

Collaborative Opportunities:

▪ **Enhanced-Use Lease Opportunities**

Enhanced-Use (E-U) lease authority allows VA to enter into agreements with non-governmental entities for the use of VA space or land for private development, resulting in some form of benefit back to VA and to veterans. As part of the CARES process the Network identified four viable E-U lease opportunities to enhance services to veterans by developing underutilized property. E-U opportunities within the Markets covered in today's Hearing include:

- Research Complex in San Francisco
- Assisted living facility in Menlo Park
- Outpatient clinic in Alameda county

Should the Livermore Campus Realignment proposal be approved, additional E-U opportunities are possible. The E-U opportunities identified above are in different stages of planning or development and will continue to be pursued by the Network.

▪ **VBA and NCA**

There were no Veterans Benefit Administration (VBA) or National Cemetery Administration (NCA) collocation opportunities identified in the Network.

▪ **VA/DoD Collaboration**

There are several significant VA/DoD Collaborations that have been identified as part of the CARES process. Many of these collaborations are ongoing and have the potential for expansion, while others are new initiatives. The following are significant VA/DoD Collaborations for the Markets to be discussed in today's Hearing.

Pacific Islands Market:

- The Joint Venture between the Honolulu VA and Tripler Army Medical Center is one of the oldest and largest VA/DoD Joint Ventures in the country with more than \$20 million in services exchanged annually. Current plans call for a new joint use Ambulatory Surgical Center and Specialty Clinic pavilion. There are also plans to integrate and expand research through a new Clinical Research Center. Due to increased VA and DoD workload, plans also include adding a 5th level to the existing parking structure on the Tripler Army Medical Center Campus.
- Within the territory of Guam, the VA proposes to be a partner with the Navy in the Naval Hospital Guam Replacement Hospital. As part of this Joint Venture the VA will fund a dedicated VA outpatient clinic within the new Navy Hospital. The VA Clinic will offer primary care and limited specialty clinic capability. Specialty services and inpatient care within the Naval Hospital will also be available to veterans.
- In American Samoa, the VA proposes to build a CBOC with the assistance of the Army Reserve Engineers. The facility will serve VA and DoD beneficiaries.

South Coast Market:

- VAPAHCS and the Army California Medical Detachment are in the initial planning stages for a new Ambulatory Care Center in Monterey, California. The proposed Joint Venture outpatient facility would provide primary care and specialty services to veterans, and provide specialty services to DoD beneficiaries including TRICARE beneficiaries.

North Coast Market:

- The SFVAMC is collaborating with the Air Force 60th Medical Group at Travis AFB to initiate a sharing agreement that will allow for Brachytherapy treatment of DoD beneficiaries at SFVAMC. SFVAMC and the 60th Medical Group are also developing a sharing agreement for Hyperbaric Medicine at 60th Medical Group. Other DoD/VA collaborations include a \$2 million DoD grant for MRI/MRSI research in neurodegenerative disease at San Francisco. Under the realignment of Oakland to North Coast, a sharing agreement exists, and in Martinez the FEDS HEAL Program provides retention physicals to the Army reserves. Finally, SFVAMC and the Army are exploring an agreement for active duty residing near SFVAMC for medical care support.

Vacant Space

Currently, the Network has a total of 4,123,996 SF of space at 36 sites of care. In FY 2001, the Network vacant space totaled 208,899 SF not including out lease space. As a Network PI, plans were developed to meet the national goal of a 10% reduction by FY 2004, and a 30% reduction by FY 2005. Market Plans have been developed that exceed the goal with Network vacant space reduced by 42% in FY 2004, followed by an 84% total reduction by FY 2005. As evidenced by these plans, the Network remains proactive in capital asset management and is committed to providing safe and cost effective facilities to meet the changing veteran demographics in each Market.

The Network vacant space requirements are addressed in the six Market Plans in three ways:

- 1) utilizing vacant space for clinical program expansions to address capacity planning initiatives;
- 2) utilizing vacant space for Enhanced Use and outleasing projects for revenue generation; and
- 3) demolishing, donating or divesting VA of underutilized or unsafe buildings, and/or temporary trailers. Each space management scenario and recommended solution identified at the Market level was analyzed in terms of the impact on quality of care, access to care, research and education activities, safety, and to insure the optimal use of resources. In FY 2014, Network vacant space drops to a low of approximately 94,000 SF (approximately 2% of total Network SF). As projected enrollees and outpatient workload increase, Network vacant space decreases. This is accomplished during the timeframe that Network sites of care increase to 48 (including leases and contract care sites), while 12 existing sites will expand services through adding square footage. By FY 2022, as enrollment and workload decrease, the Network vacant space will be maintained at 207,745 SF. The FY 2022 vacant space total is 5% of the current total Network facility space (4 million + SF), which will appropriately be utilized for swing space. The Livermore Campus Realignment Initiative has not yet been accounted for in the inventory of vacant space. If the Livermore initiative is approved, the Network will reassess plans for managing vacant space.

Market Plan Summaries

Market Plans were developed with a focus on veterans, the improvement of quality care, providing care in a safe environment, reduction of vacant space, and the realignment of clinical services to enhance access to care. For today’s Hearing we will focus on the North Coast, South Coast and Pacific Islands Markets.

North Coast Market

▪ **Market Overview**

The San Francisco VA Medical Center (SFVAMC) is the only VA Medical Center located within the North Coast Market. As described in the Market Area Descriptions above, the North Coast Market encompasses a significant geographic area that extends from the northwest coast of California below the Oregon border through San Francisco/Oakland and into the east bay including Contra Costa County. For the purposes of CARES, a portion of Alameda County and all of Contra Costa County are included in this market, although they are not included in the historical facility Primary Service Area (PSA). SFVAMC is one of two tertiary care facilities within the Network and is affiliated with University of California, San Francisco. SFVAMC has a dynamic research program, which ranks #1, in total research dollars, in the Veterans Health Administration. The North Coast Market has no Access PIs identified, but does have two Capacity PIs. The Capacity PIs address increased workload in outpatient specialty and primary care. Other significant issues within this Market include initiatives for additional space in Research (E-U Lease), additional space in current CBOCs, the establishment of four new CBOCs, expansion of parking to support existing and increased outpatient workload, and address the major seismic deficient buildings on the SFVAMC campus.

▪ **Veteran Demographics**

The North Coast Market veteran population is projected to decline by 45% from FY 2001 through FY 2022 based on CARES analysis. Concurrently, Market enrollees are projected to decrease, but at a much slower rate of 19% from FY 2001 through FY 2022. During this same period, market penetration is projected to increase from 18.3% to 26.8%.

North Coast Market Veteran Population and Enrollees*

North Coast Market	FY 2001			FY 2012			FY 2022		
	Actual Enrollees	Est. Vet Pop	Mkt. Pen	Actual Enrollees	Est. Vet Pop	Mkt. Pen	Actual Enrollees	Est. Vet Pop	Mkt. Pen
	59,650	325,398	18.3%	58,260	238,877	24.4%	47,788	178,264	26.8%

* Market Level

▪ **Stakeholder Involvement**

The North Coast CARES Market Chair and Communications Liaison briefed all of the district directors for Congressional representatives face-to-face on the CARES program and the National CARES Plan. The Market Chair and the Communications Liaison arranged Town Hall meetings with employees with briefings on the CARES program and National CARES Plan. CARES was included as a topic of discussion at the monthly Director’s All Chiefs meeting, the Clinical

Chiefs Meeting and the Administrative Chiefs Meetings. Additionally, the monthly employee newsletter carried articles on CARES. The Market Chair and Communications Liaison held regular briefings with Veterans Service Officers and also gave briefings at the VA Voluntary Service meetings for service representatives, deputies, and volunteers. The North Coast Market Chair gave briefings on CARES to the Dean of the affiliate medical school and his staff, as well as the department chairs. Briefings on CARES were given at our quarterly neighborhood meetings.

▪ **Tertiary Care Proximity Planning Initiative**

The North Coast Market, more specifically the SFVAMC, was tasked with a Proximity Planning Initiative of tertiary care services. Because VAPAHCS (South Coast Market) and SFVAMC are within 40 miles of one another, they exceeded the established threshold, (<120 miles apart), and were required to develop an analysis of this initiative. The outcome of this study is addressed above under “Network Planning Initiatives”.

▪ **Access to Care**

The North Coast Market meets the access guidelines for all three levels of care.

North Coast Market Access*

Care Category	Baseline FY 2001		Proposed FY 2012		Proposed FY 2022	
	% of Enrollees Within Guidelines	# of Enrollees Outside Access Guidelines	% of Enrollees Within Guidelines	# of Enrollees Outside Access Guidelines	% of Enrollees Within Guidelines	# of Enrollees Outside Access Guidelines
Primary Care	85%	9,543	88%	6,991	89%	5,257
Hospital Care	77%	14,632	78%	12,817	78%	10,513
Tertiary Care	92%	5,089	94%	3,496	95%	2,389

* Market Level Data

Workload Capacity Planning Initiatives

▪ **Outpatient**

The North Coast Market has Outpatient PIs in Primary Care and Specialty Care. The CARES data projects a significant Primary Care workload gap of +63% (+110,859 stops) above the FY 2001 workload level by the year FY 2012. This Primary Care workload gap gradually diminishes over the next ten years, with a +24% increase over FY 2001 occurring in FY 2022. By the year FY 2012, the CARES data also projects a +32% increase in Specialty Care workload (+64,402 stops) over the baseline year of FY 2001. During the next ten years, this workload declines so that by FY 2022 the additional workload demand is only +9% greater than that actual recorded for the baseline year of FY 2001.

North Coast Outpatient Planning Initiatives*

	FY 2001	FY 2012			FY 2022		
Category	Clinic Stops	Clinic Stops	% Gap from FY01	Change in Stops from FY 01	Clinic Stops	% Gap from FY01	Change in Stops from FY 01
Primary Care	175,555	286,414	+63%	110,859	217,795	+24%	42,190
Specialty Care	199,195	263,597	+32%	64,402	217,627	+9%	18,432

**Treating Facility Based/Planning Initiatives highlighted in Bold*

The North Coast Market has proactively developed a Market Plan to address gaps in capacity by:

- Expanding Specialty Programs & Telemedicine at Oakland, Santa Rosa, Ukiah, and Eureka CBOCs
- Expanding Emergency Room, Eye/ENT Clinic, and add a second cardiac catheterization laboratory at SFVAMC
- Expanding Primary Care at SFVAMC
- Establishing four new CBOCs at northern San Mateo County, Lake County, Richmond, and Pittsburg
- Expanding Primary Care at existing CBOCs in Oakland, Santa Rosa, Ukiah, Eureka, and downtown San Francisco
- Expanding Patient/Visitor parking and develop a 560+/- space garage at SFVAMC

The space driver/gaps projected for this level of care were significant. In addition, SFVAMC has significant seismic issues as discussed below. As such, the Market Plan supports capacity increases primarily through expanded and/or new leases. This allows for future downsizing as enrollment declines.

▪ **Inpatient**

There are no Inpatient Capacity PIs for the North Coast Market.

Collaborations

▪ **Enhanced-Use**

SFVAMC is the number one funded VA Research Program in the country. However, the current program operates in less than one half of the CARES projected square footage requirement. This lack of space constrains any meaningful growth in the Research Program. SFVAMC is in the process of pursuing an E-U Lease of property on the SFVAMC Campus. This E-U would provide for a new 200,000 SF Research Facility and a parking structure to replace displaced parking and accommodate parking from growth in the Research Program. SFVAMC has completed the Public Hearing and is awaiting a formal E-U property designation by the VA Secretary. The anticipated current projected completion of the EU project is FY 2007. The program currently occupies 131,466 DGSF and is severely compressed. This compression compromises the ability to attract and retain top quality principal investigators. The CARES formula for projected research space applies a \$150/SF factor to the total research funding to derive estimated space requirements. Using the current funding of \$54 million, SFVAMC has a current total research space need of 360,000 DGSF. The current deficiency amounts to a total of 228,534 DGSF (360,000 projected less 131,466 actual).

- **DoD**

SFVAMC is collaborating with the Air Force 60th Medical Group (MDG) at Travis AFB to initiate a sharing agreement that will allow for brachytherapy treatment of DoD beneficiaries at SFVAMC. SFVAMC and the 60th MDG are also developing a sharing agreement for Hyperbaric Medicine at 60th MDG. Other VA/DoD collaborations include a \$2 million DoD grant for MRI/MRSI research in neurodegenerative disease at San Francisco. Under the realignment of Oakland to North Coast, a sharing agreement exists, and in Martinez the FEDS HEAL Program provides retention physicals to the Army reserves. Finally, SFVAMC and the Army are exploring an agreement for active duty residing near SFVAMC for medical care support.

Seismic Issues

The North Coast Market has three seismic major construction projects, totaling \$92.6 million. All three of these projects are also identified on the VA's Exceptionally High Risk Seismic Buildings list. From a seismic safety perspective, the project that is of most concern is for seismic corrections to Building 203, a six-story, 335,000 SF facility. This building is the main acute inpatient hospital at SFVAMC. This project is listed as the number one from a risk standpoint in the VA's list of exceptionally high-risk buildings. The project cost estimate is \$40.7 million. The second project is for seismic corrections to four additional buildings (Bldgs. 1, 6, 8, & 12), also on the SFVAMC campus. These buildings house specialty clinics, administration and research activities. The cost estimate for this project is \$51 million. The third North Coast Seismic project is a \$900,000 seismic upgrade Minor to Building 5 at Martinez. This building houses laboratory and research functions.

Other

- **Parking**

SFVAMC has a significant shortage of patient, staff and visitor parking. The campus has 1,214 existing parking spaces compared with an estimated demand of approximately 1,900 stalls (VA criteria). This shortfall, combined with projected growth and correction of parking code deficiencies, requires a total of approximately 686 stalls. To address this shortfall the SFVAMC has submitted for a major construction project in FY 2005 for a 560 stall, \$12.6 million new parking garage. In addition, the SFVAMC plans to submit for a minor construction project in FY 2005 for a 245 stall, \$3.9 million parking garage addition to an existing garage.

An Enhanced-Use agreement with the Northern California Institute for Research and Education (NCIRE) will build a 200,000 GSF research building on existing parking lots the SFVAMC campus. NCIRE will need to build up to 730 parking stalls. These will support the new building parking demand, growth, correction of existing parking deficiencies, and replacement of parking where the building is sited.

South Coast Market

▪ Market Overview

The South Coast Market encompasses VA Palo Alto Health Care System's (VAPAHCS) Primary Service Area (PSA). VAPAHCS is a major tertiary referral center with three hospital-based divisions and a network of six CBOCs. The Palo Alto Division (PAD) is home to one of VA's flagship tertiary care referral centers. This division provides acute inpatient medicine, surgery, psychiatry, spinal cord, rehabilitation medicine, blind rehabilitation, traumatic brain injury, and hospice-palliative care services. The Menlo Park Division (MPD) provides a broad range of mental health programs ranging from substance abuse, Post Traumatic Stress Disorder (PTSD), homeless rehabilitation, gero-psychiatric and extended care services. MPD is a regional referral facility for domiciliary and inpatient gero-psychiatric services. MPD is also home to a National Center for PTSD. The Livermore Division (LVD) provides both sub-acute and geriatric inpatient as well as primary, subspecialty, mental health and ancillary outpatient services. Today, the South Coast Market operates six CBOCs located in Capitola, Modesto, Monterey, San Jose, Stockton, and Sonora.

▪ Veteran Demographics

The South Coast Market's veteran population is projected to decline by 46% from FY 2001 through FY 2022. It should be noted that for CARES purposes, when assigning counties to Markets the Network determined that two counties (Alameda and San Mateo) should be shared between South Coast and North Coast Markets, based on travel times and workload referral patterns. However, in the CARES modeling forecast, Alameda and San Mateo County veteran population and enrollment statistics were inappropriately distributed. It is not believed that either Market's planning solutions were impacted, as the total overall veteran population and enrollees for the two counties are accurate. Also, the solutions are considered correct because PI solutions are based on treating facility data.

South Coast Market Veteran Population and Enrollees *

South Coast Market	FY 2001			FY 2012			FY 2022		
	Actual Enrollees	Est. Vet Pop	Mkt. Pen	Projected Enrollees	Est. Vet Pop	Mkt. Pen	Projected Enrollees	Est. Vet Pop	Mkt. Pen
	58,729	290,407	20.2%	56,988	212,452	26.8%	47,034	157,897	29.8%

*Market Based

▪ Stakeholder Involvement

South Coast Market has completed extensive communication activities with regard to Capital Asset Realignment for Enhanced Service (CARES) planning. The South Coast Market leadership has presented the CARES process to its stakeholders through numerous forums. Since the beginning of CARES Phase II, the South Coast Market has performed the following communications activities:

- Held open forums for stakeholders on the CARES process and Market Planning
- Published monthly articles on CARES initiatives
- Held numerous Congressional liaison meetings extending invitations to all districts within the South Coast Market

- Discussed the status of CARES and the Planning Initiatives at every monthly Veteran and County Service Officer meeting
- Reviewed constituent's comments and concerns; incorporating them into the Market Plan

▪ **Tertiary Care Proximity Planning Initiative**

VAPAHCS and SFVAMC are the only two tertiary care facilities in the Network, which together serve a bimodal population of 1.2 million veterans. Both facilities have received several best practice designations and are recognized for excellence in clinical care, research and education. After a thorough analysis of administrative and clinical services at VAPAHCS and SFVAMC, the Network recommended consolidating several services as described above (Network Planning Initiatives).

▪ **Campus Realignment**

Following the South Coast CARES Market plan submission, the VHA Under Secretary for Health identified 20 VHA facilities nationwide to undergo a mission change study. VAPAHCS's Livermore Division (LVD) was identified as one of the sites. The Network was tasked to develop strategies to convert from a 24 – hour a day operation to an 8 - hour operation.

After evaluation of options, the Network completed a thorough analysis and submitted a response in June 2003 regarding the LVD mission change. The study evaluated three (3) options: status quo, consolidation and closure. The Draft National CARES Plan recommended that, “VA no longer operate health care services at this campus.” The proposed LVD realignment proposal enhances the delivery of primary care and specialty care services by providing care closer to where the majority of veterans reside, optimizes the use of resources, and effectively realigns capital assets by:

- Relocating 80 of the 120-bed nursing home from LVD to a new nursing home at MPD
- Contracting the remaining 40 beds to community nursing home facilities
- Relocating LVD's 30-bed sub-acute unit from LVD to PAD
- Establishing a large CBOC in the Central Valley to improve access and enhance services
- Establishing a large CBOC in the East Bay to improve access and enhance services
- Enhanced-Use Lease (E-UL) LVDs 113-acre campus and utilize the revenues to enhance the delivery of healthcare services

Access to Care

The South Coast Market is composed of 325,000 veterans, of which 74,257 are enrolled in VA healthcare (FY 2002). The South Coast Market's 10-county geographic catchment area is approximately 13,500 square miles and encompasses the second largest Metropolitan Service Area (MSA) in California.