

**Statement of the
VISN 8 Executive Leadership Panel
Department of Veterans Affairs
before the
CARES Commission**

September 2003

Mr. Chairman and members of the Commission, I am pleased to be here today to discuss the VISN 8 CARES Market Plan. My testimony will focus on the CARES planning process and resulting market plan for VISN 8. I will provide you with the following information:

- Overview of VISN 8;
- Description of our CARES planning process;
- Outline of VISN 8's geographic area;
- Overview of CARES projections;
- Description of VISN 8 CARES markets;
- Overview of Planning Initiatives and strategies; and
- Summary of VISN 8 Market Plan.

Introduction to VISN 8

VISN 8 is the largest of VA's 21 health care networks based on workload and resources. VISN 8 maintains seven hospitals, two of which are integrated, ten large multi-specialty outpatient clinics, 34 community-based outpatient clinics (CBOCs), eight nursing homes, and two domiciliaries. Five of the seven hospitals in VISN 8 are classified as tertiary care centers.

VISN 8 treated 450,000 unique patients in 2002. This included 4.3 million outpatient visits and a hospital average daily census of 1200. VISN 8 nursing homes cared for 900 patients on a daily basis. The Network employs 15,000 full-time equivalent employees (FTEE) with an annual operating budget of approximately \$1.8 billion.

VISN 8's mission is to provide a full continuum of high quality, patient-focused healthcare to veterans.

The greatest **challenge** in VISN 8, both operational and strategic, continues to be the tremendous growth in users of our health care system resulting from the continuous influx of veterans to Florida from other parts of the country, primarily from the North and Northeast. Over the past five years, VISN 8 experienced a 67% workload increase, from over 267,000 unique patients in 1998 to 450,000 in 2002. Patients treated will approach half a million in 2003.

As a result of these challenges, VISN 8 was pleased that the CARES planning process went beyond current demand and identified initiatives to accommodate veteran healthcare needs from now through 2022.

VISN 8 Geographic Area

The Florida/Puerto Rico Network is comprised of both urban and rural markets, and serves veterans from economically and demographically diverse areas throughout Florida, Southern Georgia, Puerto Rico, and the U.S. Virgin Islands. VISN 8 includes seven VA medical centers, which are located in Gainesville, Lake City, Bay Pines, Tampa, Miami, West Palm Beach, and San Juan, Puerto Rico. The Gainesville and Lake City medical centers were integrated into one health system in 1998.

CARES Planning Process

VISN 8 used a multi-faceted approach to the CARES planning process, using a CARES steering committee, VISN and medical center staff, and ongoing review by the VISN 8 Executive Leadership Board. These groups maintained oversight of the planning process and ensured that all markets were addressed consistently and that proposed strategies were aligned with VISN objectives.

Network staff worked closely with the CARES Coordinators at each facility to develop local market plans, which included workload and space analysis, identification of new CBOC locations, contract options, and space solutions. In turn, the facility CARES Coordinators worked closely with key individuals and decision-making bodies at their facilities to develop those plans and solutions.

VISN 8 conducted an intensive communications program throughout the planning process, which continues today. At the facility-level, the Public Affairs Officer and the CARES Coordinator disseminate CARES information to stakeholders in the form of email, newsletters, town hall meetings, flyers, and briefings. Each facility conducted town hall and congressional briefings at key points during the planning process. Briefings included a description of identified Planning Initiatives and proposed strategies that would form the basis of the VISN 8 CARES Plan. During each contact, input and alternative strategies were solicited.

At the network level, numerous stakeholder outreach and briefing events were conducted including face-to-face briefings of the Governor's Cabinet, Florida Department of Veterans Affairs, Management Assistance Council meetings, Veteran Service Organization meetings, and town hall meetings with employees

at each medical center. VISN 8 and facility leadership have also conducted individual briefings for affiliated medical school deans and dean’s committees.

Please note that the late-breaking national additions to VISN 8’s Draft CARES Plan, including the concept proposal on the Lake City realignment of surgical care and inpatient services in future years was not fully addressed with our stakeholders. Communication of these plans began in July and is ongoing.

VISN 8 Overview of CARES Projections

Based on the national CARES projections, veteran enrollees will increase in the state of Florida by 18% in 2012 and 6% in 2022, over 2001 enrollment levels. Significant enrollee growth is projected for most Florida markets or submarkets across the 20-year planning period. In addition to the increase in enrollees, as shown in the table below that also includes Puerto Rico, market share is also expected to increase in VISN 8, from 27% in 2001 to 36% in 2022. The San Juan market is the exception, with a projected decrease in enrollment of 27% in 2012 and 46% in 2022. Market share is also projected to decline in San Juan from 50% to 42%.

Figure 1. Enrollment, Veteran Population, and Market Share

	2001 Actual Enrollees	2001 Vet Pop	2001 Market Share	2012 Projected Enrollees	2012 Vet Pop	2012 Market Share	2022 Projected Enrollees	2022 Vet Pop	2022 Market Share
Atlantic	127,208	446,817	28%	129,853	384,159	34%	118,733	324,179	37%
Central	117,244	466,620	25%	147,288	410,854	36%	138,158	354,137	39%
Gulf	83,035	377,907	22%	90,551	315,008	29%	80,906	256,628	32%
North	117,314	483,231	24%	134,570	422,044	32%	123,259	356,759	35%
Puerto Rico	72,150	144,839	50%	52,621	121,350	43%	38,916	92,812	42%
VISN 8	516,951	1,919,414	27%	554,882	1,653,416	34%	499,972	1,384,515	36%

VISN 8 outpatient workload is projected to increase 68% in 2012, and 50% in 2022 over 2001 levels. Access gaps were primarily identified in the North market, with mental health gaps in the Atlantic market.

Acute inpatient workload is projected to increase 2% in 2012, and decrease 4% by 2022. Workload is projected to peak around 2012. To accommodate the workload increases, one new hospital is being proposed in the Central market, two contractual alternatives in the North and Gulf markets, and bed expansions for two existing other medical centers.

Other significant CARES issues that pertain to VISN 8 include the realignment recommendations of acute inpatient care at Lake City, and the proximity of the Tampa and Bay Pines VA Medical Centers.

VISN 8 CARES Markets

VISN 8 defined five markets through the CARES planning process. These areas roughly correspond with the primary service areas for each medical center, although the Miami and West Palm Beach service areas were defined as one market due to the similarity in market characteristics, demographics and referral patterns. The five markets are defined as North, Central, Gulf, Atlantic, and Puerto Rico. A description of each follows:

- **North:** This 52 county market area is the largest VISN 8 market in square miles. It includes the more heavily populated counties of the Atlantic coastal areas and immediate interior counties in Florida and Georgia, the heavily populated counties of north central Florida, and the more rural counties of the eastern half of the panhandle area of Florida and South Georgia. This market contains the North Florida/South Georgia Veterans Health System, which is an integrated facility comprised of the Gainesville and Lake City hospitals.
- **Atlantic:** The Atlantic market is the most heavily populated market in VISN 8. It is anchored by the Miami VA Medical Center in the South submarket and the West Palm Beach VA Medical Center in the North submarket. The natural barriers of the Everglades, combined with the north/south travel patterns on I-95, played a large part in determining patient referral patterns.
- **Gulf:** The Gulf market is comprised of 11 counties extending south from the Bay Pines VA Medical Center. It is characterized by dense populations along the coast and sparse populations inland. Submarkets include the Gulf North and Gulf South, which were essential in identifying initiatives and developing strategies to meet capacity and access requirements.
- **Central:** The Central market is the second most heavily populated market in VISN 8, with all eight counties classified urban. The market is served by the Tampa VA Medical Center and Orlando Outpatient Clinic. Orlando is notable due to its existing capability to provide nursing home and domiciliary care. The Central market is subdivided into the East Central and West Central submarkets. Drilling down to the submarket level in this market was also critical in identifying acute care hospital gaps in the largely urban area of East Florida.
- **Puerto Rico:** The Puerto Rico market maintains the largest market share at approximately 50%, due to its recognition as the community benchmark in healthcare. Puerto Rico has no submarkets. It is comprised of Puerto Rico and the U.S. Virgin Islands. The market has one tertiary VA Medical Center located in San Juan, Puerto Rico.

VISN 8 Planning Initiatives and Strategies

After the CARES markets were identified, CARES planning initiatives (gaps) were identified and evaluated. Strategies were then developed for each initiative based on the CARES categories of access, outpatient capacity, inpatient capacity, small facility, proximity, and vacant space. Collaborative opportunities with the Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), and the Department of Defense (DoD) were considered during each phase of development. I will now briefly describe our CARES-identified needs and market plans.

Access:

VISN 8 has a primary care access gap in the North Market and an acute hospital gap in Central, Gulf, and North markets.

- Primary Care Access in the North market will be met by adding three new CBOCs and one multi-specialty outpatient clinic (OPC). Three primary care CBOCs will be located in Camden County, Georgia, and in Putnam and Jackson counties, Florida. The multi-specialty outpatient clinic will be located in the southern end of Marion County, Florida.
- Access to acute hospital care will be met through the construction of a VA hospital in Orlando.
- To address the inpatient access needs in the Gulf market, VISN 8 will contract for inpatient care in the Gulf South market area (Ft. Myers).
- The North market will meet the demand for inpatient hospital access through a joint venture with the Naval Air Station Hospital at Jacksonville and a contractual arrangement with Shands, the medical school affiliate.

Outpatient Capacity:

Gaps in outpatient capacity exist in all five markets. These gaps will be met by increasing capacity for primary care and specialty care in each market through activation of five new primary care CBOCs and two multi-specialty outpatient clinics. New CBOC's in the North market will be located in the three counties previously mentioned, along with two in the Puerto Rico market (Guayama and Eastern Puerto Rico). The multi-specialty outpatient clinics will be located in South Marion County, as previously mentioned, and Lee County. The clinic in Lee County will serve as an ambulatory surgery center.

Expansion will also occur at all existing sites based on demand for care, as appropriate. In addition, a mental health component will be added to targeted CBOCs throughout the VISN.

Inpatient Capacity:

CARES projects a need for additional psychiatry beds in the North market; decreased medicine beds in the Gulf market, and a decreased need for both medicine and surgery beds in the Puerto Rico market. To effectively plan for these changes, VISN 8 will:

- Increase capacity for psychiatry beds through new construction at the Gainesville hospital;
- Decrease beds at the Bay Pines medical center between FY2012 and 2022; and
- Decrease beds at San Juan between 2006 and 2022.

Space resulting from bed reduction at Bay Pines will be re-aligned with other CARES-projected needs and renovated as necessary. San Juan space will be realigned as part of a major construction project in 2006

Small Facility:

Although the Gainesville and Lake City facilities are integrated as the North Florida/South Georgia Veterans Health System, the CARES process identified Lake City as a small facility. VISN 8 was subsequently asked to evaluate the feasibility of realigning inpatient services from Lake City to Gainesville. Upon review, it was determined that the Gainesville hospital does not have sufficient capacity to absorb all inpatient workload until a new bed tower is constructed. The proposed bed tower will increase capacity; improve patient flow and patient privacy; and correct fire and safety issues.

As a result, VISN 8 has developed a plan to relocate inpatient surgery from Lake City to Gainesville. If approved, this realignment will begin in 2005. The remaining acute care inpatient workload will be relocated pending completion of a new bed tower at Gainesville and following the peak workload around 2012. Outpatient primary care, specialty care, and long term nursing home care will remain in Lake City.

Proximity:

VISN 8 has one proximity initiative involving the Tampa and Bay Pines medical centers. The two facilities are located 36 miles apart in the densely populated urban area of west central Florida. As required by the CARES handbook, a proximity initiative was completed.

Given the large, complex nature of both facilities and the geographic considerations, the analysis demonstrated that the needs of the patient

populations are better served by maintaining two individual health systems at the present time.

As a result, VISN 8 plans to maintain each individual medical center, with continued integration of appropriate services and functions as opportunities occur.

Vacant Space:

VISN 8 has very limited vacant space, the majority of which is being reduced by leasing (143,000 square feet). In addition, 250,390 square feet is being held in reserve as it is either fragmented throughout the VISN or needed by programs not reflected by the IBM model.

Enhanced Use:

- Enhanced Use projects are being explored at the Bay Pines facility. None have been developed for inclusion in this cycle of CARES.
- The Miami VA Medical Center and the University of Miami are currently considering an enhanced use project proposal in which the university will pay for construction to add three floors to the existing research building at estimated cost of \$8 million. The Miami VA Medical Center will address interior needs at an estimated cost of \$10 million. This project will be designed in 2005, with construction in 2006 or 2007.

Collaborations:

Collaborative opportunities include the following:

- VISN 8 will develop outpatient joint ventures in the Puerto Rico market with Fort Buchanan and in the Gulf market with MacDill Air Force Base. An inpatient joint venture is also planned with the Jacksonville Naval Air Station Hospital.
- The VBA presence in Orlando will be expanded with co-location planned in the construction of an inpatient facility.
- VISN 8 is currently evaluating the feasibility of establishing mini-Regional Offices in Jacksonville and West Palm Beach.
- NCA has expressed an interest in collaborating with the proposed surgicenter in Lee County.

Special Populations:

VISN 8 plans to establish a new extended care Spinal Cord Injury unit at Tampa, and renovate Tampa's Traumatic Brain Injury Unit.

Summary

In summary, VISN 8 is in a major expansion mode, due to both current and projected enrollment and workload increases. Additional clinic and bed capacity will be needed to support the workload increases. Six CBOCs and one ambulatory surgi-center are included in the VISN 8 CARES Market Plan to meet both access and capacity needs.

VISN 8 essentially has no vacant space.

We have one medical center (Lake City) that was flagged for realignment concept studies. In this case, the medical center is part of an integrated health system, in which much duplication of services has already been eliminated resulting in complementary missions. Preliminary plans have been developed to relocate Lake City's inpatient surgery program, due to the clinical proficiency implications associated with low volume programs. Realignment of acute inpatient care will be considered upon completion of a new bed tower in Gainesville.

VISN 8 has produced a Draft CARES Plan that addresses our needs in a realistic and responsible way. We welcome your questions.