

# Capital Asset Realignment for Enhanced Services (CARES)

## Business Plan Studies for Perry Point Campus

Presentation for Local Advisory Panel

September 27, 2005



This report was produced under the scope of work and related terms and conditions set forth in Contract Number V776P-0515. PricewaterhouseCoopers' work was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants (AICPA). PricewaterhouseCoopers' work did not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation service in accordance with standards established by the AICPA. Accordingly, we do not express an opinion or any other form of assurance on the financial statements of the Department of Veterans Affairs or any financial or other information or on internal controls of the Department of Veterans Affairs.

The VA has also contracted with another government contractor, the S&S Construction/ACG Joint Venture Team to develop re-use options for inclusion in this study. The S&S/ACG Team, issued its report, "Phase 1 Report - Data Collection and Planning Analysis for the VA Medical Center, Perry Point, MD" and as directed by the VA, PricewaterhouseCoopers LLP has included information from its report in this document. PricewaterhouseCoopers LLP was not engaged to review and therefore makes no representation regarding the sufficiency of nor takes any responsibility for any of the information reported within this study by the S&S/ACG Team.

This report was written solely for the purpose set forth in Contract Number V776P-0515 and therefore should not be relied upon by any unintended party who may eventually receive this report.

# Recap of First LAP Meeting



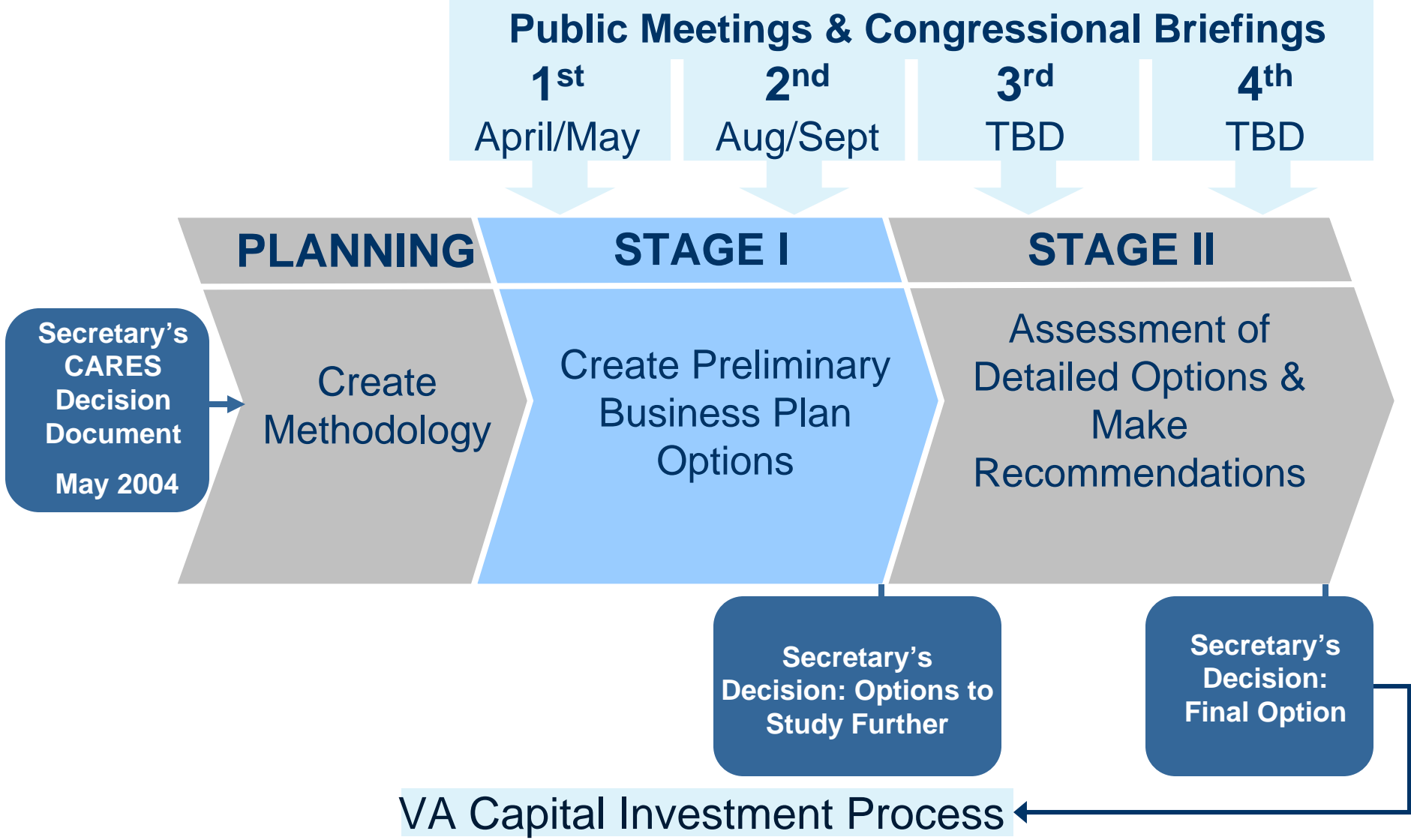
# First Public Meeting Recap

- The Secretary's CARES Decision Document, MAY 2004, calls for additional studies to improve the previous analyses for eighteen sites including Perry Point, MD
- Study Objective:

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

**Access**  
**Quality**  
**Cost Effectiveness**

# Project Overview



# 2004 Secretary's CARES Decision Document for Perry Point

- While some buildings on the campus have been recently renovated, others are in dire need of repair, including the nursing home, which is almost 80 years old.
- While the mission of the Perry Point Campus (to provide nursing home, comprehensive mental health, primary care and outpatient specialty care services) will remain unchanged, the Master Plan will propose an efficient, cost-effective, and appropriately sized design that will reduce vacant and underused space on the campus and include modernization of patient care buildings to meet current and anticipated needs.
- The plan will include the construction of a replacement nursing home.
- The Master Plan will ensure that plans for alternate use or disposal of VA property serve to enhance the Department's mission.

# What's Being Studied at Perry Point

- **Capital Planning**

Identify the best use of buildings and facilities to provide needed healthcare services in a modern, safe, and secure setting

- **Re-Use/Redevelopment**

Identify options that maximize the potential re-use of all or some of the current VA property, if that property is not needed for VA or VA-related services

# Purpose of the LAP Meeting

- Review the options prepared by the contractor for the future use of this campus.
- Present the options that the contractor believes will maintain or improve veterans' access to quality healthcare in a cost effective manner.
- Members of the LAP will ask questions so that each option is clear. Members of the public may also ask questions about the options.
- The LAP may add options not presented by the contractor.
- The LAP will recommend to the Secretary which options it believes should be studied further, but the Secretary is not required to adhere to this recommendation.



# Perry Point Public Input



# Perry Point Public Input

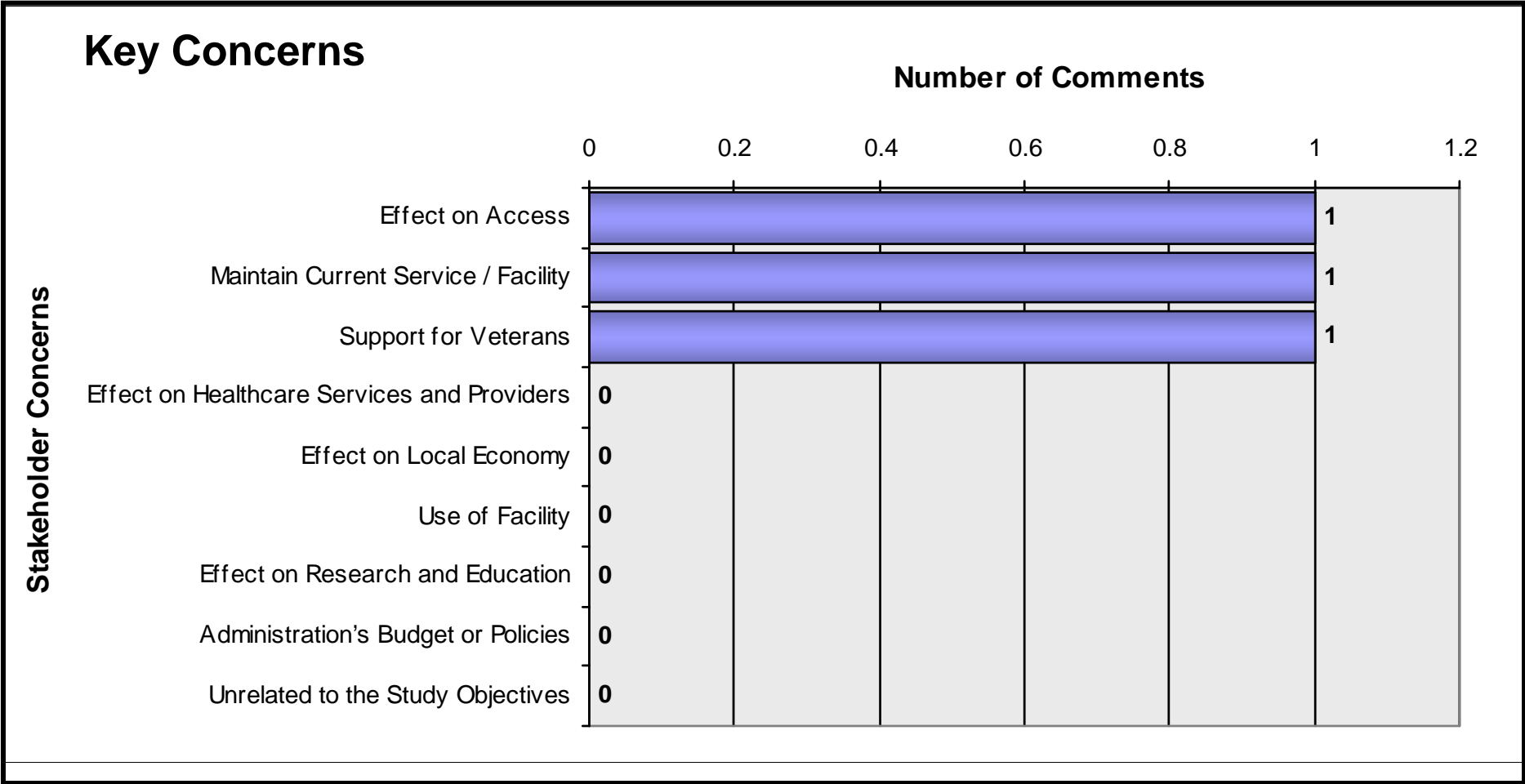
- Five forms of stakeholder input were received between January 1, 2005 and June 30, 2005.<sup>1</sup>
- The input was primarily provided by veterans and VA employees
- Top key concerns:
  - Access to the facility
  - Maintain current facility
  - Support for veterans

<sup>1</sup> *Stakeholder input can contain more than one key concern*

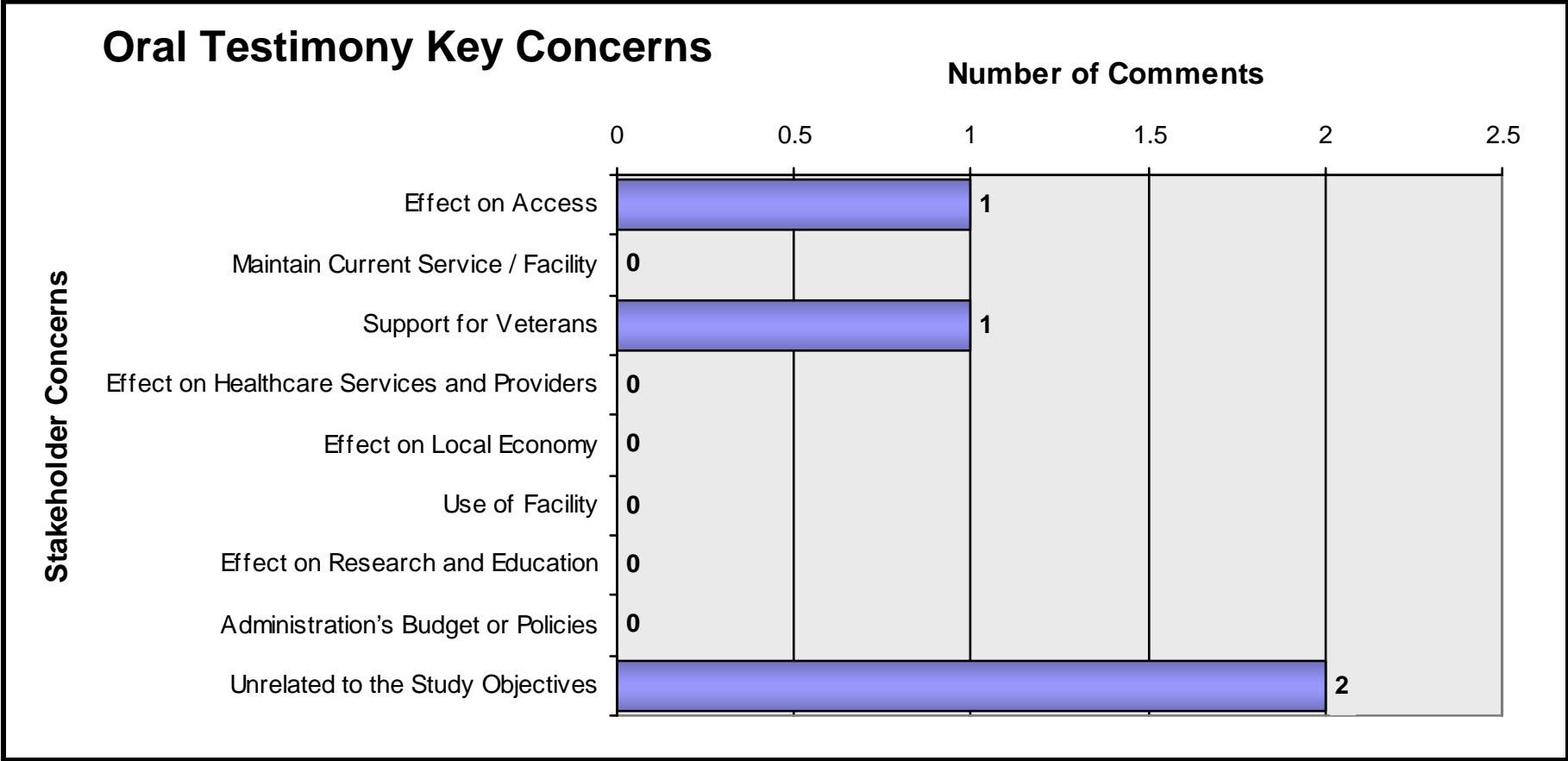
# Categories of Stakeholder Concerns

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

# Key Concerns – Written and Electronic Input



# Key Concerns – Oral Testimony



# Current Status and Business Plan Options



# Stage I Study Findings for Perry Point

## Perry Point Campus



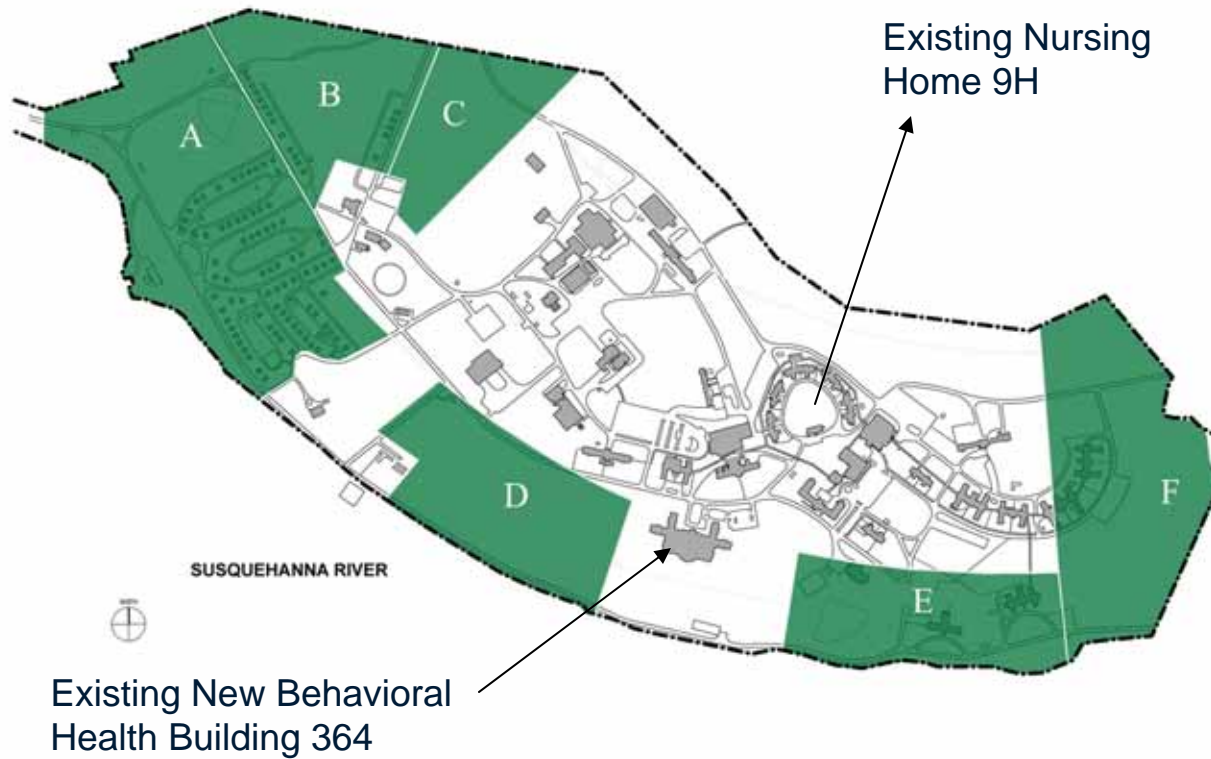
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# Aerial View of Perry Point Campus





# Re-Use Parcels for Various Options



# Perry Point Campus Overview

- The Perry Point Campus is:
  - ◆ In the Baltimore Market of VISN 5 which contains approximately 69,700 enrolled Veterans.
  - ◆ The Campus is located at the banks of the Susquehanna River and the Chesapeake Bay in Perryville, an incorporated municipality in Cecil County, Maryland.
  - ◆ The Campus is composed of 192 structures, many which are small, and is located on 364 acres.

# Perry Point Services Overview

## The Perry Point Campus:

- ◆ Outpatient services include: primary care, psychiatry and substance abuse, and other mental health programs
- ◆ Inpatient services include: limited medicine and observation, nursing home, psychiatry and substance abuse, and residential rehabilitation/domiciliary
- ◆ Medical services that are not provided at Perry Point are referred either to other VAMCs or contracted out to the private sector

# Current Status & Projections

- ◆ Over the next 20 years the number of Priority 1-6 enrolled Veterans for the Baltimore Market is expected to decline 4% from 48,611 in FY2003 to approximately 46,554 in FY2023.
- ◆ Many of the buildings on Campus date to 1918, when the property was purchased by the Federal Government
- ◆ Two Buildings (the Mansion and Grist Mill) are listed on the National Register of Historic Places
- ◆ The Cecil/Harford Counties MSA is experiencing a period of economic and population growth. As new companies enter the market, the population is steadily increasing.

# Options Development

## “Universe” of Considered Options

Stakeholder  
Input

Capital Planning  
Options

Re-use  
Options

### Initial Screening Criteria:

#### ACCESS

*Would maintain or improve overall access to primary and acute hospital healthcare*

#### QUALITY OF CARE

*Would maintain or improve overall quality of healthcare:*

- *Capability to provide care*
- *Workload at each facility*
- *Modern, Safe, Secure*

#### COST

*Has the potential to offer a cost-effective use of VA resources*

Team PwC developed Comprehensive BPOs for Stage I

### Discriminating Criteria:

- Healthcare Quality
- Healthcare Access
- Making the best use of VA resources

- Ease of Implementation
- Ability to Support Wider VA Programs
- Impact of BPO on VA and Local Community

# Options Overview

## “Universe” of Considered Options

Capital Planning  
Options

TOTAL = 12

Re-Use  
Options

TOTAL = 4

## Initial Screening for Access, Quality, Cost

Business Planning  
Options (BPOs)

TOTAL = 6

## Assessed for Stage I Report

# Options for Perry Point

- The Baseline Option is the BPO under which there would be no significant changes in either the location or type of services provided in the study site.
- The six options developed concern the replacement or renovation of existing buildings.

# Summary of Options for Perry Point

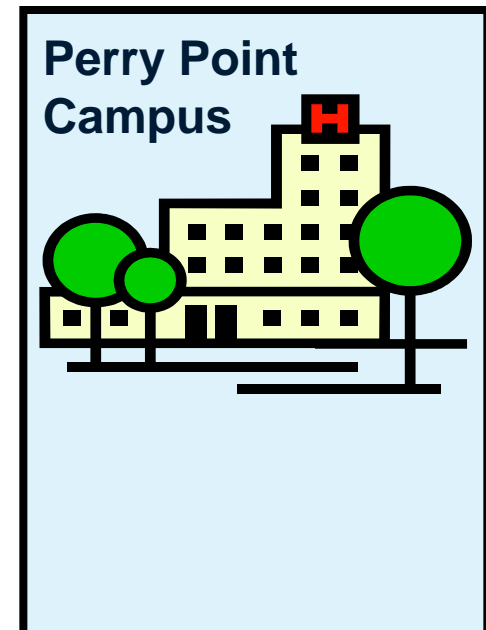
- A Baseline option accounting for projected volumes but no change to programs or services and renovating existing nursing home buildings. (BPO 1)
- Three options to construct a replacement nursing home on the existing campus, reduce the campus size, and create a master plan. (BPOs 2, 3, and 4)
- Two options to construct a replacement nursing home on the existing campus, create phased campus consolidation and planning, reduce the campus size, and develop a master plan. (BPOs 5 and 6)



# BPO 1: Baseline Option [CP-1/RU-1]

A Baseline option reflects the current state projected out to 2013 and 2023 without any changes to facilities or programs, but accounting for projected utilization changes, and assuming same or better quality, and necessary improvements for a safe, secure, and modern healthcare environment

All existing services remain on campus for which appropriate investments to render them modern, safe and secure are implemented.

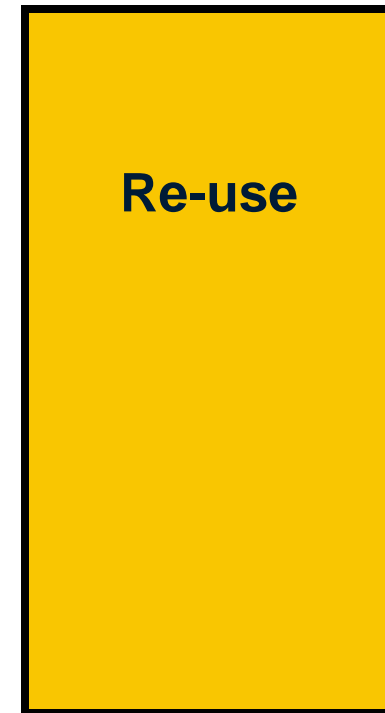
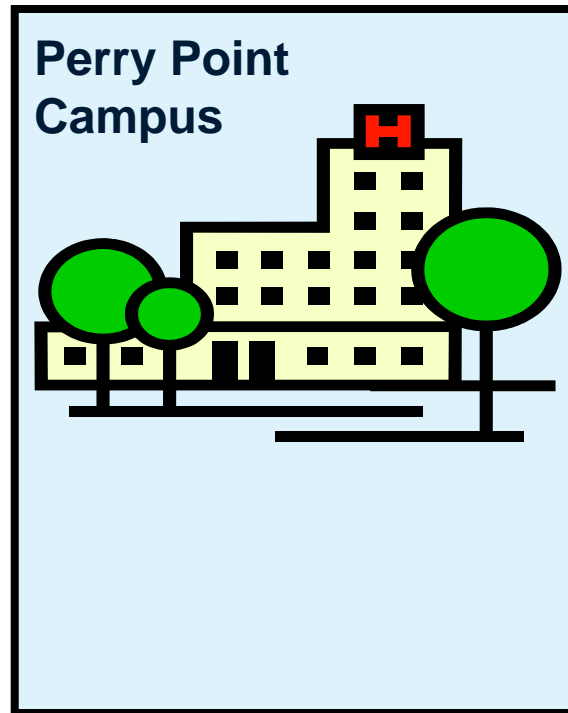


# BPO 1: Assessment, Baseline Option

<b>Healthcare Access</b>	No material impact.
<b>Healthcare Quality</b>	Provides modern, safe, and secure building. Does not meet modern space requirements for existing demand.
<b>Cost Effectiveness</b>	Investment will be required for updated current facilities.
<b>Ease of Implementation</b>	Significant disruption to nursing home patients during renovation.
<b>Wider VA Program Support</b>	No impact.

## BPO 2: Construct new nursing home east of Bldg 364; create master plan and re-use. [CP-2A/RU-2]

Construct replacement nursing home located due east of Building 364. Renovate necessary space to accommodate forecasted demand. Make available four re-use parcels

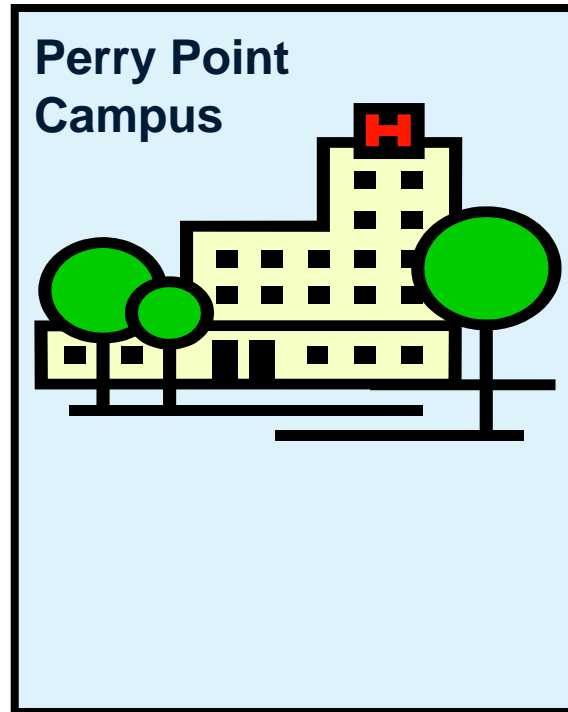


## BPO 2: Assessment, Construct new nursing home east of Bldg 364, create master plan and re-use.

<b>Healthcare Access</b>	No material impact.
<b>Healthcare Quality</b>	Provides modern, safe, and secure building. Improves current site security due to re-use. New nursing home and renovated buildings will be sized to meet the forecasted service need.
<b>Cost Effectiveness</b>	Improves cost effectiveness by creating modern buildings. Re-use proceeds. Investment will be required for new construction and renovation.
<b>Ease of Implementation</b>	Minimal patient disruption. Nursing home services will remain in the current structure until new construction is complete.
<b>Wider VA Program Support</b>	No impact.

# BPO 3: Construct new nursing home near Bldg 20H; create master plan and reuse. [CP-2B/RU-2]

Construct replacement nursing home facility located near Building 20H. Renovate necessary space to accommodate forecasted demand. Make available four re-use parcels

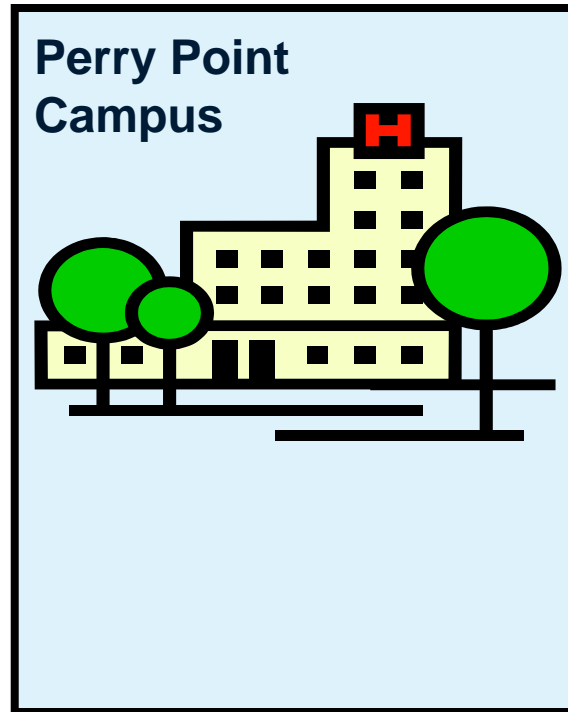


## BPO 3: Assessment, Construct new nursing home near bldg 20H, create master plan and re-use.

<b>Healthcare Access</b>	No impact.
<b>Healthcare Quality</b>	Provides modern, safe, and secure building. Improves current site security due to reuse. New nursing home and renovated buildings will be sized to meet the forecasted service need. Facilitates future campus compression.
<b>Cost Effectiveness</b>	Improves cost effectiveness by creating modern buildings. Re-use proceeds. Investment will be required for new construction and renovation.
<b>Ease of Implementation</b>	Minimal patient disruption. Nursing home services will remain in the current structure until new construction is complete.
<b>Wider VA Program Support</b>	No impact.

# BPO 4: Construct new nursing home near Bldg 80; create master plan and re-use. [CP-2C/RU-2]

Construct replacement nursing home facility located near Building 80. Renovate necessary space to accommodate forecasted demand. Make available four re-use parcels



## BPO 4: Assessment, Construct new nursing home near Bldg 80; create master plan and re-use.

<b>Healthcare Access</b>	No impact.
<b>Healthcare Quality</b>	Provides modern, safe, and secure building. Improves current site security due to re-use. New nursing home and renovated buildings will be sized to meet the forecasted service need. Closest to dining and rehabilitation.
<b>Cost Effectiveness</b>	Improves cost effectiveness by creating modern buildings. Re-use proceeds. Investment will be required for new construction and renovation.
<b>Ease of Implementation</b>	Minimal patient disruption. Nursing home services will remain in the current structure until new construction is complete.
<b>Wider VA Program Support</b>	No impact.



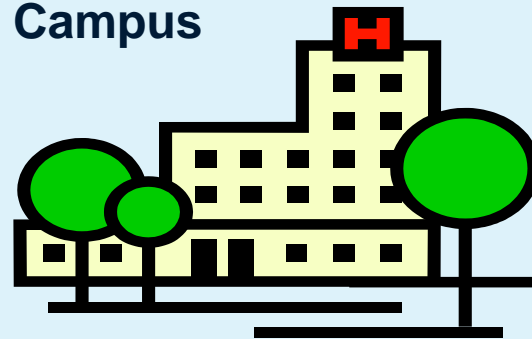
## BPO 5: Reduced Campus; new nursing home north of Bldg 20 and behavioral health building; master plan [CP-3/RU-3]

Construction of a new nursing home building near Building 20H. Renovate necessary space to accommodate forecasted demand. Construct new behavioral health building near Building 80. Adopt master plan to reduce overall size of campus through phased consolidation of clinical services including new construction and enhanced use leases. Make available five land parcels for re-use.



**Construct New  
Nursing Home and  
Behavioral Health  
Building.**

**Perry Point  
Campus**



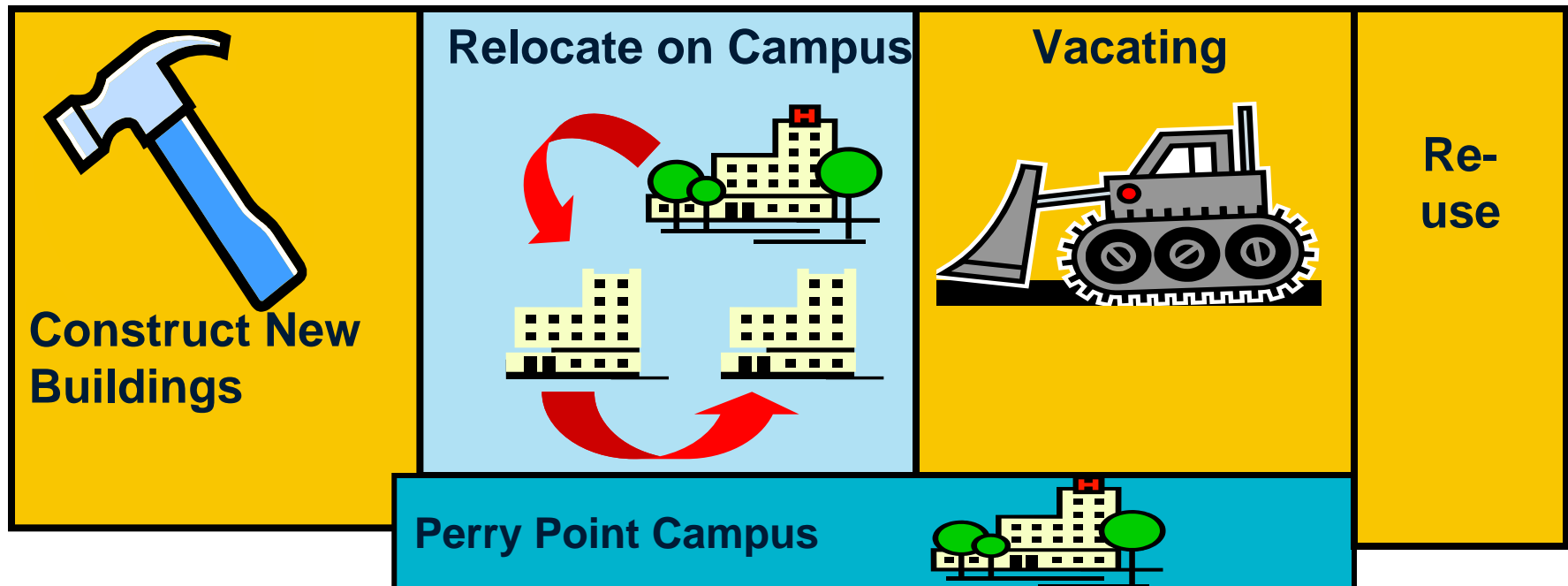
**Re-use**

## BPO 5: Assessment, Reduced Campus; new nursing home north of Bldg 20 and behavioral health building; master plan

<b>Healthcare Access</b>	No material impact.
<b>Healthcare Quality</b>	Provides modern, safe, and secure buildings. Improves current site security due to re-use. New nursing home and renovated buildings will be sized to meet the forecasted service need
<b>Cost Effectiveness</b>	Investment will be required for new construction and renovation. Improves cost effectiveness by creating modern buildings. Re-use proceeds.
<b>Ease of Implementation</b>	Nursing home services will still need to remain in the current structure during construction of the new building. Minimal phasing that directly affects patient care.
<b>Wider VA Program Support</b>	No impact.

# BPO 6: Consolidated Campus; new nursing home, master plan and re-use [CP-4/RU-4]

Construct replacement nursing home near Building 20H. Renovate necessary space to meet forecasted demand. Adopt master plan to consolidate services including phased relocation and demolition. Reduce campus into minimal area required while maintaining sufficient property for campus flexibility. Minimize central energy requirements by decentralizing energy plants. Make available six land parcels for re-use.



# BPO 6: Assessment, Consolidated Campus; new nursing home, master plan and re-use

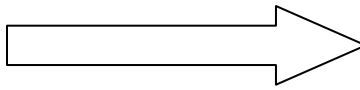
<b>Healthcare Access</b>	No impact.
<b>Healthcare Quality</b>	Provides modern, safe, and secure buildings. Improves current site security due to re-use. New nursing home and renovated buildings will be sized to meet the forecasted service need.
<b>Cost Effectiveness</b>	Investment will be required for new construction and renovation. Improves cost effectiveness by building modern buildings. Re-use proceeds.
<b>Ease of Implementation</b>	Nursing home services will still need to remain in the current structure during construction of the new building. Minimal phasing that directly affects patient care.
<b>Wider VA Program Support</b>	No impact.

# Potential Re-use Options

- Hospitality: A resort, retreat, bed and breakfast or small waterfront-oriented resort
- Industrial: Flex property or a warehouse/distribution center
- Institutional: Satellite campus for existing regional college or facilities for a medical education program. Possible medical care uses include emergency services or an outpatient clinic
- Residential: Senior housing, assisted living facilities and multi-family developments are possible uses.

# Options Not Selected for Assessment

1 option was to move campus to the east.



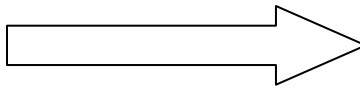
Failed because the VA would lose control of the infrastructure, utilities, water, and vehicle access to the site.

1 option was to move campus to the west.



Failed because of cost and limited access through the re-use property.

1 option was to move all services offsite



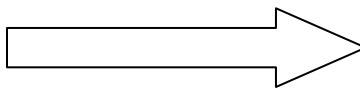
Failed because it was beyond the Secretary's CARES Decision Document

1 option was to renovate current nursing home



Failed because it would create operational inefficiencies and would be disruptive to patients

1 option was to renovate current nursing home and build new behavioral health building



Failed because the renovated nursing home would not fully address the Secretary's CARES Decision Document.

1 option was to renovate current nursing home and build new domiciliary



Failed because the renovated nursing home would not fully address the Secretary's CARES Decision Document.

# Next Steps

- The LAP will review the Business Plan Options and recommend:
  - ◆ Which options should be further studied
  - ◆ Proposed additional options
  - ◆ Specific concerns to be addressed
- Responses and comments to the Business Plan Options will be collected for 10 days following the LAP meeting.
- The next public meeting will review options selected by the Secretary for further study and discuss key issues.
- The fourth and final public meeting will present detailed analysis of the options and recommendations by Team PwC.

# How Can You Provide Feedback?

## Local Advisory Panel Meeting

- ◆ Provide testimony at the public meetings
- ◆ Fill out a comments form at the public meetings

## CARES Project Website

<http://www.va.gov/CARES>

- ◆ An **electronic comments form** is available to share your views and opinions on the options presented
- ◆ Website provides public meeting information, agendas, meeting summaries, and links to background documents

## CARES Central Mailstop

**Perry Point Study  
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