



VA Recommendations to the

# ASSET AND INFRASTRUCTURE REVIEW COMMISSION

March 2022



# **VISN 16**

Market Recommendations



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## VISN 16 Northern Market

The Veterans Integrated Service Network (VISN) 16 Northern Market serves Veterans in Arkansas, parts of southern Missouri, and northeastern Oklahoma. The recommendation includes justification for the proposed action, the results of the cost-benefit analysis, and an overview of how the market recommendation is consistent with the MISSION Act Section 203 selection criteria.<sup>1</sup>

### VA's Commitment to Veterans in the Northern Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 16's Northern Market. We will operate a high-performing integrated delivery network that provides access to VA care, supplemented by care provided by Federal partners, academic affiliates, and community providers.

Based on substantial data analysis, interviews with VISN and VA medical center (VAMC) leaders, consultation with senior VA leadership, and the input received from Veterans and stakeholders, VA has developed a recommendation designed to ensure that Veterans today and for generations to come have access to the high-quality care they have earned. The recommendation also makes sure that VA continues to execute on its additional missions: education and training, research, and emergency preparedness. As VA considers implementing any recommendation approved by the Asset and Infrastructure Review (AIR) Commission, implementation will be sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

### Market Strategy

The Northern Market is a geographically large market with three primary urban centers surrounded by mostly rural counties. The market's modestly declining enrollee population is decreasing most significantly in the rural areas but is offset with growth in the suburban counties around Little Rock, Arkansas, and the counties of southwest Missouri. While demand for inpatient medical, surgical, and mental health services is projected to decrease, demand for long-term care and outpatient services is projected to increase. There is a need to invest in outpatient services across the market and rightsize acute care services in sustainable locations through investment and less sustainable locations through partnership. The strategy for the market is intended to provide Veterans today and in the future with access to high-quality and conveniently located care in modern infrastructure. Key elements of the strategy are described below:

- **Provide equitable access to outpatient care through modern facilities close to where Veterans live and through the integration of virtual care:** VA's recommendation invests in expanded outpatient sites to better distribute care and decompress existing VAMC campuses by establishing one new community-based outpatient clinic (CBOC), relocating four other CBOCs more proximate to where Veterans live, and expanding specialty care offerings at six sites.

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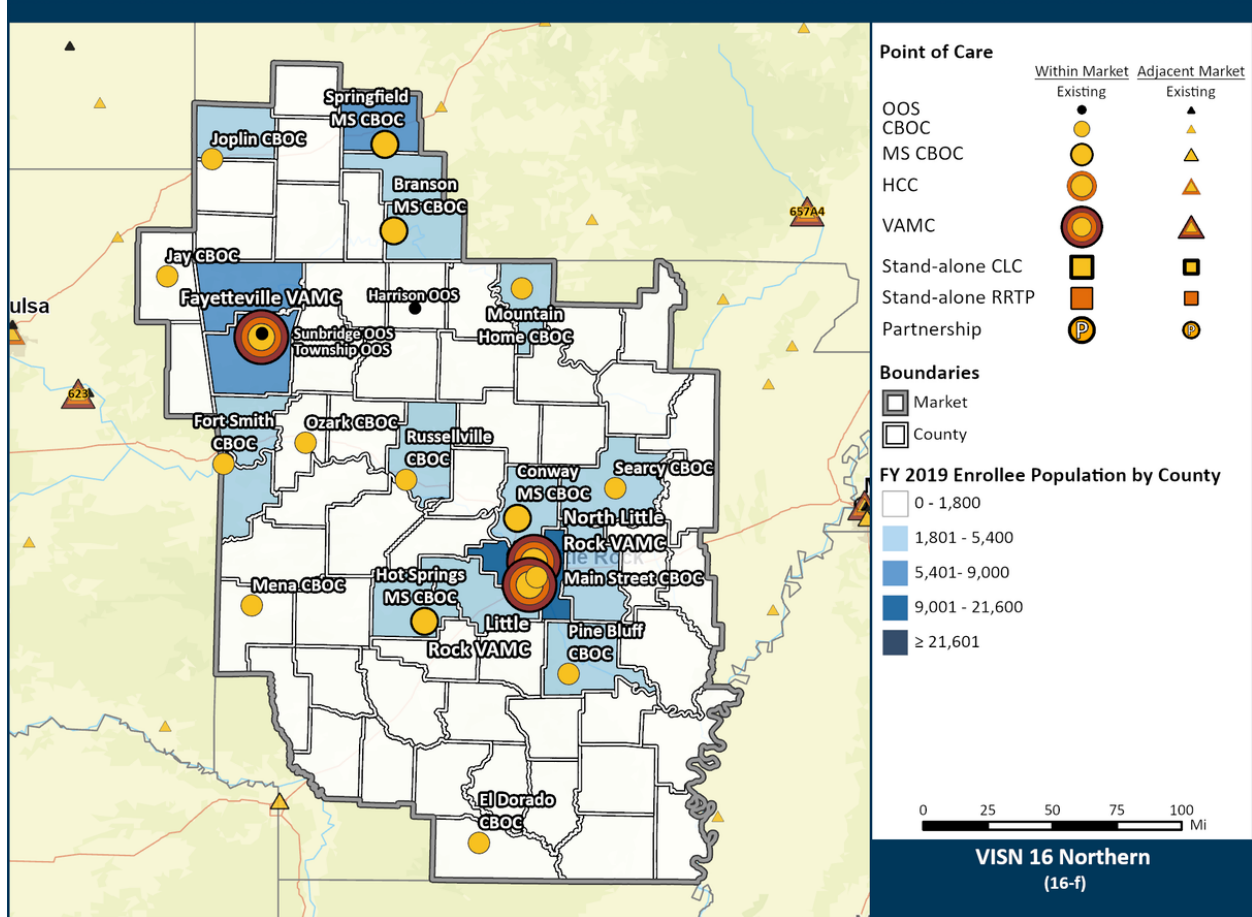
<sup>1</sup> Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

- **Enhance VA's unique strength in caring for Veterans with complex needs:** VA's recommendation maintains modern inpatient mental health and community living center (CLC) services within VA facilities in Fayetteville, Arkansas, and North Little Rock, Arkansas, and invests in modern residential rehabilitation treatment program (RRTP) facilities in North Little Rock, Arkansas, to provide comprehensive care that may not be readily available in the community. VA's recommendation will modernize services for inpatient spinal cord injuries and disorders (SCI/D) at the Memphis, Tennessee VAMC in the nearby VISN 09 West Market. Inpatient blind rehabilitation services will be supported by the Biloxi, Mississippi VAMC in the neighboring Southern Market.
- **Provide equitable access to quality inpatient medical and surgical care through the optimized use of care delivered in VA facilities and through partnerships, community providers, and virtual care:** VA's recommendation maintains and modernizes inpatient medical and surgical programs in Fayetteville, Arkansas, and Little Rock, Arkansas, and expands utilization of regional partnerships with academic affiliates to provide inpatient medical and surgical care in Springfield, Missouri.

## Market Overview

The market overview includes a map of the Northern Market, key metrics for the market, and select considerations used in forming the market recommendation.

### Market Map



Note: A partnership is a strategic collaboration between VA and a non-VA entity.

**Facilities:** The market has 3 VAMCs (Fayetteville, Little Rock, and North Little Rock), 4 multi-specialty community-based outpatient clinics (MS CBOCs), 11 CBOCs, and 3 other outpatient services (OOS) sites.

**Enrollees:** In fiscal year (FY) 2019, the market had 121,103 enrollees and is projected to experience a 4.0% decrease in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Pulaski, Arkansas; Benton, Arkansas; and Greene, Missouri.

**Demand:** Demand<sup>2</sup> in the market for inpatient medical and surgical services is projected to decrease by 7.1% and demand for inpatient mental health services is projected to decrease by 4.4% between FY 2019 and FY 2029. Demand for long-term care<sup>3</sup> is projected to increase by 14.0% during the same

<sup>2</sup> Projected market demand for inpatient medical and surgical services is based on VA's Enrollee Health Care Projection Model (EHCPM) in bed days of care (BDOC).

<sup>3</sup> Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.

period. Demand for all outpatient services<sup>4</sup>, including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

**Rurality:** 52.9% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

**Access:** 68.1% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 48.5% of enrollees live within a 60-minute drive time of a VA secondary care site.

**Community Capacity:** As of 2019, community providers<sup>5</sup> in the market within a 60-minute drive time of the VAMCs had an inpatient medical and surgical occupancy rate<sup>6</sup> of 59.0% (1,180 available beds)<sup>7</sup> and an inpatient mental health occupancy rate of 52.4% (77 available beds). Community nursing homes within a 30-minute drive time of the VAMCs were operating at an occupancy rate of 80.1% (293 available beds). Community residential rehabilitation programs<sup>8</sup> that match the breadth of services provided by VA are not widely available in the market.

**Mission:** VA has academic affiliations in the market that include the University of Arkansas and Kansas City University. The Fayetteville VAMC is ranked 117 out of 154 VA training sites based on the number of trainees, and the Little Rock VAMC and North Little Rock VAMC combined education program is ranked 32 out of 154. The Fayetteville VAMC is ranked 96 out of 103 VAMCs with research funding, and the Little Rock VAMC, in collaboration with the North Little Rock VAMC, is ranked 35 out of 103. The North Little Rock VAMC is a Federal Coordinating Center, while the other two VAMCs have no emergency designation.<sup>9</sup>

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<sup>4</sup> Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

<sup>5</sup> Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

<sup>6</sup> Occupancy rates are calculated by dividing the total average daily census (ADC) by the total number of operating beds.

<sup>7</sup> Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

<sup>8</sup> Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

<sup>9</sup> VAMCs participating in the National Disaster Medical System are designated as Federal Coordinating Centers. Select Federal Coordinating Centers are also designated as Primary Receiving Centers.

## Facility Overviews

**Little Rock VAMC:** The Little Rock VAMC is located in Little Rock, Arkansas, and offers inpatient medical and surgical and outpatient services. In FY 2019, the Little Rock VAMC had an inpatient medical and surgical average daily census (ADC) of 94.6.

The Little Rock VAMC was built in 1983 on 24.0 acres. Facility condition assessment (FCA) deficiencies are approximately \$160.2M, and annual operations and maintenance costs are an estimated \$6.5M.

**North Little Rock VAMC:** The North Little Rock VAMC is located in North Little Rock, Arkansas, and offers inpatient mental health, CLC, RRTP, and outpatient services. In FY 2019, the North Little Rock VAMC had an inpatient mental health ADC of 29.2, a CLC ADC of 106.4, and an RRTP ADC of 137.0.

The North Little Rock VAMC was built in 1983 on 157.6 acres. FCA deficiencies are approximately \$229.3M, and annual operations and maintenance costs are an estimated \$12.0M.

**Fayetteville VAMC:** The Fayetteville VAMC is located in Fayetteville, Arkansas, and offers inpatient medical and surgical, inpatient mental health, CLC, RRTP, and outpatient services. In FY 2019, the Fayetteville VAMC had an inpatient medical and surgical ADC of 16.7, an inpatient mental health ADC of 9.6, and an RRTP ADC of 11.3.

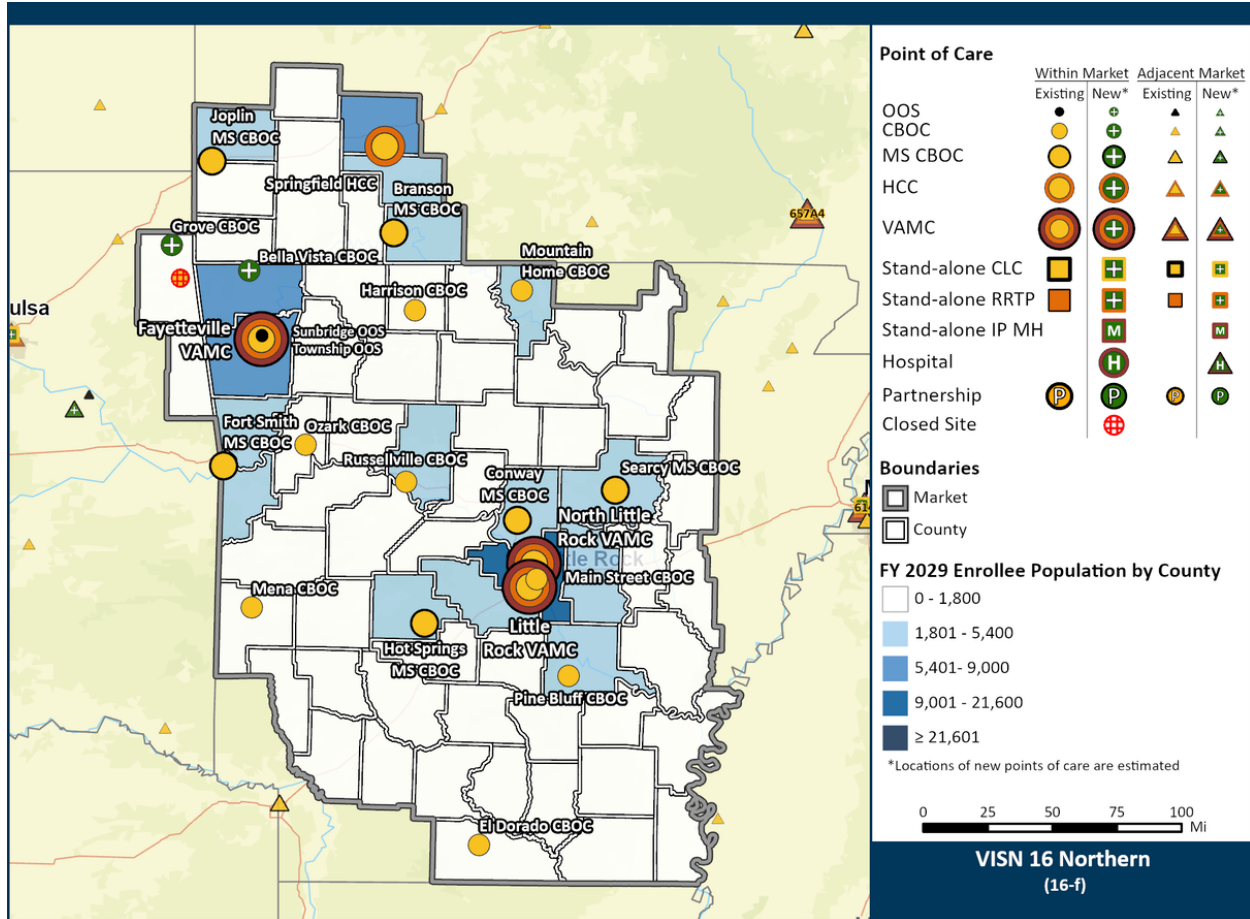
The Fayetteville VAMC was built in 1934 on 50.0 acres. FCA deficiencies are approximately \$45.8M, and annual operations and maintenance costs are an estimated \$7.2M.



## Recommendation and Justification

This section details the VISN 16 Northern Market recommendation and justification for each element of the recommendation.

### Future Market Map



- 1. Modernize the inpatient medical and surgical space at the Little Rock VAMC:** The inpatient medical and surgical space was built in 1983 with many shared patient rooms and shared bathrooms. Modernizing will bring the inpatient unit up to current VA design standards with private patient rooms, private bathrooms, and adequate support space. It will reduce the total inpatient medical and surgical beds from 202 to 115, simplifying renovation efforts. The reduced number of beds will meet the projected demand for inpatient medical and surgical care. The in-house and community inpatient medical and surgical ADC for the Little Rock VAMC is projected to decrease from 104.6 in FY 2019 to 88.7 in FY 2029 while the Northern Market inpatient medical and surgical ADC is projected to decrease by 7.1% over the same period.
- 2. Modernize the RRTP space at the North Little Rock VAMC:** Modernizing the RRTP at the North Little Rock VAMC will create a dedicated women's section with modernized facilities. The women's RRTP section will offer services that are complementary to the women's clinic that is being relocated from the Little Rock VAMC to the North Little Rock VAMC. The RRTP ADC at the North Little Rock VAMC was 137.0 in FY 2019. The VISN 16 Northern Market ADC is projected to be 81.0 in FY 2028.

Modernization will reduce total RRTP beds from 144 to 120 and allow for some beds to be designated for women’s RRTP services. The reduction of beds will allow the North Little Rock VAMC to accommodate a variety of RRTP services, including General Domiciliary, Domiciliary Care for Homeless Veterans, substance abuse disorder (SUD), and posttraumatic stress disorder (PTSD). The bed reduction also allows the North Little Rock VAMC to accommodate women’s services. The North Little Rock VAMC has been a referral site for RRTP services across VISN 16 and for neighboring VISNs for a significant amount of time. In related recommendations, additional RRTP beds have been recommended for the Central, Southern, and East Texas Markets of VISN 16 and the neighboring Western Market of VISN 9. Additionally, the Fayetteville VAMC has a relatively new 20-bed RRTP.

### 3. **Modernize and realign outpatient facilities in the market by:**

- 3.1. Establishing a CBOC in the vicinity of Bella Vista, Arkansas:** A new CBOC in Bella Vista, Arkansas (Benton County), will improve access to primary care and outpatient mental health services in the Northern Market’s third largest county with 7,467 enrollees in FY 2019. The proposed location is 35 miles from the Fayetteville VAMC, with 7,608 enrollees within 30 minutes of the proposed site.
- 3.2. Relocating the Jay CBOC to a new site in the vicinity of Grove, Oklahoma, and closing the existing Jay CBOC:** The existing CBOC is located 11 miles south of the larger Veteran population in Grove, Oklahoma. Relocating to the vicinity of Grove places primary and outpatient mental health in a more sustainable location. The community of Jay falls within the Grove Hospital Service Area where there is a larger health care presence and greater provider and staff recruiting opportunities. In FY 2019, Jay CBOC saw 1,769 core unique<sup>10</sup> patients. In FY 2019 the Jay CBOC had 2,021 enrollees within 30 minutes of the CBOC. The Grove CBOC will have 2,322 enrollees within 30 minutes of the proposed site.
- 3.3. Relocating the Pine Bluff CBOC to a new site in the vicinity of Pine Bluff, Arkansas, and closing the existing Pine Bluff CBOC:** The Pine Bluff CBOC saw 3,038 core uniques in FY 2019; however, patient satisfaction was reported low, and leadership believes it could be increased by changing the Pine Bluff CBOC to a VA-staffed or leased site. The change would also serve in maintaining access to primary care and outpatient mental health services, the majority of which have been referred to the North Little Rock VAMC. The facility is located in Jefferson County and also serves patients in rural counties like Cleveland, Desha, Drew, and Lincoln. In FY 2019 there were 4,276 enrollees between those 5 counties and 3,252 enrollees within 30 minutes of the proposed location, indicating an adequate population for a VA-staffed CBOC.
- 3.4. Relocating the Mena CBOC to a new site in the vicinity of Mena, Arkansas, and closing the existing Mena CBOC:** It has been difficult to recruit and retain providers at the Mena CBOC. Located in Polk County, the Mena CBOC saw 1,493 core uniques in FY 2019. The county enrollees are projected to decrease from 1,127 in FY 2019 to 1,020 in FY 2029. Other contracted clinics in the Northern Market have had greater success at rotating and maintaining staff at small sites. Changing from a VA-staffed site to a contracted site will ease administrative burden of frequent recruiting and onboarding of new providers.

<sup>10</sup> VA core unique patients exclude Veterans who have only used VA telephone triage, pharmacy, and laboratory services.

- 3.5. Relocating the Ozark CBOC to a new site in the vicinity of Ozark, Arkansas, and closing the existing Ozark CBOC:** It has been difficult to recruit and retain providers at the Ozark CBOC. Located in Franklin County, the Ozark CBOC saw 1,458 core uniques in FY 2019. The county enrollees are projected to decrease from 739 in FY 2019 to 701 in FY 2029. Other contracted clinics in the Northern Market have had greater success at rotating and maintaining staff at small sites. Changing from a VA-staffed site to a contracted site will be more sustainable for the small rural community of Ozark and ease administrative burden of frequent recruiting and onboarding of new providers.

## Complementary Strategy

In addition to the recommendation submitted for AIR approval, VA also anticipates implementing a complementary strategy that supports a high-performing integrated delivery network:

### VISN 16

- **Roll out an observation unit model piloted in the Little Rock VAMC to other VISN 16 facilities:** The observation unit model in Little Rock VAMC (Pulaski County) was deemed effective through its ability to decrease length of stay and the resulting inpatient conversion rates. Implementing the observation unit model at the other VISN 16 facilities will determine its effectiveness in separate environments, and possibly lead to further improvements at these facilities.
- **Embed VA Office of Community Care staff within larger community care providers and/or larger remote Health Care Centers (HCCs)/MS CBOCs to assist and educate staff and Veterans with care coordination issues:** The VISN has large remote sites that are two or more hours from a VAMC – Springfield, Missouri, and Pensacola, Florida, are two examples. Embedded staff can assist in building and maintaining strong ties to community providers while ensuring quality care and addressing care coordination issues. This is an opportunity for direct feedback and oversight for quality management purposes.
- **Develop a coordinated long-term VISN telehealth strategy to improve access to specialty care services and maximize the utilization and operational efficiencies:** Telehealth services are important to meeting current and future demand, particularly in rural areas that are difficult to staff. Current telehealth planning varies by VAMC for short term needs and is not strategically aligned for the long term. Developing a telehealth strategy specific to VISN 16 will standardize the method for incorporating telehealth services and improve access to these services for all Veterans in the market.

### Northern Market

- **Establish staff sharing/coverage program for specialty providers:** Retention and recruitment is a significant issue across the Northern Market. Sharing agreements between VA facilities will give patients greater access to VA providers and allow them to choose care closer to home.
- **Explore opportunities for the North Little Rock VAMC to provide laundry service to the Fayetteville VAMC:** There is excess of capacity in the new laundry facility at the North Little Rock VAMC (Pulaski County). The Fayetteville laundry service is currently in need of remodeling.

Using North Little Rock VAMC laundry services will bring cost and operational benefits and reduce capital investment needs at the Fayetteville VAMC.

- **Increase availability of ophthalmology across the Central Market to address the potential lack of high-quality ophthalmologists:** As identified by the Section 203 criteria analysis, there is a potential lack of high-quality ophthalmologists. Increased availability may be achieved through a variety of tactics, such as telehealth, recruitment of providers to the Veterans Community Care Program, and hiring additional VA providers, as appropriate.
- **Expand outpatient specialty care services including physical therapy, occupational therapy, and visiting specialty providers at the Conway, Arkansas MS CBOC:** Expanding access to physical therapy, occupational therapy and visiting specialty providers will increase access to care for Veterans, especially those in rural areas.
- **Expand outpatient specialty care services and visiting specialty providers at the Hot Springs MS CBOC:** The Hot Springs MS CBOC sees more patients than any other clinic in the Little Rock submarket, yet its only specialty services are X-ray and physical therapy. Adding more specialty care services will increase access to care for Veterans in the area.
- **Add outpatient specialty care services to the Searcy CBOC, which may result in the classification of the facility as an MS CBOC:** Demand for outpatient specialty care services is projected to increase significantly. Adding these services to the Searcy CBOC (White County) will provide Veterans in the area greater access and result in the reclassification of the facility to an MS CBOC.
- **Relocate low-volume high-acuity surgical services offered at the Little Rock VAMC to academic and community providers in Little Rock, Arkansas; discontinue high-acuity surgical services at the Little Rock VAMC:** Maintaining low-volume high-acuity surgical services at the Little Rock VAMC in Pulaski County is not sustainable due to limited demand and challenges to recruiting and retaining high-quality specialty providers. Relocating these services to the partnering academic affiliate (University of Arkansas) and community providers will allow the VAMC to provide case management and supporting follow-on services while focusing on the more sustainable high-volume surgical services at the VAMC.
- **Relocate the Women’s Health Clinic from the Little Rock VAMC to the North Little Rock VAMC:** The Women’s Health Clinic is currently located at the Little Rock VAMC in Pulaski County, while most primary care and outpatient mental health services are located at the North Little Rock VAMC (Pulaski County), approximately eight miles or 20 minutes to the northeast. The Little Rock VAMC campus is site constrained with limited parking. Relocating the Women’s Health Clinic to the North Little Rock VAMC will improve access and allow for expansion of services for the fast-growing women Veteran population.

## North Little Rock VAMC

- **Establish an acute and/or long-term geropsychiatry program in Little Rock, Arkansas, at the North Little Rock VAMC to serve the market and VISN:** There is a significant need for geropsychiatric beds in the Northern Market, as these patients fit neither mental health nor CLC domains and are difficult to place in the community. Offering this service provides dedicated and focused care for this specialized patient group where the North Little Rock VAMC has staff and resources to meet the VA-standard for quality of care.
- **Reorganize administrative responsibilities at the North Little Rock VAMC campus to reduce maintenance and oversight responsibilities on the medical center:** There is significant opportunity to reduce costs and landlord responsibilities through the shift of administrative responsibilities of non-health care related buildings. The North Little Rock campus includes numerous historic structures repurposed for other Federal tenants; however, most have no direct connection to the VAMC's delivery of health care services. The VAMC expends significant time and resources maintaining buildings that are not used to provide health care services for Veterans.

## Fayetteville VAMC

- **Expand outpatient specialty care services at the Joplin CBOC within the existing footprint, which may result in the classification of the facility as an MS CBOC:** There is sustainable growth and strong demand for specialty services in this area. Potential specialty services to add to the Joplin CBOC include physical therapy, x-ray, audiology, and optometry. The CBOC has a relatively new lease and was built to accommodate additional specialty care. The reclassification as an MS CBOC will better serve the community and increase Veteran access to specialty care services.
- **Expand outpatient specialty care services at the Fort Smith CBOC, which may result in the classification of the facility as an MS CBOC:** The Fort Smith CBOC is experiencing increased demand for specialty services, despite its space constraints. Potential services to expand include audiology, optometry, physical therapy, X-ray, and visiting provider specialty services. A new lease has been approved.
- **Add gastrointestinal procedural services at the Springfield MS CBOC, which may result in the classification of the facility as an HCC:** The MS CBOC was built with imaging and gastrointestinal procedure capability. Demand has far exceeded expectations with continued projected growth. The classification of the facility as an HCC also increases access to secondary care for the Veterans in the area.
- **Expand outpatient mental health services at the Harrison OOS, which may result in the classification of the facility as a CBOC:** Expanding outpatient mental health services at the Harrison OOS will improve Veteran access to mental health treatment. The classification of the facility as a CBOC also increases overall access to primary care for the Veterans in the area.
- **Expand authority of Advanced Practice Nurses (APNs):** Fayetteville APNs do not have full practice authority, unlike other facilities in the VISN. Expanding full practice authority will help reduce provider recruitment challenges.

- **Pursue shared provider positions with community hospitals to enhance recruitment:** There are many difficulties recruiting and retaining specialty providers in several high-demand areas. The Fayetteville VAMC has existing relationships with local facilities and partnering will provide Veterans greater access to care and reduce the burden of recruiting and retaining specialists.
- **Expand academic affiliate programs with Kansas City University in Joplin, Missouri, and University of Missouri in Springfield, Missouri:** Staffing providers in CBOCs is an ongoing challenge across the Fayetteville submarket. Expanding residency slots and other facets of an academic affiliate program is an opportunity to create more training and recruitment pipelines.
- **Create a strategic collaboration with a community provider to deliver inpatient medical and surgical services in the Springfield, Missouri, area:** Springfield has a large, underserved enrollee population. The existing Fayetteville VAMC is unable to support the necessary inpatient medical and surgical services because Springfield is approximately 2.5 hours away. There are two large community providers in the Springfield area that have the capacity to absorb inpatient medical and surgical demand. Strengthening the relationship with a preferred community provider will allow VA to strengthen its care coordination and ensure access to quality care.

## Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 16 Northern Market: Status Quo, Modernization, and VA Recommendation. Status Quo includes costs associated with FCA deficiencies and represents no significant change in capital and operational costs. Modernization seeks to modernize all existing health care infrastructure. The VA Recommendation implements the market recommendation and seeks to modernize any remaining health care infrastructure.

- **Costs:** The present value cost<sup>11</sup> over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. The capital cost includes costs associated with construction of new facilities, modernization of current facilities, leases, land acquisition, and demolition. VA operational cost includes direct costs (e.g., medical service costs), indirect costs (e.g., administrative costs), and VA special direct costs (e.g., suicide prevention coordinators). Non-VA care costs includes direct costs (e.g., payments for patient care), indirect costs (e.g., care coordination), overhead costs (e.g., national program costs), and administrative per member per month costs (e.g., third party administration of the Community Care Network).
- **Benefits:** Benefits were evaluated based on five key domains: Demand and Supply, Access, Facilities and Sustainability, Quality, and Mission.

The CBA leveraged both the costs and benefits to generate a Cost Benefit Index (CBI) – a simple metric used to compare the costs and benefits associated with each COA. The COA with the lowest CBI is the preferred COA. The results of the CBA for the Northern Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

<sup>11</sup> The present value cost is the current value of the future costs discounted at the defined discount rate.

VISN 16 Northern Market	Status Quo	Modernization	VA Recommendation
<b>Total Cost</b>	\$29,036,605,538	\$29,409,913,964	\$29,553,088,239
Capital Costs	\$2,166,449,336	\$2,539,757,762	\$2,682,932,038
Operational Costs	\$26,870,156,202	\$26,870,156,202	\$26,870,156,202
<b>Total Benefit Score</b>	7	10	13
<b>CBI (normalized in \$B)</b>	<b>4.15</b>	<b>2.94</b>	<b>2.27</b>

**Note:** Operational costs are shifted from VA to non-VA care only when a service line is relocated in totality to non-VA care at the parent facility level. Total cost is a sum of operational and capital costs rounded to the nearest dollar.

## Section 203 Criteria Analysis

This section provides an overview of how this market recommendation is consistent with the Section 203 decision criteria as required by the MISSION Act. For more detailed information, please see Appendix I.

### Demand

*This recommendation is consistent with the Demand criterion, aligning VA's high-performing integrated delivery network resources to effectively meet the future health care demand of the Veteran enrollee population with the capacity in the market.*

- **Summary:** Following implementation of the recommendation, the capacity available through VA facilities and community providers would be able to support 100% of the projected enrollee demand.
- **Outpatient:** Outpatient demand will be met through 22 VA points of care offering outpatient services, including the proposed new Grove, Oklahoma CBOC and Bella Vista, Arkansas CBOC; and the proposed expanded Springfield, Missouri HCC; Searcy, Arkansas MS CBOC; Fort Smith, Arkansas MS CBOC; Joplin, Missouri MS CBOC; and Harrison, Arkansas CBOC; as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the North Little Rock, Arkansas VAMC, as well as community nursing homes.

*The recommendation ensures that projected demand for SCI/D, RRTP, and blind rehabilitation is sufficiently met through VA-only capacity in the respective VISN or blind rehabilitation region.*

- **SCI/D:** Demand for inpatient SCI/D will be met through the SCI/D Hub at the Memphis, Tennessee VAMC (VISN 9).
- **RRTP:** RRTP demand will be met through the North Little Rock, Arkansas VAMC and Fayetteville, Arkansas VAMC; and the other facilities within VISN 16 offering RRTP, including the Biloxi, Mississippi VAMC and Jackson, Mississippi, stand-alone RRTP; and proposed new Shreveport, Louisiana VAMC; Pensacola, Florida VAMC; Houston, Texas, stand-alone RRTP; and RRTP at the New Orleans, Louisiana VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Biloxi, Mississippi VAMC (VISN 16); the Waco, Texas VAMC (VISN 17); the Tucson, Arizona VAMC (VISN 22); and the Long Beach, California VAMC (VISN 22).

## Demand

- **Inpatient acute:** Inpatient medicine and surgery demand will be met through the Little Rock, Arkansas VAMC and Fayetteville, Arkansas VAMC, as well as through community providers; inpatient mental health demand will be met through the North Little Rock, Arkansas VAMC and Fayetteville, Arkansas VAMC, as well as through community providers.

## Access

*This recommendation is consistent with the Access criterion, maintaining or improving Veteran access to care in the market and providing Veterans the opportunity to choose the care they trust throughout their lifetime. The Access criterion evaluates enrollee access to care in the current and proposed future state across multiple service lines. It is evaluated for both the overall enrollee population as well as for specific subpopulations of enrollees that traditionally face barriers to receiving appropriate care, including minority enrollees, enrollees over 65, women enrollees, rural enrollees, and enrollees living in disadvantaged neighborhoods. Below are the access results for both primary care and specialty care among the overall enrollee population.*

- **Access to primary care:** Following implementation of the recommendation, the number of enrollees within 30 minutes of primary care available through VA facilities and community providers is projected to be maintained, with 119,796 enrollees within 30 minutes of primary care in the future state.
- **Access to specialty care:** Following implementation of the recommendation, the number of Veterans within 60 minutes of specialty care available through VA facilities and community providers is projected to be maintained, with 120,437 enrollees within 60 minutes of specialty care in the future state.

## Mission

*This recommendation is consistent with the Mission criterion, providing for VA's second, third, and fourth health related statutory missions of education, research, and emergency preparedness.*

- **Education:** The recommendation for this market supports VA's ability to maintain its education mission in VISN 16. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliations with University of Arkansas and Kansas City University.
- **Research:** This recommendation does not impact the research mission in the market and allows the Little Rock, Arkansas VAMC, and Fayetteville, Arkansas VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; no VAMCs in this market are designated as a Primary Receiving Center.



## Quality

*This recommendation is consistent with the Quality criterion, considering the quality and delivery of health care services available to Veterans in the market, including the experience, safety, and appropriateness of care.*

- **Quality among providers:** The recommendation ensures that all providers included within the high-performing network meet the established quality standards by provider type (outlined in Appendix E).
- **Quality improvements through new infrastructure:** Quality is improved through the proposed new Grove, Oklahoma CBOC, and Bella Vista, Arkansas CBOC, as well as the modernization of the inpatient medical and surgical patient rooms at the Little Rock, Arkansas VAMC. This new infrastructure will aid in improving the patient experience with care delivery provided in modern spaces and aid in the recruitment of staff with facilities offering the latest technology.
- **Promoting recruitment of top clinical and non-clinical talent:** The recommendation maintains VA's academic and non-academic partnerships, which supports the recruitment and retention of top clinical and non-clinical talent.

## Cost Effectiveness

*This recommendation is consistent with the Cost Effectiveness criterion, providing a cost-effective means by which to provide Veterans with modern health care. The Cost Effectiveness criterion was assessed through a CBA summarized in the CBA section and detailed in Appendix H.*

- **CBI:** The CBI is the primary metric for cost effectiveness. The CBI for the VA Recommendation COA is lower than the Status Quo (2.27 for VA Recommendation versus 4.15 for Status Quo), indicating that the VA Recommendation is more cost effective than the Status Quo.

## Sustainability

*This recommendation is consistent with the Sustainability criterion, creating a sustainable health care delivery system for Veterans. It ensures that the health care delivery system proposed for the market is aligned with future demand, allowing it to sustainably operate and provide a safe and welcoming health care environment that meets modern health care standards.*

- **Aligns investment in care and services with projected Veteran care needs:** All facilities in the future state of this market meet the minimum demand threshold to support sustainable services.
- **Sustainability improvements through new infrastructure:** Within this recommendation, sustainability is improved through the proposed new Grove, Oklahoma CBOC and Bella Vista, Arkansas CBOC, as well as the modernization of the inpatient medical and surgical patient rooms at the Little Rock, Arkansas VAMC. This new infrastructure modernizes VA facilities to include state of the art equipment that will aid in the recruitment of providers and support staff.
- **Reflects stewardship of taxpayer dollars:** While the cost of the market recommendation is more than the cost to modernize facilities in the market today (\$29.6B for VA Recommendation versus \$29.4B for Modernization), there are benefits realized through the market recommendation in at least one of the five domains assessed by the CBA that are not realized through the modernization approach. As a result, the CBI score for the VA Recommendation COA is lower than the Modernization COA (2.27 for VA Recommendation versus 2.94 for Modernization), reflecting effective stewardship of taxpayer dollars.



## VISN 16 Central Market

The Veterans Integrated Service Network (VISN) 16 Central Market serves Veterans in central Mississippi, northern Louisiana, parts of southern Arkansas, and eastern Texas. The recommendation includes justification for the proposed action, the results of the cost benefit analysis, and an overview of how the market recommendation is consistent with the MISSION Act Section 203 selection criteria.<sup>12</sup>

### VA's Commitment to Veterans in the Central Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 16's Central Market. We will operate a high-performing integrated delivery network that provides access to VA care, supplemented by care provided by Federal partners, academic affiliates, and community providers.

Based on substantial data analysis, interviews with VISN and VA medical center (VAMC) leaders, consultation with senior VA leadership, and the input received from Veterans and stakeholders, VA has developed a recommendation designed to ensure that Veterans today and for generations to come have access to the high-quality care they have earned. The recommendation also makes sure that VA can continue to execute on its additional missions: education and training, research, and emergency preparedness. As VA considers implementing any recommendation approved by the Asset and Infrastructure Review (AIR) Commission, implementation will be sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

### Market Strategy

The Central Market is the smallest of VISN 16's markets with a declining enrollee Veteran population. The only notable exception to this trend is the growing enrollee population north and east of Shreveport, Louisiana. It is a highly rural market with nearly 60% of its enrolled Veterans living in rural areas. While demand for inpatient medical and surgical services is decreasing, demand for inpatient mental health is stable, and demand for long-term care and outpatient services is increasing. There is a need to invest in outpatient services across the market and rightsize acute care services in sustainable locations through investment. The strategy for the market is intended to provide Veterans today and in the future with access to high-quality and conveniently located care in modern infrastructure. Key elements of the strategy and the associated justification are described below:

- **Provide equitable access to outpatient care through modern facilities close to where Veterans live and through the integration of virtual care:** VA's recommendation invests in modernized outpatient sites offering primary care, mental health, and low-acuity specialty services to better distribute care and decompress existing VAMC campuses. This is done by establishing one new community-based outpatient clinic (CBOC), as well as relocating two other CBOCs to expand specialty care services more proximate to where Veterans live.

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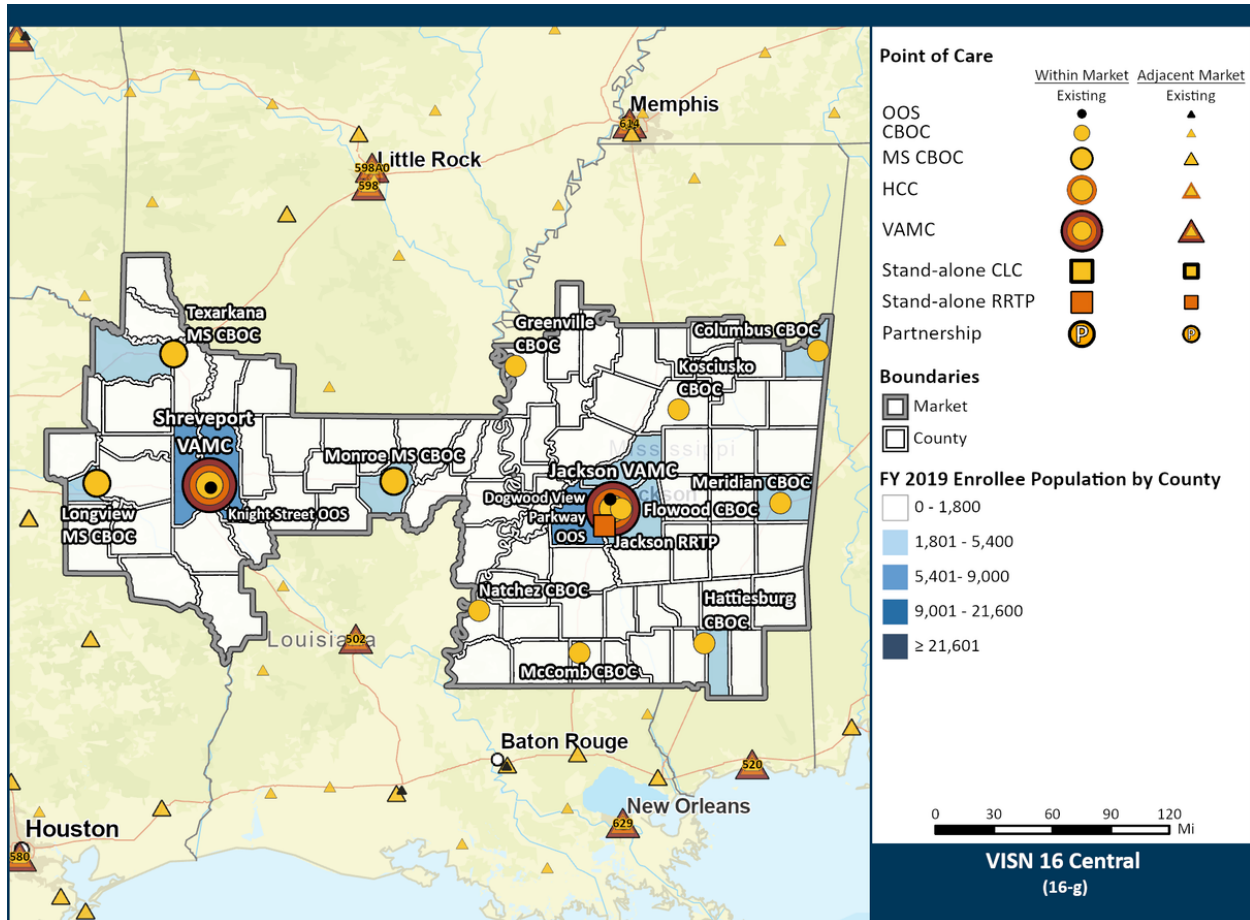
<sup>12</sup> Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

- **Enhance VA’s unique strengths in caring for Veterans with complex needs:** VA’s recommendation maintains inpatient mental health services within VA-owned facilities in Shreveport, Louisiana, and Jackson, Mississippi. It invests in modern community living center (CLC) facilities in Shreveport, Louisiana, and Jackson, Mississippi, to maintain care for Veterans with the most complex needs. It also invests in modern residential rehabilitation treatment program (RRTP) facilities in Shreveport, Louisiana, to provide comprehensive care that may not be readily available in the community. VA’s recommendation will modernize services for inpatient spinal cord injuries and disorders (SCI/D) at the Houston, Texas VAMC in the neighboring East Texas Market and the Memphis, Tennessee VAMC in the nearby VISN 09 Western Market. When needed, inpatient blind rehabilitation services will be supported by the Biloxi, Mississippi VAMC in the neighboring Southern Market.
- **Provide equitable access to quality inpatient medical and surgical care through the optimized use of care delivered in VA facilities and through partnerships, community providers, and virtual care:** VA’s recommendation maintains the inpatient medical and surgical programs at the Jackson, Mississippi VAMC. It also modernizes inpatient medical and surgical programs at the proposed new Shreveport, Louisiana VAMC.

## Market Overview

The market overview includes a map of the Central Market, key metrics for the market, and select considerations used in forming the market recommendation.

### Market Map



Note: A partnership is a strategic collaboration between VA and a non-VA entity.

**Facilities:** The market has two VAMCs (Jackson and Shreveport), one stand-alone RRTP, three multi-specialty community-based outpatient clinics (MS CBOCs), eight CBOCs, and two other outpatient services (OOS) sites.

**Enrollees:** In fiscal year (FY) 2019, the market had 96,006 enrollees and is projected to experience a 6.2% decrease in enrolled Veterans by FY 2029. The largest populations of enrollees are in the counties of Caddo, Louisiana; Bossier, Louisiana; and Hinds, Mississippi.

**Demand:** Demand<sup>13</sup> in the market for inpatient medical and surgical services is projected to decrease by 6.5% and demand for inpatient mental health services is projected to increase by 0.8% between FY 2019 and FY 2029. Demand for long-term care<sup>14</sup> is projected to increase by 12.8% during the same period.

<sup>13</sup> Projected market demand for inpatient medical and surgical services is based on VA’s Enrollee Health Care Projection Model (EHCPM) in bed days of care (BDOC).

<sup>14</sup> Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA’s EHCPM in BDOC.

Demand for all outpatient services<sup>15</sup>, including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

**Rurality:** 59.8% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

**Access:** 64.4% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 43.3% of enrollees live within a 60-minute drive time of a VA secondary care site.

**Community Capacity:** As of 2019, community providers<sup>16</sup> in the market within a 60-minute drive time of the VAMCs had an inpatient medical and surgical occupancy rate<sup>17</sup> of 56.2% (1,202 available beds)<sup>18</sup> and an inpatient mental health occupancy rate of 65.2% (36 available beds). Community nursing homes within a 30-minute drive time of the VAMCs were operating at an occupancy rate of 83.7% (230 available beds). Community residential rehabilitation programs<sup>19</sup> that match the breadth of services provided by VA are not widely available in the market.

**Mission:** VA has academic affiliations in the market that include the University of Mississippi and Louisiana State University. The Jackson VAMC is ranked 86 out of 154 VA training sites based on the number of trainees and the Shreveport VAMC is ranked 61 out of 154. The Shreveport VAMC is ranked 88 out of 103 VAMCs with research funding, and the Jackson VAMC conducts limited to no research. Both VAMCs are designated as Federal Coordinating Centers.<sup>20</sup>

## Facility Overviews

**Jackson VAMC:** The Jackson VAMC is located in Jackson, Mississippi, and offers inpatient medical and surgical care, inpatient mental health, CLC, RRTP, and outpatient services. In FY 2019, the Jackson VAMC had an inpatient medical and surgical average daily census (ADC) of 35.9, an inpatient mental health ADC of 19.5, a CLC ADC of 59.8, and an RRTP ADC of 22.1.

The Jackson VAMC was built in 1961 on 32.4 acres. Facility condition assessment (FCA) deficiencies are approximately \$108.9M, and annual operations and maintenance costs are an estimated \$10.7M.

**Shreveport VAMC:** The Shreveport VAMC is located in Shreveport, Louisiana, and offers inpatient medical and surgical care, inpatient mental health, rehabilitative medicine, and outpatient services. In FY 2019, the Shreveport VAMC had an inpatient medical and surgical ADC of 48.7 and an inpatient mental health ADC of 8.9.

<sup>15</sup> Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

<sup>16</sup> Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

<sup>17</sup> Occupancy rates are calculated by dividing the total average daily census (ADC) by the total number of operating beds. Beds at hospitals or nursing homes above the target occupancy rates are excluded.

<sup>18</sup> Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes).

<sup>19</sup> Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

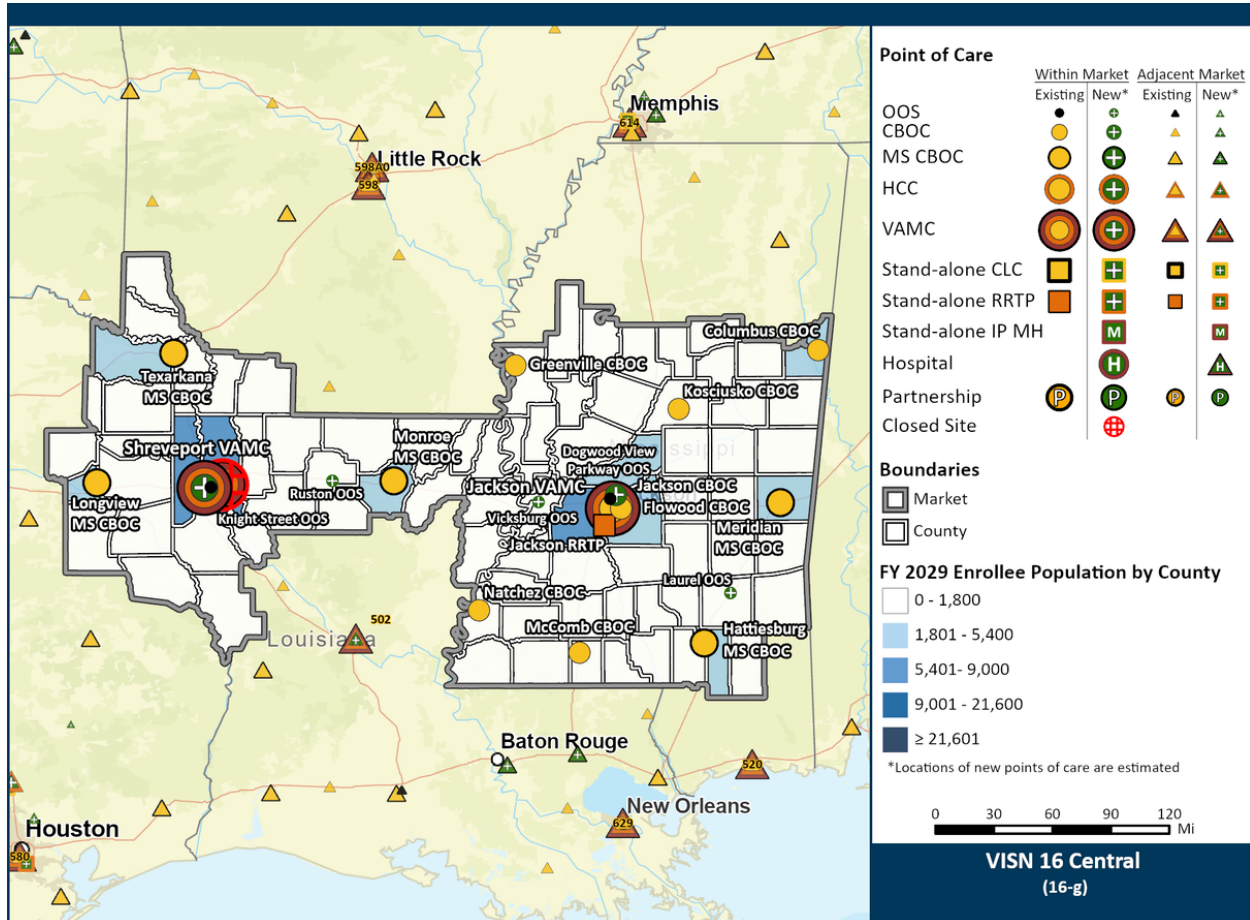
<sup>20</sup> VAMCs participating in the National Disaster Medical System are designated as Federal Coordinating Centers. Select Federal Coordinating Centers are also designated as Primary Receiving Centers.

The Shreveport VAMC was built in 1950 on 48.0 acres and does not meet current design standards<sup>21</sup>. FCA deficiencies are approximately \$178.9M, and annual operations and maintenance costs are an estimated \$7.6M.

## Recommendation and Justification

This section details the VISN 16 Central Market recommendation and justification for each element of the recommendation.

### Future Market Map



#### 1. Modernize and realign the Shreveport VAMC by:

- 1.1. Constructing a replacement VAMC with inpatient medical and surgical services, inpatient mental health services, outpatient surgery, emergency department services, and outpatient services in the vicinity of Shreveport, Louisiana: The Shreveport VAMC has provided inpatient and outpatient services to Veterans for more than 70 years. It remains a viable acute care

<sup>21</sup> Beginning in the late 1970s, modern health care design principles began to emerge and become more standard (e.g., floor-to-floor heights, corridor widths, columns spacing, and utility infrastructure requirements). While some buildings prior to this era can be in good condition, they may not be well-suited for the delivery of modern health care.

facility with an FY 2019 inpatient medical and surgical ADC of 48.7 and FY 2019 surgical case volume of 1,999. Efforts to modernize and renovate the Shreveport VAMC have been hampered by the limitations of the 1950 facility and infrastructure. Expanding and modernizing the Shreveport VAMC is no longer practical or cost-effective on the current campus. The 1950 facility and infrastructure have significant FCA deficiencies of \$178.9M. The campus topography is shaped with steep hills and ravines leaving no footprint to replace the VAMC. The facility has long, narrow corridors and low floor-to-floor heights, which are less than ideal to meet current clinic standards. The hilly campus has allowed for smaller freestanding additions but offers no sizable footprint to expand and renew the hospital. To remain a viable hospital to meet future Veteran demand, a replacement facility is required.

- 1.2. Establishing a CLC in the vicinity of Shreveport, Louisiana:** Demand for long-term care in the Central Market is projected to increase by 12.8% between FY 2019 and FY 2029 for a total bed need of 145 beds by FY 2029. The Alexandria VAMC is the closest CLC program to the Shreveport VAMC; however, is 127 miles away. The proposed 40-bed CLC in Shreveport would address the increasing demand and provide high-quality care by reducing difficulties currently encountered with discharges to the community and increased length of stay. In FY 2019 there were 21,483 enrollees within 60 minutes of the proposed Shreveport CLC site.
- 1.3. Establishing an RRTP in the vicinity of Shreveport, Louisiana:** The VISN 16 Central Market RRTP ADC is projected to be 52.7 by FY 2028; however, there is a shortage of capacity in the Central Market. The nearest and only available beds in the market are located in Jackson, Mississippi, which is 222 miles away. The Jackson VAMC operates a stand-alone RRTP service providing substance use disorder (SUD) and posttraumatic stress disorder (PTSD) specific services. The proposed 33-bed RRTP in Shreveport will provide General Domiciliary beds and Domiciliary Care for Homeless Veterans beds, increasing access and the type of RRTP services offered to Veterans.
- 1.4. Closing the existing Shreveport VAMC:** Once services have been relocated to a new site, VA can close the current Shreveport VAMC.
- 2. Modernize the CLC at the Jackson VAMC:** The Jackson VAMC previously had 73 CLC beds, but recent renovations physically reduced the bed numbers to 46. The renovations successfully replaced shared rooms, multi-patient rooms, and shared bathrooms with private patient rooms and private bathrooms, but severely reduced CLC capacity. As recent as FY 2018 the CLC ADC was 69.3, but it dropped in FY 2019 to 59.8 as renovations began to reduce the number of beds. Demand for long-term care in the Central Market is projected to increase by 12.8% between FY 2019 and FY 2029 for a total bed need of 145 beds by FY 2029. The increase from 46 beds to 72 beds will help meet the projected demand and allow for the continued modernization of CLC services to meet VA's design standards.
- 3. Modernize and realign outpatient facilities in the market by:**

  - 3.1. Establishing a CBOC in the vicinity of Jackson, Mississippi:** The Jackson VAMC is space constrained and requires additional space to renovate and modernize facilities. A new CBOC in Jackson, Mississippi, will help to decompress the clinical space at the Jackson VAMC and improve access to primary care and outpatient mental health services in the Jackson area. In FY 2019 there were 12,863 enrollees within 30 minutes of the proposed site.

- 3.2. Relocating the Meridian CBOC to a new site in the vicinity of Meridian, Mississippi, and closing the existing Meridian CBOC:** The Meridian CBOC is a contracted site with 3,113 core uniques<sup>22</sup> in FY 2019. Converting to a VA-staffed site will be more cost-effective and allow for the expansion of primary care, outpatient mental health, and outpatient specialty care services, resulting in the reclassification from a CBOC to an MS CBOC. In FY 2019, there were 3,118 enrollees within 30 minutes and 7,662 enrollees within 60 minutes of the proposed site.
- 3.3. Relocating the Hattiesburg CBOC to a new site in the vicinity of Hattiesburg, Mississippi, and closing the existing Hattiesburg CBOC:** The Hattiesburg CBOC is a large, contracted site with 5,564 core uniques in FY 2019. Converting to a VA-staffed site will be more cost-effective and allow for the expansion of outpatient specialty care services. The change will also bring greater operational flexibility for partnering with academic affiliates, such as William Carey College of Osteopathic Medicine in Hattiesburg, Mississippi. The addition of specialty care services will result in the reclassification of the facility from a CBOC to an MS CBOC. In FY 2019, there were 4,998 enrollees within 30 minutes and 12,169 enrollees within 60 minutes of the proposed site.

## Complementary Strategy

In addition to the recommendation submitted for AIR approval, VA also anticipates implementing a complementary strategy that supports a high-performing integrated delivery network:

### VISN 16

- Roll out an observation unit model piloted in the Little Rock VAMC to other VISN 16 facilities:** The observation unit model in the Little Rock VAMC (Pulaski County) was deemed effective through its ability to decrease length of stay and the resulting inpatient conversion rates. Implementing the observation unit model at the other VISN 16 facilities will determine its effectiveness in separate environments and possibly lead to further improvements at these facilities.
- Embed VA Office of Community Care staff within larger community care providers and/or larger remote Health Care Centers (HCCs)/MS CBOCs to assist and educate staff and Veterans with care coordination issues:** The VISN has large remote sites that are two or more hours from a VAMC – Springfield, Missouri, and Pensacola, Florida, are two examples. Embedded staff can assist in building and maintaining strong ties to community providers while ensuring quality care and addressing care coordination issues. This is an opportunity for direct feedback and oversight for quality management purposes.
- Develop a coordinated long-term VISN telehealth strategy to improve access to specialty care services and maximize the utilization and operational efficiencies:** Telehealth services are important to meeting current and future demand, particularly in rural areas that are difficult to staff. Current telehealth planning varies by VAMC for short-term needs and is not strategically aligned for the long term. Developing a telehealth strategy specific to VISN 16 will standardize

<sup>22</sup> VA core unique patients exclude Veterans who have only used VA telephone triage, pharmacy, and laboratory services.



the method of incorporating telehealth services and improve access to these services for all Veterans in the market.

## Central Market

- **Increase availability of ophthalmology across the Central Market to address the potential lack of high-quality ophthalmologists:** As identified by the 203 criteria analysis, there is a potential lack of high-quality ophthalmologists. Increased availability may be achieved through a variety of tactics, such as telehealth, recruitment of providers to the Veterans Community Care Program, and hiring additional VA providers, as appropriate.
- **Increase availability of gastroenterology services across the Central Market to address the potential lack of high-quality gastroenterologists:** As identified by the Section 203 criteria analysis, there is a potential lack of high-quality gastroenterologists. Increased availability may be achieved through a variety of tactics, such as telehealth, recruitment of providers to the Veterans Community Care Program, and hiring additional VA providers, as appropriate.
- **Increase availability of neurosurgery services across the Central Market to address the potential of high-quality neurosurgeons:** As identified by the Section 203 criteria analysis, there is a potential lack of high-quality neurosurgeons. Increased availability may be achieved through a variety of tactics, such as telehealth, recruitment of providers to the Veterans Community Care Program, and hiring additional VA providers, as appropriate.

## Jackson VAMC

- **Collaborate with University of Mississippi to share research space:** Partnering with University of Mississippi Medical Center (UMMC) will provide research space as opposed to renovating the Jackson VAMC for research needs. The Jackson VAMC campus is space constrained with outdated research facilities. Collaborating with UMMC will accommodate the need for modern research facilities while allowing the VAMC to renovate space for clinical needs.
- **Rightsize RRTP services at the Jackson RRTP:** There is a separate recommendation to add 33 RRTP beds onsite at the proposed new Shreveport VAMC. This will help absorb some RRTP demand from the Jackson VAMC, allowing the Jackson VAMC to modernize its RRTP facility. In FY 2028, the RRTP ADC for the Central Market is projected to be 52.7. The RRTP reduction will decrease bed count from 27 to 25 beds; this includes 15 SUD beds and 10 PTSD beds.
- **Repurpose existing inpatient medical and surgical space slated for renovation at the Jackson VAMC for clinical services with greater space needs:** Most inpatient medical and surgical beds at the Jackson VAMC have previously been renovated. There is one remaining project to renovate the last inpatient unit; however, the current and projected ADC has decreased, and the additional beds are no longer required. Discontinuing the project will allow the VAMC to make better use of the valuable clinical space.
- **Repurpose swing beds to CLC at the Jackson VAMC:** CLC demand is projected to increase throughout the market and a minor construction project would repurpose the existing space for a higher demand service.

- **Accelerate distribution of a home-based primary care (HBPC) program to VA-staffed and contracted CBOC locations:** Currently, HBPC staff are aligned to the Jackson VAMC since many CBOCs are contracted. This creates long drive times for HBPC staff and decreases the number of patients seen on any given day. Similarly, lab work done in the field must come back to the Jackson VAMC since contracted sites will not accept lab work conducted in the field. Expanding the HBPC program to new VA-staffed sites at Meridian, Mississippi, Hattiesburg, Mississippi, and remaining contracted CBOC locations will increase the coverage area of HBPC staff and the number of patients they can see daily.
- **Consider modification to CBOC contracts to allow Veterans who are not current primary care patients to be seen for mental health and better match mental health providers with demand. Actively work to empanel mental health patients to primary care teams to ensure whole health needs are addressed:** Veterans are currently bypassing nearby CBOCs to seek care at the Jackson VAMC. Allowing Veterans who are not current primary care patients to be seen for mental health would improve access to care and allow CBOCs to make a greater impact in their designated area. This will also better match mental health providers with current and projected demand.
- **Expand relationship with William Carey University College of Osteopathic Medicine:** Expanding the relationship with William Carey University College of Osteopathic Medicine, located in Hattiesburg, Mississippi, increases access to new developments in medicine and provides a potential pipeline for future physicians to work in VA facilities.
- **Establish a strategic collaboration to deliver primary care services within a community provider space in Vicksburg, Mississippi:** Establishing a sharing arrangement with a community provider in Vicksburg, Mississippi (Warren County), will increase access to primary care services in the area. The community was identified as a coverage gap within the market, but the small and declining enrollee population within the county is not large enough to support a new CBOC. The Vicksburg sharing arrangement would allow VA to test the demand for outpatient services without the investment required for a new CBOC lease.
- **Establish a strategic collaboration to deliver primary care services within a community provider space in Laurel, Mississippi:** Establishing a sharing arrangement with a community provider in Laurel, Mississippi (Jones County), will help increase access to primary care services in the area. The community was identified as a coverage gap within the market, but the small and declining enrollee population in the area is not large enough to support a new CBOC. The Laurel collaboration would allow VA to test the demand for outpatient services without the investment required for a new CBOC lease.

## Shreveport VAMC

- Ensure there is adequate space to support the research initiative at the proposed new replacement Shreveport VAMC:** The Office of Research and Development will be consulted in the planning of the proposed replacement Shreveport VAMC to ensure there is space to maintain existing research programs.
- Expand outpatient specialty care, physical therapy (PT), and occupational therapy (OT) services at the Texarkana MS CBOC:** Based on market projections and site interviews, there is significant demand for PT and OT in outlying areas. Patients who need PT or OT services are typically referred to the Shreveport VAMC, creating increased distances to care. In FY 2019, there were 5,070 enrollees within 30 minutes and 9,345 enrollees within 60 minutes of the site.
- Expand outpatient specialty care, PT, and OT services at the Longview MS CBOC:** Based on market projections, there is significant demand for PT and OT in outlying areas. Patients who need PT or OT services are typically referred to the Shreveport VAMC, creating increased distances to care. In FY 2019, there were 6,231 enrollees within 30 minutes and 22,722 enrollees within 60 minutes of the site.
- Establish a strategic collaboration to deliver primary care services within an academic or community provider space in Ruston, Louisiana:** Creating a strategic collaboration with community providers in Ruston, Louisiana (Lincoln County), will increase Veteran outreach and access to primary care services in the area. The community is home to Louisiana Tech University and is a draw for younger Veterans. It is identified as a coverage gap within the market, but the small and declining enrollee population within the county is not large enough to support a new CBOC. The Ruston collaboration would allow VA to test the demand for outpatient services without the capital investment required for a new CBOC lease.
- Relocate the sleep study program currently offered at the Shreveport VAMC to community care providers in Shreveport, Louisiana, and discontinue the program to repurpose the space for higher priority clinical functions at the Shreveport VAMC:** The sleep study program is currently distributed throughout the Shreveport VAMC (Caddo County). Decanting space will provide relief to support needed growth and renovation opportunities. Relocating the sleep study program to community care providers will ensure care is still provided in the Shreveport area without causing space constraints within the Shreveport VAMC.
- Relocate low-volume high-acuity surgical services currently offered at the Shreveport VAMC to academic and community providers in Shreveport:** Maintaining low-volume high-acuity surgical services at the Shreveport VAMC (Caddo County) is not sustainable due to limited demand and challenges to recruit and retain high-quality specialty providers. Relocating these services to the partnering academic affiliate (Louisiana State University) and community providers will allow the VAMC to provide case management and supporting follow-on services while focusing on the more sustainable high-volume surgical services at the VAMC.

## Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 16 Central Market: Status Quo, Modernization, and VA Recommendation. Status Quo includes costs associated with FCA deficiencies and represents no significant change in capital and operational costs. Modernization seeks to modernize all existing health care infrastructure. The VA Recommendation implements the market recommendation and seeks to modernize any remaining health care infrastructure.

- Costs:** The present value cost over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. The capital cost includes costs associated with construction of new facilities, modernization of current facilities, leases, land acquisition, and demolition. VA operational cost includes direct costs (e.g., medical service costs), indirect costs (e.g., administrative costs), and VA special direct costs (e.g., suicide prevention coordinators). Non-VA care costs includes direct costs (e.g., payments for patient care), indirect costs (e.g., care coordination), overhead costs (e.g., national program costs), and administrative per member per month costs (e.g., third party administration of the Community Care Network).
- Benefits:** Benefits were evaluated based on five key domains: Demand and Supply, Access, Facilities and Sustainability, Quality, and Mission.

The CBA leveraged both the costs and benefits to generate a Cost Benefit Index (CBI) – a simple metric used to compare the costs and benefits associated with each COA. The COA with the lowest CBI is the preferred COA. The results of the CBA for the Central Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 16 Central Market	Status Quo	Modernization	VA Recommendation
<b>Total Cost</b>	\$19,649,543,851	\$20,578,831,642	\$21,409,572,136
Capital Costs	\$1,171,244,829	\$2,100,532,620	\$2,931,273,114
Operational Costs	\$18,478,299,022	\$18,478,299,022	\$18,478,299,022
<b>Total Benefit Score</b>	8	11	14
<b>CBI (normalized in \$B)</b>	<b>2.46</b>	<b>1.87</b>	<b>1.53</b>

**Note:** Operational costs are shifted from VA to non-VA care only when a service line is relocated in totality to non-VA care at the parent facility level. Total cost is a sum of operational and capital costs rounded to the nearest dollar.

## Section 203 Criteria Analysis

This section provides an overview of how this market recommendation is consistent with the Section 203 decision criteria as required by the MISSION Act. For more detailed information on how the recommendation is consistent with the Section 203 criteria, please see Appendix I.

### Demand

*This recommendation is consistent with the Demand criterion, aligning VA's high-performing integrated delivery network resources to effectively meet the future health care demand of the Veteran enrollee population with the capacity in the market.*

- **Summary:** Following implementation of the recommendation, the capacity available through VA facilities and community providers would be able to support 100% of the projected enrollee demand.
- **Outpatient:** Outpatient demand will be met through 19 VA points of care offering outpatient services, including the proposed new Shreveport, Louisiana VAMC; Jackson, Mississippi CBOC; Vicksburg, Mississippi OOS; Laurel, Mississippi OOS; and Ruston, Louisiana OOS; and the proposed expanded Meridian, Mississippi MS CBOC and Hattiesburg, Mississippi MS CBOC; as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Jackson, Mississippi VAMC and the proposed new Shreveport, Louisiana VAMC, as well as community nursing homes.

*The recommendation ensures that projected demand for SCI/D, RRTP, and blind rehabilitation is sufficiently met through VA-only capacity in the respective VISN or blind rehabilitation region.*

- **SCI/D:** Demand for inpatient SCI/D will be met through the SCI/D Hubs at the Memphis, Tennessee VAMC (VISN 9) and the Houston, Texas VAMC (VISN 16).
- **RRTP:** RRTP demand will be met through the Jackson, Mississippi, stand-alone RRTP; proposed new Shreveport, Louisiana VAMC; and the other facilities within VISN 16 offering RRTP, including the North Little Rock, Arkansas VAMC; Fayetteville, Arkansas VAMC; and Biloxi, Mississippi VAMC; and proposed new Pensacola, Florida VAMC; Houston, Texas, stand-alone RRTP; and proposed new RRTP at the New Orleans, Louisiana VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Biloxi, Mississippi VAMC (VISN 16); the Waco, Texas VAMC (VISN 17); the Tucson, Arizona VAMC (VISN 22); and the Long Beach, California VAMC (VISN 22).
- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the Jackson, Mississippi VAMC and the proposed new Shreveport, Louisiana VAMC, as well as through community providers.

## Access

*This recommendation is consistent with the Access criterion, maintaining or improving Veteran access to care in the market and providing Veterans the opportunity to choose the care they trust throughout their lifetime. The Access criterion evaluates enrollee access to care in the current and proposed future state across multiple service lines. It is evaluated for both the overall enrollee population as well as for specific subpopulations of enrollees that traditionally face barriers to receiving appropriate care, including minority enrollees, enrollees over 65, women enrollees, rural enrollees, and enrollees living in disadvantaged neighborhoods. Below are the access results for both primary care and specialty care among the overall enrollee population.*

- **Access to primary care:** Following implementation of the recommendation, the number of enrollees within 30 minutes of primary care available through VA facilities and community providers is projected to be maintained, with 90,985 enrollees within 30 minutes of primary care in the future state.
- **Access to specialty care:** Following implementation of the recommendation, the number of Veterans within 60 minutes of specialty care available through VA facilities and community providers is projected to be maintained, with 91,284 enrollees within 60 minutes of specialty care in the future state.

## Mission

*This recommendation is consistent with the Mission criterion, providing for VA's second, third, and fourth health related statutory missions of education, research, and emergency preparedness.*

- **Education:** The recommendation for this market supports VA's ability to maintain its education mission in VISN 16. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliations with Louisiana State University and the University of Mississippi.
- **Research:** This recommendation does not impact the research mission in the market and allows the Jackson, Mississippi VAMC to maintain the current research mission. The Shreveport, Louisiana VAMC will maintain the current research mission by ensuring there is adequate space to support research at the proposed new replacement Shreveport, Louisiana VAMC to maintain all existing programs.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Shreveport, Louisiana VAMC and Jackson, Mississippi VAMC are not designated as Primary Receiving Centers.

## Quality

*This recommendation is consistent with the Quality criterion, considering the quality and delivery of health care services available to Veterans in the market, including the experience, safety, and appropriateness of care.*

- **Quality among providers:** The recommendation ensures that all providers included within the high-performing integrated delivery network meet the established quality standards by provider type (outlined in Appendix E).
- **Quality improvements through new infrastructure:** Quality is improved through the proposed new Shreveport, Louisiana VAMC; Jackson, Mississippi CBOC; Vicksburg, Mississippi OOS; Laurel, Mississippi OOS; and Ruston, Louisiana OOS, as well as the modernization of the CLC at the Jackson, Mississippi VAMC. This new infrastructure will aid in improving the patient experience with care delivery provided in modern spaces and aid in the recruitment of staff with facilities offering the latest technology.
- **Promoting recruitment of top clinical and non-clinical talent:** The recommendation maintains VA's academic and non-academic partnerships, which supports the recruitment and retention of top clinical and non-clinical talent.

## Cost Effectiveness

*This recommendation is consistent with the Cost Effectiveness criterion, providing a cost-effective means by which to provide Veterans with modern health care. The Cost Effectiveness criterion was assessed through a CBA summarized in the CBA section and detailed in Appendix H.*

- **CBI:** The CBI is the primary metric for cost-effectiveness. The CBI for the VA Recommendation COA is lower than the Status Quo (1.53 for VA Recommendation versus 2.46 for Status Quo), indicating that the VA Recommendation is more cost-effective than the Status Quo.

## Sustainability

*This recommendation is consistent with the Sustainability criterion, creating a sustainable health care delivery system for Veterans. It ensures that the health care delivery system proposed for the market is aligned with future demand, allowing it to sustainably operate and provide a safe and welcoming health care environment that meets modern health care standards.*

- **Aligns investment in care and services with projected Veteran care needs:** All facilities in the future state of this market meet the minimum demand threshold to support sustainable services.
- **Sustainability improvements through new infrastructure:** Within this recommendation, sustainability is improved through the new Shreveport, Louisiana VAMC; Jackson, Mississippi CBOC; Vicksburg, Mississippi OOS; Laurel, Mississippi OOS; and Ruston, Louisiana OOS; as well as the modernization of the CLC at the Jackson, Mississippi VAMC. This new infrastructure modernizes VA facilities to include state-of-the-art equipment that will aid in the recruitment of providers and support staff.
- **Reflects stewardship of taxpayer dollars:** While the cost of the market recommendation is more than the cost to modernize facilities in the market today (\$21.4B for VA Recommendation versus \$20.6B for Modernization), there are benefits realized through the market recommendation in at least one of the five domains assessed by the CBA that are not realized through the modernization approach. As a result, the CBI score for the VA Recommendation COA is lower than the Modernization COA (1.53 for VA Recommendation versus 1.87 for Modernization), reflecting effective stewardship of taxpayer dollars.



## VISN 16 Southern Market

The Veterans Integrated Service Network (VISN) 16 Southern Market serves Veterans in southern Louisiana, parts of southern Mississippi and southern Alabama, and the western panhandle of Florida. The recommendation includes justification for the proposed action, the results of the cost-benefit analysis, and an overview of how the market recommendation is consistent with the MISSION Act Section 203 selection criteria.<sup>23</sup>

### VA's Commitment to Veterans in the Southern Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 16's Southern Market. We will operate a high-performing integrated delivery network that provides access to VA care, supplemented by care provided by Federal partners, academic affiliates, and community providers.

Based on substantial data analysis, interviews with VISN and VA medical center (VAMC) leaders, consultation with senior VA leadership, and the input received from Veterans and stakeholders, VA has developed a recommendation designed to ensure that Veterans today and for generations to come have access to the high-quality care they have earned. The recommendation also makes sure that VA continues to execute on its additional missions: education and training, research, and emergency preparedness. As VA considers implementing any recommendation approved by the Asset and Infrastructure Review (AIR) Commission, implementation will be sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

### Market Strategy

The Southern Market has a large and growing Veteran enrollee population. The New Orleans, Louisiana, metropolitan area is at the center of the market, but there are large enrollee populations with significant growth in the areas surrounding Mobile, Alabama, and Pensacola, Florida. While demand for inpatient medical and surgical services is decreasing, demand for inpatient mental health, long-term care, and all outpatient services is increasing. There is a need to invest in outpatient services across the market and rightsized acute care services in sustainable locations through investment and in declining locations through partnership. The strategy for the market is intended to provide Veterans today and in the future with access to high-quality and conveniently located care in modern infrastructure. Key elements of the strategy and the associated justification are described below:

- **Provide equitable access to outpatient care through modern facilities close to where Veterans live and through the integration of virtual care:** VA's recommendation invests in expanded outpatient sites offering primary care, mental health, and low-acuity specialty services to better distribute care by establishing one community-based outpatient clinic (CBOC) and relocating four other CBOCs and two multi-specialty community-based outpatient clinics (MS CBOCs) to modernized facilities proximate to where Veterans live.

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<sup>23</sup> Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

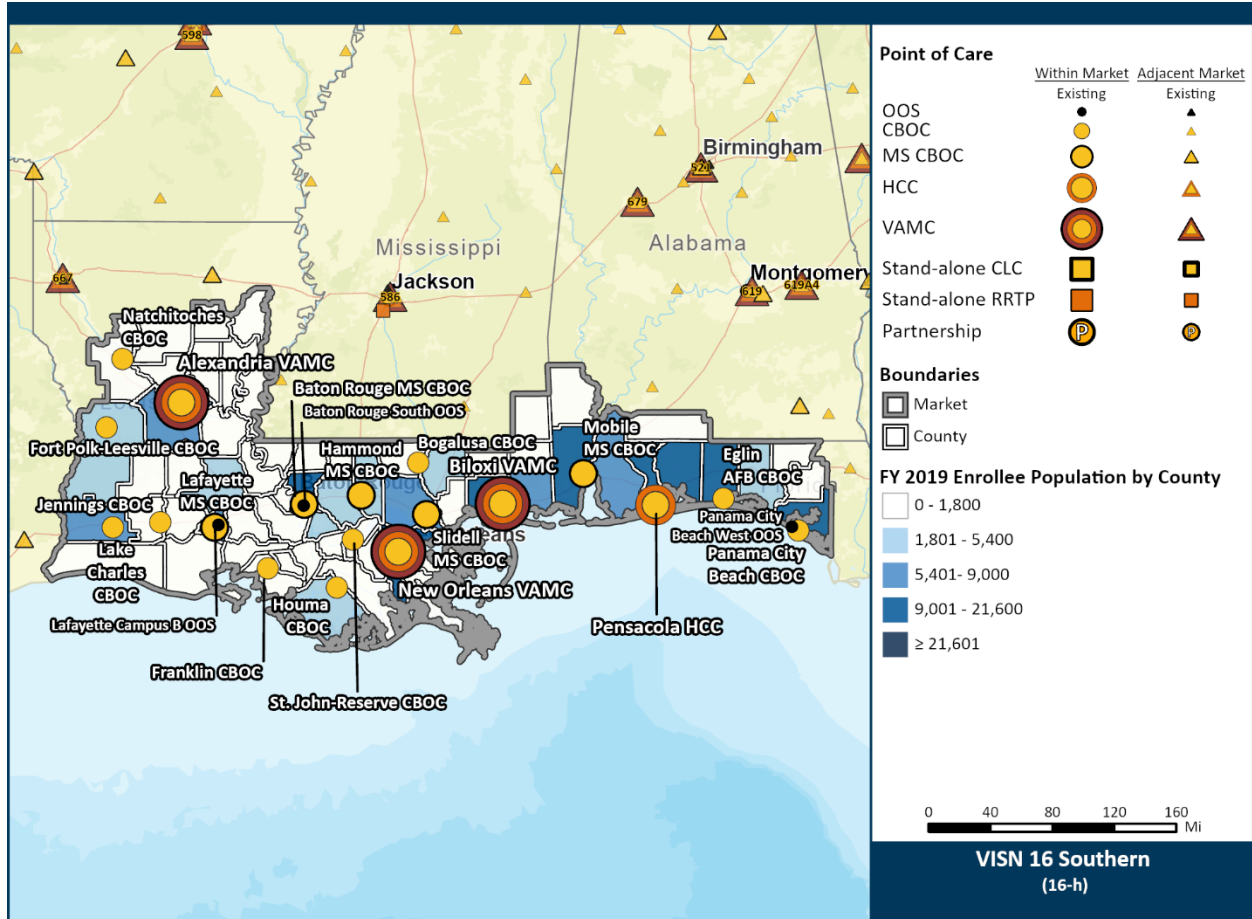


- **Enhance VA’s unique strength in caring for Veterans with complex needs:** VA’s recommendation maintains inpatient mental health services within the New Orleans, Louisiana VAMC and Biloxi, Mississippi VAMC and community living center (CLC) services within VA facilities at the Alexandria, Louisiana; New Orleans, Louisiana; and Biloxi, Mississippi VAMCs. It also invests in modern residential rehabilitation treatment program (RRTP) facilities by establishing two new RRTP stand-alone sites in New Orleans, Louisiana, and Pensacola, Florida, to provide comprehensive care that may not be readily available in the community. Inpatient blind rehabilitation services will be supported by the Biloxi, Mississippi VAMC and services for inpatient spinal cord injuries and disorders (SCI/D) will be supported by the Houston, Texas VAMC in the neighboring East Texas Market.
- **Provide equitable access to quality inpatient medical and surgical care through the optimized use of care delivered in VA facilities and through partnerships, community providers, and virtual care:** VA’s recommendation maintains programs within VA facilities at the Biloxi, Mississippi VAMC and New Orleans, Louisiana VAMC and strengthens partnerships with community providers in Mobile, Alabama, and with the Department of Defense (DoD) in Pensacola, Florida, to provide inpatient medical and surgical care.

## Market Overview

The market overview includes a map of the Southern Market, key metrics for the market, and select considerations used in forming the market recommendation.

### Market Map



Note: A partnership is a strategic collaboration between VA and a non-VA entity.

**Facilities:** The market includes 3 VAMCs (Alexandria, New Orleans, and Biloxi), 1 Health Care Center (HCC), 5 MS CBOCs, 10 CBOCs, and 3 other outpatient services (OOS) sites.

**Enrollees:** In fiscal year (FY) 2019, the market had 207,701 enrollees and is projected to experience a 6.3% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Escambia, Florida; Okaloosa, Florida; and Harrison, Mississippi.

**Demand:** Demand<sup>24</sup> in the market for inpatient medical and surgical services is projected to decrease by 17.9% and demand for inpatient mental health services is projected to increase by 17.6% between FY 2019 and FY 2029. Demand for long-term care<sup>25</sup> is projected to increase by 52.0% during the same

<sup>24</sup>Projected market demand for inpatient medical and surgical services is based on VA's Enrollee Health Care Projection Model (EHCPM) in bed days of care (BDOC).

<sup>25</sup> Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.

period. Demand for all outpatient services<sup>26</sup>, including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

**Rurality:** 30.2% of its enrollees in the market live in rural areas compared to the VA national average of 32.5%.

**Access:** 71.8% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 33.7% of enrollees live within a 60-minute drive time of a VA secondary care site.

**Community Capacity:** As of FY 2019, community providers<sup>27</sup> in the market within a 60-minute drive time of the VAMCs had an inpatient medical and surgical occupancy rate<sup>28</sup> of 59.2% (1,841 available beds)<sup>29</sup> and an inpatient mental health occupancy rate of 71.8% (42 available beds). Community nursing homes within a 30-minute drive time of the VAMCs were operating at an occupancy rate of 85.1% (314 available beds). Community residential rehabilitation programs<sup>30</sup> that match the breadth of services provided by VA are not widely available in the market.

**Mission:** VA has academic affiliations in the market that include Tulane University, the University of South Alabama, William Carey University, and Louisiana State University. The Alexandria VAMC is ranked 139 out of 154 VA training sites based on the number of trainees, the New Orleans VAMC is ranked 8 out of 154, and the Biloxi VAMC is ranked 84 out of 154. The New Orleans VAMC is ranked 54 out of 103 VAMCs with research programs, and the Biloxi VAMC is ranked 102 out of 103. The Alexandria VAMC conducts limited or no research. None of the VAMCs in the market have an emergency designation.<sup>31</sup>

## Facility Overviews

**Alexandria VAMC:** The Alexandria VAMC is located in Alexandria, Louisiana, and offers inpatient medical and surgical, inpatient mental health, CLC, and outpatient services. In FY 2019, the Alexandria VAMC had an inpatient medical and surgical average daily census (ADC) of 3.4, an inpatient mental health ADC of 24.1, and a CLC ADC of 56.1

The Alexandria VAMC was built in 1950 on 147.4 acres and does not meet current design standards<sup>32</sup>. Facility condition assessment (FCA) deficiencies are approximately \$156.9M, and annual operations and maintenance costs are an estimated \$9.8M.

<sup>26</sup> Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

<sup>27</sup> Community providers include Veterans Community Care Program (VCCP) providers, and potential VCCP providers.

<sup>28</sup> Occupancy rates are calculated by dividing the total average daily census (ADC) by the total number of operating beds. Beds at hospitals or nursing homes above the target occupancy rates are excluded.

<sup>29</sup> Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

<sup>30</sup> Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

<sup>31</sup> VAMCs participating in the National Disaster Medical System are designated as Federal Coordinating Centers. Select Federal Coordinating Centers are also designated as Primary Receiving Centers.

<sup>32</sup> Beginning in the late 1970s, modern health care design principles began to emerge and become more standard (e.g., floor-to-floor heights, corridor widths, columns spacing, and utility infrastructure requirements). While some buildings prior to this era can be in good condition, they may not be well-suited for the delivery of modern health care.

**New Orleans VAMC:** The New Orleans VAMC is located in New Orleans, Louisiana, and offers inpatient medical and surgical care, inpatient mental health, CLC, and outpatient services. In FY 2019, the New Orleans VAMC had an inpatient medical and surgical ADC of 27.1, an inpatient mental health ADC of 14.8, and a CLC ADC of 14.5.

The New Orleans VAMC was built in 2016 on 41.7 acres. FCA deficiencies are approximately \$54.6M, and annual operations and maintenance costs are an estimated \$31.2M.

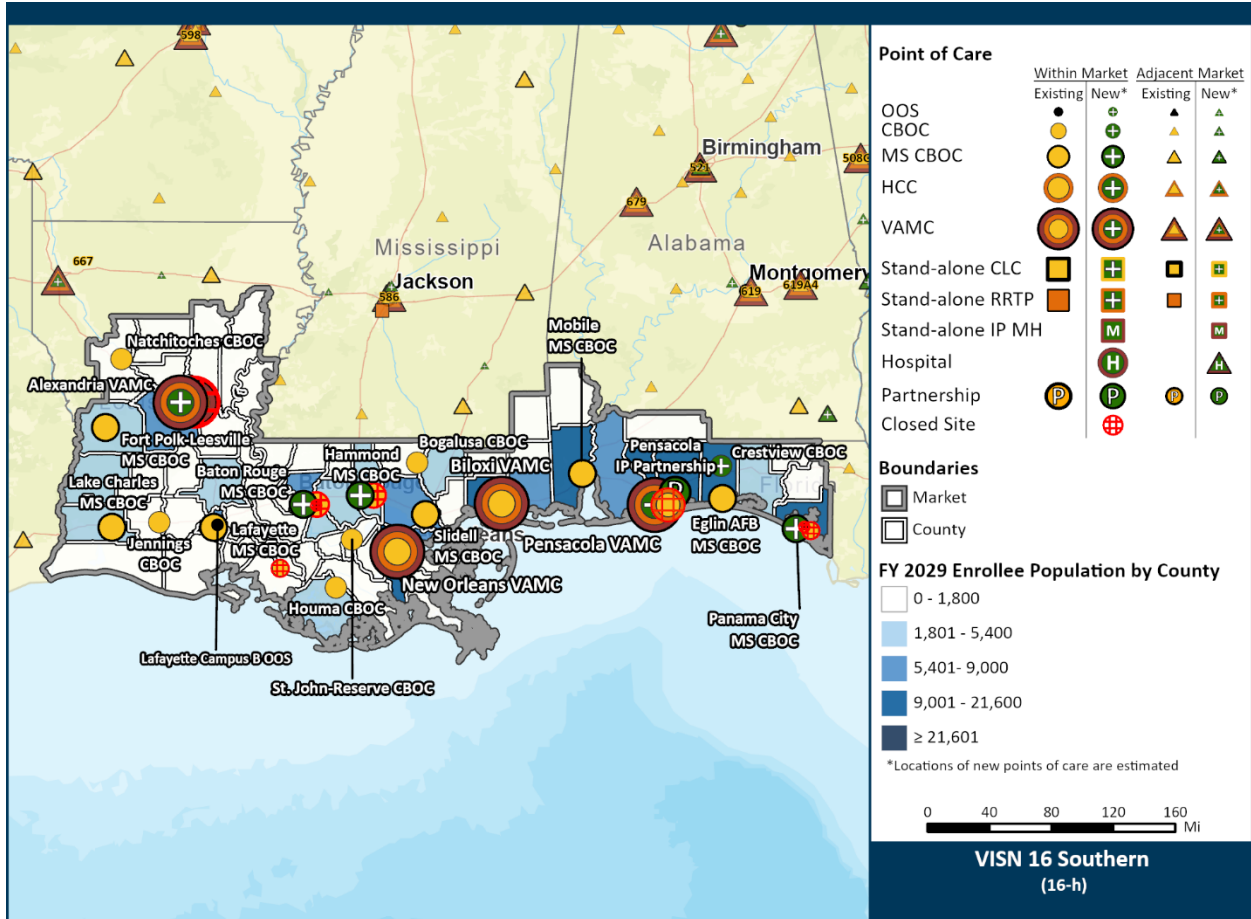
**Biloxi VAMC:** The Biloxi VAMC is located in Biloxi, Mississippi, and offers inpatient medical and surgical care, inpatient mental health, RRTP, blind rehabilitation, CLC, and outpatient services. In FY 2019, the Biloxi VAMC had an inpatient medical and surgical ADC of 12.5, an inpatient mental health ADC of 18.9, an RRTP ADC of 60.4, a blind rehabilitation ADC of 18.1, and a CLC ADC of 80.5.

The Biloxi VAMC was built in 1932 on 155.0 acres; however, significant renovations and additions have been completed between FY 2009 and FY 2019 as a result of Hurricane Katrina. FCA deficiencies are approximately \$101.8M, and annual operations and maintenance costs are an estimated \$17.9M.

## Recommendation and Justification

This section details the VISN 16 Southern Market recommendation and justification for each element of the recommendation.

### Future Market Map



#### 1. Modernize and realign the Alexandria VAMC by:

**1.1. Relocating the inpatient medicine, inpatient mental health, and outpatient surgical services from the Alexandria VAMC to community providers:** Maintaining inpatient medicine, inpatient mental health, and outpatient surgical services at the Alexandria VAMC is not sustainable due to the VAMC’s declining demand, enrollee population, and aging infrastructure. Inpatient medicine ADC has decreased from 14.1 in FY 2015 to 3.4 in FY 2019 and is projected to decrease to 2.8 by FY 2029. Inpatient mental health ADC has decreased from 33.1 in FY 2015 to 24.1 in FY 2019 and is projected to remain stable at 24.5 by FY 2029. Outpatient surgery cases decreased from 1,993 in FY 2015 to 1,753 in FY 2019. Demand is projected to decrease further as the New Orleans replacement VAMC completes activation. The Alexandria submarket enrollee population was 39,600 in FY 2019 and is projected to decrease to 39,312 by FY 2029; however, there are only 12,204 enrollees within 60 minutes of the VAMC. The population is generally split between three communities in the submarket (Alexandria, Lafayette, and Lake Charles; all roughly 75-90 minutes apart). Lastly, the Alexandria VAMC was built in 1950 with

dated infrastructure and \$156.9M in FCA deficiencies. Relocating services to community providers in Alexandria, Lafayette, and Lake Charles will provide Veterans care closer to where they live, improving access and allowing the Alexandria VAMC to discontinue those services. There are 449.0 available inpatient medical and surgical beds at community providers within 60 minutes of the Alexandria VAMC.

**1.2. Relocating CLC, primary care, outpatient mental health, outpatient specialty care, and urgent care services currently provided at the Alexandria VAMC to a new facility in the vicinity of Alexandria, Louisiana, and discontinuing those services at the Alexandria VAMC:**

CLC, primary care, outpatient mental health, outpatient specialty care, urgent care, and supporting ancillary services are distributed across the 147.4-acre campus of roughly 40 buildings, the majority of which are historical. The long narrow corridors and low floor-to-floor heights are not conducive to renovation to meet current clinic standards. The aging infrastructure was sized to support a hospital serving a much larger Veteran population of 1950. Relocating services to a new purpose-built outpatient clinic with CLC beds in the vicinity of Alexandria will allow for services to be modernized to meet current VA design standards and sized to meet current and forecasted demand. While the CLC ADC has steadily decreased from 80.6 in FY 2015 to 56.1 in FY 2019, a new 48-bed CLC would support the demand from the Alexandria submarket and complement the proposed CLC in Shreveport and new CLC in New Orleans.

**1.3. Closing the existing Alexandria VAMC:**

There are significant architectural and utility-related issues with the current main hospital building that render it unsuitable for continued clinical services. The main hospital is nearly 70 years old and many buildings on the campus date back to the 1920s. The campus and infrastructure were sized to meet a demand far greater than the current Veteran population of Alexandria. It has an annual operations and maintenance cost of \$9.8M and an FCA deficiencies cost of \$156.9M. With the relocation of outpatient and CLC services to a new site and the relocation of inpatient medicine, inpatient mental health, and outpatient surgery to community providers, closing the Alexandria VAMC campus will allow VA to better align capacity and resources to meet current and future demand.

**2. Modernize the New Orleans VAMC by establishing a new RRTP in the vicinity of New Orleans, Louisiana:**

The Southern Market has a total projected RRTP bed need of 117 beds by FY 2028; however, the market's existing beds are all located at the Biloxi VAMC. The proposed RRTP in New Orleans, Louisiana (Orleans Parish), is more than 80 miles from the Biloxi VAMC and will extend access to the sizeable Veteran populations in and around New Orleans and Baton Rouge. It will include 20 General Domiciliary beds, 16 Domiciliary Care for Homeless Veterans (DCHV) beds, and 16 substance use disorder (SUD) beds, resulting in 52 RRTP beds. In related recommendations, additional RRTP beds will be located in Pensacola, and the RRTP beds at Biloxi VAMC will be reduced.

**3. Modernize and realign the market by:**

**3.1. Establishing a new RRTP in the vicinity of Pensacola, Florida:** The Southern Market has a total projected RRTP bed need of 117 beds by FY 2028; however, the market's existing beds are all located at the Biloxi VAMC approximately 120 miles from Pensacola. The proposed RRTP in Pensacola, Florida (Escambia County), will extend access to the large, rapidly increasing enrollee populations of the Southern Market. It will include 16 DCHV beds and 16 SUD beds,

totaling 32 additional beds Veterans in the Pensacola area. The proposed location is the Pensacola HCC, which may result in the reclassification of the facility as a VAMC. In FY 2019 there were 39,058 enrollees within 60 minutes of the site. In related recommendations, additional RRTP beds will be located in New Orleans, and the RRTP beds at the Biloxi VAMC will be reduced.

**3.2. Establishing a strategic collaboration to provide inpatient medical and surgical services and outpatient surgical services in the vicinity of Pensacola, Florida:** There is a significant population increase and need for additional inpatient medical and surgical services in the Pensacola area, which is 2 hours (approximately 120 miles) from the Biloxi VAMC. VA will pursue a strategic collaboration with the DoD Naval Hospital Pensacola. The DoD Naval Hospital Pensacola has excess capacity for both ambulatory surgery and inpatient services, and the facility is in excellent condition due to recent renovations. In FY 2019 there were 39,058 enrollees within 60 minutes of the proposed location.

**4. Modernize and realign outpatient facilities in the market by:**

**4.1. Establishing a new CBOC in the vicinity of Crestview, Florida:** A new CBOC in Crestview, Florida, will improve access to primary care and outpatient mental health in Okaloosa County, which has one of the largest and fastest growing enrollee population in the Southern Market. Enrollees in Okaloosa County are projected to increase by 21.8% between FY 2019 and FY 2029. In FY 2019 there were 7,662 enrollees within 30 minutes of the proposed location.

**4.2. Relocating the Baton Rouge MS CBOC to a new site in the vicinity of Baton Rouge, Louisiana, and closing the existing Baton Rouge MS CBOC:** The existing facility is significantly undersized to meet current and future primary care and outpatient specialty care demand. Outpatient mental health and rehabilitation services had to be relocated to a separate site due to the space limitations. Relocating to a new MS CBOC will allow for the consolidation and expansion of services, including a greater variety of specialty care, and improve VA's ability to provide graduate medical education (GME) residency positions. In FY 2019 there were 13,576 enrollees within 30 minutes and 22,917 enrollees within 60 minutes of the proposed location. In FY 2019, the existing facility served 12,132 core uniques.<sup>33</sup>

**4.3. Relocating the Panama City Beach East CBOC to a new site in the vicinity of Panama City, Florida, and closing the existing Panama City Beach East CBOC:** The existing facility is undersized to meet current and future demand, and outpatient mental health services had to be located at a separate site due to space limitations. Relocating the facility to Panama City, Florida, will place it closer to the Veteran population and allow for the consolidation and expansion of primary care and outpatient mental health services, as well as the addition of specialty care services. The CBOC will be reclassified to an MS CBOC after adding specialty care services at the new site. In FY 2019 there were 8,261 enrollees within 30 minutes and 12,132 enrollees within 60 minutes of the proposed location. In FY 2019, the existing facility served 9,007 core uniques.

<sup>33</sup> VA core unique patients exclude Veterans who have only used VA telephone triage, pharmacy, and laboratory services.

- 4.4. Relocating the Houma CBOC to a new site in the vicinity of Houma, Louisiana, and closing the existing Houma CBOC:** Located in Terrebonne County, the CBOC saw 3,833 core uniques in FY 2019 and there were 3,441 enrollees within 30 minutes of the CBOC. The county enrollees are projected to decrease modestly from 2,445 in FY 2019 to 2,330 in FY 2029, leaving adequate demand for a VA-staffed site. Changing from a contract site to a VA-staffed site will improve care coordination and quality with the VA's patient-aligned care team (PACT) model. Additionally, relocating services will allow VA to add physical therapy services and space for visiting specialists.
- 4.5. Relocating the Hammond MS CBOC to a new site in the vicinity of Hammond, Louisiana, and closing the existing Hammond MS CBOC:** The existing facility is located within a modular structure, assembled to address the loss of services resulting from Hurricane Katrina. The modular facility was a temporary solution and has exceeded its life expectancy. A new purpose-built facility in the vicinity of Hammond will allow VA to meet an increasing demand for primary care, outpatient mental health, and basic outpatient specialty care services. The Hammond MS CBOC had 4,419 core uniques in FY 2019. In FY 2019 there were 4,990 enrollees within 30 minutes and 36,619 enrollees within 60 minutes of the proposed location.
- 4.6. Relocating the Fort Polk-Leesville CBOC to a new site in the vicinity of Fort Polk, Louisiana, and closing the existing Fort Polk-Leesville CBOC:** The existing facility is located within a modular structure that has outlived its useful life. Relocating primary care and outpatient mental health services and adding basic specialty care services will allow VA to meet the increasing demand in a modern facility. With the addition of specialty care services, the CBOC will be reclassified as an MS CBOC. The Fort Polk-Leesville CBOC had 2,989 core uniques in FY 2019. In FY 2019 there were 4,336 enrollees within 30 minutes and 9,533 enrollees within 60 minutes of the proposed location.
- 4.7. Relocating the Natchitoches CBOC to a new site in the vicinity of Natchitoches, Louisiana, and closing the existing Natchitoches CBOC:** It has been difficult to recruit and retain providers at the Natchitoches CBOC. Located in Natchitoches County, the CBOC saw 1,038 core uniques in FY 2019 and there were only 1,006 enrollees within 30 minutes of the CBOC. The county enrollees are projected to decrease from 1,133 in FY 2019 to 1,023 in FY 2029. Other contracted clinics in the VISN have had greater success at rotating and maintaining staff at small sites. Changing from a VA-staffed site to a contracted site will ease administrative burden of frequent recruiting and onboarding of new providers.
- 4.8. Relocating all services to the new Panama City MS CBOC and closing the Panama City West OOS:** The Panama City Beach West OOS is located 10 minutes from the Panama City Beach CBOC. The Panama City Beach West OOS was opened to provide outpatient mental health services and alleviate space constraints at the Panama City Beach CBOC. The proposed Panama City MS CBOC will have sufficient space and staff to absorb the demand, provide more convenient access to services, and operate more efficiently at one location.
- 4.9. Relocating all services to the new, expanded Baton Rouge MS CBOC and closing the Baton Rouge South OOS:** The Baton Rouge South OOS is located three minutes from the Baton Rouge MS CBOC. The Baton Rouge South OOS was opened to alleviate space constraints at the Baton Rouge MS CBOC. The proposed expanded Baton Rouge MS CBOC will have sufficient space and



staff to absorb the demand, provide more convenient access to services, and operate more efficiently at one location.

- 4.10. Relocating all services at the Franklin CBOC and closing the Franklin CBOC:** The Franklin CBOC had 707 core uniques in FY 2019. Health care services have been inconsistent and unsustainable due to the limited population and challenges staffing a small clinic. There is capacity in the community in the vicinity of Franklin, Louisiana, including multiple Federally Qualified Health Centers (FQHCs). In FY 2019 there were 1,430 enrollees within 30 minutes of the current location. The enrollee population of St. Mary Parish is projected to decrease from 1,200 in FY 2019 to 1,104 in FY 2029

## Complementary Strategy

In addition to the recommendation submitted for AIR approval, VA also anticipates implementing a complementary strategy that supports a high-performing integrated delivery network:

### VISN 16

- Roll out an observation unit model piloted in the Little Rock VAMC to other VISN 16 facilities:** The observation unit model was deemed effective through its ability to decrease length of stay and the resulting inpatient conversion rates. Implementing the observation unit model at the other VISN 16 facilities will determine its effectiveness in separate environments and possibly lead to further improvements at these facilities.
- Embed VA Office of Community Care staff within larger community care providers and/or larger remote HCCs/MS CBOCs to assist and educate staff and Veterans with care coordination issues:** The VISN has large remote sites that are two or more hours from a VAMC – Springfield, Missouri, and Pensacola, Florida, are two examples. Embedded staff can assist in building and maintaining strong ties to community providers while ensuring quality care and addressing care coordination issues. This is an opportunity for direct feedback and oversight for quality management purposes.
- Develop a coordinated long-term VISN telehealth strategy to improve access to specialty care services and maximize the utilization and operational efficiencies:** Telehealth services are important to meeting current and future demand, particularly in rural areas that are difficult to staff. Current telehealth planning varies by VAMC for short-term needs and is not strategically aligned for the long term. Developing a telehealth strategy specific to VISN 16 will standardize the method in incorporating telehealth services and improve access to these services for all Veterans in the market.

### Southern Market

- Increase availability of neurosurgery services across the Southern Market to address the potential of high-quality neurosurgeons:** As identified by the Section 203 criteria analysis, there is a potential lack of high-quality neurosurgery providers. Increased availability may be achieved through a variety of tactics, such as telehealth, recruitment of providers to the Veterans Community Care Program, and hiring additional VA providers, as appropriate.

## Alexandria VAMC

- **Expand open access schedule slots for primary care and extend hours to provide urgent care services at the Lafayette MS CBOC:** Expanding open access schedule slots and extending hours will improve access for the enrollees in Lafayette County and its surrounding area. Market demand for outpatient services such as primary care, mental health, and outpatient specialty services is projected to grow from FY 2019 to FY 2029.
- **Expand outpatient substance abuse disorder and mental health intensive case management (MHICM) program services to the Lafayette MS CBOC:** Adding specialty care will improve access for the enrollees in Lafayette County and its surrounding area. Market demand for mental health specialty services is projected to grow from FY 2019 to FY 2029.
- **Expand outpatient specialty care services at the Lake Charles CBOC within the existing footprint, which may result in the classification of the facility as an MS CBOC:** Adding specialty care will improve access for the enrollees in Calcasieu County and its surrounding area. Market demand for outpatient services such as primary care, mental health, and outpatient specialty services is projected to increase from FY 2019 to FY 2029.

## New Orleans VAMC

- **Establish a new geropsychiatry program at the New Orleans VAMC:** There is a significant need for geropsychiatry services throughout the Southern and Central Markets where Veterans have complex medical and mental health needs, making it difficult to place them in the community. The New Orleans VAMC in Orleans County is ideally positioned with access to specialty staff and resources to manage the program and meet VA standards for quality of care.
- **Initiate geriatric residency program with Tulane University:** The creation of a geriatric residency program with Tulane University is underway and awaiting completion of accreditation. There is significant projected growth for outpatient services and much of it can be attributed to an aging Veteran population. Establishing the geriatric residency program will strengthen the education mission in an area of critical need and improve access to care for older Veterans.
- **Expand the New Orleans GME program by offering a specific 'Tele-Residency' program:** Residents have expressed interests in telehealth services. Offering a specific program has the possibility to bolster the residency program and incentivize greater adoption and participation of telehealth by attending physicians.
- **Add outpatient specialty care services, including visiting specialists, to the Slidell MS CBOC:** Adding specialty care will improve access for the enrollees in St. Tammany County and its surrounding area. Market demand for outpatient services such as primary care, mental health, and outpatient specialty services is projected to grow from FY 2019 to FY 2029.

## Biloxi VAMC

- Rightsize RRTP services at the Biloxi VAMC:** The majority of the Biloxi submarket enrollee population live closer to Pensacola. The Biloxi SUD beds will move to Pensacola where the inpatient medical and surgical program is proposed. The Biloxi VAMC will maintain the larger PTSD program. In a related recommendation, an additional 52 RRTP beds will be located in New Orleans to provide DCHV and SUD services. The RRTP reduction will decrease bed count from 72 to 36 beds; this includes 20 General Domiciliary beds and 16 PTSD beds.
- Continue to strengthen existing resident surgery rotation from Keesler Air Force Base:** Strengthening the relationship with Keesler Air Force Base would improve Veterans' access to advanced technologies and developments in the medical field while bolstering outpatient surgery and readiness for the Air Force.
- Strengthen the academic affiliation with William Carey University to create a pipeline for nursing and ancillary staff across the Biloxi submarket:** Strengthening the relationship with William Carey University is an opportunity to create additional training options for students and a staffing pipeline across clinics in the market and submarket. This collaboration will improve Veterans' access to advanced technologies and developments in the medical field.
- Establish a strategic collaboration with the University of South Alabama to deliver inpatient medical and surgical services in Mobile, Alabama:** Creating a strategic collaboration with the University of South Alabama will help deliver inpatient medical and surgical services in the area. Inpatient medical and surgical services are projected to increase so there is a need for more and better access to care.
- Add urgent care/same day access services to the Mobile MS CBOC:** Expanding open access schedule slots and extending hours will improve access for the enrollees in Mobile County and its surrounding area. Market demand for outpatient services such as primary care, mental health, and outpatient specialty services is projected to increase from FY 2019 to FY 2029.
- Expand outpatient specialty care services at the Eglin Air Force Base CBOC, which may result in the classification of the facility as an MS CBOC:** Adding basic specialty care will improve access for the enrollees in Okaloosa County and its surrounding area. Market demand for outpatient services such as primary care, mental health, and outpatient specialty services is projected to increase from FY 2019 to FY 2029.
- Expand home-based primary care (HBPC) to the Eglin and Panama City areas:** HBPC is under-resourced in the Eglin and Panama City Beach facilities. Demand for HBPC is increasing across the Biloxi submarket, leaving an unmet need for services. Expanding HBPC will expand the coverage range of providers, improve access to care for Veterans in the surrounding area, and prepare VA facilities for the shift from facility care to home and community-based services.
- Expand open access schedule slots for primary care and extend hours to provide urgent care services at the Panama City Beach MS CBOC:** Expanding open access scheduling slots and extending hours will improve access for the enrollees in Bay County and its surrounding area. Market demand for outpatient services such as primary care, mental health, and outpatient specialty services is projected to increase from FY 2019 to FY 2029.

## Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 16 Southern Market: Status Quo, Modernization, and VA Recommendation. Status Quo includes costs associated with FCA deficiencies and represents no significant change in capital and operational costs. Modernization seeks to modernize all existing health care infrastructure. The VA Recommendation implements the market recommendation and seeks to modernize any remaining health care infrastructure.

- Costs:** The present value cost over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. The capital cost includes costs associated with construction of new facilities, modernization of current facilities, leases, land acquisition, and demolition. VA operational cost includes direct costs (e.g., medical service costs), indirect costs (e.g., administrative costs), and VA special direct costs (e.g., suicide prevention coordinators). Non-VA care costs includes direct costs (e.g., payments for patient care), indirect costs (e.g., care coordination), overhead costs (e.g., national program costs), and administrative per member per month costs (e.g., third party administration of the Community Care Network).
- Benefits:** Benefits were evaluated based on five key domains: Demand and Supply, Access, Facilities and Sustainability, Quality, and Mission.

The CBA leveraged both the costs and benefits to generate a Cost Benefit Index (CBI) – a simple metric used to compare the costs and benefits associated with each COA. The COA with the lowest CBI is the preferred COA. The results of the CBA for the Southern Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 16 Southern Market	Status Quo	Modernization	VA Recommendation
<b>Total Cost</b>	\$45,862,775,126	\$45,838,137,080	\$44,661,116,791
Capital Costs	\$2,726,668,361	\$2,702,030,315	\$2,025,239,533
Operational Costs	\$43,136,106,765	\$43,136,106,765	\$42,635,877,258
<b>Total Benefit Score</b>	7	10	13
<b>CBI (normalized in \$B)</b>	<b>6.55</b>	<b>4.58</b>	<b>3.44</b>

**Note:** Operational costs are shifted from VA to non-VA care only when a service line is relocated in totality to non-VA care at the parent facility level. Total cost is a sum of operational and capital costs rounded to the nearest dollar.

## Section 203 Criteria Analysis

This section provides an overview of how this market recommendation is consistent with the Section 203 decision criteria as required by the MISSION Act. For more detailed information, please see Appendix I.

### Demand

*This recommendation is consistent with the Demand criterion, aligning VA's high-performing integrated delivery network resources to effectively meet the future health care demand of the Veteran enrollee population with the capacity in the market.*

- **Summary:** Following implementation of the recommendation, the capacity available through VA facilities and community providers would be able to support 100% of the projected enrollee demand.
- **Outpatient:** Outpatient demand will be met through 20 VA points of care offering outpatient services, including the proposed new Pensacola, Florida VAMC; Alexandria, Louisiana VAMC; Panama City, Florida MS CBOC; Baton Rouge, Louisiana MS CBOC; Hammond, Louisiana MS CBOC; and Crestview, Florida CBOC; and the proposed expanded Eglin Air Force Base, Florida MS CBOC; Lake Charles, Louisiana MS CBOC; and Fort Polk-Leesville, Louisiana MS CBOC; as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Biloxi, Mississippi VAMC; the New Orleans, Louisiana VAMC; and the proposed new Alexandria, Louisiana VAMC; as well as community nursing homes.

*The recommendation ensures that projected demand for SCI/D, RRTP, and blind rehabilitation is sufficiently met through VA-only capacity in the respective VISN or blind rehabilitation region.*

- **SCI/D:** Demand for inpatient SCI/D will be met through the SCI/D Hub at the Houston, Texas VAMC (VISN 16).
- **RRTP:** RRTP demand will be met through the Biloxi, Mississippi VAMC; the proposed new Pensacola, Florida VAMC; the proposed new RRTP at the New Orleans, Louisiana VAMC; and the other facilities within VISN 16 offering RRTP, including the North Little Rock, Arkansas VAMC; Fayetteville, Arkansas VAMC; Jackson, Mississippi stand-alone RRTP; and the proposed new Shreveport, Louisiana VAMC and Houston, Texas stand-alone RRTP.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the Biloxi, Mississippi VAMC and the other facilities in the Southwest Region, including the Waco, Texas VAMC (VISN 17), the Tucson, Arizona VAMC (VISN 22), and the Long Beach, California VAMC (VISN 22).
- **Inpatient acute:** Inpatient medicine and surgery demand will be met through the Biloxi, Mississippi VAMC, the New Orleans, Louisiana VAMC, and the proposed new Pensacola, Florida partnership, as well as through community providers; inpatient mental health demand will be met through the Biloxi, Mississippi VAMC and New Orleans, Louisiana VAMC, as well as through community providers.

## Access

*This recommendation is consistent with the Access criterion, maintaining or improving Veteran access to care in the market and providing Veterans the opportunity to choose the care they trust throughout their lifetime. The Access criterion evaluates enrollee access to care in the current and proposed future state across multiple service lines. It is evaluated for both the overall enrollee population as well as for specific subpopulations of enrollees that traditionally face barriers to receiving appropriate care, including minority enrollees, enrollees over 65, women enrollees, rural enrollees, and enrollees living in disadvantaged neighborhoods. Below are the access results for both primary care and specialty care among the overall enrollee population.*

- **Access to primary care:** Following implementation of the recommendation, the number of enrollees within 30 minutes of primary care available through VA facilities and community providers is projected to be maintained, with 223,046 enrollees within 30 minutes of primary care in the future state.
- **Access to specialty care:** Following implementation of the recommendation, the number of Veterans within 60 minutes of specialty care available through VA facilities and community providers is projected to be maintained, with 223,627 enrollees within 60 minutes of specialty care in the future state.

## Mission

*This recommendation is consistent with the Mission criterion, providing for VA's second, third, and fourth health related statutory missions of education, research, and emergency preparedness.*

- **Education:** The recommendation for this market supports VA's ability to maintain its education mission in VISN 16. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with Tulane University, Louisiana State University, and University of South Alabama.
- **Research:** This recommendation does not impact the research mission in the market and allows the New Orleans, Louisiana VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; no VAMC in the market is designated as a Primary Receiving Center.

## Quality

*This recommendation is consistent with the Quality criterion, considering the quality and delivery of health care services available to Veterans in the market, including the experience, safety, and appropriateness of care.*

- **Quality among providers:** The recommendation ensures that all providers included within the high-performing integrated delivery network meet the established quality standards by provider type (outlined in Appendix E).
- **Quality improvements through new infrastructure:** Quality is improved through the proposed new Pensacola, Florida VAMC; Alexandria, Louisiana VAMC; Panama City, Florida MS CBOC; Baton Rouge, Louisiana MS CBOC; Hammond, Louisiana MS CBOC; Crestview, Florida CBOC; RRTP at the New Orleans, Louisiana VAMC; and Pensacola, Florida partnership. This new infrastructure will aid in improving the patient experience with care delivery provided in modern spaces and aid in the recruitment of staff with facilities offering the latest technology.
- **Promoting recruitment of top clinical and non-clinical talent:** The recommendation maintains VA's academic and non-academic partnerships, which supports the recruitment and retention of top clinical and non-clinical talent.

## Cost Effectiveness

*This recommendation is consistent with the Cost Effectiveness criterion, providing a cost-effective means by which to provide Veterans with modern health care. The Cost Effectiveness criterion was assessed through a CBA summarized in the CBA section and detailed in Appendix H.*

- **CBI:** The CBI is the primary metric for cost-effectiveness. The CBI for the VA Recommendation COA is lower than the Status Quo (3.44 for VA Recommendation versus 6.55 for Status Quo), indicating that VA Recommendation is more cost-effective than the Status Quo.

## Sustainability

*This recommendation is consistent with the Sustainability criterion, creating a sustainable health care delivery system for Veterans. It ensures that the health care delivery system proposed for the market is aligned with future demand, allowing it to sustainably operate and provide a safe and welcoming health care environment that meets modern health care standards.*

- **Aligns investment in care and services with projected Veteran care needs:** All facilities in the future state of this market meet the minimum demand threshold to support sustainable services.
- **Sustainability improvements through new infrastructure:** Within this recommendation, sustainability is improved through the proposed new Pensacola, Florida VAMC; Alexandria, Louisiana VAMC; Panama City, Florida MS CBOC; Baton Rouge, Louisiana MS CBOC; Hammond, Louisiana MS CBOC; Crestview, Florida CBOC; RRTP at the New Orleans, Louisiana VAMC; and Pensacola, Florida partnership. This new infrastructure modernizes VA facilities to include state-of-the-art equipment that will aid in the recruitment of providers and support staff.
- **Reflects stewardship of taxpayer dollars:** The cost of the market recommendation is less than the cost to modernize facilities in the market today (\$44.7B for VA Recommendation versus \$45.8B for Modernization). In addition, there are benefits realized through the market recommendation in at least one of the five domains assessed by the CBA that are not realized through the modernization approach. As a result, the CBI score for the VA Recommendation COA is lower than the Modernization COA (3.44 for VA Recommendation versus 4.58 for Modernization), reflecting effective stewardship of taxpayer dollars.



## VISN 16 East Texas Market

The Veterans Integrated Service Network (VISN) 16 East Texas Market serves Veterans in southeastern Texas, with most enrollees concentrated in the Houston region. The recommendation includes justification for the proposed action, the results of the cost benefit analysis, and an overview of how the market recommendation is consistent with the MISSION Act Section 203 selection criteria.<sup>34</sup>

### VA's Commitment to Veterans in the East Texas Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 16's East Texas Market. We will operate a high-performing integrated delivery network that provides access to VA care, supplemented by care provided by Federal partners, academic affiliates, and community providers.

Based on substantial data analysis, interviews with VISN and VA medical center (VAMC) leaders, consultation with senior VA leadership, and the input received from Veterans and stakeholders, VA has developed a recommendation designed to ensure that Veterans today and for generations to come have access to the high-quality care they have earned. The recommendation also makes sure that VA continues to execute on its additional missions: education and training, research, and emergency preparedness. As VA considers implementing any recommendation approved by the Asset and Infrastructure Review (AIR) Commission, implementation will be sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

### Market Strategy

The East Texas market is centered around the Houston, Texas, metropolitan area. There is a large population of enrollees with projected growth in Houston, Texas, and its surrounding counties. While demand in the market for inpatient medical and surgical services is projected to decrease, demand for inpatient mental health, long-term care, and all outpatient services is projected to increase. The strategy for the market is intended to provide Veterans today and in the future with access to high-quality and conveniently located care in modern infrastructure. Key elements of the strategy and the associated justification are described below:

- **Provide equitable access to outpatient care through modern facilities close to where Veterans live and through the integration of virtual care:** VA's recommendation invests in modernized outpatient sites offering primary care, mental health, and low-acuity specialty services to better distribute care, including relocating one community-based outpatient clinic (CBOC) and one multi-specialty community-based outpatient clinic (MS CBOC) to modernized facilities proximate to where Veterans live.
- **Enhance VA's unique strengths in caring for Veterans with complex needs:** VA's recommendation maintains inpatient mental health services within the Houston, Texas VAMC. It

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<sup>34</sup> Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions



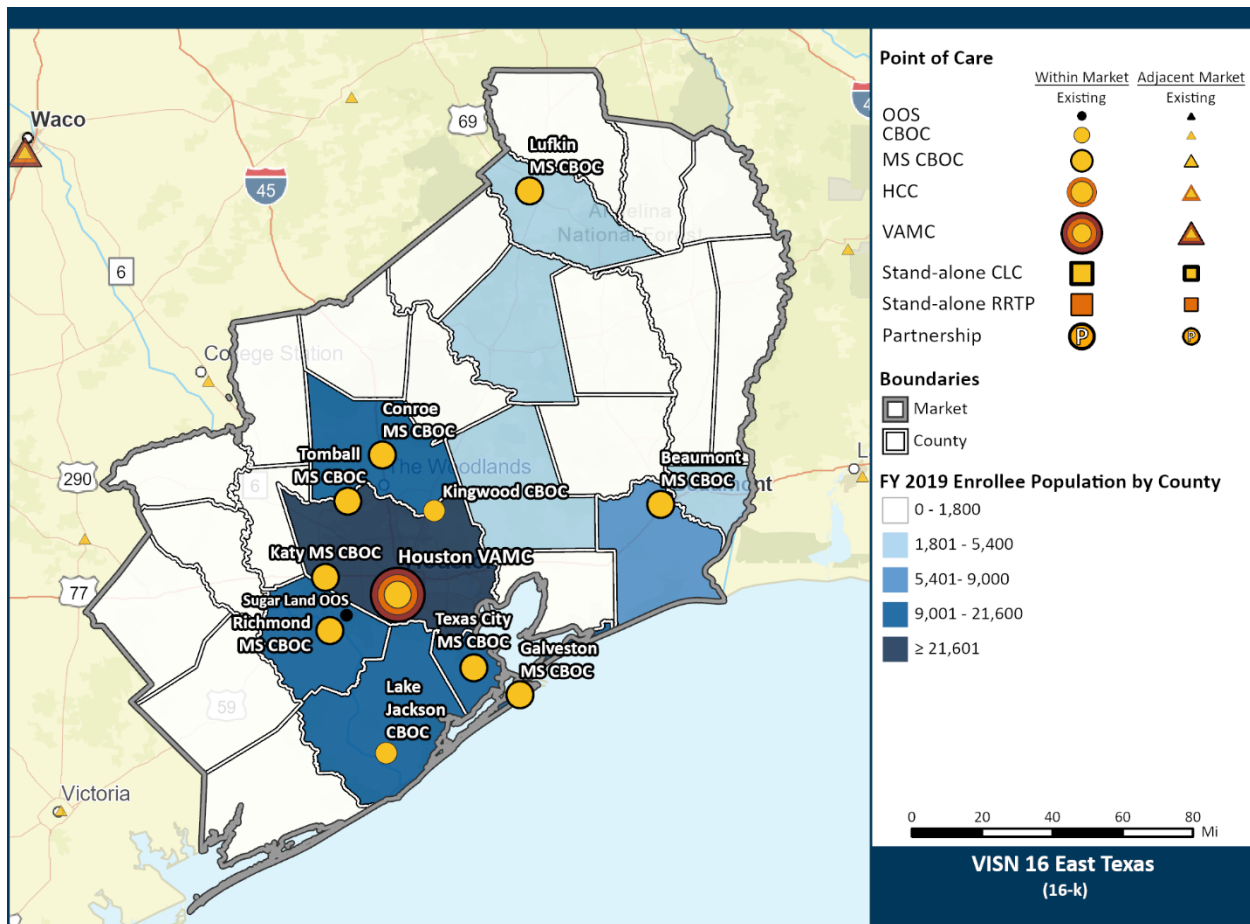
modernizes community-living center (CLC) services at the Houston, Texas VAMC and expands CLC services to new stand-alone sites in Conroe, Texas, and Katy, Texas, to maintain care for Veterans with the most complex needs. It also establishes a new, modern residential rehabilitation treatment program (RRTP) stand-alone site in Houston, Texas, to provide comprehensive care that may not be readily available in the community. Services for inpatient spinal cord injuries and disorders (SCI/D) will be supported by the Houston, Texas VAMC and inpatient blind rehabilitation services will be supported by the Biloxi, Mississippi VAMC in the neighboring Southern Market.

- **Provide equitable access to quality inpatient medical and surgical care through the optimized use of care delivered in VA facilities and through partnerships, community providers, and virtual care:** VA’s recommendation maintains medical and surgical programs at the Houston, Texas, VAMC and expands utilization of regional partnerships with existing academic affiliates in the Houston, Texas, area.

## Market Overview

The market overview includes a map of the East Texas Market, key metrics for the market, and select considerations used in forming the market recommendations.

### Market Map



Note: A partnership is a strategic collaboration between VA and a non-VA entity.

**Facilities:** The market includes one VAMC (Houston), eight MS CBOCs, two CBOCs, and one other outpatient services (OOS) site.

**Enrollees:** In fiscal year (FY) 2019, the market had 154,673 enrollees and is projected to experience a 4.6% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Harris, Montgomery, and Fort Bend, Texas.

**Demand:** Demand<sup>35</sup> in the market for acute inpatient medical and surgical services is projected to decrease by 15.6% and demand for inpatient mental health services is projected to increase by 4.9% between FY 2019 and FY 2029. Demand for long-term care<sup>36</sup> is projected to increase by 41.8% during the same period. Demand for all outpatient services<sup>37</sup>, including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

**Rurality:** 24.0% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

**Access:** 82.2% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 78.4% of enrollees live within a 60-minute drive time of a VA secondary care site.

**Community Capacity:** As of 2019, community providers<sup>38</sup> in the market within a 60-minute drive time of the VAMC had an inpatient medical and surgical occupancy rate<sup>39</sup> of 67.1% (1,438 available beds)<sup>40</sup> and an inpatient mental health occupancy rate of 61.8% (30 available beds). Community nursing homes within a 30-minute drive time of the VAMC were operating at an occupancy rate of 71.8% (931 available beds). Community residential rehabilitation programs<sup>41</sup> that match the breadth of services provided by VA are not widely available in the market.

**Mission:** VA has academic affiliations in the market that include Baylor College of Medicine and University of Texas Health Science Center. The Houston VAMC is ranked 1 out of 154 VA training sites based on the number of trainees and is ranked 22 out of 103 VAMCs with research funding. The Houston VAMC is designated as a Primary Receiving Center.<sup>42</sup>

## Facility Overview

**Houston VAMC:** The Houston VAMC is located in Houston, Texas, and offers medical and surgical services, inpatient mental health, SCI/D, CLC, rehabilitation medicine, and outpatient services. In FY 2019, the Houston VAMC had an inpatient medical and surgical average daily census (ADC) of 160.8, an

<sup>35</sup>Projected market demand for inpatient medical and surgical services is based on VA's Enrollee Health Care Projection Model (EHCPM) in bed days of care (BDOC).

<sup>36</sup> Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.

<sup>37</sup> Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

<sup>38</sup> Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

<sup>39</sup> Occupancy rates are calculated by dividing the total average daily census (ADC) by the total number of operating beds. Beds at hospitals or nursing homes above the target occupancy rates are excluded.

<sup>40</sup> Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

<sup>41</sup> Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

<sup>42</sup> VAMCs participating in the National Disaster Medical System are designated as Federal Coordinating Centers. Select Federal Coordinating Centers are also designated as Primary Receiving Centers.

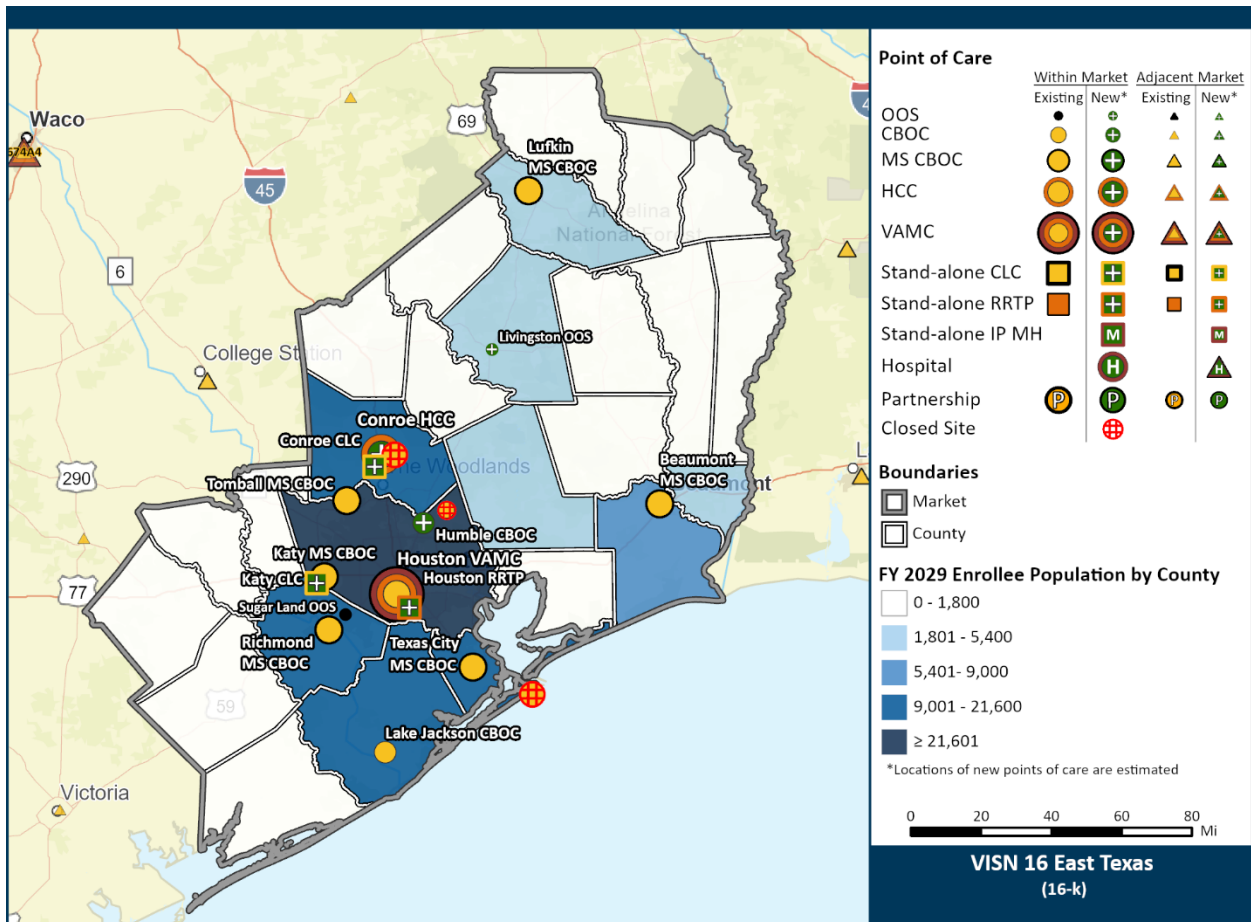
inpatient mental health ADC of 47.8, an SCI/D ADC of 32.1, a CLC ADC of 128.3 and a rehabilitation medicine ADC of 8.8.

The Houston VAMC was built in 1991 on 119.0 acres. Facility condition assessment (FCA) deficiencies are approximately \$200.2M, and annual operations and maintenance costs are an estimated \$33.6M.

## Recommendation and Justification

This section details the VISN 16 East Texas Market recommendation and justification for each element of the recommendation.

### Future Market Map



- 1. Modernize the CLC at the Houston VAMC:** The Houston VAMC currently has 141 CLC beds on the space-constrained medical center campus. Demand for long-term care in the East Texas Market is projected to increase by 41.8% between FY 2019 and FY 2029. Relocating long-stay and a portion of short-stay CLC beds to new CLC facilities in Conroe, Texas, and Katy, Texas, will allow the Houston VAMC to decrease the number of CLC beds to 96. The reduction of beds will help reduce space constraints at the VAMC and expand access to CLC services off the medical center campus. Both Conroe, Texas, and Katy, Texas, have significant Veteran populations, with 86,174 FY 2019 enrollees within 60 minutes of the proposed Conroe, Texas, location and 98,433 FY 2019 enrollees within 60

minutes of the proposed Katy, Texas, location. The proposed locations are 45 and 35 miles from the VAMC, respectively, but commute times can range from 45 to 120 minutes depending on traffic and parking at the VAMC.

2. **Modernize by establishing a new stand-alone RRTP in the vicinity of Houston, Texas:** There are currently no RRTP beds in the market and there is a future need for 82 beds. Establishing an RRTP in the Houston area will provide Veterans with access to 24 General Domiciliary beds, 24 Domiciliary Care for Homeless Veterans beds, 24 substance use disorder (SUD) beds, and 12 posttraumatic stress disorder (PTSD) beds, totaling 84 beds. This will address the major unmet demand and expand access for RRTP services throughout the East Texas Market.
3. **Modernize by establishing a new stand-alone CLC in the vicinity of Conroe, Texas:** Demand for long-term care in the VISN 16 East Texas Market is projected to increase by 41.8% between FY 2019 and FY 2029. There is a separate recommendation to modernize and reduce CLC beds at the Houston VAMC, so additional beds will be needed in the market to support the increasing CLC demand. The proposed 48-bed stand-alone CLC will expand access and ease space constraints at the Houston VAMC. The CLC mission will focus on dementia and geropsychiatry and will be located near the proposed new Conroe Health Care Center (HCC). In FY 2019 there were 21,369 enrollees within 30 minutes of the proposed site and 86,174 enrollees within 60 minutes of the proposed site. Conroe, Texas, is within Montgomery County, which has an FY 2019 enrollee population of 13,867 and is projected to increase 18.4% by FY 2029.
4. **Modernize by establishing a new stand-alone CLC in the vicinity of Katy, Texas:** Demand for long-term care in the VISN 16 East Texas Market is projected to increase by 41.8% between FY 2019 and FY 2029. There is a separate recommendation to modernize and reduce CLC beds at the Houston VAMC, so additional beds will be needed in the market to support the increasing CLC demand. The proposed 40-bed stand-alone CLC will expand access and ease space constraints at the Houston VAMC. The CLC mission will focus on dementia and geropsychiatry and will be located near the Katy MS CBOC. In FY 2019 there were 26,370 enrollees within 30 minutes of the proposed site and 98,433 enrollees within 60 minutes of the proposed site. Katy, Texas, is in Harris County, which has an FY 2019 enrollee population of 76,705 and is projected to increase by 0.8% between FY 2019 and FY 2029.
5. **Modernize and realign outpatient facilities in the market by:**
  - 5.1. **Relocating the Conroe MS CBOC to a new site in the vicinity of Conroe, Texas, and closing the existing Conroe MS CBOC:** Relocating and expanding the Conroe MS CBOC to a new location in Conroe, Texas (Montgomery County), will improve access to primary care, outpatient mental health, specialty care, and outpatient surgical services and will help ease space constraints at the Houston VAMC. The MS CBOC will be reclassified as an HCC after the addition of outpatient surgery at the new site. Enrollees in Montgomery County are projected to increase from 13,867 in FY 2019 to 16,415 in FY 2029. In FY 2019 there were 86,174 enrollees within 60 minutes of the proposed site. In FY 2019, the existing facility served 12,771 core uniques.<sup>43</sup> Additionally,

<sup>43</sup> VA core unique patients exclude Veterans who have only used VA telephone triage, pharmacy, and laboratory services.

the proposed site is located near the academic affiliate partnering hospital (Baylor University). This provides the potential to expand teaching and recruiting opportunities.

- 5.2. Relocating the Kingwood CBOC to a new site in the vicinity of Humble, Texas, and closing the existing Kingwood CBOC:** The existing Kingwood CBOC is a short-term solution used to bring primary care and outpatient mental health services quickly to the increasing Veteran population 30 miles northeast of the Houston VAMC. Demand for outpatient services has exceeded the capacity of the facility, which was not built to meet VA design standards. Relocating the CBOC to a new site near Humble, Texas, will allow VA to appropriately size the facility to meet patient demand. In FY 2019 there were 35,412 enrollees within 30 minutes of the proposed location.
- 5.3. Relocating all services to the Texas City MS CBOC and closing the Galveston MS CBOC:** The existing Galveston MS CBOC is located on Galveston Island, only 18 miles from the new Texas City MS CBOC. The Galveston Island location places the clinic farther from the Veteran population center and severely limits access with only two roads serving the island. Core uniques at the Galveston MS CBOC have decreased by 43.7% from 7,720 in FY 2015 to 4,348 in FY 2019. This decrease in core uniques is due in part to the 2018 opening of the new MS CBOC in Texas City. In FY 2019, there were 6,290 enrollees within 30 minutes and 44,785 enrollees within 60 minutes of the Galveston MS CBOC. In FY 2019, there were 18,984 enrollees within 30 minutes and 75,873 enrollees within 60 minutes of the Texas City MS CBOC. The new Texas City MS CBOC has adequate capacity and staff to absorb the primary care, outpatient mental health, and outpatient specialty care demand from closing the Galveston MS CBOC.

## Complementary Strategy

In addition to the recommendation submitted for AIR approval, VA also anticipates implementing a complementary strategy that supports a high-performing integrated delivery network:

### VISN 16

- **Roll out an observation unit model piloted in the Little Rock VAMC to other VISN 16 facilities:** The observation unit model in the Little Rock VAMC in Pulaski County was deemed effective through its ability to decrease length of stay and the resulting inpatient conversion rates. Implementing the observation unit model at the other VISN 16 facilities will determine its effectiveness in separate environments, and possibly lead to further improvements at these facilities.
- **Embed VA Office of Community Care staff within larger community care providers and/or larger remote HCCs/MS CBOCs to assist and educate staff and Veterans with care coordination issues:** The VISN has large remote sites that are two or more hours from a VAMC – Springfield, Missouri, and Pensacola, Florida, are two examples. Embedded staff can assist in building and maintaining strong ties to community providers while ensuring quality care and addressing care coordination issues. This is an opportunity for direct feedback and oversight for quality management purposes.

- **Develop a coordinated long-term VISN telehealth strategy to improve access to specialty care services and maximize the utilization and operational efficiencies:** Telehealth services are important to meeting current and future demand, particularly in rural areas that are difficult to staff. Current telehealth planning varies by VAMC for short-term needs and is not strategically aligned for the long term. Developing a telehealth strategy specific to VISN 16 will standardize the method for incorporating telehealth services and improve access to these services for all Veterans in the market.

## East Texas Market

- **Realign Grimes and Washington counties from the VISN 16 East Texas Market to the VISN 17 Central Market:** VA will realign Grimes and Washington counties to the VISN 17 Central Market as it will strengthen referral paths to the College Station CBOC in the VISN 17 Central Market, which is the preferred direction for referrals to the next level of health care services.

## Houston VAMC

- **Expand SCI/D services at the Houston VAMC to address the potential lack of capacity in VISN 16. Prior to building beds, determine if the surplus beds at the VISN 09 Memphis VAMC may be leveraged:** Potential SCI/D service gaps at the Houston VAMC in Harris County were identified during the Section 203 criteria analysis review process for VISN 16. Additional SCI/D beds will address projected demand for the region. The Memphis VAMC is the regional hub for SCI/D services for the Jackson VAMC in the Central Market and the Little Rock, North Little Rock, and Fayetteville VAMCs in the Northern Market. The SCI/D bed count would increase from 40 to 43.
- **Expand outpatient specialty care services at the Katy MS CBOC and create a strategic collaboration with a community hospital, associated with the academic affiliate, through a lease or sharing arrangement with VA providers in Katy, Texas, to deliver outpatient surgical services:** Adding specialty care will improve access for the enrollees in Harris County and its surrounding area. Market demand for outpatient services such as primary care, mental health, and outpatient specialty services is projected to grow from FY 2019 to FY 2029.
- **Relocate the non-teaching portion of primary care currently provided at the Houston VAMC to the surrounding VA points of care:** Relocating some outpatient clinics at the Houston VAMC in Harris County will reduce space constraints for acute care and ancillary services and simplify efforts to modernize the facility in order to retain medical and surgical specialties closely connected to the inpatient medical and surgical services.
- **Establish a strategic collaboration to deliver primary care services within a community provider space in Livingston, Texas:** Livingston, Texas (Polk County), was identified as an area with coverage gaps but does not have the population size or growth to support a VA-staffed or leased CBOC for primary care. A Livingston sharing agreement would allow VA to test the demand for outpatient services without the investment required for a new CBOC lease.

## Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 16 East Texas Market: Status Quo, Modernization, and VA Recommendation. Status Quo includes costs associated with FCA deficiencies and represents no significant change in capital and operational costs. Modernization seeks to modernize all existing health care infrastructure. The VA Recommendation implements the market recommendation and seeks to modernize any remaining health care infrastructure.

- Costs:** The present value cost<sup>44</sup> over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. The capital cost includes costs associated with construction of new facilities, modernization of current facilities, leases, land acquisition, and demolition. VA operational cost includes direct costs (e.g., medical service costs), indirect costs (e.g., administrative costs), and VA special direct costs (e.g., suicide prevention coordinators). Non-VA care costs includes direct costs (e.g., payments for patient care), indirect costs (e.g., care coordination), overhead costs (e.g., national program costs), and administrative per member per month costs (e.g., third party administration of the Community Care Network).
- Benefits:** Benefits were evaluated based on five key domains: Demand and Supply, Access, Facilities and Sustainability, Quality, and Mission.

The CBA leveraged both the costs and benefits to generate a Cost Benefit Index (CBI) – a simple metric used to compare the costs and benefits associated with each COA. The COA with the lowest CBI is the preferred COA. The results of the CBA for the East Texas Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 16 East Texas Market	Status Quo	Modernization	VA Recommendation
<b>Total Cost</b>	\$32,873,705,998	\$35,385,922,014	\$35,755,644,445
Capital Costs	\$874,111,576	\$3,386,327,592	\$3,756,050,023
Operational Costs	\$31,999,594,422	\$31,999,594,422	\$31,999,594,422
<b>Total Benefit Score</b>	10	11	14
<b>CBI (normalized in \$B)</b>	<b>3.29</b>	<b>3.22</b>	<b>2.55</b>

**Note:** Operational costs are shifted from VA to non-VA care only when a service line is relocated in totality to non-VA care at the parent facility level. Total cost is a sum of operational and capital costs rounded to the nearest dollar.

<sup>44</sup> The present value cost is the current value of future costs discounted at the defined discount rate.

## Section 203 Criteria Analysis

This section provides an overview of how this market recommendation is consistent with the Section 203 decision criteria as required by the MISSION Act. For more detailed information, please see Appendix I.

### Demand

*This recommendation is consistent with the Demand criterion, aligning VA's high-performing integrated delivery network resources to effectively meet the future health care demand of the Veteran enrollee population with the capacity in the market.*

- **Summary:** Following implementation of the recommendation, the capacity available through VA facilities and community providers would be able to support 100% of the projected enrollee demand.
- **Outpatient:** Outpatient demand will be met through 12 VA points of care offering outpatient services, including the proposed new Conroe, Texas HCC; Livingston, Texas OOS; and Humble, Texas CBOC; as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Houston, Texas VAMC and the proposed new stand-alone CLCs in Conroe, Texas and Katy, Texas, as well as community nursing homes.

*The recommendation ensures that projected demand for SCI/D, RRTP, and blind rehabilitation is sufficiently met through VA-only capacity in the respective VISN or blind rehabilitation region.*

- **SCI/D:** Demand for inpatient SCI/D will be met through the SCI/D Hub at the Houston, Texas VAMC.
- **RRTP:** RRTP demand will be met through the proposed new stand-alone RRTP in Houston, Texas and the other facilities within VISN 16 offering RRTP, including the North Little Rock, Arkansas VAMC; Fayetteville, Arkansas VAMC; Biloxi, Mississippi VAMC; and Jackson, Mississippi, stand-alone RRTP; and proposed new Pensacola, Florida VAMC; Shreveport, Louisiana VAMC; and RRTP at the New Orleans, Louisiana VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Biloxi, Mississippi VAMC (VISN 16); the Waco, Texas VAMC (VISN 17); the Tucson, Arizona VAMC (VISN 22); and the Long Beach, California VAMC (VISN 22).
- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the Houston, Texas VAMC, as well as through community providers.



## Access

*This recommendation is consistent with the Access criterion, maintaining or improving Veteran access to care in the market and providing Veterans the opportunity to choose the care they trust throughout their lifetime. The Access criterion evaluates enrollee access to care in the current and proposed future state across multiple service lines. It is evaluated for both the overall enrollee population as well as for specific subpopulations of enrollees that traditionally face barriers to receiving appropriate care, including minority enrollees, enrollees over 65, women enrollees, rural enrollees, and enrollees living in disadvantaged neighborhoods. Below are the access results for both primary care and specialty care among the overall enrollee population.*

- **Access to primary care:** Following implementation of the recommendation, the number of enrollees within 30 minutes of primary care available through VA facilities and community providers is projected to be maintained, with 160,756 enrollees within 30 minutes of primary care in the future state.
- **Access to specialty care:** Following implementation of the recommendation, the number of Veterans within 60 minutes of specialty care available through VA facilities and community providers is projected to be maintained, with 161,067 enrollees within 60 minutes of specialty care in the future state.

## Mission

*This recommendation is consistent with the Mission criterion, providing for VA's second, third, and fourth health related statutory missions of education, research, and emergency preparedness.*

- **Education:** The recommendation for this market supports VA's ability to maintain its education mission in VISN 16. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliations with University of Texas Health Science Center and Baylor College of Medicine.
- **Research:** This recommendation does not impact the research mission in the market and allows the Houston, Texas VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Houston, Texas VAMC will maintain its status as a Primary Receiving Center.

## Quality

*This recommendation is consistent with the Quality criterion, considering the quality and delivery of health care services available to Veterans in the market, including the experience, safety, and appropriateness of care.*

- **Quality among providers:** The recommendation ensures that all providers included within the high-performing integrated delivery network meet the established quality standards by provider type (outlined in Appendix E).
- **Quality improvements through new infrastructure:** Quality is improved through the proposed new Conroe, Texas HCC; Humble, Texas CBOC; Livingston, Texas OOS; stand-alone RRTP in Houston, Texas; stand-alone CLC in Conroe, Texas; and stand-alone CLC in Katy, Texas. This new infrastructure will aid in improving the patient experience with care delivery provided in modern spaces and aid in the recruitment of staff with facilities offering the latest technology.
- **Promoting recruitment of top clinical and non-clinical talent:** The recommendation maintains VA's academic and non-academic partnerships, which supports the recruitment and retention of top clinical and non-clinical talent.

## Cost Effectiveness

*This recommendation is consistent with the Cost Effectiveness criterion, providing a cost-effective means by which to provide Veterans with modern health care. The Cost Effectiveness criterion was assessed through a CBA summarized in the CBA section and detailed in Appendix H.*

- **CBI:** The CBI is the primary metric for cost effectiveness. The CBI for the VA Recommendation COA is lower than the Status Quo (2.55 for VA Recommendation versus 3.29 for Status Quo), indicating that the VA Recommendation is more cost effective than the Status Quo.

## Sustainability

*This recommendation is consistent with the Sustainability criterion, creating a sustainable health care delivery system for Veterans. It ensures that the health care delivery system proposed for the market is aligned with future demand, allowing it to sustainably operate and provide a safe and welcoming health care environment that meets modern health care standards.*

- **Aligns investment in care and services with projected Veteran care needs:** All facilities in the future state of this market meet the minimum demand threshold to support sustainable services.
- **Sustainability improvements through new infrastructure:** Within this recommendation, sustainability is improved through the proposed new Conroe, Texas HCC; Humble, Texas CBOC; Livingston, Texas OOS; stand-alone RRTP in Houston, Texas; stand-alone CLC in Conroe, Texas; and stand-alone CLC in Katy, Texas. This new infrastructure modernizes VA facilities to include state-of-the-art equipment that will aid in the recruitment of providers and support staff.
- **Reflects stewardship of taxpayer dollars:** While the cost of the market recommendation is more than the cost to modernize facilities in the market today (\$35.8B for VA Recommendation versus \$35.4B for Modernization), there are benefits realized through the market recommendation in at least one of the five domains assessed by the CBA that are not realized through the modernization approach. As a result, the CBI score for the VA Recommendation COA is lower than the Modernization COA (2.55 for VA Recommendation versus 3.22 for Modernization), reflecting effective stewardship of taxpayer dollars.