

TABLE 18.5.—RECURRING COST OF VACANT/UNDERUTILIZED SPACE THROUGH 2022  
[Costs are in current dollars]

	FY 2001	FY 2022	Difference
Vacant/Underutilized Space in Square Feet (SF) .....	8,571,605 SF	4,934,002 SF	3,637,603 SF
Average Cost/SF to Maintain Current \$ <sup>66</sup> .....	\$12.39 per SF.	\$12.39 per SF.	
Annual Cost (\$ per year) .....	\$106,245,044	\$61,156,955	\$45,088,089
Other Savings/Profits/Costs (\$ per year)* .....		\$15,493,381	
Revised Annual Costs (\$ per year) .....	\$106,245,044	\$45,663,574	\$60,581,470
Cost per Day (\$ per day) .....	\$291,082 .....	\$125,105 .....	\$165,977

<sup>66</sup> Cost provided by Professional Estimator in VHA Office of Facilities Management.

**Note:** \*Other Savings/Profits/Costs related to the management of vacant space include such things as revenues from enhanced use lease initiatives, non-unit costs savings from building demolition, or revenues from sale of property. VISNs did not have a standardized way to enter these cost estimates so this dollar figure is not all inclusive of the potential savings from the management of vacant space.

#### Other Economic/Financial Considerations

A number of economic and financial considerations influenced a VISN's selection of how they would manage their future needs. Some of these considerations included:

- Feasibility of contracting in the community for services at Medicare rates;
- Projected availability of services in the community;
- Savings and efficiencies as a result of shifting services among sites;
- Efficiencies resulting from enhanced productivity by providing additional facilities, such as additional exam rooms for medical providers;
- Efficiencies resulting from joint ventures with affiliates and DoD through shared capital; and
- Revenues from enhanced use and shared services with affiliates, DoD and other entities.

Although 60 percent of the solutions selected by VISNs were the lower cost alternatives, in 40 percent of the solutions a VISN appeared to choose the more expensive alternative for solving a planning initiative or closing a capacity gap. Many times the least expensive alternative was not feasible or preferred for the reasons described above. In other cases, access and quality considerations prevented the VISN from choosing what appeared to be the least expensive alternative. In each case where VISNs did not choose the least expensive alternative, they provided rationales in their narratives on cost savings and optimizing resources.

While in many cases VISNs were able to develop cost estimates of the factors described above that would make one

alternative more costly than another and incorporate them into their decision-making, many times these factors were difficult to estimate. Factors such as the availability of contract services in a community were difficult to quantify in the IBM planning software, and decisions to choose a more costly alternative were explained in the narrative portion of their market plans. More extensive analyses will take place as the CARES plans are implemented and these estimates will be improved.

#### Chapter 19: Extended Care Improvements

##### *Thanks to "Greatest Generation," Destiny of Leadership & Innovation*

Demographics, prominently including what has been called America's "Greatest Generation," made VA's destiny as a world leader in geriatrics and extended care inescapable; the high cost and limited quality of life inherent in institutional nursing home care made an innovative approach to this responsibility inevitable.

The projected peak in the number of elderly veterans (most of whom served during World War II) will occur during the first decade of this century, approximately 20 years in advance of that occurrence (peak number of older citizens) in the general U.S. population. VA health care therefore has been at the forefront of caring for older patients, identifying and developing treatments for age-related conditions, and studying the aging process itself. The number of Veterans over 85 years of age triples from 380,000 today to 1.2 million by 2010.

Just over two decades ago, forecasts concerning the growing number of older veterans first caused political leaders and medical planners alike to look ahead to the year 2000 with trepidation.<sup>67</sup> With the number of veterans age 75 and older expected to exceed three million by the Millennium,

there was growing anxiety about VA's ability to increase nursing home capacity sufficiently to accommodate eligible veterans. In response to these concerns, VA began developing innovative approaches to providing extended care. The Millennium has come and gone, and at the time this CARES Plan was published, the number of veterans age 75 and older had just exceeded 4 million. VA extended care workload data indicate that the nursing home care program has been strained, but it has not collapsed; veterans' needs have been met in traditional settings—in VA's three nursing home programs (VA, contract community, and State Home), and in increasingly innovative, non-institutional settings.

##### *National CARES Forecasts for Nursing Home Care*

Today, eligibility for nursing home care is prescribed by statute and is increasingly reserved by policy for the highest priority veterans. The Millennium Health Care and Benefits Act for Veterans, passed into law in 1999, defines eligibility for long-term care and provides for a continuum of non-institutional extended care as part of the basic benefits package for VA enrollees.

One of VHA's strategic objectives in extended care is to provide treatment in the least restrictive setting. Further, VA is exploring ways to avoid institutionalization, by supporting successful aging in Veterans own homes and communities. VHA nursing home programs provide post-acute rehabilitation enabling veterans to return to the community and home. Rehabilitation programs are more costly than community based nursing homes but increase the efficiency of acute care programs by permitting timely and safe discharge after acute care. Rehabilitation programs provide a critical step in the continuum of care that can ultimately result in a veteran being able to return to their home environment. In addition, there is long-term nursing home care that is maintenance-oriented, typically

<sup>67</sup> *The Aging Veteran: Present and Future Medical Needs*; VA Response to PL 94-581, Section 117(a), March, 1980., p. II.