

subsequently integrated into a redesigned strategic planning process.

The challenge of developing a national process while recognizing that health care is delivered through local systems required a new approach that included the following elements:

- Use of national databases and methodologies to determine current and future needs;
- The assessment of all space in VHA for its safety and functionality;
- National definition of the planning initiatives to be addressed by VISNs;
- VISN development of plans that address the planning initiatives;
- Standardized planning support systems and data for plan development and costing to ensure consistent results;
- Policy and tools that supported local and national stakeholder involvement;
- On-site technical support to the VISNs for plan development; and
- Detailed national review process to create a national plan from the VISN plans.

The CARES process was significantly strengthened by NCPO's refined forecasts of future veteran health care needs, based on projected demand data provided by a national actuarial firm, in conjunction with veteran population data from VA's Office of the Actuary. The VISNs used these data and an innovative planning application designed by the VA and developed by IBM¹³ to develop solutions to meet those needs.

A notable enhancement in the Phase II planning model was increased commitment to the aggressive, systematic inclusion of stakeholders. The requirement for in-depth communications with vitally interested publics at national, regional and local levels was integral to the process. Multiple modalities and media were designed and used to inform stakeholders about CARES in general and to solicit their comments on potential changes in respective markets in particular.

Nine-Step Planning Model

The enhanced CARES model comprised a nine-step process designed to ensure consistency in the development of CARES Market Plans within each VISN.

Step 1: Identify Market Areas as the Planning Unit for Analysis of Veteran Needs

The VISNs identified market areas based on standardized data for veteran population, enrollment, and market share provided by NCPO. Each network also used local knowledge of their unique transportation networks, natural barriers, existing referral patterns and other considerations to help select their market areas (Appendix C).

Step 2: Conduct Market Analysis of Veteran Health Care Needs

A national actuarial firm—referred to hereinafter as CACI/Milliman¹⁴—that had developed enrollment, workload and budget projections for VA budget development, under VA direction modified the model to develop standardized forecasts of future enrollees and their utilization of resources from 2002 through 2022 for each market area in all VISNs. Translation of the data into the following VHA CARES Categories facilitated the identification of “gaps” between current VHA services and the level or location of services that will be needed in the future. These were “high level” macro categories that would enable planning to occur at a level of detail adequate for capital needs rather than detailed service-level planning (Appendix L):

Inpatient Medicine
Outpatient Primary Care
Inpatient Surgery
Outpatient Mental Health
Inpatient Psychiatry
Outpatient Specialty Care
Outpatient Ancillary and Diagnostic Care

The CACI/Milliman model also projected workload demand in the following categories, which were not used to identify gaps because private sector benchmark utilization rates were not available to validate results:

Residential Rehabilitation
Intermediate/Nursing Home Care
Spinal Cord Injury
Domiciliary
Blind Rehabilitation

Since the statistical model's data validation on these non-private sector services was not adequate for objective planning, these categories were either removed from the Phase II cycle (*i.e.*, held constant) or, as in the case of Blind Rehabilitation and Spinal Cord Injury, alternative forecasting models were

developed outside of the CACI/Milliman model. Teams of VA planners and VHA experts from the concerned special disability programs collaborated to produce these unique projections. (Chapter 7 of this plan details CARES planning for special disability programs.) Data on the current supply and location of VHA health care services was collected for all facilities, markets and VISNs (Appendix O). In most instances, FY 2001 was used as the source year for baseline data. A profile was created for each VISN and made accessible to VHA staff on a web site established as the repository for all CARES data. Baseline data included:

- Space (condition, capacity and current vacant space)
- Workload (FY 2001 bed days of care and clinic stops)
- Unit Costs (facility specific in-house and contract unit costs)
- Special Disability Population Data
- Access Data
- Facility List
- Research Expenditures and Academic Affiliations
- Clinical Inventory
- Potential DoD, VBA and NCA Collaborations
- Enhanced Use Lease Valuations
- Summary of VISN FY 2003/FY 2007 Strategic Plans

Step 3: Identify Planning Initiatives for Each Market Area

Data collected in Step 2 made it possible to directly compare current access and capacity, with quantitative projections of future demand. “Gaps” in service were indicated in any market where actual utilization in FY 2001 was significantly less than utilization projected for FY 2012 and FY 2022.

Such gaps in various market areas formed the basis for the development of “planning initiatives”—essentially a description of the potential future disparity between capacity and need. Since the time horizon was 10 to 20 years in the future, and the longer the future forecast, the greater the uncertainty, only the large capacity gaps, *i.e.*, 25 percent gaps meeting at least minimum volume thresholds, were generally selected.

Planning Initiative Selection Teams were formed, including members from the NCPO, the VISNs, representatives from VA's special disability programs, and the VISN Support Service Center (VSSC). The teams reviewed each overlap or gap in supply and demand data, selecting planning initiatives for each VISN and Market Area based on established criteria for planning

¹³ U.S. Department of Veterans Affairs: *Cares Web-Enabled Template*, developed by PricewaterhouseCoopers (PwC), under contract to IBM Corp. Process is fully explained and documented in References Section.

¹⁴ Primary contractor on the project evolved from Condor Technology Solutions, to CACI Inc., to Milliman USA, Inc.; for purposes of this plan, referred to as “CACI/Milliman”