Volume of workload at each division (FY 02) -

Division	Operating beds	ADC	Outpatient visits	% of enrollees
University Drive	146	100	246,502	72%
Heinz	336	279	12,582	3%
Highland Drive	210	165	130,428	25%

Current physical condition and capacity

Heinz: All patient care buildings are in excellent condition and only 8-years old. The remaining buildings, accounting for 25% of total square footage, are in moderate to poor condition and not readily useable for patient care

University Drive: The main building, where all patient care services are delivered, is 50-years old and comprises 90% of the square footage for the division. It is in good-to-moderate condition overall with some medical bed space renovated within the last two years. The remaining buildings, comprising roughly 10% of the overall square footage of the division, primarily house research activities and are in poor condition, not useable for patient care activity. As described above, the parking available is not adequate for the current volume of patient care activity, which is projected to increase significantly in the CARES model. This division sits on 13 acres, and does not have space for additional ground-level parking.

Highland Drive: This division is a 50-year-old campus-style setting situated on approximately 168 acres. The main patient-care buildings are in good condition overall, while some areas are functionally and aesthetically antiquated. The inpatient units are under renovation, and all beds will be grouped in one of the more than 20 existing

buildings within the next few years. Most of the remaining space is in moderate-to-poor condition and houses administrative and patient care support functions. Highland Drive has the most vacant space of the three divisions. One building in good condition and has a large, vacant floor for which enhanced use alternatives are being explored. Another has vacant wings that would make excellent office space and are also offered for enhanced uses.

Valuation - In the facility condition assessment completed in January 2001 by the URS Corporation, replacement values were provided. University Drive was valued at $202,000,000. It sits on 13 acres in an urban hospital/university setting. Highland Drive sits on 168 acres in an area of limited access, is valued at $216,000,000 to replace, is bordered by low-income residential properties, and is near a local government complex. Heinz's replacement value was determined to be $96,000,000. Originally constructed in 1925, a replacement patient care building was constructed in 1994. It is situated on 51 acres in a high-income residential area with moderate access. Some original structures are of questionable historical origin.

Referral from other facilities - Referral to VA Pittsburgh from the other four facilities in western VISN 4 has grown from 8,280 in FY '98 to over 10,000 in FY '02. Clarksburg refers the largest volume of patients to Pittsburgh with 3,432 in FY '02, followed by Butler with just over 3,000 referrals, Altoona with over 2,600, and Erie with 1,555.

With this as background, here are details concerning the preferred response to this PI gap.

INTEGRATE FUNCTIONS INTO TWO SITES WITH MAJOR CONSTRUCTION

The functions of the three divisions of VAPHS cannot fit into any two of its existing sites without significant construction. Accommodation of these functions will require construction of over 500,000 square feet of additional clinical and administrative space at the other two sites and a parking garage at UD to accommodate 900 cars. (See chart below for details.) The most reasonable location for the addition of most outpatient care and research space is the University Drive division, which is adjacent to the affiliate and nearest to the urban center of Pittsburgh. Veterans express a strong preference to have their outpatient care provided at the University Drive location. Consolidation of the behavioral health and medical care functions and collocation of administrative functions would be possible in this scenario. Estimate for sale of the Highland Drive division is over $3 million, resulting in an estimated payoff of 5 to 6 years.

Impact on health care quality and need - The geographic nearness of these three facilities and their unique missions mean that the same services will continue to be delivered by the same providers after integration, making the quality impact negligible. Only the location of care will change, and this by only about five miles. Integration of behavioral health care into locations also providing acute medical and geriatric care will result in a care environment that affords seamless delivery of these services, which are often provided to the same veterans. It will also afford proximity to urgent medical care for behavioral health patients. By contracting one division, substantial, recurring

overhead costs associated with maintaining an aging campus will be reduced, freeing resources to provide additional direct patient-care services to meet veterans' health needs. The construction plan includes new space for the delivery of inpatient and outpatient behavioral health, which should increase the perceived quality of care. The addition of adequate parking to University Drive is also expected to enhance perceived quality since veterans will be able to arrive, park, and attend to their clinics without waiting in lines.

Safety and environment - Given the age of the space at the Highland Drive division and the number of buildings, roads, and tunnels, continuing to meet safety standards will become increasingly costly. Newly constructed space will enhance the delivery of care by assuring state-of-the-art facilities, enhanced patient privacy, improved aesthetics, and an expected increase in customer satisfaction.

Impact on access – The impact on access to care is limited since the facilities are currently located so close together. Current geographic access is adequate and within CARES thresholds. Public transportation access is more readily available at University Drive than Highland Drive, and both University Drive and Heinz have nearer access to major transportation arteries. New parking at University Drive is essential to the creation of additional space, since parking is inadequate for even the current volume of activity. Access and customer satisfaction would be harmed if clinical space is added and parking is not added as well. With the addition of aboveground parking, convenient access to University Drive by veterans would be substantially improved over the present level.

A small number of services available only at the Highland Drive division could no longer be offered on-site if that campus is closed. Under the residential model of behavioral health care delivery that was in place when the facility was constructed, use of such recreational facilities was included. While these aging assets still receive some use, it is mostly by outpatients, as the current inpatient population would be considered at risk to leave their units to participate in such activities. It would not be cost effective to rebuild these facilities.

Impact on research and academic affairs – VA Pittsburgh has a burgeoning research program and is renovating vacant space to accommodate these activities and bring VA researchers on site. Additional research space will be incorporated into the construction plan. The availability of state-of-the-art research labs has become a critical factor in attracting and retaining the finest health care providers. Researchers gain efficiency when located adjacent to the affiliate institution. The added research space and parking spots during off-hours also have the potential to generate revenue through enhanced use arrangements. Since no clinical services are slated for elimination when the facilities integrate, there would be no negative impact on research or affiliation. Proximity of behavioral health services to our affiliate may also enhance opportunities for training in that specialty.

Impact on staffing and community – Staffing efficiency can be realized by eliminating some redundancy inherent in a multi-division system. Limiting the amount of time staff must travel among divisions will also yield efficiency. The community can be positively

impacted by the relief of traffic sitting on area roads awaiting parking at University Drive. This will be increasingly important as additional clinical and administrative space will add to traffic. Reduced staffing needs triggered by elimination of redundancy can be achieved through attrition given the time available for planning. Moreover, saved resources would largely be slated for investment into additional clinical positions needed to meet the projected growth in clinical demand. In addition, while the neighborhood where Highland Drive is situated would lose it as a site of employment, reviews of the property indicate that it would be suitable for a light industrial application.

Support to other missions - Current support to other missions would be unaffected by the integration of the divisions. VA Pittsburgh's strong presence in medical education could be enhanced by the collocation of medicine and psychiatry. All beds are planned at 85% occupancy to support the role of back up to the Department of Defense. In the construction estimate, space is incorporated for the VBA collocation. This collaboration would reduce VA Regional Office's space costs while providing revenue to VAPHS through the associated lease. A small amount of space may also be leased to DoD under either alternative.

Optimizing use of resources in-house - Perhaps the most significant reason to consider this consolidation and a high-cost major construction project would be the significant efficiency gained by eliminating the overhead cost of maintaining an aging, campus-style division, estimated at $15 million annually. The funds freed from maintaining this additional infrastructure could then be used to enhance services to veterans. As noted in

the capacity PI's, the VA Pittsburgh Healthcare System is projected to experience substantial increases in the demand for services in the next 10 years. Reduction of infrastructure maintenance expenditures could help to meet those care needs. While VAPHS' cost per unique patient is comparable to VA facilities of similar size and complexity, the reduction in overhead associated with consolidation into two locations would reduce this cost.

In summary, the integration of VAPHS from three facilities into two, with major construction to add the space needed for displaced services, is the recommended option. This option supports the intent of CARES, by realigning capital assets to enhance services.

VA Pittsburgh Construction Estimate for Consolidation

Function	Space needed	CARES Cost	
The following construction at UD would be needed:			
Outpatient behavioral health clinics	50,000	$9,700,000	
Research	60,000	$12,480,000	
Inpatient psychiatry	90,000	$15,660,000	
Inpatient medicine growth	15,000	$3,000,000	
Ancillary care	45,000	$9,360,000	
Specialty care	50,000	$9,700,000	
900 Parking spaces:		$12,600,000	
Heinz would require construction of space to absorb the following workload:			
Primary care	24,000	$4,656,000	
Dom	34,360	$4,982,200	
PRRTP	16,660	$2,415,700	
Administrative: Laundry, Med Records, Clinical Education functions	177,500	$13,137,500	
VA Pittsburgh subtotal	565,520	**$ 97,691,400**	
Addition for Pittsburgh VARO	45,500	$5,784,870	
Revenue	One time	Recurring	
Sale of property	$ 3,700,000		
Overhead cost avoidance		$ 15,000,000	
Cost			
Additional 562,520 square feet	$ 85,091,400		**Time to pay off**
Additional 900 parking slots	$ 12,600,000	less sale:	**In years:**
Pay off period for VAPHS	**$ 97,691,400**	**$ 88,770,620**	**5.94**
Space for VBA collaboration:	Construction	Current rent/yr	Pay back in years
Pay off period for VARO space	$ 5,784,870	$ 1,094,400	5.29

Other VISN-Wide CARES PIs and Related Efforts

Collaboration:

VISN 4 was asked to explore the feasibility of several potential opportunities for our network to collaborate with our VA (i.e., VBA or NCA) or DoD partners for the good of all organizations. Our review of these opportunities resulted in the following determinations.

National Cemetery Administration (NCA)

Although four potential PIs were identified early in the CARES review process, none of them were viable due to space or topographical constraints.

Veterans Benefits Administration (VBA)

The Veterans Benefits Administration (VBA) Regional Office in Pittsburgh, currently at the Federal Building in downtown Pittsburgh, plans to co-locate their operation on-site at the VA Pittsburgh Healthcare System. This is projected to occur during the period 2011-2016 at a nearly $1 million annual cost savings to the VA. A collaborative opportunity is also being explored involving our Wilkes-Barre VA Medical Center and the VBA Regional Office in Philadelphia.

Department of Defense (DOD)

An opportunity to provide administrative space to the Department of Defense (DOD) at either the Butler VAMC or the VA Pittsburgh Healthcare System is being actively pursued.

Enhanced Use

VISN 4 was asked to look for opportunities that would allow for the use of some of our existing property or vacant space by outside entities. Such enhanced use opportunities would need to benefit our veterans and facilities as well as another organization(s) and/ or the community-at-large. As a result of this review, several of these enhanced use opportunities were identified, primarily involving our Butler VAMC. Proposals now under consideration for Butler include an adult residential living program, a 16-bed intermediate psychiatry facility, administrative space for DOD (see reference above), and a community diagnostic services center. In addition, the local community hospital (Butler Memorial) and Butler VAMC have been exploring opportunities to expand specialty care on the VA campus. This innovative proposal would enhance services to veterans in the Butler area and could result in replacing older buildings with more state-of-the-art, energy efficient space.

Special Populations- Spinal Cord Injury (SCI) Programs

VISN 4 did not receive a specific SCI Planning Initiative. In fact, VISN 4 is meeting all recommendations placed forth in the CARES-related Planning Guidance for Spinal Cord Injury & Disorders. Based upon this guidance, VISN 4 intends to maintain its established relationships with VISNs 3, 6, and 10-- to whom it refers its veterans for inpatient SCI care-- rather than build an SCI Unit within VISN 4. These long-standing referral patterns have served the veterans in VISN 4 well. Not only are these other VISNs' SCI centers very good, they also allow VISN 4 to have ready access to specialized SCI services at a fraction of the cost that it would cost for us to open a new SCI center.

Although our network had no PI for this special care program, VISN 4 intends to take the following actions for the specific purpose of maintaining and expanding our SCI services:

- ✓ Expand the SCI clinic of the VA Pittsburgh Health Care System
- ✓ Establish an Outpatient SCI & D Program at the Philadelphia VAMC
- ✓ Maintain the 9 designated SCI Long-Term Care (LTC) beds in Pittsburgh, with the flexibility to expand to 20 beds as demand increases
- ✓ Continue to review and assess the LTC needs of SCI patients to ensure they receive needed care in the most appropriate setting. Alternatives to inpatient LTC will include Home-Based Primary Care and Home Health Aide services.
- ✓ Maintain the positive referral relationships with VISNs 3, 6, and10 for acute inpatient SCI care.

Long Term Care

Long Term Care (LTC) will not be a specific Planning Initiative during **this** CARES cycle. VA LTC will be modeled and included in subsequent CARES cycles (2004-2022). In the meantime, existing levels of LTC will remain and be expanded, when indicated, throughout VISN 4.

Our approaches to providing LTC-related services include:

- ✓ "Traditional" Nursing Home Care
- ✓ Home Care
- ✓ Respite Care Services
- ✓ Domiciliary Care
- ✓ Post-Acute Hospitalization

In our efforts to expand available nursing home care in our VISN, the Draft National CARES Plan includes proposed capital investments to remedy space deficiencies at the Altoona, Butler, Clarksburg, Coatesville, and Lebanon VA Medical Centers.

Behavioral Medicine and Mental Health Services

VA is a major provider of Behavioral Medicine and Mental Health Services to veterans throughout the country. Due to the nature, extent, and uniqueness of these types of services, it was learned early in the CARES process that it was very difficult to produce

an accurate utilization and projection model to be used to predict future needs. Therefore, mental health was not included in **this** CARES cycle. It will be included in future iterations once accurate projection standards are developed.

VISN 4 has not altered its Behavioral Medicine and Mental Health Services as part of the CARES process in 2003. We have, however, reacted to actual needs and changing circumstances to adhere to our principle of "maintaining and expanding services," (see reference below) where appropriate. For instance, in September 2002, some of our stakeholders informed us that the psychiatric services provided by St. Francis Hospital in Pittsburgh would be eliminated. Our VSO stakeholders were very concerned that a large cohort of psychiatric patients-- many of whom were potentially veterans-- would be displaced as a result of this closure, and end up having their illnesses exacerbated once treatment was no longer available. The end result could be additional homeless veterans in the Western Pennsylvania area. In reaction to this, the VA Pittsburgh Healthcare System made provisions to accommodate up to 60 additional mental health patients requiring inpatient services, and several times that many on an outpatient basis.

In summing up our written testimony, it is important to mention that, as we do when we undertake any task in VISN 4, we make three promises to veterans:

- the quality of care provided in VISN 4 will be second to none;
- we will maintain and expand services; and
- the veteran will be personally satisfied in the services he or she receives.

With regard to VISN 4, the Draft National CARES Plan you have before you fulfills those promises. Once this Plan is finalized, our network will have a comprehensive plan for realigning capital assets where they are most needed, while preserving and strengthening our unique missions and special emphasis programs. Quality will be maintained, and Network 4 will continue to ensure that the quality is second to none.

Mr. Chairman and members of the CARES Commission, this concludes our formal written testimony.

Written Testimony of

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Director, VA Pittsburgh Healthcare System

CARES Commission Hearing

August 27, 2003- Pittsburgh, PA

Mr. Chairman and Members of the CARES Commission, thank you for the opportunity to submit this written testimony about the Draft National CARES Plan as it concerns the VA Pittsburgh Healthcare System.

As the Director of the VA Pittsburgh Healthcare System, I can say with great pride that the objective of any action or planned action we take is to provide the highest quality of care to the veterans we serve. The Pittsburgh CARES proposal exemplifies our efforts to do what is right for our patients.

The VA Pittsburgh Healthcare System consists of three large campuses located within five miles of each other. The Highland Drive Division-- a psychiatric, tertiary referral center-- was built in the early 1950's, sits on 168 acres, and has 17 major buildings totaling 850,000 square feet of space.

The CARES plan proposes moving the existing Highland Drive patients and staff into new, state-of-the-art treatment space at the University Drive and H. John Heinz III Divisions, to continue and improve the current high standard of care that is currently provided. This plan is also designed to reduce overall operating expenses, as it will be more efficient to operate 2 sites (as compared to 3 sites) in Pittsburgh. These savings, from both efficiencies and reduced renovation costs of an old infrastructure, will be utilized for enhancing care and to treat <u>more</u> veterans.

The proposal includes building 310,000 square feet of new mental health, clinical, and research space at the University Drive Division and 250,000 square feet of clinical and support space at the Heinz Division. The proposal also includes building a 900-car parking garage at University Drive to improve the traffic and parking problem that currently exists. The estimated cost of the proposal is 92 million dollars.

This new state-of-the-art mental health and clinical space, as well as the parking garage, would allow the staff of the VA Pittsburgh Healthcare System to continue to provide our patients with the highest quality health care that can be found anywhere in the nation and to be able to continue to accommodate our growing number of patients.

This proposal is in the best interest of our veterans, who have entrusted their care to us, and will ensure that our heroes will continue to receive the level of care that they have earned and deserve for serving their country.

Thank you again for giving me the opportunity to submit this statement to you.