

Questions & Answers

VA Public Meeting: Enhanced-Use Leasing

4:00 PM Wednesday, April 28, 2010-04-29

The questions and answers are presented in the order asked at the public meeting.

Q1: Who are some of the prospective EUL developers?

A1: St. Elizabeth Hospital, Easter Seals, Senior Foundation. There are others too, from all over the country.

Q2: The problem in Lincoln is not the facility of the lack of room, but the lack of doctors. There are only three doctors in Lincoln and it takes a couple months to get an appointment. Why is it necessary to build a new building and spend the money when the funds could be spent on additional physicians?

A2: No patient should ever have to wait 30 or more days for an appointment. There are six primary care physicians, three psychiatrists, 1.5 radiologists and one ophthalmologist at VAMC Lincoln (full-time equivalents). There are also seven physician assistants in primary care and many physician helpers. There are many other specialty services available. VAMC Lincoln does need more staff. There is actually a need for more nurses. VAMC Lincoln has authorization to hire three more nurses.

The reasons for the new facility are clear:

- There is not enough clinic space and rooms for primary care. The second floor is completely full with specialty care.
- There is not efficient space layout and utilization. The services are very spread out and in pockets throughout the building.
- Operating the building is not cost effective. It is expensive to heat and cool the building.

Q3: Please clarify who/what is being referred to as a Developer. Please confirm that there is no Wal-Mart or Walgreen or other such retailer being considered in the EUL.

A3: VA is not interested in a big box development. The goal is to have a use that is consistent with VA's mission and VA is looking for projects that somehow relate to and give back to Veterans.

Q4: There was a previous attempt to dispose of the property that escalated to Washington DC before it was stopped. How is this different?

A4: Under an EUL, there is no sale of the property. The use is authorized and regulated by the lease agreement signed with the Developer. At the end of the lease term, the property and all improvements reverts to VA.

Q5: The Veteran received extensive dental benefits previously, but in the interim had private insurance. Now VA is denying his eligibility for dental benefits.

A5: VA will look into the concern, as questions about eligibility are very specific.

Q6: When the change is made under the EUL, how many of the new services will be transferred to the new clinic facility?

A6: All clinical services now plus the capacity for VAMC Lincoln to grow its services. The demographics are being incorporated to enable VAMC Lincoln to grow in the specialty services area. VAMC Lincoln is also identifying how to build a clinic that can expand with the changes in healthcare.

Q7: How did VA determine 100,000 square feet for the new clinic? Will it be large enough?

A7: Yes. The size will be large enough as it is more than what is currently in place plus it will provide room to grow.

Q8: Why does VAMC Lincoln not have the same services as VAMC Omaha?

A8: VAMC Lincoln added specialty services in the past five years that were never here before. In addition, VAMC Lincoln is now using tele-health technology to have patients minimize the need to travel to VAMC Omaha for specialty visits.

Q9: Was there a time when a contract for private services was available?

A9: For years, VAMC Lincoln had a contract with a private urologist in Lincoln, but the doctor terminated the agreement. VA has a very robust clinical quality program, often not found in the private sector. Compliance with this program makes it difficult for private doctors to contract with VA.

Q10: Since the VA Regional Office is constructing a new facility, why was there no clinic for Lincoln included in the new construction?

A10: The needs of the Regional Office were immediate. Building 5 is now being used to house some employees, but the Regional Offices are still overcrowded. Veteran Benefits Administration (“VBA”) is still interested in locating with VA Lincoln, as the building procured by General Services Administration (“GSA”) will not be large enough as VBA has over 240 employees and is still growing. There is still an opportunity for the two groups to partner in a location.

Q11: When the money is saved under the EUL, will that amount be subtracted from VAMC Lincoln’s budget or will it enhance VAMC Lincoln’s budget?

A11: Any funds saved in VISN 23 has been re-directed into other areas within the VISN. As part of the Health Care System (“HCS”), the funds will stay within the HCS, but cannot be assured to be only at VAMC Lincoln.

Q12: The last time VAMC Omaha was at the meeting, a representative stated that \$56 million in improvements were necessary since the buildings were there since the 1950’s. VAMC Lincoln’s buildings are older, so what money is coming to VAMC Lincoln?

A12: The reason for this public meeting is to discuss the state-of-the-art clinic for VAMC Lincoln achievable through the enhanced-use lease.

Major construction projects, such as at VAMC Omaha, compete for appropriated dollars annually and the competition is nationwide. There are not enough dollars to meet the requests for these funds, so projects must compete each year. When there are huge construction projects, such as the new hospital in Las Vegas, or natural disasters, such as replacing the facilities in New Orleans, the funds become even more scarce and projects get pushed further down the list. So waiting for appropriated construction funds would be uncertain and long-term.

Q13: Why is VAMC Lincoln competing for healthcare with VAMC Omaha?

A13: There is no competition. Both are part of a Health Care System that takes care of Veterans from across the state.

Q14: Why build a VBA building where it is and why was it not located on the VAMC Lincoln campus?

A14: VBA leasing and space requirements are facilitated through GSA as VBA does not have a construction budget to support such a building. Many GSA leases are not long-term so there is still an opportunity to re-engage VBA to co-locate with VAMC Lincoln. This would be the responsibility of the EUL Developer to attract VBA as a tenant.

Q15: Why not let other Federal agencies build on VA Lincoln Medical Center?

A15: Most agencies use GSA for their leasing needs and have more immediate needs and lease existing space.

Q16: There used to be a full-service hospital at VAMC Lincoln, but now Veterans must travel to VAMC Omaha. Why did VA let the services at VAMC Lincoln go downhill?

A16: Under the CARES process, the right services at the right place at the right time were identified. VA has followed the same national trends in healthcare where there is less in-patient care required. There is just not the demand for in-patient beds at VAMC Lincoln anymore.

However, the quality of medical services now is so much better at VAMC Lincoln as there are dedicated specialists at the facility versus generalists.

Q17: Was there ever a study done of the cost effectiveness of leasing versus refurbishing the existing buildings?

A17: It is unsure if VAMC Lincoln has one specific study with this information. However, the existing facilities are not compatible with the delivery of modern healthcare. It takes starting fresh to get the efficiencies in place. The 1930's design criteria for the existing buildings is very different from current criteria, i.e., 15-bed patient wards that do not even approach current patient privacy requirements.

VAMC Lincoln has looked into the cost of renovation and it is more cost-effective to build new. VAMC Lincoln facilities are rated each year by Facilities at Central Office and have many infrastructure components rated as “D” and “F”. The facility would have to identify what needs to be corrected to current acceptable standards, then compete for construction dollars for the modernization.

Using the EUL is a creative way of getting the Developer to off-set the cost of a new clinic.

Q18: Which of the two EUL options would VA be more favorable toward for consideration for VAMC Lincoln?

A18: Both are equal at this point. Under the EUL any of the consideration stays in the local VISN Health Care System.

Q19: How much money will be spent on the clinic? What happens if the EUL only generates part of the required dollars?

A19: VA will have to come up with money in other ways or not execute the EUL at all.

Q20: Will the progress on the developer be posted to the VA website?

A20: No. The website will include the progress on the project to enter into an enhanced-use lease, but will not have the specific progress with identification of the developer.

Q21: If VA is unable to operate the buildings efficiently, why would a developer think that they can operate the buildings efficiently?

A21: There are developers with successful enhanced-use leases who are operating buildings efficiently. It depends on the use and any necessary changes the developer makes to the buildings.

Q22: How much rent will be charged to VA for a 100,000 square foot clinic?

A22: VA will not be leasing the new clinic. It will be provided as in kind consideration under the enhanced-use lease. VA would pay the yearly operating costs on the new clinic.

Q23: Will the term be for 75 years?

A23: The term of the enhanced-use lease depends on the type of development. The longer-term leases are typically for 55 years, but the statute allows a term up to 75 years.

Q24: Would VA lose all responsibility for the existing Medical Center buildings?

A24: Yes. The developer would enter into an agreement to take care of all land and buildings under the enhanced-use lease.

Q25: If the EUL development includes assisted living, would Veterans get priority?

A25: Yes. For transitional and assisted living projects, the lease almost always includes a Veteran preference.