



VA Recommendations to the

ASSET AND INFRASTRUCTURE REVIEW COMMISSION

March 2022

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VISN 22

Market Recommendations



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VISN 22 Loma Linda Market

The Veterans Integrated Service Network (VISN) 22 Loma Linda Market serves Veterans in southern California, east of Los Angeles in Riverside, San Bernardino, and Inyo counties. 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.¹

VA's Commitment to Veterans in the Loma Linda Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 22's Loma Linda 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 carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

The market is facing low enrollment growth. Demand for inpatient medical and surgical services is decreasing, while demand for inpatient mental health, long-term care, and outpatient care is increasing. Many outpatient facilities in the market are contracted sites of care, which will be transitioned to VA-leased facilities with care delivered by VA providers. The strategy for the market is intended to provide Veterans 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 modernized outpatient sites offering primary care, mental health, and low acuity specialty services to better distribute care. The recommendation expands three community-based outpatient clinics (CBOCs) in Murrieta, Palm Desert, and Rancho Cucamonga to multi-specialty community-based outpatient clinics (MS CBOCs) to enhance Veteran access. The recommendation also transitions care from contracted care to VA care in VA facilities at the Corona and Victorville CBOCs.

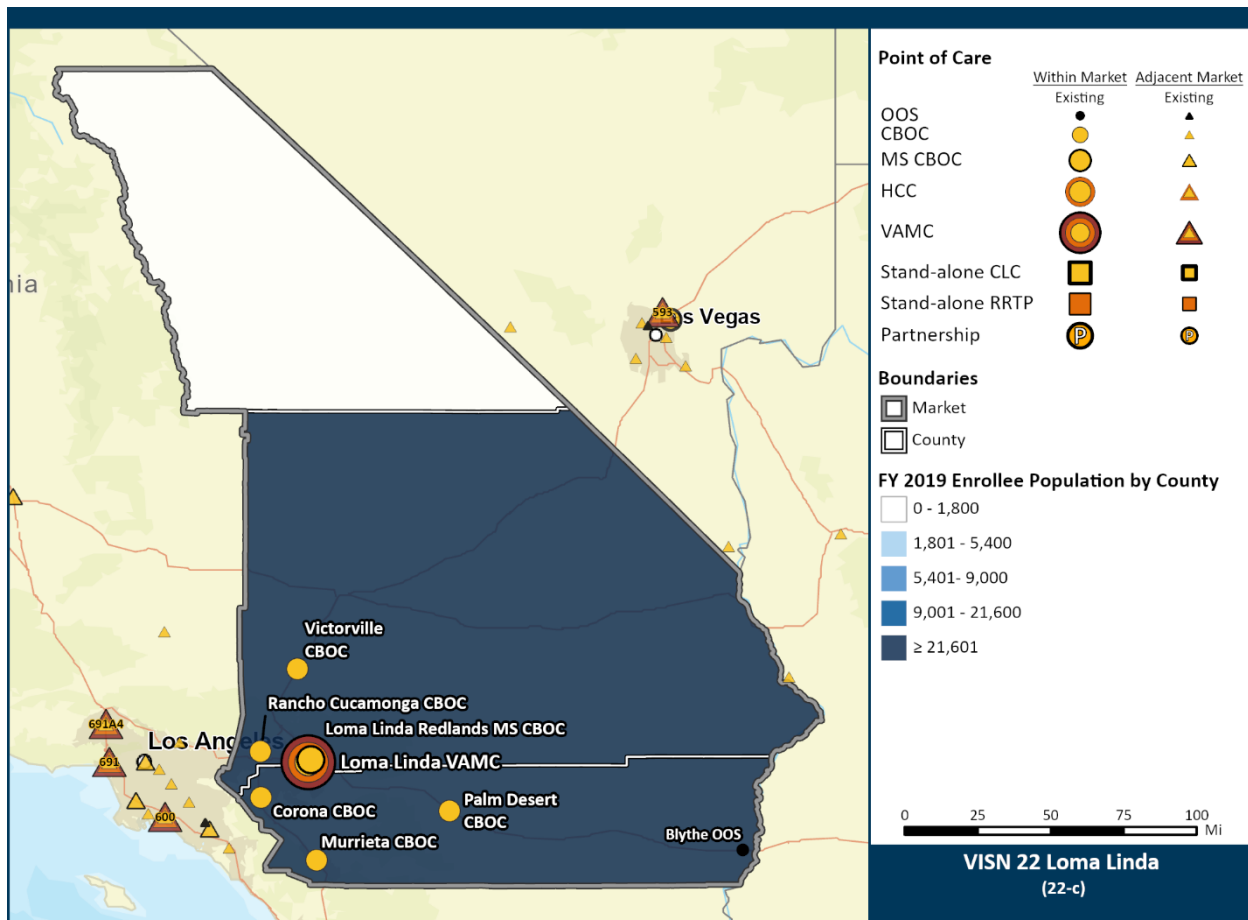
¹ Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

- Enhance VA’s unique strengths in caring for Veterans with complex needs:** VA’s recommendation establishes a new stand-alone residential rehabilitation treatment program (RRTP) to provide comprehensive care that may not be readily available in the community and enhances geropsychiatry services in a new unit at the community living center (CLC). The recommendation maintains inpatient mental health programs at the Loma Linda VAMC. The Long Beach VAMC in the Greater Los Angeles Market is the inpatient spinal cord injuries and disorders (SCI/D) specialty hub for the Loma Linda Market. Demand for inpatient blind rehabilitation services will be met at the Long Beach, California VAMC (VISN 22).
- 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 modernizes inpatient medical and surgical services within the Loma Linda VAMC to provide high-quality inpatient medical and surgical care.

Market Overview

The market overview includes a map of the Loma Linda 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 one VAMC (Loma Linda), one MS CBOC, five CBOCs, and one other outpatient services (OOS) site.

Enrollees: In fiscal year (FY) 2019, the market had 105,290 enrollees and is projected to experience a 1.9% increase in enrolled Veterans by FY 2029. The market covers three counties in California, and the largest enrollee populations are in the counties of Riverside and San Bernardino, California.

Demand: Demand² in the market for inpatient medical and surgical services is projected to decrease by 8.6% and demand for inpatient mental health services is projected to increase by 4.2% between FY 2019 and FY 2029. Demand for long-term care³ is projected to increase by 41.5%. Demand for all outpatient services,⁴ including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 11.9% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 88.2% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 86.5% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers⁵ in the market within a 60-minute drive time of the VAMC had an inpatient acute occupancy rate⁶ of 58.5% (2,371 available beds)⁷ and an inpatient mental health occupancy rate of 75.6% (33 available beds). Community nursing homes within a 30-minute drive time of the VAMC were operating at an occupancy rate of 91.0% (51 available beds), indicating limited community capacity. Community residential rehabilitation programs⁸ 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 Loma Linda University and the University of California, Riverside. The Loma Linda VAMC is ranked 21 out of 154 VA training sites based on number of trainees and is ranked 57 out of 103 VAMCs with research funding. The Loma Linda VAMC has no emergency designation.⁹

² 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).

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

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

⁵ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

⁶ 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.

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

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

⁹ 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 Overview

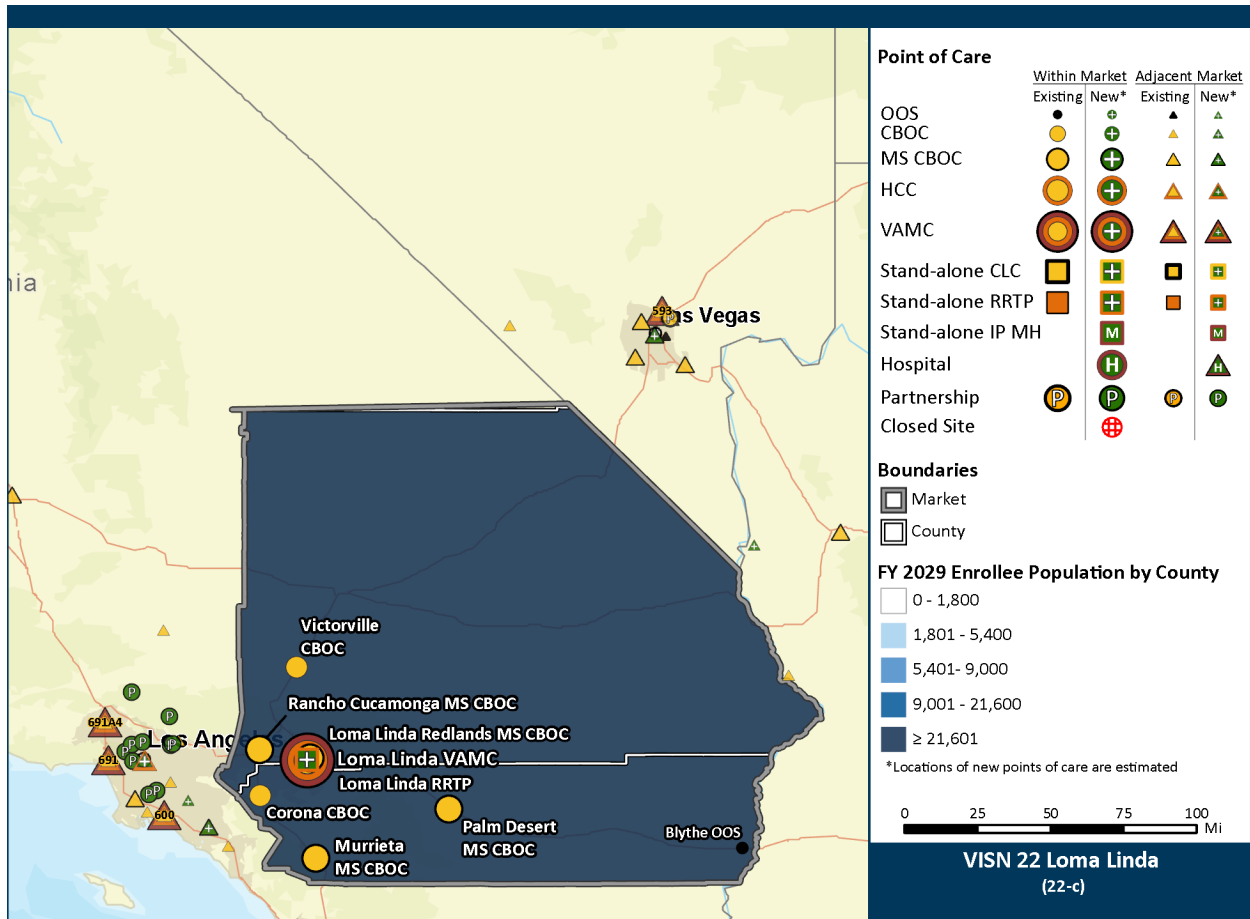
Loma Linda VAMC: The Loma Linda VAMC is located in Loma Linda, California, and offers inpatient medical and surgical, inpatient mental health, CLC, and outpatient services. In FY 2019, the Loma Linda VAMC had an inpatient medical and surgical average daily census (ADC) of 72.3, an inpatient mental health ADC of 18.8, and a CLC ADC of 66.2.

The Loma Linda VAMC was built in 1977 on a 40.0-acre campus. The last major renovation was in 1985. Zero acres are available for additional development, and the facility is undergoing unit renovations to provide private patient rooms. Facility condition assessment (FCA) deficiencies are approximately \$113.8M, and annual operations and maintenance costs are an estimated \$16.2M.

Recommendation and Justification

This section details the VISN 22 Loma Linda Market recommendation and justification for each element of the recommendation.

Future Market Map



1. **Modernize and realign the Loma Linda VAMC by modernizing the inpatient medical and surgical units at the Loma Linda VAMC:** In FY 2019, the Loma Linda VAMC had 132 inpatient medical and surgical beds with an ADC of 72.3. Between FY 2019 and FY 2029, inpatient medical and surgical in-house demand is projected to decrease from an ADC of 72.3 to an ADC of 59.7. Converting existing shared rooms to private patient rooms will increase privacy, improve patient satisfaction, and bring care delivery up to modern health care standards. In addition, decreasing beds to 76 will appropriately accommodate projected demand.
2. **Modernize by establishing a new stand-alone RRTP in the vicinity of Loma Linda, California:** The Loma Linda Market currently does not have an RRTP and primarily uses the West Los Angeles and San Diego VAMCs for services. Projected demand and convenient access to residential rehabilitation services are the major drivers for the recommendation to establish an RRTP in the market. The market has a projected FY 2028 RRTP bed demand of 60. In FY 2019, there were 96,309 enrollees within 60 minutes of the proposed stand-alone RRTP site. The new RRTP will reduce out-of-market travel, allow Veterans to receive residential rehabilitation closer to where they live, and create a sustainable program. The San Diego VAMC's Aspire Center, where intensive treatment for post-traumatic stress disorder (PTSD) is the sole focus, will be the designated location for PTSD services for the Loma Linda Market.
3. **Modernize and realign outpatient facilities in the market by:**
 - 3.1. **Relocating the Murrieta CBOC to a new site in the vicinity of Murrieta, California, and closing the Murrieta CBOC:** In FY 2019, the Murrieta CBOC served 8,676 core uniques¹⁰ at the existing site. There were 108,293 enrollees within 60 minutes and 24,136 enrollees within 30 minutes of the CBOC in FY 2019. Additionally, Riverside County, where the Murrieta CBOC is located, is projected to experience a 5.6% increase in enrollment between FY 2019 and FY 2029. Replacing this contracted facility with a VA-staffed and leased facility in the vicinity of Murrieta, California, will allow for improved access to outpatient services and improved Veteran satisfaction through more appropriately maintained staffing levels, accommodations for patient-aligned care teams (PACTs), and the addition of specialty services, which will classify this site as an MS CBOC.
 - 3.2. **Relocating the Palm Desert CBOC to a new site in the vicinity of Palm Desert, California, and closing the Palm Desert CBOC:** In FY 2019, the Palm Desert CBOC served 8,902 core uniques at the existing site. There were 30,555 enrollees within 60 minutes and 9,562 enrollees within 30 minutes of the CBOC in FY 2019. Additionally, Riverside County, where the Palm Desert CBOC is located, is projected to experience a 5.6% increase in enrollment between FY 2019 and FY 2029. Replacing this contracted facility with a VA-staffed and leased facility in the vicinity of Palm Desert, California, will allow for improved access to outpatient services and improved Veteran satisfaction through more appropriately maintained staffing levels, accommodations for PACT teams, and the addition of specialty services, which will classify this site as an MS CBOC.

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

- 3.3. Relocating the Rancho Cucamonga CBOC to a new site in the vicinity of Rancho Cucamonga, California, and closing the Rancho Cucamonga CBOC:** In FY 2019, the Rancho Cucamonga CBOC served 7,342 core uniques. There were 113,725 enrollees within 60 minutes and 34,605 enrollees within 30 minutes of the CBOC in FY 2019. Additionally, San Bernardino County, where the Rancho Cucamonga CBOC is located, enrollment is projected to slightly decrease by 2.8% from 45,268 in FY 2019 to 44,015 in FY 2019. Replacing this contracted facility with a VA-staffed and leased facility in the vicinity of Rancho Cucamonga, California, will allow for improved access to outpatient services and improved Veteran satisfaction through more appropriately maintained staffing levels, accommodations for PACT teams, and the addition of specialty services, which will classify this site as an MS CBOC.
- 3.4. Relocating the Corona CBOC to a new site in the vicinity of Corona, California, and closing the Corona CBOC:** In FY 2019, the Corona CBOC served 3,914 core uniques and had 24,590 enrollees within 30 minutes of the CBOC. Additionally, Riverside County, where the Corona CBOC is located, is projected to experience a 5.6% increase in enrollment between FY 2019 and FY 2029. Replacing this contracted facility with a VA-staffed and leased facility in the vicinity of Corona, California will allow for improved access to outpatient services and improved Veteran satisfaction through more appropriately maintained staffing levels and accommodations for PACT teams.
- 3.5. Relocating the Victorville CBOC to a new site in the vicinity of Victorville, California, and closing the Victorville CBOC:** In FY 2019, the Victorville CBOC served 5,675 core uniques and had 10,896 enrollees within 30 minutes of the CBOC. Additionally, San Bernardino County, where the Victorville CBOC is located, enrollment is projected to slightly decrease by 2.8% from 45,28 in FY 2019 to 44,015 in FY 2029. Replacing this contracted facility with a VA-staffed and leased facility in the vicinity of Victorville, California, will allow for improved access to outpatient services and improved Veteran satisfaction through more appropriately maintained staffing levels and accommodations for PACT teams.

Complementary Strategy

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

Loma Linda Market

- **Realign Inyo County, California, from the VISN 22 Loma Linda Market to the VISN 21 Sierra Nevada Market:** Referral patterns indicate that Veterans from Inyo County in VISN 22 are already traveling to VISN 21 to receive care. Realigning Inyo County to VISN 21 will more accurately reflect the patterns by which Veterans seek care and have minimal impact on the Loma Linda Market.

Loma Linda VAMC

- **Establish a new dedicated geropsychiatric unit within the CLC at the Loma Linda VAMC (San Bernardino County) (in progress):** The addition of a geropsychiatric unit will address an unmet need for these specialized services in the market.
- **Create strategic collaborations with the State Veterans Home and utilize community providers in Barstow, California, to meet the demand for long-term CLC services. Improve efficiency of CLC services currently offered at the Loma Linda VAMC (San Bernardino County):** As long-term care demand is projected to increase, creating multiple community partnerships will enable the VAMC to accommodate more residents for long-term care. Improvement of occupancy in the CLC will help address a part of the demand and reduce reliance on nursing home care in the community.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 22 Loma Linda 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 cost¹¹ 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 include 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 VISN 22 Loma Linda Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

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

VISN 22 Loma Linda Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$21,553,317,485	\$22,441,804,116	\$22,921,617,875
Capital Cost	\$905,198,455	\$1,793,685,086	\$2,273,498,845
Operational Cost	\$20,648,119,030	\$20,648,119,030	\$20,648,119,030
Total Benefit Score	9	11	14
CBI (normalized in \$B)	2.39	2.04	1.64

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 eight VA points of care offering outpatient services, including the proposed expanded Murrieta, California MS CBOC; Palm Desert, California MS CBOC; and Rancho Cucamonga, California MS CBOC as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Loma Linda, California VAMC and the State Veterans Home in Barstow, California, 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 Long Beach, California VAMC (VISN 22).
- **RRTP:** RRTP demand will be met through the proposed new stand-alone RRTP in Loma Linda, California, and the other facilities within VISN 22 offering RRTP, including the San Diego, California VAMC; the stand-alone RRTP in San Diego, California; the West Los Angeles, California VAMC; the proposed new Anthem, Arizona VAMC; the Prescott, Arizona VAMC; the Tucson, Arizona VAMC; and the RRTP at the Albuquerque, New Mexico VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Long Beach, California VAMC (VISN 22); the Tucson, Arizona VAMC (VISN 22); the Biloxi, Mississippi VAMC (VISN 16); and the Waco, Texas VAMC (VISN 17).

Demand

- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the Loma Linda, California 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 in 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 104,282 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 104,838 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 22. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with Loma Linda University and the University of California at Riverside.
- **Research:** This recommendation does not impact its research mission in the market and allows the Loma Linda, California VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Loma Linda, California VAMC is not 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 stand-alone RRTP in Loma Linda, California, as well as the modernization of the inpatient medical and surgical rooms at the Loma Linda, California 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 COA (1.64 for VA Recommendation versus 2.39 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 stand-alone RRTP in Loma Linda, California, as well as the modernization of the inpatient medical and surgical rooms at the Loma Linda, California 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 (\$22.9B for VA Recommendation versus \$22.4B 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 (1.64 for VA Recommendation versus 2.04 for Modernization), reflecting effective stewardship of taxpayer dollars.



VISN 22 San Diego Market

The Veterans Integrated Service Network (VISN) 22 San Diego Market serves Veterans in southern California. 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.¹²

VA's Commitment to Veterans in the San Diego Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 22's San Diego 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 carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

The market is facing moderate enrollment growth. Demand for inpatient medical and surgical services is declining while demand for inpatient mental health, long-term care, and outpatient care is increasing. Significant enrollment growth of women Veterans is projected. The San Diego VAMC will be modernized, and investments will be made to expand the community living center (CLC), residential rehabilitation treatment program (RRTP), and outpatient services. The strategy for the market is intended to provide Veterans 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 a new expanded multi-specialty community-based outpatient clinic (MS CBOC) in the vicinity of Poway, California, offering primary care, mental health, and low acuity specialty services to add an access point in a growing market. Outpatient mental health services will be expanded at the existing care sites in Rio and Escondido, California.

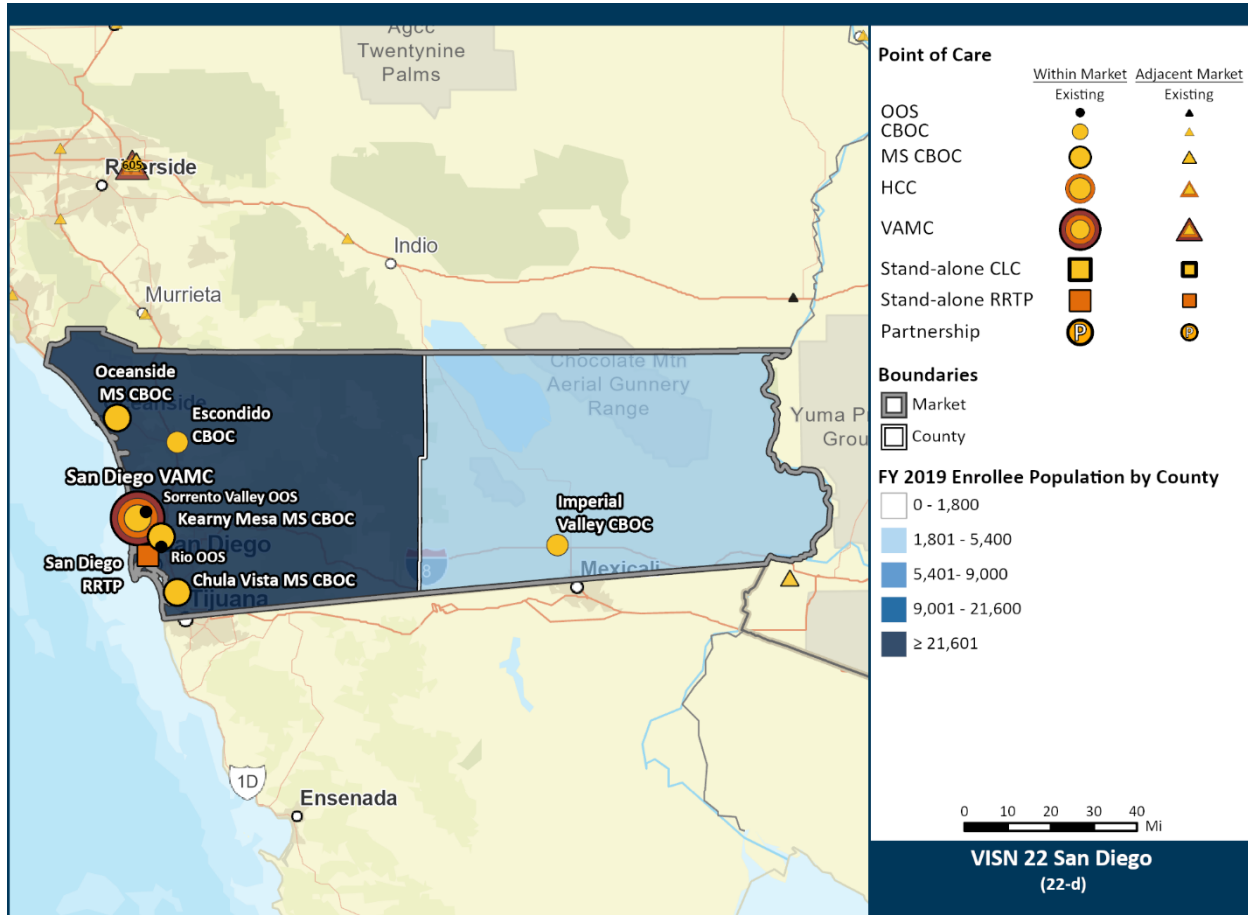
¹² Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

- **Enhance VA’s unique strengths in caring for Veterans with complex needs:** VA’s recommendation invests in modern CLC and inpatient spinal cord injuries and disorders (SCI/D) buildings to expand care for Veterans with the most complex needs. The recommendation expands and rebalances RRTP services at the VAMC to improve supply of these services for Veterans and maintains sustainable inpatient mental health services. Demand for inpatient blind rehabilitation services will continue to be met at the Long Beach Blind Rehabilitation Services Center at the Long Beach, California VAMC (VISN 22).
- **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 sustainable programs within the San Diego VAMC and expands utilization of regional or local partnerships with the Department of Defense (DoD), academic affiliates, and other community providers to provide inpatient medical and surgical care.

Market Overview

The market overview includes a map of the San Diego 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 one VAMC (San Diego), one stand-alone RRTP, three MS CBOCs, two community-based outpatient clinics (CBOCs), and two other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 118,789 enrollees and is projected to experience a 4.1% increase in enrolled Veterans by FY 2029. The largest enrollee population is in the county of San Diego, California.

Demand: Demand¹³ 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 increase by 8.9% between FY 2019 and FY 2029. Demand for long-term care¹⁴ is projected to increase by 83.6%. Demand for all outpatient

¹³ 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).

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

services,¹⁵ including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 3.8% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 97.4% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 96.7% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers¹⁶ in the market within a 60-minute drive time of the VAMC had an inpatient acute occupancy rate¹⁷ of 65.1% (780 available beds)¹⁸ and an inpatient mental health occupancy rate of 71.2% (16 available beds). Community nursing homes within a 30-minute drive time of the VAMC were operating at an occupancy rate of 90.8% (162 available beds), indicating limited community capacity. Community residential rehabilitation programs¹⁹ 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 California – San Diego (UCSD). The San Diego VAMC is ranked 17 out of 154 VA training sites based on the number of trainees and is ranked 7 out of 103 VAMCs with research funding. The San Diego VAMC has no emergency designation.²⁰

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

¹⁶ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

¹⁷ 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.

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

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

²⁰ 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 Overview

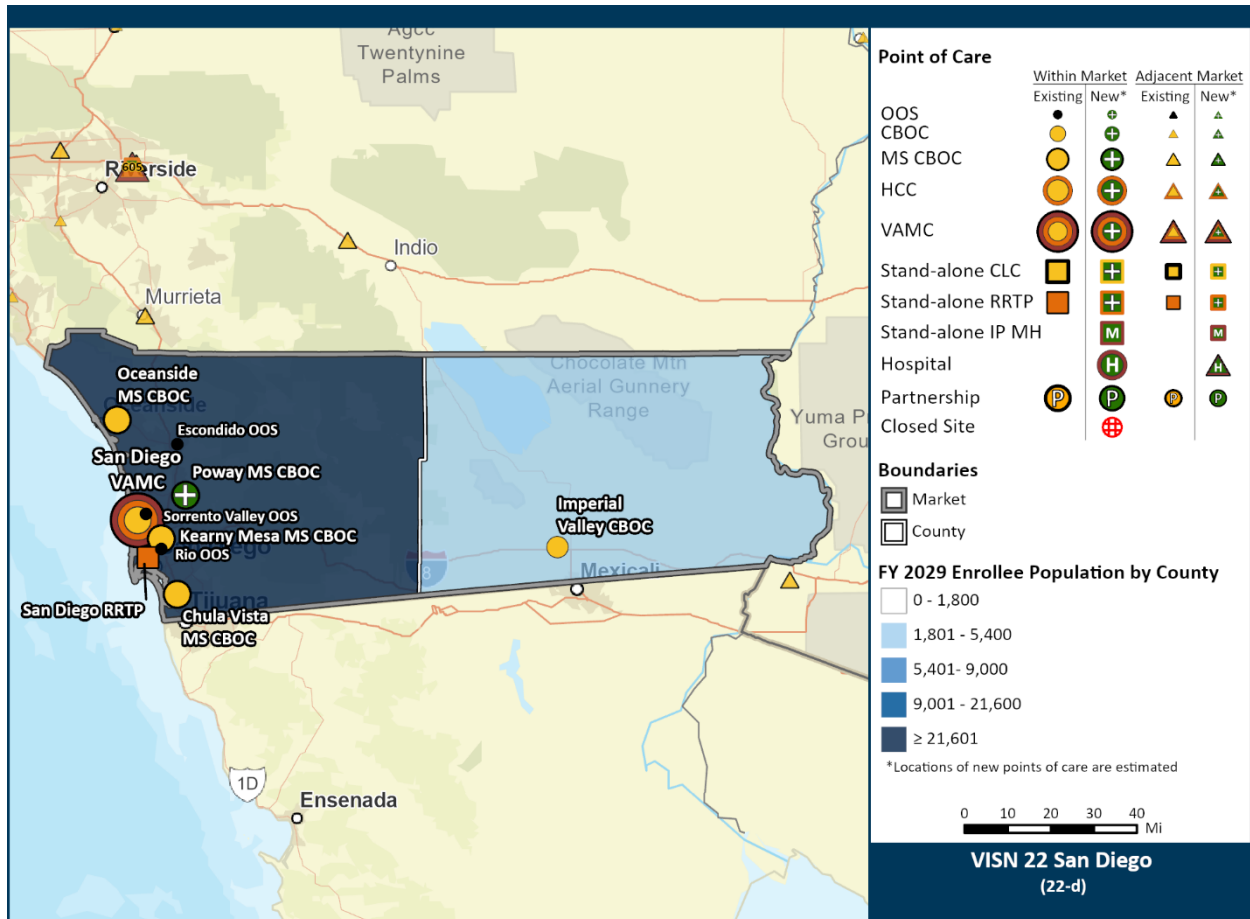
San Diego VAMC: The San Diego VAMC is located in San Diego, California, and offers inpatient medical and surgical, inpatient mental health, RRTP, CLC, SCI/D, and outpatient services. In FY 2019, the San Diego VAMC had an inpatient medical and surgical average daily census (ADC) of 74.0, an inpatient mental health ADC of 34.5, an RRTP ADC of 43.6 (includes ADC for the on campus RRTP and the stand-alone Aspire Center RRTP), a CLC ADC of 25.7, and an SCI/D ADC of 19.7.

The San Diego VAMC was built in 1972 on a 26.0-acre campus. There is no land available for additional development. Facility condition assessment (FCA) deficiencies are approximately \$322.6M, and annual operations and maintenance costs are an estimated \$27.1M.

Recommendation and Justification

This section details the VISN 22 San Diego Market recommendation and justification for each element of the recommendation.

Future Market Map



1. **Modernize and realign the San Diego VAMC by:**
 - 1.1. **Establishing a strategic collaboration with Naval Hospital Camp Pendleton and Naval Medical Center San Diego to provide outpatient surgery and surgical specialty care:** Providing select outpatient surgical services at Naval Hospital Camp Pendleton and Naval Medical Center San Diego will expand Veteran access to these services. This will allow for joint use of existing surgical assets and help to rightsize ongoing VAMC investments, including a surgical suite renovation project.
 - 1.2. **Modernizing the inpatient medical and surgical space at the San Diego VAMC:** In FY 2019, the San Diego VAMC had 114 inpatient medical and surgical beds with an inpatient medical and surgical ADC of 74.0. Conversion of existing shared rooms to single patient rooms will increase privacy, patient satisfaction, and bring care delivery up to modern health care standards. Eighty-eight beds will appropriately meet current and projected demand.
 - 1.3. **Modernizing the RRTP at the San Diego VAMC:** Expanding the RRTP beds at the San Diego VAMC from 69 to 77 will meet the projected demand in the market for specific RRTP bed types, as well as serve the PTSD demand from Loma Linda. The expansion will include 23 General Domiciliary beds, 19 Domiciliary Care for Homeless Veterans (DCHV) beds, 18 substance use disorder (SUD) beds, and 17 post-traumatic stress disorder (PTSD) beds. The Aspire Center will accommodate PTSD service demand from both the San Diego and Loma Linda markets.
 - 1.4. **Constructing a new CLC and SCI/D replacement building at the San Diego VAMC:** Constructing a new modernized CLC and SCI/D replacement facility provides the opportunity to align with the latest design standards, rightsize SCI/D services, and provide long-term SCI/D beds. Additionally, moving acute SCI/D services out of Building 11 and repurposing the space to support ambulatory care reduces the required level of seismic remediation for the building and provides much needed space for expanding and reconfiguring primary care and specialty care services on the VAMC campus.
2. **Modernize and realign outpatient facilities in the market by establishing a new MS CBOC in the vicinity of Poway, California:** Currently, there is a service overlap between the Escondido CBOC and the Oceanside MS CBOC (approximately 19 miles apart). There are 126,142 enrollees within 60 minutes and 58,460 enrollees within 30 minutes of Poway. The Escondido CBOC will be rescoped to a single service OOS offering mental health. Once the Escondido CBOC has been rescoped, the proposed new MS CBOC in Poway will absorb primary care services from the former Escondido CBOC and improve access for a larger enrollee population, closing the identified market service gap, which is located northeast of the San Diego VAMC. Replacing this constrained, contracted facility with an expanded VA-staffed and leased facility in the vicinity of Poway, California (San Diego County) will allow for improved access to outpatient services and improved Veteran satisfaction.

Complementary Strategy

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

San Diego Market

- Expand current VA-DoD sharing agreement with Naval Medical Center San Diego and include Naval Hospital Camp Pendleton (San Diego County) to deliver inpatient obstetrical services currently purchased from community providers:** The San Diego VAMC purchases obstetrics care from the community and through a VA-DoD sharing agreement with Naval Medical Center San Diego, which ends December 31, 2022. Obstetrics had among the longest wait times for consults in FY 2018. The Naval Hospital Camp Pendleton and Naval Medical Center San Diego are located 32 minutes and 18 minutes, respectively, from the VAMC and have capacity to deliver obstetrical services.
- Increase availability of outpatient mental health services across the San Diego Market to address the potential lack of high-quality outpatient mental health specialists:** As identified in the Section 203 criteria analysis, there is a potential lack of high-quality outpatient mental health specialists. Increased availability may be achieved through a variety of tactics, such as telehealth, Veterans Community Care Program (VCCP) recruitment, and hiring additional VA providers, as appropriate.

San Diego VAMC

- Relocate primary care services currently provided at the Escondido CBOC (San Diego County) to the proposed new Poway MS CBOC; rescope the Escondido CBOC to a dedicated outpatient mental health site, which may result in classification of the facility as an OOS:** Rescoping the Escondido CBOC to an OOS addresses the identified service overlap between the Escondido CBOC and the Oceanside MS CBOC. Once the Escondido CBOC has been rescope, the proposed MS CBOC in Poway will absorb primary care services and improve access to care for a larger Veteran population. The dedicated mental health site in Escondido will serve Veterans and active-duty service members in the northern portion of San Diego County.
- Expand telehealth services at the Imperial Valley CBOC (Imperial County) to increase access to specialty care services:** The CBOC is in a rural location in Imperial County, California. The county contains only 2.5% of the market's enrollee population. Enrollees in the county may travel long distances to the San Diego VAMC for outpatient specialty care. An increased telehealth presence is a sustainable option to expand access to specialty care.
- Expand outpatient mental health services at the Rio OOS (San Diego County) to meet growing demand for services; include support for active-duty military personnel from Navy Medical Center San Diego:** The San Diego Market has plans to expand the Rio outpatient mental health facility from 5,900 building gross square feet to 17,400 building gross square feet to meet increasing demand for services.

- **Create a strategic collaboration with the State Veterans Home in Chula Vista, California, and utilize community providers to deliver CLC services in the San Diego area; maintain CLC services currently offered at the San Diego VAMC (San Diego County):** In FY 2019, there was a CLC ADC of 25.7 at the San Diego VAMC, and it is projected to increase to an in-house ADC of 36.6 in FY 2029. Projections indicate a future shortage in CLC beds at the VAMC. The San Diego VAMC is located 29 minutes (25.7 miles) from the State Veterans Home in Chula Vista, a 305-bed facility, which had a 71.0% occupancy rate in FY 2019. Community nursing homes within a 60-minute drive time had an FY 2019 occupancy rate of 90.8% (162 available beds), indicating limited community capacity.
- **Establish a shared research facility in partnership with UCSD, either elsewhere on campus or at a new off-campus location; relocate all non-clinical research functions out of the main hospital building:** Existing research space, including wet labs and a veterinary medical unit (VMU), is outdated and does not meet current space criteria. Relocating the services out of the main hospital building replaces the programs in a modern, properly sized research facility and frees up hospital space to improve clinical adjacencies.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 22 San Diego 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 cost²¹ 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 include 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 VISN 22 San Diego Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

²¹ The present value cost is the current value of future costs discounted at the defined discount rate.

VISN 22 San Diego Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$24,742,213,171	\$26,616,745,574	\$26,451,112,008
Capital Cost	\$1,415,301,363	\$3,289,833,766	\$3,124,200,200
Operational Cost	\$23,326,911,808	\$23,326,911,808	\$23,326,911,808
Total Benefit Score	9	11	13
CBI (normalized in \$B)	2.75	2.42	2.03

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 nine VA points of care offering outpatient services, including the proposed new Poway, California MS CBOC, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the San Diego, California VAMC and the State Veterans Home in Chula Vista, California 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 San Diego, California VAMC (VISN 22).
- **RRTP:** RRTP demand will be met through the San Diego, California VAMC; the stand-alone RRTP in San Diego, California; and the other facilities within VISN 22 offering RRTP, including the West Los Angeles, California VAMC; stand-alone RRTP in Loma Linda, California; the proposed new Anthem, Arizona VAMC; the Tucson, Arizona VAMC; the Prescott, Arizona VAMC; and the RRTP at the Albuquerque, New Mexico VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Long Beach, California VAMC (VISN 22); the Tucson, Arizona VAMC (VISN 22); the Biloxi, Mississippi VAMC (VISN 16); and the Waco, Texas VAMC (VISN 17).

Demand

- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the San Diego, California 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 in 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 122,097 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 122,355 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 22. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with the University of California – San Diego.
- **Research:** This recommendation does not impact its research mission in the market and allows the San Diego, California VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation does not impact VA's ability to execute its emergency preparedness mission; the San Diego, California VAMC is not 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 Poway, California MS CBOC, as well as the modernization of the inpatient medical and surgical rooms at the San Diego, California 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 COA (2.03 for VA Recommendation versus 2.75 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 Poway, California MS CBOC, as well as the modernization of the inpatient medical and surgical rooms at the San Diego, California 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:** The cost of the market recommendation is less than the cost to modernize facilities in the market today (\$26.5B for VA Recommendation versus \$26.6B 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 (2.03 for VA Recommendation versus 2.42 for Modernization), reflecting effective stewardship of taxpayer dollars.



VISN 22 Greater Los Angeles Market

The Veterans Integrated Service Network (VISN) 22 Greater Los Angeles Market serves Veterans in the Greater Los Angeles area. 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.²²

VA's Commitment to Veterans in the Greater Los Angeles Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 22's Greater Los Angeles 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 carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

The Greater Los Angeles Market is the third largest market in VA in terms of enrolled Veterans. The market is facing significant decreasing market enrollment. Demand for inpatient medical and surgical care and inpatient mental health care is decreasing, while demand for long-term care and outpatient care is increasing. Travel distances, public transit options, and the historical location of a majority of services creates very long travel times for many Veterans. The volume of homeless Veterans needing housing support and health care also contributes unique challenges to this market.

VA recommends facility investments to create modern, rightsized inpatient and outpatient services at the Long Beach VAMC. VA recommends investing in modern, rightsized inpatient and outpatient services at the West Los Angeles VAMC and complementing services on campus with a multifaceted partnership strategy with two academic affiliates, a community provider and the Los Angeles County Department of Health Services (DHS) to provide ten high-quality access points for inpatient medical and surgical services across the market. Off campus, outpatient services will be consolidated and expanded. The East Los Angeles community-based outpatient clinic (CBOC), Santa Barbara CBOC, and West Santa Ana other outpatient services (OOS) site will be closed, and services will be relocated to other nearby VA sites of care to maintain Veteran access. The Sepulveda VAMC will continue its subacute and outpatient

²² Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

mission. 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:

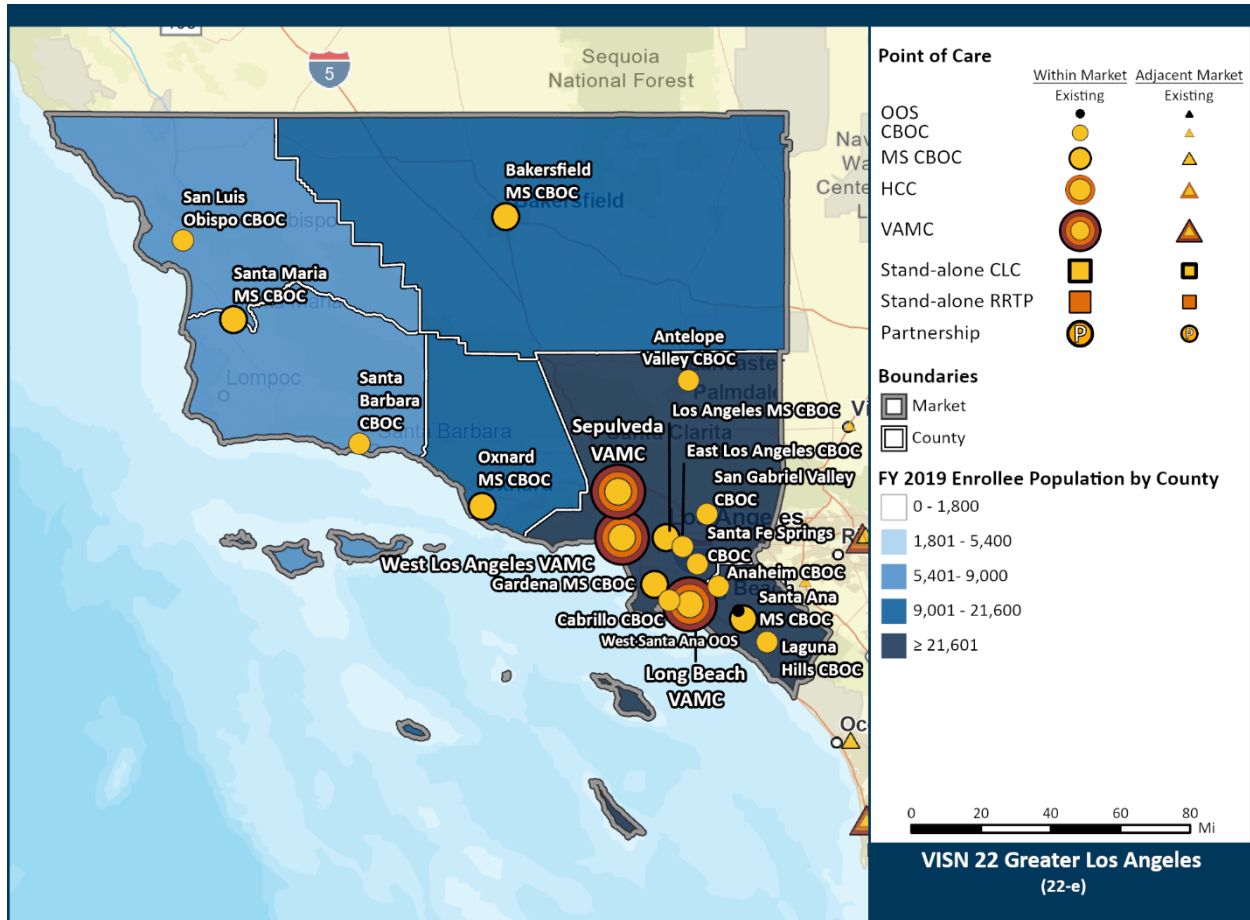
- **Provide equitable access to outpatient care through modern facilities close to where Veterans live and through the integration of virtual care:** VA's recommendation invests in modernized outpatient sites offering primary care, mental health, and low acuity specialty services. The recommendation maintains access to sustainable outpatient points of care and relocates care from contracted sites to VA-leased facilities. The Santa Ana multi-specialty community-based outpatient clinic (MS CBOC) will be relocated to an expanded location closer to more Veterans, and the Gardena MS CBOC will be transitioned to a VA-leased care site in an expanded location closer to more Veterans. Investment will be made to restore outpatient surgery at both the Sepulveda VAMC and the Los Angeles MS CBOC.
- **Enhance VA's unique strengths in caring for Veterans with complex needs:** VA's recommendation invests in modernized and rightsized inpatient mental health and community living center (CLC) services at the West Los Angeles VAMC and the Long Beach VAMC, maintains residential rehabilitation treatment program (RRTP) services at the West Los Angeles VAMC, and maintains CLC services at the Sepulveda VAMC, ensuring access to quality, comprehensive care that may not be readily available in the community. The inpatient spinal cord injuries and disorders (SCI/D) unit at the Long Beach VAMC will be modernized and rightsized and will continue to serve the market as the SCI/D hub. Demand for inpatient blind rehabilitation services will continue to be met at the Long Beach, California VAMC (VISN 22).
- **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:** Demand²³ for inpatient medical and surgical care is projected to decrease. VA's recommendation invests in a modernized, appropriately sized inpatient medical and surgical space at the West Los Angeles VAMC and expands utilization of partnerships with academic affiliates and other community providers to increase access to quality inpatient medical and surgical care closer to where Veterans live.

²³ 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).

Market Overview

The market overview includes a map of the Greater Los Angeles 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 three VAMCs (Long Beach, West Los Angeles, and Sepulveda), six MS CBOCs, nine CBOCs, and one OOS site.

Enrollees: In fiscal year (FY) 2019, the market had 211,057 enrollees, and is projected to experience a 13.3% decrease in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Los Angeles, Orange, and Kern, California.

Demand: Demand in the market for inpatient medical and surgical services is projected to decrease by 22.5%, and demand for inpatient mental health services is projected to decrease by 9.8% between FY 2019 and FY 2029. Demand²⁴ for long-term care is projected to increase by 24.8%. Demand for all

²⁴ Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA’s EHCPM in BDOC.

outpatient services,²⁵ including primary care, mental health, specialty care, dental, and rehabilitation therapies is projected to increase.

Rurality: 7.7% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 94.8% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 81.6% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers²⁶ in the market within a 60-minute drive time of the VAMCs had an inpatient acute occupancy rate²⁷ of 60.3% (4,659 available beds)²⁸ and an inpatient mental health occupancy rate of 74.0% (73 available beds). Community nursing homes within a 30-minute drive time of the VAMC were operating at an occupancy rate of 88.3% (968 available beds). Community residential rehabilitation programs²⁹ 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 California at Irvine, the University of California at Los Angeles (UCLA), the University of South California (USC), and Charles Drew University. The Long Beach VAMC is ranked 20 out of 154 VA training sites based on the number of trainees, the West Los Angeles VAMC is ranked 2 out of 154 VA training sites, and the Sepulveda VAMC is ranked 134 out of 154 VA training sites. The Long Beach VAMC is ranked 49 out of 103 VAMCs with research funding, the West Los Angeles VAMC is ranked 11 out of 103 VAMCs, and the Sepulveda VAMC is ranked 39 out of 103 VAMCs. The Long Beach VAMC is a Federal Coordinating Center and a Primary Receiving Center.³⁰ The West Los Angeles and the Sepulveda VAMCs have no emergency designation.

Facility Overviews

Long Beach VAMC: The Long Beach VAMC is located in Long Beach, California, and offers inpatient medical and surgical, inpatient mental health, CLC, SCI/D, blind rehabilitation, rehabilitation medicine, and outpatient services. In FY 2019, the Long Beach VAMC had an inpatient medical and surgical average daily census (ADC) of 74.7, an inpatient mental health ADC of 27.0, a CLC ADC of 66.9, an SCI/D ADC of 77.1, a blind rehabilitation ADC of 11.8, and a rehabilitation medicine ADC of 8.7.

The Long Beach VAMC was established in 1943, and the main patient care facility was built in 1967. On the 100.0-acre campus, 10.0 acres are available for additional development. The VAMC's last major renovation was in 1996. Facility condition assessment (FCA) deficiencies are approximately \$138.7M, and annual operations and maintenance costs are an estimated \$23.1M.

West Los Angeles VAMC: The West Los Angeles VAMC is located in the Brentwood neighborhood of Los Angeles, California, and offers inpatient medical and surgical, inpatient mental health, RRTP, CLC,

²⁵ Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

²⁶ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

²⁷ 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.

²⁸ Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

²⁹ Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

³⁰ 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.

rehabilitation medicine, and outpatient services. In FY 2019, the West Los Angeles VAMC had an inpatient medical and surgical ADC of 104.6, an inpatient mental health ADC of 44.3, an RRTP ADC of 189.7, a CLC ADC of 139.7, and a rehabilitation medicine ADC of 13.7.

The West Los Angeles VAMC was established in the 1880s, and the main hospital building was built in 1976. On the 334.0-acre campus, 10.0 acres are available for additional development. FCA deficiencies are approximately \$1.1B, and annual operations and maintenance costs are an estimated \$31.7M.

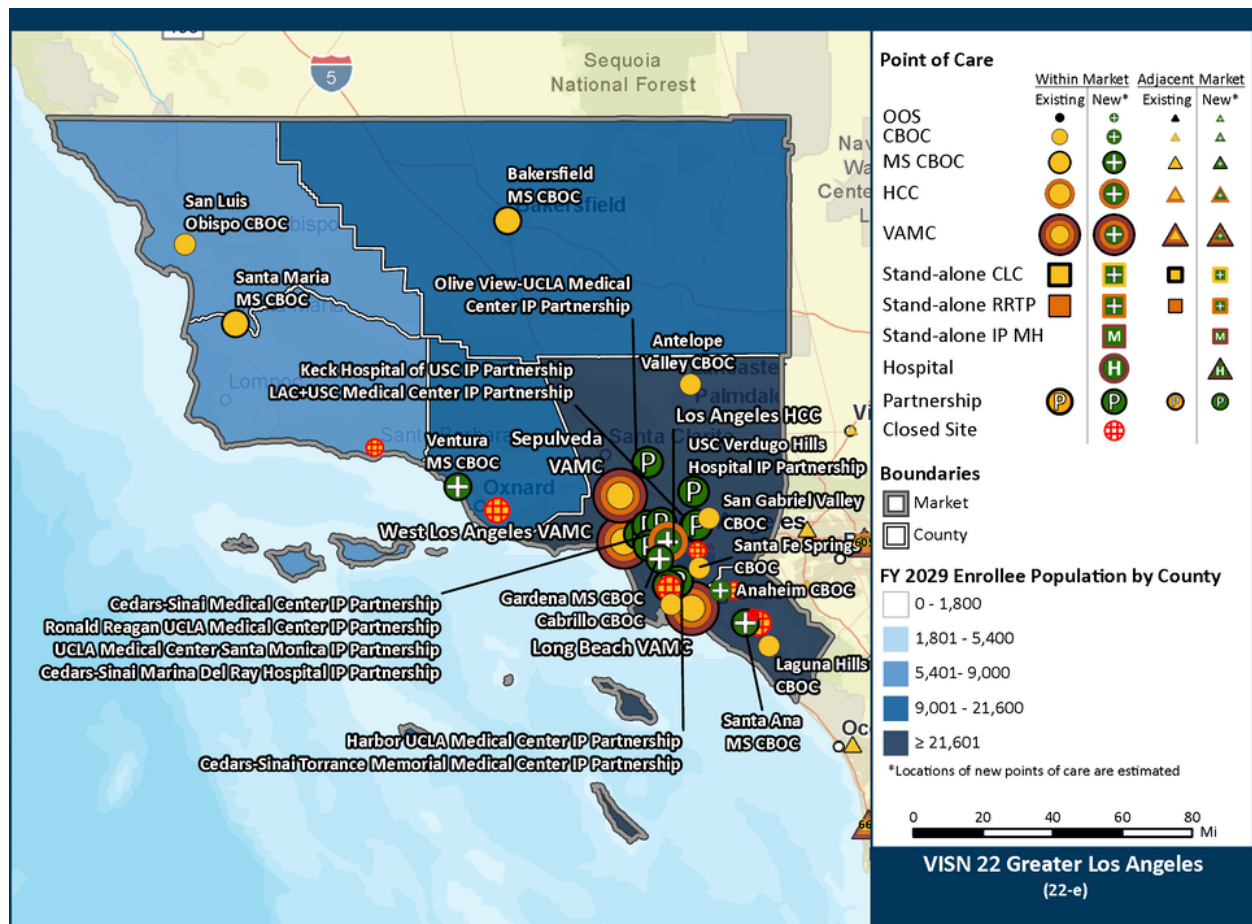
Sepulveda VAMC: The Sepulveda VAMC is located in the North Hills neighborhood of Los Angeles, California, and offers CLC and outpatient services. In FY 2019, the Sepulveda VAMC had a CLC ADC of 44.8.

The Sepulveda VAMC was established in 1954, and the main patient care facility was built in 1996. On the 134.0-acre campus, 20.0 acres are available for additional development. FCA deficiencies are approximately \$169.1M, and annual operations and maintenance costs are an estimated \$13.4M.

Recommendation and Justification

This section details the VISN 22 Greater Los Angeles Market recommendation and justification for each element of the recommendation.

Future Market Map



1. Modernize and realign the Long Beach VAMC by:

1.1. Modernizing the CLC, blind rehabilitation, and SCI/D spaces at the Long Beach VAMC: In FY 2019, the Long Beach VAMC had 75 CLC beds, 24 blind rehabilitation beds, and 102 acute SCI/D beds. There is a current construction project to build a new 120-bed CLC. A project to build 130 SCI/D beds is scheduled for 2024. Both projects aim to modernize beds for CLC and SCI/D services and ensure that facilities meet current standards of care and support changing technology. Though in-house demand for CLC and blind rehabilitation is projected to increase, there are excess beds. Additionally, in-house demand for SCI/D is decreasing, indicating a need for fewer CLC, blind rehabilitation, and SCI/D beds in the future. Rightsizing to 72 CLC beds (a reduction of 3 beds), 18 blind rehabilitation beds (a reduction of 6 beds), and 80 acute SCI/D beds (a reduction of 22 beds) is recommended. Rightsizing long-term SCI/D beds to future demand is also recommended.

1.2. Modernizing inpatient acute and mental health units at the Long Beach VAMC: Conversion of existing shared rooms to single patient rooms will increase privacy, patient satisfaction, and bring care delivery up to modern health care standards. The conversion to single patient rooms will aim to meet future demand projections of 83 inpatient medical and surgical beds and 27 inpatient mental health beds.

2. Modernize and realign the West Los Angeles VAMC by:

2.1. Modernizing the inpatient and outpatient space at the West Los Angeles VAMC: There are current plans to build a new bed tower on the VAMC campus. The current project is scoped for a total of 98 inpatient medical and surgical beds, 44 inpatient mental health beds, 18 intensive care unit (ICU) beds, 7 operating rooms, 1 hybrid operating room, 2 interventional radiology rooms, 1 cardiac catheterization lab, 1 electrophysiology lab, and an emergency department.

In FY 2019, the West Los Angeles VAMC had 152 inpatient medical and surgical beds with an ADC of 104.6, and ADC is projected to decrease to 81.7 in FY 2029. In FY 2019, there were 52 inpatient mental health beds at the VAMC with an ADC of 44.3, and ADC is projected to decrease to 41.3 in FY 2029. Rescoping medical and surgical beds and operating rooms in the proposed bed tower to include approximately 80 medical and surgical beds (a reduction of 18 beds) and 2 operating rooms (a reduction of 5 operating rooms) will better reflect current and projected demand.

Additionally, utilizing academic affiliates and community providers will allow Veterans greater, more convenient access to high-quality inpatient medical and surgical care, while reducing the amount of new infrastructure that will need to be built at the VAMC. These partnerships will allow resources to be allocated to other high-priority projects on the campus and across the market, while increasing access points for acute care, an important consideration in this large geography. Candidates for expanding partnerships are the hospitals of the academic affiliates (UCLA and USC), the Los Angeles County DHS hospitals in downtown Los Angeles and Sylmar, and the hospitals of a community provider.

A future project phase will address the design and construction of a new outpatient facility on the West Los Angeles campus.

2.2. Modernizing the CLC at the West Los Angeles VAMC: The age and design of the CLC infrastructure is not conducive to modern care delivery. The CLC facility, built in the 1930s, does not have single patient rooms and has engineering and maintenance challenges associated with a 90-year-old building. A modernized, rightsized facility will improve and expand care delivery. This facility will be phased before the construction of the new bed tower on the West Los Angeles campus and be independent of the central utility plant planned for the south campus. In FY 2019, there was a CLC ADC of 139.7, and it is projected to increase to 184.8 by FY 2029. This demand can be met almost entirely by the proposed 200-bed CLC at the West Los Angeles VAMC.

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

3.1. Relocating the Anaheim CBOC to a new site in the vicinity of Anaheim, California, and closing the Anaheim CBOC: The Anaheim CBOC served 3,760 core uniques³¹ in FY 2019. At 6,265 square feet, the facility is undersized and appointment wait times are higher than other facilities in the submarket. The expanded facility will provide the opportunity to serve an increasing outpatient demand.

3.2. Relocating the Santa Ana MS CBOC to a new site in the vicinity of Santa Ana, California, and closing the Santa Ana MS CBOC: In FY 2019, the Santa Ana MS CBOC served 9,637 core uniques. As of FY 2019, there were 42,501 enrollees within 30 minutes and 139,220 enrollees within 60 minutes. Although enrollment in Orange County is projected to decrease by 14.1% between FY 2019 and FY 2029, the county's enrollee projection in FY 2029 is 34,388. Replacing the facility in the vicinity of Santa Ana, California (Orange County) will provide enrollees with a rightsized access point and help Veterans avoid travel to the Long Beach VAMC for outpatient care. The new expanded location will provide the opportunity to serve an increasing outpatient demand, as well as consolidate services from the West Santa Ana OOS.

3.3. Relocating the Gardena MS CBOC to a new site in the vicinity of Gardena, California, and closing the Gardena MS CBOC: In FY 2019, the Gardena MS CBOC served 3,148 core uniques. In FY 2019, the Gardena MS CBOC had 64,055 enrollees within 30 minutes and 139,383 enrollees within 60 minutes. Located between the West Los Angeles VAMC and the Long Beach VAMC, it provides coverage in southern central Los Angeles. Replacing the facility in the vicinity of Gardena, California (Los Angeles County) will provide enrollees with a rightsized access point, help Veterans avoid travel to the VAMCs for outpatient care, and provide the opportunity to serve increasing outpatient demand.

3.4. Relocating all services to the proposed Los Angeles health care center (HCC) and closing the East Los Angeles CBOC: In FY 2019, the East Los Angeles CBOC served 1,995 core uniques. There were 61,856 enrollees within 30 minutes in FY 2019. It is within a 15-minute drive from the proposed Los Angeles HCC, a 30-minute drive from the San Gabriel CBOC, and a 45-minute drive from the West Los Angeles VAMC. The CBOC enrollees will receive outpatient services from these and other facilities of their choice, maintaining access while enabling the deactivation of this contracted point of care.

³¹ VA core unique patients exclude Veterans who have used only VA telephone triage, pharmacy, and laboratory services.

- 3.5. Relocating all services to the Santa Maria MS CBOC and the proposed replacement Ventura MS CBOC and closing the Santa Barbara CBOC:** In FY 2019, the Santa Barbara CBOC served 2,040 core uniques, a 19.0% decrease in core uniques over five years. In FY 2019, there were 2,565 enrollees within 30 minutes. The Santa Barbara area has a high cost of living and has had recent natural disasters that have made it difficult to recruit and retain providers at the CBOC. The most used facility for both primary care and mental health services in Santa Barbara County is the Santa Maria MS CBOC, which will continue to deliver care. The Santa Maria MS CBOC is located approximately 60 miles from the Santa Barbara CBOC. Additionally, the proposed replacement Ventura MS CBOC approximately 33 miles from the Santa Barbara CBOC, will also provide access.
- 3.6. Relocating all services to the proposed Santa Ana MS CBOC and closing the West Santa Ana OOS:** The West Santa Ana OOS is located approximately four miles from the proposed new Santa Ana MS CBOC. The proposed new Santa Ana MS CBOC will consolidate care and service delivery for the enrollee population currently served by the OOS at a location with more robust services.

Complementary Strategy

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

West Los Angeles VAMC

- **Reduce the RRTP services at the West Los Angeles VAMC (Los Angeles County):** In FY 2019, the West Los Angeles VAMC had 289 RRTP beds with an ADC of 189.7. Reducing RRTP beds from 289 to 168 will better match current and future demand for RRTP services at the VAMC. This will include 51 General Domiciliary beds, 47 Domiciliary Care for Homeless Veterans (DCHV) beds, 54 substance use disorder (SUD) beds, and 16 post-traumatic stress disorder (PTSD) beds.
- **Reestablish outpatient surgical services in Los Angeles, California (Los Angeles County) at the Los Angeles MS CBOC (Los Angeles County), which may result in the classification of the facility as an HCC:** The Los Angeles MS CBOC is in a location in downtown Los Angeles, California, near the center of the Veteran population in Los Angeles County. Reopening the operating rooms downtown and shifting outpatient surgical workload from the West Los Angeles VAMC to the Los Angeles MS CBOC will increase access, reduce the need to travel to the West Los Angeles VAMC campus, and ensure that future surgical demand is met.
- **Expand partnerships with academic affiliate hospitals (UCLA and USC) in the greater Los Angeles, California, area, the Los Angeles County Department of Health Services (DHS) hospitals in downtown Los Angeles and Sylmar, California, and a community provider's hospitals to provide access to additional inpatient medical and surgical services:** Traffic congestion and public transit options are barriers to accessing the West Los Angeles VAMC. Delivering more inpatient medical and surgical care through expanded partnerships will allow Veterans greater access to high-quality health care and reduce the inconvenience of commuting to the West Los Angeles VAMC.

Sepulveda VAMC

- **Reestablish outpatient surgery in the existing operating rooms at the Sepulveda VAMC (Los Angeles County):** Reopening the operating rooms and shifting outpatient surgical workload from the West Los Angeles VAMC to the Sepulveda VAMC will increase access for Veterans living in the northern part of the market, reduce the lengthy travel time associated with commuting to the West Los Angeles VAMC campus, and ensure that future surgical demand is met.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 22 Greater Los Angeles 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 cost³² 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 include 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 VISN 22 Greater Los Angeles Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 22 Greater Los Angeles Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$48,539,637,973	\$49,400,036,046	\$47,658,247,471
Capital Cost	\$5,138,925,332	\$5,999,323,405	\$4,257,534,830
Operational Cost	\$43,400,712,642	\$43,400,712,642	\$43,400,712,642
Total Benefit Score	8	11	13
CBI (normalized in \$B)	6.07	4.49	3.67

³² The present value cost is the current value of future costs discounted at the defined discount rate.

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 16 VA points of care offering outpatient services, including the proposed replacement Ventura, California MS CBOC; the Santa Ana, California MS CBOC; the Gardena MS CBOC; and the Anaheim, California CBOC; and the proposed expanded Los Angeles, California HCC; as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Long Beach, California VAMC; the West Los Angeles, California VAMC; and the Sepulveda, California 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 Long Beach, California VAMC.
- **RRTP:** RRTP demand will be met through the RRTP at the West Los Angeles, California VAMC, and the other facilities within VISN 22 offering RRTP, including the stand-alone RRTP in Loma Linda, California; the San Diego, California VAMC; the stand-alone RRTP in San Diego, California; the proposed new Anthem, Arizona VAMC; the Prescott, Arizona VAMC; the Tucson, Arizona VAMC; and the RRTP at the Albuquerque, New Mexico VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the Long Beach, California VAMC and the other facilities in the Southwest Region, including the Tucson, Arizona VAMC (VISN 22); the Biloxi, Mississippi VAMC (VISN 16); and the Waco, Texas VAMC (VISN 17).
- **Inpatient acute:** Inpatient medicine and surgery demand will be met through the Long Beach, California VAMC; the West Los Angeles, California VAMC; and the proposed new partnerships in California with Harbor UCLA Medical Center; the Cedars-Sinai Torrance Memorial Medical Center; the LAC+USC Medical Center; the UCLA Medical Center Santa Monica; the Ronald Reagan UCLA Medical Center; the USC Verdugo Hills Hospital; the Keck Hospital of USC; the Cedars-Sinai Medical Center; the Cedars-Sinai Marina Del Ray Hospital; and the Olive View-UCLA Medical Center, as well as through community providers. Inpatient mental health demand will be met through the Long Beach, California VAMC and the West Los Angeles, California 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 in 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 164,759 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 165,046 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 22. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with the University of California Irvine, the University of Southern California, and the University of California Los Angeles.
- **Research:** This recommendation does not impact its research mission in the market and allows the Long Beach, California VAMC, the West Los Angeles, California VAMC, and the Sepulveda, California VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Long Beach, California 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 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 Ventura, California MS CBOC; the Santa Ana, California MS CBOC; partnerships in California with Harbor UCLA Medical Center, Cedars-Sinai Torrance Memorial Medical Center, LAC+USC Medical Center, UCLA Medical Center Santa Monica, Ronald Reagan UCLA Medical Center, USC Verdugo Hills Hospital, Keck Hospital of USC, Cedars-Sinai Medical Center, Cedars-Sinai Marina Del Ray Hospital, and the Olive View-UCLA Medical Center; as well as the modernization of the West Los Angeles, California, VAMC, the Anaheim, California CBOC, the Gardena, California MS CBOC, and the inpatient medical, surgical, and mental health patient rooms at the Long Beach, California 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 COA (3.67 for VA Recommendation versus 6.07 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 Ventura, California MS CBOC; the Santa Ana, California MS CBOC; partnerships in California with Harbor UCLA Medical Center, Cedars-Sinai Torrance Memorial Medical Center, LAC+USC Medical Center, UCLA Medical Center Santa Monica, Ronald Reagan UCLA Medical Center, USC Verdugo Hills Hospital, Keck Hospital of USC, Cedars-Sinai Medical Center, Cedars-Sinai Marina Del Ray Hospital, and the Olive View-UCLA Medical Center; as well as the modernization of the West Los Angeles, California, VAMC, the Anaheim, California CBOC, the Gardena, California MS CBOC, and the inpatient medical, surgical, and mental health patient rooms at the Long Beach, California 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. The proposed partnerships also help VA in recruiting and retaining staff, by embedding providers in quality community partner space.
- **Reflects stewardship of taxpayer dollars:** The cost of the market recommendation is less than the cost to modernize facilities in the market today (\$47.7B for VA Recommendation versus \$49.4B 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 (3.67 for VA Recommendation versus 4.49 for Modernization), reflecting effective stewardship of taxpayer dollars.



VISN 22 Albuquerque Market

The Veterans Integrated Service Network (VISN) 22 Albuquerque Market serves Veterans across most of the state of New Mexico, and part of southern Colorado. 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.³³

VA's Commitment to Veterans in the Albuquerque Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 22's Albuquerque 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 carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

A largely rural market with the greatest concentration of Veteran population within 60 minutes of Albuquerque, VA has solidly balanced service locations with population distribution. The market is facing decreasing enrollment. Inpatient medical and surgical and inpatient mental health care demand is decreasing, while demand for long-term and outpatient care is increasing. VA recommends that the Albuquerque VAMC be modernized, with expanded community living center (CLC) services. Sustainable outpatient care sites will be maintained or replaced, while unsustainable sites will be closed with care transitioned to community providers in order to maintain or improve Veteran access. The strategy for the Albuquerque Market is intended to provide Veterans 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 modernized outpatient sites offering primary care, mental health, and low acuity specialty services. The recommendation maintains sustainable outpatient points of care in the market, including eight community-based outpatient clinics (CBOC), expands and replaces the Northwest Metro CBOC

³³ Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

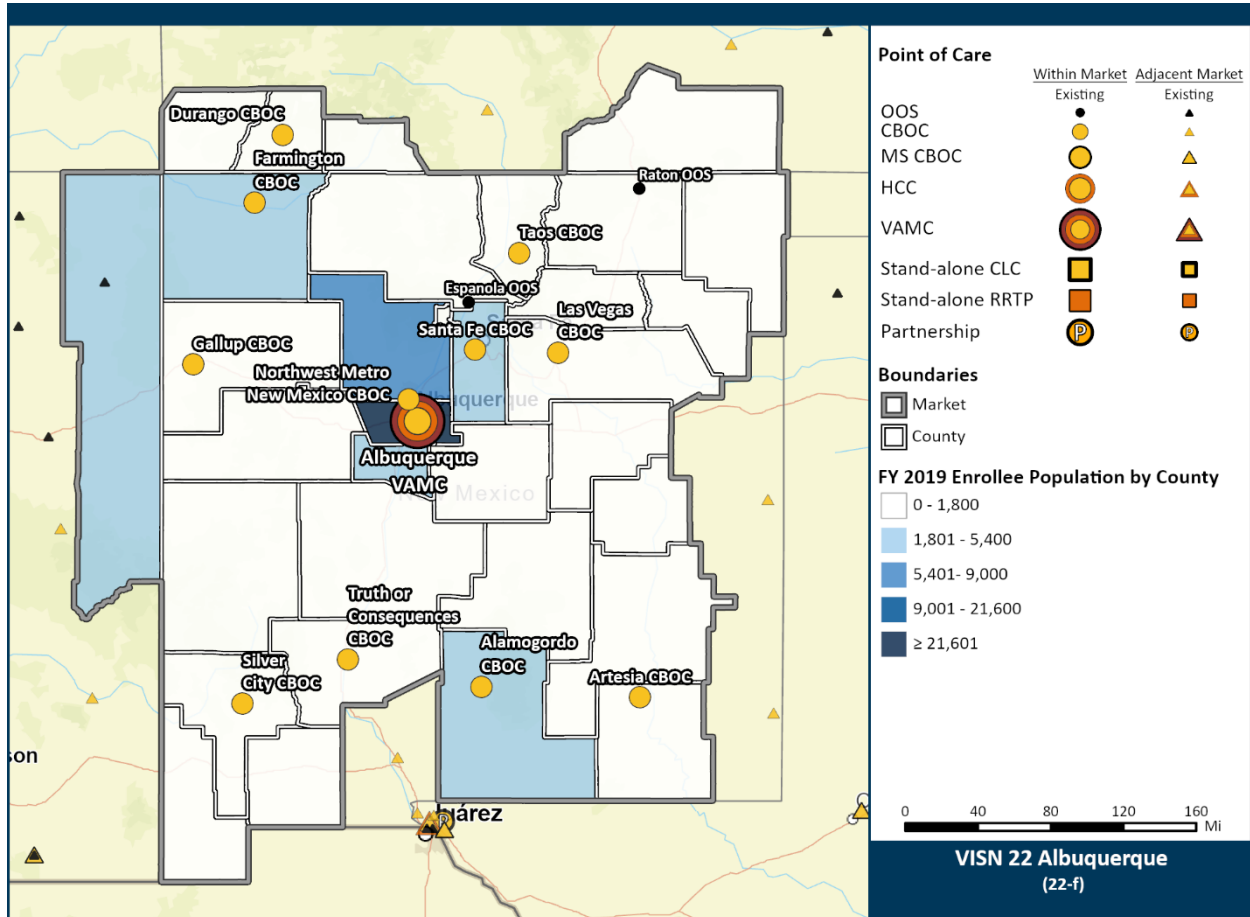
to align with future Veteran demand, and relocates care from unsustainable points of care to community providers in order to maintain Veteran access.

- **Enhance VA’s unique strengths in caring for Veterans with complex needs:** VA’s recommendation invests in expanded CLC services at the Albuquerque VAMC to improve access to these services for Veterans and maintains sustainable residential rehabilitation treatment program (RRTP), inpatient mental health, and inpatient spinal cord injuries and disorders (SCI/D) programs at the VAMC. Demand for inpatient blind rehabilitation services will continue to be met at the Southwestern Blind Rehabilitation Center at the Tucson, Arizona VAMC (VISN 22).
- **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 creates private rooms at the Albuquerque VAMC to improve the environment of care and rightsizes the number of beds to align with the decreasing demand for inpatient medical and surgical services.

Market Overview

The market overview includes a map of the Albuquerque 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 one VAMC (Albuquerque), 11 CBOCs, and two other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 69,090 enrollees and is projected to experience a 3.8% decrease in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Bernalillo, Sandoval, and Santa Fe, New Mexico.

Demand: Demand³⁴ in the market for inpatient medical and surgical services is projected to decrease by 8.0% and demand for inpatient mental health services is projected to decrease by 7.2% between FY 2019 and FY 2029. Demand for long-term care³⁵ is projected to increase by 18.9%. Demand for SCI/D

³⁴ 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).

³⁵ Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA’s EHCPM in BDOC.

care is projected to decrease by 27.7%. Demand for all outpatient services,³⁶ including primary care, mental health, specialty care, dental, and rehabilitation therapies is projected to increase.

Rurality: 51.0% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 69.3% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 53.7% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers³⁷ in the market within a 60-minute drive time of the VAMC had an inpatient acute occupancy rate³⁸ of 70.1% (176 available beds)³⁹ and an inpatient mental health occupancy rate of 68.7% (10 available beds). Community nursing homes within a 30-minute drive time of the VAMC were operating at an occupancy rate of 83.7% (136 available beds). Community residential rehabilitation programs⁴⁰ 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 New Mexico. The Albuquerque VAMC is ranked 24 out of 154 VA training sites based on the number of trainees and is ranked 23 out of 103 VAMCs with research funding. The VAMC is a Federal Coordinating Center.⁴¹

Facility Overview

Albuquerque VAMC: The Albuquerque VAMC is located in Albuquerque, New Mexico, and offers inpatient medical and surgical, inpatient mental health, RRTP, CLC, SCI/D, and outpatient services. In FY 2019, the Albuquerque VAMC had an inpatient medical and surgical average daily census (ADC) of 60.0, an inpatient mental health ADC of 20.2, an RRTP ADC of 53.2, a CLC ADC of 13.5, and an SCI/D ADC of 18.0.

The Albuquerque VAMC was established in 1932, and the main patient care facility was built in 1986. On the 93.0-acre campus, zero acres are available for additional development. Facility condition assessment (FCA) deficiencies are approximately \$169.2M, and annual operations and maintenance costs are an estimated \$10.6M.

³⁶ Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

³⁷ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

³⁸ 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.

³⁹ Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

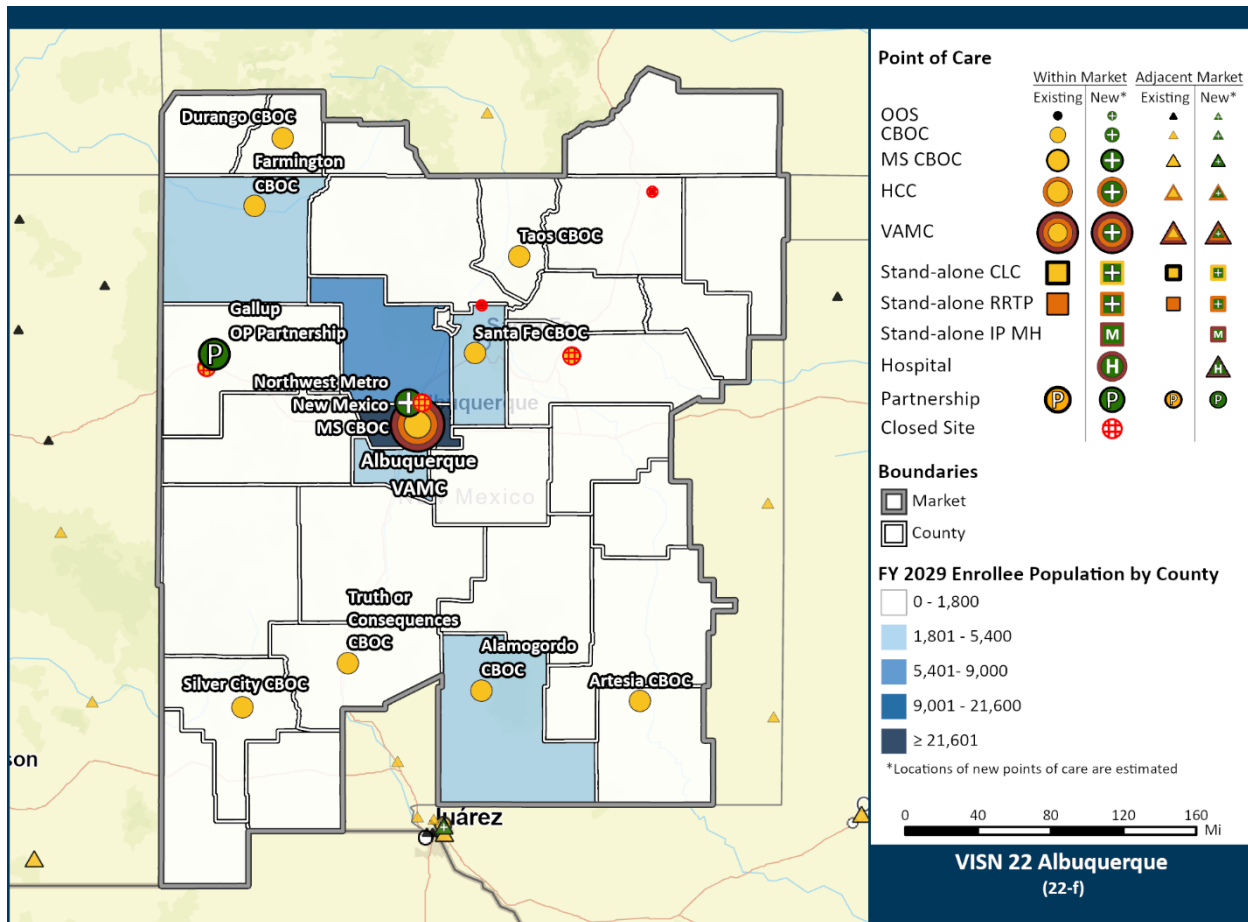
⁴⁰ Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

⁴¹ 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.

Recommendation and Justification

This section details the VISN 22 Albuquerque Market recommendation and justification for each element of the recommendation.

Future Market Map



1. Modernize and realign the Albuquerque VAMC by:

- 1.1. **Relocating and expanding CLC services at the Albuquerque VAMC:** The in-house and community demand for long-term care bed days of care in the Albuquerque Market is projected to increase by 18.9% between FY 2019 and FY 2029. Fifteen hospice/palliative CLC beds currently located in Building 80 at the Albuquerque VAMC will be relocated to the main facility (Building 41). Then, expansion of the recently constructed CLC building to 60 beds, for a total of 75 CLC beds on campus, will meet approximately 60% of projected in-house and community market demand and reduce reliance on CLC care in the community. Expanding CLC beds at the Albuquerque VAMC will improve the environment of care by establishing single patient rooms.
- 1.2. **Modernizing the inpatient medical and surgical units and the RRTP at the Albuquerque VAMC:** In FY 2019, the Albuquerque VAMC had an in-house inpatient medical and surgical ADC of 60.0 with a projected FY 2029 ADC of 50.2. In FY 2019, the VAMC had 85 RRTP beds with an

RRTP ADC of 53.2. The modernization will decrease the number of RRTP beds from 85 to 45 to meet projected demand. This will include 17 General Domiciliary beds, 14 Domiciliary Care for Homeless Veterans (DCHV) beds, and 14 substance use disorder (SUD) beds. The conversion of existing shared rooms to single patient rooms will increase privacy, improve patient satisfaction, and bring care delivery up to modern health care standards. Demand for post-traumatic stress disorder (PTSD) services will be met at the proposed new Anthem VAMC.

- 1.3. Modernizing the SCI/D units at the Albuquerque VAMC:** In FY 2019, the VAMC had 26 SCI/D beds with an SCI/D ADC of 18.0 in FY 2019. By FY 2029, the demand for inpatient SCI/D is projected to decrease to 14.3 ADC. In lieu of the SCI/D expansion, VA will convert existing shared rooms to single patient rooms. This will increase privacy, patient satisfaction, and bring care delivery up to modern health care standards. The conversion will aim to reduce SCI/D beds from 26 to 18 to align with projected demand.
- 1.4. Modernizing the dental clinic at the Albuquerque VAMC:** The size of the existing dental clinic at the Albuquerque VAMC is inadequate to meet current and projected demand. Expanding the clinic will better reflect demand projections. The expansion will increase operatories from 15 to 22.
- 1.5. Modernizing the women’s health clinic at the Albuquerque VAMC:** Between FY 2019 and FY 2029, the population of women Veteran enrollees in the market is projected to increase by 27.4%. The size of the women’s health clinic at the Albuquerque VAMC is too constrained to meet the current and projected demand for these services. Expanding the clinic will better meet projected demand and women’s health design requirements.

2. Modernize and realign outpatient facilities in the market by:

- 2.1. Relocating the Northwest Metro New Mexico CBOC to a new site in the vicinity of Albuquerque, New Mexico, and closing the Northwest Metro New Mexico CBOC:** In FY 2019, the Northwest Metro New Mexico CBOC served 5,157 core uniques.⁴² In FY 2019, there were 28,638 enrollees within 30 minutes of the CBOC. Additionally, Sandoval County, where the Northwest Metro New Mexico CBOC is located, is projected to have a 3.2% increase in enrollees by FY 2029. The CBOC has reached capacity and cannot be further expanded. Therefore, replacing and expanding the Northwest Metro New Mexico CBOC to an MS CBOC in the vicinity of Albuquerque, New Mexico, will help meet projected increasing enrollment and outpatient demand with a rightsized point of care.
- 2.2. Establishing a strategic collaboration with the Indian Health Service (IHS) to provide primary care and outpatient mental health services and closing the Gallup CBOC:** The Gallup CBOC had 1,495 core uniques in FY 2019. Enrollment in McKinley County is projected to decrease by 6.5%, from 1,770 enrollees in FY 2019 to 1,654 enrollees in FY 2029. The existing facility faces staffing challenges. The Gallup Indian Medical Center is located three minutes from the CBOC. IHS, recognizing that the 1950’s Gallup Indian Medical Center lacks infrastructure and equipment to

⁴² VA core unique patients exclude Veterans who have used only VA telephone triage, pharmacy, and laboratory services.

treat many patient needs, has entered into an agreement with the Navajo Nation to study sites for a replacement in Gallup.

- 2.3. Relocating all services at the Las Vegas, New Mexico, CBOC and closing the Las Vegas, New Mexico CBOC:** The Las Vegas CBOC had 923 core uniques in FY 2019, reflecting a 55.2% decrease over the previous five years. Enrollment in San Miguel County, where the Las Vegas CBOC is located, is projected to decrease by 2.3%, from 1,084 enrollees in FY 2019 to 1,059 enrollees in FY 2029. Community providers in Las Vegas, New Mexico, and the surrounding areas will serve the Veteran population in the area.
- 2.4. Relocating all services at the Raton OOS and closing the Raton OOS:** The Raton OOS had 816 core uniques in FY 2019, reflecting an 28.4% decrease over the previous five years. Enrollment in Colfax County, where the Raton OOS is located, is projected to decrease by 9.0%, from 655 enrollees in FY 2019 to 597 enrollees in FY 2029. Community providers in Raton, New Mexico, and the surrounding areas will serve the Veteran population in the area.
- 2.5. Relocating all services at the Espanola OOS and closing the Espanola OOS:** The Espanola OOS had 889 core uniques in FY 2019, reflecting a 2.1% decrease over the previous five years. Enrollment in Rio Arriba County is projected to decrease by 11.5%, from 1,208 enrollees in FY 2019 to 1,069 enrollees in FY 2029. Community providers in Espanola, New Mexico, and the surrounding areas will serve the Veteran population. The Santa Fe CBOC is located approximately 45 minutes from the Espanola OOS.

Complementary Strategy

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

Albuquerque Market

- **Explore strategic collaborations with the IHS to increase access to primary care, mental health, and outpatient specialty care:** There is a strong IHS presence in the Albuquerque Market, with many facilities located in areas where there is a VA presence. Partnering with IHS to share facility space and providers can increase access for all Veteran enrollees.
- **Realign Apache County, Arizona, from the VISN 22 Albuquerque Market to the VISN 22 Prescott Market:** Veterans living in Apache County most frequently use points of care in the existing Phoenix and Prescott markets.
- **Increase the availability of optometry across the Albuquerque Market to address the potential lack of high-quality optometrists:** As identified in the Section 203 criteria analysis, there is a potential lack of high-quality optometrists. Increased availability may be achieved through a variety of tactics, such as telehealth, Veterans Community Care Program (VCCP) recruitment, and hiring additional VA providers, as appropriate.
- **Increase the availability of ophthalmology across the Albuquerque Market to address the potential lack of high-quality ophthalmologists:** As identified in 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, VCCP recruitment, and hiring additional VA providers, as appropriate.

Albuquerque VAMC

- **Repurpose unoccupied medical beds for acute medical detoxification services at the Albuquerque VAMC (Bernalillo County):** Substance use remains a critical issue across the state of New Mexico. Given the current need for acute detoxification beds at the Albuquerque VAMC and the projected decrease in demand for inpatient medical services, repurposing unoccupied medical beds will better serve Veteran needs.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 22 Albuquerque 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 cost⁴³ 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 include 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 VISN 22 Albuquerque Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

⁴³ The present value cost is the current value of future costs discounted at the defined discount rate.

VISN 22 Albuquerque Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$15,079,510,039	\$15,319,048,032	\$15,447,351,758
Capital Cost	\$1,112,179,856	\$1,351,717,849	\$1,480,021,575
Operational Cost	\$13,967,330,184	\$13,967,330,184	\$13,967,330,184
Total Benefit Score	9	11	13
CBI (normalized in \$B)	1.68	1.39	1.19

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 11 VA points of care offering outpatient services, including the proposed new Northwest Metro, New Mexico MS CBOC, and the partnership in Gallup, New Mexico, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Albuquerque, New Mexico 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 Albuquerque, New Mexico VAMC.
- **RRTP:** RRTP demand will be met through the Albuquerque, New Mexico VAMC, and the other facilities within VISN 22 offering RRTP, including the Tucson, Arizona VAMC; the Prescott, Arizona VAMC; the proposed new Anthem, Arizona VAMC; the stand-alone RRTP in Loma Linda, California VAMC; the West Los Angeles, California VAMC; the San Diego, California VAMC; and the stand-alone RRTP in San Diego, California.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Tucson, Arizona VAMC (VISN 22); the Long Beach, California VAMC (VISN 22); the Biloxi, Mississippi VAMC (VISN 16); and the Waco, Texas VAMC (VISN 17).

Demand

- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the Albuquerque, New Mexico 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 in 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 64,437 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 66,721 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 22. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with the University of New Mexico.
- **Research:** This recommendation does not impact its research mission in the market and allows the Albuquerque, New Mexico VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Albuquerque, New Mexico VAMC is not 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 Northwest Metro, New Mexico MS CBOC, as well as the modernization of patient rooms at the Albuquerque, New Mexico VAMC, and the proposed expansion of the CLC on campus. 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 COA (1.19 for VA Recommendation versus 1.68 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 Northwest Metro, New Mexico MS CBOC, as well as the modernization of patient rooms at the Albuquerque, New Mexico VAMC, and the proposed expansion of the CLC on campus. 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 (\$15.4B for VA Recommendation versus \$15.3B 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 (1.19 for VA Recommendation versus 1.39 for Modernization), reflecting effective stewardship of taxpayer dollars.



VISN 22 Tucson Market

The Veterans Integrated Service Network (VISN) 22 Tucson Market serves Veterans in southern Arizona. The recommendation includes justification, 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.⁴⁴

VA's Commitment to Veterans in the Tucson Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 22's Tucson 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 carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

The market is facing flat market enrollment growth. While demand for inpatient medical and surgical and inpatient mental health care is decreasing, demand for long-term care and outpatient care is increasing. Although inpatient demand is decreasing, sufficient projected demand warrants investment in a replacement inpatient medical and surgical bed tower at the Tucson VAMC. Additional investments are recommended to modernize long-term care. Outpatient care sites will be expanded and consolidated. The strategy for the market is intended to provide Veterans 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 improves access to care by investing in modern facilities close to where Veterans live. The recommendation maintains all sustainable outpatient points of care in the market, relocates and expands multi-specialty community-based outpatient clinics (MS CBOCs) in Sierra Vista, Southeast Tucson, Yuma, and Casa Grande, and improves efficiency by consolidating the Cochise County other outpatient services (OOS) site with the adjacent Sierra Vista MS CBOC.
- **Enhance VA's unique strengths in caring for Veterans with complex needs:** VA's recommendation modernizes inpatient mental health and community living center (CLC) patient

⁴⁴ Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

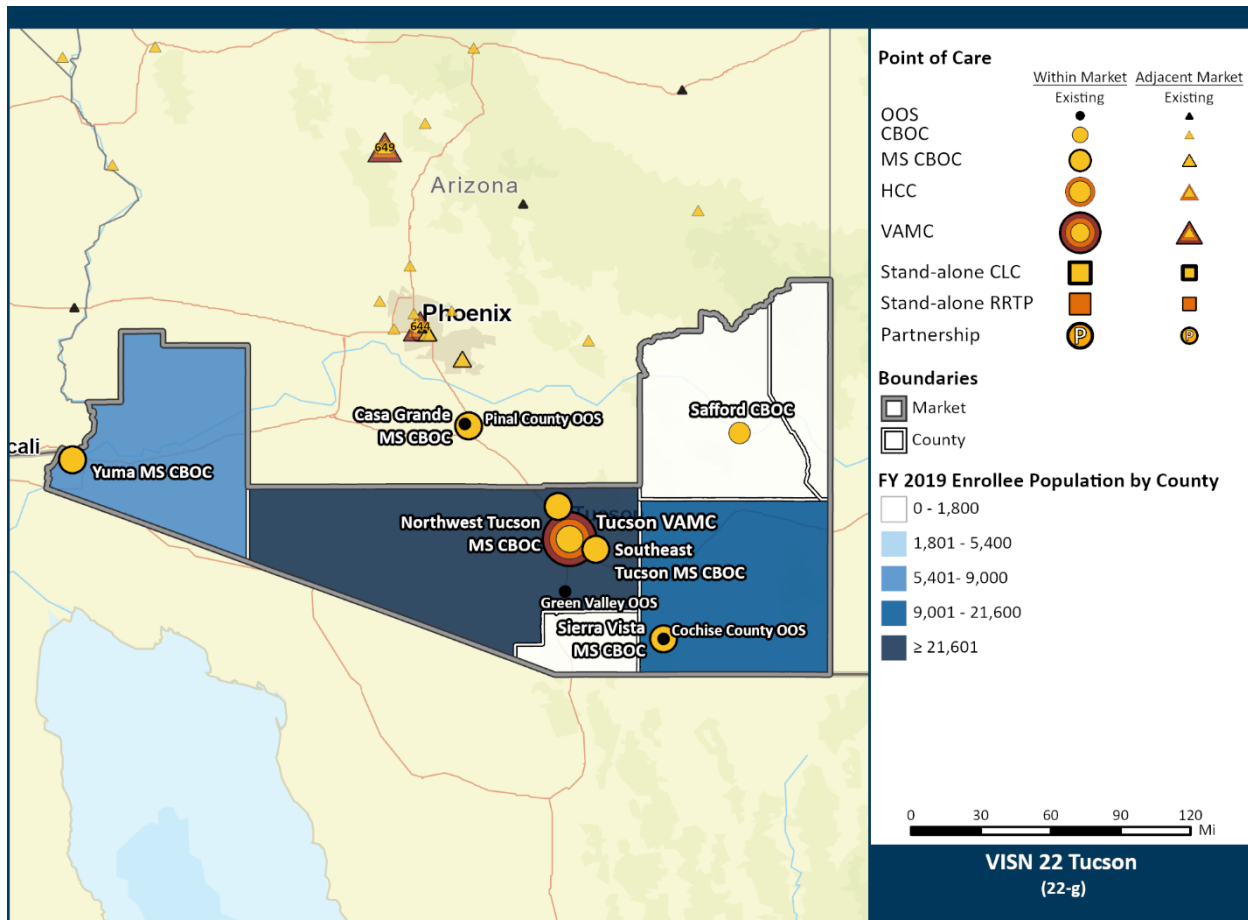
rooms at the Tucson VAMC to increase quality of services. The recommendation also invests in modern, rightsized residential rehabilitation treatment program (RRTP) services at the Tucson VAMC, ensuring access to sustainable, comprehensive care that may not readily be available in the community. The Tucson Market currently offers primary care for inpatient spinal cord injuries and disorders (SCI/D) services and refers Veterans to the SCI/D hub at the San Diego, California VAMC (VISN 22) for acute, sustaining, and rehabilitative care. The Tucson VAMC provides inpatient blind rehabilitation services and is a destination center for the Southwest Region.

- **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 invests in a modernized, sustainable program within the Tucson VAMC to provide quality inpatient medical and surgical care.

Market Overview

The market overview includes a map of the Tucson 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 one VAMC (Tucson), five MS CBOCs, one community-based outpatient clinic (CBOC), and three OOS sites.

Enrollees: In fiscal year (FY) 2019, the market had 65,840 enrollees, and is projected to experience a 0.7% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Pima, Cochise, and Yuma, Arizona.

Demand: Demand⁴⁵ in the market for inpatient medical and surgical services is projected to decrease by 17.1% and demand for inpatient mental health services is projected to decrease by 4.1% between FY 2019 and FY 2029. Demand for long-term care⁴⁶ is projected to increase by 9.3%. Demand for all

⁴⁵ 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).

⁴⁶ Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA’s EHCPM in BDOC.

outpatient services,⁴⁷ including primary care, mental health, specialty care, dental, rehabilitation therapies, is projected to increase.

Rurality: 25.5% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 91.0% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 70.9% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers⁴⁸ in the market within a 60-minute drive time of the VAMC have an inpatient acute occupancy rate⁴⁹ of 60.7% (610 available beds)⁵⁰ and an inpatient mental health occupancy rate of 73.3% (7 available beds). Community nursing homes within a 30-minute drive time of the VAMC were operating at an occupancy rate of 66.1% (572 available beds). Community residential rehabilitation programs⁵¹ 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 Arizona. The Tucson VAMC is ranked 54 out of 154 VA training sites based on the number of trainees and is ranked 66 out of 103 VAMCs with research funding. The VAMC is designated as a Federal Coordinating Center and Primary Receiving Center.⁵²

Facility Overview

Tucson VAMC: The Tucson VAMC is located in Tucson, Arizona, and offers inpatient medical and surgical, inpatient mental health, RRTP, CLC, blind rehabilitation, and outpatient services. In FY 2019, the Tucson VAMC had an inpatient medical and surgical average daily census (ADC) of 85.4, an inpatient mental health ADC of 19.4, an RRTP ADC of 19.6, a CLC ADC of 69.5, and a blind rehabilitation ADC of 21.3.

The Tucson VAMC was built in 1928 on a 107.5-acre campus. The last major renovation was in 1962. There is no land available for additional development. Significant infrastructure challenges include outdated plumbing systems and underground water and sewer systems. Facility condition assessment (FCA) deficiencies are approximately \$36.8M, and annual operations and maintenance costs are an estimated \$11.9M.

⁴⁷ Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

⁴⁸ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

⁴⁹ 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.

⁵⁰ Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

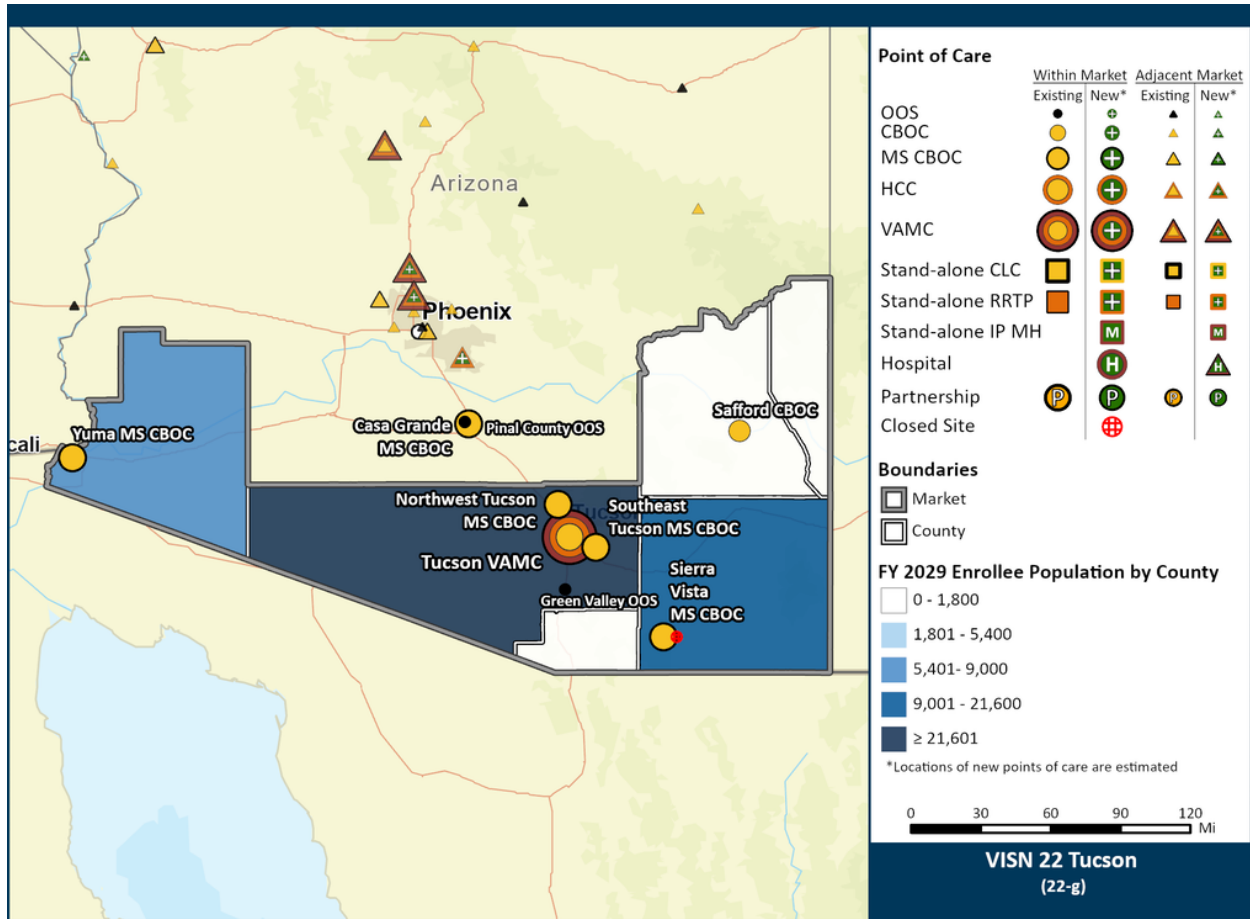
⁵¹ Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

⁵² 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.

Recommendation and Justification

This section details the VISN 22 Tucson Market recommendation and justification for each element of the recommendation.

Future Market Map



1. Modernize and realign the Tucson VAMC by:

1.1. Modernizing the inpatient medical and surgical space at the Tucson VAMC: The Tucson Market had 65,840 enrollees in FY 2019, and enrollment is projected to be stable between FY 2019 and FY 2029. The FY 2019 inpatient medical and surgical ADC at the Tucson VAMC is 85.4 with a projected decrease to 67.0 by FY 2029. The existing inpatient medical and surgical units in the main hospital were constructed in 1928. The hospital has \$36.8M in FCA deficiencies and requires replacement to ensure a contemporary environment of care.

A series of minor projects have been initiated to address modernizing the inpatient medical and surgical units. Replacing the bed tower as a single-phase major project, rather than a series of phased minor projects, will accelerate realignment, provide cost savings, and reduce campus disruptions. Constructing the replacement inpatient medical and surgical bed tower with approximately 83 beds will replace all medical and surgical beds with a modern, appropriately

sized, and seismically resilient structure, improving patient experience, safety, and care delivery.

- 1.2. Modernizing the CLC and RRTP at the Tucson VAMC:** In FY 2019, the Tucson VAMC had 92 CLC beds with a CLC ADC of 69.5 in FY 2019. The in-house and community market level CLC demand is projected to increase 9.3% between FY 2019 and FY 2029. The interior of the Tucson CLC requires renovation to ensure a contemporary environment of care, including the conversion of shared patient rooms to single-occupancy rooms with private bathrooms. A modernized CLC at the Tucson VAMC will increase efficiency, provide a modern health care setting, and create a better patient experience. The modernization will decrease CLC beds from 92 to 71.

In FY 2019, the Tucson VAMC had 25 RRTP beds with an RRTP ADC of 19.6 in FY 2019. At the Tucson VAMC, there is a projected RRTP bed need of 20 in FY 2028. The modern, rightsized RRTP service will include 16 General Domiciliary beds and 4 Domiciliary Care for Homeless Veterans (DCHV) beds.

2. Modernize and realign outpatient facilities in the market by:

- 2.1. Relocating the Yuma MS CBOC to a new site in the vicinity of Yuma, Arizona, and closing the Yuma MS CBOC:** In FY 2019, the Yuma MS CBOC served 5,220 core uniques.⁵³ As of FY 2019, there were 6,675 enrollees within 30 minutes and 7,081 enrollees within 60 minutes of the MS CBOC. Enrollment in Yuma County is projected to increase by 17.8% between FY 2019 and FY 2029. Expanding the facility in the vicinity of Yuma, Arizona (Yuma County) will increase capacity and access to primary care, outpatient mental health, and telehealth services, as well as help Veterans avoid travel to the Tucson VAMC.
- 2.2. Relocating the Casa Grande MS CBOC to a new site in the vicinity of Casa Grande, Arizona, and closing the Casa Grande MS CBOC:** In FY 2019, the Casa Grande MS CBOC served 4,458 core uniques. As of FY 2019, there were 5,116 within 30 minutes and 74,011 enrollees within 60 minutes of the MS CBOC. Enrollment in Pinal County is projected to increase by 24.8% between FY 2019 and FY 2029. Expanding the facility in the vicinity of Casa Grande, Arizona (Pinal County) will provide enrollees with a rightsized access point, increasing access to outpatient services.
- 2.3. Relocating the Sierra Vista MS CBOC to a new site in the vicinity of Sierra Vista, Arizona, and closing the Sierra Vista MS CBOC:** In FY 2019, the Sierra Vista MS CBOC served 9,213 core uniques. As of FY 2019, there were 8,381 enrollees within 30 minutes and 11,348 enrollees within 60 minutes of the MS CBOC. Cochise County is projected to experience a 7.6% increase in enrollment between FY 2019 and FY 2029. Replacing and expanding the facility in the vicinity of Sierra Vista, Arizona (Cochise County) will provide enrollees with a rightsized access point, increasing access to outpatient services.
- 2.4. Relocating the Southeast Tucson MS CBOC to a new site in the vicinity of southeast Tucson, Arizona, and closing the Southeast Tucson MS CBOC:** In FY 2019, the Southeast Tucson MS CBOC served 4,640 core uniques. As of FY 2019, there were 26,562 enrollees within 30 minutes

⁵³ VA core unique patients exclude Veterans who have used only VA telephone triage, pharmacy, and laboratory services.

and 45,765 enrollees within 60 minutes of the MS CBOC. The Southeast Tucson MS CBOC is located approximately 14 miles from the Tucson VAMC. Demand for outpatient services is projected to increase across the market. Expanding the MS CBOC in the vicinity of southeast Tucson, Arizona (Pima County) will provide enrollees with a rightsized access point and help Veterans avoid travel to the Tucson VAMC for outpatient care.

- 2.5. Relocating all services to the Sierra Vista MS CBOC and closing the Cochise County OOS:** The Sierra Vista MS CBOC and the Cochise County OOS are in adjacent buildings. The facilities provide services to 8,381 enrollees within a 30-minute drive time. Consolidation of the two facilities into the proposed Sierra Vista MS CBOC and subsequently closing the Cochise County OOS will provide access to Veterans at a single convenient location, improve operational efficiencies, and consolidate care and services.

Complementary Strategy

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

Tucson Market

- **Increase availability of physical medicine and rehabilitation across the Tucson Market to address the potential lack of high-quality physical medicine and rehabilitation specialists:** As identified in the Section 203 criteria analysis, there is a potential lack of high-quality physical medicine and rehabilitation specialists. Increased availability may be achieved through a variety of tactics, such as telehealth, Veterans Community Care Program (VCCP) recruitment, and hiring additional VA providers, as appropriate.

Tucson VAMC

- **Modernize and expand the Tucson VAMC (Pima County) emergency department to improve patient flow and expand access to emergency care services (in progress):** Renovation and expansion of the emergency department will allow the Tucson VAMC to effectively manage the flow of high emergency department volumes and decrease emergency department admit delays.
- **Modernize in place the existing inpatient mental health patient rooms at the Tucson VAMC (Pima County) by converting to private rooms (in progress):** The existing inpatient mental health unit was constructed in 1996. Modernizing the inpatient mental health environment and creating private rooms will improve patient satisfaction, reduce infection rates, increase operational flexibility, and adhere to national health care planning standards. At the Tucson VAMC, the mental health ADC was 19.4 in FY 2019. By FY 2029, the in-house mental health ADC is projected to slightly increase to 19.5.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 22 Tucson 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 cost⁵⁴ 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 include 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 VISN 22 Tucson Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 22 Tucson Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$15,994,635,859	\$17,465,657,028	\$17,455,296,393
Capital Cost	\$255,289,904	\$1,726,311,073	\$1,715,950,439
Operational Cost	\$15,739,345,955	\$15,739,345,955	\$15,739,345,955
Total Benefit Score	8	11	11
CBI (normalized in \$B)	1.999	1.588	1.587

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.

⁵⁴ The present value cost is the current value of future costs discounted at the defined discount rate.

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 nine VA points of care offering outpatient services, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Tucson, Arizona 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 San Diego, California VAMC (VISN 22).
- **RRTP:** RRTP demand will be met through the Tucson, Arizona VAMC and the other facilities within VISN 22 offering RRTP, including the proposed new Anthem, Arizona VAMC; the Prescott, Arizona VAMC; the San Diego, California VAMC; the stand-alone RRTP in San Diego, California; the stand-alone RRTP in Loma Linda, California; the Albuquerque, New Mexico VAMC; and the RRTP at the West Los Angeles, California VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the Tucson, Arizona VAMC and the other facilities in the Southwest Region, including the Long Beach, California VAMC (VISN 22); the Biloxi, Mississippi VAMC (VISN 16); and the Waco, Texas VAMC (VISN 17).
- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the Tucson, Arizona 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 in 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 68,986 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 69,332 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 22. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with the University of Arizona.
- **Research:** This recommendation does not impact its research mission in the market and allows the Tucson, Arizona VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Tucson, Arizona 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 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 medical and surgical bed tower at the Tucson, Arizona VAMC, as well as the modernization of the emergency department, inpatient mental health rooms, and CLC at the Tucson, Arizona 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 COA (1.59 for VA Recommendation versus 2.00 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 medical and surgical bed tower at the Tucson, Arizona VAMC, as well as the modernization of the emergency department, inpatient mental health rooms, and CLC at the Tucson, Arizona 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:** The cost of the market recommendation is less than the cost to modernize facilities in the market today (\$17.46B for VA Recommendation versus \$17.47B 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 (1.587 for VA Recommendation versus 1.588 for Modernization), reflecting effective stewardship of taxpayer dollars.



VISN 22 Prescott Market

The Veterans Integrated Service Network (VISN) 22 Prescott Market serves Veterans in north central Arizona. 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.⁵⁵

VA's Commitment to Veterans in the Prescott Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 22's Prescott 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 carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

The Prescott Market is facing flat market enrollment. The market is experiencing an increase in demand for inpatient acute services, long-term care, and outpatient care. Services will be maintained at the Prescott VAMC and across the market. Market realignment will occur to improve access and reflect Veteran care patterns. The strategy for the market is intended to provide Veterans today and in the future with access to high-quality, 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 outpatient sites to better distribute care and migrate from contracted care to VA care. The recommendation expands and relocates the Lake Havasu City community-based outpatient clinic (CBOC) in Mohave County, Arizona, and the Flagstaff CBOC in Coconino County, Arizona. The Lake Havasu City and Kingman CBOCs will be realigned to VISN 21 Southern Nevada Market, more accurately reflecting the patterns by which Veterans seek care.
- **Enhance VA's unique strengths in caring for Veterans with complex needs:** VA's recommendation maintains community living center (CLC) and residential rehabilitation treatment program (RRTP) services at the Prescott VAMC. The San Diego VAMC in the San Diego

⁵⁵ Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

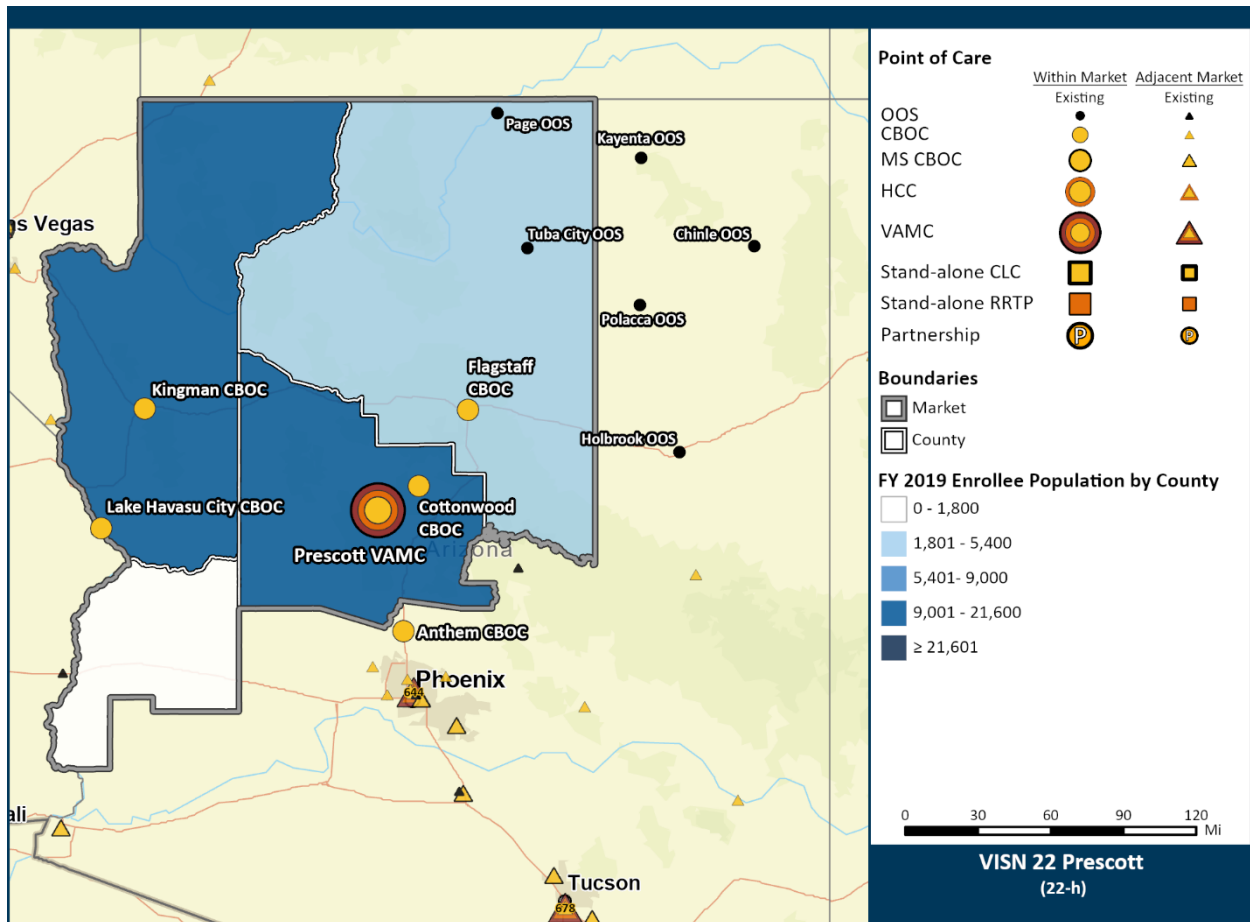
Market is the inpatient spinal cord injury and disorders (SCI/D) specialty hub for the Prescott Market. Demand for inpatient blind rehabilitation services will be met at the Southwestern Blind Rehabilitation Center at the Tucson, Arizona VAMC (VISN 22).

- **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 inpatient medical care at the Prescott VAMC.

Market Overview

The market overview includes a map of the Prescott 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 one VAMC (Prescott), five CBOCs, and six other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 32,586 enrollees, and is projected to experience a 2.1% decrease in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Yavapai, Mohave, and Coconino, Arizona.

Demand: Demand⁵⁶ in the market for inpatient medical and surgical services is projected to increase by 1.5% and demand for inpatient mental health services is projected to increase by 1.6% between FY 2019 and FY 2029. Demand⁵⁷ for long-term care is projected to increase by 17.4%. Demand for all outpatient services⁵⁸, including primary care, mental health, specialty care, dental, and rehabilitation therapies is projected to increase.

Rurality: 58.1% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 79.1% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 39.7% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers⁵⁹ in the market within a 60-minute drive time of the VAMC have an inpatient acute occupancy rate⁶⁰ of 59.4% (46 available beds).⁶¹ The market has no inpatient mental health beds at community providers within 60 minutes of the VAMC. Community nursing homes within a 30-minute drive time of the VAMC were operating at an average occupancy rate of 68.5% (77 available beds). Community residential rehabilitation programs⁶² 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 Midwestern University and University of Arizona College of Medicine – Phoenix. The Prescott VAMC and is ranked 133 out of 154 VA training sites based on number of trainees. The Prescott VAMC conducts limited or no research, and the VAMC has no emergency designation.⁶³

⁵⁶ 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).

⁵⁷ Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.

⁵⁸ Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

⁵⁹ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

⁶⁰ 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.

⁶¹ Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

⁶² Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

⁶³ 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 Overview

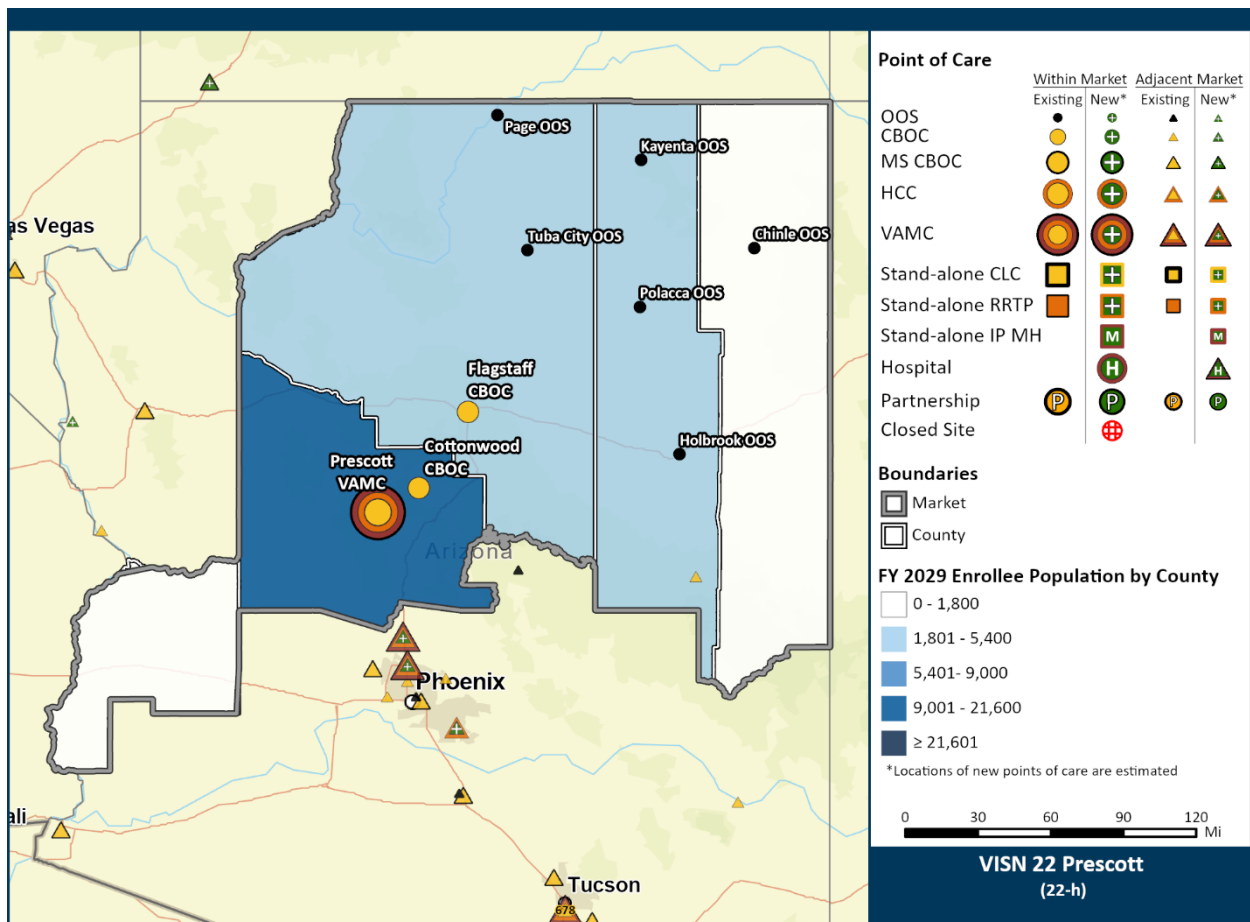
Prescott VAMC: The Prescott VAMC is located in Prescott, Arizona, and offers inpatient medical, RRTP, CLC, and outpatient services. In FY 2019, the Prescott VAMC had an inpatient medical average daily census (ADC) of 7.1, an RRTP ADC of 85.1, and a CLC ADC of 47.5.

The Prescott VAMC was established in 1903, and the main patient care facility was built in 1937. On the 169.6-acre campus, 20 acres are available for additional development. The historic designation of the Prescott VAMC campus is a challenge for new construction projects. The facility was most recently renovated in 2010. Facility condition assessment (FCA) deficiencies are approximately \$39.9M, and annual operations and maintenance costs are an estimated \$6.7M.

Recommendation and Justification

This section details the VISN 22 Prescott Market recommendation and justification for each element of the recommendation.

Future Market Map



1. **Modernize and realign outpatient facilities in the market by relocating the Flagstaff CBOC to a new site in the vicinity of Flagstaff, Arizona, and closing the Flagstaff CBOC:** The Flagstaff CBOC had 2,188 enrollees within a 30-minute drive time in FY 2019. The Flagstaff CBOC had 2,553 core uniques in FY 2019, reflecting a 23.6% increase between FY 2015 and FY 2019. Expanding the facility in the vicinity of Flagstaff, Arizona (Coconino County) will provide enrollees with a rightsized access point and will provide the opportunity to serve increasing outpatient demand.

Complementary Strategy

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

Prescott Market

- **Realign Apache County, Arizona, from the VISN 22 Albuquerque Market to the Prescott Market:** Veterans living in Apache County most frequently use points of care in the current Phoenix and Prescott markets. In addition, realignment of Apache County to the Prescott Market will allow better integration of care for Native American Veterans using Indian Health Service (IHS) and VA resources.
- **Realign Navajo County, Arizona, from the VISN 22 Phoenix Market to the VISN 22 Prescott Market:** Realignment of Navajo County to the VISN 22 Prescott Market will allow the market to operate as a contiguous market.
- **Realign the Anthem CBOC from the Prescott VAMC to the Phoenix VAMC in the VISN 22 Phoenix Market:** The Anthem CBOC is an estimated 34 minutes (29.9 miles) from the Phoenix VAMC, and an estimated 78 minutes (68.0 miles) from the Prescott VAMC. Maricopa County, where the Anthem CBOC is located, is aligned to the Phoenix Market. The Anthem CBOC will continue providing outpatient services to the area while the proposed new Anthem VAMC will provide subacute services. Having the Anthem CBOC and the Anthem VAMC aligned to the same market allows for optimized resource planning between the points of care.
- **Realign the Kingman CBOC and the proposed expanded Lake Havasu City CBOC to the North Las Vegas VAMC in the VISN 21 Southern Nevada Market:** Realignment of the Kingman CBOC and the Lake Havasu City CBOC to the North Las Vegas VAMC will allow the North Las Vegas VAMC to better project demand and plan for resource needs for users of the medical center.
- **Realign Mohave County, Arizona, from the VISN 22 Prescott Market to the VISN 21 Southern Nevada Market:** Realignment of Mohave County to the VISN 21 Southern Nevada Market will allow the North Las Vegas VAMC to optimize resource planning between the three points of care in Mohave County.
- **Expand the Lake Havasu City CBOC (Mohave County) in a new VA-staffed/leased site within Lake Havasu City, AZ to increase capacity to provide primary care and outpatient mental health services (in progress):** The Lake Havasu City CBOC had 3,273 enrollees within a 30-minute drive time and served 3,279 core uniques in FY 2019. At 5,416 square feet, the facility is undersized for Veteran patient demand. The project to replace the facility in Lake Havasu

(Mohave County) will provide enrollees with a rightsized access point and meet increasing growing outpatient service demand.

- **Increase availability of dermatology across the Prescott Market to address the potential lack of high-quality dermatologists:** As identified in the Section 203 criteria analysis, there is a potential lack of high-quality dermatologists. Increased availability may be achieved through a variety of tactics, such as telehealth, Veterans Community Care Program (VCCP) recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of gastroenterology across the Prescott Market to address the potential lack of high-quality gastroenterologists:** As identified in 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, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of hematology/oncology across the Prescott Market to address the potential lack of high-quality hematology/oncology specialists:** As identified in the Section 203 criteria analysis, there is a potential lack of high-quality hematology/oncology specialists. Increased availability may be achieved through a variety of tactics, such as telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of neurology across the Prescott Market to address the potential lack of high-quality neurologists:** As identified in the Section 203 criteria analysis, there is a potential lack of high-quality neurologists. Increased availability may be achieved through a variety of tactics, such as telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of pain medicine across the Prescott Market to address the potential lack of high-quality pain medicine specialists:** As identified in the Section 203 criteria analysis, there is a potential lack of high-quality pain medicine specialists. Increased availability may be achieved through a variety of tactics, such as telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of physical medicine and rehabilitation across the Prescott Market to address the potential lack of high-quality physical medicine and rehabilitation specialists:** As identified in the Section 203 criteria analysis, there is a potential lack of high-quality physical medicine and rehabilitation specialists. Increased availability may be achieved through a variety of tactics, such as telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of neurosurgery across the Prescott Market to address the potential lack of high-quality neurosurgeons:** As identified in 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, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of ophthalmology across the Prescott Market to address the potential lack of high-quality ophthalmologists:** As identified in 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, VCCP recruitment, and hiring additional VA providers, as appropriate.

- **Increase availability of orthopedic surgery across the Prescott Market to address the potential lack of high-quality orthopedic surgeons:** As identified in the Section 203 criteria analysis, there is a potential lack of high-quality orthopedic surgeons. Increased availability may be achieved through a variety of tactics, such as telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of urology across the Prescott Market to address the potential lack of high-quality urologists:** As identified in the Section 203 criteria analysis, there is a potential lack of high-quality urologists. Increased availability may be achieved through a variety of tactics, such as telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 22 Prescott 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 cost⁶⁴ 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 include 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 VISN 22 Prescott Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

⁶⁴ The present value cost is the current value of future costs discounted at the defined discount rate.

VISN 22 Prescott Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$7,452,938,466	\$7,748,881,886	\$7,976,341,140
Capital Cost	\$278,763,316	\$574,706,736	\$802,165,990
Operational Cost	\$7,174,175,150	\$7,174,175,150	\$7,174,175,150
Total Benefit Score	7	10	11
CBI (normalized in \$B)	1.06	0.77	0.73

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 nine VA points of care offering outpatient services.
- **CLC:** Long-term care demand will be met through the Prescott, Arizona 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 San Diego, California VAMC (VISN 22).
- **RRTP:** RRTP demand will be met through the Prescott, Arizona VAMC, and the other facilities within VISN 22 offering RRTP, including the Tucson, Arizona VAMC; the proposed new Anthem, Arizona VAMC; the proposed new stand-alone RRTP in Loma Linda, California; the San Diego, California VAMC; the stand-alone RRTP in San Diego, California; the Albuquerque, New Mexico VAMC; and the RRTP at the West Los Angeles, California VAMC.

Demand

- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Tucson, Arizona VAMC (VISN 22); the Long Beach, California VAMC (VISN 22); the Biloxi, Mississippi VAMC (VISN 16); and the Waco, Texas VAMC (VISN 17).
- **Inpatient acute:** Inpatient medicine demand will be met through the Prescott, Arizona VAMC, as well as through community providers; inpatient surgery and mental health demand will be met through the proposed replacement Phoenix, Arizona 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 in 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 19,883 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 increase, with 20,437 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 22. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with Midwestern University - Glendale.
- **Research:** This recommendation does not impact the research mission in the market; the Prescott, Arizona VAMC does not have a research mission.⁶⁵
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Prescott, Arizona, VAMC is not designated as a Primary Receiving Center.

⁶⁵ Research programs were determined by FY 2021 total VA-funded research dollars per the Research and Development Information System (RDIS).

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).
- **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 COA (0.73 for VA Recommendation versus 1.06 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.
- **Reflects stewardship of taxpayer dollars:** While the cost of the market recommendation is more than the cost to modernize facilities in the market today (\$8.0B for VA Recommendation versus \$7.7B 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 (0.73 for VA Recommendation versus 0.77 for Modernization), reflecting effective stewardship of taxpayer dollars.



VISN 22 Phoenix Market

The Veterans Integrated Service Network (VISN) 22 Phoenix Market serves Veterans in south central Arizona. 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.⁶⁶

VA's Commitment to Veterans in the Phoenix Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 22's Phoenix 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 carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

The Phoenix Market is facing significant market enrollment growth. Demand is increasing across inpatient acute services, long-term care, and outpatient care. To support this growth, VA recommends that a replacement for the Phoenix VAMC be developed at an improved location, in order to deliver acute inpatient services in a modern facility. In addition, VA recommends that a new subacute VAMC be developed in the vicinity of the Anthem, Arizona, area, expanding access to subacute care for the Phoenix Market. Outpatient services will be expanded and consolidated. Due to very low demand, VA recommends closing the Globe CBOC and shifting care to community providers and VA telehealth. The strategy for the market is intended to provide Veterans 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 addresses the increased demand for outpatient services and improves access to care by expanding the Southeast Gilbert multi-specialty community-based outpatient clinic (MS CBOC) and expanding and relocating the Northeast Phoenix community-based outpatient clinic (CBOC) and the Northwest Surprise CBOC. The Phoenix Midtown CBOC will be consolidated with the large, centrally located 32nd Street MS CBOC (under construction).

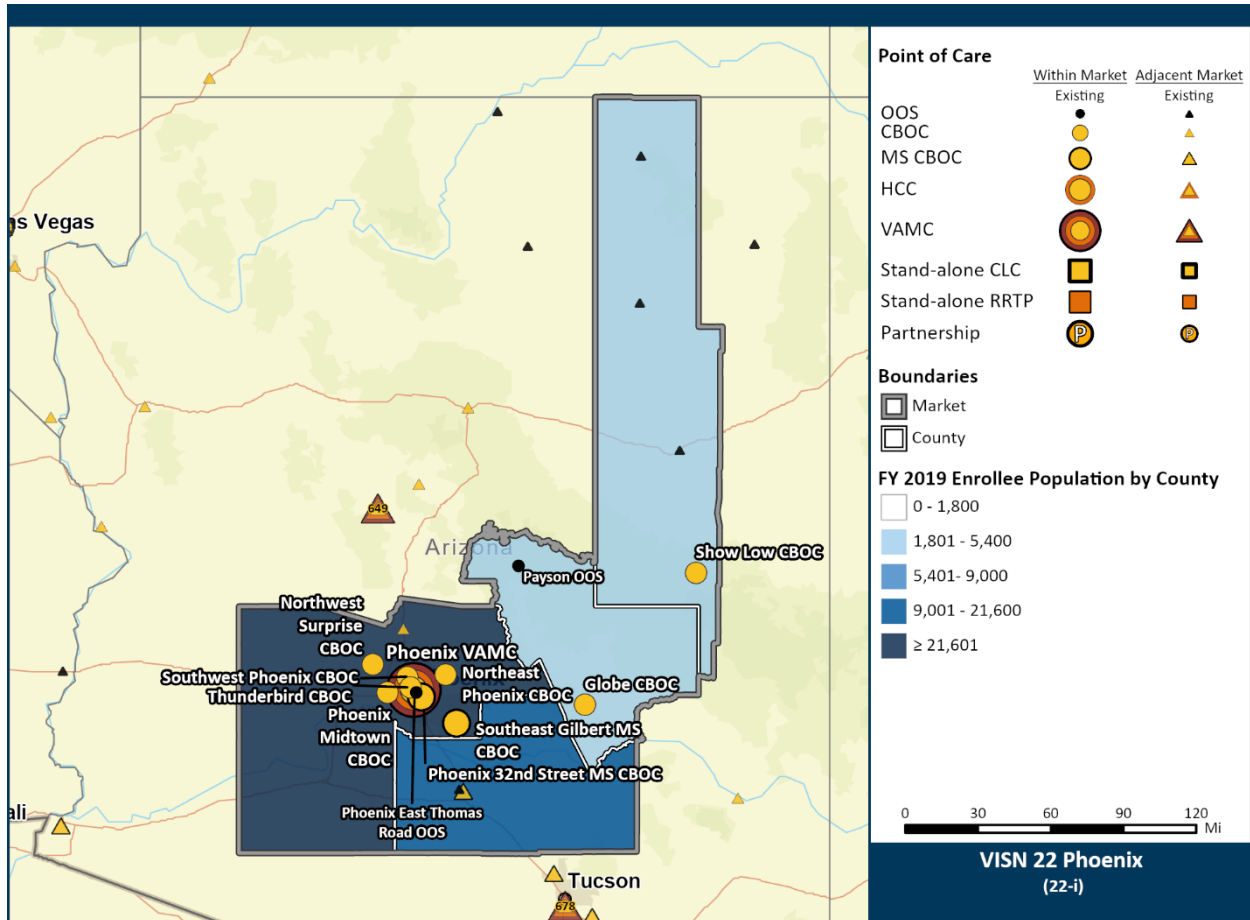
⁶⁶ Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

- **Enhance VA’s unique strengths in caring for Veterans with complex needs:** VA’s recommendation invests in expanded inpatient mental health services at the proposed new Phoenix VAMC to improve Veterans’ access to this service and relocates residential rehabilitation treatment program (RRTP) and community living center (CLC) services to a modern, expanded facility at the proposed new Anthem VAMC. The San Diego VAMC in the San Diego Market is the inpatient spinal cord injury and disorders (SCI/D) specialty hub for the Phoenix Market. Demand for inpatient blind rehabilitation services will be met by the Southwestern Blind Rehabilitation Center at the Tucson, Arizona VAMC (VISN 22).
- **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:** Demand for inpatient medical and surgical care is projected to increase. VA’s recommendation considers the projected overall increase in the number of enrollees in the future and the continued need for inpatient medical and surgical services by investing in the replacement Phoenix VAMC focusing on acute care.

Market Overview

The market overview includes a map of the Phoenix 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 one VAMC (Phoenix), two MS CBOCs, seven CBOCs, and two other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 134,404 enrollees and is projected to experience a 6.6% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Maricopa, Pinal, and Navajo, Arizona.

Demand: Demand⁶⁷ in the market for inpatient medical and surgical is projected to increase by 5.1% and demand for inpatient mental health services is projected to increase by 10.2% between FY 2019 and FY 2029. Demand for long-term care⁶⁸ is projected to increase by 81.5%. Demand for all outpatient

⁶⁷ 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).

⁶⁸ Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.

services,⁶⁹ including primary care, mental health, specialty care, dental, and rehabilitation therapies, is projected to increase.

Rurality: 18.6% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 91.7% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 92.8% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers⁷⁰ in the market within a 60-minute drive time of the VAMC have an inpatient acute occupancy rate⁷¹ of 70.0% (1,081 available beds)⁷² and an inpatient mental health occupancy rate of 84.0% (3 available beds). Community nursing homes within a 30-minute drive time were operating at an occupancy rate of 78.8% (600 available beds). Community residential rehabilitation programs⁷³ 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 University of Arizona-Phoenix, A.T. Still University of Health Sciences, Mayo Clinic, Midwestern University, and Valleywise Health. The Phoenix VAMC is ranked 43 out of 154 VA training sites based on the number of trainees and is ranked 68 out of 103 VAMCs with research funding. The Phoenix VAMC is designated as a Federal Coordinating Center.⁷⁴

Facility Overview

Phoenix VAMC: The Phoenix VAMC is located in Phoenix, Arizona, and offers inpatient medical and surgical, inpatient mental health, RRTP, CLC, and outpatient services. In FY 2019, the Phoenix VAMC had an inpatient medical and surgical average daily census (ADC) of 68.3, an inpatient mental health ADC of 28.8, an RRTP ADC of 20.4, and a CLC ADC of 29.1.

The Phoenix VAMC was built in 1952⁷⁵ on a 37.0-acre campus; no acres are available for additional development. The VAMC was last renovated in 1999 and faces major infrastructure challenges. Facility condition assessment (FCA) deficiencies are approximately \$137.5M, and annual operations and maintenance costs are an estimated \$16.9M.

⁶⁹ Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

⁷⁰ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

⁷¹ 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.

⁷² Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

⁷³ Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

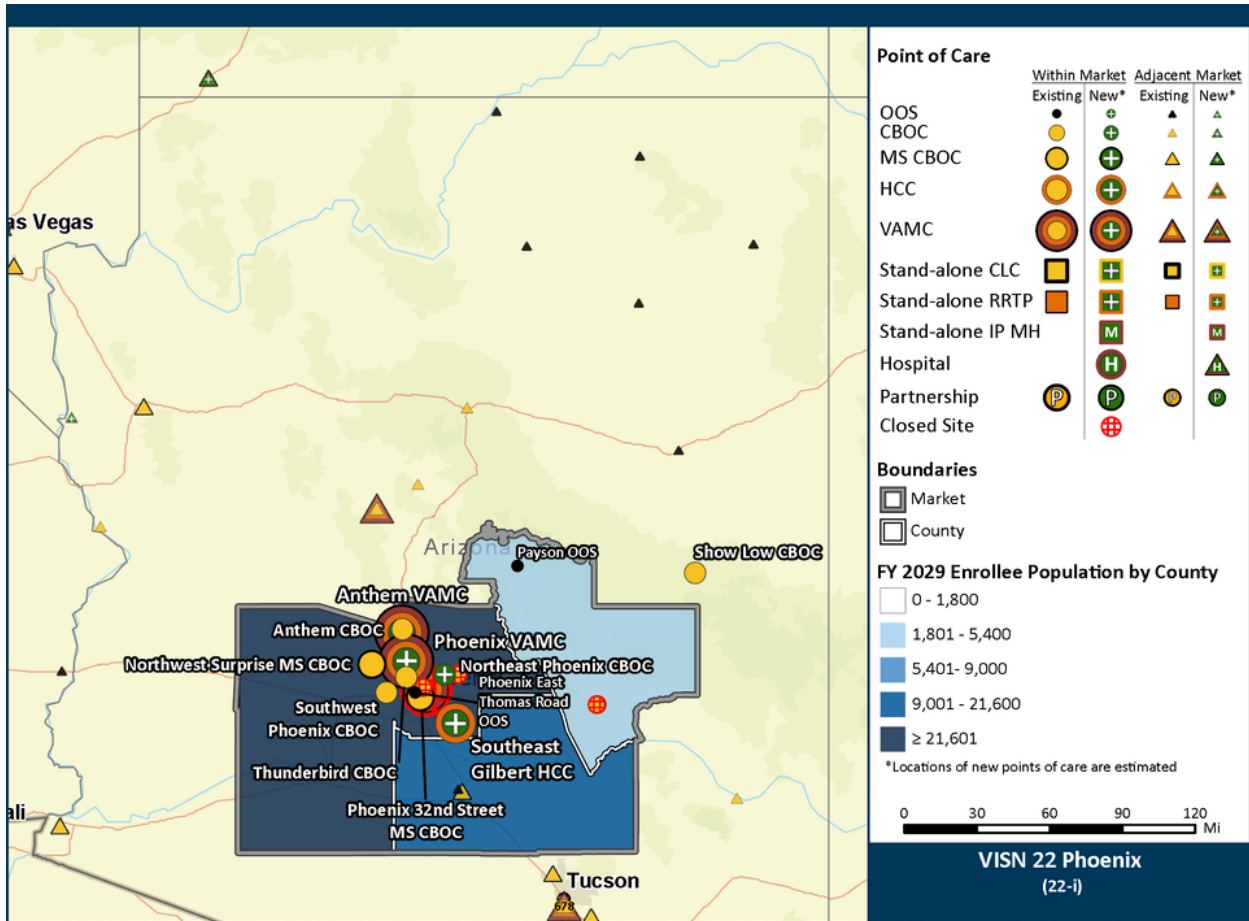
⁷⁴ VAMCs participating in the National Disaster Medical System are designated as Federal Coordinating Centers. Select Federal Coordinating Centers are also designated as Primary Receiving Centers.

⁷⁵ 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, column 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.

Recommendation and Justification

This section details the VISN 22 Phoenix Market recommendation and justification for each element of the recommendation.

Future Market Map



1. Modernize and realign the Phoenix VAMC by:

1.1. Constructing a replacement VAMC with inpatient medical and surgical, inpatient mental health, emergency department, outpatient specialty care, outpatient surgical, and women’s health services in the vicinity of Phoenix, Arizona: Phoenix, Arizona, is a large and high growth market, with 134,404 enrollees in FY 2019 and a projected increase of 6.6% by FY 2029 to 143,328 enrollees. The Phoenix VAMC has challenges meeting demand in an outdated facility on a landlocked campus. The proposed replacement VAMC in Phoenix will deliver inpatient medical and surgical (88 beds), inpatient mental health (38 beds), emergency department, outpatient specialty care, outpatient HCC, and women’s health services to the Phoenix Market.

The main patient care facility was constructed in 1952, with no available acres for expansion. Shared medical and surgical patient rooms with shared bathrooms limit efficiency and impact patient experience. The operating rooms need renovation and lack adequate sterile processing

services (SPS). The CLC is currently at reduced capacity due to an unrepairable sanitary system. Attempts to resolve these infrastructure limitations have been curtailed by an inability to create and execute a feasible master plan on the land-locked campus. Overall, the existing facility requires significant investment and is not equipped to meet current and future demand. The existing facility's FCA deficiencies total \$137.5M and annual operations and maintenance costs total \$16.9M.

The inpatient medical and surgical ADC at the Phoenix VAMC is projected to decrease from 68.3 in FY 2019 to 65.3 by FY 2029, and the inpatient mental health ADC is projected to increase from 28.8 in FY 2019 to 31.4 by FY 2029. The new proposed Phoenix VAMC will focus on acute care and specialty care. The proposed replacement VAMC will relocate to northern Phoenix to increase access, while remaining in Maricopa County and the Phoenix hospital referral region (HRR).⁷⁶ Ideally, it will be located near major highways, and incorporate sufficient space for future development.

In addition, the proposed VAMC may present attractive clinical and training opportunities to strengthen relationships with academic partners. By partnering with one or more affiliates, the Phoenix VAMC could increase care complexity and the overall quality of inpatient services.

Rightsizing inpatient medical and surgical services to 88 beds will accommodate inpatient medical and surgical demand across the Phoenix Market. Additionally, relocating inpatient mental health services to the proposed replacement Phoenix VAMC will provide Veterans with a modern health care setting and improve access to mental health services.

- 1.2. Relocating CLC and RRTP services provided at the Phoenix VAMC to future VA facilities and discontinuing these services at the Phoenix VAMC:** The Phoenix VAMC is largely focused on complex acute and specialty care and will continue to deliver on these services at its new location. Across the Phoenix Market, in-house and community CLC demand is projected to increase by 81.5% and RRTP demand is projected to decrease by 12.5% between FY 2019 and FY 2029. RRTP and CLC services will be relocated to the new subacute focused VAMC campus in northern Phoenix near Anthem, Arizona, approximately 30 miles away. In FY 2019, the Anthem area had 102,907 enrollees within 60 minutes.

The proposed new Anthem VAMC will specialize in geriatrics, subacute, and extended care to meet the needs of an aging enrollee population, offering CLC services with approximately 47 beds and long-term care, behavioral (geropsychiatry/dementia), hospice, and short-term rehabilitation (skilled nursing) services. The subacute focused 78-bed RRTP will offer programs focused on subacute rehabilitation, substance use disorder (SUD), serious mental illness, post-traumatic stress disorder (PTSD), and homelessness.

- 1.3. Closing the Phoenix VAMC:** Following realignment of services to the replacement and new VAMCs, the current Phoenix VAMC will be closed.

- 2. Constructing a new VAMC with CLC and RRTP services in the vicinity of Anthem, Arizona:** The Anthem VAMC will offer subacute services for the Phoenix Market. Constructing a VAMC in the

⁷⁶ A Dartmouth Atlas Hospital Referral Region (HRR) is a ZIP code-defined geography encompassing the community where the Medicare residents predominantly receive their cardiovascular and neurosurgery hospital care.

Anthem area will provide more Veterans with access to care in the growing Phoenix Market. The proposed new Anthem site had 102,342 enrollees within 60 minutes in FY 2019, due to Anthem's proximity to the Phoenix metropolitan area.

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

- 3.1. Relocating the Northeast-Phoenix CBOC to a new site in the vicinity of Phoenix, Arizona, and closing the Northeast-Phoenix CBOC:** The Northeast Phoenix CBOC had 36,413 enrollees within a 30-minute drive time in FY 2019. Between FY 2015 and FY 2019, core uniques⁷⁷ at the Northeast-Phoenix CBOC increased by 249.1%, from 1,093 core uniques in FY 2015 to 3,816 in FY 2019. Maricopa County enrollment is projected to increase by 4.7% between FY 2019 and FY 2029. Replacing the facility in the vicinity of northeast Phoenix, Arizona (Maricopa County) will provide enrollees with a rightsized access point and help Veterans avoid travel to the Phoenix VAMC for outpatient care. The new expanded location will provide the opportunity to serve increasing outpatient demand.
- 3.2. Relocating the Northwest Surprise CBOC to a new site in the vicinity of Surprise, Arizona, and closing the Northwest Surprise CBOC:** The Northwest Surprise CBOC had 45,270 enrollees within a 30-minute drive time and served 14,911 core uniques in FY 2019. Replacing the facility in the vicinity of Surprise, Arizona (Maricopa County) will provide enrollees with a rightsized access point. The new expanded location will provide the opportunity to increase capacity, offering a broader array of specialty care services, resulting in the classification of the facility as an MS CBOC.
- 3.3. Relocating all services to the 32nd St MS CBOC and closing the Phoenix Midtown CBOC:** A new MS CBOC, the 32nd St MS CBOC, is under construction in central Phoenix. The new facility will consolidate primary care and outpatient mental health services from the Phoenix VAMC and the Phoenix Midtown CBOC. The new Phoenix 32nd St MS CBOC, with 203,000 net usable square feet of clinical space, is nine miles away from the existing Phoenix Midtown CBOC. Shifting care to the new MS CBOC will expand access to primary care, outpatient mental health services, and outpatient specialty care, while increasing efficiency.
- 3.4. Relocating all services at the Globe CBOC and closing the Globe CBOC:** In FY 2019, the Globe CBOC served 675 core uniques, a 2.0% decrease in core uniques over four years. The facility serves 771 enrollees within a 30-minute drive time. The facility's current lease ends in April 2022. Community providers in Globe, Arizona, and the surrounding areas will serve the Veteran population in the area.

⁷⁷ VA core unique patients exclude Veterans who have used only VA telephone triage, pharmacy, and laboratory services.

Complementary Strategy

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

Phoenix Market

- Realign the Anthem CBOC from the Prescott VAMC to the Phoenix VAMC in the VISN 22 Phoenix Market:** The Anthem CBOC is approximately 34-minutes (29.9 miles) from the Phoenix VAMC, and approximately 78-minutes (68.0 miles) from the Prescott VAMC. Maricopa County, where the Anthem CBOC is located, is aligned to the Phoenix Market. The Anthem CBOC will continue providing outpatient services to the area while the proposed new Anthem VAMC will provide subacute inpatient services. Having the Anthem CBOC and the Anthem VAMC aligned to the same market allows for optimized resource planning between the points of care.
- Realign Navajo County, Arizona, from the VISN 22 Phoenix Market to the VISN 22 Prescott Market:** Realignment of Navajo County to the VISN 22 Prescott Market will allow the market to operate as a contiguous market.
- Increase availability of ophthalmology across the Phoenix Market to address the potential lack of high-quality ophthalmologists:** As identified in 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, Veterans Community Care Program (VCCP) recruitment, and hiring additional VA providers, as appropriate.

Phoenix VAMC

- Expand outpatient mental health, outpatient specialty care, and add outpatient surgery services to the Southeast Gilbert MS CBOC (Maricopa County), which may result in the classification of the facility as a health care center (HCC):** Demand for outpatient services is projected to increase across the market. The Southeast Gilbert MS CBOC had 42,001 enrollees within 30 minutes and 102,342 enrollees within 60 minutes in FY 2019. At the Southeast Gilbert MS CBOC, outpatient mental health encounters increased by 26.8% and outpatient specialty care encounters increased by 7.3% between FY 2017 and FY 2019. Demand for the combined in-house and community ambulatory surgical services across the market is projected to increase by 89.9% between FY 2019 and FY 2029. Expanding the outpatient services at the MS CBOC will enable VA to meet current and projected demand, as well as offer a more comprehensive continuum of care.
- Reassess the need to maintain the Thunderbird CBOC (Maricopa County) after completion of the new and expanded 32nd Street CBOC (Maricopa County) to determine additional demand needs:** The new MS CBOC, the 32nd St MS CBOC, is under construction in central Phoenix. The 32nd St MS CBOC is approximately 14 miles away from the Thunderbird CBOC, and will expand access to primary care, outpatient mental health services, and outpatient specialty care.
- Ensure there is adequate space to support the research initiative at the proposed new replacement Phoenix VAMC (Maricopa County), to maintain all existing programs.** The Office of Research and Development (ORD) will be consulted in the planning for the proposed

replacement Phoenix VAMC to ensure adequate space to maintain existing research programs and education capabilities in the Phoenix Market area.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 22 Phoenix 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 cost⁷⁸ 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 include 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 Phoenix Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 22 Phoenix Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$26,524,115,439	\$28,273,009,324	\$30,456,792,492
Capital Cost	\$1,002,755,243	\$2,751,649,128	\$4,935,432,296
Operational Cost	\$25,521,360,196	\$25,521,360,196	\$25,521,360,196
Total Benefit Score	8	11	13
CBI (normalized in \$B)	3.32	2.57	2.34

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.

⁷⁸ 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 11 VA points of care offering outpatient services, including the proposed replacement Phoenix, Arizona VAMC; the proposed expanded Southeast Gilbert, Arizona HCC and the Northwest Surprise, Arizona MS CBOC, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the proposed new Anthem, Arizona 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 San Diego, California VAMC (VISN 22).
- **RRTP:** RRTP demand will be met through the proposed new Anthem, Arizona VAMC and the other facilities within VISN 22 offering RRTP, including the Tucson, Arizona VAMC; the Prescott, Arizona VAMC, the proposed new stand-alone RRTP in Loma Linda, California; the San Diego, California VAMC; the stand-alone RRTP in San Diego, California; the West Los Angeles, California VAMC; and the RRTP at the Albuquerque, New Mexico VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Tucson, Arizona VAMC (VISN 22); the Long Beach, California VAMC (VISN 22); the Biloxi, Mississippi VAMC (VISN 16); and the Waco, Texas VAMC (VISN 17).
- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the proposed replacement Phoenix, Arizona 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 in 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 137,285 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 139,432 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 22. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with University of Arizona – Phoenix, A.T. Still University of Health Sciences, Mayo Clinic – Scottsdale, Midwestern University, and Valleywise Health.
- **Research:** This recommendation does not impact its research mission in the market and allows the Phoenix, Arizona VAMC to maintain the current research mission by ensuring there is adequate space to support research at the proposed new replacement Phoenix, Arizona VAMC to maintain all existing programs.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Phoenix, Arizona VAMC is not 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 Anthem, Arizona VAMC, and the proposed replacement Phoenix, Arizona 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 is lower than the Status Quo COA (2.34 for VA Recommendation versus 3.32 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 Anthem, Arizona VAMC, and the proposed replacement Phoenix, Arizona 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 (\$30.5B for VA Recommendation versus \$28.3B 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 (2.34 for VA Recommendation versus 2.57 for Modernization), reflecting effective stewardship of taxpayer dollars.