VA Recommendations to the

ASSET AND INFRASTRUCTURE REVIEW COMMISSION

March 2022

VISN 17

Market Recommendations

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VISN 17 North Texas Market

The Veterans Integrated Service Network (VISN) 17 North Texas Market serves Veterans in the northeastern region of Texas. 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 North Texas Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 17's North Texas 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

Veteran enrollees in the North Texas Market are projected to increase. Demand for inpatient and outpatient services is projected to increase as well. There is a need to expand access to VA health care to meet the existing and projected Veteran demand. 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 addresses the increased demand for outpatient services and improves access to care by investing in modern facilities closer to where Veterans live. VA's recommendation invests in four new community-based outpatient clinics (CBOCs) in Fannin County, Dallas County, Parker County, and Ellis County, Texas, offering primary care and mental health care to better distribute care and decompress existing facilities. VA's recommendation also expands specialty care access in Denton, Texas, and Grand Prairie, Texas.

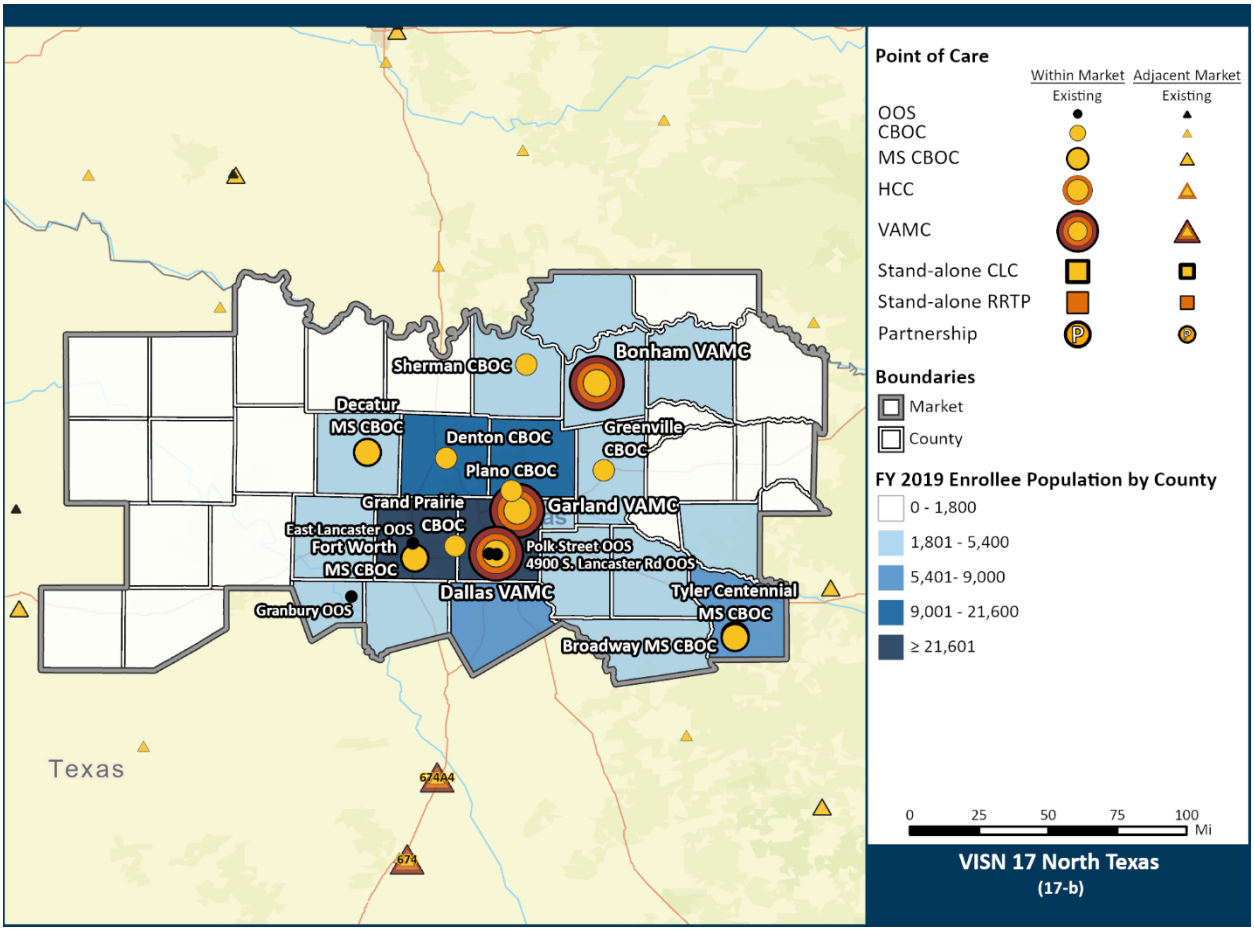
[1] Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

- **Enhance VA's unique strengths in caring for Veterans with complex needs:** VA's recommendation invests in a modern residential rehabilitation treatment program (RRTP) facility in the vicinity of Garland, Texas, and invests in distributed, modern community living centers (CLCs) in the vicinity of Garland and Tarrant County, Texas to provide comprehensive care that may not be readily available in the community. CLC and RRTP services will be transitioned to these new facilities from the Bonham VAMC, an aged campus far from the market's population centers. VA's recommendation also invests in modern mental health facilities at the Dallas VAMC. Inpatient spinal cord injuries and disorders (SCI/D) and blind rehabilitation are regional services. Inpatient SCI/D services will be provided at the Dallas, Texas VAMC and inpatient blind rehabilitation services will be provided at the Waco, Texas VAMC; Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and 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 a sustainable program at the Dallas, Texas VAMC and also utilizes community providers to provide inpatient medical and surgical care.

Market Overview

The market overview includes a map of the North Texas 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 three VAMCs (Dallas, Bonham, and Garland), four multi-specialty community-based outpatient clinics (MS CBOCs), five CBOCs, and four other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 192,848 enrollees and is projected to experience an 8.1% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Dallas, Tarrant, and Denton, Texas.

Demand: Demand[2] in the market for inpatient medical and surgical services is projected to increase by 3.8% and demand for inpatient mental health services is projected to increase by 10.4% between FY 2019 and FY 2029. Demand for long-term care[3] is projected to increase by 57.3%. Demand for all

[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.

outpatient services,[4] including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 28.1% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 83.5% of enrollees in the market live within a 30-minute drive time of a VA primary care site, and 77.0% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers[5] in the market within a 60-minute drive time of the VAMCs had an inpatient acute occupancy rate[6] of 65.6% (2,101 available beds) [7] and an inpatient mental health occupancy rate of 67.0% (61 available beds). Community nursing homes within a 30-minute drive time of the VAMCs were operating at an occupancy rate of 65.7% (2,948 available beds). Community residential rehabilitation programs[8] 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 Texas Southwestern Medical Center, University of North Texas, and Baylor University. The Dallas VAMC is ranked 4 out of 154 VA training sites based on the number of trainees. The Bonham VAMC does not have a training program. The Dallas VAMC is ranked 52 out of 103 VAMCs with research funding, and the Bonham VAMC conducts limited or no research. The Dallas VAMC serves as a Federal Coordinating Center and Primary Receiving Center.[9] The Bonham VAMC has no emergency designation.

Facility Overviews

Dallas VAMC: The Dallas VAMC is located in Dallas, Texas, and offers inpatient medical and surgical, inpatient mental health, RRTP, CLC, SCI/D, and outpatient services. In FY 2019, the Dallas VAMC had an inpatient medical and surgical average daily census (ADC) of 146.5, an inpatient mental health ADC of 21.7, an RRTP ADC of 66.9, a CLC ADC of 98.4, and a SCI/D ADC of 15.6.

The Dallas VAMC was built in 1955 on 99 acres. Facility condition assessment (FCA) deficiencies are approximately $90.7M, and annual operations and maintenance costs are an estimated $28.8M.

Bonham VAMC: The Bonham VAMC is located in Bonham, Texas, and offers CLC, RRTP, and outpatient services. In FY 2019, the Bonham VAMC had a CLC ADC of 99.3 and an RRTP ADC of 135.2.

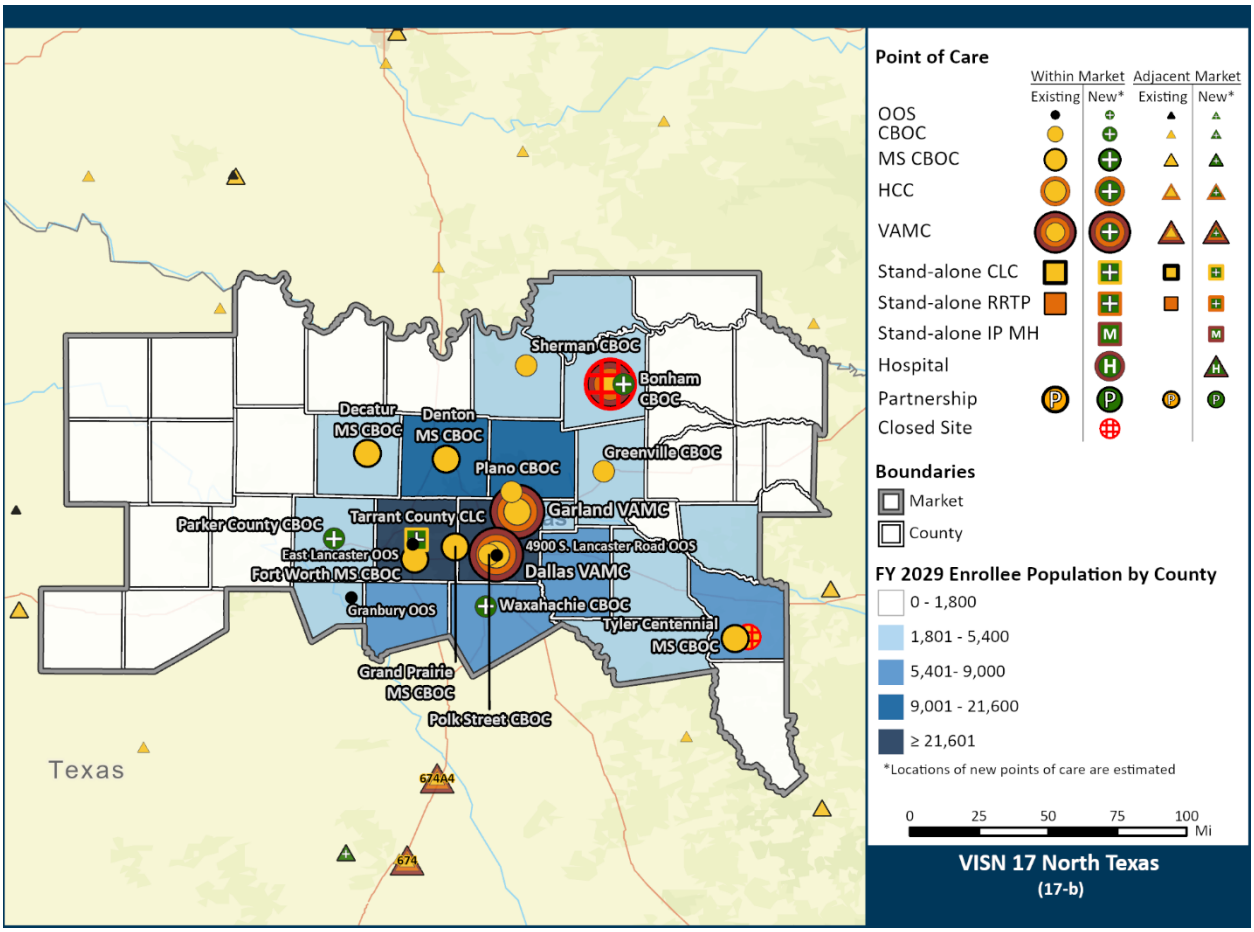
The Bonham VAMC was built in 1948 on 77 acres. FCA deficiencies are approximately $28.5M, and annual operations and maintenance costs are an estimated $6.1M.

[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.

Recommendation and Justification

This section details the VISN 17 North Texas Market recommendation and justification for each element of the recommendation.

Future Market Map



1. ***Modernize and realign the Bonham VAMC by:***

   1.1. **Relocating outpatient services, CLC, and RRTP from the Bonham VAMC to current or future VA facilities and discontinuing those services at the existing Bonham VAMC:** The Bonham VAMC is an outdated facility, with the main building constructed in 1948 with an FCA deficiency of $28.5M. The Bonham VAMC is in rural Fannin County located approximately 85 minutes (80 miles) from the Dallas VAMC, with a small enrollee population of 1,969 in FY 2019 that is projected to increase to 2,063 in FY 2029. At present, the VAMC offers primary care, mental health care, specialty care, RRTP, and CLC services. The VAMC struggles to recruit and retain clinical staff. Most referrals to the RRTP and CLC come from the Dallas metropolitan area. VA plans to transition services from the VAMC to communities with larger, growing populations in Dallas County and Tarrant County to better align with population density and demand. Outpatient specialty care will be transitioned to CBOCs in larger population centers and the new Garland VAMC in Dallas County. The RRTP will be transitioned to the Garland VAMC or a

new location in the vicinity of Garland, Texas. The CLC will be transitioned to two sites, one at or in the vicinity of the Garland VAMC, and the other in Tarrant County.

1.2. **Closing the Bonham VAMC:** Distributing services to more modern and conveniently located facilities for Veterans will allow for closure of the existing VAMC and the construction of a new, correctly sized CBOC to provide primary care and mental health care to the local population in Fannin County and the surrounding rural counties.

2. ***Modernize and realign the Dallas VAMC by modernizing the outpatient mental health space:*** The outdated facility, constructed in the 1940s, needs replacement or large-scale renovation. Outpatient mental health demand in the North Texas Market is projected to increase by 59.4% between FY 2019 and FY 2029. A replacement of the mental health facility at the Dallas VAMC will meet modern health care delivery standards.

3. ***Modernize and realign by establishing a new CLC in the vicinity of Garland, Texas:*** Relocating CLC services from the Bonham VAMC into the Dallas metropolitan area will bring CLC services closer to where Veterans reside and may improve the ability of VA to staff these facilities. Market demand for long-term care services is projected to increase by 59.5% between FY 2019 and FY 2029. As of 2019, there were 3,111 enrollees within a 30-minute drive time and 29,024 enrollees within a 60-minute drive time of the Bonham VAMC. As of 2019, there were 35,919 enrollees within a 30-minute drive time and 122,643 enrollees within a 60-minute drive time of the Garland VAMC. A new CLC in the vicinity of or within the new Garland VAMC will increase CLC capacity in an area with a large and increasing enrollee population.

4. ***Modernize and realign by establishing a new RRTP in the vicinity of Garland, Texas:*** Relocating RRTP services from the Bonham VAMC into the Dallas metropolitan area will bring these services closer to where Veterans reside and may improve the ability of VA to staff these facilities. As of 2019, there were 3,111 enrollees within a 30-minute drive time and 29,024 enrollees within a 60-minute drive time of the Bonham VAMC. In FY 2019, there were 35,919 enrollees within a 30-minute drive time and 122,643 projected enrollees within a 60-minute drive time of the Garland VAMC. Demand for RRTP services in the market is projected to decrease by 1.6% between FY 2019 and FY 2029. A new RRTP in the vicinity of or within the new Garland VAMC will effectively increase the distribution of RRTP care to an area with an increasing enrollee population.

5. ***Modernize and realign by establishing a new CLC in the vicinity of Tarrant County, Texas:*** Relocating CLC services from the Bonham VAMC into the Dallas metropolitan area will bring these services closer to where Veterans reside and may improve the ability of VA to staff these facilities. As of FY 2019, there were 139,256 enrollees within 60 minutes of the proposed Tarrant County, Texas CLC, compared to 29,024 enrollees within 60 minutes of the Bonham VAMC. Market demand for long-term care services is projected to increase by 59.5% between FY 2019 and FY 2029. A new CLC in the vicinity of Tarrant County, Texas, will increase CLC capacity in an area with a large and increasing enrollee population.

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

6.1. **Establishing a new CBOC in the vicinity of Bonham, Texas:** A new CBOC in the vicinity of Bonham, Texas, will maintain access to primary care and outpatient mental health care services in Fannin County and surrounding rural counties after the proposed closure of the Bonham

VAMC. As of FY 2019, there were 2,495 enrollees within 30 minutes of the proposed site, which is approximately 30 minutes (28 miles) away from the nearest VA facility in Sherman, Texas.

6.2. **Establishing a new CBOC in the vicinity of Weatherford, Texas:** A new CBOC in the vicinity of Weatherford, Texas, will expand access to primary care and outpatient mental health services in southern Parker County, which is projected to experience a 14.5% increase in enrollees by FY 2029. As of FY 2019, there were 8,951 enrollees within 30 minutes of the proposed site, which is approximately 36 minutes (34 miles) from the nearest VA facility in Fort Worth, Texas.

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:

North Texas Market

- **Create an intra-VISN specialty support and complex surgical referral process to facilitate sending patients to the Dallas VAMC or the San Antonio VAMC from largely rural, low population VISN 17 markets (Northwest Texas, West Texas, and Valley Coastal Bend):** VISN 17 markets with limited or no acute care and small populations are unable to reliably schedule patients for complex specialty care and/or surgery in VA acute care facilities. Both the North Texas and Southern markets are large, growing, and robust VA markets with established tertiary service capabilities and strong academic affiliations. As a result, they are well positioned to provide support across the VISN to markets that struggle with sustaining specialty care services.
- **Create a telehealth hub to serve the North Texas Market and VISN 17 for specialty consults:** This strategy is complementary to the strategy to create an intra-VISN specialty support and complex surgical referral process and would help improve specialty care access for Veterans who do not live near a facility and/or do not have access to specialty care in their community.
- **Strengthen the academic affiliation and relationships with University of Texas Southwestern Medical School:** As the University of Texas Southwestern expands its own clinical operations, it will be important to expand collaboration to maintain VA's training capabilities. Targeted VA senior leadership engagement and agreement efforts with University of Texas leadership can help strengthen the program.

Dallas VAMC

- **Further distribute high-volume specialties and potentially outpatient surgery to expand access within the Dallas metropolitan area:** The physical capacity constraints at the Dallas VAMC limit growth. This strategy would bring high-volume specialty care closer to where Veterans live, rather than increasing Dallas VAMC capacity. The newly acquired Garland VAMC and Fort Worth MS CBOC are in areas with large, increasing enrollee populations, well located to increase specialty care services.
- **Add outpatient specialty care services to the Denton CBOC, which may result in the classification of the facility as an MS CBOC:** Space constraints at the Dallas VAMC require a revised service distribution strategy. Many patients prefer not to travel to Dallas VAMC for basic

care needs. There is a large population center in Denton County that can support the addition of specialty care services.

- **Create a new observation unit at the Dallas VAMC:** Inpatient units are experiencing capacity constraints during peak periods, resulting in increased community care costs. A dedicated 20-bed observation unit and appropriate staffing can increase the quality of care.
- **Conduct a space assessment and create facility-wide room schedule, including operating rooms, at the Dallas VAMC to confirm actual space use and availability to improve management of exam rooms:** There is currently a lack of clinical space at the Dallas VAMC. This is a short-term tactical strategy to mitigate current space shortages and improve future space allocation within the VAMC.
- **Adopt the VISN 17 Valley Coastal Bend model to provide care management, case management, and discharge planning with community hospitals:** The Dallas VAMC area has steady population growth, yet the facility expansion timing does not keep pace with increases in service demand. Adopting VISN-recognized leading care coordination practices from the Valley Coastal Bend Market could improve continuity of care between VA and community providers.
- **Expand clinical space at the Fort Worth MS CBOC by relocating non-essential services off site:** The Fort Worth MS CBOC is operating beyond existing patient-aligned care team (PACT) model capacity. There is potential to relocate non-essential services from the Fort Worth MS CBOC to make way for additional services. As of FY 2019, there were 129,779 enrollees within 60 minutes of the Fort Worth MS CBOC, so there is sufficient population in Tarrant County to support a broader scope of specialty and ancillary services.
- **Decompress the Dallas VAMC by moving primary care, low-complexity specialty care, and ancillary services to new VA points of care or expanded existing points of care in large, high-growth population centers such as Fort Worth, Denton, and Plano. Relocate non-essential administrative services off-site to low-cost administrative space:** The North Texas Market is projected to increase by 8.1% from 192,848 enrollees in FY 2019 to 208,456 enrollees in FY 2029. The Dallas metropolitan area experiences high traffic volumes creating difficult drives and access challenges for Veterans. With the population surrounding the Dallas VAMC projected to increase substantially from FY 2019 to FY 2029, relocating services from the VAMC will increase the distribution of outpatient specialty care services throughout the market to meet future demand. The Dallas VAMC also experiences severe space shortages. The market recently accepted the donation of Garland Medical Center from the Baylor Healthcare System. Garland is a large, well-located medical center in northern Dallas County, near areas of high growth in Denton and Collin counties. These counties each have one small CBOC to serve large, fast growing enrollee populations. Future planning for the Garland VAMC can mitigate space challenges at the Dallas VAMC, improve distribution of outpatient care in the Dallas metropolitan area, and absorb services from the Bonham VAMC which is proposed for closure (see Recommendation 1).
- **Create a strategic collaboration with the academic affiliate to deliver outpatient surgical services not currently offered at the Dallas VAMC:** There is difficulty accommodating all surgery demand at the Dallas VAMC. A strategic collaboration with the affiliate, University of Texas, Southwest, provides an opportunity to mitigate capacity constraints by referring low acuity

surgeries and minor procedures to the affiliate. An agreement would ensure timely care without delays due to process or capacity issues.

- **Create a Women's Health Clinic at the Polk Street OOS and create dedicated Women's Health PACTs at all CBOCs (in progress):** The women Veteran population is projected to increase by 37.4% to over 27,000 enrollees between FY 2019 and FY 2029. A project is in progress to convert an existing Polk Street facility near the Dallas VAMC to a dedicated clinic. Expanding Women's Health services at the Polk Street OOS will expand primary care/mental health capacity, and will result in the Polk Street OOS's expansion to a CBOC. It will also help to decompress the Dallas VAMC.
- **Establish a new CBOC in the vicinity of Waxahachie, Texas (in progress):** A new CBOC in the vicinity of Waxahachie, Texas, will expand access to primary care and outpatient mental health services in Ellis County. As of FY 2019, there were 26,805 enrollees within 30 minutes of the proposed site, which is approximately 34 minutes (29 miles) from the nearest VA facility in Dallas, Texas.
- **Relocating all services to the Tyler Centennial MS CBOC and closing the Broadway MS CBOC (in progress):** The current MS CBOC is in a small facility that is undersized given the significant growth in the area. The new facility will be larger, offering expanded services to Veterans. As of FY 2019, there were 19,702 enrollees within 60 minutes of the proposed location.

Bonham VAMC

- **Increase availability of part-time specialists to travel to the Bonham VAMC until the proposed closure or provide care via telehealth:** It is difficult to recruit in the Bonham area and the workload is not sufficient to support full-time providers. The existing transportation service can aid in commuting part-time providers. Implementing a specialty care telehealth program out of Dallas would provide increased access for Veterans.
- **Expand transport services for the Bonham VAMC to increase access to the Dallas VAMC for residents with limited capacity to travel for care:** There are limited community resources in the surrounding rural counties for specialty care and complex care needs, and current transportation only runs once a day. This strategy would provide increased access to the Dallas VAMC for residents with limited capability to travel for care.
- **Expand the Grand Prairie CBOC, which may result in the classification of the facility as an MS CBOC (in progress):** There is sufficient population in Tarrant County to support a broader scope of specialty and ancillary services. The Grand Prairie expansion can assist with decompressing demand at the Dallas and Fort Worth sites (Grand Prairie is located between the Dallas VAMC and Fort Worth MS CBOC).
- **Conduct a space assessment to confirm actual space use at the Bonham VAMC:** There is currently a lack of space at the Bonham VAMC. This is a short-term tactical strategy to mitigate acute space shortages and avoid additional capital investment in the VAMC.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 17 North Texas 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 cost[10] over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included 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 the 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 17 North Texas Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 17 North Texas Market	Status Quo	Modernization	VA Recommendation
Total Cost	$40,135,268,617	$43,560,756,708	$43,945,190,665
Capital Cost	$906,346,147	$4,331,834,238	$4,716,268,195
Operational Cost	$39,228,922,470	$39,228,922,470	$39,228,922,470
Total Benefit Score	8	11	12
CBI (normalized in $B)	**5.02**	**3.96**	**3.66**

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.

[10] 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 17 VA points of care offering outpatient services, including the proposed new Bonham, Texas CBOC; Parker County, Texas CBOC; and Waxahachie, Texas CBOC, and the proposed expanded Denton, Texas MS CBOC; Grand Prairie, Texas MS CBOC; and Polk Street, Texas CBOC, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Dallas, Texas VAMC, the proposed new CLC at or in the vicinity of the Garland, Texas VAMC, and the proposed new stand-alone CLC in Tarrant County, Texas, 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 Hubs at the Albuquerque, New Mexico VAMC (VISN 22), the San Antonio, Texas VAMC and Dallas, Texas VAMC.
- **RRTP:** RRTP demand will be met through the Dallas, Texas VAMC and the proposed new RRTP at or in the vicinity of the Garland, Texas VAMC, and the other facilities within VISN 17 offering RRTP, including the proposed new RRTP at Amarillo, Texas VAMC; Big Spring, Texas VAMC; Temple, Texas VAMC; Waco, Texas VAMC; and the proposed new San Antonio, Texas VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Waco, Texas VAMC (VISN 17); Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and Tucson, Arizona VAMC (VISN 22).
- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the Dallas, Texas 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 to 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 208,592 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 208,731 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 17. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with the University of Texas Southwestern Medical Center and Baylor University.
- **Research:** This recommendation does not impact the research mission in the market and allows the Dallas, Texas VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Dallas, Texas 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 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 Bonham, Texas CBOC; Parker County, Texas CBOC; Waxahachie, Texas CBOC; CLC and RRTP at the Garland, Texas VAMC; and stand-alone CLC in Tarrant County, Texas. 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 (3.66 for VA Recommendation versus 5.02 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 Bonham, Texas CBOC; Parker County, Texas CBOC; Waxahachie, Texas CBOC; CLC and RRTP at the Garland, Texas VAMC; and stand-alone CLC in Tarrant County, Texas. 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 ($43.9B for VA Recommendation versus $43.6B 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 (3.66 for VA Recommendation versus 3.96 for Modernization), reflecting effective stewardship of taxpayer dollars.

VISN 17 Central Market

The Veterans Integrated Service Network (VISN) 17 Central Market serves Veterans in central Texas, including the Temple and Austin metropolitan areas. 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.[11]

VA's Commitment to Veterans in the Central Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 17's Central 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

Veteran enrollees in the Central Market are projected to increase rapidly. Demand for inpatient and outpatient services is projected to increase as well. There is a need to expand access to VA health care to meet the existing and projected Veteran demand. The recommendation 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 establishes two new multi-specialty community-based outpatient clinics (MS CBOCs) in Killeen and San Marcos, Texas, and one new community-based outpatient clinic (CBOC) in Pflugerville, Texas, closer to where Veterans live. The recommendation also establishes a strategic collaboration for outpatient surgery in Austin, Texas. VA's recommendation also expands specialty care access in Cedar Park, Texas, and Bryan-College Station, Texas.
- **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) at both the Temple and Waco VAMCs. The Waco VAMC also provides inpatient mental health services. Inpatient spinal cord injuries and disorders (SCI/D) and blind

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

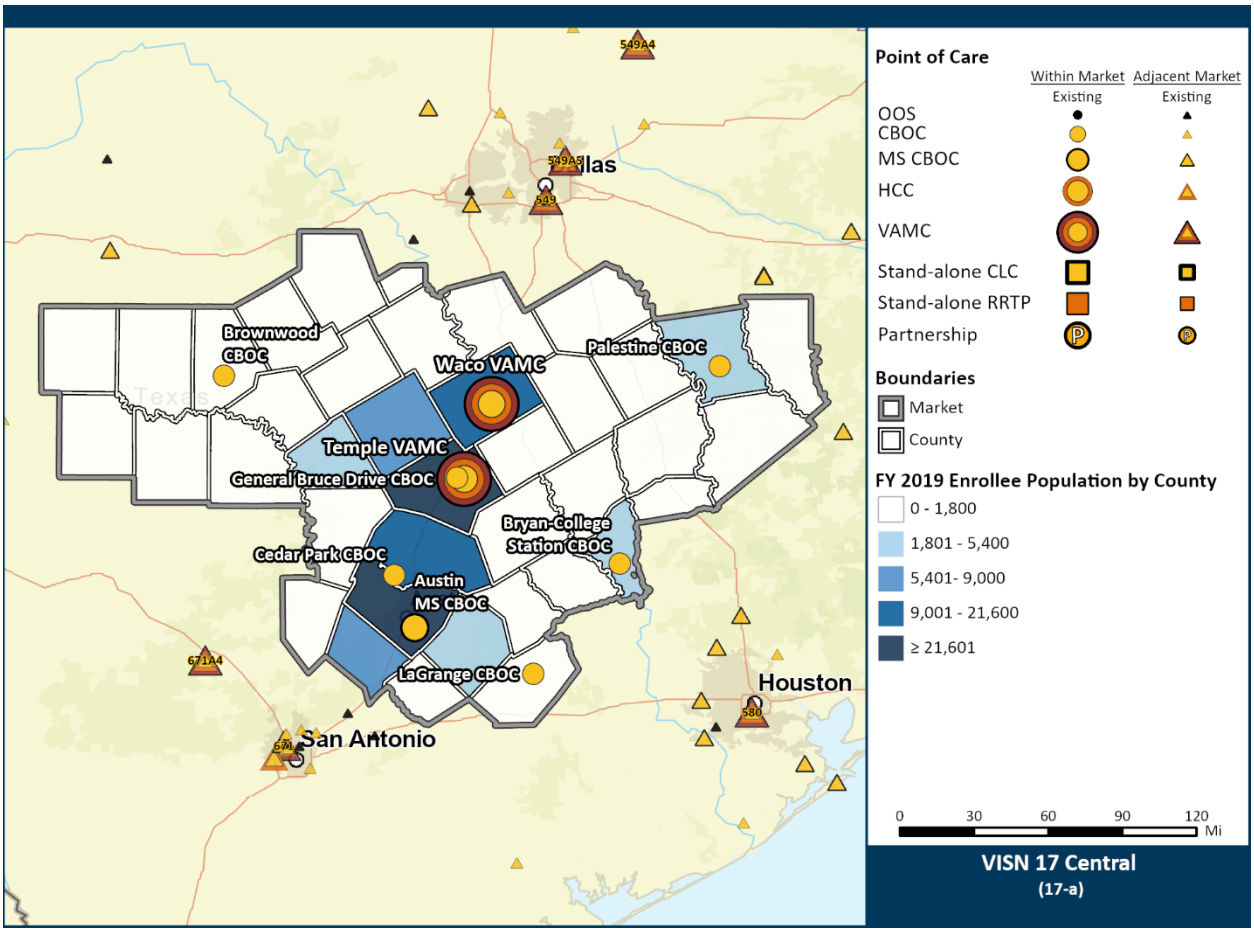
rehabilitation are regional services. Inpatient SCI/D services will be provided at the Albuquerque, New Mexico VAMC (VISN 22), San Antonio, Texas and Dallas, Texas VAMCs and inpatient blind rehabilitation services will be provided at the Waco, Texas VAMC.

- **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 at the Temple VAMC and expands utilization of local partnerships with academic affiliates and community partners to provide complex inpatient medical and surgical care.

Market Overview

The market overview includes a map of the Central 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 two VAMCs (Temple and Waco), one MS CBOC, and six CBOCs.

Enrollees: In fiscal year (FY) 2019, the market had 131,904 enrollees and is projected to experience a 19.8% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Bell, Travis, and Williamson, Texas.

Demand: Demand[12] in the market for inpatient medical and surgical services is projected to increase by 15.0% and demand for inpatient mental health services is projected to increase by 14.0% between FY 2019 and FY 2029. Demand for long-term care[13] is projected to increase by 47.7%. Demand for all outpatient services,[14] including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 29.8% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 74.3% of enrollees in the market live within a 30-minute drive time of a VA primary care site, and 66.7% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers[15] in the market within a 60-minute drive time of the VAMCs had an inpatient acute occupancy rate[16] of 67.5% (584 available beds) [17] and an inpatient mental health occupancy rate of 41.6% (24 available beds). Community nursing homes within a 30-minute drive time of the VAMCs were operating at an occupancy rate of 70.3% (668 available beds). Community residential rehabilitation programs[18] 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 Baylor Scott & White Memorial Hospital, the University of Texas at Austin, and the Texas A&M Health Science Center. The Temple VAMC is ranked 39 out of 154 VA training sites based on the number of trainees and the Waco VAMC is ranked 152 out of 154. The Temple VAMC is ranked 65 out of 103 VAMCs with research funding and the Waco VAMC conducts limited or no research. The VAMCs have no emergency designation. [19]

[12] 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).
[13] Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.
[14] Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).
[15] Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.
[16] 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.
[17] Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.
[18] Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.
[19] 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 Overviews

Temple VAMC: The Temple VAMC is located in Temple, Texas, and offers inpatient medical and surgical care, RRTP, CLC, and outpatient services. In FY 2019, the Temple VAMC had an inpatient medical and surgical average daily census (ADC) of 58.5, an RRTP ADC of 154.3, and a CLC ADC of 57.9.

The Temple VAMC was built in 1967 on 168 acres, with the primary hospital tower completed in 1997. Facility condition assessment (FCA) deficiencies are approximately $65.5M, and annual operations and maintenance costs are an estimated $16.0M.

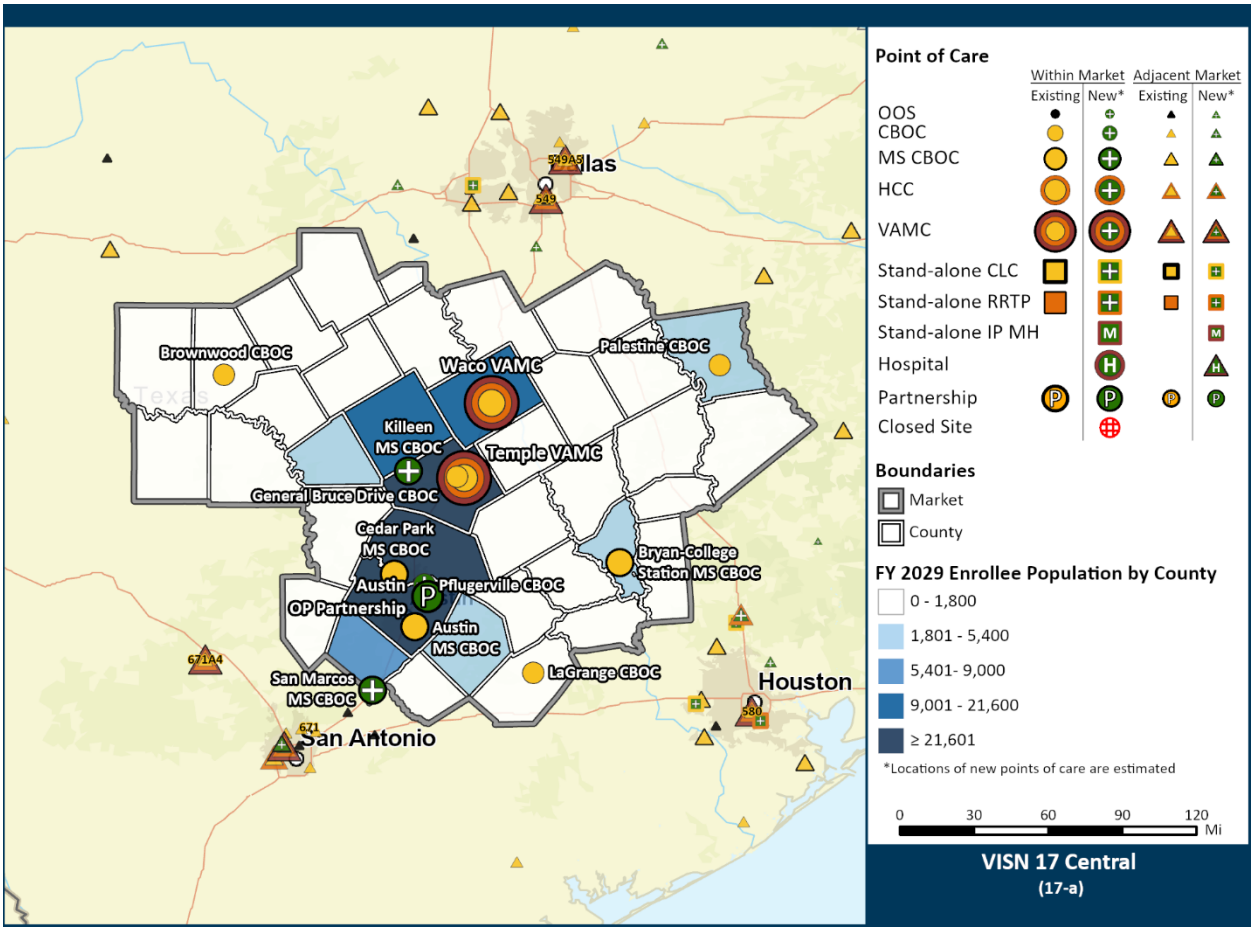
Waco VAMC: The Waco VAMC is located in Waco, Texas, and offers inpatient mental health care, RRTP, CLC, blind rehabilitation, and outpatient services. In FY 2019, the Waco VAMC had an inpatient mental health ADC of 27.9, an RRTP ADC of 25.8, a CLC ADC of 81.1, and a blind rehab ADC of 7.1.

The Waco VAMC was built in 1945 on 118 acres. FCA deficiencies are approximately $77.8M, and annual operations and maintenance costs are an estimated $12.9M.

Recommendation and Justification

This section details the VISN 17 Central Market recommendation and justification for each element of the recommendation.

Future Market Map



1. ***Modernize and realign the Temple VAMC:*** The Temple VAMC currently provides complex inpatient medical and surgical, RRTP, CLC, and outpatient services. There is a lack of clinical space onsite and outpatient clinics are housed in unrenovated hospital bed units in the original hospital building constructed in 1967. In FY 2019, the VAMC had an inpatient medical and surgical ADC of 58.5, an RRTP ADC of 154.3, and a CLC ADC of 57.9. Demand for inpatient medical and surgical and all outpatient services is projected to increase through FY 2029. The Temple VAMC has experienced challenges in recruiting and retaining specialty and sub-specialty providers. Multiple specialties have been staffed at one or less than one full-time equivalent (FTE). Multiple intermediate and complex inpatient surgery specialty services had low volumes over a three-year period and the community provided care for significant volumes of septicemia, heart, kidney, and respiratory care. The majority of care purchased within the immediate Temple, Texas, community was delivered at the academic affiliate. VA recommends narrowing the Temple VAMC mission to provide less complex inpatient medical and surgical services, in addition to CLC and RRTP. VA recommends modernizing clinical spaces at the Temple VAMC to align with this more focused mission.

2. ***Modernize outpatient facilities in the market by:***

   2.1. Establishing a new MS CBOC in the vicinity of San Marcos, Texas: A new MS CBOC in the vicinity of San Marcos, Texas, will expand access to primary care, outpatient mental health, and outpatient specialty care services in the most sustainable location in Hays County. As of FY 2019, there were 120,723 enrollees within 60 minutes of the proposed site; the next closest VA facility is approximately 40 minutes (33 miles) away in Austin, Texas. The San Marcos vicinity is on the border between the Central and Southern markets. Collaboration in planning the new MS CBOC will ensure capacity is planned to meet projected Veteran demand in both markets and clarify administrative oversight of the new facility.

   2.2. Establishing a new CBOC in the vicinity of Pflugerville, Texas: A new CBOC in the vicinity of Pflugerville, Texas, will expand access to primary care and outpatient mental health services. As of FY 2019, there were 28,732 enrollees within 30 minutes of the proposed site; the next closest VA facility is approximately 21 minutes (16 miles) away in Cedar Park, Texas.

   2.3. Establishing a new MS CBOC in the vicinity of Killeen, Texas: A new MS CBOC in the vicinity of Killeen, Texas, will expand access to primary care, outpatient mental health, and outpatient specialty care services in the most sustainable location in Bell County. While the new MS CBOC is being built, a contract CBOC will be utilized in the interim. As of FY 2019, there were 42,233 enrollees within 30 minutes of the proposed site, and 74,289 enrollees within 60 minutes of the proposed site. The next closest VA facility is approximately 33 minutes (27 miles) away in Temple, Texas.

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:

Central Market

- **Realign Runnels and Concho counties to the VISN 17 West Texas Market:** Primary care encounters indicate a majority of Veterans in these counties use the San Angelo CBOC in the West Texas Market instead of the Brownwood CBOC in the Central Market. There are small

enrollee populations in these highly rural counties that will not overwhelm the West Texas Market.

- **Realign Grimes and Washington counties from the VISN 16 East Texas Market to the VISN 17 Central Market:** Grimes and Washington counties are adjacent to the College Station CBOC in Brazos County, which has the highest concentration of enrollees in the area. The population of these counties is within a 30-minute drive-time of College Station and is roughly equidistant from the Houston and Temple VAMCs.
- **Increase availability of allergy/immunology services across the Central Market to address the potential lack of high-quality allergists/immunologists:** As identified by the Section 203 criteria analysis, the estimated potential shortage of allergists/immunologists requires increased availability of allergy/immunology services across points of care in the Central Market. Increased availability may be achieved through a variety of tactics including telehealth, Veterans Community Care Program (VCCP) recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of neurosurgery services across the Central Market to address the potential lack of high-quality neurosurgeons:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurosurgeons requires increased availability of neurosurgery services across points of care in the Central Market. Increased availability may be achieved through a variety of tactics, including telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.

Temple VAMC

- **Conduct a space assessment to confirm space actuals at the Temple VAMC:** There is a general lack of clinical space at the Temple VAMC. A short-term strategy, based on the outcome of the space assessment, is needed to mitigate current space shortages, and improve future space allocation.
- **Add outpatient specialty care services to the Cedar Park CBOC, which may result in the classification of the facility as an MS CBOC:** The Cedar Park area is fast-growing, with 28.4% projected increase in Williamson County between FY 2019 and FY 2029. There are 91,140 enrollees within a 60-minute drive time, a sufficient population to support the addition of specialty care services.
- **Establish a strategic collaboration with the academic affiliate, Baylor Scott & White, to relocate low volume outpatient specialty care services from the Temple VAMC:** Leadership reported there is difficulty recruiting and retaining specialists and there is no back-up for service lines staffed with a single provider, for example, oncology, rheumatology, and thoracic surgery. Community resources are available though there are shortages of providers.
- **Evaluate converting historic barracks into outpatient clinical spaces:** The barracks represent spare capacity at the Temple VAMC. One barrack has already been renovated and is in use for outpatient mental health clinics. This strategy would mitigate the need for a major capital project for a large new ambulatory building.

- **Establish a strategic collaboration with a community provider in Austin, Texas, to deliver outpatient surgical services currently offered at the Temple VAMC:** There is no current contract for these services in the Austin area, and the Temple VAMC is greater than a 60-minute drive from Austin. As market outpatient surgery demand is projected to increase, a local surgical center contract could lead to improved recruitment and retention of VA surgical specialists and improve access for Veterans in Austin.
- **Increase telework for administrative staff to free up space for clinical purposes:** There is a general lack of space at the Temple VAMC. An increase in telework staff would mitigate future facility investment requirements and free up space for clinical service expansion.
- **Reallocate the existing RRTP beds at the Temple VAMC to establish new substance use disorder (SUD) and Domiciliary Care for Homeless Veterans (DCHV) programs; maintain the General Domiciliary and post-traumatic stress disorder (PTSD) programs at the Temple VAMC:** The addition of SUD and DCHV programs and beds within the Temple VAMC RRTP will complement the General Domiciliary and PTSD programs and beds and better serve Veterans in the market. The breakdown of beds would include at least 26 DCHV, 22 SUD, and 10 PTSD beds.
- **Add outpatient specialty care services to the Bryan-College Station CBOC, which may result in the classification of the facility as an MS CBOC:** In FY 2019, Bryan-College Station CBOC enrollees within 30 and 60 minutes were 4,756 and 14,049, respectively. With the nearest specialty care at Temple VAMC approximately 84 minutes (82 miles) away, adding specialty care services will increase access for Veterans.
- **Strengthen the partnership with University of Texas – Dell in Austin, Texas, and explore a strategic collaboration with a primary hospital partner:** There is a rapidly increasing enrollee population in counties surrounding Austin, which is outside of the 60-minute drive time area of the Temple VAMC. The leased facility in Austin is not designed to accommodate ambulatory surgery or inpatient services, whereas the University of Texas-Dell in Austin is an emerging academic affiliate with acute hospital services providing care to the Austin area enrollee population.

Waco VAMC

- **Complete interior renovation of Building 1 at the Waco VAMC to relocate primary care, outpatient mental health care, and pharmacy services:** The current primary care and pharmacy space at the Waco VAMC is inadequate to support the patient-aligned care team (PACT) model, with insufficient exam capacity and undersized spaces. Building 1 infrastructure has been modernized and is ready for interior construction.
- **Conduct a space assessment to confirm space actuals at the Waco VAMC:** There is a general lack of clinical space at the Waco VAMC. A short-term strategy, based on the outcome of the space assessment, is needed to mitigate current space shortages, and improve future space allocation.
- **Focus on critical maintenance and renovation projects at the Waco VAMC that improve delivery of existing clinical services in order to retain and sustain the current clinical mission:** The Waco VAMC is a well maintained 1940s-era campus. The facility carries $77.8M in FCA

deficiency costs and the strategic capital investment planning (SCIP) FY 2020 plan includes over $82.6M for 28 listed non-recurring maintenance (NRM) projects at the VAMC. There is a relatively small local area enrollee population (9,677 enrollees within 30 minutes) with limited or no projected enrollee increase in the area. Limiting investments to critical needs and maintenance can preserve the capital needed to address enrollee increases in other areas of the market.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 17 Central 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 cost[20] over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included 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 the 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 17 Central Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 17 Central Market	Status Quo	Modernization	VA Recommendation
Total Cost	$28,963,507,330	$31,423,864,414	$31,414,941,626
Capital Cost	$1,259,532,184	$3,719,889,268	$3,710,966,481
Operational Cost	$27,703,975,146	$27,703,975,146	$27,703,975,146
Total Benefit Score	8	11	15
CBI (normalized in $B)	**3.62**	**2.86**	**2.09**

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.

[20] 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 13 VA points of care offering outpatient services, including the proposed new Killeen, Texas MS CBOC; San Marcos, Texas MS CBOC; Pflugerville, Texas CBOC; and Austin, Texas outpatient surgical partnership; and the proposed expanded Bryan-College Station, Texas MS CBOC and Cedar Park, Texas MS CBOC; as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Temple, Texas VAMC and Waco, Texas 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 Hubs at the Albuquerque, New Mexico VAMC (VISN 22), the San Antonio, Texas VAMC and Dallas, Texas VAMC.
- **RRTP:** RRTP demand will be met through the Temple, Texas VAMC and Waco, Texas VAMC, and the other facilities within VISN 17 offering RRTP, including the proposed new RRTP at Amarillo, Texas VAMC; Big Spring, Texas VAMC; Dallas, Texas VAMC; and the proposed new San Antonio, Texas VAMC and the proposed new RRTP at or in the vicinity of the Garland, Texas VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the Waco, Texas VAMC, and other facilities in the Southwest Region, including the Biloxi, Mississippi VAMC (VISN 16); the Long Beach, California VAMC (VISN 22); and the Tucson, Arizona VAMC (VISN 22).
- **Inpatient acute:** Inpatient medicine and surgery demand will be met through the Temple, Texas VAMC, and inpatient mental health demand will be met through the Waco, Texas 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 to 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 154,733 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 154,786 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 17. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliations with Baylor Scott & White Memorial Hospital, the University of Texas at Austin, and the Texas A&M Health Science Center.
- **Research:** This recommendation does not impact the research mission in the market and allows the Temple, Texas VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Temple, Texas and Waco, Texas VAMCs are not designated as Primary Receiving Centers.

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 also 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 Killeen, Texas MS CBOC; San Marcos, Texas MS CBOC; Pflugerville, Texas CBOC; and Austin, Texas outpatient surgical partnership, as well as the modernization of clinical buildings at the Waco, Texas 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 (2.09 for VA Recommendation versus 3.62 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 Killeen, Texas MS CBOC; San Marcos, Texas MS CBOC; Pflugerville, Texas CBOC; and Austin, Texas outpatient surgical partnership; as well as the modernization of clinical services at the Temple, Texas VAMC and Waco, Texas 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 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 ($31.41B for VA Recommendation versus $31.42B 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 (2.09 for VA Recommendation versus 2.86 for Modernization), reflecting effective stewardship of taxpayer dollars.

VISN 17 Southern Market

The Veterans Integrated Service Network (VISN) 17 Southern Market serves Veterans in southern Texas. 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.[21]

VA's Commitment to Veterans in the Southern Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 17's Southern 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

Enrollment in the Southern Market is projected to increase significantly. Demand for inpatient and outpatient services is projected to increase as well. There is a need to expand access to VA health care to meet the existing and projected Veteran demand. The recommendation 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 addresses the increased demand for outpatient services and improves access to care by investing in modern facilities closer to where Veterans live. VA's recommendation invests in a proposed replacement multi-specialty community-based outpatient clinic (MS CBOC) in San Antonio, Texas, and a new MS CBOC in San Marcos, Texas, in the neighboring Central Market.
- **Enhance VA's unique strengths in caring for Veterans with complex needs**: VA's recommendation maintains inpatient mental health, community living center (CLC), residential rehabilitation treatment program (RRTP), and inpatient spinal cord injuries and disorders (SCI/D) services within the San Antonio VAMC, and CLC services in the Kerrville VAMC. Inpatient blind rehabilitation services, which are regionally located, will be provided at the Waco, Texas VAMC;

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

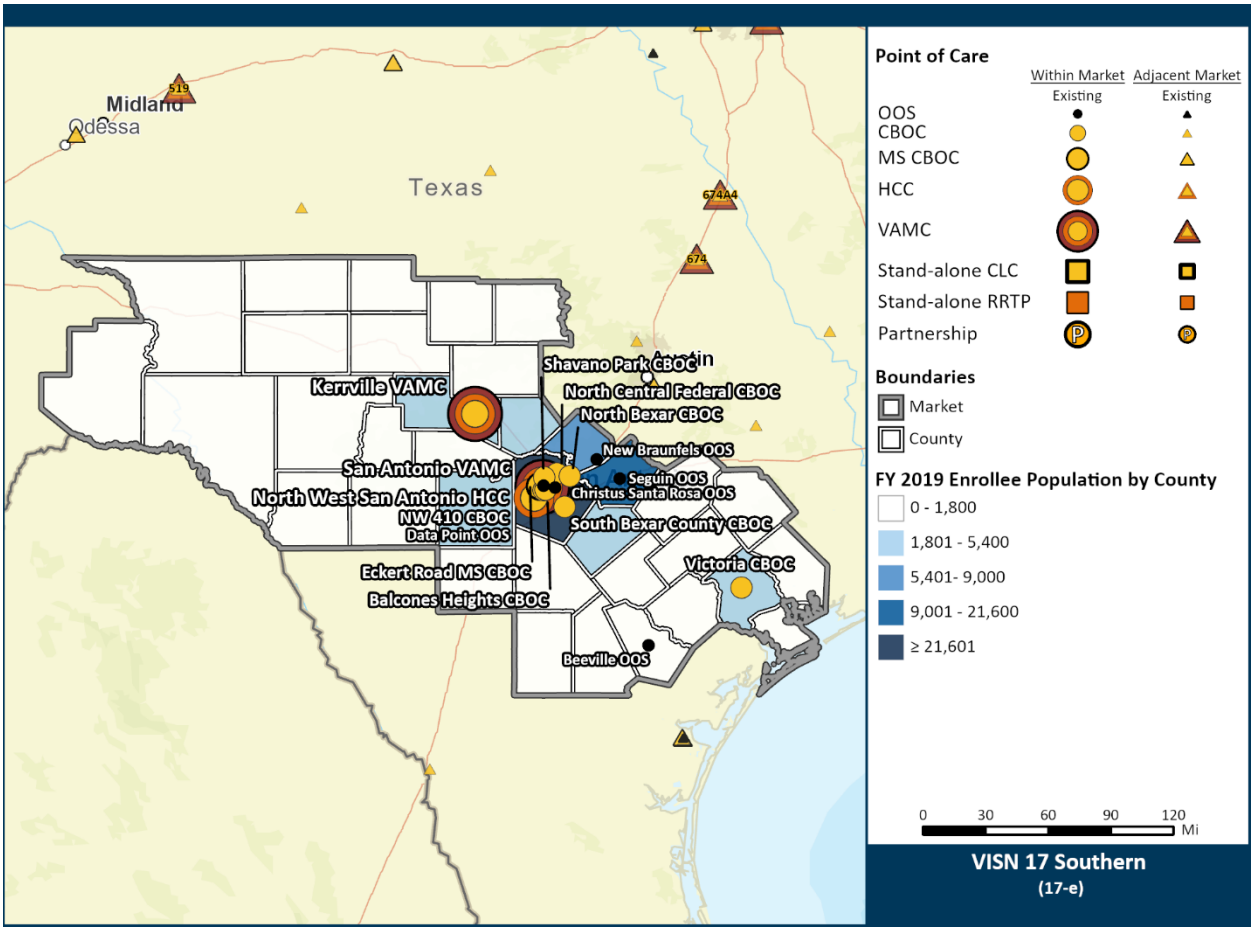
Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and Tucson, Arizona VAMC (VISN 22).

- **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 sustainable programs within the San Antonio VAMC, its Department of Defense (DoD) partner Brooke Army Medical Center on Fort Sam Houston, and its academic affiliate University of Texas to provide inpatient medical and surgical care. To ensure long-term sustainability of VA provided care in this rapidly growing market, VA recommends replacement of the aged San Antonio VAMC.

Market Overview

The market overview includes a map of the Southern 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 two VAMCs (San Antonio and Kerrville), one health care center (HCC), one MS CBOC, seven community-based outpatient clinics (CBOCs), and five other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 133,406 enrollees and is projected to experience a 25.5% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Bexar, Guadalupe, and Comal, Texas.

Demand: Demand[22] in the market for inpatient medical and surgical services is projected to increase by 15.5% and demand for inpatient mental health services is projected to increase by 11.7% between FY 2019 and FY 2029. Demand for long-term care[23] is projected to increase by 87.7%. Demand for all outpatient services,[24] including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 23.3% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 87.2% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 89.6% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers[25] in the market within a 60-minute drive time of the VAMCs had an inpatient acute occupancy rate[26] of 63.6% (1,073 available beds) [27] and an inpatient mental health occupancy rate of 68.8% (17 available beds). Community nursing homes within a 30-minute drive time of the VAMCs were operating at an occupancy rate of 65.5% (1,356 available beds). Community residential rehabilitation programs[28] 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 Texas at San Antonio. The San Antonio VAMC is ranked 9 out of 154 VA training sites based on the number of trainees and is ranked 24 out of 103 VAMCs with research funding. The Kerrville VAMC conducts limited or no research. The VAMCs have no emergency designation.[29]

Facility Overviews

San Antonio VAMC: The San Antonio VAMC is located in San Antonio, Texas, and offers inpatient medical and surgical care, inpatient mental health, RRTP, CLC, SCI/D, inpatient rehab medicine, and outpatient services. In FY 2019, the San Antonio VAMC had an inpatient medical and surgical average daily census (ADC) of 88.7, an inpatient mental health ADC of 22.4, an RRTP ADC of 54.5, a CLC ADC of 32.9, and an SCI/D ADC of 13.3.

[22] 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).
[23] Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.
[24] Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).
[25] Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.
[26] 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.
[27] Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.
[28] Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.
[29] 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.

The San Antonio VAMC was built in 1972 on 49 acres. Facility condition assessment (FCA) deficiencies are approximately $39.9M, and annual operations and maintenance costs are an estimated $15.0M.

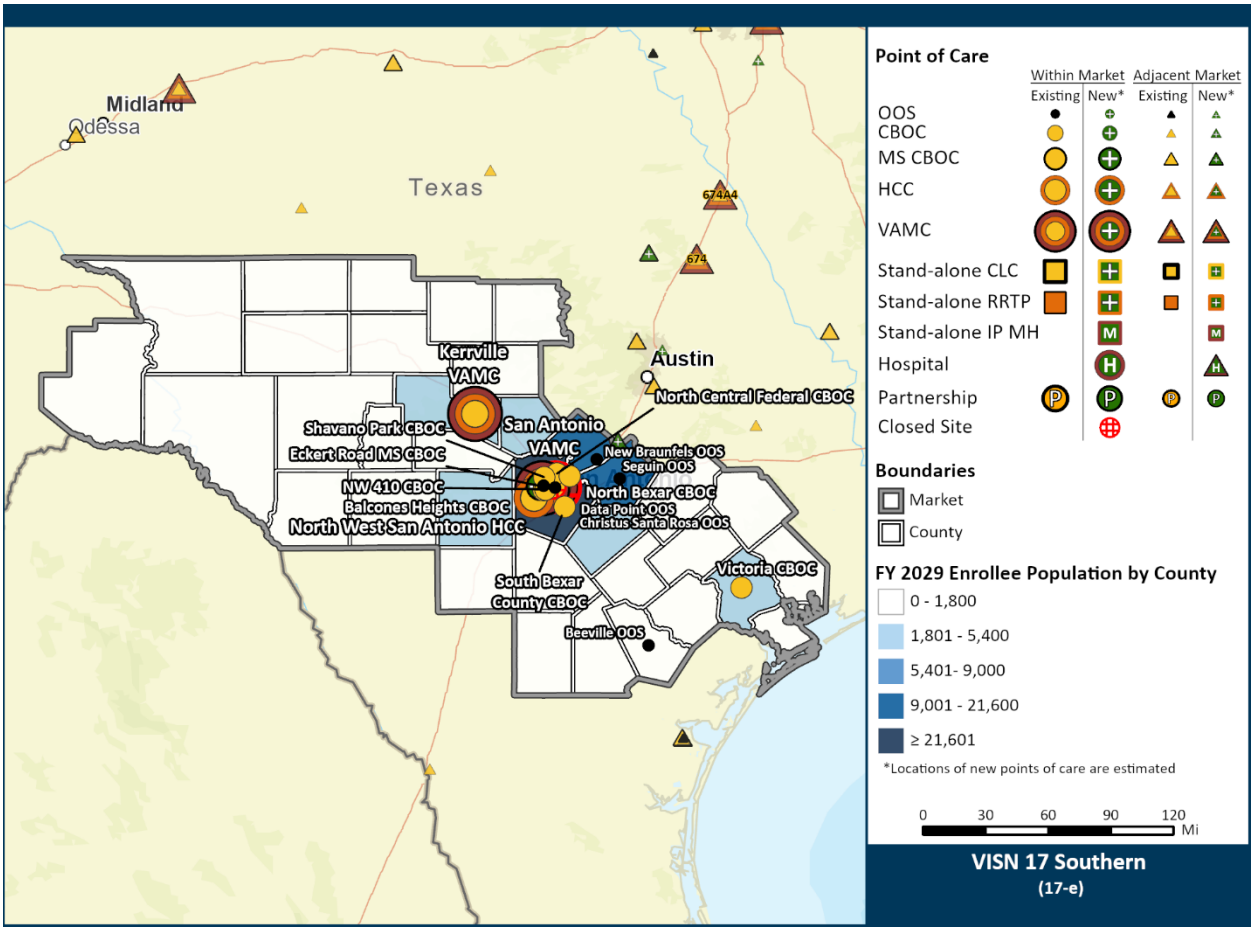
Kerrville VAMC: The Kerrville VAMC is located in Kerrville, Texas, approximately 66 miles west of San Antonio, and offers CLC and outpatient services. In FY 2019, the Kerrville VAMC had a CLC ADC of 67.4.

The Kerrville VAMC was built in 1947 on 70 acres. FCA deficiencies are approximately $71.6M, and annual operations and maintenance costs are an estimated $5.2M.

Recommendation and Justification

This section details the VISN 17 Southern Market recommendation and justification for each element of the recommendation.

Future Market Map



1. ***Modernize and realign the San Antonio VAMC by:***

   1.1. **Constructing a replacement VAMC in the vicinity of San Antonio, Texas:** The San Antonio VAMC is a tertiary[30] medical center located adjacent to its academic affiliate. Many clinical staff are dually appointed with the affiliate and support large training and research programs. There are 119,724 enrollees within 60 minutes of the VAMC as of FY 2019. The inpatient medical and surgical and inpatient mental health ADC in FY 2019 was 111.1 and is projected to increase to 133.4 in FY 2029. The San Antonio VAMC was built in 1972, is challenged with aging infrastructure, and has an FCA deficiency of $39.9M. Many clinical spaces have become outdated and are not constructed to current VA space guidelines to support current care delivery models. The existing site is small at 49 acres. It is landlocked, has inadequate parking capacity, and does not have vacant land to build a large new facility. As a result, it is unlikely the hospital can be rebuilt on-site while maintaining existing operations. A new facility is recommended to be constructed at a new site. The new site will also allow for expansion of RRTP and CLC beds. VA has strong partnerships with the DoD and the University of Texas and will engage these partners during planning to eliminate any redundancy in plans and ensure shared services, training, and research spaces are designed for mutual benefit.

   1.2. **Closing the existing San Antonio VAMC:** With a new replacement VAMC completed, the transition of services to the new VAMC will allow for closure of the existing VAMC facilities. Due to the challenges of the existing facility, all clinical and research services should be accommodated in new facilities.

2. ***Modernize and realign outpatient facilities in the market by establishing a new MS CBOC in the vicinity of San Marcos, Texas*:** A new MS CBOC in the vicinity of San Marcos, Texas, will expand access to primary care, outpatient mental health, and outpatient specialty care services in the most sustainable location in Hays County. The new facility will include 120,723 enrollees within 60 minutes of the proposed site and 17,296 enrollees within 30 minutes, as of FY 2019. The San Marcos vicinity is on the border between the Central and Southern markets and the closest VA facility is approximately 40 minutes (33 miles) away in Austin, Texas. Collaboration in planning the new MS CBOC will ensure capacity is planned to meet projected Veteran demand in both markets and clarify administrative oversight of the new facility.

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:

Southern Market

- **Create a telehealth hub to serve the VISN 17 Southern Market for specialty consults:** A telemedicine hub helps to improve specialty care access for Veterans who do not live near a VA facility and/or do not have access to specialty care in their community. The ability to recruit and retain specialists is strong in the San Antonio metropolitan area and very difficult in some other

[30] Highly specialized medical care that involves advanced and complex procedures and treatments performed by medical specialists in state-of-the-art facilities.

VISN 17 markets, notably the Northwest Texas, West Texas, and Valley Coastal Bend markets. Expanding upon the success of current primary care and stroke telehealth 'hub' initiatives at the Dallas and San Antonio VAMCs to encompass other outpatient specialty services can expand Veteran access who reside in rural areas.

- **Increase availability of podiatry services across the Southern Market to address the potential lack of high-quality podiatrists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality podiatrists requires increased availability of podiatry services across points of care in the Southern Market. 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 neurology across the Southern Market to address the potential lack of high-quality neurologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurologists requires increased availability of neurology services across points of care in the Southern Market. 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 Southern Market to address the potential lack of high-quality neurosurgeons:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurosurgeons requires increased availability of neurosurgery services across points of care in the Southern Market. Increased availability may be achieved through a variety of tactics such as telehealth and VCCP recruitment, as appropriate.
- **Increase availability of physical medicine and rehabilitation across the Southern Market to address the potential lack of high-quality physical medicine and rehabilitation specialists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality physical therapists requires increased availability of physical therapy services across points of care in the Southern Market. 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 gastroenterology services across the Southern Market to address the potential lack of high-quality gastroenterologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality gastroenterologists requires increased availability of gastroenterology services across points of care in the Southern Market. 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 services across the Southern Market to address the potential lack of high-quality ophthalmologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality ophthalmologists requires increased availability of ophthalmology services across points of care in the Southern Market. Increased availability may be achieved through a variety of tactics such as telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.

San Antonio VAMC

- **Relocate non-essential services currently provided at the San Antonio VAMC to decompress the San Antonio VAMC until a replacement facility is built:** The main facility is space constrained and landlocked; moving departments not required to support direct clinical care off-site will free up space needed for clinical services critical to sustaining hospital operations. An administrative lease would allow for space until the replacement San Antonio VAMC is built.
- **Relocate hospice CLC services currently provided at the San Antonio VAMC to community providers in San Antonio; maintain CLC services currently offered at the San Antonio VAMC:** In FY 2019, CLC ADC at the San Antonio VAMC was 32.9. The San Antonio CLC is undersized and cannot accommodate appropriate end-of-life care in its current configuration. There is no segregated hospice space within the CLC, and patients are often doubled up in rooms. Hospice is a small subset of the CLC census. Given ample community capacity, community providers can offer a more appropriate care setting for hospice patients.
- **Reduce the primary care footprint at San Antonio VAMC to expand available clinic space:** The re-distribution of primary care from the San Antonio VAMC to existing outpatient sites would decompress the main facility for additional needed outpatient specialty space.
- **Develop a comprehensive space inventory for the San Antonio VAMC and associated CBOCs to optimize space use. The inventory will include all clinic space and clinics schedules by day of the week:** The Southern Market does not currently have a comprehensive view of space utilization. An accurate accounting of space as it is used will reveal gaps, surpluses, and shortages. A daily managed space schedule serves as the basis for more appropriate, realistic, and effective space redistribution.
- **Create intra-VISN specialty support and complex surgical referral processes to facilitate sending patients to the Dallas VAMC or the San Antonio VAMC from largely rural, low population VISN 17 markets (Northwest Texas, West Texas, and Valley Coastal Bend):** VISN 17 markets with no acute care and low population are unable to reliably schedule patients for complex specialty care and/or surgery in VA acute care facilities. Establishing formalized complex care referral system requirements for transitioning patients to VISN tertiary care settings provides Veterans with greater and more accessible options for care. It also sets the conditions for VA to retain in-house care to maximize continuity of care for Veterans.
- **Relocating all services at the Eckert Road MS CBOC to the proposed replacement facility and closing the existing Eckert Road MS CBOC (in progress):** The current MS CBOC is in an aged facility that is undersized given the significant growth in the area. The new facility will be expanded and improve access. As of FY 2019, there were 119,129 enrollees within 60 minutes of the proposed location.

Kerrville VAMC

- **Rotate sub-specialists from the San Antonio VAMC or expand specialty telehealth services for patients in Kerrville:** The Kerrville VAMC's remote location, an 80-minute drive time from the San Antonio VAMC, makes it challenging to hire subspecialty providers compared to San Antonio. There are 21,689 enrollees within a 60-minute drive time. Rotating specialists from the

San Antonio VAMC could provide needed specialty care at Kerrville, improving access close to where Veterans reside.

- **Grant the Kerrville VAMC leadership the authority to schedule facility space based on local clinical requirements and add a representative from the Kerrville VAMC to the San Antonio VAMC space committee:** The Kerrville VAMC space is managed by the parent service located at the San Antonio VAMC and is precluded from assigning space based on local clinical needs. Kerrville VAMC representation on the space committee would allow for effective representation by those with first-hand operational knowledge.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 17 Southern 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 cost[31] over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included costs associated with construction of new facilities, modernization of current facilities, leases, land acquisition, and demolition. VA operational costs included 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 the 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 17 Southern Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 17 Southern Market	Status Quo	Modernization	VA Recommendation
Total Cost	$32,590,545,457	$35,560,655,271	$36,731,589,300
Capital Cost	$655,015,110	$3,625,124,924	$4,796,058,953
Operational Cost	$31,935,530,347	$31,935,530,347	$31,935,530,347
Total Benefit Score	8	11	12
CBI (normalized in $B)	**4.07**	**3.23**	**3.06**

[31] 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 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 San Antonio, Texas VAMC and proposed replacement Eckert Road MS CBOC in San Antonio, Texas, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Kerrville, Texas VAMC and the proposed replacement San Antonio, Texas 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 Hubs at the Albuquerque, New Mexico VAMC (VISN 22), the San Antonio, Texas VAMC and Dallas, Texas VAMC.
- **RRTP:** RRTP demand will be met through the proposed new San Antonio, Texas VAMC, and the other facilities within VISN 17 offering RRTP, including the proposed new RRTP at Amarillo, Texas VAMC; Big Spring, Texas VAMC; Dallas, Texas VAMC; Temple, Texas VAMC; Waco, Texas VAMC; and the proposed new RRTP at or in the vicinity of the Garland, Texas VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Waco, Texas VAMC (VISN 17); Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and Tucson, Arizona VAMC (VISN 22).
- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the proposed new San Antonio, Texas 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 to 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 165,625 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 165,932 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 17. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with the University of Texas Health Science Center at San Antonio.
- **Research:** This recommendation does not impact the research mission in the market and allows the San Antonio, Texas VAMC to maintain the current research mission by ensuring there is adequate space to support research at the proposed new San Antonio, Texas VAMC to maintain all existing programs.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the San Antonio, Texas and Kerrville, Texas VAMCs are not designated as Primary Receiving Centers.

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 replacement San Antonio, Texas VAMC and proposed replacement Eckert Road MS CBOC in San Antonio, Texas. 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 (3.06 for VA Recommendation versus 4.07 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 replacement San Antonio, Texas VAMC and proposed replacement Eckert Road MS CBOC in San Antonio, Texas. 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 ($36.7B for VA Recommendation versus $35.6B 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 (3.06 for VA Recommendation versus 3.23 for Modernization), reflecting effective stewardship of taxpayer dollars.

VISN 17 Valley Coastal Bend Market

The Veterans Integrated Service Network (VISN) 17 Valley Coastal Bend Market serves Veterans in the southernmost area of Texas. 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.[32]

VA's Commitment to Veterans in the Valley Coastal Bend Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 17's Valley Coastal Bend 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

Veteran enrollees in the Valley Coastal Bend Market are projected to increase. Demand for inpatient and outpatient services is projected to increase as well. There is a need to expand access to VA outpatient health care to meet the existing and projected Veteran demand. 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 addresses the increased demand for outpatient services and improves access to care by investing in modern facilities closer to where Veterans live. VA's recommendation establishes one new community-based outpatient clinic (CBOC) in Brownsville, Texas, and expands specialty care services at a multi-specialty CBOC (MS CBOC) in Corpus Christi, Texas.
- **Enhance VA's unique strengths in caring for Veterans with complex needs:** Inpatient mental health, residential rehabilitation treatment program (RRTP), and community living center (CLC) services will continue to be delivered in the community. Inpatient spinal cord injuries and disorders (SCI/D) and blind rehabilitation are regional services. Inpatient SCI/D services will be

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

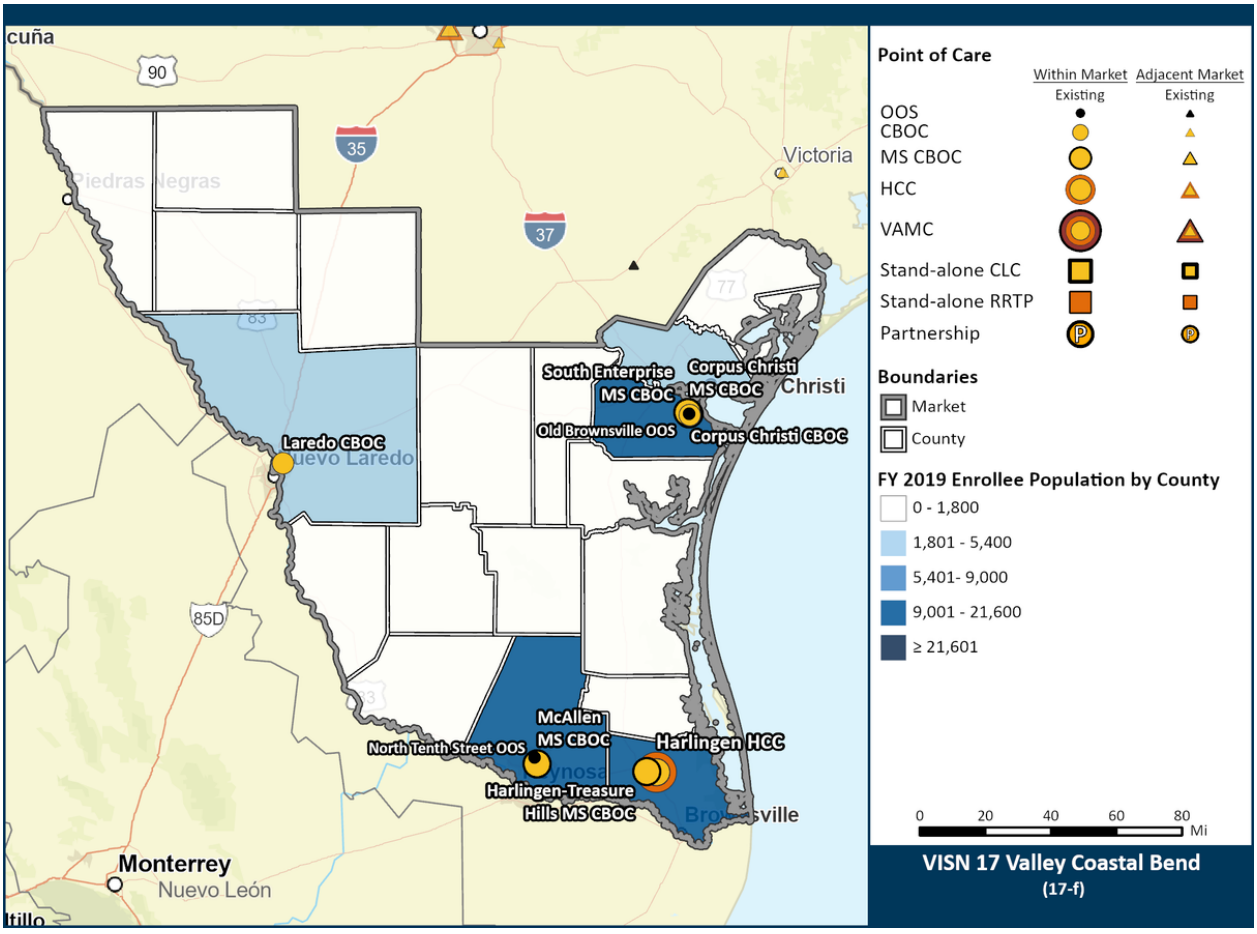
provided at the Albuquerque, New Mexico VAMC (VISN 22), San Antonio, Texas and Dallas, Texas VAMCs and inpatient blind rehabilitation services will be provided at the Waco, Texas VAMC; Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and Tucson, Arizona VAMC (VISN 22).

- **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 utilization of local partnerships with community providers to provide inpatient medical and surgical care.

Market Overview

The market overview includes a map of the Valley Coastal Bend 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 health care center (HCC) (Harlingen), four MS CBOCs, two CBOCs, and two other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 46,676 enrollees and is projected to experience a 5.3% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Hidalgo, Nueces, and Cameron, Texas.

Demand: Demand[33] in the market for inpatient medical and surgical services is projected to increase by 11.6% and demand for inpatient mental health services is projected to increase by 7.4% between FY 2019 and FY 2029. Demand for long-term care[34] is projected to increase by 44.8%. Demand for all outpatient services,[35] including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 20.3% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 83.5% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 48.8% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of FY 2019, community providers[36] in the market within a 60-minute drive time of the HCC had an inpatient acute occupancy rate[37] of 57.7% (702 available beds) [38] and an inpatient mental health occupancy rate of 60.2% (25 available beds). Community nursing homes within a 30-minute drive time of the HCC were operating at an occupancy rate of 87.7% (21 available beds). Community residential rehabilitation programs[39] 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 Texas Rio Grande Valley. The Harlingen HCC is ranked 112 out of 154 VA training sites based on the number of trainees. The Harlingen HCC conducts limited or no research and has no emergency designation. [40]

Facility Overview

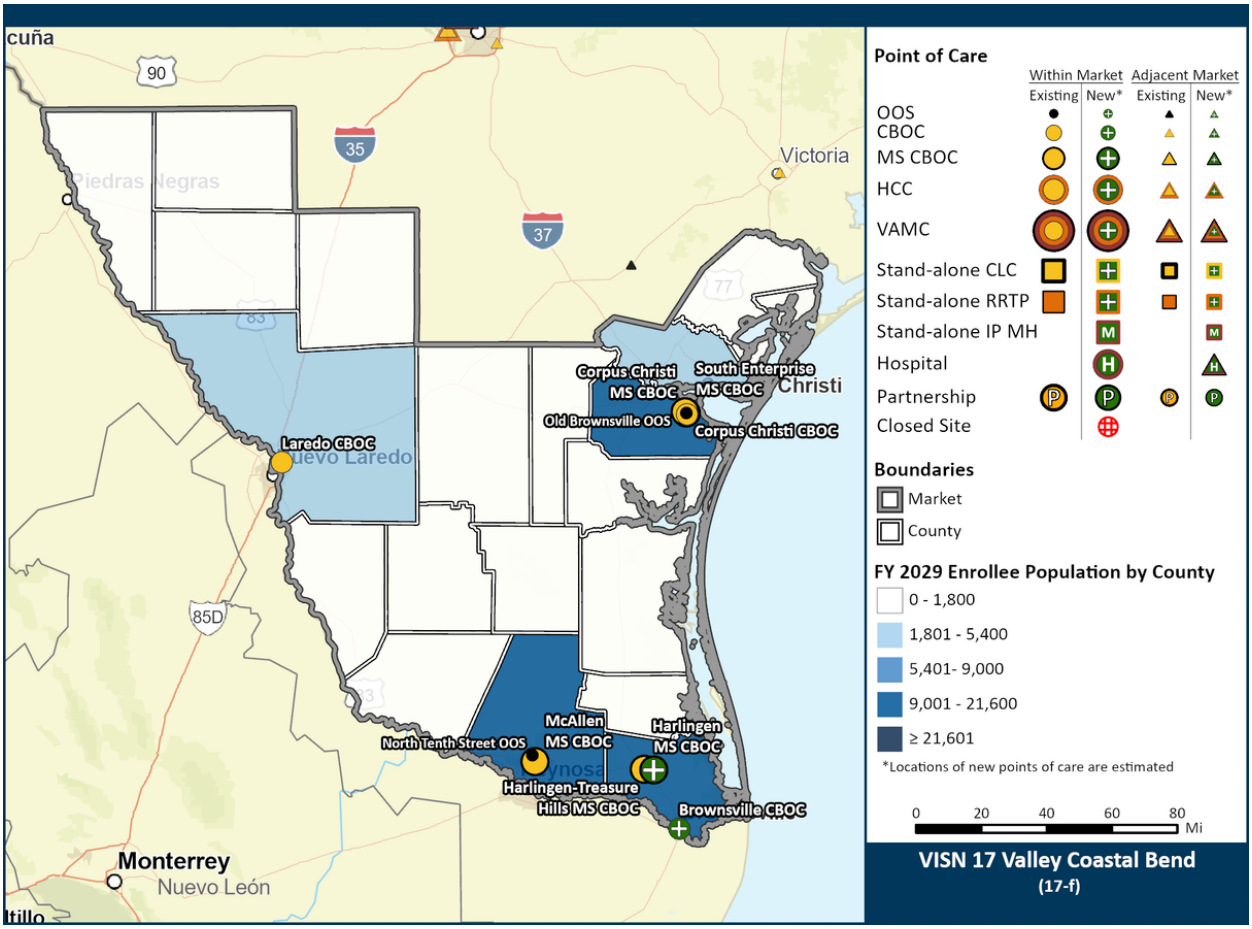
Harlingen HCC: The Harlingen HCC is located in Harlingen, Texas, and offers outpatient services only. The Harlingen HCC was built in 2010 on 2 acres. Facility condition assessment (FCA) deficiencies are approximately $1.6M, and there are no estimated annual operations and maintenance costs.

[33] 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).
[34] Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.
[35] Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).
[36] Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.
[37] 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.
[38] Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.
[39] Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.
[40] 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 17 Valley Coastal Bend Market recommendation and justification for each element of the recommendation.

Future Market Map



1. ***Modernize and realign the Harlingen HCC by relocating outpatient surgical services from the Harlingen HCC to community providers and discontinuing those services at the Harlingen HCC*:** The Harlingen HCC has a low-volume outpatient surgery program. In FY 2019, 244 surgical cases were performed. The market geography includes two metropolitan areas that are far apart from one another; points of care in Harlingen and Corpus Christi, Texas, are approximately 123 minutes (135 miles apart). Transitioning outpatient surgical care to community providers will improve Veteran access and minimize quality risks associated with such a small program. This may result in the Harlingen HCC being classified as an MS CBOC. The market has well-established processes and systems to effectively coordinate community care, case management, and discharge planning. Relocating services to the community will provide high-quality patient care to Veterans while more efficiently utilizing space at the Harlingen HCC.
2. ***Modernize and realign outpatient facilities in the market by establishing a new CBOC in the vicinity of Brownsville, Texas:*** A new CBOC in the vicinity of Brownsville, Texas, will expand access to

primary care and outpatient mental health services in Cameron County. As of FY 2019, there were 7,074 enrollees within 30 minutes of the proposed site.

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:

Valley Coastal Bend Market

- **Establish community care options in Eagle Pass, Texas, for primary care:** There are approximately 808 enrollees in Eagle Pass and Carrizo Springs, Texas, that do not have an existing VA point of care within 30 minutes. The nearest VA point of care is a CBOC in Laredo, Texas, approximately a 135-minute drive away. The enrollee population is too low to support a VA point of care; however, community care options can fill this need.
- **Provide VA care coordination and case management staff at community partner hospitals:** This strategy capitalizes on strengths and enhances existing community care coordination, case management, and discharge planning processes and systems.
- **Create a telehealth hub to serve the VISN 17 Valley Coastal Bend Market for specialty consults:** The ability to recruit and retain specialists is challenging in the Valley Coastal Bend Market. Increasing telehealth capability will improve specialty care access for Veterans who do not live near a facility or do not have access to specialty care in their community.
- **Expand outpatient specialty care services at the Corpus Christi MS CBOC**: Corpus Christi is well outside of the 60-minute specialty care access range from the Harlingen HCC. There are 18,338 enrollees within a 60-minute drive of the Corpus Christi MS CBOC. There are current challenges with community specialty care capacity in Corpus Christi, indicating a need for additional specialty services to be provided at a VA facility in Corpus Christi.
- **Create a partnership with a community provider to deliver urgent care services in Harlingen and Brownsville, Corpus Christi, and Laredo:** The market currently does not have VA urgent care capability. The geographic distribution of market population centers between Webb, Hidalgo, Nueces, and Cameron counties requires multiple urgent care sites. Establishing community partner urgent care sites in each market metropolitan area can mitigate the inappropriate and/or over-use of emergency department services.
- **Increase availability of ophthalmology across the Valley Coastal Bend Market to address the potential lack of high-quality ophthalmologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality ophthalmologists requires increased availability of ophthalmology services across points of care in the Valley Coastal Bend Market. 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 services across the Valley Coastal Bend Market to address the potential lack of high-quality gastroenterologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality gastroenterologists requires increased availability of gastroenterology across points of care in the Valley Coastal Bend Market.

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 allergy/immunology services across the Valley Coastal Bend Market to address the potential lack of high-quality allergists/immunologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality allergists/immunologists requires increased availability of allergy/immunology services across points of care in the Valley Coastal Bend Market. 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 Valley Coastal Bend Market to address the potential lack of high-quality neurosurgeons:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurosurgeons requires increased availability of neurosurgery services across points of care in the Valley Coastal Bend Market. Increased availability may be achieved through a variety of tactics such as telehealth and VCCP recruitment, as appropriate.
- **Increase availability of orthopedic surgery across the Valley Coastal Bend Market to address the potential lack of high-quality orthopedic surgeons:** As identified by the Section 203 criteria analysis, the potential lack of high-quality orthopedic surgeons requires increased availability of orthopedic surgery services across points of care in the Valley Coastal Bend Market. 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 otolaryngology across the Valley Coastal Bend Market to address the potential lack of high-quality otolaryngologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality otolaryngologists requires increased availability of otolaryngology services across points of care in the Valley Coastal Bend Market. 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 nephrology across the Valley Coastal Bend Market to address the potential lack of high-quality nephrologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality nephrologists requires increased availability of nephrology services across points of care in the Valley Coastal Bend Market. 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 Valley Coastal Bend Market to address the potential lack of high-quality urologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality urologists requires increased availability of urology services across points of care in the Valley Coastal Bend Market. 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 Valley Coastal Bend Market to address the potential lack of high-quality pain medicine specialists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality pain medicine specialists requires increased availability of pain medicine services across points of care in the Valley Coastal Bend Market.

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 Valley Coastal Bend Market to address the potential lack of high-quality physical medicine and rehabilitation specialists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality physical medicine and rehabilitation specialists requires increased availability of physical medicine and rehabilitation services across points of care in the Valley Coastal Bend Market. 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 cardiology across the Valley Coastal Bend Market to address the potential lack of high-quality cardiologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality cardiologists requires increased availability of cardiology services across points of care in the Valley Coastal Bend Market. 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 critical care/pulmonary disease services across the Valley Coastal Bend Market to address the potential lack of high-quality critical care/pulmonary disease specialists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality critical care/pulmonary disease specialists requires increased availability of critical care/pulmonary disease services across points of care in the Valley Coastal Bend Market. 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 services across the Valley Coastal Bend Market to address the potential lack of high-quality hematology/oncology specialists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality hematology/oncology specialists requires increased availability of hematology/oncology services across points of care in the Valley Coastal Bend Market. 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 Valley Coastal Bend Market to address the potential lack of high-quality neurologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurologists requires increased availability of neurology services across points of care in the Valley Coastal Bend Market. 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 plastic surgery across the Valley Coastal Bend Market to address the potential lack of high-quality plastic surgeons:** As identified by the Section 203 criteria analysis, the potential lack of high-quality plastic surgeons requires increased availability of plastic surgery services across points of care in the Valley Coastal Bend Market. 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 podiatry across the Valley Coastal Bend Market to address the potential lack of high-quality podiatrists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality podiatrists requires increased availability of podiatry services across points of care in the Valley Coastal Bend Market. Increased availability may be achieved through a variety of tactics such as telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.

Harlingen HCC

- **Conduct a space assessment to confirm space actuals:** There is a reported lack of space at the Harlingen HCC. The space assessment acts as a short-term strategy to mitigate current space shortages and improve future space allocation.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) of the VISN 17 Valley Coastal Bend 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 cost[41] over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included 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 the 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 17 Valley Coastal Bend Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

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

VISN 17 Valley Coastal Bend Market	Status Quo	Modernization	VA Recommendation
Total Cost	$11,566,598,746	$11,876,220,241	$11,805,206,826
Capital Cost	$213,763,189	$523,384,684	$545,240,007
Operational Cost	$11,352,835,557	$11,352,835,557	$11,259,966,819
Total Benefit Score	10	11	13
CBI (normalized in $B)	**1.16**	**1.08**	**0.91**

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 10 VA points of care offering outpatient services, including the proposed new Brownsville, Texas CBOC, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through 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 Hubs at the Albuquerque, New Mexico VAMC (VISN 22), the San Antonio, Texas VAMC and Dallas, Texas VAMC.
- **RRTP:** RRTP demand will be met through other facilities within VISN 17 offering RRTP, including the proposed new RRTP at Amarillo, Texas VAMC; Big Spring, Texas VAMC; Dallas, Texas VAMC; Temple, Texas VAMC; Waco, Texas VAMC; proposed new San Antonio, Texas VAMC; and proposed new RRTP at or in the vicinity of the Garland, Texas VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Waco, Texas VAMC (VISN 17); Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and Tucson, Arizona VAMC (VISN 22).
- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met 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 to 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 increase, with 47,553 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 47,658 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 17. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with the University of Texas Rio Grande Valley.
- **Research:** This recommendation does not impact the research mission in the market; the Harlingen, Texas HCC does not have a research program.[42]
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Harlingen, Texas HCC is not designated as a Primary Receiving Center.

[42] 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 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 Brownsville, Texas CBOC. 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 (0.91 for VA Recommendation versus 1.16 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 Brownsville, Texas CBOC. 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 ($11.8B for VA Recommendation versus $11.9B 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 (0.91 for VA Recommendation versus 1.08 for Modernization), reflecting effective stewardship of taxpayer dollars.

VISN 17 Northwest Texas Market

The Veterans Integrated Service Network (VISN) 17 Northwest Texas Market serves Veterans in northwestern Texas. 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.[43]

VA's Commitment to Veterans in the Northwest Texas Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 17's Northwest Texas 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

Enrollees in the Northwest Texas Market are projected to decline and are concentrated in the population centers of Amarillo and Lubbock, Texas, which are approximately 120 miles apart. All counties surrounding Amarillo and Lubbock are highly rural. Demand in the market for inpatient medical and surgical services and long-term care is projected to decrease, while demand for inpatient mental health services and outpatient services is projected to increase. Given that the Northwest Texas Market is one of VA's smallest markets by enrollee count, VA recommends combining the Northwest Texas Market with the West Texas Market to improve care coordination, regional planning, and VA's ability to strengthen the academic affiliation with Texas Tech in Lubbock, Texas. Lubbock is proposed to become the administrative hub of the combined markets. 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 addresses the increased demand for outpatient services and improves access to care by investing in modern facilities closer to where Veterans live. VA's recommendation invests in an expanded outpatient site in

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

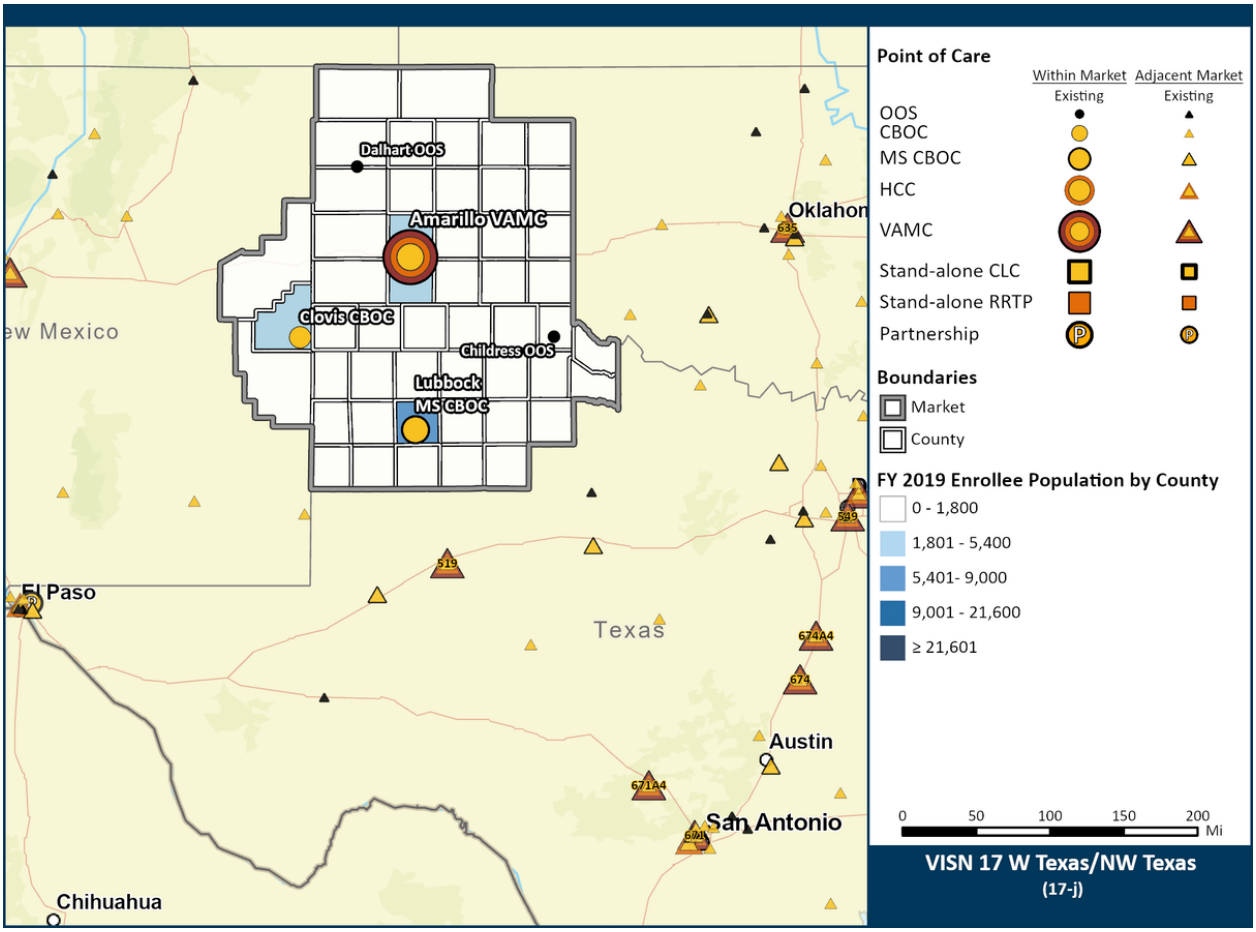
Lubbock, Texas, offering primary care, mental health care, and specialty care services to bring rightsized services to Veterans residing in Lubbock.

- **Enhance VA's unique strengths in caring for Veterans with complex needs:** The Northwest Texas Market lacks a residential rehabilitation treatment program (RRTP), and comparable services are not readily available in the community. VA's recommendation invests in modern RRTP facilities and maintains community living center (CLC) services within the Amarillo VAMC. Inpatient spinal cord injuries and disorders (SCI/D) and blind rehabilitation are regional services. Inpatient SCI/D services will be provided at the Albuquerque, New Mexico VAMC (VISN 22), San Antonio, Texas and Dallas, Texas VAMCs and inpatient blind rehabilitation services will be provided at the Waco, Texas VAMC; Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and 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 expands utilization of community providers for inpatient medical and surgical care while discontinuing these services at the Amarillo VAMC.

Market Overview

The market overview includes a map of the Northwest Texas 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 non-VA entity.

Facilities: The market has one VAMC (Amarillo), one multi-specialty community-based outpatient clinic (MS CBOC), one community-based outpatient clinic (CBOC), and two other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 26,752 Veterans and is projected to experience a 5.2% decrease in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Lubbock, Randall, and Potter, Texas.

Demand: Demand[44] in the market for inpatient medical and surgical services is projected to decrease by 3.8% and demand for inpatient mental health services is projected to increase by 8.3% between FY 2019

[44] 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).

and FY 2029. Demand for long-term care[45] is projected to decrease by 20.7%. Demand for all outpatient services,[46] including primary care, mental health, specialty care, dental, and rehabilitation therapies, is projected to increase.

Rurality: 46.9% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 71.7% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 38.9% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers[47] in the market within a 60-minute drive time of the VAMC had an inpatient acute occupancy rate[48] of 58.6% (179 available beds) [49] and an inpatient mental health occupancy rate of 51.1% (25 available beds). Community nursing homes within a 30-minute drive time of the VAMC were operating at an occupancy rate of 65.6% (266 available beds). Community residential rehabilitation programs[50] 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 Texas Tech University. The Amarillo VAMC is ranked 98 out of 154 VA training sites based on the number of trainees. The Amarillo VAMC conducts limited or no research and has no emergency designation.[51]

Facility Overview

Amarillo VAMC: The Amarillo VAMC is located in Amarillo, Texas, and offers inpatient medical and surgical care, CLC, and outpatient services. FY 2019, the Amarillo VAMC had an inpatient medical and surgical average daily census (ADC) of 16.2 and a CLC ADC of 110.2.

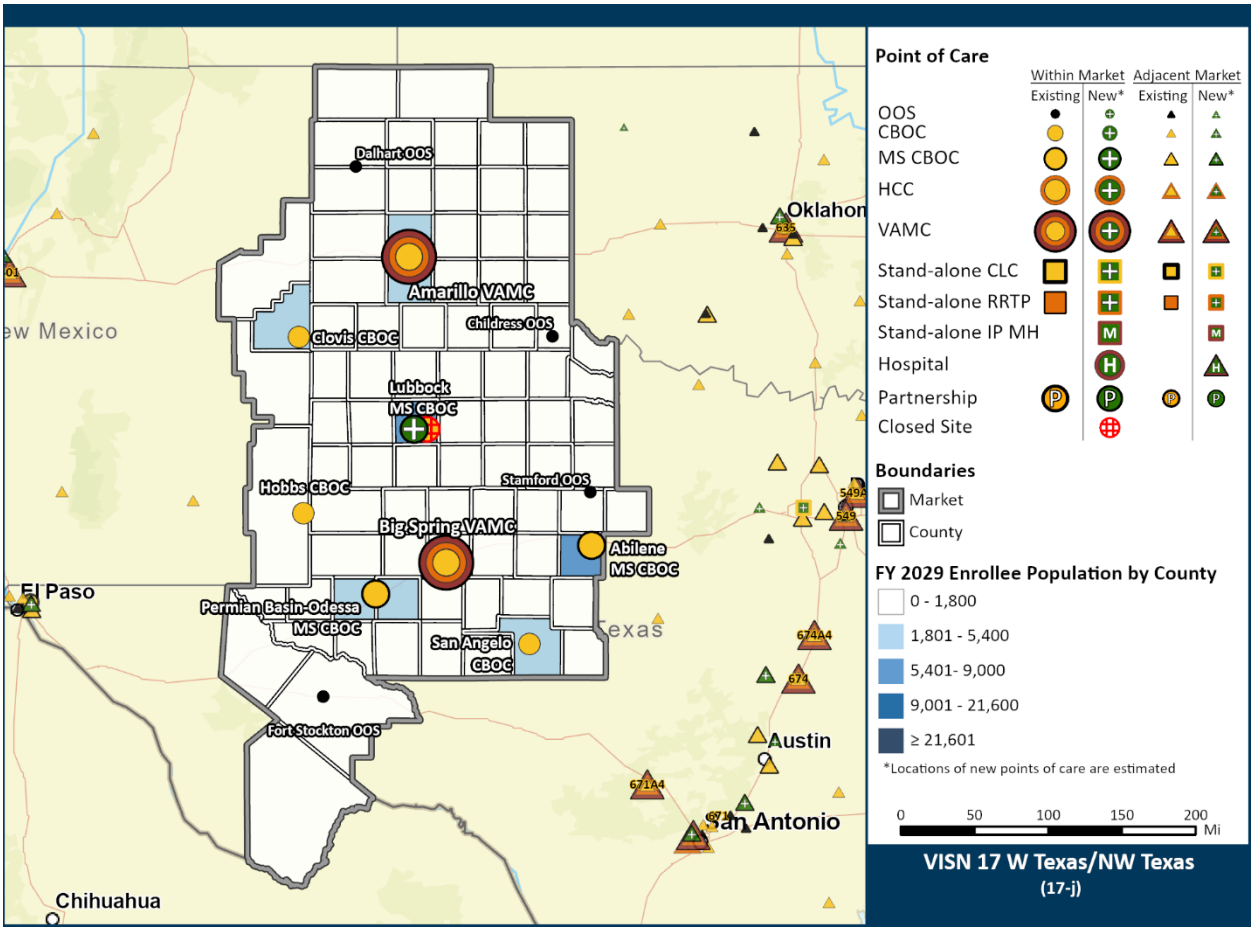
The Amarillo VAMC was built in 1939 on 37 acres. Facility condition assessment (FCA) deficiencies are approximately $39.4M, and annual operations and maintenance costs are an estimated $6.7M.

[45] Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.
[46] Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).
[47] Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.
[48] 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.
[49] Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.
[50] Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.
[51] 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 17 combined Northwest Texas and West Texas Market recommendation and justification for each element of the recommendation.

Future Market Map



1. ***Modernize and realign the Amarillo VA Medical Center by:***

   1.1. **Relocating inpatient and emergency services from the Amarillo VAMC to community providers and discontinuing those services at the Amarillo VAMC:** At the Amarillo VAMC, there is currently low inpatient medical and surgical demand. Inpatient medical and surgical ADC was 16.2 in FY 2019 and is projected to decrease to 12.8 in FY 2029. The current ADC is drawn from beyond 60 minutes in neighboring commercial medical markets in the Amarillo, Texas, area. Emergency demand is also low; there were 7,407 encounters in FY 2019, which is far below the suggested encounter volume of 13,000 to maintain an emergency service. There is available community capacity in nearby facilities for inpatient medical and surgical and emergency services. As of 2019, community providers within a 60-minute drive time of the Amarillo VAMC had an inpatient acute occupancy rate of 58.6% (179 available beds). Transitioning inpatient medical and surgical and emergency services to local community

providers maintains Veteran access and minimizes quality risks associated with low patient volumes.

1.2. **Modernizing the RRTP at the Amarillo VAMC:** The Amarillo VAMC provides intensive outpatient mental health services, but some patients engaged in a daily program who require overnight stays are shuttled to and from an external housing facility. The nearest VA RRTP is in Big Spring, Texas, which is approximately 204 minutes (225 miles) away. The VAMC has 38 medical and surgical beds. Converting inpatient bed units to RRTP beds at the Amarillo VAMC will satisfy the projected market bed need and allow Veterans to receive 24/7 care in one location.

2. ***Modernize and realign outpatient facilities in the market by relocating the Lubbock MS CBOC to a new site in the vicinity of Lubbock, Texas, and closing the existing Lubbock MS CBOC*:** Limited expansion opportunities at the existing Lubbock MS CBOC warrant a new location for the clinic. The new location of the Lubbock MS CBOC will remain within the city of Lubbock, Texas. Once the new location is activated, the existing MS CBOC will no longer be needed and can be closed. As of FY 2019, the Lubbock CBOC served 9,180 core uniques[52] and there are 9,781 enrollees within 60 minutes of the proposed site. The relocation will allow for an increase in primary care, outpatient mental health care, and outpatient specialty care capacity.

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:

Northwest Texas Market

- **Combine the West Texas and Northwest Texas markets into a single West/Northwest Texas Market:** The West Texas and Northwest Texas markets face similar challenges, including recruitment of providers and widely spread population centers. Merging the two markets will enhance joint planning of services to enhance the cost effectiveness of services available to Veterans, avoid duplication of services, and create a consistent standard of care for the market. This strategy would be a four-phase, conditions-driven approach with dependencies on prior phase(s). It would rely on strengthening Northwest Texas and West Texas community hospital partnerships; establishing community care coordination/case management and discharge planning staff and systems through adoption of the Valley Coastal Bend best-practice model; re-scoping the Big Spring VAMC services; and completing the merger of the markets.
- **Establish robust care coordination, case management, and discharge planning capability using the VISN 17 Valley Coastal Bend Market model:** Adopting the Valley Coastal Bend model for case management and discharge planning, including establishing VA Liaisons on-site at major Community partner hospitals, will improve care coordination.
- **Increase availability of allergy/immunology services across the combined West/Northwest Texas Market to address the potential lack of high-quality allergists/immunologists:** As

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

identified by the Section 203 criteria analysis, the potential lack of high-quality allergists and immunologists requires increased availability of allergy and immunology services across points of care in the West/Northwest Texas Market. 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 neurosurgery across the combined West/Northwest Texas Market to address the potential lack of high-quality neurosurgeons:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurosurgeons requires increased availability of neurosurgery services across points of care in the West/Northwest Texas Market. Increased availability may be achieved through a variety of tactics such as telehealth and VCCP recruitment, as appropriate.
- **Increase availability of ophthalmology across the combined West/Northwest Texas Market to address the potential lack of high-quality ophthalmologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality ophthalmologists requires increased availability of ophthalmology services across points of care in the West/Northwest Texas Market. 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 combined West/Northwest Texas Market to address the potential lack of high-quality neurologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurologists requires increased availability of neurology services across points of care in the West/Northwest Texas Market. 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 services across the combined West/Northwest Texas Market to address the potential lack of high-quality physical medicine and rehabilitation specialists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality physical medicine and rehabilitation specialists requires increased availability of physical medicine and rehabilitation services across points of care in the West/Northwest Texas Market. Increased availability may be achieved through a variety of tactics such as telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.

Amarillo VAMC

- **Improve community care administration; seek to establish more formal care coordination agreements where practical, ideally with academic affiliates, and initiate active case/care management at community hospitals with Veteran admissions:** Across the market, there is room for improvement in community quality and care coordination. This will become more important given the recommendation to rely on community providers for inpatient medical and surgical and emergency care.

- **Expand telehealth to include additional specialty care services at the Amarillo VAMC and select CBOCs:** The Amarillo VAMC telehealth utilization is below the national VA average in all categories with the exception of clinic-based video telehealth. Expanding the use of telehealth expands access and mitigates recruiting and retention issues for specialties.
- **Use space management tools and create a facility-wide room schedule at the Amarillo VAMC to confirm actual space use and availability to improve management of exam rooms:** Proactive clinical space management efforts will allow for more efficient use of existing space.
- **Strengthen outpatient care comprehensive clinical space scheduling management tools and techniques to optimize space:** The Amarillo VAMC currently does not have a comprehensive clinical space scheduling management process. Utilizing outpatient care practice management tools will help with managing space capacity for primary care.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 17 combined West Texas and Northwest Texas markets: 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 cost[53] over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included 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 the 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 17 combined West Texas and Northwest Texas markets are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

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

VISN 17 combined West Texas and Northwest Texas markets	Status Quo	Modernization	VA Recommendation
Total Cost	$11,421,094,148	$11,791,078,346	$11,525,552,388
Capital Cost	$488,669,537	$858,653,735	$944,076,917
Operational Cost	$10,932,424,610	$10,932,424,610	$10,581,475,471
Total Benefit Score	7	10	11
CBI (normalized in $B)	**1.63**	**1.18**	**1.05**

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 MISSION Act. The Section 203 criteria analysis was conducted on the combined West Texas and Northwest Texas markets per the VA Recommendation to combine the two markets. 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 12 VA points of care offering outpatient services, including the proposed new Lubbock, Texas MS CBOC, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Amarillo, Texas VAMC and Big Spring, Texas 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 Hubs at the Albuquerque, New Mexico VAMC (VISN 22), the San Antonio, Texas VAMC and Dallas, Texas VAMC.
- **RRTP:** RRTP demand will be met through the proposed new RRTP at Amarillo, Texas VAMC; Big Spring, Texas VAMC; and the other facilities within VISN 17 offering RRTP, including the Dallas, Texas VAMC; Temple, Texas VAMC; Waco, Texas VAMC; and proposed new San Antonio, Texas VAMC and proposed new RRTP at or in the vicinity of the Garland, Texas VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Waco, Texas VAMC (VISN 17); Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and Tucson, Arizona VAMC (VISN 22).

Demand

- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met 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 to 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 increase, with 49,077 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 49,318 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 17. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with Texas Tech University.
- **Research:** This recommendation does not impact the research mission in the market; the Amarillo, Texas and Big Spring, Texas VAMCs do not have research programs.[54]
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Amarillo, Texas and Big Spring, Texas VAMCs are not designated as Primary Receiving Centers.

[54] 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 also 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 Lubbock, Texas MS CBOC. 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 (1.05 for VA Recommendation versus 1.63 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 Lubbock, Texas MS CBOC. 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 ($11.5B for VA Recommendation versus $11.8B 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 (1.05 for VA Recommendation versus 1.18 for Modernization), reflecting effective stewardship of taxpayer dollars.

VISN 17 West Texas Market

The Veterans Integrated Service Network (VISN) 17 West Texas Market serves Veterans in western Texas. 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 West Texas Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 17's West Texas 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

Market enrollment in the West Texas Market is projected to increase but is widely dispersed across multiple population centers. Demand for inpatient and outpatient services is projected to increase. As West Texas Market is one of VA's smallest markets by enrollee count, VA recommends combining the West Texas Market with the Northwest Texas Market to improve care coordination, regional planning, and VA's ability to strengthen the academic affiliation with Texas Tech in Lubbock, Texas. Lubbock is proposed to become the administrative hub of the combined markets. 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 an expanded outpatient site in Lubbock, Texas, offering primary care, mental health care, and specialty care services to bring rightsized services to Veterans residing in Lubbock. VA also recommends outpatient surgery at the Big Spring VAMC be referred to community providers.
- **Enhance VA's unique strengths in caring for Veterans with complex needs**: VA's recommendation maintains residential rehabilitation treatment program (RRTP) and community living center (CLC) services within the Big Spring VAMC. VA's recommendation also invests in

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

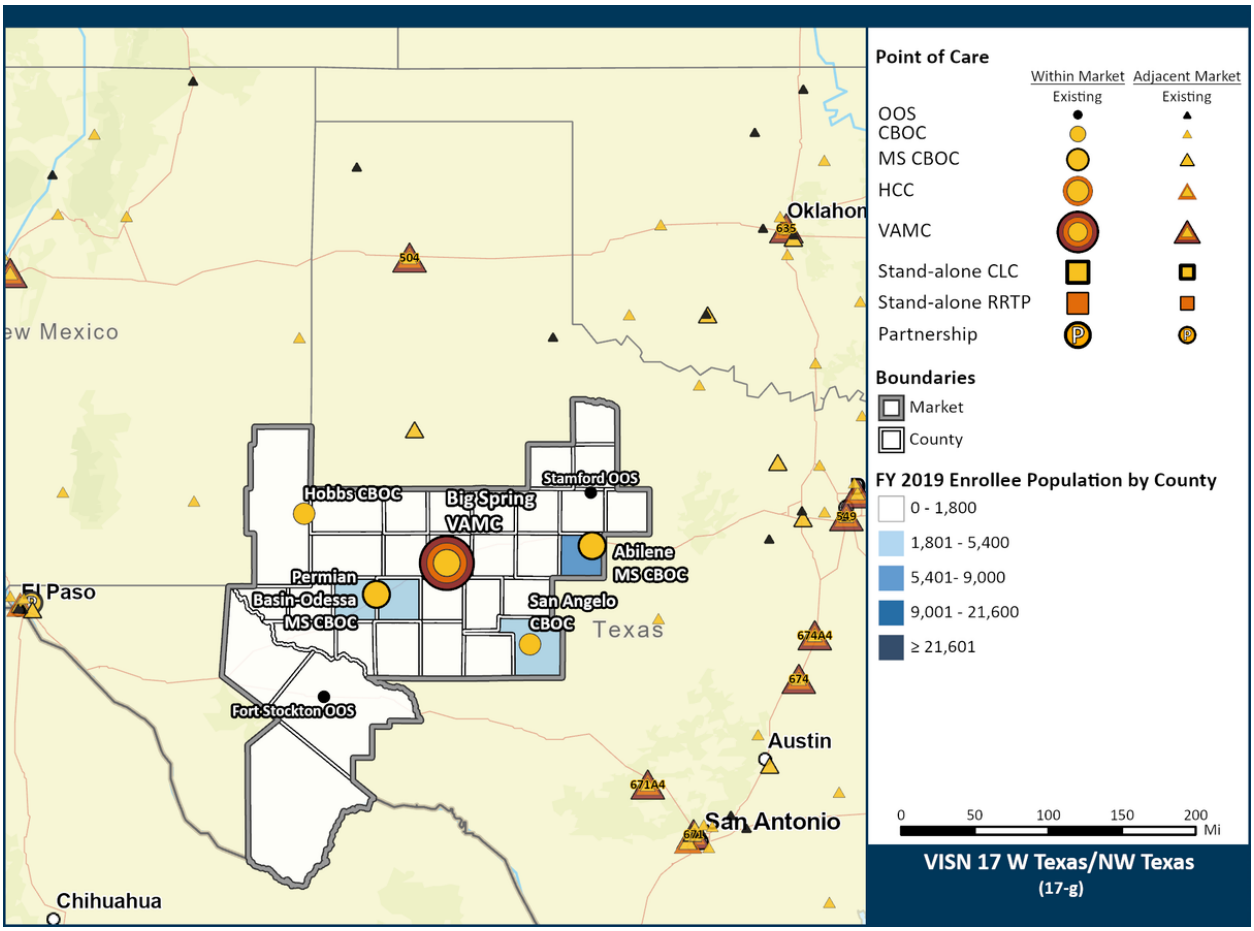
modern RRTP facilities at the Amarillo VAMC. Inpatient spinal cord injuries and disorders (SCI/D) and blind rehabilitation are regional services. Inpatient SCI/D services will be provided at the Albuquerque, New Mexico VAMC (VISN 22), San Antonio, Texas and Dallas, Texas VAMCs and inpatient blind rehabilitation services will be provided at the Waco, Texas VAMC; Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and 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 utilization of local partnerships with community providers to provide inpatient medical and surgical care.

Market Overview

The market overview includes a map of the West Texas 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 (Big Spring), two multi-specialty community-based outpatient clinics (MS CBOCs), two community-based outpatient clinics (CBOCs), and two other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 22,814 enrollees and is projected to experience a 7.6% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Taylor, Tom Green, and Midland, Texas.

Demand: Demand[56] in the market for inpatient medical and surgical services is projected to increase by 17.2% and demand for inpatient mental health services is projected to increase by 86.5% between FY 2019 and FY 2029. Demand for long-term care[57] is projected to increase by 15.2%. Demand for all outpatient services,[58] including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 38.8% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 82.2% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 0.0% of enrollees live within a 60-minute drive time of a VA secondary care site. Note: Secondary care sites include VA facilities providing surgery with anesthesia or acute inpatient services. Enrollees have access to other outpatient specialty care services in this market, including specialty care at MS CBOCs.

Community Capacity: As of 2019, community providers[59] in the market within a 60-minute drive time of the VAMC had an inpatient acute occupancy rate[60] of 61.2% (215 available beds).[61] There are no community providers for inpatient mental health in the market. Community nursing homes within a 30-minute drive time of the VAMC were operating at an occupancy rate of 76.0% (17 available beds). Community residential rehabilitation programs[62] 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 Texas Tech University. The Big Spring VAMC is ranked 110 out of 154 VA training sites based on the number of trainees. The Big Spring VAMC conducts limited or no research and 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

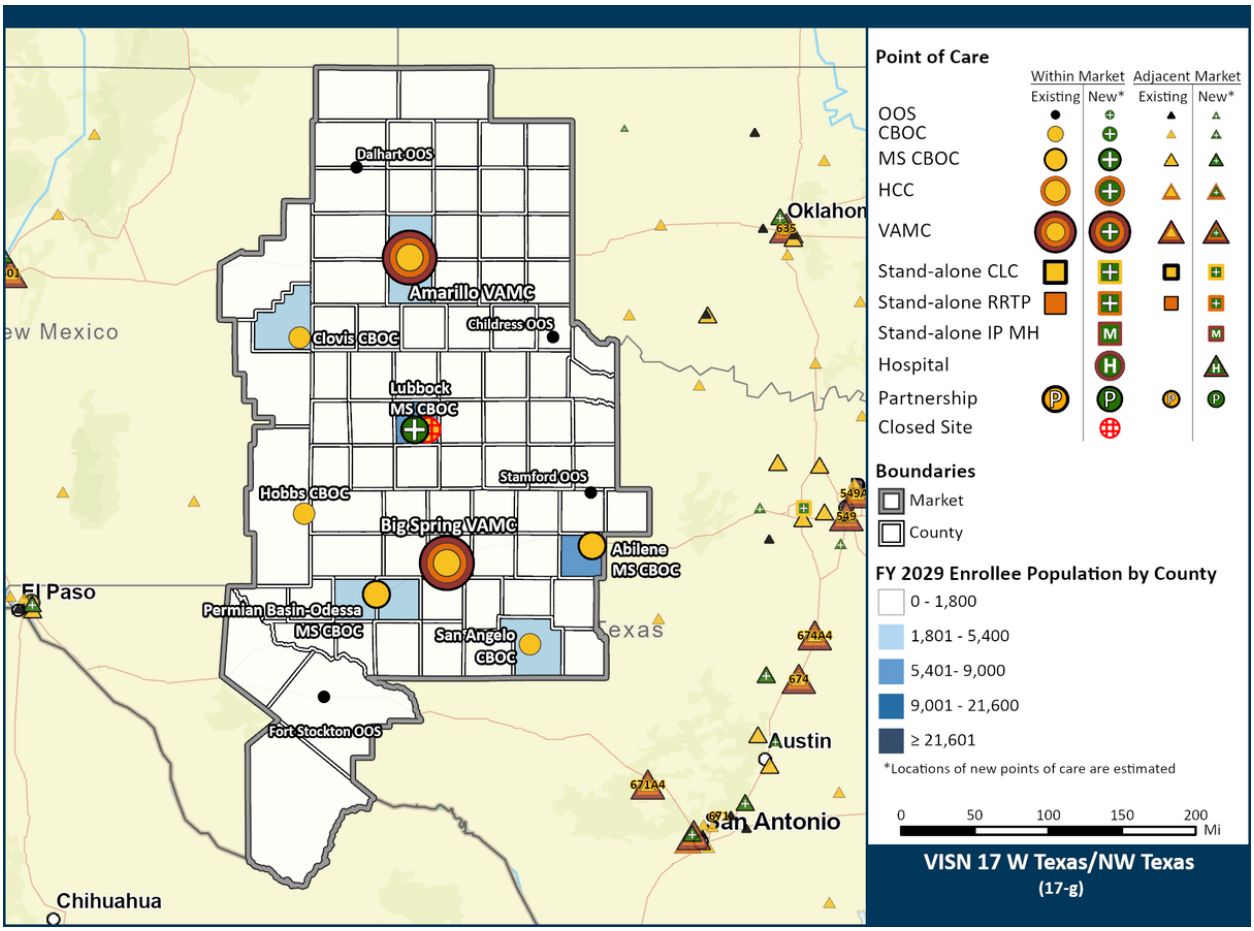
Big Spring VAMC: The Big Spring VAMC is located in Big Spring, Texas, and offers RRTP, CLC, and outpatient services. In FY 2019, the Big Spring VAMC had an RRTP average daily census (ADC) of 31.3 and a CLC ADC of 27.9.

The Big Spring VAMC was built in 1950 on 31 acres. Facility condition assessment (FCA) deficiencies are approximately $26.5M, and annual operations and maintenance costs are an estimated $5.3M.

Recommendation and Justification

This section details the VISN 17 combined West Texas and Northwest Texas Market recommendation and justification for each element of the recommendation.

Future Market Map



1. ***Modernize and realign the Big Spring VAMC by relocating outpatient surgical services from the Big Spring VAMC to community providers and discontinuing those services at the Big Spring VAMC:*** The Big Spring VAMC has a low-volume outpatient surgery program, with ophthalmology the single surgical service and one ophthalmologist on staff. In FY 2019, no cases were reported. Given the large market geography with several small cities spread far apart from one another, transitioning

outpatient surgical care to community providers will improve Veteran access and minimize quality risks associated with such a small program focused on one surgery service.

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 Texas Market

- **Combine the West Texas and Northwest Texas markets into a single West/Northwest Texas Market:** The West Texas and Northwest Texas markets face similar challenges, including recruitment of providers and widely spread population centers. Merging the two markets will enhance joint planning of services to enhance the cost effectiveness of services available to Veterans, avoid duplication of services, and create a consistent standard of care for the market. This strategy would be a four-phase, conditions-driven approach with dependencies on prior phase(s). It would rely on strengthening Northwest Texas and West Texas community hospital partnerships and establishing community care coordination/case management and discharge planning staff and systems through adoption of the Valley Coastal Bend best-practice model. The strategy would also involve re-scoping the Big Spring VAMC services and completing the merger of the markets.
- **Realign Runnels and Concho counties to the VISN 17 combined West/Northwest Texas Market from the Central Market:** Primary care encounters indicate a majority of Veterans in these counties use the San Angelo CBOC in the West Texas Market instead of the Brownwood CBOC in the Central Market. There are small enrollee populations in these highly rural counties that can be served by the West Texas Market.
- **Utilize Women's Health Program care coordination processes as a VISN 17 best practice:** The Women's Health team in the West Texas Market is a leader in care coordination. Codifying best practices into a model could assist markets where female enrollee population density does not warrant centralized programs.
- **Establish robust care coordination, case management, and discharge planning capability using the VISN 17 Valley Coastal Bend Market model:** Adopting the Valley Coastal Bend model for case management and discharge planning, including establishing VA Liaisons on-site at major community partner hospitals, will improve care coordination.
- **Increase availability of allergy/immunology services across the combined West/Northwest Texas Market to address the potential lack of high-quality allergists/immunologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality allergists and immunologists requires increased availability of allergy and immunology services across points of care in the West/Northwest Texas Market. 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 neurosurgery across the combined West/Northwest Texas Market to address the potential lack of high-quality neurosurgeons:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurosurgeons requires increased availability of neurosurgery services across points of care in the West/Northwest Texas Market. Increased availability may be achieved through a variety of tactics such as telehealth and VCCP recruitment, as appropriate.
- **Increase availability of ophthalmology across the combined West/Northwest Texas Market to address the potential lack of high-quality ophthalmologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality ophthalmologists requires increased availability of ophthalmology services across points of care in the West/Northwest Texas Market. 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 combined West/Northwest Texas Market to address the potential lack of high-quality neurologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurologists requires increased availability of neurology services across points of care in the West/Northwest Texas Market. 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 services across the combined West/Northwest Texas Market to address the potential lack of high-quality physical medicine and rehabilitation specialists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality physical medicine and rehabilitation specialists requires increased availability of physical medicine and rehabilitation services across points of care in the West/Northwest Texas Market. Increased availability may be achieved through a variety of tactics such as telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.

Big Spring VAMC

- **Expand outpatient specialty care services in CBOCs with rotating specialty clinic visits or community care arrangements and increased telehealth applications:** Significant geographic distances between market population centers and challenges in recruiting and retaining specialty providers challenge the market's ability to provide sustainable specialty care access. This strategy would capitalize on the market's extensive experience in utilizing telehealth modalities as this market's utilization levels are significantly higher than national averages.
- **Relocate the market hub to Lubbock, Texas (Lubbock County) and re-scope the Big Spring VAMC to provide primary care, outpatient mental health, and outpatient specialty care services to support the enrollee population in the Big Spring, Texas, area, as well as retaining CLC and RRTP services:** Lubbock was identified as the 'center' of the Northwest Texas Market and relocating the Lubbock MS CBOC to a new, larger location within Lubbock, Texas will increase access for Veterans in the surrounding area. Newly constructed RRTP and CLC facilities would continue to provide a centralized location at the Big Spring VAMC for these services. Re-scoped specialty services would include those required for CLC and RRTP only, such as physical medicine and rehab and ancillary support such as pharmacy, lab, and prosthetics.

- **Use space management tools and create a facility-wide room schedule at the Big Spring VAMC to confirm actual space use and availability to improve management of exam rooms:** There is a lack of clinical space at the Big Spring VAMC. This space assessment would provide a short-term strategy to mitigate current space shortages and improve future space allocation.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 17 combined West Texas and Northwest Texas markets: 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 cost[64] over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included 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 the 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 17 combined West Texas and Northwest Texas markets are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 17 combined West Texas and Northwest Texas markets	Status Quo	Modernization	VA Recommendation
Total Cost	$11,421,094,148	$11,791,078,346	$11,525,552,388
Capital Cost	$488,669,537	$858,653,735	$944,076,917
Operational Cost	$10,932,424,610	$10,932,424,610	$10,581,475,471
Total Benefit Score	7	10	11
CBI (normalized in $B)	**1.63**	**1.18**	**1.05**

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.

[64] 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 MISSION Act. The Section 203 criteria analysis was conducted on the combined West Texas and Northwest Texas markets per the VA Recommendation to combine the two markets. 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 12 VA points of care offering outpatient services, including the proposed new Lubbock, Texas MS CBOC, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Amarillo, Texas VAMC and Big Spring, Texas 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 Hubs at the Albuquerque, New Mexico VAMC (VISN 22), the San Antonio, Texas VAMC and Dallas, Texas VAMC.
- **RRTP:** RRTP demand will be met through the proposed new RRTP at Amarillo, Texas VAMC; Big Spring, Texas VAMC; and the other facilities within VISN 17 offering RRTP, including the Dallas, Texas VAMC; Temple, Texas VAMC; Waco, Texas VAMC; and proposed new San Antonio, Texas VAMC and proposed new RRTP at or in the vicinity of the Garland, Texas VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Waco, Texas VAMC (VISN 17); Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and Tucson, Arizona VAMC (VISN 22).
- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met 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 to 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 increase, with 49,077 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 49,318 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 17. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with Texas Tech University.
- **Research:** This recommendation does not impact the research mission in the market; the Amarillo, Texas and Big Spring, Texas VAMCs do not have research programs.[65]
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Amarillo, Texas and Big Spring, Texas VAMCs are not designated as Primary Receiving Centers.

[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 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 Lubbock, Texas MS CBOC. 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 (1.05 for VA Recommendation versus 1.63 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 Lubbock, Texas MS CBOC. 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 ($11.5B for VA Recommendation versus $11.8B 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 (1.05 for VA Recommendation versus 1.18 for Modernization), reflecting effective stewardship of taxpayer dollars.

VISN 17 Southwest Texas Market

The Veterans Integrated Service Network (VISN) 17 Southwest Texas Market serves Veterans in southwestern Texas. 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 Southwest Texas Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 17's Southwest Texas 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

Veteran enrollees in the Southwest Texas Market are projected to increase rapidly. Demand for inpatient and outpatient services is projected to increase as well. There is a need to expand access to VA health care to meet the existing and projected Veteran demand. 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 a replacement to the existing health care center (HCC) to build a modern HCC adjacent to the Department of Defense's (DoD) William Beaumont Army Medical Center (WBAMC) on Fort Bliss Army Base, allowing VA to strengthen its long-term collaboration with DoD. This new facility will strengthen delivery of primary care, mental health care, specialty care and outpatient surgery services to better serve Veteran needs in the El Paso area.
- **Enhance VA's unique strengths in caring for Veterans with complex needs:** VA's recommendation maintains inpatient mental health, community living center (CLC), and

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

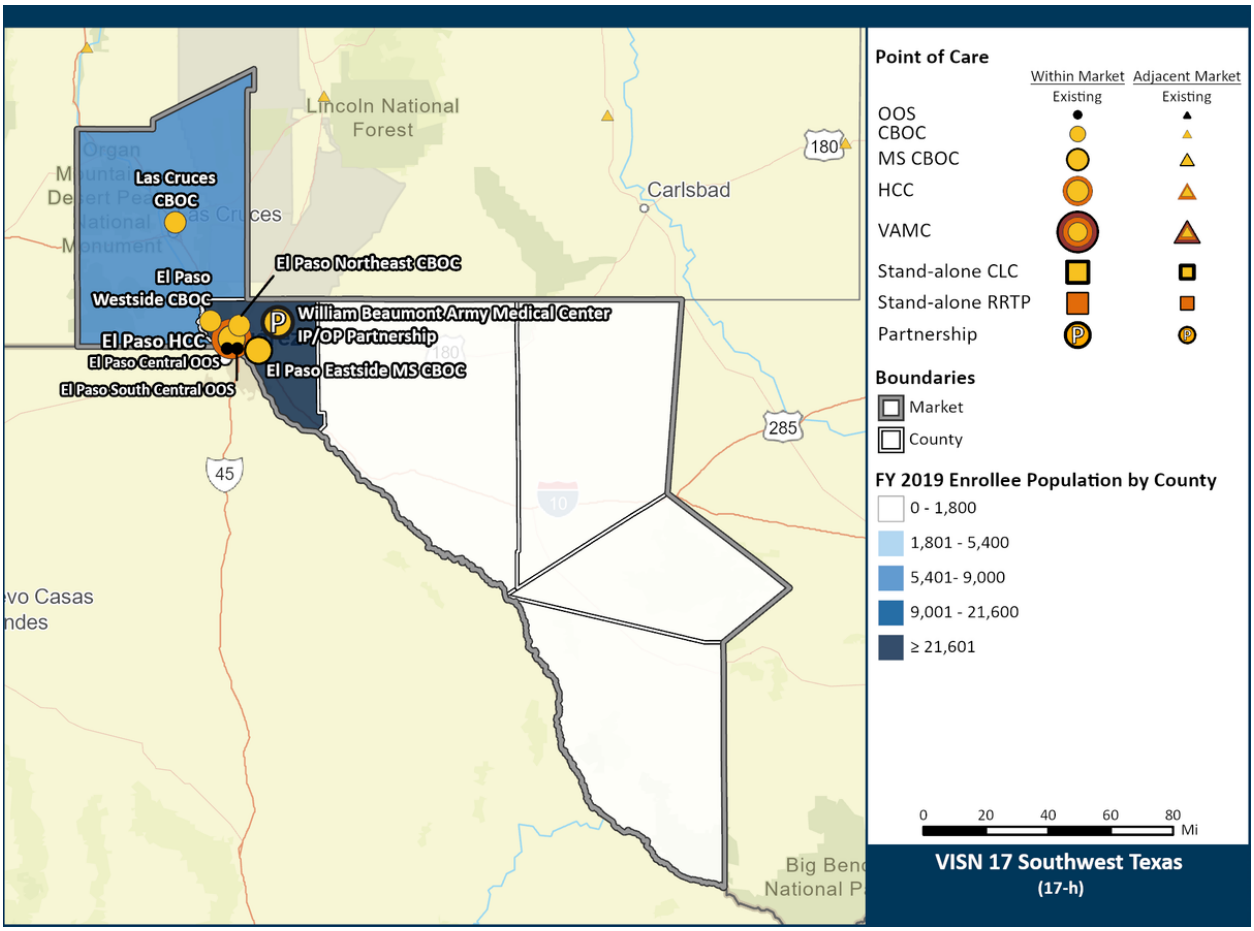
residential rehabilitation treatment program (RRTP) with community providers. Inpatient spinal cord injuries and disorders (SCI/D) and blind rehabilitation are regional services. Inpatient SCI/D services will be provided at the Albuquerque, New Mexico VAMC (VISN 22), San Antonio, Texas and Dallas, Texas VAMCs and inpatient blind rehabilitation services will be provided at the Waco, Texas VAMC; Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and 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 utilization of local partnerships with DoD's WBAMC on Fort Bliss and community providers to provide inpatient medical and surgical care.

Market Overview

The market overview includes a map of the Southwest Texas 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 HCC (El Paso), one multi-specialty community-based outpatient clinic (MS CBOC), three community-based outpatient clinics (CBOCs), and two other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 41,116 enrollees and is projected to experience a 16.4% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of El Paso and Presidio, Texas, and Dona Ana County, New Mexico.

Demand: Demand[67] in the market for inpatient medical and surgical services is projected to increase by 9.3% and demand for inpatient mental health services is projected to increase by 28.3% between FY 2019 and FY 2029. Demand for long-term care[68] is projected to increase by 29.8%. Demand for all outpatient services,[69] including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 3.7% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 96.4% of enrollees in the market live within a 30-minute drive time of a VA primary care site, and 96.5% of enrollees live within a 60-minute drive time of a VA secondary care site. The El Paso HCC does not provide inpatient care.

Community Capacity: As of FY 2019, community providers[70] in the market within a 60-minute drive time of the HCC had an inpatient acute occupancy rate[71] of 60.6% (549 available beds) [72] and an inpatient mental health occupancy rate of 74.5% (1 available bed), indicating limited community occupancy for inpatient mental health services. Community nursing homes within a 30-minute drive time of the HCC were operating at an occupancy rate of 73.3% (156 available beds). Community residential rehabilitation programs[73] 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 Texas Tech University and WBAMC. The El Paso HCC is ranked 116 out of 154 VA training sites based on the number of trainees. The El Paso HCC conducts limited or no research and has no emergency designation. [74]

[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.
[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.

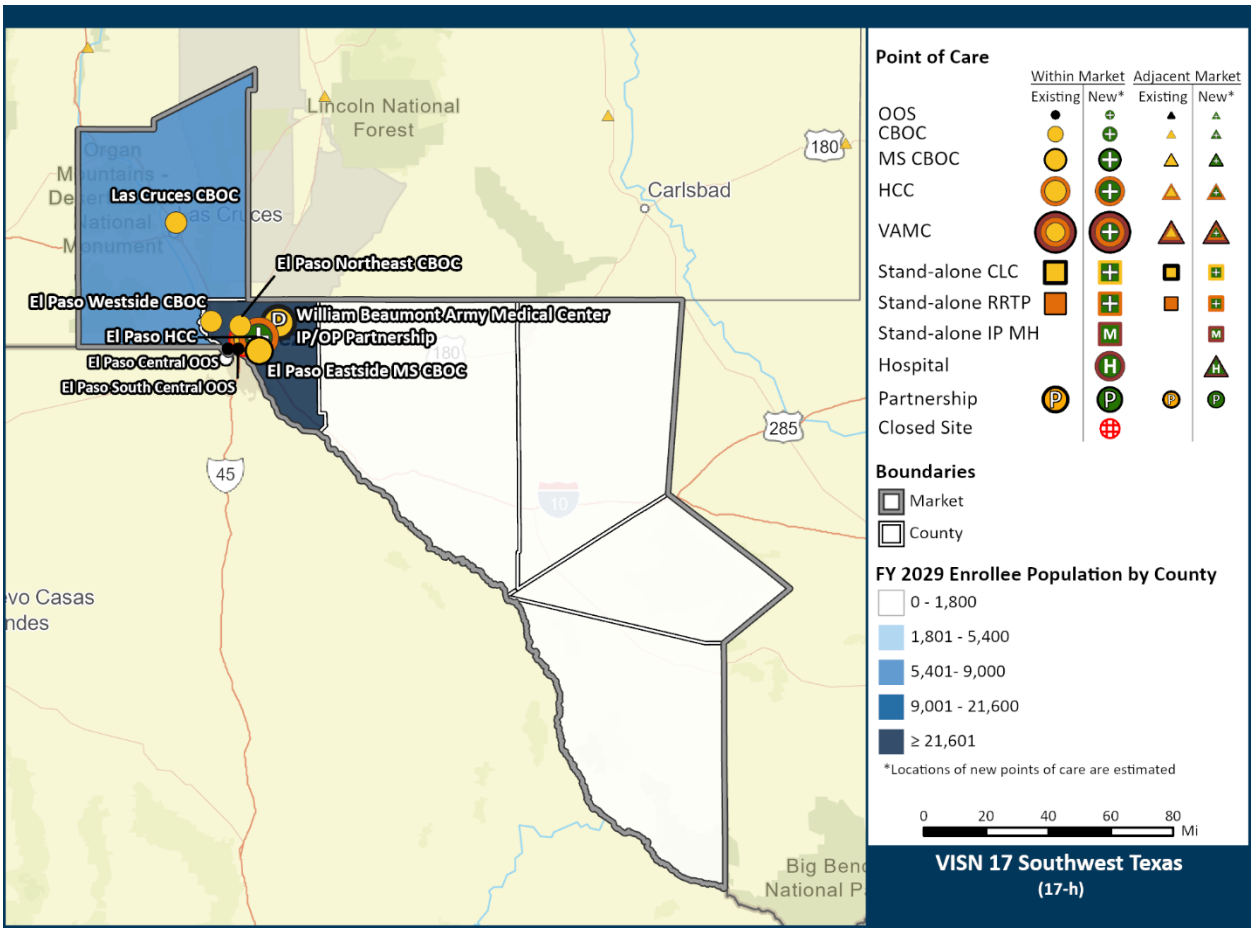
Facility Overview

El Paso HCC: The El Paso HCC is located in El Paso, Texas, and offers outpatient services only. The El Paso HCC was built in 1995 on 8 acres. Facility condition assessment (FCA) deficiencies are approximately $12.5M, and annual operations and maintenance costs are an estimated $3.9M.

Recommendation and Justification

This section details the VISN 17 Southwest Texas Market recommendation and justification for each element of the recommendation.

Future Market Map



1. ***Modernize and realign the El Paso HCC by:***
   1.1. **Constructing a new outpatient facility in the vicinity of the William Beaumont Army Medical Center (WBAMC) and relocating outpatient primary care, mental health care, specialty care and outpatient surgery services provided at the El Paso HCC to the new facility:** A new HCC in the vicinity of the WBAMC will maintain access to primary care, outpatient mental health care, specialty care, and outpatient surgical services. As of FY 2019, there were 38,964 enrollees within 60 minutes of the proposed site. The existing VA HCC building, constructed in 1995, is physically connected to the now vacated, former WBAMC hospital. A long-standing VHA and

DoD joint facility partnership has been highly successful, allowing for the sharing of services and providing seamless operational coordination. WBAMC transitioned to its new hospital on Fort Bliss in July 2021. DoD is in the process of divesting the property on which the VA's HCC sits. DoD's new medical center site plan includes infrastructure and property for VA to construct a new facility adjacent to the new WBAMC hospital. Building a replacement HCC on the site of the new WBAMC will enable VA and DoD to sustain their strong partnership and provide modernized facilities to continue providing high-quality outpatient care to Veterans.

1.2. **Closing the El Paso HCC:** Following activation of the new El Paso HCC, the existing HCC will be closed.

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:

Southwest Texas Market

- **Strengthen the strategic collaboration with DoD's William Beaumont Army Medical Center (WBAMC):** VA and DoD's WBAMC have a longstanding robust partnership with many sharing agreements, including for inpatient and outpatient services provided at WBAMC. VA will strengthen the strategic collaboration with DoD to provide high-quality care to Veterans.
- **Strengthen partnerships with Texas Tech Medical School and Burrell College of Osteopathic Medicine to improve quality of care and create a potential pipeline for recruitment of primary care physicians and other specialties:** The Health Resources and Services Administration (HRSA) classifies El Paso as a medically underserved area. Of the 57 paid health profession trainees (HPTs) supported through the El Paso HCC's medical education and training programs, only eight HPTs are aligned to Internal Medicine. This results in a small pipeline of primary care physicians for the El Paso VA HCC to draw upon to meet its projected 67.8% increase in in-house demand for primary care. The El Paso outpatient facility can use its training programs to capture new physicians to support primary care growth.
- **Increase availability of ophthalmology across the Southwest Texas Market to address the potential lack of high-quality ophthalmologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality ophthalmologists requires increased availability of ophthalmology services in the Southwest Texas Market, including through the expansion of telehealth, Veterans Community Care Program (VCCP) recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of otolaryngology across the Southwest Texas Market to address the potential lack of high-quality otolaryngologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality otolaryngologists requires increased availability of otolaryngology services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of critical care/pulmonology across the Southwest Texas Market to address the potential lack of high-quality critical care/pulmonology specialists:** As identified by

the Section 203 criteria analysis, the potential lack of high-quality critical care/pulmonology specialists requires increased availability of critical care/pulmonology services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.

- **Increase availability of dermatology across the Southwest Texas Market to address the potential lack of high-quality dermatologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality dermatologists requires increased availability of dermatology services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of endocrinology across the Southwest Texas Market to address the potential lack of high-quality endocrinologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality endocrinologists requires increased availability of endocrinology services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of gastroenterology across the Southwest Texas Market to address the potential lack of high-quality gastroenterologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality gastroenterologists requires increased availability of gastroenterology services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of nephrology across the Southwest Texas Market to address the potential lack of high-quality nephrologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality nephrologists requires increased availability of nephrology services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of pain medicine across the Southwest Texas Market to address the potential lack of high-quality pain medicine specialists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality pain medicine specialists requires increased availability of pain medicine services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of neurosurgery across the Southwest Texas Market to address the potential lack of high-quality neurosurgeons:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurosurgeons requires increased availability of neurosurgery services in the Southwest Texas Market, including through the expansion of telehealth and VCCP recruitment, as appropriate.
- **Increase availability of orthopedic surgery across the Southwest Texas Market to address the potential lack of high-quality orthopedic surgeons:** As identified by the Section 203 criteria analysis, the potential lack of high-quality orthopedic surgeons requires increased availability of orthopedic surgery in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of podiatry across the Southwest Texas Market to address the potential lack of high-quality podiatrists:** As identified by the Section 203 criteria analysis, the potential

lack of high-quality podiatrists requires increased availability of podiatry services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.

- **Increase availability of urology across the Southwest Texas Market to address the potential lack of high-quality urologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality urologists requires increased availability of urology services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of neurology across the Southwest Texas Market to address the potential lack of high-quality neurologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurologists requires increased availability of neurology services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of physical medicine and rehabilitation across the Southwest Texas Market to address the potential lack of high-quality physical medicine and rehabilitation specialists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality physical medicine and rehabilitation specialists requires increased availability of physical medicine and rehabilitation services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of cardiology across the Southwest Texas Market to address the potential lack of high-quality cardiologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality cardiologists requires increased availability of cardiology services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of hematology/oncology across the Southwest Texas Market to address the potential lack of high-quality hematology/oncology specialists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality hematology/oncology specialists requires increased availability of hematology/oncology services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of optometry across the Southwest Texas Market to address the potential lack of high-quality optometrists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality optometrists requires increased availability of optometry services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of outpatient mental health services across the Southwest Texas Market to address the potential lack of high-quality outpatient mental health specialists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality outpatient mental health specialists requires increased availability of outpatient mental health services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.

- **Increase availability of primary care across the Southwest Texas Market to address the potential lack of high-quality primary care providers:** As identified by the Section 203 criteria analysis, the potential lack of high-quality primary care providers requires increased availability of primary care services in the Southwest Texas Market, including through the expansion of telehealth, VCCP recruitment, and hiring additional VA providers, as appropriate.

El Paso HCC

- **Distribute additional primary care to the Las Cruces CBOC:** There are 6,146 enrollees within a 30-minute drive time of the Las Cruces CBOC. Enrollees in Dona Ana County, where Las Cruces is located, are projected to increase by 7.0% by FY 2029. An additional patient-aligned care team (PACT) will better align supply with enrollee demand.
- **Expand use of telehealth where appropriate:** Veterans in Jeff Davis and Presidio counties currently travel over 60 minutes to receive care in El Paso, Texas. The overall use of telehealth and clinical video telehealth are above national averages, presenting an opportunity to grow this capability to serve Veterans in the rural market areas.
- **Conduct a space assessment to confirm space actuals at the El Paso HCC:** There is a lack of space at the El Paso HCC. A short-term strategy is needed to mitigate current space shortages and improve future space allocation prior to the proposed closure of the El Paso HCC.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 17 Southwest Texas 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 cost[75] over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included 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.

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

The CBA leveraged both the costs and benefits to generate the 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 17 Southwest Texas Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 17 Southwest Texas Market	Status Quo	Modernization	VA Recommendation
Total Cost	$9,167,594,788	$9,653,260,760	$9,506,525,977
Capital Cost	$118,647,690	$604,313,662	$457,578,879
Operational Cost	$9,048,947,098	$9,048,947,098	$9,048,947,098
Total Benefit Score	10	11	11
CBI (normalized in $B)	**0.92**	**0.88**	**0.86**

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 replacement El Paso, Texas HCC, as well as WBAMC, and community providers in the market.
- **CLC:** Long-term care demand will be met through 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 Hubs at the Albuquerque, New Mexico VAMC (VISN 22), the San Antonio, Texas VAMC and Dallas, Texas VAMC.
- **RRTP:** RRTP demand will be met through facilities within VISN 17 offering RRTP, including the proposed new RRTP at Amarillo, Texas VAMC; Big Spring, Texas VAMC; Dallas, Texas VAMC; Temple, Texas VAMC; Waco, Texas VAMC; and proposed new San Antonio, Texas VAMC and proposed new RRTP at or in the vicinity of the Garland, Texas VAMC.

Demand

- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Southwest Region, including the Waco, Texas VAMC (VISN 17); Biloxi, Mississippi VAMC (VISN 16); Long Beach, California VAMC (VISN 22); and Tucson, Arizona VAMC (VISN 22).
- **Inpatient acute:** Inpatient medicine and surgery demand will be met through the inpatient partnership with the WBAMC as well as through community providers; inpatient mental health demand will be met through community providers and referrals to VA facilities in other markets.

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 to 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 50,275 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 50,449 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 17. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with Texas Tech University.
- **Research:** This recommendation does not impact the research mission in the market; the El Paso, Texas HCC does not have a research program.[76]
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the El Paso, Texas HCC is not designated as a Primary Receiving Center.

[76] 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 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 replacement El Paso, Texas HCC. 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 (0.86 for VA Recommendation versus 0.92 for Status Quo), indicating that VA Recommendation is more cost effective than the Status Quo.

Sustainability

This recommendation is consistent with the Sustainability criterion. 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 replacement El Paso, Texas HCC. 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 ($9.5B for VA Recommendation versus $9.7B 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 (0.86 for VA Recommendation versus 0.88 for Modernization), reflecting effective stewardship of taxpayer dollars.