

VISN: 22 – Desert Pacific

Facility Name: VA Southern Nevada Healthcare System (VASNHS), Las Vegas, NV

Affected Facilities: VA Southern Nevada Healthcare System, Las Vegas, NV

Summary and Conclusions

- a. **Executive Summary:** The original VISN 22 CARES Market Plan projected a new VA owned and operated stand alone outpatient clinic in the Las Vegas area with acute care remaining in the Mike O’Callaghan Federal Hospital (MOFH) and a 120 bed Nursing Home Care Unit (NHCU) to meet the future needs of the Southern Nevada market. That plan was prepared before several events occurred which caused a shift in the proposal to meet the current and future needs of the market. First, portions of the plan were prepared before VASNHS defaulted the Ambulatory Care Center (ACC) leaseholder and vacated the six year-old ACC in June 2003. Second, in a meeting between senior VA and Air Force officials, the Air Force announced that their projected growth will require up to 90 beds for Air Force use in the MOFH, essentially using all available MOFH bed capacity and leaving VA without adequate space for it’s needs unless a major addition to the MOFH was constructed. Third, MOFH access is a growing concern as the access to the building changes depending on Nellis AFB threat condition levels and the Air Force plans to fence in the site and add permanent security checkpoints in the immediate future. This has resulted in denial of access by VA beneficiaries to the MOFH during high threat conditions in the past. Finally, VA proposed placing a 120 bed NHCU contiguous to the MOFH for VA beneficiaries. Air Force objected to this placement citing mission incompatibility and disparity of beneficiaries. As such, the proposed solution to meet the Nevada market’s needs has been revised.

The preferred strategy for resolving clinical capacity gaps in the Southern Nevada Market is the construction of a new VA owned and operated Medical Center complex consisting of a large ACC for outpatient care, a 90 bed inpatient bed tower and a 120 bed NHCU located on a 50 to 55 acre site in the Las Vegas area. In addition, four Primary Care CBOCs will supplement the ACC in the Las Vegas metropolitan area with a Primary Care workload distribution in the Southern Nevada Market of approximately 50% at the medical center and 50% at the community clinics. Also included in this solution is a co-located Veterans Benefit Administration (VBA) Veterans Assistance Office of approximately 50 employees and appropriate administrative and support space to support medical operations. The proposed medical center will create an environment of enhanced continuity and efficiency . This approach will provide “One-Stop Shopping” for veterans whose healthcare needs cross the continuum of services including primary and specialty care, surgical services, mental health, rehabilitation and extended care as well as provide expanded and convenient access to VBA programs. This strategy increases space in all categories, improves healthcare quality by enhancing the treating environment and providing adequate, efficient and well-designed space for clinical care. With the additional

space, the needs of patients will be met through increased access, contributing to increased patient satisfaction. Impact of the selected strategy is positive as the Nevada Market will obtain a modern, safe facility for delivering quality inpatient and outpatient care.

- b. **Current environment:** The CARES process was begun when VASNHS was still located in the leased ACC. All physical plant information such as that contained in the Facility Condition Assessment (FCA) has since changed as VASNHS' physical environment has changed due to relocation. VASNHS defaulted the leaseholder due to failure to timely and satisfactorily meet the requirements of the lease in September 2002 and vacated the ACC on June 30, 2003. The VBA Veterans Assistance Office, which was located in office trailers on the ACC site also relocated to a new location at that time.

As of July 1, 2003, VASNHS has been operating out of multiple leased sites spread around the Las Vegas metropolitan area. This is intended to be only temporary solution until a permanent solution can be put into place. Each lease approved for only a three-year term with 2 one-year options. The ten new leases bring the total number of sites where VASNHS operates to 15. Inpatient workload continues to be met through the VA/DoD Joint Venture MOFH where VA operates Medical, Surgical and Mental Health beds and Surgical clinics. Mental Health Day Treatment programs remain at the Arville House and Homeless programs are operated from a Community Based Outreach Center located at the Las Vegas Rescue Mission where VA is provided space. Community based outpatient clinics (CBOC) are operated in Pahrump and Henderson, NV. The Henderson CBOC is a contract operation whereas VA staff provide clinical services in Pahrump in leased space. The Las Vegas Vet Center continues to provide services in it's original location.

Primary Care is now delivered at two existing CBOCs in Pahrump and Henderson and at four of the new leased sites, North, Northwest, Central and East Clinics. Mental Health outpatient services are concentrated at the North Clinic. Specialty Clinics operate at the Central, North, West, Southwest, East and Southeast Clinics. Ambulatory procedures are performed at the Southeast Clinic. Surgical clinics are conducted in temporary space at the MOFH. Administrative and support activities are located at the Central Clinic, Business Center, Data Center and Warehouse. The VBA Veterans Assistance Office is now operating in leased space physically separated from VASNHS activities

The temporary leased buildings are in four local government jurisdictions, which include the City of Las Vegas, the City of North Las Vegas, Clark County and Pahrump (Nye Country), Nevada. All leased space was constructed in accordance with the applicable local government standards, codes and other requirements with include the Uniform Building Code, Uniform Fire Code and the Americans with Disabilities Act (ADA) requirements. These buildings were not constructed in accordance with VA construction standards, which have requirements that are more stringent in a number of areas. All buildings are in reasonably good condition. These multiple sites were not originally planned or

designed to accommodate the high volume, multidisciplinary clinics operated by the VA. Many were designed as stand alone single provider private practice offices and have been modified to meet the VA's needs. Below is a list of current VASNHS leases.

Name	City	Yrs	Option	Start Date	Expiration Date	SF	Annual \$	Contract
Arville House	Las Vegas	5	1 x 5 Yr	01/01/99	12/31/08	3,224	\$40,442	V593-R001-99
Business Center Las Vegas	N Las Vegas	3	3 x 1 Yr	05/21/03	05/31/06	23,322	\$690,798	V101-183R-758-009-02
Central Las Vegas Clinic	Las Vegas	3	3 x 1 Yr	11/24/02	11/30/05	48,507	\$1,596,071	V101-183R-758-005-02
Data Center Las Vegas	Las Vegas	3	3 x 1 Yr	11/10/02	10/31/05	7,424	\$211,139	V101-183R-785-003-02
East Las Vegas Clinic	Las Vegas	3	3 x 1 Yr	11/24/02	11/30/05	27,701	\$807,484	V101-183R-758-002-02
North Las Vegas Clinic	Las Vegas	3	3 x 1 Yr	12/14/02	12/30/05	28,847	\$682,520	V101-183R-758-004-02
Northwest Las Vegas Clinic	Las Vegas	3	3 x 1 Yr	05/26/03	04/30/06	15,500	\$655,495	V101-183R-758-011-02
Pahrump CBOC	Pahrump	10	None	12/02/02	12/02/12	4,760	\$83,330	V593R-035-8a
Southeast Las Vegas Clinic	Las Vegas	3	3 x 1 Yr	12/06/02	11/30/05	8,688	\$321,108	V101-183R-758-010-02
Southwest Las Vegas Clinic	Las Vegas	3	3 x 1 Yr	12/30/02	12/31/05	29,697	\$846,365	V101-183R-758-006-02
Warehouse Las Vegas	N Las Vegas	3	3 x 1 Yr	12/23/02	12/31/05	20,610	\$165,292	V101-183R-758-007-02
West Las Vegas Clinic	Las Vegas	3	3 x 1 Yr	01/20/03	12/31/05	7,728	\$240,341	V101-183R-758-008-02
Totals						226,008	\$6,340,385	

The current physical arrangement leads to many operating challenges. First and foremost, is the physical separation between sites. Due to the lack of availability of appropriate rental properties, the need to procure leases quickly and the special requirements of clinical activities, the distance between sites was not a consideration during the leasing procurement. As a result, distances between sites varies between 0.35 miles to over 16 miles. A shuttle service using the North Clinic as it's main hub is operated to transport patients and employees between sites. The VA patient shuttle is coordinated with the DAV Van transportation program to provide veterans access to the multiple locations. A separate courier service is used to transport blood and laboratory specimens, mail, x-rays, pharmaceuticals and patient records between sites. Logistical support of multiple locations requires a trucking operation in order to ensure operating supplies are present in all sites increasing administrative costs. Vehicle needs also increase significantly to provide timely maintenance, housekeeping, IT and security support.

Radiology capability is currently available at only one primary care site, requiring patients who visit the other primary care sites to travel to the Central Clinic, a distance of between 3.5 to 5.5 miles. In addition, pharmaceutical availability is limited at the primary care sites with dispensing through an automated system. Should a pharmaceutical be prescribed which is not carried at the clinical site, the patient must either wait for up to two hours while the prescription is filled and brought to the clinic or travel from 4 to nearly 13 miles to the Business Center

where the main Pharmacy is located to pick up the prescription. Further patient travel is required if a patient is referred to a specialty clinic.

Workload Summary: Nevada has one of the highest growth rates in the country, with 86% of the state’s population concentrated in the Las Vegas metropolitan area. The combination of jobs, climate, cost of living and taxes has influenced this demographic shift, with southern Nevada becoming one of the primary retirement destinations in the country. There is a net gain of over 6,000 new residents per month in Clark County. The tremendous growth has led to a public infrastructure that is struggling to keep pace with growth. New schools, hospitals and roads are being built at a rate unmatched anywhere in the country. Healthcare services are especially in short supply, making it difficult and expensive for VA to purchase required services.

VASNHS experienced a 36.5% growth in unique veterans from FY 1998 to FY 2001, with a 65% growth forecasted by CARES from FY 2002 through FY 2012. This growth is reflected in the CARES data indicating a continued strong demand with a 58% increase in FY 2022. As shown in the table below, significant gaps in outpatient clinical care are forecast through FY 2022.

Program Category	FY 2012 Gap	FY 2022 Gap
Ancillary/Diagnostic	143.18%	148.9%
Medicine	91.1%	70.2%
Mental Health	68.9%	39.7%
Primary Care	48.6%	34.8%
Specialty Care	119.8%	111.6%

Nevada has the second highest number of veterans per capita and is projected to have one of the lowest declines in veteran population over the next 20 years. Nevada is among those states with the highest rates of suicide, alcoholism, homelessness and mental illness in the country and is one of the most medically underserved states. For many veterans, VA is the only source of healthcare available.

Currently, veterans in Southern Nevada can only access nursing home care via contract community nursing homes (CNH). Contracting is limited due to: quality of care deficiencies; high CNH occupancy rates ranging from 80% to 96%; lack of specialized services including ventilator care, sub-acute care, Alzheimer’s/Dementia care, and Gero-psychiatric care; and the low number of skilled beds available. In the U.S., the state of Nevada is ranked last with the lowest number of skilled beds per 1,000 persons age 65 and older. Nevada has 22 beds per 1,000, age 65+ with the National average at 54 beds per 1,000, age 65+. Utilizing linear regression analysis, VASNHS estimates that 153 veterans will be utilizing CNH beds by 2012, and in 2022, the CNH census is estimated to be approximately 268 patients. This estimate is based on the growth of the veteran population in Southern Nevada and the continued demand for nursing home care, which far exceeds community capacity.

The joint venture at the MOFH has been identified as a leader and model for successful joint ventures. The positive relationship enjoyed between the VA and DoD at the MOFH has been, and will continue to be, mutually beneficial to both agencies, however, the demand for VA services far out paces the ability of that facility to meet the need of the veteran and DoD beneficiaries. Required specialized services or advanced levels of care are often limited or nonexistent at the existing facility or in the community. Currently, VA and Air Force reimburse each other based on a discounted DRG basis. In FY 02, VA paid 39% of the DRG workload costs as reimbursement to the Air Force. Total VA inpatient reimbursement to the Air Force in FY 02 was \$6,768,779. Air Force reimbursed VA for services rendered as well, reimbursing VA \$305,197.

- c. **Proposed Realignment:** Not Applicable. VASNHS is not a realignment site. Analysis being prepared for construction of a new medical center in Las Vegas.

B. Analysis

- a. **Description of current programs and services environment:** The VA Southern Nevada Healthcare System provides a full spectrum of secondary level healthcare services. Tertiary care is provided through other network facilities.

Alternate # 1					
Workload or Space Category	2001 ADC	Baseline beds	Baseline Wkld (beds, stops)	2012 Projected Wkld (beds, stops)	2022 Projected Wkld (beds, stops)
Inpatient Medicine	18.66	18	8262	15786	14058
Inpatient Surgery	9	9	4230	5432	4885
Inpatient Psych	9	10	4725	5707	4328
Inpatient Dom			0	0	0
Inpatient NHCU			39268	39268	39,268
Inpatient PR RTP			0	0	0
Inpatient SCI			0	0	0
Inpatient BRC			0	0	0
Outpatient Primary Care			123194	183112	166107
Outpatient Specialty Care			87501	192305	185135
Outpatient Mental Health			37143	62752	51905
Ancillary & Diagnostics			101270	246171	252089

- b. **Travel times:** Not Applicable. VASNHS is not a realignment site. Analysis being prepared for construction of a new medical center in Las Vegas. VASNHS currently meets access standards.
- c. **Current physical condition of the realignment site and patient safety:** Not Applicable. VASNHS is not a realignment site. Analysis being prepared for construction of a new medical center in Las Vegas.

d. Impact considerations:

- Capital:** The preferred alternative requires a substantial investment of capital required for purchase of land and construction of a medical center complex. While the preferred alternative of a new medical center is the most expensive in initial investment, it provides the best value to the Government with increased efficiencies and capabilities, broader scope of services, capacity to meet increasing workload and the ability to enhance existing relationships with Joint Venture partners.

(No change 10-30-03jp)

Capital Cost Summary	Status Quo (Plus capital)	Original Market Plan	100% Contract	Alt 1
Capital Costs Summary				
Facility Being Reviewed: Las Vegas				
New Construction	-	\$ 106,040,496	\$ 0	\$ 0
Renovation	-	\$ 1,512,857	\$ 0	\$ 0
Total	-	\$ 107,553,353	\$ 0	\$ 0
Receiving Facility 1: new Las Vegas				
New Construction	-	-	-	\$ 250,000,000
Renovation	-	-	-	\$ 0
Total	-	-	-	\$ 250,000,000

- Operating costs:** The CARES Marketing plan did not account for the emergency relocation of the Ambulatory Care Center (ACC) and subsequent increased leased costs associated with temporary leases and required build out. Additionally the marketing plan did not reflect land acquisition cost for a replacement ACC and a new NHCU, based on the presumption that land could be donated or transferred as part of the Joint Venture. These costs would significantly offset the costs of operating an expanded medical center. Many of the increased costs are related to the increase in scope and availability of specialized services. These costs would be further offset by reductions in expensive contracted services and income generated through expanded sharing opportunities as part of the Joint Venture.

SUMMARY rerun

Operating Cost Summary	Status Quo	Original Market Plan	100% Contract	Alt 1
Facility Being Reviewed: Las Vegas				
Operating Costs	\$ 2,154,080,881	\$ 2,091,646,473	2,305,777,378	514,171,781
Receiving Facility 1: new Las Vegas				
Operating Costs	-	-	-	\$ 2,078,629,366

Operating Cost Summary	Status Quo	Original Market Plan	100% Contract	Alt 1
Facility Being Reviewed: Las Vegas				
Operating Costs	-	\$ 2,091,646,473	2,262,300,625	438,139,236
Receiving Facility 1: new Las Vegas				
Operating Costs	-	-	-	\$ 2,078,629,366

- **Human resources:** Not applicable. VASNHS is not a realignment site. Relocation of employees is not an issue. However, impact of the preferred strategy is positive, as the Nevada Market will require additional FTEE to provide care for the projected workload demand. A new, state-of-the-art medical center will be a positive factor for recruitment and retention of employees. With the projected enrollee growth through FY 2022 and significant projected growth in all categories, there is a major concern for the availability of healthcare professionals and support staff in southern Nevada. Nevada ranks last in the nation for available registered nurses, and it ranks 48th nationally for available physicians. A significant market demand for healthcare workers may create a temporary supply gap as VA competes with the private sector for healthcare openings.
- **Patient care issues and specialized programs:** Patient care would be enhanced by the ready availability of specialized services and a reduction in waiting times for specialties. Patient satisfaction would be improved through reduced requirement to travel to other VA facilities in another state. The Joint Venture could be enhanced by reducing both the VA and DoD reliance on expensive community and contracted services.
- **Impact on Research and Academic Affairs:** Impact of the preferred strategy is positive in terms of Research and Affiliations, as the Nevada Market will obtain a modern, safe facility for delivering quality care. As Las Vegas grows in future years, it is expected that Research and Education programs will also grow particularly in geriatrics. Although minimally sufficient capacity exists today, it is anticipated additional research demand will occur in future years, and at that time space will be needed for laboratory bench space and research office space.

- **Reuse of the Realigned Campus:** Not applicable. VASNHS is not a realignment site. Analysis being prepared for construction of a new medical center in Las Vegas.
- **Summarize alternative analysis:** The preferred alternative would provide a comprehensive medical center complex designed to meet the rapidly increasing workload in Southern Nevada. The facility would provide a “One Stop” approach for the veteran whose healthcare needs cross the continuum of services including primary and specialty care, surgical services, mental health, rehabilitation and extended care. The consolidation of clinical, support, administrative and Veterans Benefits Administration offices would increase efficiencies, allow for the sharing of expertise and coordination across all levels of care, ensuring that patient is provided optimum care in the most appropriate setting.

VA Southern Nevada Healthcare System

Preferred alternative description and rationale:	New VA owned Medical Center with ambulatory care center, 90 bed inpatient bed tower and 120 bed Nursing Home Care Unit. Also co-located VBA Veterans Assistance Office.				
	Status Quo	Original Market Plan	100% Contract	Alternate # 1	Alternate # 2
Short Description:	Continue multiple leased clinics, Inpatient beds at MOFH, Contract NHCU beds	New VA owned stand alone ACC, Inpatient beds at MOFH, New 120 bed NHCU	Contracting all services, Inpatient, Outpatient and Long Term Care into the local community	New VA owned Medical Center with ACC, 90 inpatient bed tower & 120 bed NHCU	
Total Construction Costs	-	\$107,553,353	\$ 0	\$250,000,000 est	
Life Cycle Costs	\$ 2,241,684,807	\$ 2,195,363,667	2,262,300,625	2,088,020,411	
Total Construction Costs	0	\$107,553,353	0	\$113,846,957	
Life Cycle Costs	\$2,241,684,809	\$2,208,794,855	\$2,305,777,378	\$2,624,137,114	
Impact on Access	Negative - Access standards are currently being met, however are not sustainable beyond 1-2 years.	Positive – Access to NHCU will be improved	Negative – Community is already severely limited on the ability to meet existing demand for services.	Positive – Access to NHCU and Specialty care will be improved capacity to handle growth.	
Impact on Quality	Negative – Decreased ability to coordinate care.	Positive – modern, safe facility for outpatients, renovated ward for inpatients & new NHCU beds	Negative – Delays are already common in the community due to limited capacity.	Positive – Consolidation of services will greatly enhance delivery of care.	
Impact on Staffing & Community	Negative – Some increased FTEE to meet workload demands and inefficient use of staff.	Positive – Increased FTEE to meet workload demands and NHCU beds.	Negative – Community is experiencing difficulty recruiting adequate medical staff.	Positive – Increased FTEE to meet increased scope of services, long term care and workload demands. Highly visible addition to the	

				community.	
Impact on Research and Education	Neutral - No Change in existing arrangement. Minimum Research space limited space for program,	Positive – Additional capacity in new building. Added opportunity for geriatrics research	Negative – Research would be discontinued, Affiliations would be dissolved.	Positive – Greatly enhanced potential for future growth. Added opportunity for geriatrics research.	
Optimizing Use of Resources	Negative- Current setting is fragmented and inefficient. Costly operational, transportation and increased lease costs	Positive – Additional capacity and efficiencies would be planned into new facility.	Negative – This option may not be viable due to existing shortages, with associated higher than normal costs due to scarcity and demand.	Positive – Highly improved facility and expanded capability.	
Support other Missions of VA	Negative – Anticipate overcrowding in both Inpatient and Outpatient settings.	Positive – potential for VA/DoD sharing at CBOCs. Expect existing agreements to continue & expand	Negative – The ability to support National initiatives would be greatly reduced or non-existent.	Positive – potential for more VA/DoD sharing at CBOCs. Expect AF mental health services to continue & expand. Increased sharing opportunity for specialized care.	
Other significant considerations	The original “Status Quo” no longer exists due to emergency relocation from the ACC. Existing setting is fragmented and inefficient and only intended to be a temporary solution.	The CARE Marketing plan may no longer be viable due to increased requirements by AF partners for bed capacity and collocated land for NHCU not possible.	Many of the services required would not be available in the community due to existing shortages in private sector both in term of staff and physical capacity.	Urgent progress on project would be required to meet demand for services.	