

**VISN: 4 (Revised 10/29/03)**

**Facility Name: VA Pittsburgh Healthcare System**

**Affected Facilities: Highland Drive, University Drive, H.J. Heinz**

**A. Summary and Conclusions**

- a. Executive Summary: There are three divisions of the VA Pittsburgh Healthcare System in a radius of a few miles in the metropolitan Pittsburgh area. Upon review of the alternatives for these divisions, the preferred alternative is for the VA Pittsburgh Healthcare System to construct sufficient space at two of the divisions to accommodate workload from the Highland Drive division, which will be divested.

Over 500,000 square feet of new space must be added to the two remaining divisions to fit all essential services currently operating at Highland Drive. The cost of constructing needed space is estimated at roughly \$100 million. The construction includes plans for 900 above ground parking spaces at University Drive, essential to the implementation of the plan since parking there is grossly inadequate even for the volume of services currently being provided. Long traffic backups on area streets are common as veterans wait to park. The construction estimate also includes replacement space for outpatient mental health, inpatient psychiatry, some primary care clinics, domiciliary programs, laundry, medical records, administrative functions including HR and business services, and clinical education, all of which are now housed at Highland Drive. Space is also added for projected increases in demand in specialty care, medicine, research, and ancillary care and the proposed collocation of VBA.

The major reasons for the selection of this alternative are to reinvest savings into enhanced services for veterans and to provide their care in modern, state-of-the-art space. The savings, estimated at \$15 million per year, will be realized through the reduced operating costs associated with running two sites instead of three.

Quality will be enhanced through proximity of services and modernized space, as well as through safety and environmental improvements inherent to operating new space and eliminating the need to maintain aging infrastructure. Added opportunities for research will enhance the organization's ability to recruit nationally recognized clinicians to deliver outstanding care.

All three divisions are located in the metropolitan Pittsburgh area in Allegheny County, the most populous county in western VISN 4. The entire western market of VISN 4 exceeds access guidelines. The three Pittsburgh facilities are situated within about five miles of one another with most veterans living

about the same distance from each, so closure of any one of them would not impact their access measurably. The inclusion of above ground parking in the construction plan for University Drive assures that access is improved in the preferred alternative. This addition is also a positive one for the surrounding community, where residents are inconvenienced by the current traffic tie-ups.

- b. Current environment The VA Pittsburgh Healthcare System's three divisions each have a distinct clinical mission. Heinz (formerly called Aspinwall) and University Drive have historically been recognized as 'University Drive' and managed by one administration. Highland Drive and University Drive, since their integration in 1996, have one administration and fully integrated service lines and support activities. Redundancies in clinical services were eliminated at the time of administrative integration.

University Drive is a 146-bed acute care facility providing primary and specialty medical-surgical care and research. It also serves as the tertiary referral center for the other four western VISN 4 facilities. The main building, where all patient care services are delivered, is mostly 50 years old and comprises 90% of the square footage for the division. It is in good to moderate condition overall with some medical bed space added or renovated within the last two years. The remaining buildings, comprising roughly 10% of the overall square footage of the division, primarily house research activities and are in poor condition, not useable for patient care activity. As described above, the parking available is not adequate for the current volume of patient care activity, which is projected to increase significantly in the CARES model. This division sits on just under 14 acres, and does not have space for additional ground level parking. In the facility condition assessment completed by AEW, replacement values were provided. University Drive was valued at \$204,100,000.

The H. John Heinz III Progressive Care Center, or Heinz, is a 336-bed nursing home care/progressive care geriatric center of excellence. In addition to nursing home care, dementia care, and adult day health care, Heinz also provides some outpatient specialty care for Heinz residents. Primary care for outpatients has been added at Heinz to decompress University Drive's outpatient clinics and parking. Originally constructed in 1925, a replacement patient care structure was constructed in 1994. It is situated on 51 acres in a high-income residential area with moderate access. Some original structures are of questionable historical origin. All patient care buildings are in excellent condition and only 8 years old. The remaining buildings, accounting for 25% of total square footage, are much older, in moderate to poor condition, and not readily useable for patient care. Heinz's replacement value was determined to be \$117,600,000 by AEW.

Highland Drive is a 210-bed comprehensive acute and long-term psychiatric care facility, including comprehensive substance abuse, post-traumatic stress disorder (PTSD), schizophrenia, and comprehensive homeless and

domiciliary programs. The Highland Drive division is also a Regional Center for the Treatment of former Prisoners of War. Some primary care is provided at Highland Drive as well, primarily for patients who also receive behavioral health care. This division is situated on approximately 90 acres. Highland Drive is valued at \$264,100,000 to replace. It is a 50-year-old campus-style setting on 168 acres in an area of limited access, bordered by low-income residential properties and near a local government complex. The main patient care buildings are in good condition overall, while some areas are functionally and aesthetically antiquated. The inpatient units are under renovation, and all beds will be cohorted in one of the more than 20 existing buildings within the next few years. Most of the remaining space is in moderate to poor condition and houses administrative and patient care support functions. Highland Drive has the most vacant space of the three divisions. One building in good condition has a large, vacant floor for which enhanced use alternatives are being explored, including a recent lease signed by DoD for part of that floor, which they will occupy in January of 2004. Another has vacant wings that would make excellent office space, also offered for enhanced uses.

c. Workload Summary:

Workload or Space Category	2001 ADC	Baseline Wkld (beds, stops)	2012 Projected Wkld (beds, stops)	2022 Projected Wkld (beds, stops)
Medicine	58	18,040	29,821	21,153
Surgery	37	13,386	13,908	9,824
Psychiatry	76	37,271	39,467	32,872
Domiciliary	607	18,264	18,264	18,264
Intermediate & NHCU	293	241,725	241,725	241,725
Residential Rehab	33	6,416	6,416	6,416
Spinal Cord Injury		0	0	0
Blind Rehab		0	0	0
Primary Care		116,743	154,551	117,735
Specialty Care		117,449	174,596	136,439
Mental Health		87,051	87,051	87,051
Ancillary/Diagnostic		147,408	223,833	185,335

d. Proposed Realignment:

**Where will care be provided and in what volume?**

Since all care described is currently, and will continue to be, provided among the divisions of the VA Pittsburgh Healthcare System, the shift is from one of three divisions to the proposed remaining two. Therefore, the volume of care provided within the VA Pittsburgh Healthcare System does not change in this plan.

The most reasonable location for the addition of outpatient care and research space is the University Drive division, which is adjacent to the affiliate and

nearest to the urban center of Pittsburgh. Most veterans express a strong preference to have their outpatient care provided at the University Drive location, even with its current parking constraints. Consolidation of the behavioral health and medical care functions and collocation of administrative functions will be possible in this scenario, supporting enhanced continuity of care as well as efficiency.

**Will care be available in the community if it is proposed?**

While this alternative does not propose any change in the amount of care to be provided in the community, the Pittsburgh market has an abundance of outstanding health care resources available. The exception is behavioral health, which is utilized to capacity in many instances.

**How much additional space will need to be constructed?**

The functions of the three divisions of VA Pittsburgh cannot fit into any two of its existing sites without significant construction. Accommodation of these functions will require construction of over 500,000 square feet of additional clinical and administrative space at the two remaining sites and a parking garage at University Drive to accommodate 900 cars.

**What is the impact on travel time?**

Drive times will be unchanged or slightly improved for most veterans, since the three divisions are located so near to each other. University Drive is located adjacent to the University of Pittsburgh, its principal affiliate. While public transportation in the county is only fair overall, University Drive, the nearest to downtown Pittsburgh, has the best public transportation access of the three divisions. The small acreage surrounding University Drive severely constrains parking, creating a tremendous access problem for those driving to the facility. Despite valet service to compress parked cars, a wait of one or more hours to enter the parking lot is not unusual. Therefore, the proposed alternative will improve overall travel times by eliminating waits for parking spaces.

**What is the impact on quality?**

Freeing resources currently used to support aging, redundant infrastructure will support tremendous quality improvement by funding additional clinical resources to improve timely access to specialized care.

Quality of services will also be improved under this alternative, since new space and easier access will support improved service delivery and perception. Those delivering services will be the same outstanding providers, since they will move with the workload to the newly constructed space.

**What is the impact on the community?**

The community can be positively impacted through the addition of a parking garage providing relief of traffic sitting on area roads while awaiting parking at University Drive. This will be increasingly important, as additional clinical and administrative space will add to traffic. While the neighborhood where

Highland Drive is situated would lose that facility as a site of employment, reviews of the property indicate that it would be suitable for a light industrial application.

**What is the impact on staffing?**

Staffing efficiency can be realized by eliminating some redundancy inherent in a multi-division system. Positions to be saved through the elimination of redundancy can be managed through attrition, given the length of time available for planning. Saved resources would largely be slated for reinvestment into the additional clinical positions needed to meet the projected growth in demand. Limiting the amount of time staff must travel among divisions will also yield efficiency.

**What is the impact on research and academic affiliations?**

VA Pittsburgh has a burgeoning research program and is renovating vacant space to accommodate these activities and bring VA researchers on site. Additional research space is incorporated into the construction plan. The availability of state of the art research labs has become a critical factor in attracting and retaining the finest health care providers. Researchers gain efficiency when located adjacent to the affiliate institution. The research space also has the potential to generate revenue through enhanced use arrangements.

Since no clinical services are slated for elimination when the facilities integrate, there would be no negative impact on research or affiliation. Proximity of behavioral health services to the affiliate may enhance opportunities for training in that specialty.

**Cost Effectiveness of the Proposal:**

Perhaps the most significant reason to consider consolidation and a high cost major construction project is the significant efficiency gained by eliminating the operating expense of maintaining a partially vacant, aging, campus-style division, estimated at \$15 million annually. The construction cost is projected to be recouped in approximately six years. The funds freed from maintaining this additional infrastructure can be used to enhance services to veterans. The VA Pittsburgh Healthcare System is projected to experience substantial increases in the demand for some services in the next 10 years. The projected major reductions in infrastructure maintenance expenditure will help to meet those care needs. While VAPHS' cost per unique patient is comparable to VA facilities of similar size and complexity, the reduction in operating costs associated with consolidation into two locations would reduce this cost.

Freeing scarce resources from the maintenance of aging capital assets will support tremendous enhancements to the delivery of services to veterans for years to come.

**B. Analysis.**

a. Description of current programs and services environment:

The workload is not being transferred, since it will remain within the VA Pittsburgh Healthcare System. The current mission of the Highland Drive division of the VA Pittsburgh Healthcare System is primarily the provision of behavioral health care. The facilities where this care will be provided if realigned are nearby within Pittsburgh and already administratively consolidated. The space for the delivery of behavioral health services would be constructed for that purpose adjacent to the existing facilities at University Drive and Heinz, since both facilities are currently fully in use.

b. Travel times:

Since all care remains within the same geographical area in near proximity, there is no measurable impact on travel times.

c. Current physical condition of the realignment site and patient safety

Facility Name	Campus Acreage	Original Bed Capacity (Beds)	Number of Vacant Bldgs	Number of Occupied Bldgs	Vacant Space (SF)	Average Condition Score	Annual Capital Costs *	Valuation of Campus (AEW)
Pittsburgh HD	168.4	951	0	7	65,460	4.5	\$13,653,000	\$264,100,000
Pittsburgh UD	13.9	750	22	1	-	4.5		\$204,100,000
Pittsburgh As	51	400	21	3	74,936	4.5		\$117,600,000

\* Annual capital costs are for all three divisions.

d. Impact considerations:

The original market plan, to consolidate the three divisions into two, remains the preferred alternative. Full contracting out of behavioral health services is not considered to be feasible, given the constrained availability of those services in the community. It is also not considered to be in the best interest of the veteran population, whose behavioral health needs are unique and best managed by those with training and expertise in meeting them.

▪ **Operating costs:**

The projected savings of \$15 million in operating expenses is projected to pay off the needed construction in six years in the preferred alternative to consolidate (original market plan). Those savings can then be used to enhance services to veterans. The cost analysis shows this preferred alternative to be the most cost effective, since it has the lowest life cycle costs and the most favorable net present value.

▪ **Human resources:**

Changes in employment resulting from the consolidation from three to two divisions in Pittsburgh are manageable through attrition, particularly given the volume of employees

who will be retirement eligible in the next five to ten years. Clinical staff will be added through the implementation of the plan. Employee job sites will change only about five miles, so turnover related to the proposed consolidation is not anticipated and relocation costs will not be incurred. It is anticipated that the relocation of behavioral health services adjacent to the affiliate institution will enhance recruitment efforts in that field.

▪ **Patient care issues and specialized programs:**

No program disruptions are anticipated, since sufficient space to move the programs into the nearby divisions is included in the construction plan. Current patient services will be maintained at their present sites until the construction is complete and programs can be relocated into the new space.

▪ **Impact on Research and Academic Affairs:**

As explained above, research and academic affairs are only positively impacted under the preferred alternative, which includes additional on-site space for research and relocates services adjacent to the affiliate institution.

▪ **Reuse of the Realigned Campus:**

Because of the tremendous size and age of the campus being realigned, reuse of the existing infrastructure is not likely to be cost effective. The purpose of realigning services is to free the tremendous resources required to maintain these facilities for investment into enhanced services. The most likely use for the property according to real estate experts is construction of light industry. Another alternative would be the construction of facilities for use as assisted living. This would require the assumption of demolition costs, unless at least part of the property was divested.

▪ **Summarize Alternative Analysis:**

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<p><b>Preferred alternative description and rationale:</b></p>	<p>The original market plan, which proposes consolidation of VA Pittsburgh's three divisions into two, is the preferred alternative. It collocates behavioral health services providing in aging facilities into state-of-the-art space with medicine, adjacent to the affiliate. It is also the most cost effective, and preserves the specialized behavioral health care effective for veteran patients.</p>		
	<p><b>Status Quo</b></p>	<p><b>Original Market Plan</b></p>	<p><b>100% Contract</b></p>
<p><b>Short Description:</b></p>	<p>Three separate divisions of the VA Pittsburgh Healthcare System with discreet missions exist within about five miles of one another. Projected increases in demand will be accommodated through renovation of vacant space and community contracts.</p>	<p>Over 500,000 square feet of new space and additional parking at University Drive must be added to the two remaining divisions to fit all essential services now housed at Highland Drive. The plan also adds space for the projected increases in demand in care as well as the proposed collocation of VBA. The major reason for the selection of this alternative is to improve quality and enhance services. The reduced cost of maintaining a sprawling 50-year-</p>	<p>All care provided at the Highland Drive division would be sent to an outside healthcare facility. Those services include Inpatient Psychiatry, Inpatient PR RTP, Outpatient Specialty Care, and Ancillary &amp; Diagnostics. Administrative space would be leased.</p>

		old campus style facility along with the cost of redundancies inherent in operating three separate locations will generate savings that can be reinvested into care enhancements.	
<b>Total Construction Costs</b>	\$213,039,941	95,215,474	34,462,857
<b>Life Cycle Costs</b>	\$5,396,741,917	5,092,539,142	5,213,738,999
	<b>Status Quo</b>	<b>Original Market Plan</b>	<b>100% Contract</b>
<b>Impact on Access</b>	Nearness of three divisions eliminates measurable impact on geographic access Pros: •Two locations with abundant parking; Cons: •Limited public transportation and major road access to third site	Nearness of three divisions eliminates measurable impact on geographic access Pros: •Improves timely access to UD through construction of parking. •Better public transportation and major road access at UD than HD	Pros: Some veterans might be able to receive care nearer to their homes. Cons: The volume of inpatient behavioral health care provided at Highland Drive would be difficult to find in the community, where beds are heavily utilized.
<b>Impact on Quality</b>	Pros: •Each division maintains a discreet mission; Cons: •Diverts resources from care to operating costs •Lack of proximity to medical care for behavioral health patients	Pros: •Greater integration of behavioral and medical care •Frees resources from operating costs to invest in care •Proximity to urgent medical care for behavioral health patients; Cons: •Behavioral health patients must adjust to care at a new location •Limited space for expansion of services	Pros: Contracting can assure the continued provision of quality care. Cons: The clinical expertise in veterans' service-related behavioral health needs exists primarily within the VA, potentially compromising quality if contracted.
<b>Impact on Staffing &amp; Community</b>	Pros: •Maintenance of jobs in current locations; Cons: •Inter-facility travel, local traffic tie ups	Pros: •Minimized travel among divisions improves staffing efficiency •Collocation of services creates some economies of scale •Positions saved would be managed through attrition, clinical positions would be added; Cons: •Loss of a major employer in an area neighborhood •Added congestion in the Oakland section of Pittsburgh	Pros: The broader community would see a surge in demand for behavioral health services; Cons: Full contracting of services would eliminate hundreds of VA jobs.
<b>Impact on Research and Education</b>	Pros: •Space for research is available at third site; Cons: •Researchers are away from affiliate	Pros: •Added research space included in construction plan •State of the art facilities attract nationally recognized providers •More disciplines will be adjacent to affiliate; •Researchers gain efficiency when located adjacent to the affiliate institution. Cons: •Would necessitate relocation of some current research	Pros: Research could continue on leased property. Cons: •University Drive and Heinz could not absorb the research functions at Highland without the construction of additional space •The objective to move VA funded research on site could not be accomplished

<p><b>Optimizing Use of Resources</b></p>	<p>Pros: •Space available to lease for enhanced use •Maintains a large land asset; Cons: •Operating costs of third site divert resources from direct care provision</p>	<p>Pros: •Cost avoidance saves an estimated \$15 million annually to invest in provision of enhanced care; Cons: •Requires sizeable major construction to fit all services in two divisions</p>	<p>Pros: Some contracted services would be less expensive Cons: Some services would be much more costly to contract</p>
<p><b>Support other Missions of VA</b></p>	<p>Pros: •Space available for VBA and DoD sharing •Adjacent to State Home; Cons: •Behavioral health programs not adjacent to affiliate</p>	<p>Pros: •Will continue to support all secondary missions of education, research and back up to department of defense; Cons: •Loss of adjacency to State Veterans Home •To accommodate administrative space for VBA and DoD would increase amount of space to be constructed</p>	<p>Contractors would not support the other missions of the VA</p>
<p><b>Other significant considerations</b></p>	<p>Pros: •Facilities are structured to support their current missions; Cons: •Aging buildings •Space greatly exceeds demand</p>	<p>Pros: •New behavioral health space •State of the art facilities •Improved perceived quality; Cons: •Behavioral and medical services collocated would require broad knowledge of many staff in managing urgent situations</p>	<p>Even reviewing the cost of contracting services creates negative public relations</p>