



Capital Asset Realignment for Enhanced Services

Business Plan Studies

Presentation to Local Advisory Panel



CARES History and Background



- A March 1999 GAO report concluded that if VHA restructured its capital assets it could significantly reduce the operating and maintenance costs of its facilities
- In response VHA initiated development of the Capital Asset Realignment for Enhanced Services (CARES) Program
- The CARES process was piloted in VISN 12 (Chicago, Milwaukee, Madison and parts of Michigan) using a contractor to objectively assess health care needs and recommend optimal Service Delivery Options
- CARES Phase 2 extended the CARES Program to all 21 Networks within VHA
- Phase 2 relied primarily upon VA staff and resources to develop the Network CARES Market Plans

CARES History and Background, Cont.



- The Undersecretary for Health used the Networks CARES Market Plans to prepare a Draft National CARES Plan (DNCP) with recommendations to the Secretary
- After review by the Secretary, the final DNCP was submitted to the CARES Commission in August 2003
- The Secretary appointed a National Commission of non-VA executives to review the DNCP to provide an objective and external perspective
- The Commission made recommendations to the Secretary to consider in his review of the draft National CARES Plan
- The final report of the CARES Commission was submitted in February 2004, and the Secretary announced his decision in May, 2004

Secretary's May 2004 Decision for Canandaigua VAMC



- Build a new multi-specialty outpatient clinic with potential for new clinics as needed
- Build a new nursing home complex to accommodate veterans who need:
 - ◆ Nursing home care
 - ◆ Domiciliary care
 - ◆ Residential rehabilitation care
 - ◆ Hospice care
 - ◆ Geropsychiatric care
- Transfer acute inpatient psychiatric patients to Buffalo and Syracuse to improve continuity of care
- All other patient care services currently in place will be accommodated in the new facilities
- VA will work closely with interested groups to identify alternative uses for re-usable/redevelopable property that also enhance the mission of the VA

The Goal for the Canandaigua Study



Determine the best location in the Canandaigua area for the services which the Secretary determined should be retained in this area.

Study Will Consider Three Key Criteria

- Access;
- Quality; and
- Cost effectiveness

while maximizing any potential re-use/redevelopment of all or portions of the current real property.



What Will Be Studied at Canandaigua?



- These studies will examine the best way to maximize access to services and how to best use the Canandaigua campus
- There will be two types of studies:
 1. **Comprehensive Capital Plan** – An in-depth analysis and determination of the best use of VA’s assets and the best configuration of these assets
 2. **Re-Use/Redevelopment Plan – Performed by a contractor to be named**
 - **Comprehensive Re-Use/Redevelopment Plan** – Provides further level of analysis related to real estate value and specific opportunities.
- Other contractors performing studies on Canandaigua will share information and coordinate activities with Team PwC

What Will The Studies Consider?



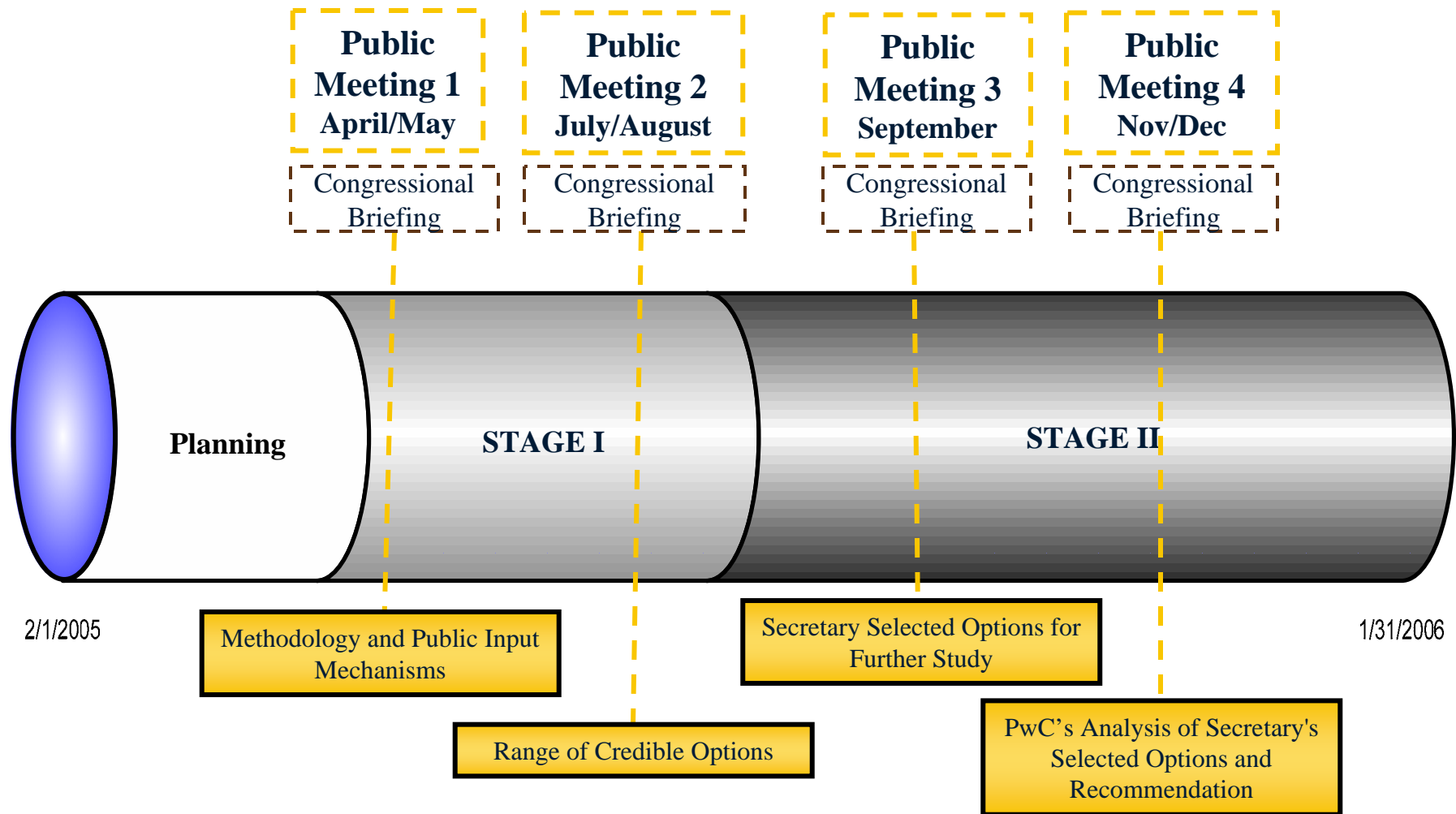
- The studies will consider:
 - ◆ If part of the campus can be used
 - ◆ If all services should be moved to another site
 - ◆ If a part of the campus can be used and move some services to another site
 - ◆ The physical configuration of the facilities which will remain in use
 - ◆ Access requirements
 - ◆ Cost
 - ◆ Ability to collocate with community healthcare providers
 - ◆ Re-use/redevelopment potential

Study Phases



- **Planning Phase:** develop methodologies and study plans for each site
(Completed)
- **Stage I:** Develop a range of credible options for consideration by the Secretary (April—August 2005)
 - At Canandaigua, the Secretary’s May 2004 Decision determined what healthcare services will remain in the Canandaigua area
 - Where and how services could be provided
 - Options will be provided in a format that allows the Secretary to easily review them and choose the options to be studied further
- **Stage II:** Conduct more detailed study of options selected by the Secretary in Stage 1 and provide a recommended option
(August 2005 to February 2006)
 - Provide detailed business plans for each option
- An Option selected by the Secretary which requires capital investment will have to compete with all other construction initiatives currently requiring funding.

Project Timeline



What is Team PwC's role?



- The previous decisions made by the Secretary determined which type of study will occur at Canandaigua
 - ◆ Capital Planning
 - ◆ Re-use/Redevelopment
- PwC's role is to develop a broad range of viable options for capital and re-use/redevelopment planning (STAGE I)
- PwC will gather public/veteran input
- PwC will develop business plans based on a limited number of selected options (STAGE II)
- The Secretary will decide on the business plan option for implementation
- Funding for these plans will need to be prioritized with other CARES projects

Team PwC



- **PricewaterhouseCoopers LLP**
 - ◆ Overall program management / QA
 - ◆ Health Care Studies
 - ◆ Financial Analysis / Business Planning
 - ◆ Public/Veteran Relations
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- **Perkins + Will**
 - ◆ Capital Planning

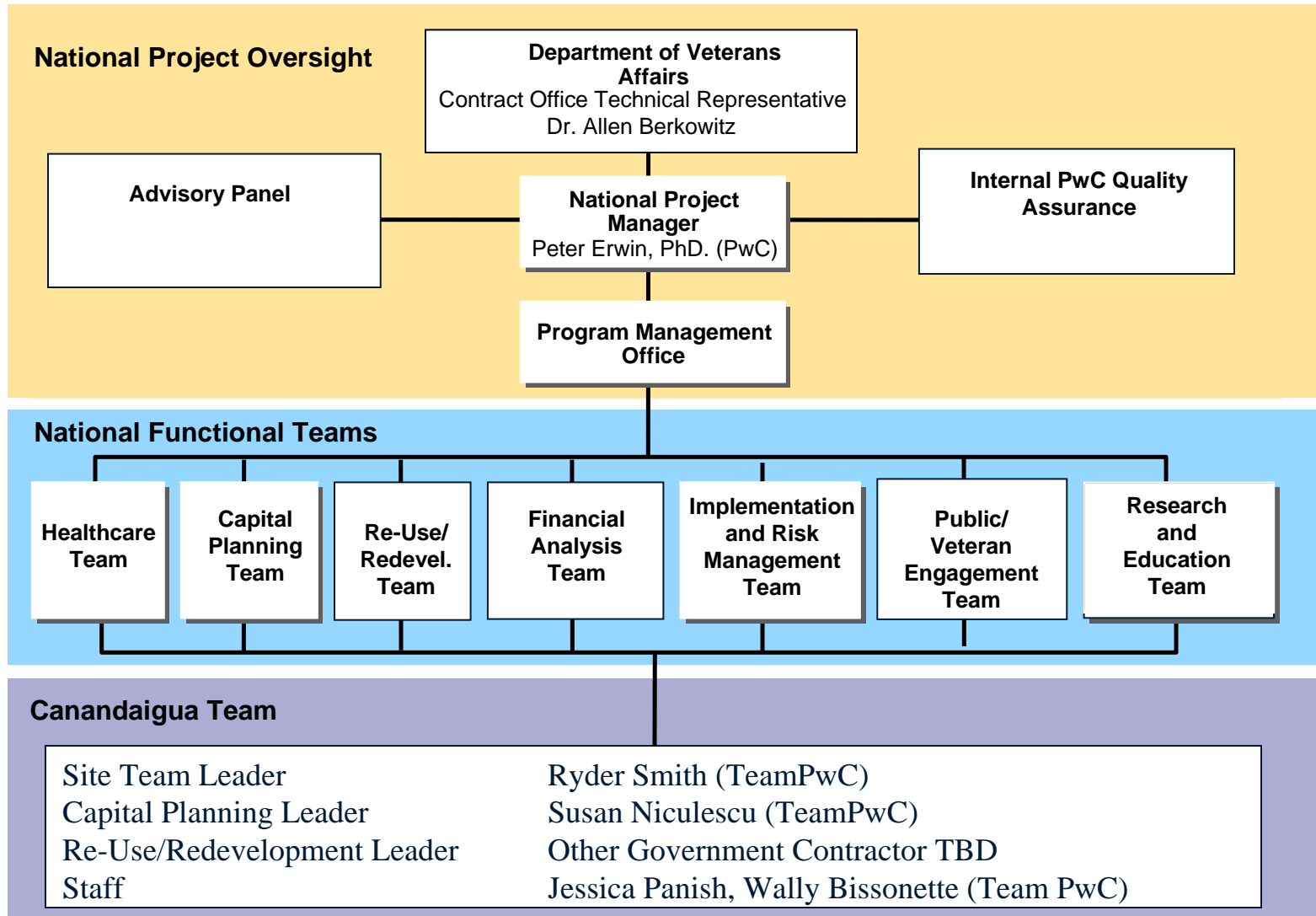
- **Davis Langdon**
 - ◆ Capital Cost Estimates
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- **Widmeyer**
 - ◆ Communications
-

- **Horne Engineering**
 - ◆ Environmental assessment
-

- **Other Government Contractors**
 - ◆ Re-Use/Redevelopment Planning on ten sites
 - ◆ To be appointed by the VA

Team PwC Org Chart



What Is The VA's Role?



■ Oversight of Contract

- ◆ Review of all deliverables
- ◆ Evaluation of feedback from Local Advisory Panels

■ Government Furnished Information

- ◆ Demand forecasts
- ◆ Facility Quality Assessments
- ◆ Environmental Hazards
- ◆ Facility Capacity

What Is The Local Advisory Panel's Role?



- Meet Federal Advisory Committee Act requirements for the meetings
- Conduct thoughtful public deliberations
- Bring forward Local Advisory Panel group recommendations
- Consider other public and veteran input throughout study

How Will Options Be Developed?



- Team PwC will create a range of conceivable options that meet or exceed current standards for access, quality, and cost for designated healthcare services by:
 - Use VA forecasts of demand for healthcare
 - Examining existing facilities and future modernization needs
 - Considering public and veteran opinions and preferences
 - Projecting potential re-use/redevelopment of land or buildings not needed for VA missions
 - Considering whether VA should own or lease the delivery site
 - Considering whether VA should deliver the care or contract for the care

Business Plan Options and Decisions Required



Stage I

- Provide details of a broad range of credible options
 - Type of services
 - Where and how they can be provided
 - Alternative capital / infrastructure plans
 - Re-Use/Redevelopment potential of VA healthcare resources
- Assess each option's potential to meet or exceed the CARES objectives
- Take into account public/veteran needs and concerns
- Suggest up to six credible options to be considered for further study in Stage II

VA Decision

Decide which of the options should be selected for further detailed study in Stage II

Stage II

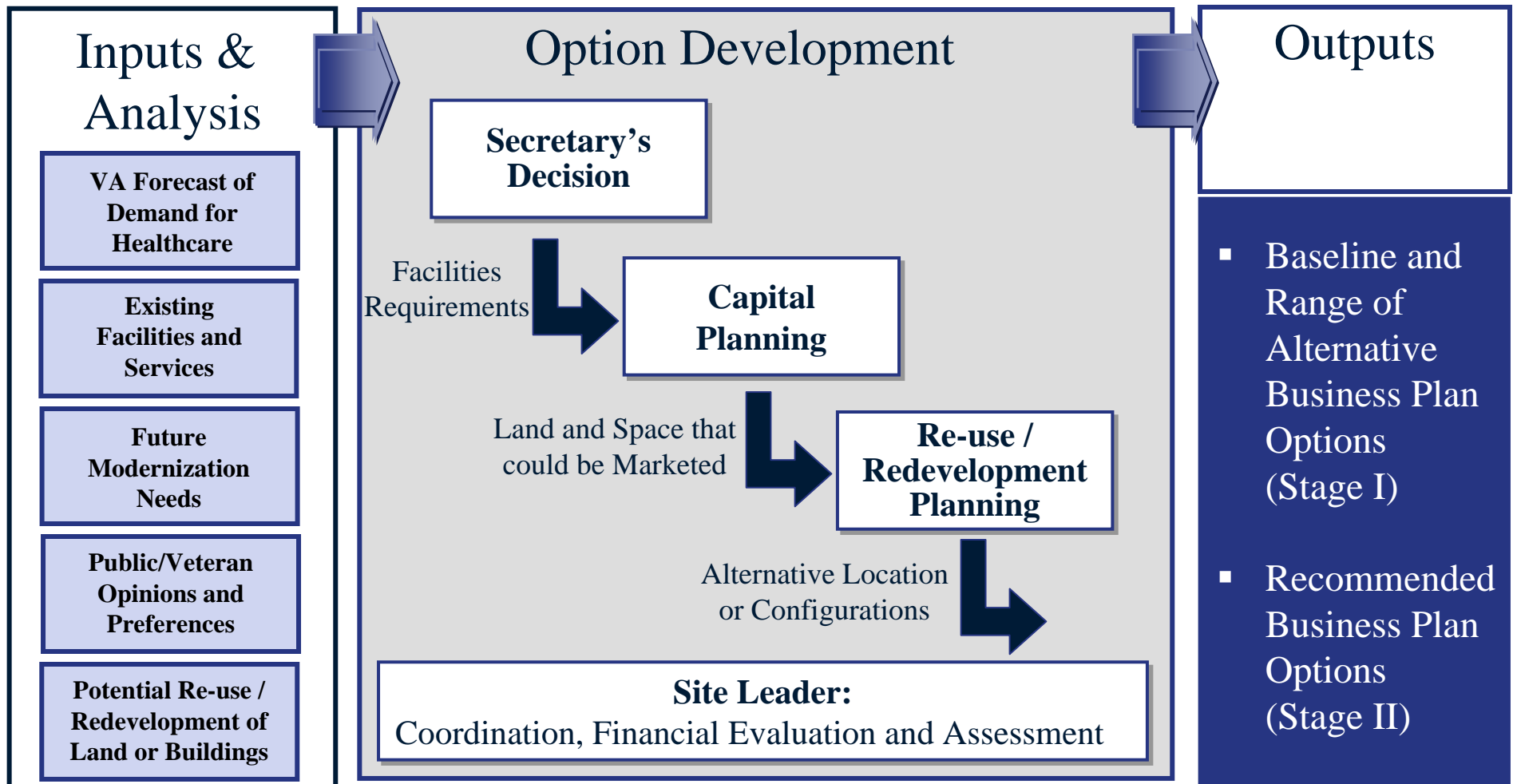
- More detailed development and analysis of selected business plan options for each site
- Objective comparison against agreed upon criteria
- Take into account public/veteran needs and concerns
- Select a recommended business plan option
- Prepare a draft business plan for the recommended option

Approval of a recommended business plan option for implementation at each study site

Overview of Team PwC's Approach



How do we create a range of viable options that meet or exceed current levels of access, quality, and cost?



The Baseline Option



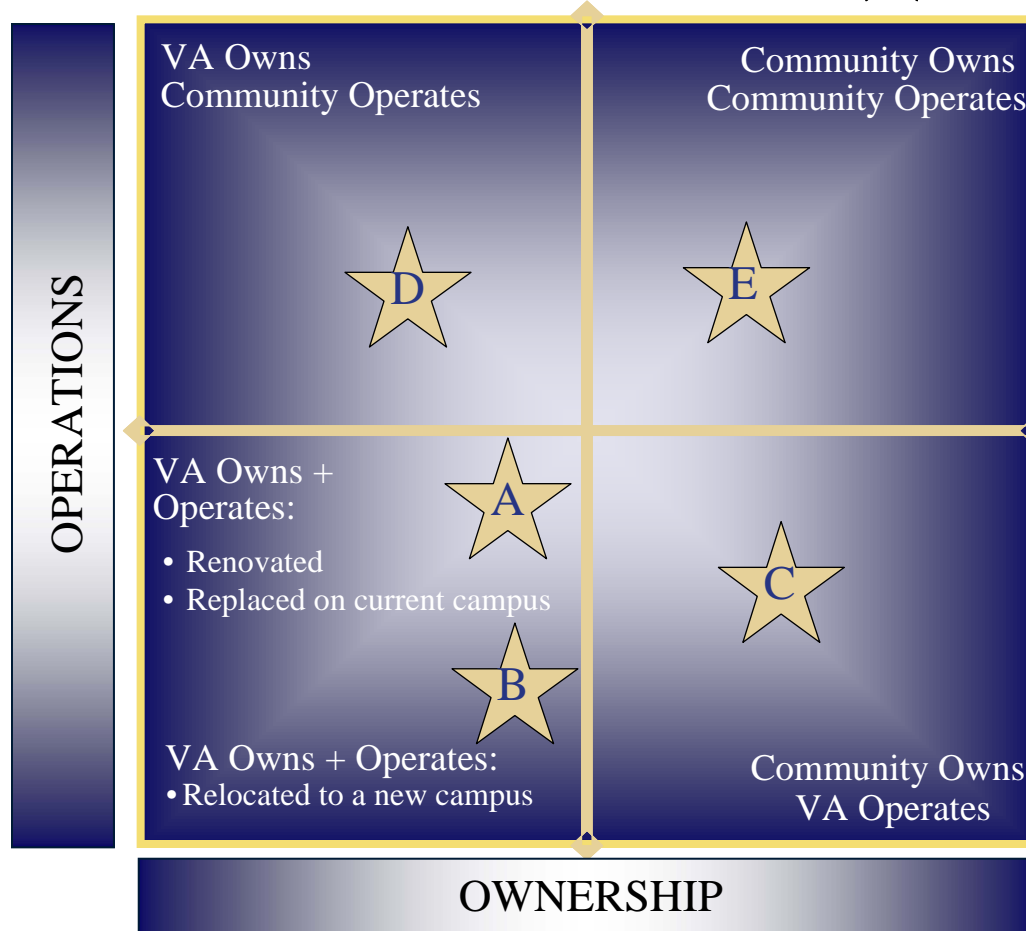
- No significant change either to the location or type of services provided in the study site
- Taking account of:
 - ◆ Projected changes in healthcare volume for particular procedures
 - ◆ Ongoing preventative maintenance of buildings
 - ◆ Capital investment required to maintain a safe healthcare delivery environment

What Are Potential Alternate Options?



Two Sample Dimensions:

★ Option Type



Decision Criteria

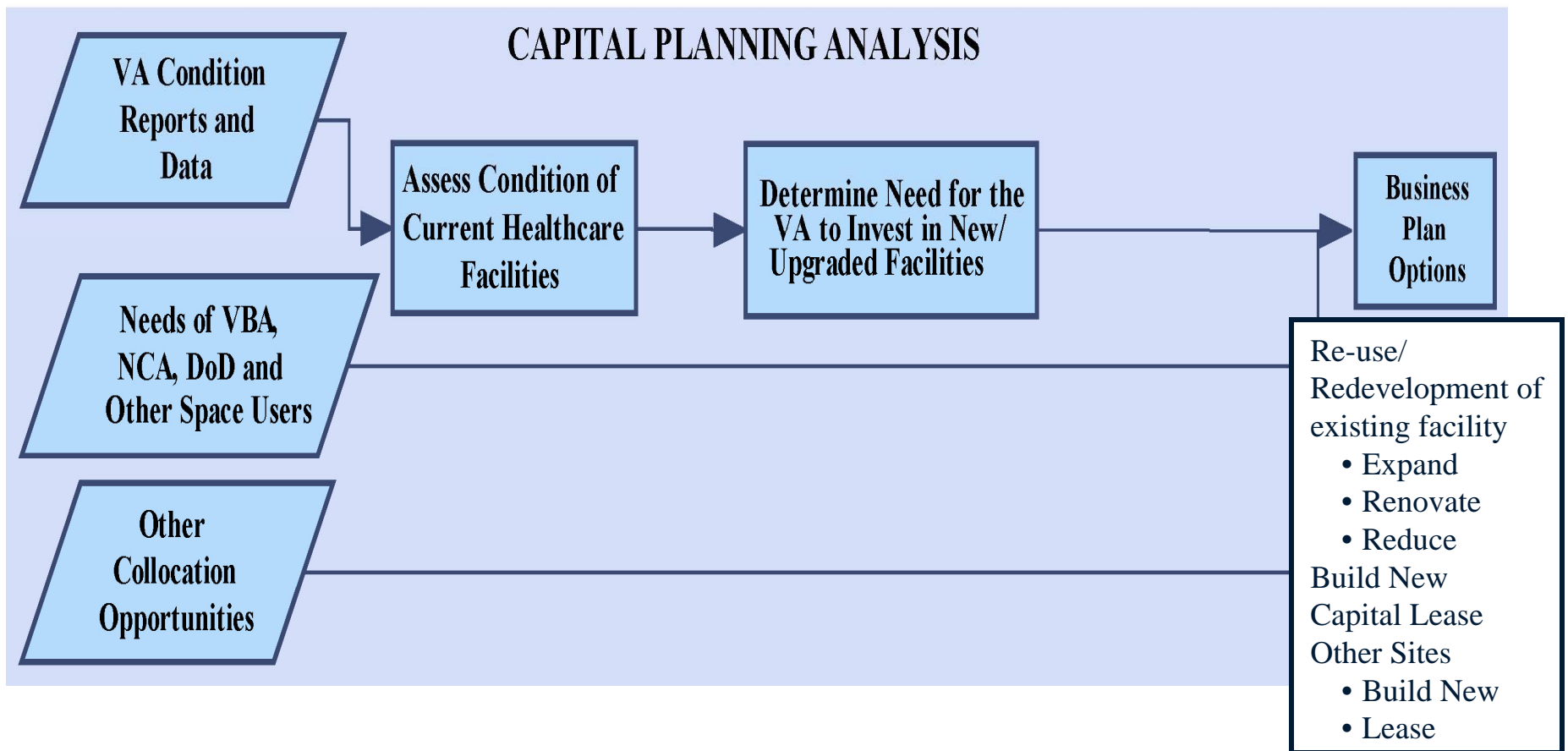


- Each acceptable Business Plan Option (BPO) should:
 - ◆ Maintain or improve overall healthcare quality
 - ◆ Maintain or improve veterans' access to care
 - ◆ Result in a cost effective configuration of VA physical and operational resources
 - ◆ Result in a modernized, safe and secure healthcare delivery environment
 - ◆ Maximize the re-use/redevelopment potential of VA-owned sites
- These objectives are applied as screening criteria that all BPOs must pass
- Options are evaluated using these and other agreed upon criteria

Capital Planning Analysis



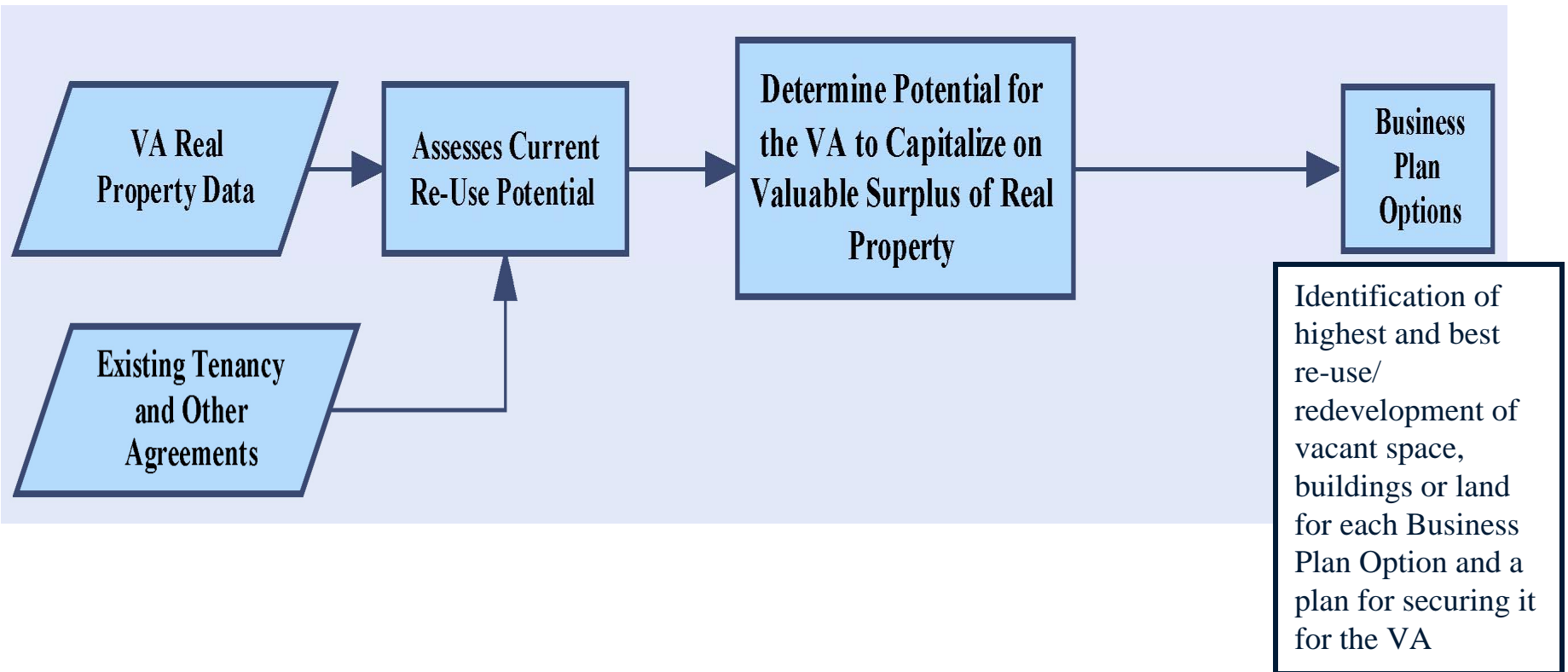
Objective: to provide the best configuration of capital assets for modern health care delivery.



Re-Use/Redevelopment Planning Analysis



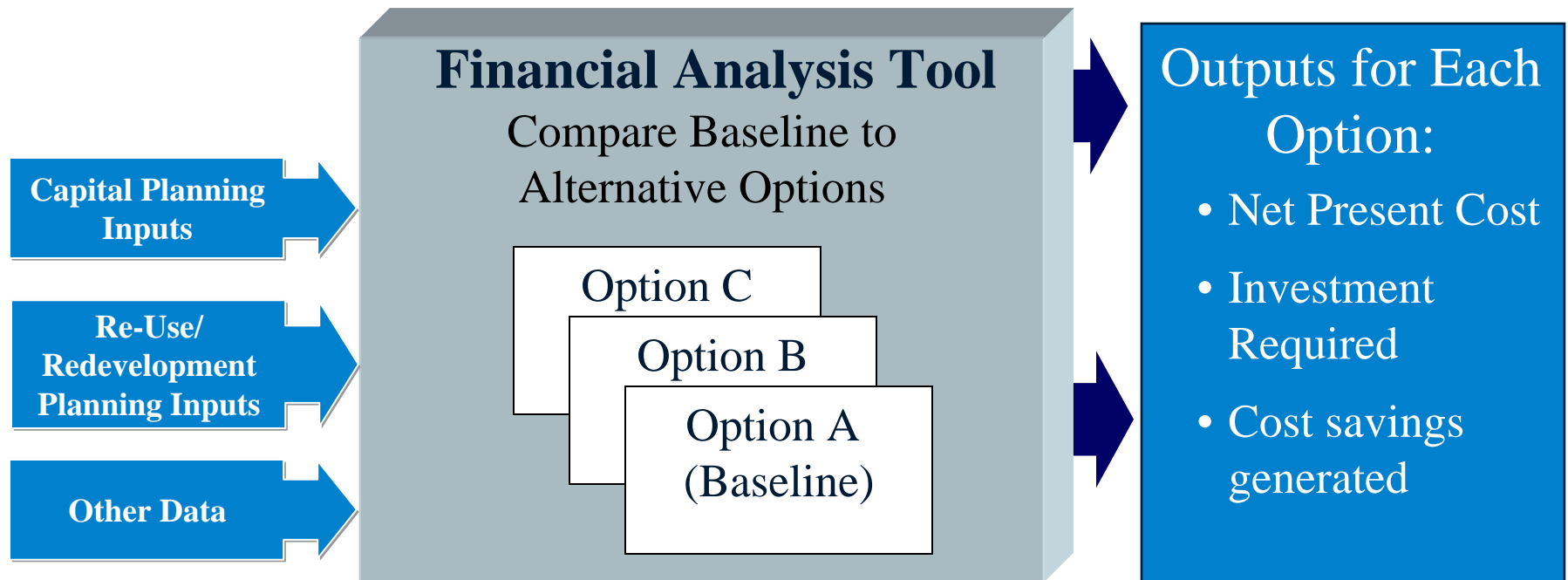
Objective: to identify options that maximize the potential re-use/redevelopment of all or portions of the current real property inventory.



Financial Analysis Framework



Objective: Develop a detailed **cost effectiveness analysis (CEA)** for each business plan option

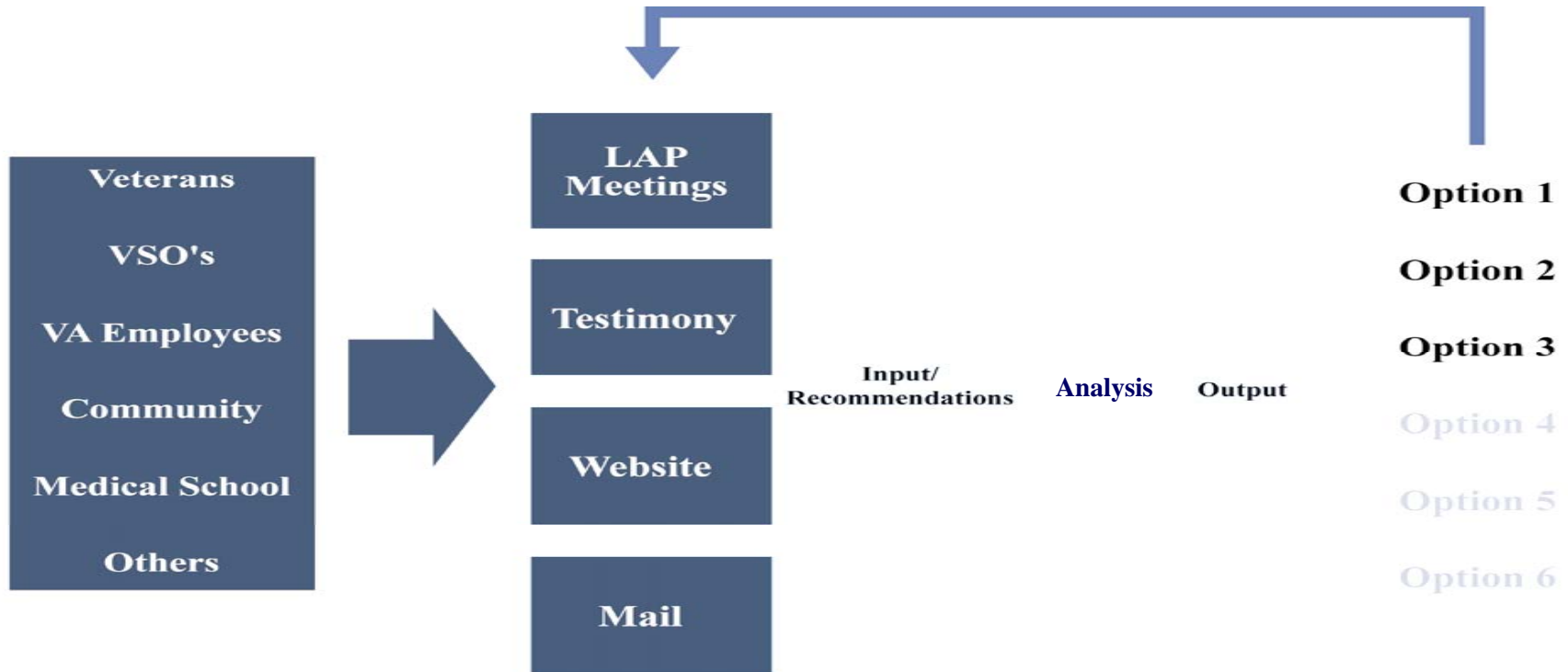


Public and Interest Group Input



Objective: Provide mechanisms to capture the views and concerns of veterans, employees and others to be considered in Team PwC's analysis and shared with the Secretary.

Multiple communication channels will be utilized to solicit input from the public:



How Can You Provide Feedback?



- Local Advisory Panel
 - ◆ Provide testimony at the public meetings
- CARES Project website address should be available shortly after 20 April
 - ◆ Information will be available about each of the 18 sites being studied by Team PwC
 - ◆ There is an electronic survey/comments form available for you to fill out and share your views and opinions
 - ◆ Website will also provide public meeting information, agendas, meeting summaries, and links to background documents
- The mailing address for any written comments is:
 - ◆ **Canandaigua Study**
VA CARES Studies
P.O. Box 1427
Washington Grove, MD 20880-1427
 - ◆ You may send letters or paper comment forms to this address
 - ◆ All paper surveys will also go through this process and be analyzed and provided to members of the Local Advisory Panel and considered during option development
 - ◆ The paper survey is the same as the electronic survey and should only be completed once