

**VISN 23 NETWORK DIRECTOR TESTIMONY DRAFT 8/19/03**  
**MINNESOTA, NORTH DAKOTA AND SOUTH DAKOTA**  
**CARES MARKET PLANS**  
SEPTEMBER 3, 2003

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**[Introduction]** Dr. Kendall, Mr. Vogel, Ms. Ferguson, Mr. Ray, CARES Commission staff, and distinguished guests, I am Robert A. Petzel, M.D., Network Director of the VA Midwest Health Care Network, Veterans Integrated Service Network #23, referred to as VISN 23. I am pleased to testify on the Minnesota, North Dakota and South Dakota CARES Market Plans developed by employees who provide compassionate care for veterans and stakeholders who tirelessly work to improve veteran services. My testimony will cover three points. First, I will describe the CARES markets studied; second, I will briefly summarize the VISN 23 CARES planning process, and third; I will explain our recommended solutions to the CARES planning initiatives.

**[The Markets]** In order to develop CARES Market Plans, the VISN was divided into five markets, primarily along state boundaries, but with some deviation based on historical referral patterns. The North Dakota market area spans all of the state of North Dakota plus northwestern Minnesota. While only one VA medical center on the state's eastern border at Fargo serves the large geographic area, four community based outpatient clinics are dispersed throughout the rural area. The number of veteran enrollees is projected to decrease in the North Dakota market area by 25 percent to 24,000 between now and 2022. The percent of the veteran population enrolled in VA health care, referred to as the market share, is projected to increase from 33 percent today to 40 percent in 2022. The large market share illustrates veterans' reliance on VA for health care especially in rural areas where other health care options may be limited.

The South Dakota market area includes all of South Dakota, northwestern Nebraska, southeastern Minnesota and northwestern Iowa. VA facilities in the market include the Sioux Falls VA Medical and Regional Office Center and the VA Black Hills Health Care System, formed in 1996 by integrating VA facilities at Hot Springs and Fort Meade, SD. Twelve community based outpatient clinics are distributed across the market area, some of which are open only once or twice a month by staff who travel to the sites. The number of veteran enrollees is projected to decrease 22 percent to 35,000 by 2022. The market share is projected to increase from 38 to 42 percent.

The Minnesota market area includes most of Minnesota and western Wisconsin. VA medical centers are located in large population centers at Minneapolis and St. Cloud. Eight community based outpatient clinics increase access to out-state veterans. Projected veteran enrollees will decrease by only two percent to 85,000 between now and 2022. The market share is projected to increase from 19 to 29 percent.

**[The Process]** The Network's CARES planning process was designed to involve as many employees and stakeholders as possible in determining where VA services are offered in response to VA issued planning initiatives. Guiding the process was the Network Steering Committee whose membership included stakeholders such as the Director, Nebraska Department of Veterans Affairs, Past National Commander of the Disabled American Veterans, Lead Agent from DoD Regional Health Services Operations, and the Past National Commander of the American Legion. Representatives from employee unions, the Veteran Benefits Administration and the National Cemetery Administration served not only on the steering committee but also on CARES area market planning groups called CAMP Teams. Each of the five CAMP Teams in the VISN developed a CARES plan for its market area based on enrollment projections, projected gaps in services, assessment of facility conditions and employee/stakeholder suggestions.

**[Small Facilities Recommendations]** Small facilities issues were studied in the Minnesota market at St. Cloud and in the South Dakota market at Hot Springs. Both sites are projected to need less than 40 acute care hospital beds in 2012 and 2022 due to declining veteran enrollment.

VISN leadership endorsed the Minnesota CAMP Team's proposal to close eight acute medicine beds at St. Cloud and refer patients needing acute medical care to VAMC Minneapolis and contract community hospitals. St. Cloud will continue to operate 15 acute psychiatry beds and transfer non-emergent inpatient surgery to Minneapolis. St. Cloud is currently piloting the project and is collecting data to evaluate the process and outcomes. Initial results of the study demonstrate positive outcomes for veterans.

VISN leadership also supported the South Dakota CAMP Team's proposal to create a critical access hospital in lieu of operating acute inpatient beds at the Hot Springs campus of the VA Black Hills Health Care System. The MEDICARE program first created critical access hospitals to maintain accessibility to hospital care in remote areas. Under the concept, Hot Springs staff will transfer medical patients requiring hospitalization beyond 96-hours to another VA medical center or private sector hospital, operate 5 to 7 hospital beds, and transfer other patients in need of inpatient surgical or psychiatric care to the Fort Meade campus. All intensive care unit beds at the Hot Springs campus will be closed.

The critical access hospital concept insures coordination and continuity of care for patients in a rural area with limited alternative health care resources available for veterans. The concept is cost effective, maintains high quality care, and preserves access for the veterans living in western South Dakota and northwestern Nebraska. Area veterans support Hot Springs' proposed new role, a concept already known to them because the community hospital functions as a critical access hospital. The VA Under Secretary for Health endorsed the concept

and asked other VA medical centers designated as small facilities to consider adopting a critical access hospital mission.

**[Access to Care]** Even though VISN 23 operates 36 community based outpatient clinics, no market in the VISN met the VA access criteria where 70% of the veterans are within the recommended travel time distances from VA provided primary care. Veterans in VISN 23 have less access to VA primary care than other VISNs due to the larger geographic area and scattered veteran population in rural and highly rural areas. As proposed in the draft National CARES Plan, veterans will have improved access to primary and mental health care if new community based outpatient clinics are approved for locations in the northwestern Twin Cities metro area, Redwood Falls, and Alexandria, MN, and western Wisconsin. While new access points are also proposed in the National Plan for the North and South Dakota markets, they are not in the high implementation priority category at this time.

We believe that community based outpatient clinics proposed for the North Dakota and South Dakota market should be moved into the first priority grouping. The western North Dakota area is highly rural with few options for health care. For example, the closest VA presence is a CBOC at Minot, ND, 100 miles from the western city of Williston, ND. Bemidji/Fosston, MN was on VISN 23's list of potential CBOC sites prior to CARES. While the area is a more highly populated area and would meet CBOC population criteria by itself, the North Dakota market was considered as one unit in deciding priority groupings. The model to determine high priority CBOCs weighted large populated areas even though no other market in the VA system had poorer access than the North Dakota market where only 37% of veterans currently meet the VA's primary care access criteria. The poor access to VA care will continue if no new CBOCs are added in the North Dakota and South Dakota markets.

Access to inpatient hospital care will improve in the Minnesota market with contracts in Duluth, MN. The South Dakota market proposes to improve access by contracting for inpatient hospital care in Scottsbluff, NE, Pierre, SD and Sioux City, IA, and the North Dakota market plans to contract for tertiary care at Bismarck and Minot, ND.

**[Outpatient Services]** The largest gap between current and projected workload was for outpatient specialty care services where an 18% increase was projected at Minneapolis, a 74% increase at St. Cloud, and an 82% increase at Fargo by year 2022. As a result, plans were proposed to accommodate the significant projected growth. Minneapolis plans to convert and renovate space at an estimated cost of \$600,000 and contract for care in the community. St. Cloud plans a series of new construction projects totaling \$9M. Fargo proposes to contract for care and construct a new \$6M addition. No specialty care construction or renovation projects are planned for the South Dakota market because the projected workload will be accommodated within existing facilities.

Primary care outpatient services will also increase due to the projected growth in workload in the Minnesota market. Minneapolis will renovate space at a cost of \$1.2M and St. Cloud proposed new construction of \$1.3M. Contract care will be used to treat workload exceeding facility capacity. Workload is projected to decline in the South Dakota market and increase slightly in North Dakota. No construction or renovation projects are necessary.

**[Inpatient Services]** Inpatient medicine and surgical services are projected to decline in the Minnesota and South Dakota markets. Some inpatient workload will be contracted to improve access. Minneapolis will renovate space for additional monitored beds.

**[Vacant Space]** Some vacant space remained after services were planned for the year 2022. In total, the three markets propose to demolish 62,000 SF, out-

lease 192,000 SF and divest 79,000 SF. The VA Black Hills Health Care System has a long history out-leasing vacant buildings to the South Dakota National Guard. This will continue. VA Black Hills Health Care System will divest rather than demolish quarters buildings on the national historical preservation list.

**[Enhanced Use]** VA Central Office identified the Minneapolis campus as one of 20 high potential enhanced use areas. Three projects are proposed: 1) a single room occupancy initiative concept plan, 2) Federal Credit Union plan, and 3) Veterans Benefits Administration St. Paul Regional office enhanced use initiative with a private developer to co-locate on the Minneapolis campus. Veteran Benefits Administration identified the project as a high priority initiative proposed for completion by 2010.

**[Collaborations]** In addition to the Veteran Benefits Administration co-location at Minneapolis, we continue to collaborate with the Department of Defense as a member of the Central Region Federal Healthcare Alliance. A community based outpatient clinic is proposed at the Grand Forks Air Force Base; however, the clinic location was not placed in the high implementation category.

**[Special Populations]** VISN 23 is one of the few networks without a spinal cord injury center. We are proud of the outpatient program offered at the Minneapolis VA and would like to enhance the program through formal designation as an official center. This would allow veterans to receive to receive inpatient care in Minneapolis rather than travel to a VA Spinal Cord Injury Center in Milwaukee or Chicago. We propose to invest \$6.4M to construct a new addition to the Minneapolis hospital housing 20 acute inpatient Spinal Cord Injury beds and an outpatient program.

**[Summary]** The CARES planning process provided the tools, long-range data projections and opportunities to collaborate and plan with Veterans Benefit Administration, National Cemetery Administration, Department of Defense, academic affiliates, veterans groups and employees unlike any other planning process undertaken by the Department of Veterans Affairs. The recommendations will help us manage our capital assets more efficiently and align resources to better meet the needs of veterans. We are pleased with the proposed capital investments to improve and modernize the infrastructure of existing buildings and construct new buildings for the expanded projected outpatient workload and provide comprehensive inpatient and outpatient care for veteran spinal cord injury patients. We look forward to your endorsement of the CARES plans for the Minnesota, North Dakota and South Dakota markets.