certified Project Management Professionals (PMPs)	Better project performance through effective and efficient application of project management best practices

Figure 6. PwC's project management approach provides responsive, efficient completion of the CARES project



quirements of each stage in the project.

Our focus on schedule management supports on-time assured delivery by: developing a baseline at the outset; maintaining and optimizing the schedule throughout the project lifecycle; and identifying potential resource and plan adjustments.

Our focus on risk management minimizes those factors, which may cause project delays or failure to meet objectives. We provide a set of risk management processes designed to initiate, track, escalate and resolve any risk or issue. We use the web-based Project In-Vision® tool to enable site project managers and our clients representatives to track risks from identification to risk response development and execution, as well as maintain a history of project decisions.

Our focus on quality management includes a multi-level deliverable review process to produce complete, correct, clear and useful deliverables that exceed the VA's expectations. Structured methods and templates provide the standards to minimize learning curves on each study.

1.5.1.3 Our Management Tools Follow the Project Lifecycle

The PwC Team uses a lifecycle approach to manage the project. The lifecycle approach divides the project into several phases of work (Planning and preparation; Option development, testing and short-listing; Detailed option development, testing and selection; and Finalize draft business plan), each marked by the creation of deliverables

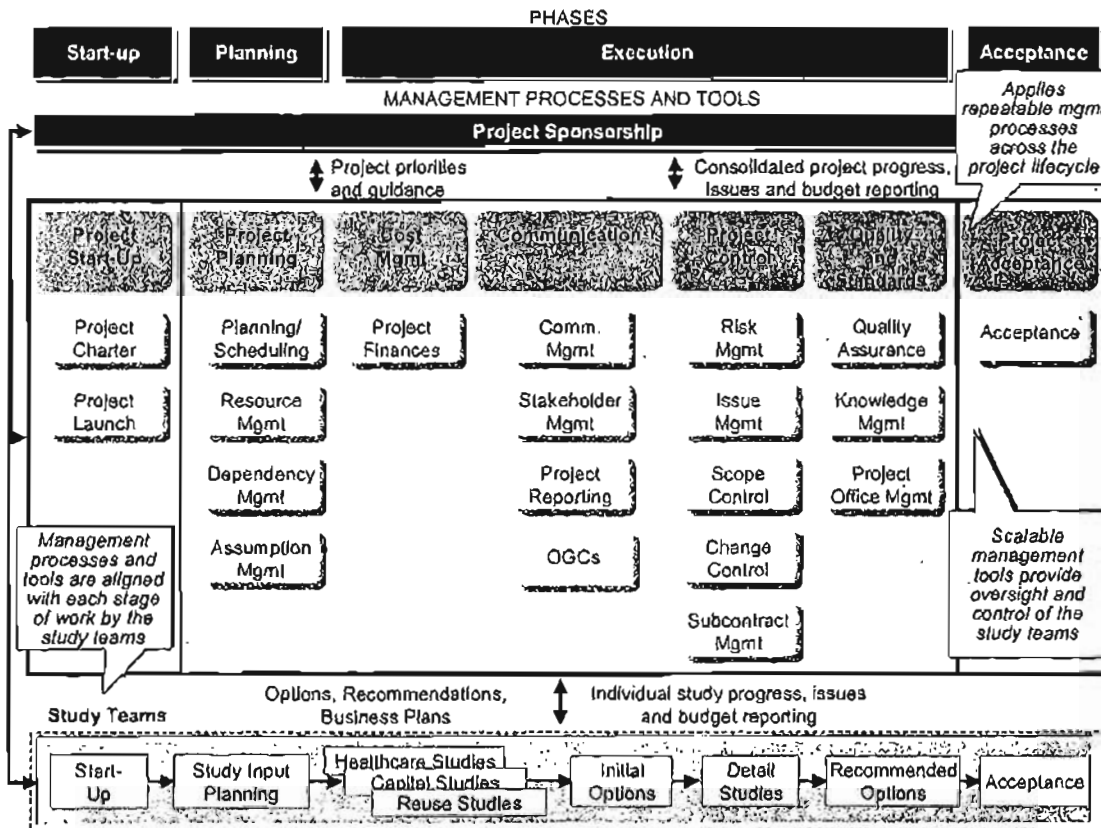


Figure 7. PwC's Management Tools effectively control each phase and activity of the project lifecycle



(e.g., draft business plans) and their review and approval by VA management.

Figure 7, below, depicts the lifecycle approach to managing this project. Our management processes and tools align with each study phase. The benefits to the VA are:

- Strengthens linkages between the PMO and the activities of the study and site teams
- Provides a greater degree of management control and oversight over the inputs, dependencies and deliverables of the studies
- Enables PwC to tailor its management

approach and tools to each distinct phase of the studies with their own inputs, dependencies and outputs; for example:

- We use quality management during the planning and preparation phase, to review the validity of data and information gathered from previous studies
- We use quality management during the options development phase to review each option for viability, prior to submitting to the VA and its stakeholders

Figure 7 depicts seven (7) management processes (e.g., project planning, cost manage-

Management Tools	Description	CARES Project Benefits
Project Charter	Defines the objectives, scope and deliverables of the project.	Provides strategic direction and expectations to the team
Project Launch	The project is formally commenced, relevant project management tools are selected and tailored and the project team is mobilized.	Creates momentum for the project and tailors the management approach
Planning and Scheduling	Project plans and schedules are developed and procedures established to manage the schedule	Increases likelihood of on-time delivery
Resource Management	People management structure for the project is defined and managed, including roles, responsibilities and skill requirements.	Appropriate resources are assigned and roles are clear
Dependency Management	Processes, procedures, roles and responsibilities for identifying, reporting and managing project dependencies are established.	Reduces project delays by managing dependencies on the critical path
Assumption Management	Processes, procedures, roles and responsibilities for identifying, reporting and managing project assumptions are established.	Supports identification of potential risks and impacts
Project Finances	A project finance plan is prepared and implemented to support the project plans and schedules.	Expected benefits are achieved within the specified cost constraints
Communication Management	A communications strategy and plan are prepared and implemented for all stakeholders.	Provides an efficient and effective flow of communication
Stakeholder Management Plan	Project stakeholders are identified, assessed and managed throughout the project.	Identifies the interests of stakeholders that need to taken into consideration
Project Reporting	Project monitoring and reporting processes, roles and responsibilities are defined and implemented.	Provides a high degree of management visibility into schedule, cost & risk mgmt.
Risk Management	Processes, procedures, roles and responsibilities for identifying, reporting and managing project risks are established.	Provides greater certainty over the achievement of project objectives
Issue Management	Processes, procedures, roles and responsibilities for identifying, reporting and managing project issues are established.	Supports the efficient resolution of problems and enhances decision making
Scope and Change Control	Processes, procedures, roles and responsibilities for identifying, reporting and managing project change requests are established.	Expected benefits are delivered within time and cost constraints
Subcontractor Management	Processes and procedures for monitoring and overseeing the performance of subcontractors are established and implemented.	Monitors subcontractors adherence to quality and performance standards
Quality Assurance	Processes, procedures and standards to monitor the quality and consistency of deliverables are defined and implemented.	Provides a high level of customer satisfaction and mitigates risk
Knowledge and Office Management	Project information, administration and documentation procedures and systems are implemented for use by the project.	Project information is shared and retained in correct form with appropriate security
Acceptance	Administrative and contract close-out procedures are defined and implemented to formally complete the project.	Business plans are formally handed-over to the VA and documentation is secured

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Figure 8. We use a comprehensive set of management tools to plan and execute the project



ment). Each represents a group of management tools (activities and procedures) used to authorize, define, coordinate, monitor and measure progress, take corrective action, and formalize client acceptance.

i.5.1.4 PwC provides a comprehensive set of Management Tools

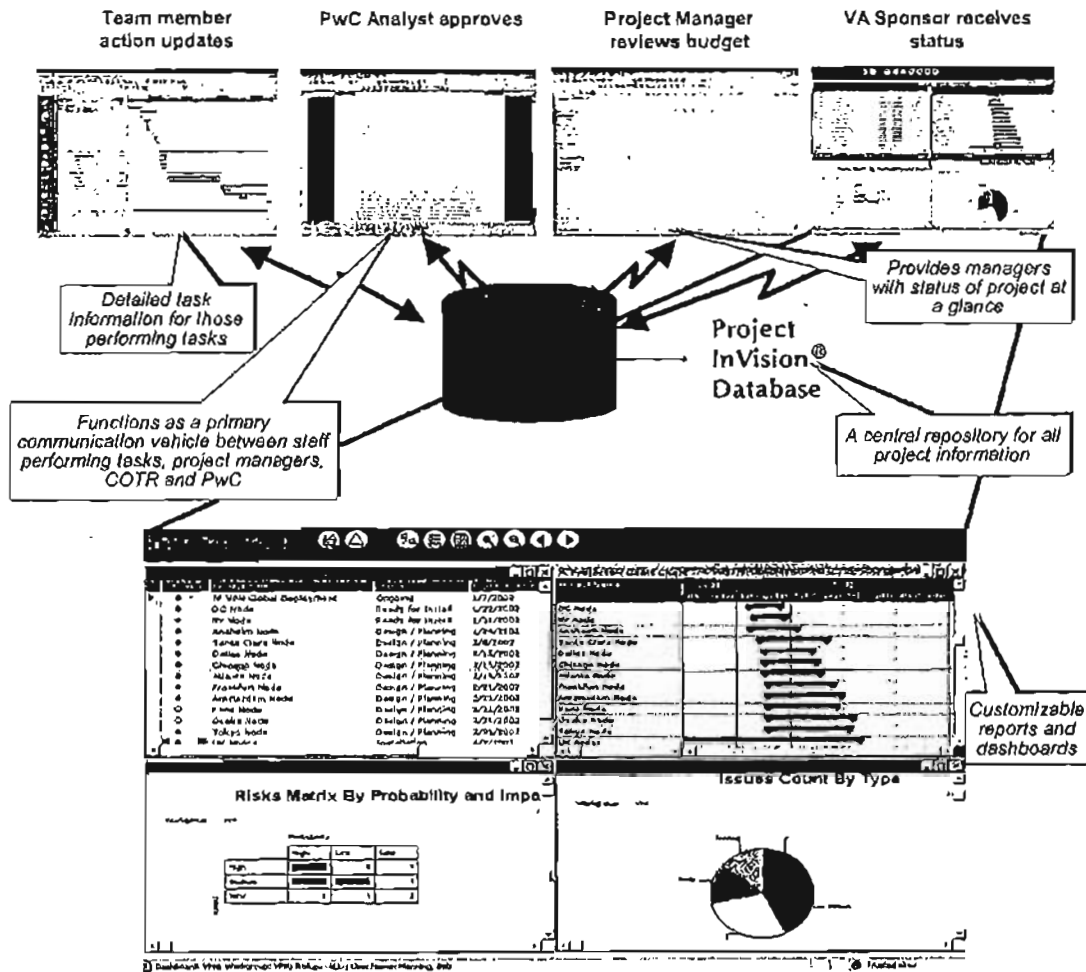
PwC has knowledge and experience using a complete set of management tools to provide an efficient and effective degree of management control over the studies.

Figure 8 briefly describes these tools and their benefits to the VA.

i.5.1.5 Web-enabled PMO tool

For the CARES project, we propose an off-the-shelf, web-enabled PMO tool that will provide the VA with comprehensive project planning, resource management, risk and issue management and documentation, and that is flexible to meet the VA's specific needs.

One of the PMO tools, with which we have extensive experience, is Project InVision®. Team PwC has successfully adapted this tool on numerous complex, multi-phased and multi-site projects to provide a complete project management solution. Project In-



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Figure 9. We use Project InVision® to efficiently manage data sharing using Dashboard Reports



Vision®, as depicted in Figure 9 has the following characteristics:

- Central repository for all project information
- Incorporates PwC's project management best practices, which are important for driving repeatable, successful execution of each study
- Knowledge management tool that provides managers with status of studies at a glance through customizable reports and dashboards, while providing detailed task information for those performing the tasks
- Centralized approach, which is critical for implementing project standards and controls
- Primary communication vehicle between staff performing tasks, program managers, COTR and executive management
- Fully integrates with Microsoft Project
- Supports the project lifecycle, and is customizable to incorporate various study methodologies and workflows

i.5.1.6 Management Reporting Process

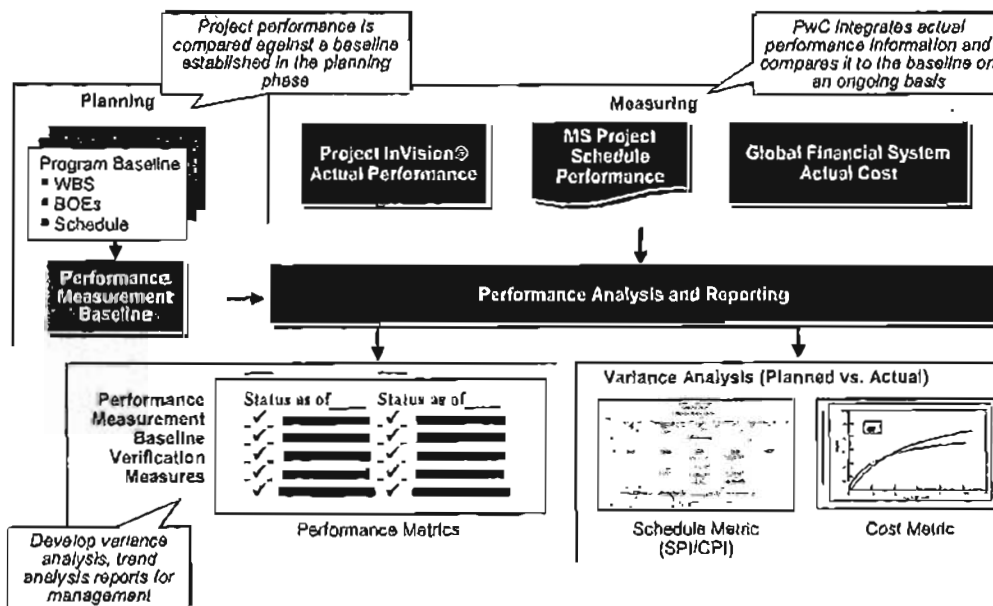
Figure 10 depicts our management and

status reporting process. Our project baseline (WBS, schedule and BOEs for each task and subtask) represents the performance measurement baseline against which actual progress is measured. The WBS is aligned with major work streams and the teams that perform the studies. We then capture actual work, cost and schedule data in alignment with the WBS.

We use MS Project in conjunction with Project InVision® to track actual performance of tasks against the schedule. PwC's Global Financial System tracks actual costs incurred on the CARES project.

Applying this process, the PwC PMO conducts performance analysis using variance analysis of the original baseline values (planned) and actual data. Using this data, the PMO develops a complete set of detailed and summary reports, which analyze planned cost and schedule performance versus actual cost. They also schedule performance on a common quantitative basis for task level and roll-ups for the CARES project.

The team leads at each study site update schedule progress and actual costs on a



2 CARES 037

Figure 10. Management control and status reporting metrics provide accurate and timely status to support project management review and control of the program



weekly basis. Applying this data, the PMO maintains an estimated cost to complete (ETC) for all authorized work within the scope of the project and updates the schedule for completing the remaining tasks, taking into consideration existing variances, planned corrective action and overall project schedule status.

Accurate ETCs and communication with VA management permit early management decisions that allow reallocation of resources or requirements, controlling costs and helping to complete required deliverables on time. This quantitative performance data, as well as related project status information, provides the

VA with an accurate view of the status of the project and projections of future performance. This assists decision making to assess progress and exercise management control.

i.5.1.7 Communication and Management Techniques for Collaboration

Our established relationship with the VA and Team PwC's political acumen, coupled with our proven approach and methodology for stakeholder communications, enables the VA to effectively engage stakeholder audiences, resulting in better informed decisions and lower program risks.

In order for CARES to be successful, the

Select Stakeholder Concerns	Veterans	Veteran's Family Member	Veteran Service Organizations	Special Disability Organizations	Congressional Offices	Local and State Government	Employees	Unions	Educational Affiliates
Access to Healthcare	✓	✓	✓		✓				
Quality of Care	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not Having a Voice In the Process	✓	✓	✓	✓	✓	✓	✓	✓	✓
Inadequate Communications	✓	✓	✓	✓	✓	✓	✓	✓	✓
How Public Hearings Locations are Selected	✓	✓			✓				
Needs of Specific Populations not being Addressed	✓	✓	✓	✓	✓	✓	✓	✓	✓
Disruption of Veteran's Lives	✓	✓	✓	✓					
Continuation of Service	✓	✓	✓	✓	✓	✓	✓	✓	✓
Inability of Family Members to Adapt to Change	✓	✓							
Detriment to Family Members Caused by Change	✓	✓							
VISN Mission Changes	✓	✓	✓	✓	✓	✓	✓	✓	✓
Disruption of Research Programs	✓	✓	✓	✓	✓	✓	✓	✓	✓
Impact on Community Identity			✓	✓	✓	✓	✓	✓	✓
Funding for Implementation					✓	✓	✓	✓	✓
Inadequate Option Sensitivity Analysis			✓	✓	✓	✓	✓	✓	✓
VA's Inability to Meet Demand	✓	✓	✓	✓	✓	✓	✓	✓	✓
Employees' Work at Affiliated Educational Institutions Will be Disrupted					✓	✓	✓	✓	✓

3 CARES 031

Figure 12. Our stakeholder communications approach identifies and addresses the common and unique issues of all stakeholder groups

36-



VA needs stakeholder buy-in and support of the development of options and outcomes. It is essential for the VA to obtain stakeholder collaboration as depicted in Figure 11 and input for this sensitive, highly emotional and political initiative. The conduct of our analyses, recommendations and conclusions receives a great deal of scrutiny both in and out of the VA. For the CARES project, some of the challenges the VA faces include stakeholders' unwillingness to collaborate and stakeholders' view that the business plan studies process is inconsistent, incomplete, and/or unfair.

Stakeholders are the individuals and groups affected and/or capable of influencing the change process.

To address the wide array of internal and external stakeholders, we employ a stakeholder analysis to identify the critical concerns of all stakeholder groups. As depicted in Figure 12, common concerns of the stakeholders range from impact on healthcare services to having a voice in the CARES project evaluation process. In addition to common stakeholder groups' concerns, there are unique concerns at the individual stakeholder level. For instance, veterans' concerns may focus around the disruption of their lives, continuance of service, and the government's obligation to provide healthcare. On the other hand, VA employees may be concerned about how the CARES project impacts their jobs. Assessment of stakeholder issues is necessary to identify the range of interests. To generate the greatest support, the CARES project must consider these issues.

We have identified multiple critical success factors for effective communication with all CARES project stakeholders, which include:

- Comprehensive stakeholder inventory
- Clear understanding of stakeholder needs throughout the process
- Responsive, two-way communications that

encourage input from and responds to stakeholders

- Balanced messaging around both the "what" and the "why" of change
- High level accountability for communications

Team PwC's proven approach and methodologies assist the VA with overcoming obstacles such as stakeholder concerns and frequent communication errors. VA needs a reputable partner with a proven approach to address the various stakeholder populations, manage overall stakeholder collaboration, and communications management. Team PwC has the right approach, the right expertise, and the experience to provide this level of communication strategy, planning, and support. Our approach to communication supports collaboration between stakeholders, FAC, CARES Implementation Board, and designated VHA contractors to build shared understanding and support for developing comprehensive, well-informed options. Team PwC has a proven track record because we employ project management, communication and change management techniques to drive a successful implementation of a complex and sensitive transition. A client example of our ability for fostering collaboration among stakeholders includes our work at HealthNet Federal Services. For HealthNet Federal Services, in which PwC had 10 months to transition their existing West-Coast-based TRICARE contract enrollees to the new North Region, PwC managed the overall input collaboration of a large number of stakeholders in different locales with divergent agendas. Our unifying methods (project management, communication, and change management) coupled with our proven methodology were applied consistently, built strong consensus and initiative acceptance.



Team PwC's Approach and Communication Skills

Effective communication plans employ a variety of techniques, forums and media to drive understanding and build commitment. Effective communication plans do more than broadcast information, they facilitate the change process by building awareness, understanding and buy-in. In an environment of change, communication is the currency of consensus; it is the essence of collaboration, it is the basis of CARES. Team PwC's approach to Communication is integrated with overall change management approach. The key steps of our integrated approach include:

- Assess Stakeholders
- Design Communications
- Develop Change Management Strategy and Plans
- Develop Communication and Change Management Activity
- Implement and assess communication and change management deliverables

With the changing nature of Veteran's healthcare needs, the determination of stakeholder requirements must play a critical role in the conduct of this project. The VA needs a contractor who has clear understanding of change management in order to effectively manage communications. Team PwC's extensive experience in change management and communications allows us to bring an integrated stakeholder-driven communication approach, which accelerates successful change. The significance of our comprehensive approach is that our change management methodology addresses resistance to change.

As depicted in Figure 13 (bilateral communication building blocks), the foundation

Client Example:

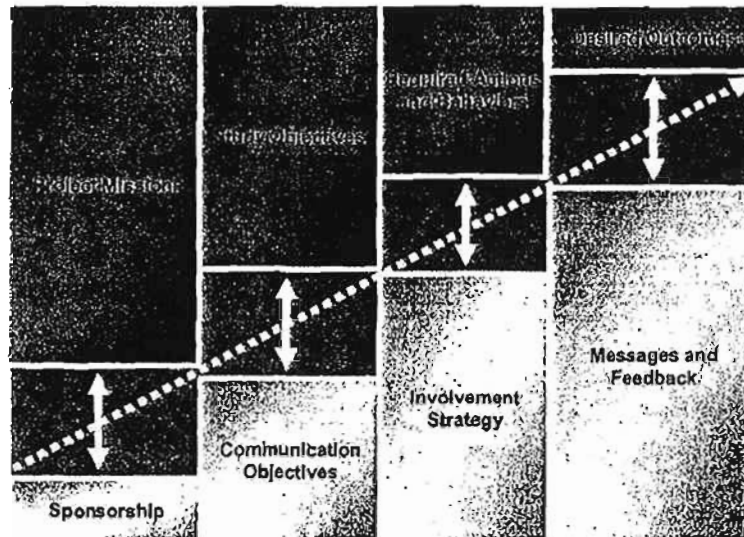
Gaining Collaboration from External Stakeholders 1998-2002:

After being charged by the U.S. Congress to identify research-proven best practices that could be implemented throughout the nation; the National Institute of Child Health and Human Development (NICHD) of the National Institute of Health (NIH) turned to Widmeyer Communications to aid in communications strategy, external relations, stakeholder engagement, expert panel management, and panel findings implementation.

Widmeyer recruited supporters and advocates from key audience demographics; secured buy-in from stakeholder representative organizations; planned and executed a national tour of regional town hall meetings; advised the expert panel on strategy, communications, and stakeholder positioning; and conducted a national outreach program to move findings into implementation while garnering acceptance by key stakeholders. The NICHD findings now stand as the research cornerstone of the No Child Left Behind Act.

3 CARES 029

of our communication approach is the strategic intent of CARES. This is defined by the mission, vision, and values of the CARES Project. At the next level, we focus on the objectives of the business plan studies' comprehensive recommendations, substantiated processes, and stakeholder buy-in. Then we incorporate the desired results into our communication approach - equal or better healthcare, improved capital use, and minimal disruption to Veterans and other stakeholders. We tailor our communication to obtain the desired stakeholder behaviors that the CARES project requires. For this effort, the desired behaviors are collaborative, unbiased, and responsive. We focus on building awareness, understanding, and stakeholder needs, to obtain buy-in and acceptance.



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Figure 13. Our communication approach facilitates the achievement of desired outcomes because we align our strategy with CARES Project objectives

Team PwC’s collaborative communication and management skills

Supporting our proven approach and methodology, Team PwC’s communication and management skills foster and sustain collaboration among stakeholders. Specifically, we will employ the following skills:

- **Communications.** Team PwC has extensive oral and written communication skills. Our clients rely on us to create and convey information to stakeholder groups. We are recognized for our ability to understand stakeholder needs and communicate pro-actively to manage their expectations and drive the change process.
- **Data Analysis.** We begin with a thorough analysis of stakeholder needs to drive effective communications strategy. Ongoing input is continuously evaluated to determine what changes may be needed to produce an effective communication plan.
- **Change Management.** We understand that change must be supported by communication and education. Our communications approach is rooted in proven change management techniques.

- **Strategic planning and analysis.** We think strategically and deliver pragmatically. We understand that a well-executed communication strategy advances the initiative and accelerates the change process.
- **Logistics.** We have the experience, resources, and capabilities to handle large-scale resource requirements
- **Project Management.** Team PwC provides resource management and overall project management skills
- **Training.** Our training approach is comprehensive, collegial, and adult learning-oriented. In FY 2002, we offered over 1,000 courses reaching 250,000 participants in over 50 countries.

Task 1: Work collaboratively with Stakeholders, Federal Advisory Committees, CARES Implementation Board and designated VHA contractors

As the primary contractor, Team PwC works with all stakeholders, FAC, CARES Implementation Board (CIB) and designated

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VA contractors (OGCs) to properly leverage previous and other current efforts. This includes soliciting, analyzing, and responding to FAC and other stakeholder comments regarding planning options at all locations, including those working in collaboration with OGCs. PwC's experience working with various groups enhances the collaboration process. We develop guiding principles and procedures for collecting and disseminating information. Part of the process includes conducting regular meetings, documenting meeting results, and sharing data through various avenues. This collaboration proves invaluable because it provides for a formal exchange of information on previous CARES analysis and cross cutting issues. Other VA contractors may develop Capital Plans and/or Reuse Plans at the same or related sites. This work must be integrated in the studies. Moreover, site-specific timelines include critical interaction points with other contractors.

Specific activities for Task 1 include the following:

- Develop guiding principles and team charter development to foster collaboration
- Develop points of interaction for all stakeholders and the various phases of the projects
- Perform communication management activities including those required in conjunction with the Capital Plans and Reuse Plans developed by other VA contractors

Task 2: Manage the public meetings process, including facilitation, logistics, advertising, and transcripts

Public meetings represent the touch point of the CARES initiative to all stakeholders. The VA has the most public and formal opportunity to display the principles of communications that foster stakeholder input and build understanding and buy-in. The VA and, in some instances, stakeholders are under

scrutiny at these public meetings. The VA needs a contractor who has both the ability to facilitate and manage public meetings. Team PwC is the vendor of choice because we have strong communications management skills as well as extensive experience in Public Relations, particularly dealing with sensitive topics. For this task, Team PwC organizes, plans, and coordinates the FAC public meetings and documents the views of the committees and other attendees. The VA needs an experienced team that has expertise in facilitating and supporting public meetings in a systematic, professional, and engaging way. Input from these meetings is considered in the development of options and in Team PwC recommended options.

Specific activities for Task 2 include:

- Work with VA staff to prepare FAC meetings - advertising, stakeholder lists and meeting space identification, schedule meetings
- Develop agenda and testimony
- Record meetings and prepare transcripts of meetings
- Translate information from meetings into business plan options and Team PwC recommendations.

Task 3: Manage stakeholder input collection, documentation and analysis process

Obtaining stakeholder input is essential to the success of the CARES Project. Stakeholder input documentation, analysis, and incorporation into the business plan analysis process is a key aspect of this project. Using the FAC as the primary vehicle for stakeholder input, we will use a number of techniques to obtain input from stakeholders. Techniques include, but are not limited to surveys, small focus groups, websites, mailings, public meetings, etc.

Stakeholder analysis helps answer such questions as:

- How do we sustain and leverage commitment of supporters?



- How do we identify and develop strategies to overcome resistance?
- How are perceptions of CARES blockers influenced?
- How are CARES benefits identified and communicated to stakeholders?
- How can affected parties be involved in the business plan option development in meaningful ways, which increase its value and meets their needs and aspirations?

Specific tasks include the following:

- Initial stakeholder input for focusing the stakeholder analysis
- Stakeholder analysis, determining features for the stakeholder groups and their issues and indications of support
- Stakeholder views and impact on business plan options
- Stakeholder input collection via mail and other venues

Task 4: Manage external communications

Team PwC integrates study results and plans that provide VA decision makers and stakeholders with options for the type, size, location, and reuse potential of VA healthcare resources under study. The management of external communication is essential. CARES is a public initiative that impacts the public. Thus, the effective management of external communications is vital to the overall success of CARES. Team PwC has the experience and expertise to manage both internal and external communications for CARES. Team PwC's management of external communications, includes media relations, community relations, public information distribution and website management. In addition to maintaining the websites, we will use Team PwC's web survey data management tool to collect stakeholder input. The web survey tool focuses on stakeholder information and not the technology so that we can obtain stakeholder input more timely and ultimately obtain better results.

Specific activities for this task include:

- Process development for meeting public

notice and documentation requirements

- Independent external analysis and option formulation process
- Website maintenance for each site to include study progress reports and FAC deliberations
- Providing up to four briefings at each site to other interested parties as designated by VA

Task 5: Manage FAC relationship, including briefings, feedback meetings and option formulation process

The FACs, charged with serving in an advisory capacity, are at 17/18 study sites and are used to solicit stakeholder input through public meetings, solicitation of stakeholder comments through web sites, correspondence, interviews and statements provided at the public meetings. Team PwC provides support to the FAC in the coordination of stakeholder input, analysis, and documentation. Complying with all regulatory requirements associated with FAC, we leverage FACs to seek stakeholder input at selected stages in the process, and coordinate stakeholder input from the FACs regarding planning including capital and reuse planning activities. Team PwC communicates the committees input to the VA and considers this input in the option development process. We also develop detailed reports that provide information on stakeholders concerns, proposed responses and our recommendations for addressing those concerns to minimize negative impact.

Team PwC also trains the FACs. We develop and provide training for FAC members and VHA lead staff to create an understanding of the study methodologies. Team PwC's robust learning framework focuses on using the methods that best suit identified needs. At the core of our framework is the understanding of CARES mission and challenges. Leveraging our understanding of CARES's mission and challenges allows us to tailor learning that is relevant and effective. The PwC Team specializes in customized



training tailored to an organization's mission, objectives, and unique challenges. We combine our business expertise, and our understanding of CARE's mission to develop results-oriented outcomes, which we analyze through our rigorous evaluation process. Our training framework is an active, ongoing process rather than a one-time event.

Specific activities for this task include:

- Conduct meetings with FAC (4-5 meetings) to discuss methodology approach, input from FAC regarding initial analysis, and to seek information and advice throughout the business plan development options. The details on these meetings are discussed in Stakeholder Input sessions.
- Provide clear and well defined materials to FAC members one week in advance of meetings
- Provide monthly progress reports to FAC members (as detailed in our Project Management section i.5.1)
- Respond to FAC member's questions
- Develop mechanism and process to guarantee regular and consistent communication between FAC and Team PwC

- Communicate agreement or FAC alternative option to the Secretary and COTR
- Provide education at 17 sites for 150-250 FAC members
- Evaluate the effectiveness of training through the use of the survey and complaint feedback process
- Elicit FAC input throughout the study period

Task 6: VA Internal Communication

Team PwC is responsible for informing the VISN of Team PwC's planning progress and issues through a combination of joint meetings, FAC, and Team PwC briefings. The purpose of the PwC briefings is to share draft and final options with the VISN. Specific tasks include:

- Conduct meetings to update the VISN Director (and/or their representatives) on the progress of the studies, provide information regarding options and the stakeholder involvement process
- Provide training to local VA Staff on the tools and methodologies of the study in parallel but separately from FAC training at public meetings



For this effort, we combine both PricewaterhouseCoopers change management, communications, and training approaches with Widmeyer's extensive experience in public relations to provide the VA with a comprehensive stakeholder involvement approach. We foster collaboration from all stakeholders, gather input and incorporate into options and recommendations. As Figure 14 depicts, PricewaterhouseCoopers focuses primarily on internal stakeholders, communication management and logistics. Widmeyer focuses primarily on external stakeholders and facilitating public meetings. A differentiating factor that Team PwC brings to the effort is our experience in this area of stakeholder collaboration. Our experience focuses on delicate, emotional initiatives like CARES.

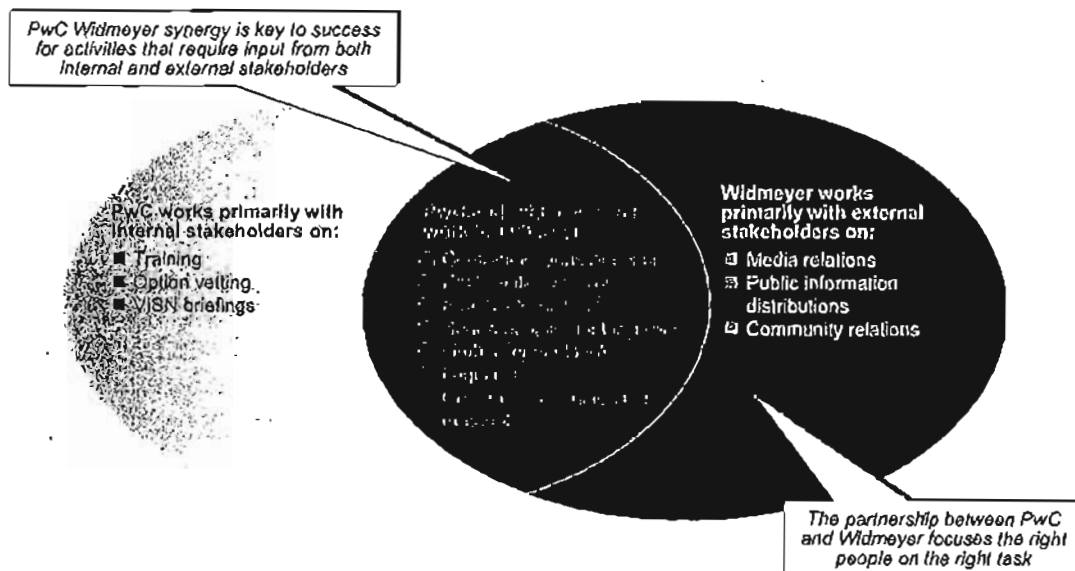
and tasks and applied throughout the project to establish a positive client relationship, to mitigate risk and to meet client expectations. The quality assurance plan outlines how deliverables and tasks are assessed and evaluated, the process used, roles and responsibilities associated with execution and the expected outcomes. The Quality Assurance Plan is submitted within four weeks of project inception to support achievement of expectations throughout the project delivery. The Plan serves as the roadmap for the Team PwC Quality Assurance team as well as the methodology leaders for each of the study areas.

i.5.1.8. Quality Assurance Process

We enforce consistent, high quality standards in Team PwC's service delivery to the VA by use of a quality management plan encompassing all methodologies, deliverables

As Figure 15 illustrates, our CARES quality management process is key to fulfilling your expectations. Accordingly, we have identified five key elements in our project quality process that contribute to day-to-day client service improvement:

- **Quality Review Plan** – We understand that each project has unique requirements. Therefore, the quality review plan is



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Figure 14. PwC's internal communications specialists, coupled with Widmeyer's public relations expertise, enables the VA to manage program risks more effectively



developed at the beginning of the project to define the extent of quality reviews performed and by whom. The CARES Quality Review Plan will define reviews of work products from status reports to the major deliverables of option development and business plans. The plan also defines methodology reviews dictating data collection and analysis standards. Additionally, the plan provides guideposts for integration with Pricewaterhouse-Coopers leading practices in healthcare delivery, performance improvement and planning (see www.pwchealthcare.com for further information on thought leadership).

- **Initial Quality Review** – The initial quality review takes place early in the project to assess whether the planned project approach is sound. This review is of significant importance for application of methodologies for each study area, the financial analysis, development of implementation and transition plans, and risk assessment process. For each of these activities, data and template use is a critical assessment area.
- **Interim Quality Review** – This review is conducted over the life of the project at periods specified by the quality review plan. It covers the technical quality of work in progress, overall project status and client satisfaction.
- **Deliverable Quality Review** – The deliverables identified in the quality review plan are formally reviewed for quality and completeness prior to release to the client. These deliverables include status reports provided on a weekly basis and status reviewed weekly with the COTR, and others.
- **Final Quality Review** – This review, conducted at project close, assesses compliance with client requirements and applicable standards.

Quality deliverables are achieved by reviewing each for completeness, correctness

clarity and usability. We start this multi-level review process by discussing with you the format and content for each deliverable (including analyses and business plans). The resulting format and content guidance is summarized, documented and used as the basis for preparing each deliverable. Project staff possessing appropriate technical expertise prepare the deliverables. Draft deliverables are reviewed by the Project Director for compliance with PwC standards and then provided to the VA for comments. Once deliverables meet VA expectations, they are updated and go through the remainder of our QA process before final submittal.

i.5.2 Key Stages and Sequences

i.5.2.1 Introduction

This section provides the following:

- Overall schedule for providing the VA with an objective, independent external analysis of options for each site and for option selection
- Tasks executed during the Planning Phase
 - Overview of the site by site schedule
- Site-specific schedules and identification of schedule issues and uncertainties with suggested resolution plans

i.5.2.2 Overall Engagement Schedule

Figure 16 provides an overview of the effort Team PwC must complete during each key stage of the engagement and the timing of key meetings with the VA and the FACs at each site.

As indicated in the next few pages, Team PwC's process includes:

- Review of the Draft National CARES Plan, the CARES Commission Report, Secretary Decision and other data
- Solicitation of FAC inputs on options
- Preparation of options from all inputs and analysis of results to-date
- Presentation of proposed options to the FAC to obtain recommendations
- Assessment and integration of all inputs
- Delivery of proposed options and FAC recommendations for VA review



- Development of business plans from VA-approved options
- Provide briefing to the FAC and solicit feedback on the draft business plans

Team PwC's schedule also includes a series of meetings with both the VA and FAC immediately following the completion of detailed option development, testing and selection of recommended options during Stage II, and prior to the true start of the Draft Business Plan creation. This format provides Team PwC with the earliest access to the VA and FAC's counsel and guidance on particular issues or concerns they have with the recommended choices.

1.5.2.3 Planning Phase Schedule

Team PwC has demonstrated, world-class project management capabilities, tools and people with deep experience in helping clients respond to urgent issues and deploying significant resources into sensitive environments. To that end, Team PwC completes all of the significant activities of data collection

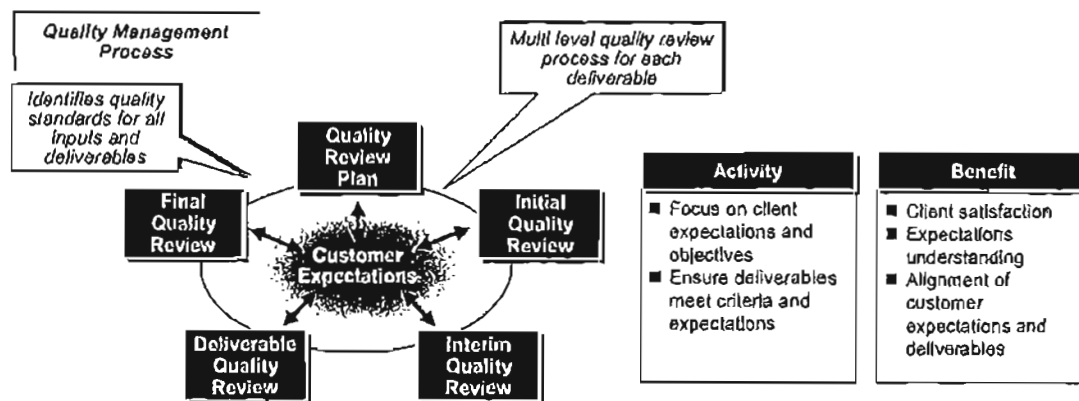
and initial analyses, as indicated in Figure 17, within the project's Planning phase.

Team PwC considers on-time completion of these tasks critical inputs to the early work with key decision-makers in the VA, on the CIB, at each of the sites and within the CARES' FACs.

The success of the initial phase is paramount to the overall success of this engagement. As detailed in subsequent sections, Team PwC is confident in the selected management, tools, high caliber seasoned personnel and approach to enable:

Commitment to providing all resources necessary both to achieve these immediate goals and also facilitate the overall success of the project

- Commitment to providing all resources necessary both to achieve these immediate goals and also facilitate the overall success of the project
- Recognized thought leadership and advisory staff as a sounding board and to provider of additional guidance to the project team.



2 CARES 035

Figure 15. Our approach enables study teams to meet the VA's expectations and objectives

36-22

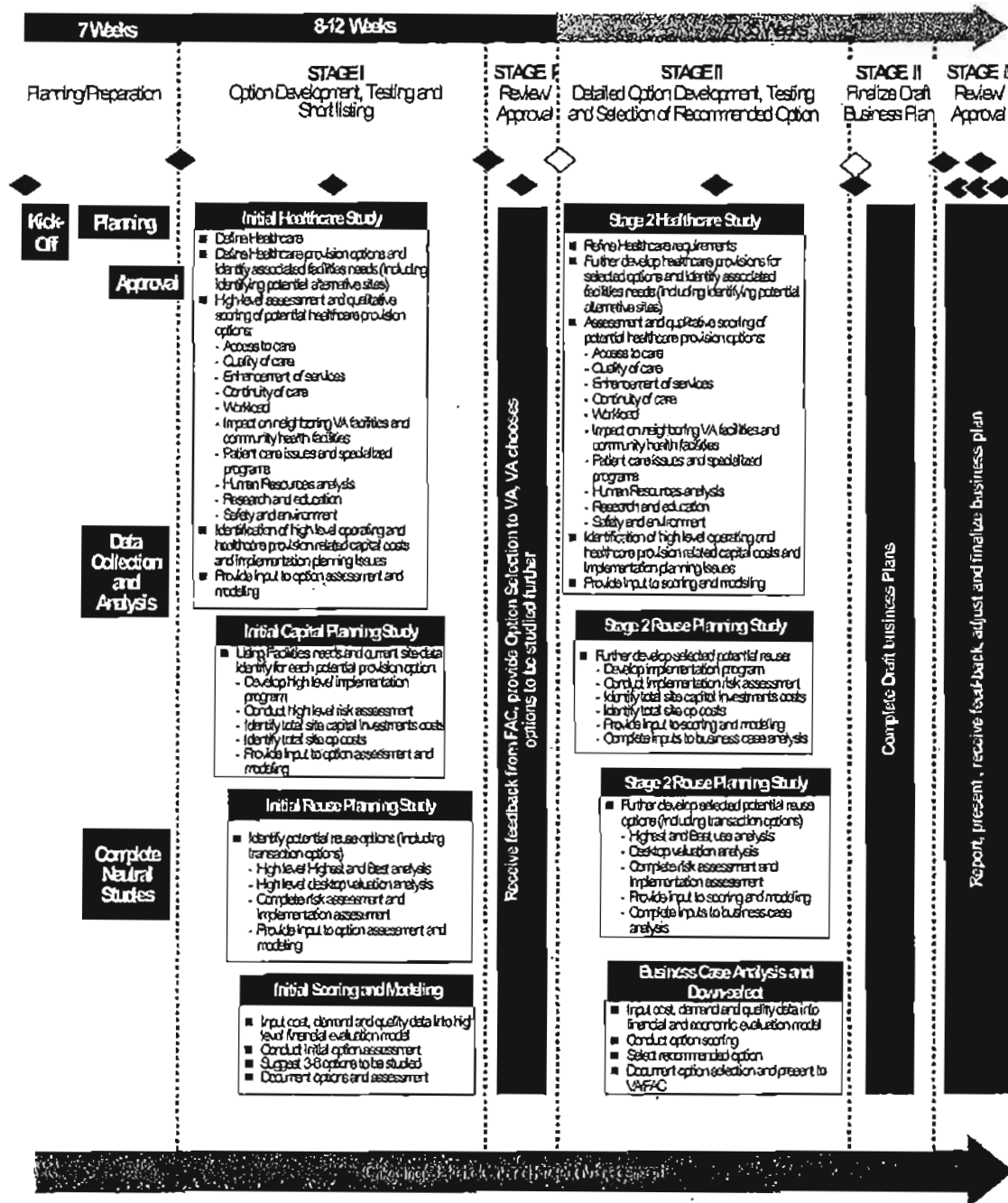


Figure 16. Team PwC overall tasking timeline illustrate our approach to effectively delivering the VA CARES project as expected

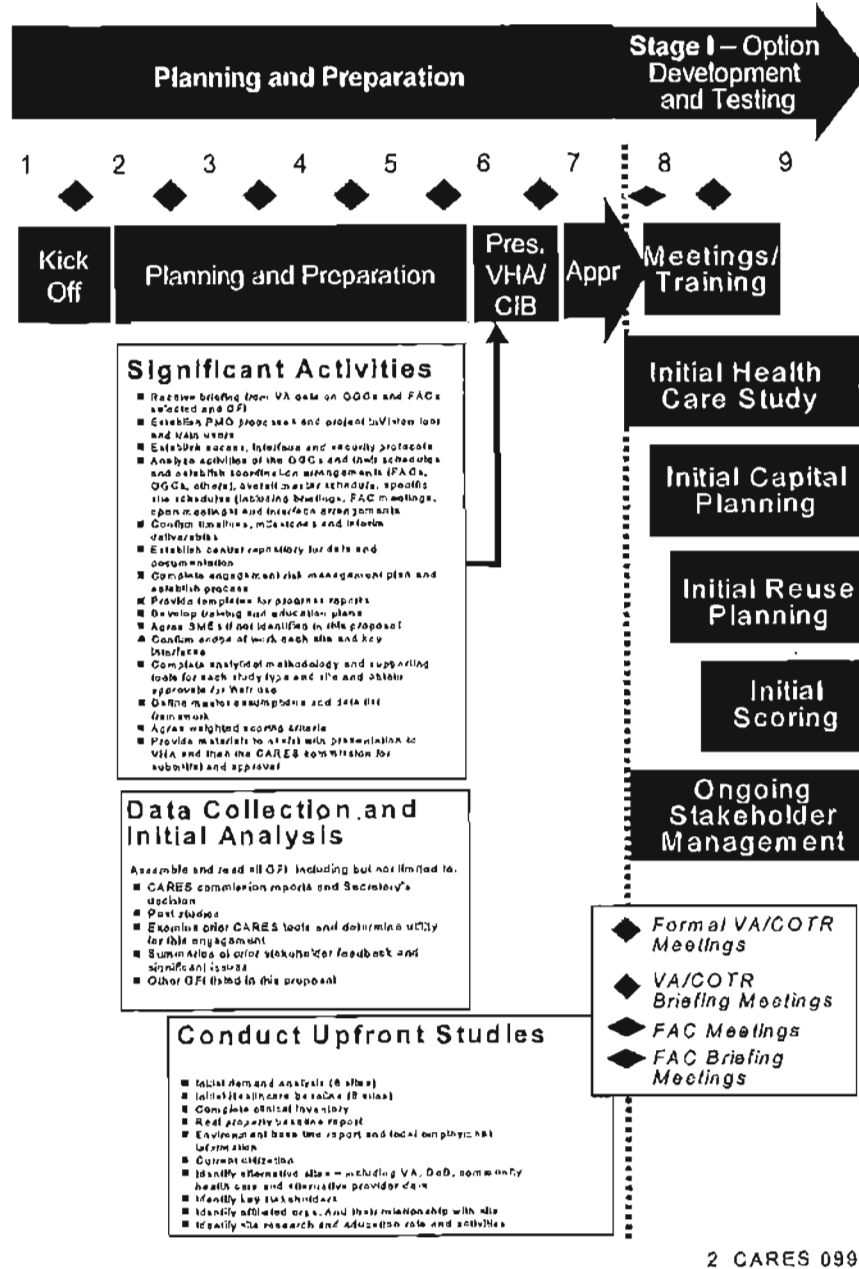


Figure 17. Rapid deployment of high quality resources and utilization of proven tools and processes, together with early completion of baseline studies will lead to low risk and high confidence and successful presentation with key decision makers



**i.5.2.4 Overview of the Site-by-Site
Schedule**

As indicated above, Team PwC has analyzed the requirements for each site and has prepared an initial master and individual site schedules. Figure 18 summarizes the estimated longest duration to complete the required elements of the SOW at each site. Assumptions for those sites include OGC work on the critical path.

The time required for the less complex sites might substantially accelerate, yet determination of each site schedule is dependent upon the extent of stakeholder liaison required and the complexity and acceptance of decisions made to-date. Team PwC plans to revise the schedule as the COTR provides information and direction to Team PwC during the Planning phase.

Figure 19 provides an overview of the key stages and the critical path for the Stage I work at the Boston site. For the healthcare studies sites like Boston, the critical paths runs through the option definition stage during the healthcare study and then onto the other study types once the facilities required supporting each option are identified.

The output from Stage I is a summary and initial assessment of a range of potentially viable options at each site and a recommendation of which (three to six) of the options have the highest potential to meet VA objectives. In accordance with the SOW, Team PwC solicits options from the FAC upon start of this stage. At the end of this Stage Team PwC presents details of the options developed and the results of the initial assessments to the FAC for comment. These comments are combined with any comments or suggestions received from key stakeholders or the general public into the Team PwC Stage I report, which is submitted to the VA for review and approval.

Team PwC's business planning approach integrates its efforts with that of OGCs. At the onset of Stage II, Team PwC briefs the FACs

Site	Stakeholder Communications Plan	Implementation Timeline	Financial Analysis	Healthcare Delivery Study	General Capital Plan	General Reuse Plan	Comprehensive Capital Plan	Comprehensive Reuse Plan	Estimate in Weeks
Boston	■	■	■	■	■	■			64
NY City	■	■	■	■	■	■			54
Louisville	■	■	■	■	■	■			63
Waco	■	■	■	■	■	■			62
Big Spring	■	■	■	■	■	■			52
Walla Walla	■	■	■	■	■	■			51
Montgomery	■	■	■	■	■	■			52
Muskogee	■	■	■	■					52
Canandaigua	■	■	■			◆	■	◆	51
Montrose/ Castle Point	■	■	■			◆	■	◆	48
St. Albans	■	■	■			◆	■	◆	48
Lexington	■	■	■			◆	■	◆	48
Livermore	■	■	■			◆	■	◆	51
White City	■	■	■			◆	■	◆	48
Perry Point	■	■	■			◆	■	◆	48
Gulfport/Biloxi	■	■	■			◆	■	◆	51
West LA	■	■	■			◆	■	◆	51
Poplar Bluff	■	■	■			◆	■	◆	51

■ Team PwC ◆ OGC

Figure 18. Estimated maximum time required to complete SOW at each site.

on the options selected by the VA for study during Stage II, the plan for this stage and then solicits their guidance and inputs. Throughout Stage II, Team PwC solicits feedback from FACs and key stakeholders and enables, through use of a web page and other mechanisms, open communication by stakeholders and the general public of their issues and concerns.

As indicated in Figure 20, Team PwC provides a recommended option from the three to six options identified for each site using the methodology approved in the

36-25

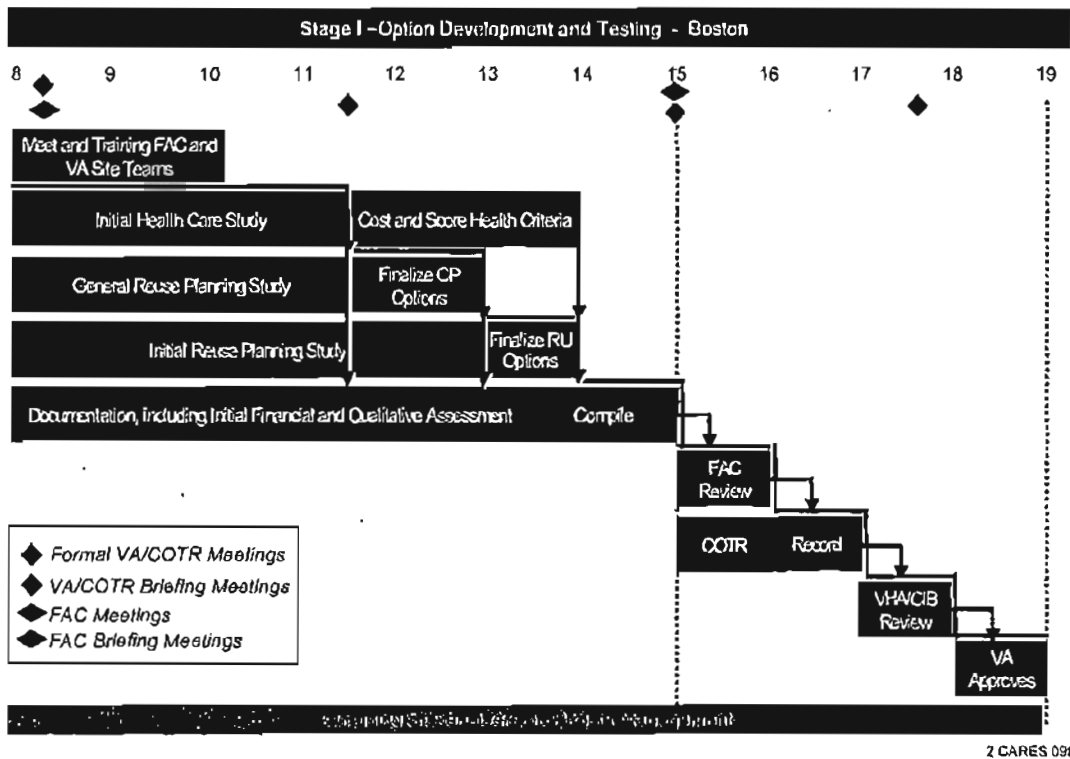


Figure 19. Example of Stage I Option development and testing process for a complex site like Boston, where critical path follows the determination of facilities required for each healthcare provision solution

Planning phase. This occurs no later than Week 35 for Boston and earlier for all other sites. Additional briefings with the FAC and COTR occur immediately following completion of the selection of the recommended option, prior to completing the draft business plan.

Figure 20 also illustrates Team PwC's sequences of presentations to the FAC for review and for incorporating Stakeholder recommendations. FAC recommendations on options that may differ from that of Team PwC's, are accompanied by an analysis as to why the FAC recommended option was not recommended. Following VA review, Team PwC may be required to brief the FAC again and solicit further comments, particularly if the VA's changes are to the recommended option. At that point, Team PwC solicits final comments from the VA and the CIB before

finalizing the business plans for the site. Upon receipt of VA approval, 30 copies of the plan are produced and distributed.

i.5.2.5 Scheduling issues and plans

Team PwC's detailed plans for each site are sensitive to the workload of the VA, FAC and CIB resources by staggering requirements for their reviews and the timeliness of input from OGCs.

i.5.3 Key Study Elements

i.5.3.1 Health Care Delivery Studies

i.5.3.1.1 Overview

Team PwC has prepared a comprehensive approach to conducting healthcare delivery studies. The objective, per the SOW, is the determination of the type and volume of services needed for 2013 and 2023 and the best location for these services considering

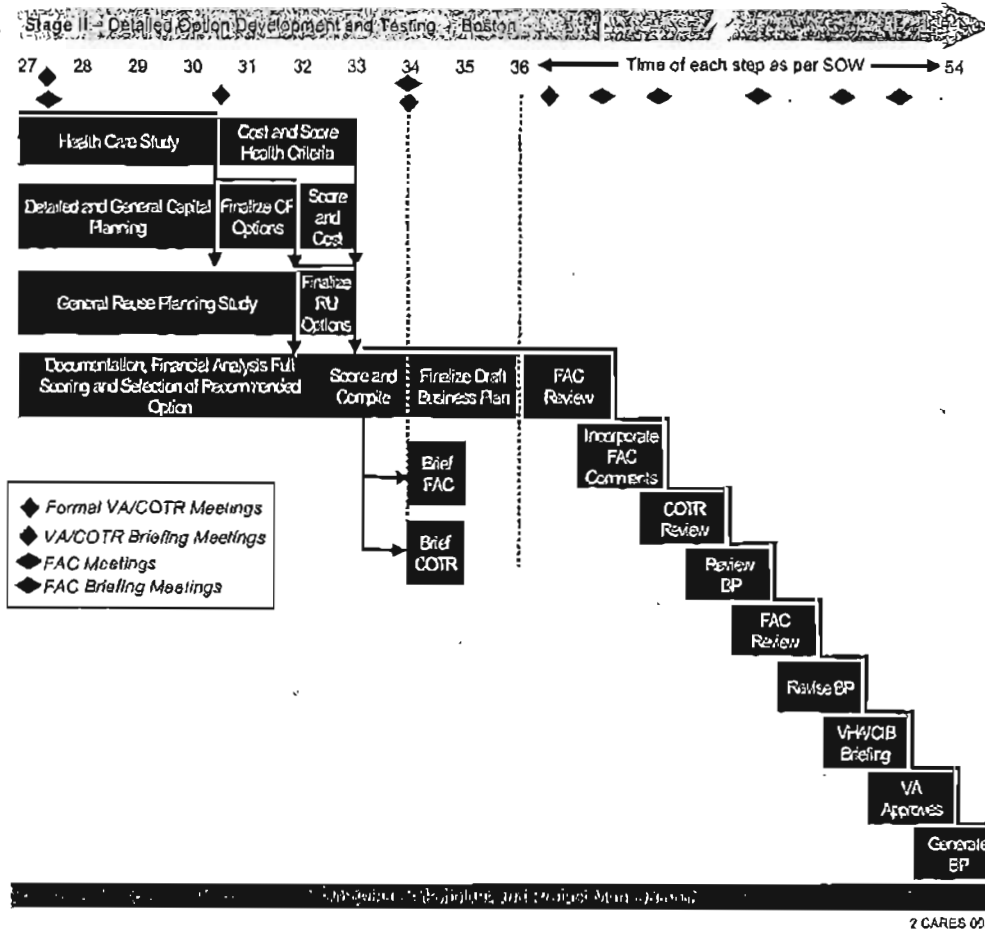


Figure 20. Shows the later stages of Stage II activities for Boston

access, cost, quality, and stakeholder input. Each healthcare delivery study involves developing key outputs from in-depth analyses of VA and industry data, stakeholder information, interactions with architects and engineers, and cost considerations. In providing a detailed overview of the analyses and tasks involved in executing healthcare delivery studies, we detail the activities at a hypothetical VA medical site as set out in Figure 21. In Figure 21, we assume the site under study has three VAMCs and the Secretary's Decision is to explore options to

consolidate the three VAMCs to either one or two locations.

Team PwC's approach consists of a Planning Phase followed by Stages 1 and 2 of analyses. In our Planning Phase, we review prior studies, reports and the Secretary's Decision, perform initial analysis of Government Furnished Information (GFI), finalize the health care study methodology, study templates and obtain the VA's approval of the proposed approach, assumption sets and tools. Stage 1 and Stage 2 entail implementing our methodologies and approaches; this involves close interaction with VA decision makers,



stakeholders, and the FACs to create a range of options for each VA site. In accordance with the project master schedule we complete in Stage I, the identification and assessment of health care needs and delivery options is based on population and veteran enrollee information. Stage I includes presentation to the VA and PACs of options short-listed for further consideration. After gaining approval of the options by the VA, Stage II focuses on refinement and development of the selected options. Refinement is based on consideration of the volume and mix of services needed and where to place those services balancing cost, quality and re-use potential.

The recommended option reflects the greatest potential to achieve the CARES objectives.

Figure 22 on the following page identifies the overall detailed process flow for each of

the eight Health Care Delivery Study sites. Team PwC's methodology assumes that the VA will provide the GFI and access described below.

i.5.3.1.2 Clinical Analysis, Stage I

Key to the Clinical Analysis process is the optimization of capability-need-availability against volume-mix-location considerations. This balancing act is the healthcare providers' dilemma. In Stage I, we assemble a data foundation sufficient to support the review and evaluation of High-Level Options.

In Stage II, for the VA-approved Business Plan Options, significant additional detail and analysis provide the basis for later deliberations towards the most informed choice.

Planning Phase	Stage I	Stage II
<ul style="list-style-type: none"> ■ Assemble and read all GFI <ul style="list-style-type: none"> - CARES Analyses - Marketing plans ■ Augment the GFI with either PwC proprietary or commercially available data as required and approved by the VA ■ Develop and agree with the VA and COTR on the methodologies, tools, and procedures used, where: <ul style="list-style-type: none"> - "Stage I" elaborates sufficient detail for the COTR, considering Team PwC analysis and stakeholder input, to narrow the field of potential Options to those that merit Business and Implementation Planning - "Stage II" fully develops the Business and Implementation Plans for COTR-directed Options, whereby the VA makes an informed and defensible choice for each site as stated in the SOW 	<ul style="list-style-type: none"> ■ Conduct agreed-upon interviews and site visits <ul style="list-style-type: none"> - Clinical Analysis. This will entail: <ul style="list-style-type: none"> ■ VA-suggested dimensions in the SOW (Access to Care, Quality of Care, Workload, etc.) plus two additional PwC-recommended dimensions (Future Flexibility and Innovation). ■ Human Resource Analysis ■ Research and Education Analysis ■ Safety and Environment Analysis ■ Align "Stage I" analyses with High-Level Options: how do each of the Stage I issues inform the choice/election of High-Level Options? ■ Output "Stage I" data to Financial Analysis ■ Facilitate presentation of High-Level Options to FACs and Stakeholders ■ Receive COTR approval for which High-Level Options will progress to Business Plan Options in Stage II. 	<ul style="list-style-type: none"> ■ Complete "Stage II" of the: <ul style="list-style-type: none"> ■ Conduct agreed-upon interviews and site visits <ul style="list-style-type: none"> - Clinical Analysis - Human Resource Analysis - Research and Education Analysis - Safety and Environment Analysis ■ Output "Stage II" data to Financial Analysis ■ Presentation of Business Plan Options to FACs and stakeholders to address: how each of the Stage II issues inform selection of the recommended option? ■ Receive COTR approval for which Business Plan Option will progress as the Recommended Option ■ Complete all study documentation

1 CARES 110

Figure 21. We use a comprehensive set of management tools to plan and execute all stages of the project



Team PwC's approach builds upon existing VA guidelines, information, and metrics and supplements them, where available, with private sector or proprietary metrics. This practice enhances the likelihood

that options meet or exceed expectations while complying with regulations. Figure 23 below focuses on the initial measurement procedures to be completed during Stage I of the Clinical Analysis.



5 CARES 083

Figure 22. Healthcare delivery study methodology applies repeatable processes for each site delivering consistent, effective and measurable results

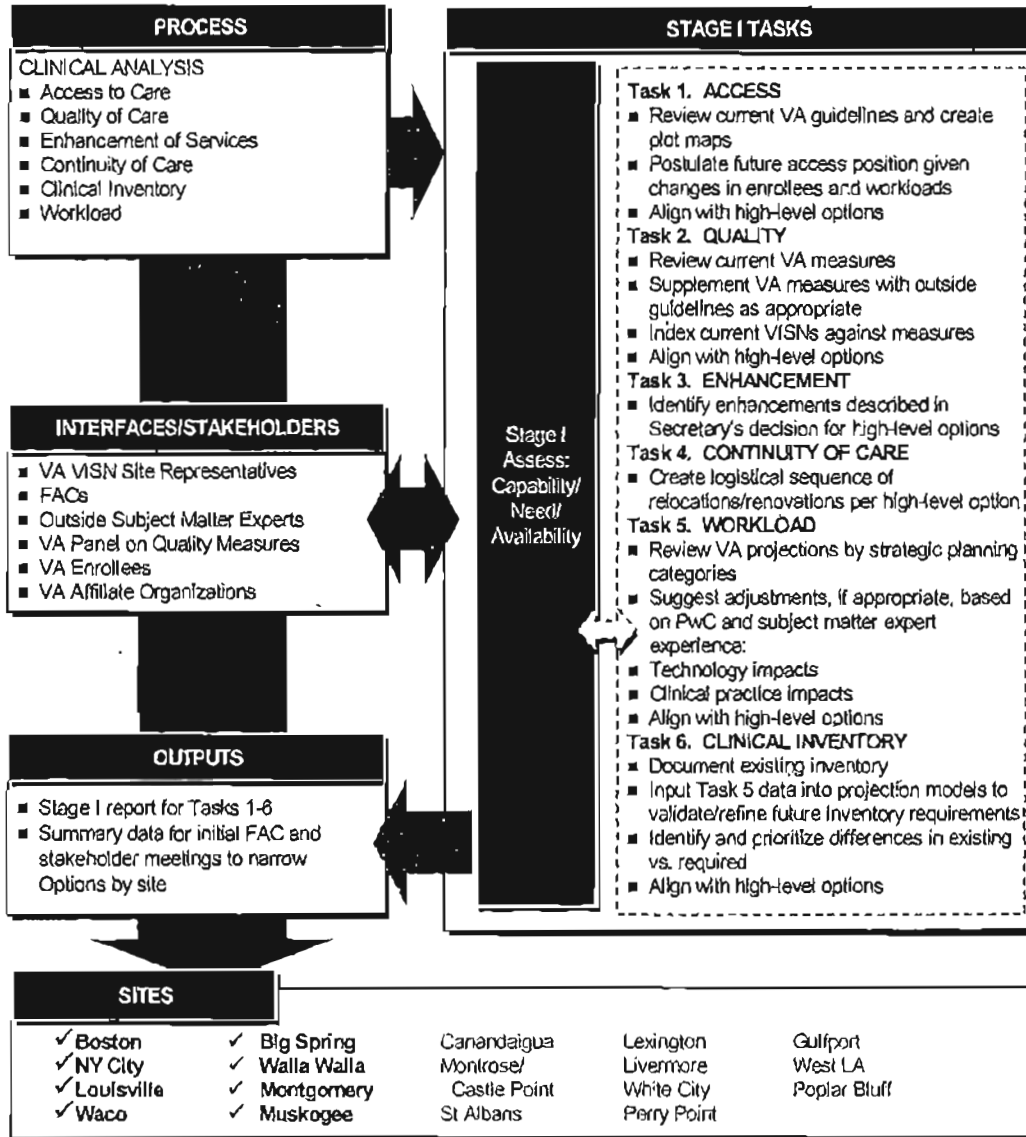


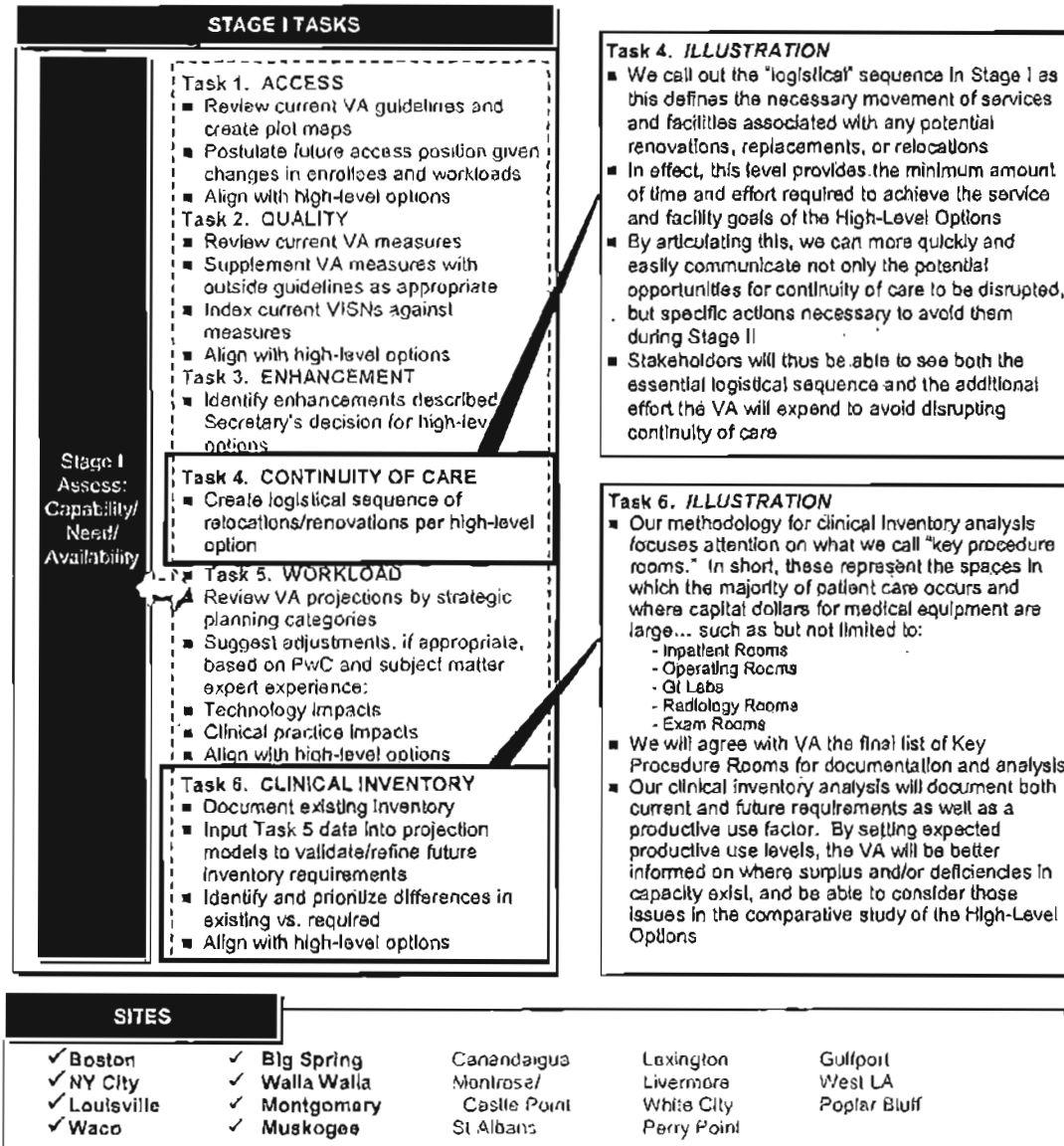
Figure 23. Stage I develops a sufficient baseline in the clinical analysis to winnow the field of high-level options



1.5.3.1.3 Clinical Analysis, Stage I

We highlight for your consideration additional detail on our approach to two of the tasks in Stage I in Figure 24: Continuity of Care and Clinical Inventory. We highlight

these to provide you with an understanding of the level of detail with which we will work and the types of information we will be evaluating.



4 CARES 082

Figure 24. In Stage I, we meet VA requirements using VA approved and expected metrics augmented by Team PwC tools and experience



1.5.3.1.4 Clinical Analysis, Stage II

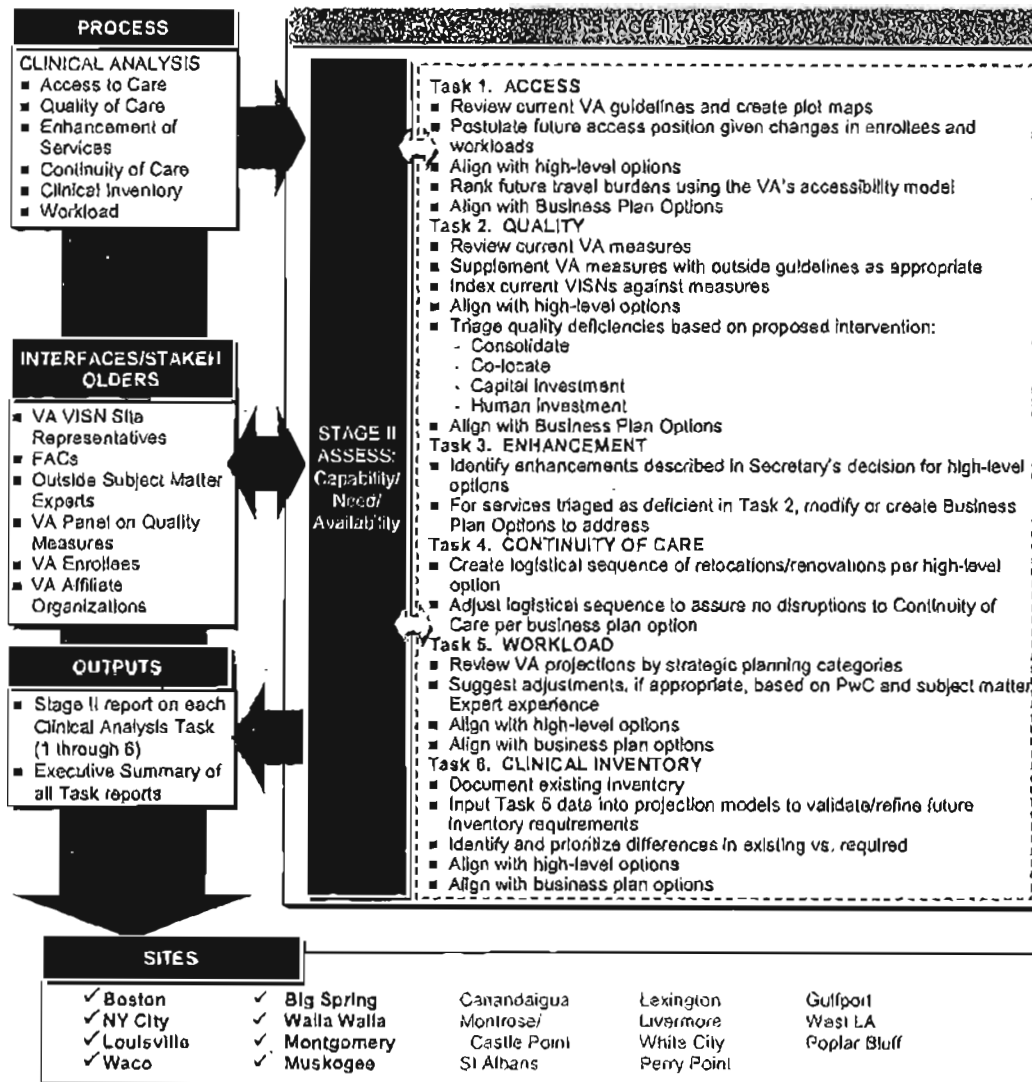
During Stage II, the Clinical Analysis adds essential comparative components necessary to enable an informed choice of the Business Plan Options as well as appropriate, robust, and defensible communications with stakeholders.

The black text below in Figure 25 represents analysis completed during Stage I. Analysis to be added during Stage II is

highlighted in red.

As the Clinical Analysis progresses toward Business Planning, impacts of options on stakeholders and the transition from current to future state increase in criticality. In addition, as the SOW indicates, the VA intends to embrace innovation and partnerships to improve service while mitigating risk.

Accordingly, the green text in the Process and Stage II boxes in Figure 26 highlight



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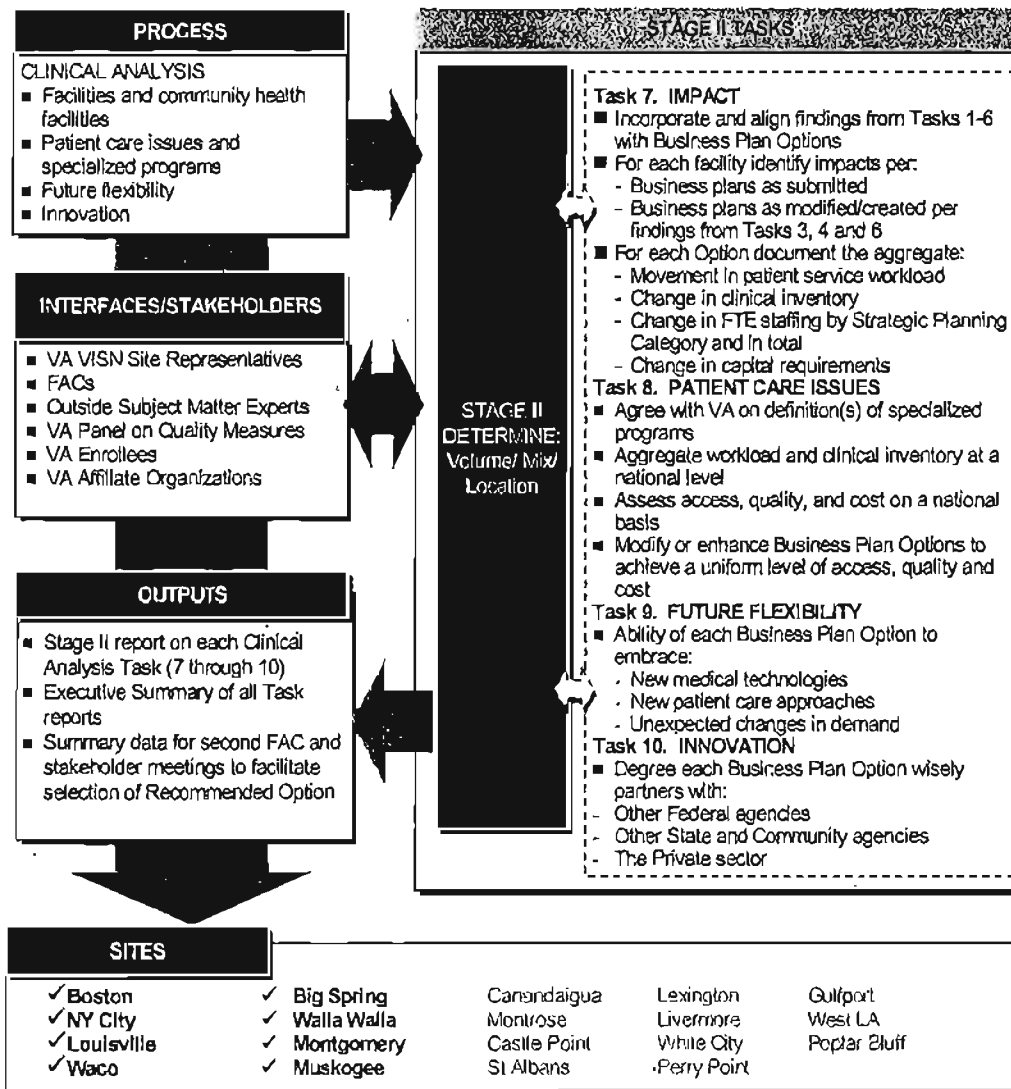
Figure 25. Healthcare delivery studies methodology for Stage II of the clinical analysis



additional analyses of value to the VA's decision-making process.

A clear focus is on patient care issues, future flexibility (2023) and innovation. During the Stage II clinical analysis process we also identify the impacts to the community and the transition impacts to formulate the necessary strategies to make possible

continuity of services. Team PwC understands the importance of managing current requirements like preserving continuity of care while considering opportunities for future flexibility based upon delivery innovation and changing enrollee requirements. We are actively involved in leading discussions on similar issues (see www.pwchealth.com.)



4 CARES 030

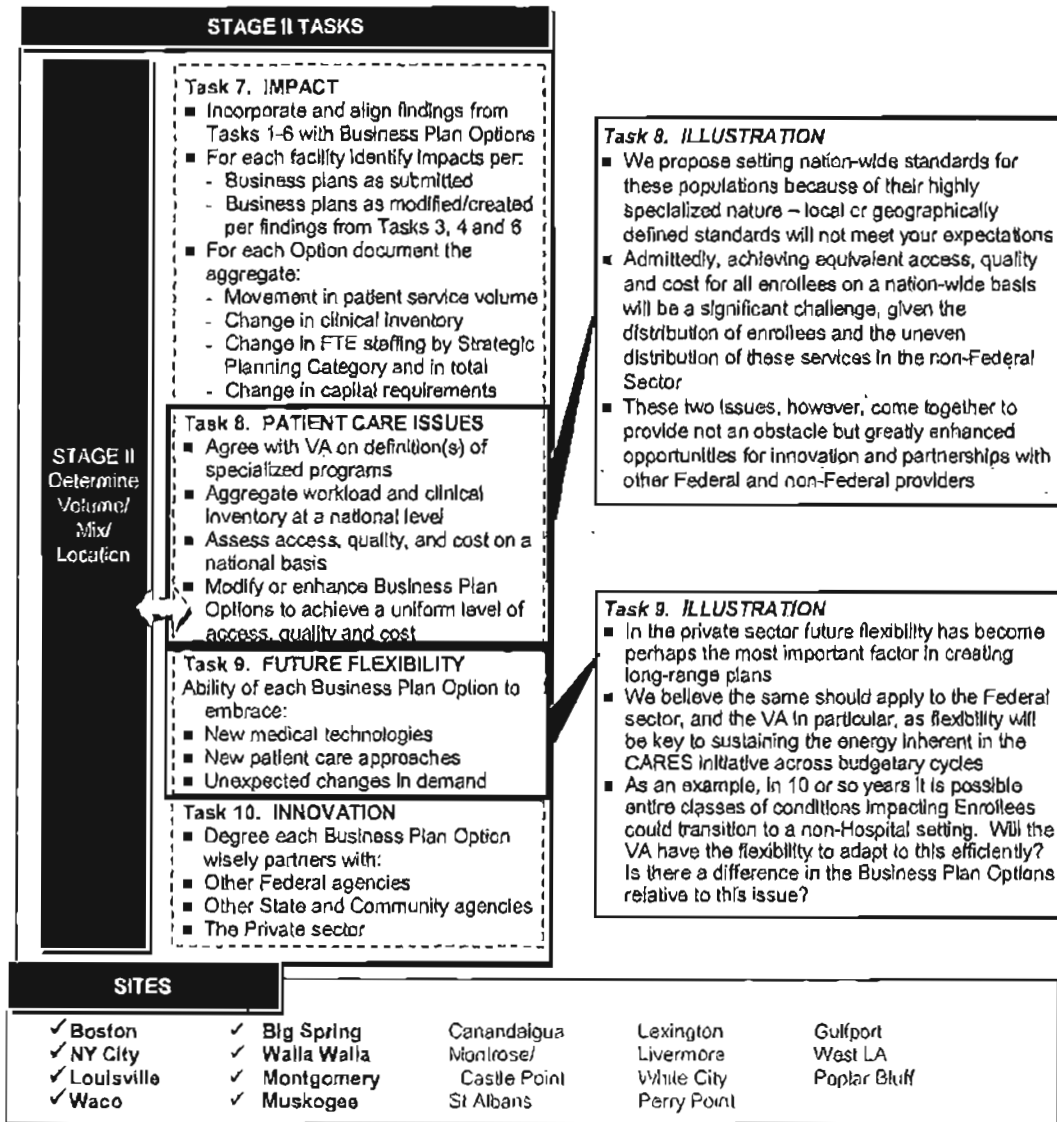
Figure 26. In Stage II we bring to bear two additional evaluative parameters unique to Team PwC and specific to the VA CARES project



1.5.3.1.5 Clinical Analysis, Stage II Detailed

We highlight for your consideration additional detail on our Stage II approach, two of the tasks in Figure 27: Continuity of Care and Clinical Inventory. As we consider these

issues, input from stakeholders, especially veterans and patients is incorporated into our recommendations. The FAC meetings, discussions with VA decision-makers, and stakeholders provide such input.



5 CARES 079

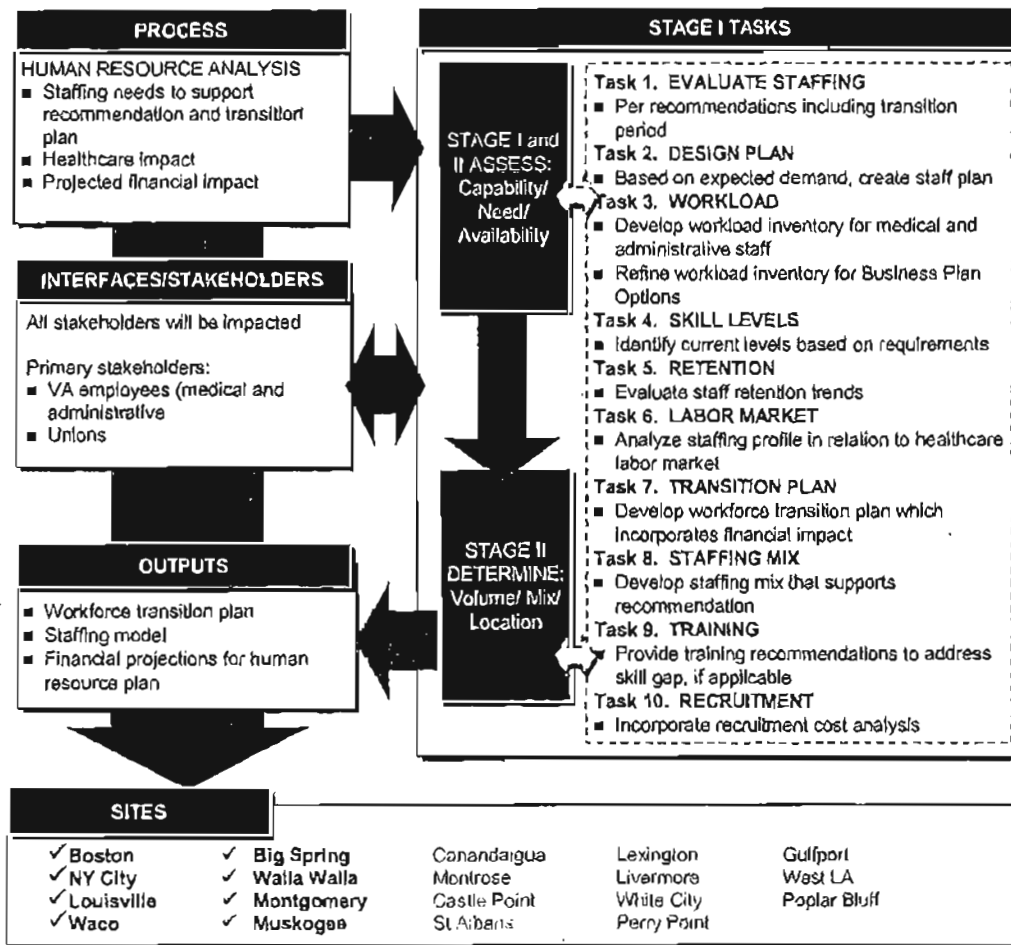
Figure 27. In Stage II we continue to meet VA requirements using VA approved and expected metrics augmented by Team PwC's tools and experience



1.5.3.1.6 Human Resource Analysis Variables

Team PwC approaches human resource analysis through evaluating variables including delivery and business strategy, cost management, employees, unions, programs and services, organizational structure, operations, and information technology in order to determine human capital requirements for maintaining the facility and financial impact. This process is depicted in Figure 28.

While Team PwC develops the clinical analysis, the human capital impact is considered and incorporated into recommendations through analysis of staffing requirements and impacts. In addition, an in-depth detailed analysis of the transition period from the current state to the recommended state is considered. Team PwC's evaluation presents various scenarios to determine the leanest staff mix required to meet the highest mission critical demand.



6 CARES 078

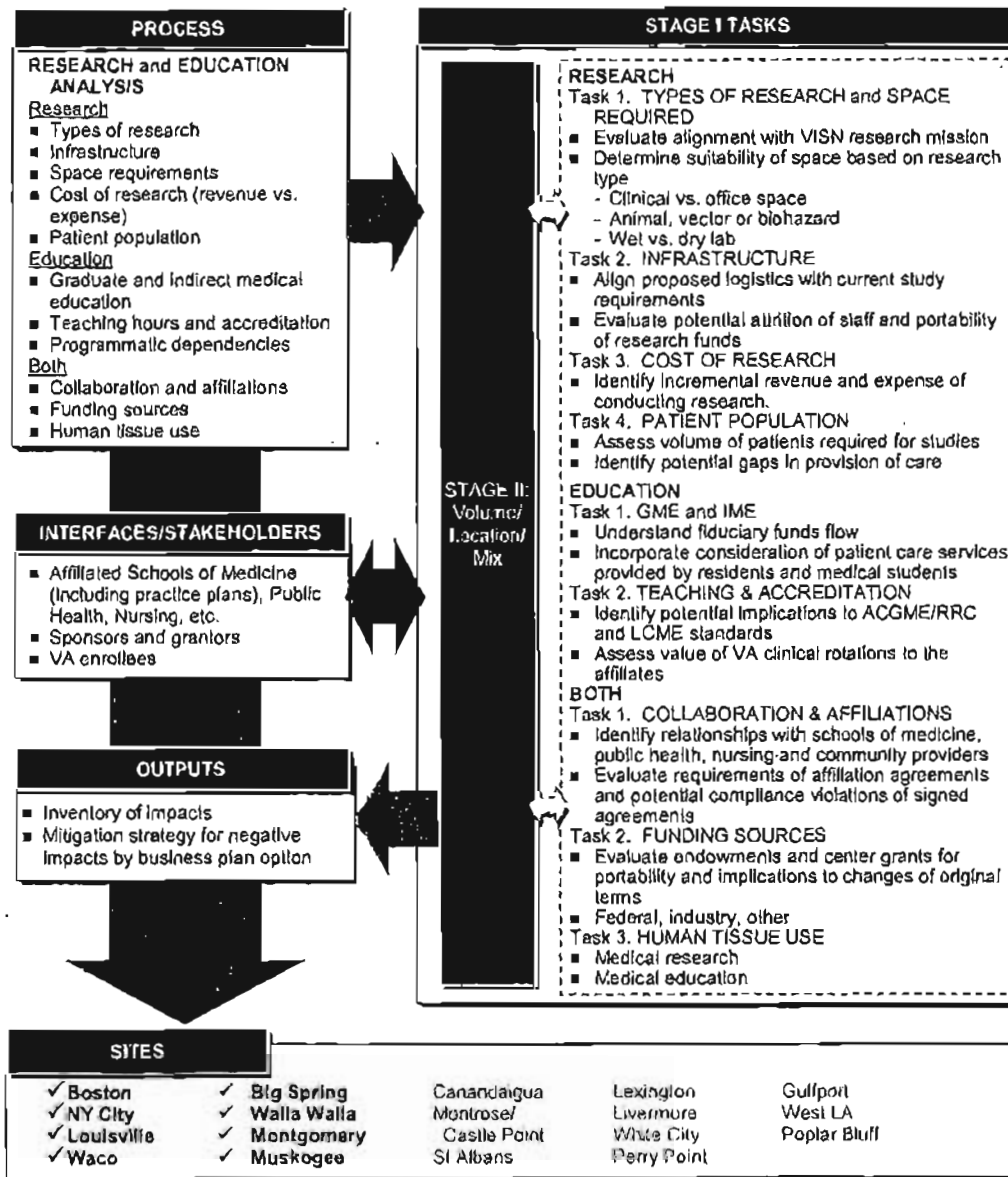
Figure 28. The Human Resources analysis captures and addresses the impacts to VA physicians and staff, informing the comparison of options



i.5.3.1.7 Research and Education Analysis

Research and education, Figure 29, are important missions of the Veterans Administration. Since the VA supports 8800 physician residents across the US and provides approximately 9% of U.S. graduate medical education (GME), VA hospitals are

an integral element of medical education and training (Source: www.va.gov, December 2004 data). VA physician faculty have affiliations with 85% of the nation's medical schools allowing physicians to hold joint appointments at an university and at the VA, and the ability to see patients at VA, supervise



4 CARES 077

Figure 29. The Research and Education analysis both broadly and deeply respects the importance of these dimensions to the VA mission



students and residents, and conduct research. Because of these interconnections, it is critical to consult with and consider carefully the impact of any impact on these important relationships.

While each VISN develops its own research agenda in conjunction with its VA medical centers and in collaboration with local schools of public health and medicine, it is critical to ensure that the CARES objectives at each site align with the VA's research mission areas such as alcohol and substance abuse, psychiatry, diabetes, cardiology, respiratory, oncology, and infectious disease.

Team PwC's competencies in academic and research mission issues ensure that continued success in these areas is incorporated into the plan going forward. PwC has assisted universities and academic medical centers with strategic and operational planning in a variety of ways. We have the expertise to work with your academic and community affiliates to assemble their input and understand all potential implications on these critical missions. Our extensive experience developing and assessing plans, creating business models for projects, developing academic and research plans that may include the development or revitalization of facilities, identifying funding strategies, and advisory on the inclusion and treatment of space in federal indirect cost negotiations. Within the past decade, our Academic Health System Practice has completed such projects at more than 50 colleges and universities.

Analysis for the impact of the Options of Research and Education is most robust when

applied to the comparative evaluation of Business Plan Options in Stage II. Accordingly, our work on these parameters is concentrated in the Stage II timeframe.

Environmental Analysis

Environmental Options developed by Team PwC comply with existing laws, VA regulations and requirements.

The EBS I reports are completed at all sites (by either Team PwC or OGCs) using existing VA data provide a baseline for the Environment Analysis. As part of option development and scoring, Team PwC member Horne Engineering (or OGCs on those sites where OGCs conduct reuse studies) completes an assessment describing current conditions and considers how the proposed options affect the environment of site, excluding Poplar Bluff. This assessment forms part of the overall assessment of health care delivery options and involve a high-level analysis of options developed in the ensuing task. The Environment Analyses also provide inputs to both the implementation planning and risk analysis for each option at each site.

A written report is provided to identify areas surveyed, findings, suggest corrective measures, and to provide a basis for the implementation planning provided in a later task.

Outputs

Figure 30 summarizes the Outputs generated by the healthcare Delivery Studies for the eight sites in the SOW.

Outputs cross Stage I and II delivery and denote those that will provide key data for the Financial Analysis and business planning.



Output	When?	Input to Financial Analysis?	Input to Capital Planning?	Notes and Linkages to SOW Requirements
Weekly Progress Reports, FAC Presentations	Per Master Schedule	No	No	Schedule to be agreed with COTR. In weekly progress reports we shall: <ul style="list-style-type: none"> Consult with COTR on which Subject Matter Experts are to be used; Provide lists of Subject Matter Experts consulted and reports of the consultation; Provide in the Reports and FAC Presentations summaries of the analysis which clearly present the rationale for support or rejection of Options.
Clinical Analysis: Access to Care	Stage I – Current conditions	No	No	
Clinical Analysis: Access to Care	Stage II – Options including future travel burdens	No	No	This output shall illustrate how access to care, per VA guidelines, is met or not met in the Business Plan Options.
Clinical Analysis: Quality of Care	Stage I – Current conditions	No	No	
Clinical Analysis: Quality of Care	Stage II – Proposed Improvements by Business Plan Option	No	No	This output shall illustrate how quality of care is maintained or enhanced in the Business Plan Option and Recommended Option. This output shall identify opportunities to improve quality.
Clinical Analysis: Enhancement	Stage I – Secretary's Direction	Yes	Yes	
Clinical Analysis: Enhancement	Stage II – Modifications to Business Plan Options	Yes	Yes	This output shall clearly identify opportunities for enhancing services through realignment.
Clinical Analysis: Continuity of Care	Stage I – Logistical Sequence	Yes	Yes	
Clinical Analysis: Continuity of Care	Stage II – Logistical Sequence adjusted to avoid disruption	Yes	Yes	This output shall illustrate how continuity of care will not be interrupted during transition.
Clinical Analysis: Workload	Stage I and Stage II – Workloads for 2013 / 2023 by VSN by Strategic Planning Category	Yes	Yes	This output shall: <ul style="list-style-type: none"> Examine study site's population, service utilization, and patient origin; Determine total volume and mix of services by Strategic Planning Category, using VA methodologies as enhanced by PwC and Subject Matter Expert input; Determine placement of services balancing access, cost and quality (In collaboration with Capital Planning team); Describe array of services and quantity of workload at reorganized sites;

2 CARES 076

Figure 30. Health care delivery studies - outputs



Output	When?	Input to Financial Analysis?	Input to Capital Planning?	Notes
Clinical Analysis: Clinical Inventory	Stage I and Stage II – Existing inventory, gap with future requirements, priorities	Yes	Yes	This output shall review current clinical inventory and determine future clinical inventory based on workload, enhancement, access, and continuity factors.
Clinical Analysis: Impact on Neighboring Facilities	Stage II – Document aggregate impact on workload, clinical inventory, staffing, capital	Yes	Yes	This output shall identify and describe the impact of the Business Plan Options on neighboring and/or affiliate entities.
Clinical Analysis: Patient Care Issues	Stage II – Agreed definitions; nation-wide level of access, quality, cost; modified Business Plan Options	Yes	Yes	This output shall apply nation-wide standards, as agreed, to address impact on patient care and special disability programs.
Clinical Analysis: Future Flexibility	Stage II – Flexibility of Business Plan Options	No	No	
Clinical Analysis: Innovation	Stage II – Business Plan Option support for innovate approaches	Yes	Yes	
Research and Education	Stage II – Inventory of Impacts	No	No	
Research and Education	Stage II – Mitigating Strategies	Yes	Yes	This output shall describe impacts to VA support of research and medical education and provide mitigating strategies for negative impacts.
Human Resource Analysis	Stage I and II – Workforce Transition Plan	Yes	No	This output shall <ul style="list-style-type: none"> ▪ Analyze labor market to address critical staffing levels; ▪ Forecast the impact on healthcare occupations; ▪ Consider changes in commuting and employee work/life balance; ▪ Examine other considerations for successful implementation.
Human Resource Analysis	Stage I and II – Staffing Model	Yes	No	This output shall assess the staffing impact for the options proposed.
Human Resource Analysis	Stage I and II – Financial Projections	Yes	No	This output shall assess the financial impact for the options proposed.
Safety and Environment Analysis	Stage II – Option Assessment	No	Yes	Inputs to the scoring process.

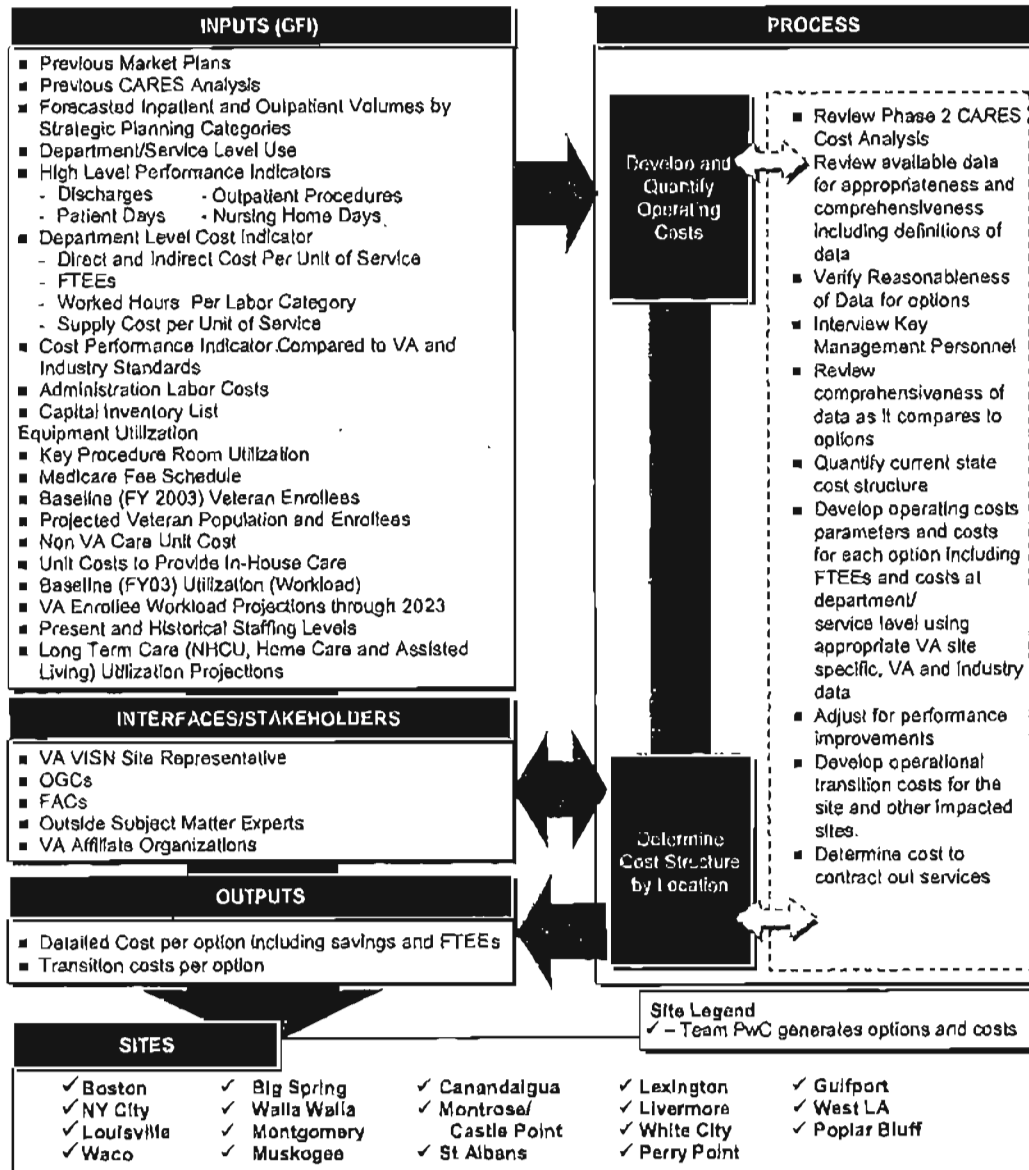
Figure 30. Health care delivery studies – outputs (Continued)



**i.5.3.1.8 Healthcare Delivery Consulting:
Costing**

The operating cost analysis accounts the high-level and department/service level costs. Team PwC's methodology compares current-state healthcare delivery costs at each facility

with the cost for each selected option. Figure 31 depicts the data inputs and analytical processes that develops the operating cost inputs for the financial analysis for all sites.



8 CARES 043

Figure 31. Healthcare delivery study methodology to apply repeatable processes for each site delivering consistent, effective and measurable results



i.5.3.2 Capital Planning Methodology

Team PwC's Capital Planning process provides a consistent and integrated structure that meets the project goals.

Meeting objectives for modern healthcare delivery and utilizing the VA's resources appropriately demands the best configuration of capital assets. Our design approach makes the capital planning process both as effective and efficient as possible.

The Capital Planning effort leverages strategic Healthcare Delivery Study recommendations, prior site and facility studies, new planning recommendations, and input from the stakeholders and FAC for each site. Our strategic master planning approach describes general capital requirements and all funding categories through the year 2013.

For each option the capital plan recommends and explains all capital investments required, overall timeframes and sequences, and long-term strategies to improve, add, or replace facilities providing state of the art results focused on a safe environment for patients, staff and visitors alike. Our comprehensive plan provides facility information on location, appropriate size, capital investment; identifies historical properties, environment issues to be resolved, details viability and effectiveness of healthcare locations; and cites opportunities for collaboration with DoD, VBA, and NCA. Further, the capital plan presents information detailing relative condition and costs of the maintenance or realignment for each campus.

To help facilitate the Capital Planning study process, development progress concurrently proceeds in conjunction with Reuse Planning and Healthcare Studies. Leading this effort, we initiate and facilitate all communications with the FAC and other contractors capturing their inputs through the study phases.

In some cases, Team PwC coordinates activities and information with other VA contractors. This requires a degree of

Our team is highly qualified to handle multiple, complex campus planning studies

- Perkins+Will brings more than 65 years of healthcare expertise
- Perkins+Will is a national practice with regional offices that complement the CARES site study locations
- 92 million sq. ft. planned in the last 5 years
- 80% located in dense, urban campuses
- 85% of capital planning studies associated with academic medical center and public sector clientele

1 CARES 109

collaboration to achieve initial and final option recommendations.

We deliver two types of capital plans: General and Comprehensive Capital Plans. Both express a long-term strategy as part of the plan narrative. Our General Plans provide a discussion overview of capital development options as part of the overall healthcare provision options development. We provide, macro square footage cost estimates for all planning activities, including patient safety and seismic corrections. Further, we list the capital requirements identifying square footage by type of space.

In the Comprehensive Plans, we achieve a finer granularity of detail by identifying capital requirements for each department, list by campus each capital project, and identify square footage.

As part of our planning process and deliverables, we provide for each campus an overall schedule for capital activities and incorporate this information into the CARES Project Master Implementation Timeline. In addition to the Capital Plans, we deliver:

- Broad block plot plans "before and after"
- Campus plot plans "before and after"
- Demolition/Divestiture plot plans
- Department space plans
- Safety and environmental assessment



i.5.3.2.1 Process and Methodology

Consistent with Team PwC's methodology, as illustrated in Figure 32, we exhibit the process flow of information. The process

describes information sources and interfaces; how and whom we exchange information with; what issues might exist; and finally what results are distributed. Importantly we identify

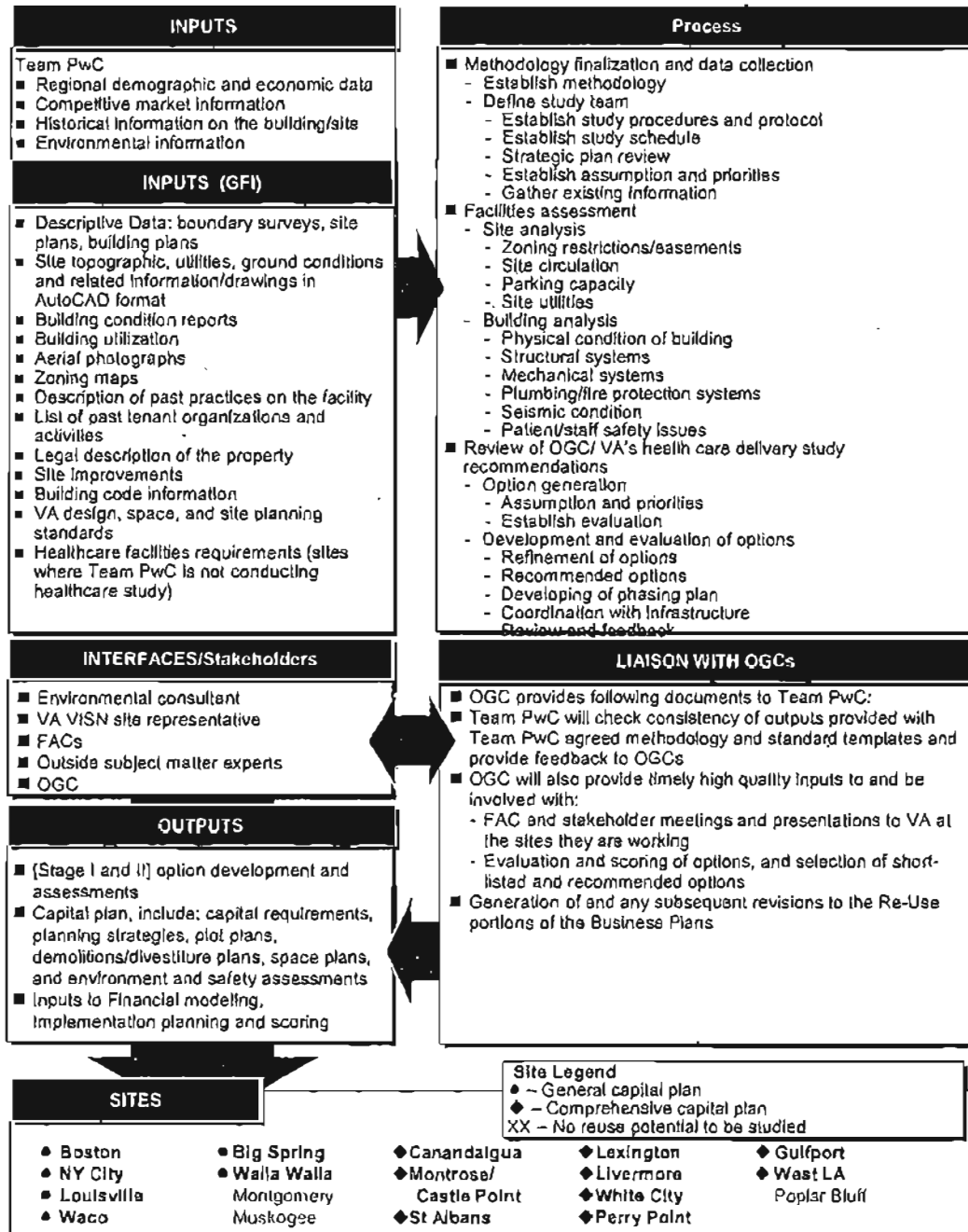


Figure 32. Our capital planning applies repeatable processes for each site delivering consistent, effective and measurable results

Use or disclosure of the data contained on this sheet is subject to the restriction on the title page of this proposal

36-41



what GFI is required, as timely access to this information is critical to the success of capital planning.

Our consistent and uniform approach to each of our studies is based on proven processes. Because we employ a repeatable and measurable process, we are able to maximize process effectiveness from efforts in continuous improvement gathered from lessons learned from each site we analyze.

i.5.3.2.2 The Study Process

Applying our methodology, we engage in the capital planning study and set a course of action by defining the study team, defining a study schedule, and outlining the strategic objectives.

Next, we gather and analyze existing site, building, and environmental information and develop gap analysis. We provide information on a regular and ongoing basis to Team PwC management for further course of action.

We then perform physical site assessments and staff interviews, as scheduled and analyze the findings, and compare the results to the existing information previously provided. The physical site assessment involves site analysis,

zoning, restrictions and easements, and site utilization.

With respect to the buildings we evaluate the physical condition, structural, mechanical, electrical and plumbing/fire protections systems.

From the assessment information gathered, we establish and compile a set of assumptions and assertions and with this information; we begin the process of developing and evaluating options. Next developed and documented are possible identifiable scenarios and option potentials, followed by refinement to the first set of options. Finally, we evaluate and make our initial option recommendations. Throughout our process we involve Team PwC, FAC, Stakeholders and contractors as defined by Team PwC Master Plan and Schedule.

i.5.3.2.3 Capital Planning Proposal Assumptions

To achieve the plan objective and required outcomes in Figure 33 are a set of initial capital planning assumptions that outline our understanding of the proposal requirements.

Capital Planning Assumptions	
■ Studies created by parties other than Team PwC, all information will be provided in a consistent format requested by Team PwC in accordance with agreed upon time frames	
■ Studies conducted by others, information will be provided in an agreed upon format	
■ VA assistance will be provided at each site to coordinate logistics of data gathering, meetings and site personnel resources	
■ We will catalog and evaluate information pertaining to the physical, functional and spatial aspects of VA buildings	
■ Information gathering process entails interaction with hospital administration, department heads, and engineering/plant operations personnel, and requires departmental meetings and inspection tours of building and properties	
■ We will conduct building analysis to include physical condition of buildings, evaluation of structural systems, evaluation of mechanical systems, evaluation of electrical systems, evaluation of structural systems, evaluation of plumbing and fire protection	
■ Conduct analysis of the marketplace to help create a plan that retains the property value in the long run	
■ We will establish study parameters at the onset of the study	
■ We will define the people to be informed, the methods and tools that will be used and the frequency of communication, so appropriate information is provided at the appropriate level and time	
■ The electronic format for surveys and facility floor plans is assumed to be in AutoCAD 2002 or 2004 format (where available)	
■ We assume that each study site has up to date existing building conditions surveys and reports that will be provided and will include the following information	
- Physical condition of the building systems	- Plumbing and Fire protection/suppression system
- Electrical systems Structural systems	- Seismic condition
- Mechanical	- Environmental condition
	- Patient/staff safety issues

2 CARES 111

Figure 33. Our Initial Capital Planning Assumptions are the basis of our understanding the VA CARES Project requirements



i.5.3.3 Reuse Planning Methodology

Team PwC's Reuse Planning methodology provides a consistent, systematic and integrated process applied across Team PwC and OGC subject matter experts (SMEs), to maximize reuse potential and also leading to a realistic assessment of the values to be captured, timing of receipts and associated risks.

Figure 34 describes the task sequence and methodology for the General Reuse Planning Studies. A General Reuse Plan is conducted at six (6) locations where the property may not be available for a number of years, therefore a

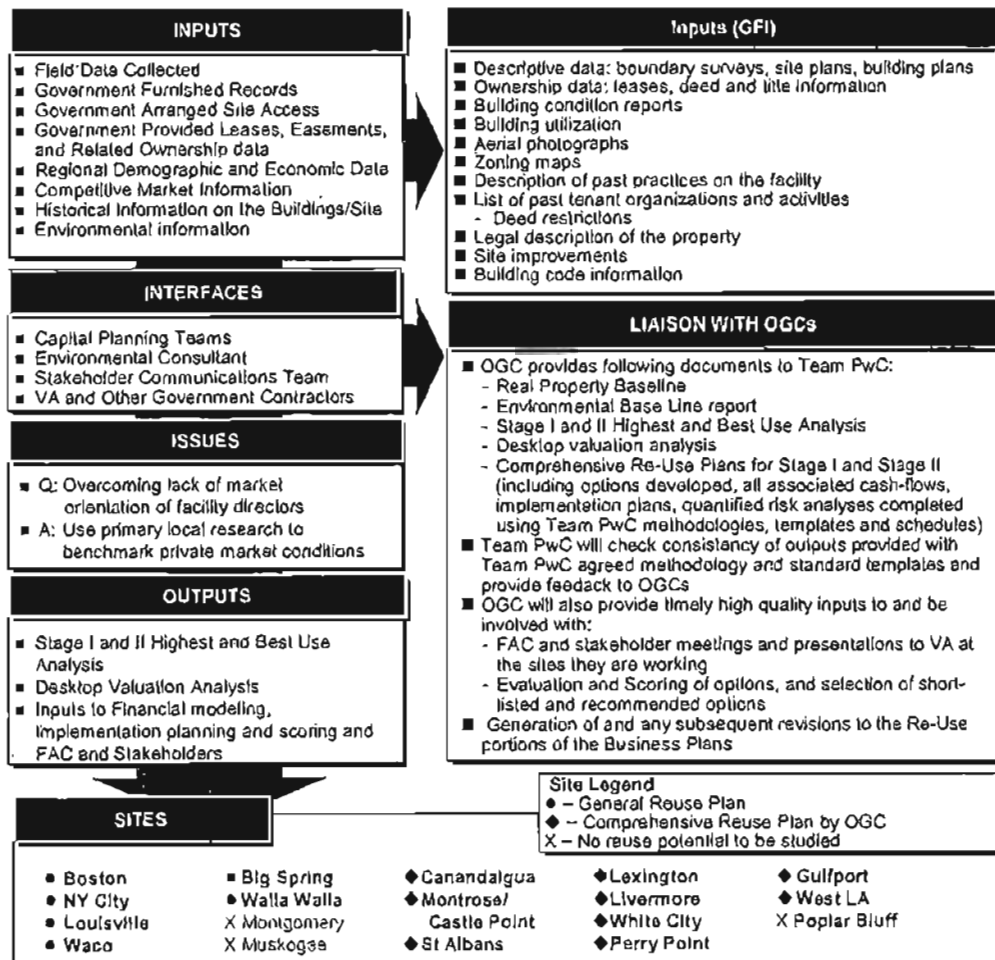
General reuse plans clarify real estate potential

- Two-stage process consistent with HAC, CPAS
- Highest and best use valuation for six locations
- Coordinated with comprehensive reuse studies

2 CARES 123

detailed analysis and real market condition assessment cannot be accomplished.

The objective of this element is to provide clear and realistic understanding of the real estate potential for each property, including an assessment of highest and best use, additional or enhanced uses at vacant or underutilized



2 CARES 121

Figure 34. Reuse Planning Apply Repeatable Processes for Each Site Delivering Consistent, Effective and Measurable Results



locations, and the financial implications of modified use or management of these assets.

The approach is consistent with the two-stage overall process outlined for the Healthcare and the Capital Planning studies. Additionally, we expect to coordinate with the OGCs responsible for the Comprehensive Reuse Studies.

FAC and stakeholder input is obtained throughout the study period. Team PwC is responsible for all communication activities, including those required in conjunction with the Capital Plans and Reuse Plans developed by OGC at the sites listed in this Statement of Work.

Planning Phase

The initial, preparatory stage involves briefing the VA on Team PwC's detailed methodology for reuse planning and securing its agreement, together with the collection of information for each of the real property assets under review. Sources include the VA, as well as other members of the CARES team. This information includes the items listed as GFI in Figure 34 including as a minimum:

- Current descriptive data: land area and parcel description; buildings by size, function, and current utilization; condition of buildings and major systems; infrastructure description and assessment of deficiencies
- Ownership and financial data: deed and title information; current leaseholds and easements; recent patterns of capital investment; operating cost history
- Legal and regulatory context: political jurisdiction; taxation regime; land use planning and zoning framework

Based on a review of this information, we propose to visit and tour each location and interview facility managers and other key stakeholders to assess the validity of the information and to become familiar with the locations and their land use context.

Reuse team members meet with the Healthcare and Capital Planning teams at each

site to determine the fundamental parameters with respect to reuse opportunities: retained facilities for VA use; facilities surplus to VA mission; timing and phasing of reconfiguration and mission-driven capital investment.

Real Property Baseline Reports together with Environmental Baseline Reports (see below) as early as possible in the engagement. These reports reflect the findings of the environmental advisors with respect to requirements and challenges of existing environmental conditions and summarize the documentation of the real property assets and identify the basic dimensions governing effective reuse will be completed. We also identify critical needed and currently missing information, as applicable.

Stage I Option Development

The initial-stage reuse planning studies incorporate the preliminary level findings of each of the other members of the CARES team and provide sufficient detail for an evaluation and priority setting review and approval stage with the FAC and VA.

This stage consists of the following key elements:

Preliminary Highest and Best Use Analysis

Coupled with the VA program requirements, this task allows us to identify the non-VA opportunities or uses appropriate to the site and facilities. A determination of appropriateness reflects physical, legal, financial, and economic criteria.

Market Overview

We recognize that the general reuse plans are to be developed for properties that may not be immediately available, and for which detailed market inputs may not be available or appropriate. However, an overview of market patterns relevant to reuse of the property helps to reveal basic opportunities and constraints and allows us to establish priorities and identify appropriate scenarios. We collect data with respect to inventory trends, absorption, rental rate patterns, development costs,



marketing imperatives, and indicators of likely demand. Our team works with the VA to identify if there are DoD or other government users who have an interest in purchasing or collocating on a VA site.

Political and Legal Assessment

This task considers the local and regional political framework affecting potential reuse. We examine the basic land-use regulatory framework as well as potential issues specific to the jurisdiction: fiscal concerns, traffic impacts, environmental issues, and others as appropriate. We identify key constraints indicated, including an assessment of the potential for regulatory delay or risk.

Profile of Uses and Users

We identify the range of potential uses and the preliminary program requirements of each, including size, physical configuration and density, access, parking, utilities and infrastructure, supporting uses and amenities, preliminary development costs, market positioning, and other factors as appropriate.

Program Options

We array or combine the candidate uses into one or more program options that reflect highest and best use as indicated by the findings of the prior tasks. This allows the Capital Planning Advisers to "test-fit" the program on the site and to establish preliminary infrastructure and land development costs.

Desktop Valuation Analysis

At this preliminary level we first create a reuse pro forma financial analysis that establishes the basic viability of each use and of the overall development program. This consists of an initial determination of the basic real estate strategy, including potential transactional approaches as well as redevelopment. We:

- Estimate likely hard and soft costs, by category and for each use, and estimate likely unallocated infrastructure and amenity costs
- Create a schedule of potential revenues by

source

- Estimate operating costs, by use; and
- Create a stabilized year cash flow pro forma to determine pre-tax net operating income and ability to support debt and equity financing

Based on the results of the Highest and Best Use study, we prepare a technical report documenting the anticipated economic characteristics of reuse options and implications for project financing, developer partner recruitment, public-sector funding requirements, and risk and provide inputs and assumptions for use in the overall financial analysis. This report provides a key input to the scoring of the preliminary options.

Stage II Option Refinement and Testing

The analyses in this Stage II reflects the review and feedback from the PAC and VA, and integrates the findings of each member of the CARES team. We build on the reuse options and scenarios identified in the initial stage for selected options and produce a refined set of deliverables. Distinctions in the second stage methodology are as follows:

- Greater reliance on primary market data, including interviews with local representatives and regional market sources and identification of comparable-asset costs and revenues
- Discussions with key regulatory stakeholders to assess the viability of changes in zoning or other regulatory shifts
- More detailed consideration of potential redevelopment or reuse incentives, including direct investment, tax credits, and similar approaches
- A multi-year cash flow pro forma financial analysis designed to evaluate prospective returns to VA and third parties, provide for various transaction structures, and easily facilitate sensitivity analysis
- An assessment of funding and financing options for the redevelopment or repositioning of the asset

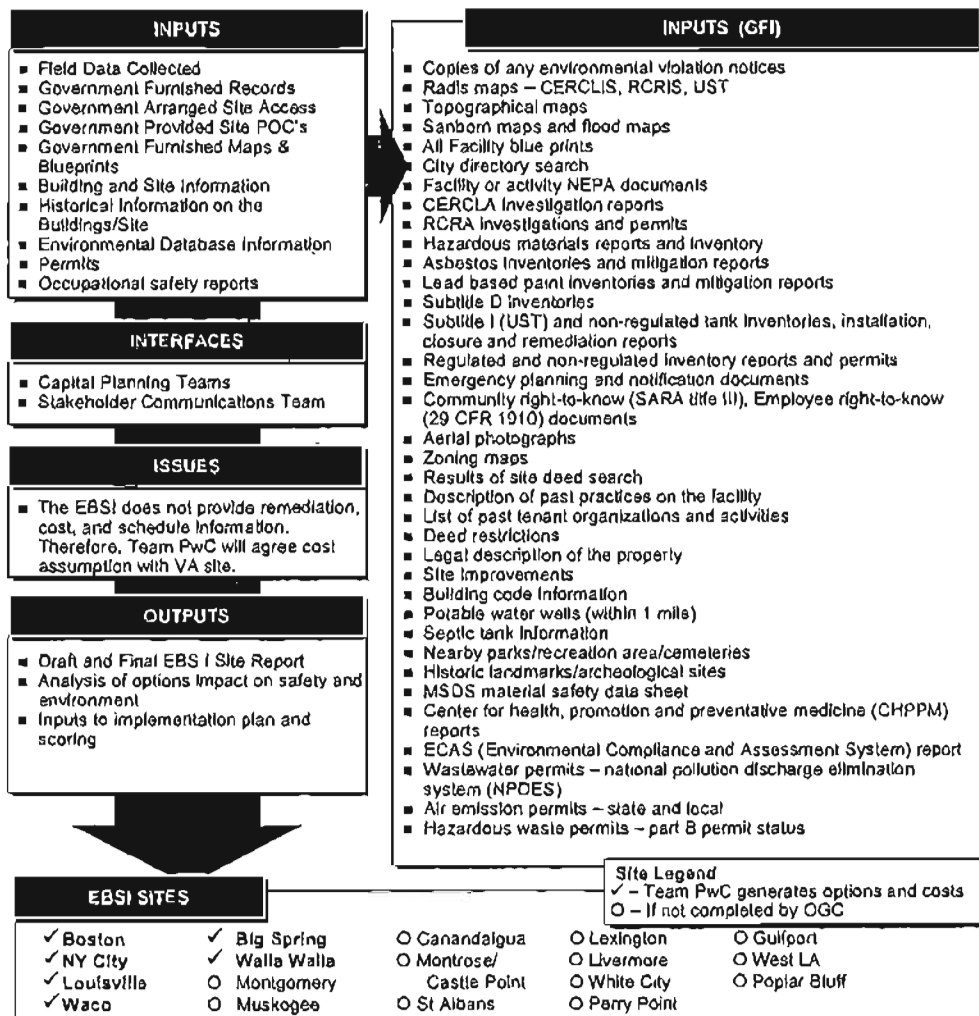


Additionally, we recommend appropriate implementation strategies for the reuse plans. This includes recommended responsibilities for VA, development partners, and others as appropriate arrayed against an expected timeframe. This second stage produces a refined highest and best use analysis, desktop value analysis, and implementation assessment for the business planning team.

Environmental Baseline Study (EBS)

Figure 35 provides an overview of the EBSs, using the ASTM E1527-EE Standard

Practice for Environmental Site Assessments (Phase 1), conducted at specified sites and the outputs provided. The objective is to evaluate existing environmental and safety problems already identified by the VA and apply them to potential future operations/reuse of a site. To accomplish this objective, Team PwC uses environmental specialists to review the GFI (including all information required to meet the ASTM standards) and this together with site access will be provided shortly following the kick off meeting (by week two of the project).



4 CARES 039

Figure 35. Environmental Safety Methodology Apply Repeatable Processes for Each Site Delivering Consistent, Effective and Measurable Results



**1.5.3.4 Business And Implementation
Planning**

Team PwC's approach provides an objective, independent analysis supporting developing and selecting options and creating business plans through implementation planning, financial and risk analysis.

Option Evaluation Assessments

A two-step process guides option evaluation by a panel of experts. As indicated in Section 1.5.2, Team PwC proposes a down selection process at Stages 1 and 2 of the project that ranks options based primarily on the results of quantitative and other objective tests. Team PwC understands that this approach is consistent with prior CARES studies as illustrated in Figure 36 based upon our review of the Draft CARES National Plan.

For Stage I, Team PwC's role is to develop a broad range of potentially viable options (or option archetypes) to meet the healthcare demand forecast provided by the VA; conduct initial high-level assessment of these options against key initial screening criteria; secure input and feedback from the FACs at each site on the options considered and provide the VA with a report (and presentation as necessary) to enable the VA (and the CARES Implementation Board in particular) to select a limited number of options (most likely 3-6) to be studied in State II. The development of options will draw-upon inputs and guidance from the FACs at

<i>Best in class process</i>
<ul style="list-style-type: none"> ■ Objective independent assessment ■ Pass/fail and quantitative measures use to rank options ■ Qualitative/more subjective factors used to inform decision makers

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each site and key stakeholders as indicated in the Stakeholder Management plan. As part of the Stage I report Team PwC's anticipates providing the VA with an assessment of the relative merits of the various options presented and suggestions as to which of the options are most likely to meet the VA's objectives.

Stage II ultimately involves Team PwC providing the VA with a recommended option and a business plan to support it. The selection of a recommended option by Team PwC will involve the use of an option scoring and ranking process that will be approved by the VA during the Planning Phase.

The recommended option selection process involves a two-step process. The first step, applies a set of "key initial screening criteria" as the basis of the assessment of whether or not a particular option has the potential to meet or exceed the CARES objectives. Team PwC considered that options must have the potential to meet or exceed key initial screening criteria basis before consideration by a second set of discriminating criteria.

<i>Discriminating Criteria</i>	<i>How considered in VISN 12 Phase I study:</i>
Health Care Quality as Measured by Access	This category focuses on 3 components of access: travel time to obtain services, a 30-day scheduling goal for primary and specialty care, and a maximum 20-minute waiting time for a patient to be seen by a clinician.
Health Care Quality as Measured by Veteran Satisfaction	This category focuses on whether an option improves the current satisfaction of patients for access to care, coordination of care, and overall satisfaction. Surveys were conducted to ascertain patient preferences so that these may be considered in option development.
Optimizing Use of Resources	This category assesses cost and revenue opportunities associated with an option. It includes five performance measures including life-cycle cost, enrollment cost, VA and community integrations, marketing access capacity, and enhanced use opportunities.
Support Other Missions of VA	This category assesses an option's impact on the following missions: research, education, the VA, and VA and Department of Defense (DoD) contingency support.
Staffing and Community Impact	This category assesses an option's impact on VA/DoD sharing and staffing and the community.

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Figure 36. Discriminating criteria consistent with previous studies



Team PwC anticipates achieving agreement with the VA at a national level during the planning phase on the processes to be used and all evaluation criteria and weightings to be used.

Team PwC assumes that the Screening Criteria are based on the performance-based objectives set for the program, namely:

- Maintains or improves quality
- Maintains or improves access
- Results in a modernized, safe healthcare delivery environment
- Compliant with existing laws, regulations, and VA requirements

In each case, PwC healthcare professionals and other subject matter experts, as necessary, will undertake an assessment of each option and provide assessments against pre-defined criteria. Such assessments are likely to involve consideration and scoring of a range of sub-factors using quantitative criteria reducing subjectivity. We define during the planning phase, as noted above, all factors, sub-factors, scoring criteria and weightings.

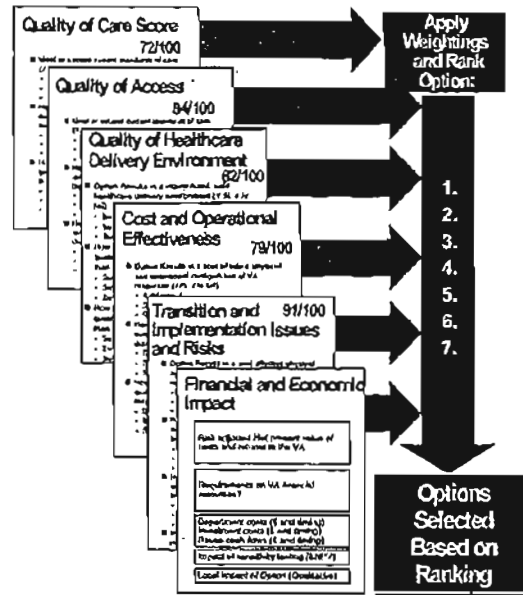
Team PwC also proposes, to use a second set of evaluation criteria called "Discriminating Criteria" to rank options.

As indicated in Figure 37 the criteria, "Optimizing Use of Resources" is expanded to include consideration of the dominantly economic objectives of the program, measured

Dominantly Economic Objective	How Considered
Results in a cost effective physical and operational configuration of VA resources	Estimates of the risk adjusted life cycle costs to implement each option will form the basis of the Net Present Cost of each option
Maximizes reuse potential of VA owned sites	Estimates of the amount and timing of any cash (risk adjusted) the VA could receive (or may be required to invest) from the reuse of VA owned sites and facilities, be that through disposal, lease or some other arrangement, will be included in the Net Present Cost of each option

1 CARES 050

Figure 37. Measure achievement of economic objectives



1 CARES 050

Figure 38. Option scoring and ranking process – largely objective process combines qualitative and quantitative measures to rank options in terms of how all they meet or exceed the project's objectives

as part of the assessment of the Net Present Costs for each option in the economic and financial assessments.

These criteria use predetermined weightings and, through the application of the discriminating criteria and sub-factors, their overall scores rank the options. External experts cannot solely set the weightings.

Weightings must incorporate the judgments of stakeholders and decision makers. Team PwC has a robust, detailed, objective approach to obtaining stakeholder input. Team PwC uses factors and weightings based on lessons learned from prior CARES studies, where appropriate guidance and procedures all ready in use in the VA for these types of decision (e.g. for use in making capital planning allocations or medical care provision choices) as well as additional factors and techniques. During the Planning phase, we:



- Confirm the information and level assessment/guidance required by the VA for its option selection process at the end of Stage I.
- Identify and validate initial screening and discriminating criteria, sub-factors and weightings with the VA team
- Finalize absolute and discriminating criteria, sub-factors and their respective weightings with the VA.

Figure 38 is an overview of the scoring process at each stage. Team PwC has a robust financial analysis approach because it integrates costing and scoring inputs from SMEs from each of the relevant study areas into the process. The SMEs prepare the costing and assessment information forming the basis of financial analysis and supporting scoring.

Team PwC understands the need to establish and use a process that offers an objective analysis and assessment of each option's relative merits as well as the need to engage key stakeholders in the scoring process. As a result, Team PwC scores the options using a combination of SMEs drawn from within Team PwC and other SMEs as agreed by COTR. Scoring is conducted through a facilitating panel. The panel's score for a factor becomes the score used for the option with any dissenting panel votes noted. Consensus is achieved by all parties including Team PwC related to scoring for all quantitative factors (like the Net Present Cost of an option).

The process continues as follows:

- At the end of Stage I and II, meetings with the FAC occur where Team PwC offers the FAC the opportunity to review Team PwC's option assessment and to provide comments.
 - At the end of Stage I, Team PwC provides the VA with option definitions, assessments and selection suggestions, along with the FAC's comments, of which three options to be studied further in Stage II for each site.
- Approximately midway through Stage II, Team PwC provides the VA and FAC with the results of additional and more detailed assessments, and recommended options for selection

As indicated in Section i.5.2 Staging and Sequencing, PwC would refine and revise the option analysis and business plans to reflect feedback provided by the FAC and the VA.

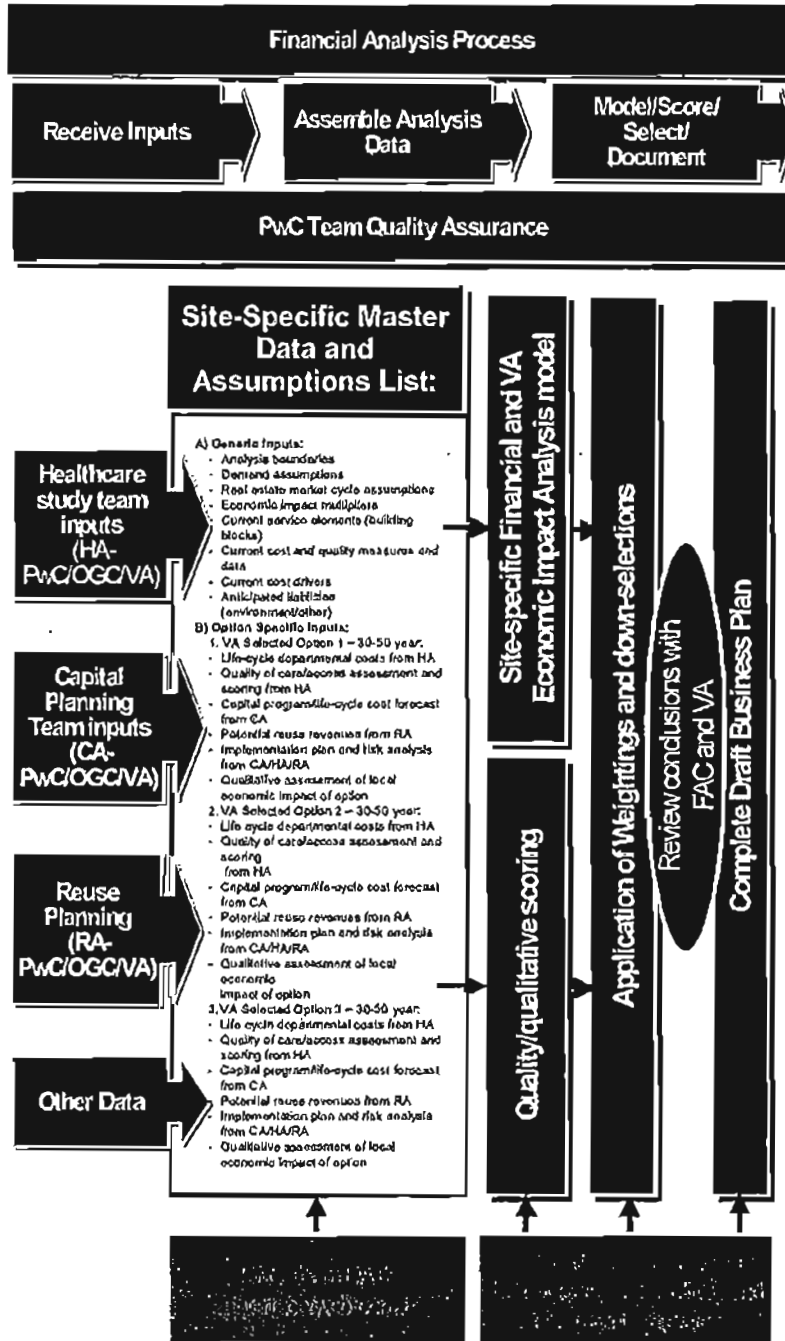
Determining the Financial and Economic Cost of Options

Figure 39 provides an overview the Financial and Economic assessment process, the elements of which are to be approved in the Planning Phase, that Team PwC uses to provide the VA with a detailed cost effectiveness financial analysis for each option selected.

These analyses use high level (Stage I) or detailed (Stage II) cost and performance data generated by the Healthcare Delivery Study (HA), Capital Planning (CA) and Reuse Planning (RA) teams as indicated in Figure 39 into a Master Data and Assumptions List (MDAL) for each Option at each site. All cost data used is to be based on either actual data, robust genuine pre-estimates from Team PwC's (or OGC's as indicated in Figure 18) knowledgebase or industry benchmark data.

Standardized spreadsheet based tools and assumptions are used where these are not replaced by more specifically detailed studies – like the comprehensive plans and more detailed departmental costings required for this SOW. Following the planning phase, Team PwC issues standardized data input templates to each site team and establishes the MDAL.

The financial analysis contains operating (recurring) costs; capital costs (non-recurring); and receipts (re-use proceeds) cash flow projections spanning a 30-year planning horizon (2003-2033). These cost projections are developed by HA, CA and RA teams in a form that allows the Financial Analysis team



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Figure 39. Robust efficient process, enabled by InVision®, to ensure consistent results



(FA) to use common general assumptions (e.g. inflators); conduct sensitivity and risk testing. The level of detail is consistent with the requirements of the SOW, including:

- More specific department/service level cost analysis for healthcare provision (that builds upon the earlier CARES analyses).
- Team PwC has reviewed templates provided on www.va.gov/oaem, and has compared the Cost Effectiveness Analysis templates (particularly CEA Template 30 Year.xls) with the requirements set out in the SOW and Team PwC's methodology.

Team PwC assumes that the OGC's conducting Re-Use Studies will provide Team PwC with, amongst other things: (a) the net cash-flows associated with Re-Use Planning options, in a form consistent with Team PwC's own Re-Use Study Team's inputs and overall financial analysis, which will include options not limited to: land disposal, enhanced use leases of fully and partially vacated land and/or buildings (including surplus space within VA managed buildings), land swaps, and cost build-ups including all the costs and potential revenues associated with implementing the re-use plan option; and (b) assessments and option scoring consistent with the Team PwC approach.

Team PwC validates and expands the Office of Enterprise Asset Management's (OAEM) templates provided during the Planning phase to:

- Address multi-site solutions
- Include all issues and costs, including the transition costs across these solution sets
- Use both cost and drivers and common assumptions (such as inflators for each cost type versus a single inflation assumption)
- Facilitate the quantification of risk impacts and the generation of risk adjusted life cycle cost estimates for

the baseline and alternative options

- Generate the expected level of detail including the more specific department or service level cost requested in the SOW
- Assist in the generation of key quality factors
- Provide a high level of the potential local economic impact associated with each option compared with the economic impact of the status quo.

Additionally, PwC uses specific analysis tools that function as add-ins to Excel which facilitate data exchange with other Team PwC tools. These tools support risk analysis (e.g. @risk) and scenario testing; aid the assessment of high level economic impact (e.g. IMPLAN) and, as necessary, integrate with other existing CARES or other VA tools to either streamline the process or provide a readily acceptable alternative to Team PwC-provided tools.

As part of both the Healthcare Studies and the Reuse plans, we develop (together with OGCs) "shadow-bids" as required to conform to a number of potential option elements where market indicators alone may provide misleading indicators of the cash flow impact of the option.

Enhanced Use-Leasing (EUL) and other outleasing arrangements - Unlike full sale disposal approaches, EUL approaches can result in a series of cash and in-kind over the term of the lease and may or may not result in a buyout capital receipt prior to expiry. The value extractable under such an agreement may well depend on the nature of the VA's residual use of the site or facility. Team PwC generates "Shadow Bid" models as required for significant EUL opportunities (Team PwC anticipates that the OGCs would develop similar models for the sites where they conduct Re-Use studies). Depending on the extent of historical properties on particular sites, such models may include provision for assessing the beneficial effect of historic tax



credits and similar incentives. Members of Team PwC have recently supported bidders for EUL's on non-VA sites and have these types of tools available.

Alternative care solutions –Where long-term care is required and surplus land or facilities may be available on an existing VA site, the VA has a range of options available to meet the requirement that may include:

- Building, owning and operating a VA nursing home on the site
- Establishing a contract in the community for another party to provide a nursing home on their site
- Granting a ground lease to a Service Provider (SP) to build, “own” and partially operate a nursing home on the VA site. Sub-options include the VA continuing to provide medical and nursing care; whereas the SP manages the facility and conducts the remaining non-care services. In these cases, we use a hybrid shadow bid and operational costing model to identify the likely costs of Public Private Partnerships (P3) solutions. Similar modeling fits for cases where the VA or other federal Government users require space/facilities on particular sites.
- The outputs of the detailed cost effectiveness study include:
 - Status Quo and for each option analyzed:
 - Risk adjusted baseline life cycle costs expressed in real and nominal terms (30 years)
 - Discounted cash flows and Net Present Values (NPV) calculated in accordance with OMB Circulars A-11 & A-94
 - Expenditures by type and source
 - Department or service level costs for each significant healthcare facility
 - NPV for each option analyzed relative to the Status Quo (Baseline Costs), as

well as Return On Investment (ROI) analysis, Internal Rate of Return (IRR) and payback periods for the investments by the VA in alternative options

- All options analyzed are fully described and documented and data sources recorded in the option MDAL

As noted above, Team PwC provides initial indications of the potential economic impact on the local economy as part of the Financial and Economic assessment. We consider this particularly important in those sites where closing the site or significantly scaling back services.

Economic Impact

Health facilities directly affect the local economy by employing local residents, purchase of equipment and services from community businesses, and provision of healthcare services to local residents. There are also important indirect economic impacts. For example, each dollar spent in the community by a health facility provides income to the owners and employees of the local establishments. These owners and employees in turn spend some of their income locally, increasing the income of another group, and the effects would continue to “echo” through the local economy. This echo, or multiplier effect, means that a single dollar spent locally by a health facility means much more to the local economy than just one dollar. Team PwC uses the IMPLAN model for the analysis, which is a well-established regional input-output model commonly accepted and used by economists to address a wide range of impact topics in a given region (county, state, or national). The model is primarily based on government data sources (BEA, BLS, and Census) and is used extensively across federal, state and local governments and across all industry sectors, including healthcare. This analysis, however, is an initial indication of potential impact and a fuller and broader analysis of impact as part of an Economic Impact Assessment or State-



ment in accordance with NEPA regulation would be advisable prior to implementing any final decision.

A typical local economic analysis includes:

- Community impact
- VHA Facility impact
- Neighboring Facilities impact and sub-tier considerations including VA staffing, occupation mix and social considerations such as day-care, training, parking, etc.

Implementation Planning

As with the Financial and Economic Analysis, Team PwC coordinates and integrates the inputs of the various study teams to establish consistent implementation plans for each option considered in Stage II and in more detail for the recommended option.

Team PwC's standard implementation planning process is used to prepare brief implementation plans for each option:

- Team PwC reaches consensus with the VA on certain key assumptions, such as the timing of approval and funding decisions
- Healthcare study team conducts transition planning for healthcare delivery for each option selected and provides coordinated implementation plans
- Capital planning teams provides coordinated implementation plans for

all physical infrastructure activities (approval, design, construction, commission, demolish/vacate, etc.)

- Reuse planning team provides coordinated implementation plans for all reuse options
- Team PwC's process identifies potential risks or external influences that may adversely impact the implementation and applies appropriate mitigation approaches
- Implementation plans are critical to the development of robust financial and economic assessments and to the scoring of options.
- Implementation plans are critical to the development of robust financial and economic assessments and to the scoring of opinions.

Implementation plans provide assumptions on the NEPA process timeline and, subject to the results of the studies, takes into account the need for environmental clean-up or remediation and the need to allow for complete environmental impact assessments or the longer environmental impact studies and associated public hearings.

Risk Analysis

PricewaterhouseCoopers LLP, on behalf of the Committee of Sponsoring Organizations (COSO), is the author of the leading standard for Enterprise Risk Frameworks. The COSO framework provides guidance on risk to

The VA QAEM Risk Evaluation Process	
1. Identification and scoring of the project risks:	the Office of Enterprise Asset Management risk template serves as the guide. Each identified risk needs to be scored based upon an assessment of likelihood and impact. The end result of this step is a risk score for both the proposal and each of the individual risks.
2. Rationalization:	This step is evaluated as the Quality of Risk Analysis criterion of the Capital Investment Decision Criteria model for the 300 Acquisition applications. In compiling an option analysis, the rationalization process will focus on the identification of appropriate risks from the ten categories based upon the option identified. This step provides an opportunity for the study teams to define their justifications and conclusions regarding each individual risk.
3. Establishing a control plan to mitigate associated risks:	This step is evaluated as the Quality of the Risk Control Plan criterion of the Capital Investment Decision Criteria model. This step requires the proposal team to determine risk controls based upon their available resources and identify responsible parties to achieve mitigation.
These steps, deliver a complete project risk assessment, providing an overview of anticipated project risks and an approach to control impacts. The VA's VA Capital Investment Methodology Guide FY 2005 D, Risk Analysis Guide presents the tools the VA has determined are needed to accomplish this task, including a risk template and examples of risk controls.	

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Figure 40. Team PwC utilizes existing VA processes where possible



Management and decision-making that is critical to the development of achievable implementation and transition plans and the development of business plans. COSO specifies a process similar to the one outlined in the OAEM Risk Analysis Guide and through the application of the risk analysis template. Additionally, COSO specifies approaches to the characterization and assessment of risk as well as alignment with objectives and controls. In the development of business plans, Team PwC's thorough risk analysis includes the ten areas specified in the Risk Analysis Guide. These ten areas include: Organization and Change Management, Business, Data/Information, Privacy, Technology, Strategy, Security, Project Resources, Project Schedules and Legal/Contracts to maximize the effective of the CARES project.

Team PwC's standard Enterprise Risk Model™ Approach is used, in conjunction with the OAEM model to provide a framework for cataloging all known risks and immediate effect analysis of any solution-wide (e.g. demand, cost inflators, economic factors, interest rates) or dependant risks (typically the timing and duration of events and activities – like when will construction start and when will the new hospital open).

As indicated in Figure 40, the risk evaluation process is composed of the three steps: identification and scoring of risks, rationalization and control.

Cost allowances for non-interdependent cost estimating type risks are built into those estimates by the relevant SMEs for each of the healthcare operating, capital planning and reuse planning costs.

Team PwC's capability within the Financial and Economic model undertakes a wider and more detailed risk impact assessment for a limited number of key risks as part of the Financial and Economic Model.

Business Planning

Team PwC's key deliverable in Stage II is a business plan with a minimum of three

options and a maximum of six options at each site that describes the location of services, capital infrastructure required, and reuse potential. Our business plans provide an objective independent external analysis and option formulation process. Team PwC's business planning process incorporates financial, economic, healthcare trends and data in the development of business plans. Moreover, we include stakeholder input the development of business plans. Another key aspect of the Team PwC business plans is the inclusion of strategies for managing the transition of care, if applicable.

The business plans assess the feasibility, cost effectiveness, quality, location, and best use for property.

As CARES has a wide array of stakeholders, we provide a mechanism to incorporate the views of the various and diverse stakeholder groups. For instance, while developing the plans, we evaluate and consider the impact on VA employees while assessing the impact of another stakeholder group. Team PwC prides itself on the development of integrated business plans that leverages stakeholder input. Team PwC will develop draft business plans and present to the FAC for review and stakeholder recommendations. If Team PwC's draft plan differs from FAC recommendations, we explicitly detail how FAC information was considered and why a different option was recommended.

The business plans and subsequent presentations effectively communicate the findings of the study work to a wide range of audiences. Figure 41 provides a summary of the typical contents of the Draft Business Plan for each site. The Business Plans, together with the other outputs previously discussed are principal deliverables from the engagement. Team PwC outputs provide an objective independent external analysis and option development process. Therefore, the recommended option effectively answers the following question:



“What is the optimal approach to provide current and projected veterans with equal to or better healthcare than is currently provided in terms of access, quality, and cost effectiveness, while maximizing any potential reuse of all or portions of the current real property inventory?”

Team PwC is adept at presenting complicated and often sensitive issues and analyses to a wide range of audiences from the public of all ages and abilities to the most senior officials in the industry and government arenas. In addition to PwC’s qualifications in this area, Team PwC includes a leading communications firm with significant policy and federal experience, to assist with the stakeholder management process.

As indicated in Section i.5.2 Staging and Sequencing, the results of these analyses and the output from the business and implementation planning are synthesized. This synthesis process is used to translate difficult and complex financial concepts into simple language and visuals facilitating stakeholder understanding of options for care considered; their relative merits, and the effective use of existing resources.

Key Outputs

In addition to regular progress reports provided throughout the engagement, Team PwC will provide the VA with the outputs listed in this and previous sections. Many of these outputs will be condensed into a single Business Plan for each site. Figure 41 Business plan contents provides an example contents page for one such business plan. In addition, Team PwC will conduct briefings and provide briefing materials for both its own, VA’s and FAC’s use and for presentation of options at stakeholder and/or FAC meetings. Figure 42 on the following pages summarizes project outputs.

Business Plan	
EXECUTIVE SUMMARY	
1. INTRODUCTION	
2. DECISION MAKING PROCESS	
A. Overall process: Qualitative and Quantitative factors used and Weighted Scoring factors Agreed	
B. Consultation and approval process	
C. Other Independent Reviews (if any)	
3. SUPPLY OF HEALTHCARE SERVICES IN THE [SITE] HEALTHCARE SYSTEM	
A. Service Delivery (HA)	
B. Assessment of adequacy of current healthcare environment (HA)	
C. Real Property Description (Including Environmental Factors) (RA)	
D. Other Factors	
4. DEMAND FOR HEALTHCARE SERVICES (HA)	
5. LONG LIST OF OPTIONS CONSIDERED	
A. Long list of (3 min-6 max) options (high level description)	
B. Results of Analysis of Long-listed Options (high level costing and quality scoring)	
C. Options Shortlisted (3 max)	
D. Feedback received from FAC’s and key stakeholders	
5. Shortlisted SERVICE DELIVERY OPTIONS (HA)	
A. Service Delivery Short –list selected	
B. Analysis of Short-listed Options (description, costing, and quality scoring)	
6. CAPITAL INVESTMENT REQUIREMENTS OF Shortlisted Options and Analysis of Short-listed Options (high level description, costing, and scoring)	
7. Shortlisted RE-USE OPPORTUNITIES	
A. Reuse Short –list selected	
B. Analysis of Short-listed Options (high level description, costing, and scoring)	
8. SELECTION OF RECOMMENDED OPTION	
A. Approach (Financial & Economic Analysis, Scoring, Combination)	
B. Results of Analysis of Short-listed Options	
C. Recommended option	
D. Feedback received from FAC and key stakeholders	
9. RECOMMENDED OPTION DETAILS	
APPENDICES	
■ Healthcare Needs and Clinical Assessment	
■ Detailed Options Definitions and analyses:	
- Description of healthcare solution and assessments of health care impact, human resource impact, research and education impact, safety and environment impact.	
- Capital Plans, including detailed description of location and size of retained VHA facilities and facilities needed for the delivery of accessible, cost effective quality care to veterans	
- Construction and lifecycle operating costs associated with transitions into or out of existing or new/rehabilitated VA facilities and departmental level operating costs	
- Reuse opportunities	
- Transition and Implementation plan	
- Risk Analysis	
- Financial and economic analysis	
- Option assessment evaluation	
■ Real Property Baseline Report	
■ Environmental Baseline Report	
■ Highest and Best use analyses, valuation and reuse plan	
■ Supporting documentation from Stakeholders, Affiliated organizations and FACs	
■ Appropriate Documentation supporting option ranking	

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Figure 41. Likely contents of a draft business plan

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