

South 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	92%	4,983	93%	3,989	93%	3,292
Hospital Care	53%	29,273	79%	11,967	79%	9,877
Tertiary Care	100%	-	100%	-	100%	-

**Market level data*

The South Coast Market’s Primary Care and Tertiary Care access categories met the CARES mandated thresholds; however, Acute Hospital access remained an outlier (See Chart). To achieve the acute hospitalization access threshold, the South Coast Market established and implemented several acute hospital fee basis contracts with regional and county medical centers in the following outlying communities*:

1. Monterey County
2. San Joaquin County
3. Tuolumne County

** (After incorporating the acute care fee basis PI into the CARES database, the South Coast Market’s acute hospital access threshold increased from 53% to 79%)*

▪ **Outpatient Planning Initiative**

In order to satisfy veterans’ primary and specialty care requirements, the South Coast Market recommends establishing two new CBOCs (East Bay & San Mateo), expanding existing CBOCs (Stockton, Modesto, & Monterey), constructing a state-of-the-art ambulatory care facility (PAD), and approving a VA/DoD joint venture clinic in Monterey. The VA/DoD collaboration will significantly increase the overall outpatient workload demand as shown below (see Collaborations/DoD) for this Market.

South Coast Outpatient Planning Initiatives*

Category	FY 2001	FY 2012			FY 2022		
	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	128,383	182,008	+42%	53,625	140,347	+9%	11,962
Specialty Care	131,370	183,676	+46%	60,843	158,561	+21%	27,190

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

In addition to the large gaps for Primary Care and Specialty Care reflected for this market for projected enrollees, the South Coast market anticipates even more demand due to the potential of a VA/DoD joint venture facility in Monterey, California as discussed under Collaborations

below. To address the primary and specialty care needs of veterans who reside in the Network's South Coast Market, VAPAHCS recommends opening new clinics in underserved communities, expanding existing clinics, and developing a collaborative VA/DoD joint venture clinic in Monterey. This proposal includes:

- New 160,000 SF ambulatory care and research facility at Palo Alto Division
- Enhanced multi-specialty CBOC in the Central Valley
- New multi-specialty CBOC in the East Bay
- New primary care CBOC in San Mateo
- New VA/DoD joint venture ambulatory care center in Monterey, California

▪ **Inpatient Planning Initiative**

**South Coast Inpatient Planning Initiatives
(Treating Facility Based data)***

Category	FY 2001		FY 2010			FY 2022		
	BDOC	Oper. Bed. (actual)	Proj BDOC	Bed Gap from FY2001	% Gap from FY 2001	Proj BDOC	Bed Gap from FY 2001	% Gap from FY 2002
Surgery	15,534	42	10,215	-18	-36%	7,373	-26	-53%
Psychiatry	37,475	112	33,544	-13	-10%	24,786	-41	-34%

* PI data in bold

The South Coast Market's affiliation with the Stanford University School of Medicine enables veterans to obtain world-class, cutting edge medical, surgical and psychiatric treatment. Complex surgical patients from throughout the VA system are referred to the South Coast Market each year. Although the CARES model projects a decrease of 26 beds in FY 2022, maintaining the South Coast Market's 42 surgical bed capacity remains critical for this market and Network. Current demand requires that VAPAHCS often delay surgical procedures due to the lack of acute bed availability. Increased demand and patient acuity continues to boost surgical referrals. The South Coast Market's 112 inpatient psychiatry beds are projected to decline by 41 beds in FY 2022. Should the projected decrease in demand materialize in either Surgery or Psychiatry, VAPAHCS plans to reduce in-house services and shift resources to other high priority needs.

Collaborations

▪ **Enhanced Use**

For the past seven years, VAPAHCS and Sunrise Development Corporation have discussed leasing Menlo Park Division (MPD) property to construct an assisted living facility. The Sunrise Development Corporation intends to develop a high-end assisted living senior housing facility. The transaction contemplates a 45-year enhanced-use lease (E-UL) proposal with two ten-year options. The Sunrise Development Corporation would compensate the VA for the lease in the amount of \$395,250 in an annual annuity or in-kind service. Over the life of the lease, the VA would generate \$30,652,000. The proposal would provide the South Coast Market financial resources to augment its operating budget, which would enhance veteran healthcare.

▪ **Research**

With a \$44 million annual research budget, the South Coast Market manages the third largest research program in the VA. The South Coast Market's research endeavors are broad-based and the Health Care System receives extensive VA, NIH, and DoD grant funding. The South Coast Market employs a research workforce encompassing 550 multidisciplinary staff, of which, 170 investigators are engaged in over 600 research projects annually.

During the past two years, the South Coast Market's research budget has grown from \$32 to \$44 million, which equates to a 37% growth rate. As a result of these recent achievements, investigators now lack sufficient facilities for which to conduct their research. As a result of these existing space limitations, many investigators now seek offsite accommodations. In addition to facility space constraints, three South Coast Market research buildings have serious seismic deficiencies and remain at the top of VA's Exceptionally High Risk (EHR) seismic inventory. The EHR facilities represent the greatest hazard of all buildings in the VA.

In FY 2001, the South Coast Market's research programs were allocated 161,323 SF, located at the Palo Alto and Menlo Park Divisions. Based on the South Coast Market's \$44 million research budget, CARES space drivers projected a 359,621 SF space requirement, which represents a 198,298 SF shortfall.

Based on these aforementioned statistics, the South Coast Market recommended the construction of a new 160,000 SF a multi-occupancy building in support of ambulatory care and research. This major construction initiative would enable the Health Care System to close the research and ambulatory care gaps.

▪ **DoD**

Today, the VA and DoD maintain two separate outpatient clinics in Monterey, California. Approximately 76,000 VA/DoD beneficiaries (45,000 VA & 31,000 DoD) reside within 30 minutes of Monterey. In FY 2001, 8,000 veterans were enrolled in the VA Clinic and 6,500 were enrolled in the US Army Troop Medical Clinic (TMC). Several thousand utilized the TRICARE Managed Care Support Contract. In FY 2001, VA, DoD, and TRICARE providers generated approximately 250,000 outpatient encounters. Collectively, over 100 staff members are employed at the VA and US Army Clinics. Combining operations would generate economies of scale both in terms of improved delivery of care and fixed-variable cost reductions.

The proposed VA/DoD Joint Venture in Monterey would increase the demand projected for overall outpatient services in this area. The South Coast Market would net a 65% increase in primary care and 78% increase in specialty care outpatient growth between FY 2001 and FY 2012, which includes both VA and DoD workload. The chart below includes VA/DoD Monterey joint venture workload (stops):

South Coast Outpatient Workload With Monterey Joint Venture (VA/DoD)

	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	128,383	212,008	+65%	83,625	170,347	+33%	41,964
Specialty Care	131,370	233,676	+78%	102,306	208,561	+59%	77,191

Both agencies expressed interest in exploring innovative approaches to delivering healthcare services to VA/DoD beneficiaries. The conceptual VA/DoD Monterey joint venture ambulatory care center would be a VA owned and operated facility built on existing Fort Ord property offering a wide provision of services including primary, specialty, mental health and ancillary services.

▪ **Seismic Issues**

A total of 77 buildings in the VA inventory have been identified as exceptionally high risk (EHR). Today, three of the top ten buildings on the EHR list are located in the South Coast Market. These buildings represent the greatest hazard of all buildings in the VA inventory. The South Coast Market’s Building 2 (Inpatient Psych), Building 4 (Research), Building 324 (Gero-Psych NHCU) remain near the top of the VA’s EHR seismic inventory list. The VA Secretary has made seismic strengthening a priority to assure the safety of our infrastructure in high-risk areas of the country. To mitigate these seismic deficiencies, the Network recommends the following projects:

- Building 2: 80-bed Acute Inpatient Psychiatric Replacement Facility
- Building 324: 200-bed Nursing Home Care Unit Replacement Facility*
- Building 4: Seismic Correction for Consolidated Research Activities
- Seismic Correction of Miscellaneous Buildings

**(80 beds of the 200 are associated with the Livermore Division Realignment)*

Pacific Islands Market

Market Overview

The Spark M. Matsunaga VA Medical Center (VAMC) in Honolulu is the only VAMC located within the Pacific Islands Market. The Center’s Ambulatory Care Clinic and Center for Aging, as well as a PTSD Residential Rehabilitation Program Center in Hilo and a network of CBOCs on the Hawaiian neighbor islands (Hilo, Kona, Maui & Kauai), Guam, American Samoa and the Philippines make up the Pacific Islands Market. Inpatient, emergency and specialty care are delivered through joint venture sharing agreements with Tripler Army Medical Center (TAMC) in Honolulu and the Navy Hospital in Guam. In addition, similar services are also obtained through agreements with community hospitals and other medical providers.

As described in the Market Area Descriptions (above), the Pacific Islands Market encompasses a significant geographic area that extends from the state of Hawaii 2,000 miles south to American Samoa and 3,000 miles west to Guam and the northern Marianas.

It should be noted that CARES data has only been provided for the Hawaiian Islands. Therefore, there are no nationally identified access gaps, capacity gaps or planning initiatives identified for other than the Hawaiian Islands through the CARES process. However, the Network and the Pacific Islands Market recognize that there are access issues on Guam and America Samoa and have identified initiatives to resolve these issues.

The Pacific Islands Market has no formal Access PIs, but has identified two Capacity PIs. The Capacity PIs address increased workload in outpatient care, including both Specialty Care and Primary Care. Other significant issues within this Market include initiatives for additional space in Research (VA/DoD collaboration), additional space in current CBOCs, the establishment of three new CBOCs, replacement of the Guam CBOC (VA/DoD collaboration), and an additional level of parking at TAMC campus to support increased outpatient workload.

▪ **Veteran Demographics**

The Pacific Islands Market veteran population is projected to decline by 32% from FY 2001 through FY 2022. Market enrollees, however, are projected to increase 13.4% over the same period and market penetration is projected to increase from 20.7% to 34.5%.

Pacific Islands Market Veteran Population and Enrollees*

Pacific Islands 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
	24,391	117,887	20.7%	29,737	98,725	30.1%	27,657	80,288	34.5%

**Market Level Data*

▪ **Stakeholder Involvement**

The Spark M. Matsunaga VAMC has kept stakeholders involved in the CARES process through several forums. Formal letters were sent in November 2002 to Hawaii’s Congressional delegation as well as the Commanding General, TAMC, explaining the CARES process and including informational attachments. Veteran Service Officers were invited and attended CARES briefings. Both the State Office of Veteran Services Advisory Board and the VA Advisory Board were briefed at each of their meetings. Both advisory boards have representation from each of the neighbor islands. The Oahu Veterans Council, American Legion, VFW and DAV state executive committees, and numerous posts, chapters and associations have been consistently updated at their meetings, which included the distribution of written materials. CARES columns were featured in VA employee newsletters. Employees were also sent e-mails. CARES information and links have been inserted in the Honolulu VA website which also provides a means for stakeholder feedback. Handouts with the various means of submitting comments to the CARES Commission prior to the October hearings have, and will continue to be, distributed to stakeholders.

▪ **Access to Care:**

The Pacific Islands Market meets the access guidelines for all three level of care:

Pacific Islands 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	88%	3,147	91%	2,676	91%	2,489
Hospital Care	73%	7,080	73%	8,029	71%	8,021
Tertiary Care	73%	7,080	73%	8,029	71%	8,021

*Market Level Data

Workload Capacity Planning Initiatives*

▪ **Outpatient:**

The Pacific Islands Market has Outpatient PIs in Primary Care and Specialty Care. The CARES data projects a significant Primary Care workload gap of 67% (+44,588 stops) above the FY 2001 workload level by the year FY 2012. This Primary Care workload gap gradually lessens over the next ten years, with a 46% increase over FY 2001 occurring in FY 2022. By the year FY 2012, the CARES data also projects a 212% increase in Specialty Care workload (+74,746 stops) over the baseline year of FY 2001. During the next ten years, this workload declines slightly so that by FY 2022, the additional workload demand is 192% greater than that actual recorded for the baseline year of FY 2001.

Pacific Islands Market Planning Initiatives*

Category	FY 2001	FY 2012		FY 2022			
	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	66,334	110,992	+67%	44,588	97,143	+46%	30,809
Specialty Care	36,658	114,404	+212%	77,746	107,181	+192%	70,523

*Treating Facility Based/Planning Initiatives highlighted in Bold

The Pacific Islands Market Plan closes identified gaps in capacity by:

- Renovating part of the VA Ambulatory Care Center to create a joint VA/DoD Ambulatory Surgery Center and Specialty Care Clinic Pavilion.
- Establishing three new CBOCs at Kaneohe and Waianae on Oahu and in American Samoa.
- Expanding Patient/Visitor parking by adding one level to the existing parking structure.
- Expanding existing CBOC's on the neighbor islands of Hawaii.

- Expanding CBOC capacity in Guam through participating in a VA/DoD Joint Venture with the Navy.

The space driver/gaps projected for this level of care were significant. As such, the Market Plan supports capacity increases in primary care largely through expanded and/or new CBOC leases. This allows for future downsizing where enrollment declines locally.

- **Inpatient**

There are no Inpatient Capacity Planning Initiatives for the Pacific Islands Market.

Collaborations

The VA Pacific Islands Health Care System enjoys one of the oldest and largest VA/DoD Sharing Agreements in the country with TAMC in Honolulu. The Specialty Care PI significantly expands this sharing agreement by constructing an Ambulatory Surgery Center and Specialty Care Pavilion in renovated VA space.

VA also maintains a sharing agreement with the Guam Naval Hospital. The VA clinic in the existing Navy hospital will relocate to the replacement Navy hospital planned for FY 2008. The VA clinic will continue to provide primary and limited specialty care with hospital and other specialty care provided by the Navy.

Seismic Issues

There are no seismic issues in the Pacific Islands Market.