



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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HUMAN RESOURCES
DIVISION

JULY 31, 1984

B-211565

The Honorable Jake Garn
Chairman, Subcommittee on
HUD-Independent Agencies
Committee on Appropriations
United States Senate



The Honorable Alan K. Simpson
Chairman, Committee on Veterans'
Affairs
United States Senate

Subject: VA Justification for Construction of
Nursing Home Care Facilities at Durham,
North Carolina, and Prescott, Arizona
(GAO/HRD-84-84)

At the request of the Chairman, Subcommittee on HUD-Independent Agencies, Senate Committee on Appropriations, we have examined the Veterans Administration's (VA's) justification for nursing home care construction projects in its fiscal year 1985 budget request to determine whether VA has adequately considered local needs and resources and less costly alternatives to new construction. This is our second and final report responding to that request. Our first report¹ dealt with VA's proposed construction of nursing home care facilities at the Alexandria, Louisiana, and Providence, Rhode Island, VA medical centers (VAMCs). We reported that the Alexandria project was adequately justified, but the Providence project was not. This report covers the proposed projects at the Durham, North Carolina, and Prescott, Arizona, VAMCs. As agreed with your staff, we will not be reporting on the remaining three projects.

¹VA Justification for Two Nursing Home Care Construction
Projects in Its Fiscal Year 1985 Budget Request
(GAO/HRD-84-66, May 15, 1984).

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In our opinion, the proposed nursing home care project at Durham (120-bed, \$8.8 million) appears to be needed.

For the Prescott project, we found that VA data supported a need for a 60-bed nursing home care project rather than the 120-bed, \$8.3 million project requested in VA's fiscal year 1985 budget submission. In justifying the 120-bed project, VA did not adequately consider the number of community nursing home care beds potentially available in the Prescott service area by 1990. Our analysis of VA data showed that a 60-bed facility should meet VA's nursing home needs given the potential availability of community beds.

We have discussed the results of our work concerning these two proposed projects with VA officials who agreed with our findings.

BACKGROUND

In fiscal year 1983, VA provided nursing home care to about 8,900 veterans per day in its own facilities and supported another 10,200 veterans in community nursing homes and 6,900 in nursing homes operated by state veterans' homes. Based on population projections, historical utilization rates, and data gathered through its medical district initiated program planning (MEDIPP) process, VA estimates that up to about 60,500 veterans will need daily nursing home care through these three programs by 1990.

To help meet that projected demand, VA has requested \$47.8 million in its fiscal year 1985 budget for the following seven nursing home construction projects:

<u>VAMC location</u>	<u>Description</u>	Total estimated cost (millions)
Providence, RI	60-bed nursing home care unit	\$ 5.2
San Juan, PR	120-bed nursing home care unit and 10-bed blind rehabilitation center	9.0
Alexandria, LA	120-bed nursing home care unit	5.4
Durham, NC	120-bed nursing home care unit, research administration and geriatric research education and clinical center	8.8
Prescott, AZ	120-bed nursing home care unit	8.3
Murfreesboro, TN	120-bed nursing home care unit	5.6
West Los Angeles, CA	117-bed nursing home care conversion	<u>5.5</u>
Total	<u>777 beds</u>	<u>\$47.8</u>

In a previous report,² we recommended that beginning with its fiscal year 1985 budget, VA include information on local needs and resources and a discussion of less costly alternatives, such as conversion or renovation of existing VA facilities or greater use of community nursing homes. As we recommended, VA now requires its district planners, as part of its MEDIPP process, to document projected nursing home care needs, the availability of community and state nursing home care beds for VA patients, and the feasibility of converting existing space into nursing home units.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether, in developing its fiscal year 1985 budget justifications, VA planners in the central office and the medical districts adequately considered (1) local needs and resources when deciding on the need for additional VA-owned nursing home care units and (2) less costly alternatives to new construction. As arranged with your staff, we reported in May 1984 on the Providence and Alexandria projects; this report on the Durham and Prescott projects will complete our work.

²VA Is Making Efforts to Improve Its Nursing Home Construction Planning Process (GAO/HRD-83-58, May 20, 1983).

We reviewed VA's budget justifications and project files for each project and discussed the projects with planners and other officials in the central office and the districts. We visited VA's Medical District 25 headquarters in Phoenix during May 1984 to review MEDIPP information concerning the Prescott project. We obtained sufficient MEDIPP data by mail and telephone from VA's Medical District 8 headquarters concerning the Durham project; therefore, we did not visit the District headquarters. We did not attempt to validate VA's data on population projections, utilization rates, or projected availability of beds in community or state nursing homes. Rather, we sought to confirm that district planners had data available and used them to justify the projects.

We did not obtain written comments on a draft of this report; however, we discussed its contents with VA officials on June 4, 1984. Their comments have been incorporated where appropriate.

We conducted our work in accordance with generally accepted government auditing standards.

MEDIPP DATA SUPPORT 60-BED
PROJECT AT PRESCOTT

The Prescott VAMC is one of six medical centers in District 25 which includes Arizona, New Mexico, and the western part of Texas. Its primary service area covers northern Arizona. VA has no nursing home care beds at the Prescott VAMC. The nearest VA nursing home care facility is at the Phoenix VAMC, about 100 miles south of Prescott.

The nursing home care facility for Prescott was originally planned as a 60-bed project, and it was listed as such in VA's 5-year medical facility construction plan for fiscal years 1983-87, dated June 1982. However, in August 1982, VA medical facility planning staff recommended that construction of a 120-bed facility in Prescott would be more economically prudent in the long run because of construction economies of scale and projected increases in the number of aged veterans in Prescott's primary service area.

Our analysis of MEDIPP information provided by the District headquarters shows that VA planners did not consider all information concerning the projected availability of community beds in justifying the 120-bed project for the fiscal year 1985 budget submission. In May 1982, the planners had estimated that about 90 veterans would need daily nursing home care from the

Prescott VAMC and that only seven community nursing home beds would be available to VA patients in 1990. In May 1984, VA planners concluded based on a re-review of their data that at least 30 community nursing home beds would be available for those veterans. Therefore, a 60-bed facility would meet the expected demand. MEDIPP planners indicated that no space was available at the Prescott VAMC to be renovated or converted into a nursing home care unit.

VA Central Office officials responsible for extended nursing care, medical program analysis, and facility planning agreed with the analysis that supports the need for a 60-bed project.

DURHAM PROJECT SUPPORTED
BY MEDIPP PROCESS

This 120-bed project, estimated to cost \$8.8 million, will be the first nursing home care unit at the Durham VAMC. Durham, one of five medical centers in VA Medical District No. 8, which includes North Carolina and part of Tennessee, services veterans in northern North Carolina.

Our analysis of MEDIPP information provided by the District headquarters indicates that VA planners adequately considered the projected availability of community and state nursing home beds. VA projects that by 1990 about 337 veterans will need daily nursing home care from the Durham VAMC. District planners have projected that about 91 beds in community homes will be available for the veterans. North Carolina has no state veterans' home to provide nursing care. The unmet need for 246 nursing home care beds would be partially met with construction of the 120-bed facility.

In addition, MEDIPP data indicated that there was no suitable space available at the Durham VAMC for conversion or renovation.

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As arranged with your staff, we are sending copies of this report to the Administrator of Veterans Affairs and the Director, Office of Management and Budget, as well as the Chairmen and Ranking Minority Members of the various committees and subcommittees concerned with VA's nursing home care. Copies will also be made available to the other interested parties who request them.



Richard L. Fogel
Director