

M. SDO SCALABILITY

This appendix provides an overview of the scalability designed into the Service Delivery Options (SDO). Scalability is the measure of an option's capacity to handle significant fluctuations of demand. Unpredictable events, such as military conflicts, Medicare or DoD policy changes, economic changes, or a decline in the veteran population may generate these fluctuations. In this analysis, we focus primarily on the scalability of acute beds because these are the most capital intensive to build and the most expensive to maintain.

Generally, scalability was designed into the SDOs in several ways. Scalability can be achieved by reconfiguration of excess space, through Enhanced Use lease agreements that permit VA to lease back beds, or through private sector contracting. Sharing agreements with academic affiliates and DoD facilities also offer scalability. Finally, research has shown that community resources can absorb a significant portion of VISN 12's workload during periods of peak demand.

M.1 SOUTHERN MARKET

M.1.1 Option A

Capacity in the Southern Market VA facilities could be either increased by 38 percent or decreased by 18 percent in Option A to offer scalability. Hines VA Medical Center's maximum capacity is 354 beds; but 205 are planned for use, leaving 149 extra beds that provide for a portion of Option A's upward scalability. Additional upward scalability is derived from the Enhanced Use lease agreement. This option stipulates that 79 acute beds are leased back from Northwestern Memorial Hospital, but we have assumed that VA could lease an additional 25 percent (20 beds) if needed. In total, the Southern Market's planned capacity could be increased by 169 beds (or 38 percent) if needed. Option A's downward scalability is 18 percent, as VA would have the ability to incrementally reduce capacity by decreasing the number of leased beds. Exhibit M-1 provides an overview of Option A scalability.

Exhibit M-1. Option A Scalability

SOUTHERN MARKET	OPTION A BEDS ¹	UPWARD SCALABILITY	DOWNWARD SCALABILITY
West Side VAMC	98	0	0
Lakeside VAMC	79	+ 20	-79
Hines VAMC	205	+149	0
North Chicago	57	0	0
Total	439	+169 (or 38%)	-79 (or 18%)

(1) Medical, Surgical, and Acute Psychiatric beds

M.1.2 Option B

Capacity in the Southern Market VA facilities could be increased by 29 percent to offer upward scalability, but there is no downward scalability for acute beds. Hines VA Medical Center's maximum capacity after renovation is 354 beds, but 225 are planned for use, leaving 129 extra beds that provide for a portion of Option B's upward scalability. Because VA owns the capital assets,

Exhibit M-2 provides an overview of Option B scalability.

Exhibit M-2. Option B Scalability

SOUTHERN MARKET	OPTION B BEDS ¹	UPWARD SCALABILITY	DOWNWARD SCALABILITY
West Side VAMC	157	0	0
Lakeside VAMC	0	0	0
Hines VAMC	225	+129	0
North Chicago	57	0	0
Total	439	+129 (or 29%)	0

(1) Medical, Surgical, and Acute Psychiatric beds

M.1.3 Option C

Capacity in the Southern Market VA facilities could be either increased by 39 percent or decreased by 29 percent in Option C to offer scalability. Hines VA Medical Center's maximum capacity is 354 beds, but 214 are planned for use, leaving 140 extra beds that provide for a portion of Option C's upward scalability. Additional upward scalability is derived from the Enhanced Use lease agreement. This option stipulates that 128 acute beds are leased back from Northwestern Memorial Hospital, but we have assumed that VA could lease an additional 25 percent (32 beds) if needed. In total, the Southern Market's planned capacity could be increased by 172 beds (or 39 percent) if needed. Option C's downward scalability is 29 percent, as VA would have the ability to incrementally reduce capacity by decreasing the number of leased beds. Exhibit M-3 provides an overview of Option C scalability.

Exhibit M-3. Option C Scalability

SOUTHERN MARKET	OPTION C BEDS ¹	UPWARD SCALABILITY	DOWNWARD SCALABILITY
West Side VAMC	40	0	0
Lakeside VAMC	128	+32	-128
Hines VAMC	214	+140	0
North Chicago	57	0	0
Total	439	+172 (or 39%)	-128 (or 29%)

(1) Medical, Surgical, and Acute Psychiatric beds

M.1.4 Option D

Capacity in the Southern Market VA facilities could be increased by 16 percent to offer upward scalability, but there is no downward scalability for acute beds. Hines VA Medical Center's maximum capacity is 354 beds, but 284 are planned for use, leaving 70 extra beds that provide for a portion of Option D's upward scalability. Because VA owns the capital assets, Option D's downward scalability is limited. Exhibit M-4 provides an overview of Option D scalability.

Exhibit M-4. Option D Scalability

SOUTHERN MARKET	OPTION D BEDS ¹	UPWARD SCALABILITY	DOWNWARD SCALABILITY
West Side VAMC	98	0	0
Lakeside VAMC	0	0	0
Hines VAMC	284	+70	0
North Chicago	57	0	0
Total	439	+70 (or 16%)	0

(1) Medical, Surgical, and Acute Psychiatric beds

M.2 CENTRAL MARKET

M.2.1 Option E

Capacity in the Central Market could be either increased by 24 percent or decreased by 46 percent in Option E to offer scalability. Milwaukee VA Medical Center's maximum capacity is 113 beds, but 82 are planned for use, leaving 31 extra beds that provide for a portion of Option E's upward scalability. Additional upward scalability is derived from the Enhanced Use lease agreement. This option stipulates that 44 acute beds are leased back from the University of Wisconsin, but we have assumed that VA could lease an additional 25 percent (11 beds) if needed. In total, the Central Market's planned capacity could be increased by 42 beds (or 24 percent) if needed. Option E's downward scalability is 44 percent, as VA would have the ability to incrementally decrease capacity by reducing the number of leased beds. Exhibit M-5 provides an overview of Option E scalability.

Exhibit M-5. Option E Scalability

CENTRAL MARKET	OPTION E BEDS ¹	UPWARD SCALABILITY	DOWNWARD SCALABILITY
Milwaukee VAMC	82	+ 31	0
Madison VAMC	44	+ 11	-44
Tomah VAMC	15	0	0
Other (not VA owned)	37	0	-37
Total	178	+42 (or 24%)	-81 (or 46%)

(1) Medical, Surgical, and Acute Psychiatric beds

M.2.2 Option F

Capacity in the Central Market's VA facilities could be either increased by 16 percent or decreased by 35 percent in Option F to offer scalability. Milwaukee VA Medical Center's maximum capacity is 113 beds, but 101 are planned for use, leaving 12 extra beds that provide for a portion of Option F's upward scalability. Additional upward scalability is derived from the Enhanced Use lease agreement. This option stipulates that 62 acute beds are leased back from the University of Wisconsin, but we have assumed that VA could lease an additional 25 percent (16 beds) if needed. In total, the Central Market's planned capacity could be increased by 28 beds (or 16 percent) if needed. Option F's downward scalability is 35 percent, as VA would have the ability to incrementally reduce capacity by decreasing the number of leased beds. Exhibit M-6 provides an overview of Option F scalability.

Exhibit M-6. Option F Scalability

CENTRAL MARKET	OPTION F BEDS ¹	UPWARD SCALABILITY	DOWNWARD SCALABILITY
Milwaukee VAMC	101	+12	0
Madison VAMC	62	+ 16	-62
Tomah VAMC	15	0	0
Total	178	+28 (or 16%)	-62 (or 35%)

(1) Medical, Surgical, and Acute Psychiatric beds

M.2.3 Option G

Capacity in the Central Market's VA facilities could be increased by 7 percent to offer upward scalability, but there is limited opportunity for downward scalability.¹ Milwaukee VA Medical Center's maximum capacity is 113 beds, but 101 are planned for use, leaving 12 extra beds that provide for a portion of Option G's upward scalability. Because VA owns the capital assets, Option G's downward scalability is limited. Exhibit M-7 provides an overview of Option G scalability.

Exhibit M-7. Option G Scalability

CENTRAL MARKET	OPTION G BEDS ¹	UPWARD SCALABILITY	DOWNWARD SCALABILITY
Milwaukee VAMC	101	+12	0
Madison VAMC	62	0	0
Tomah VAMC	15	0	0
Total	178	+12 (or 7%)	0

(1) Medical, Surgical, and Acute Psychiatric beds

(2) Includes 75 Nursing Home beds transferred from Madison VAMC to Tomah VAMC.

¹ Additional upward scalability could be achieved by moving 75 nursing home beds back to Tomah, thereby increasing acute capacity at Madison by 75 beds.

M.3 NORTHERN MARKET

M.3.1 Option H

Capacity in the Northern Market could be either increased or decreased by 77 percent in Option H to offer scalability. Iron Mountain VA Medical Center’s maximum capacity is 34 beds, but 8 are planned for use, leaving 26 extra beds that provide for a portion of Option H’s upward scalability. Additional upward scalability is achieved by contracting for additional beds. This option also has downward scalability—because, as demand declines, contracting can be reduced. Exhibit M-8 provides an overview of Option H scalability.

Exhibit M-8. Option H Scalability

NORTHERN MARKET	OPTION H BEDS ¹	UPWARD SCALABILITY	DOWNWARD SCALABILITY
Iron Mountain VAMC	8	+26	0
Other (not VA-owned)	26	0	-26
Total	34	+26 (or 77%)	-26 (or 77%)

(1) Medical, Surgical, and Acute Psychiatric beds

M.3.2 Option I

There is limited opportunity for either upward or downward scalability in the Northern Market. To gain any upward scalability, nursing home care must be contracted out, which is currently unplanned. Because VA owns the capital assets, downward scalability could be achieved only by selling excess capacity or leasing space at Iron Mountain VA Medical Center. Exhibit M-9 provides an overview of Option I scalability.

Exhibit M-9. Option I Scalability

NORTHERN MARKET	OPTION I BEDS ¹	UPWARD SCALABILITY	DOWNWARD SCALABILITY
Iron Mountain VAMC	0	0	0

(1) Medical, Surgical, Acute Psychiatric, and Extended Care beds