



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

March 8, 2012

The Honorable Tim Johnson  
United States Senate  
Washington, DC 20510

Dear Senator Johnson:

Thank you for your letters regarding the Department of Veterans Affairs' (VA) proposal to improve Veterans' health care services in the VA Black Hills Health Care System (BHHCS). I appreciate the significant interest that VA's thinking has generated. The outreach to Veterans, employees, local communities, Members of Congress, and other stakeholders was intended to start the important dialogue on how, when, and where to deliver better, safer, and more accessible healthcare to Veterans living in the South Dakota-Nebraska-Wyoming catchment area served by the BHHCS.

In crafting an initial proposal on how to make high quality and safe health care more accessible, VA reviewed changes that the Veteran population in the BHHCS has undergone over time.

While there are approximately 33,000 Veterans living in the BHHCS footprint today, 18,650 of them actually used the services of the BHHCS last year. That Veteran user population has been declining for the past 10 years. Since 2005, the Veteran user population has declined by 10 percent, and it is projected to decline another 12 percent to an estimated 15,751 Veterans, who will be seeking treatment in FY 2020.

For some time now, this declining Veterans population has also been choosing to migrate towards the population centers: Rapid City, South Dakota (population: 67,956); Pierre, South Dakota (population: 13,646); and Scottsbluff, Nebraska (population: 15,039), with the remaining 11,350 Veterans spread out over the rest of the 100,000 square miles in the BHHCS footprint. Approximately 6% of Veterans served live within 30 miles of the VA Medical Center (VAMC) at Hot Springs (overall population: 4,100).

Over time, VA has endeavored to stay abreast of these changes in Veterans demographics. In 1990, VA healthcare facilities in the large, highly rural BHHCS footprint consisted of the Hot Springs VAMC, Fort Meade VAMC, Rapid City Community-Based Outpatient Clinic (CBOC), and 2-day per month rural health clinics in Alliance and Rushville, Nebraska.

Since 1994, VA has established 11 CBOCs to better serve Veterans where they live: Eagle Butte, Faith, Isabel, McLaughlin, Mission, Pierre, Pine Ridge, and Winner, South Dakota; Newcastle, Wyoming; and two 5-day per week CBOC's in Scottsbluff and Gordon, Nebraska. Primary care access within 60 miles of where Veterans live has increased to 61 percent in South Dakota and 58 percent in Nebraska.

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Veterans in the BHHCS catchment area receive most of their primary care outpatient services through CBOCs closest to them. Specialty outpatient services will be more accessible to them as VA expands its telehealth and home health care, and fee basis programs in the coming years. While inpatient care is much less frequently used, because of these demographic changes, delivering this care safely and effectively today is a critical leadership challenge. Today, the average daily number of Veterans using the 10-bed Hot Springs VAMC is five. Medical competency in specialized surgical skills and other highly skilled disciplines require medical professionals to continually perform their procedures. By not providing our medical professionals sufficient opportunity to practice their skills, they will have to seek work elsewhere in order to maintain their professional credentials and privileges. Otherwise, over time, they would face the loss of proficiency and competence in their profession. Neither of these outcomes enables the continued provision of high quality and safe health care for our Veterans.

These are the realities of Veteran demographics, workload, and medical competency in the BHHCS, and they project a downward trend for the future. It is important to begin shaping the future now in ways that best serve Veterans and our workforce for the long term. Two things I can see clearly today: (1) there will be a high performing, safe, and high quality BHHCS serving the needs of Veterans in South Dakota, northeastern Nebraska, and parts of Wyoming for the long term future; and (2) it will not look like it does today, but the high quality care provided by VA (either through direct or contracted care) will be preserved in that future system.

Some have suggested that no VA services will be available in Hot Springs in the future if VA's proposal is implemented. This is not the case. The proposal includes a VA outpatient clinic in Hot Springs staffed by VA clinicians providing the same outpatient care Veterans currently receive, but in a modern, more efficient building designed for providing primary care, mental health, and some specialty care. Veterans would continue to receive care from the same physicians and nurses they currently see, to include dialysis services. We propose to purchase pharmacy, laboratory and x-ray services, not available in the outpatient clinic, at the Fall River Hospital there in Hot Springs. Furthermore, VA is working with the State of South Dakota and planning a \$21.4 million grant to help construct a new State Veterans Home in Hot Springs, which will provide jobs and extend the continuity of care for Veterans.

The ability to continue providing accessible, high quality, and safe day-to-day care to Veterans living in the highly rural BHHCS is challenging, but not without solutions. The VA proposal is not about VA's unwillingness to serve Veterans; it is about VA's responsibility to provide high quality, accessible health care safely. This is our mission, and we want to do this right and well.

This initiative was undertaken by the Veterans Health Administration (VHA) leadership to find a collaborative solution going forward. Hence, we have conducted community town hall meetings attracting Veterans, their families and employees. We

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invited local leaders to participate in our public discussions, but our Veterans remain our mission and our employees remain the means by which we meet our obligations to those Veterans. The risks are elevated and the purpose of the proposal is to investigate ways by which those risks could be lowered while serving Veterans even better than we are able to today.

For these reasons, from December 12, 2011, to February 27, 2012, the Veterans Integrated Service Network 23 and BHHCS leadership hosted 14 town hall meetings in South Dakota, Nebraska, and Wyoming to share information about the proposal to enhance health care quality and safety in the BHHCS catchment area, while seeking strategies to bring care closer to where Veterans live. The goal of our community meetings has been to bring ideas forward and gain stakeholders' input and feedback. We remain open to invitations to additional town hall meetings, and in response to a request from Veterans and the Congressional delegations, we have agreed to continue accepting feedback from stakeholders through at least April 30, 2012. Upon completion of feedback collection and review, my staff will convene a briefing to review the feedback with your office and other interested members of the South Dakota, Nebraska, and Wyoming Congressional delegations. The VHA will then provide its recommendations on the way forward. As we have in the past, VA appreciates the opportunity to brief your staff, provide updates, and answer questions as this process frames the future for the BHHCS.

The ongoing dialogue with Veterans and employees will continue as we address the future. There will be no interruption to the high quality service currently being provided to Veterans in the South Dakota-Nebraska-Wyoming catchment area. VA remains committed to providing rural Veterans access to high quality and safe health care through improved facilities and local partnerships.

Enclosed is a fact sheet that addresses the questions in your letter. Should you have any additional questions, please have your staff contact Mr. Tim Embree, Congressional Relations Officer, at (202) 461-5552 or by e-mail at [Timothy.Embree@va.gov](mailto:Timothy.Embree@va.gov).

I appreciate your continued support of our mission. A similar letter has been sent to Senator John Thune and Congresswoman Kristi Noem.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric K. Shinseki". The signature is fluid and cursive, with a large initial "E".

Eric K. Shinseki

Enclosure

**Department of Veterans Affairs (VA)**  
**Veterans Health Administration (VHA)**  
**Response to Questions from South Dakota Delegation**  
**Proposed Realignment of the Black Hills Health Care System (BHHCS)**

- 1. Question:** During the community forums, many Veterans expressed satisfaction with the care they have received at the Hot Springs Domiciliary and credit much of their successful treatment to the rural environment of the facility. In fact, numerous Veterans from highly urban areas indicated that the isolated location of the domiciliary was a deciding factor in choosing Hot Springs for care. We believe a study, or available data contrasting the effectiveness and success rates of treatment for Post-Traumatic Stress Disorder and substance abuse in rural and urban settings is merited.

**Response:** The treatment of post-traumatic stress disorder (PTSD) is a high priority for VA. We do not know of any prior studies that have compared treatment effectiveness and success rates for PTSD and substance abuse treatment in rural versus urban settings. This recommendation is under review by the Under Secretary for Health.

- 2. Question:** In 2010, what percentage of the Veterans seeking treatment in the domiciliary rehabilitation programs were from outside the BHHCS catchment area?

**Response:** For fiscal year (FY) 2010, the address field in VA's database did not store historical information in the database; thus, we are unable to retrieve accurate demographic information on patient admissions for FY 2010. In FY 2011, 80 percent of Veterans served in the domiciliary rehabilitation programs were from outside the BHHCS catchment area.

- 3. Question:** It has been noted that construction of a new domiciliary in Rapid City placed sixth in the fiscal year 2012 VA Strategic Capital Investment Plan (SCIP) list of scored projects. In the SCIP, \$34 million is listed as the total estimated cost of this project. What is the estimated renovation cost to bring the domiciliary in Hot Springs into compliance with Americans with Disabilities Act (ADA) regulations as well as other needed improvements?

**Response:** A current estimate of the total renovation cost is not available. A cost comparison between new construction and a full renovation of the existing building, as well as other possible options, has been initiated by VA Black Hills in concert with a national firm specializing in real estate services. This information, along with a separate benefit cost analysis of other factors in the future state proposal being completed by VISN 23, will be provided when the analysis is complete.

The current estimated new construction cost is for a 100-bed facility located on purchased property in the Rapid City area.

As one example of renovation costs, BHHCS has spent \$4.5 million on one wing of the existing Hot Springs domiciliary to correct some ADA deficiencies, improve heating, ventilation, and air conditioning systems, and convert the living space for 27 rooms (24 double rooms and 3 single rooms) and remove asbestos. Additional work would be needed to correct all ADA deficiencies, and improve utility systems to extend the life expectancy of this wing. The building has exceeded its estimated useful life per Office of Management and Budget's 300 Business Case application, which is used by Federal agencies.

4. **Question:** As part of the briefing our offices received regarding this proposal, it was noted that the Scottsbluff, Nebraska region is the fastest growing concentration of Veterans in the BHHCS service area. Will a reduction in services at the Hot Springs facility create an unnecessary inconvenience for the area's fastest growing Veteran population? Given the increased distance these Veterans will be required to travel; how many patients does the BHHCS expect to lose to other service areas?

**Response:** BHHCS does not anticipate any loss of Scottsbluff-area Veterans to other service areas. Because Veterans had expressed concern about the 3-hour travel time to Hot Springs, BHHCS is developing contracts with local health care providers, thereby reducing travel distances, time, and expenses. As one example of this commitment, BHHCS expanded the availability of VA services at the existing Scottsbluff Community-Based Outpatient Clinic (CBOC) by converting the previous CBOC from operating 12 days per month to the existing 5 day per week clinic.

BHHCS is aware that some Veterans in the Scottsbluff area choose to obtain services both from BHHCS and from other VA medical centers (VAMC), such as the Minneapolis and Nebraska/Western Iowa VAMCs and the Omaha campus for specialty care not currently available from BHHCS.

5. **Question:** In the VA plan, one inefficiency noted is the duplication of services, such as the police and fire departments at both the Fort Meade and Hot Springs facilities. What stipulates the need for these services and would they still be duplicated if the domiciliary is located in Rapid City?

**Response:** VA is required to provide police and fire services at VAMCs by the following authorities:

- VA Handbook 0730 and VA Directive 0730 address security and law enforcement on VA property.
- MP-3, Part III and the Fire Safety Guide book address required fire protection services.
- Law: 38 USC Chapter Nine-Security and Law Enforcement on VA Property.
- Regulation: 38 CFR 1.128- Security and Law Enforcement on VA Property.

Currently, BHHCS maintains fire departments at Fort Meade and Hot Springs because local fire departments are staffed with volunteers and do not have the required response capability. Rapid City has a municipal fire department with the required response capability. If the domiciliary (RRTP) is relocated in Rapid City and Hot Springs' VA inpatient services are closed, VA fire services would not be necessary in Hot Springs.

Security and law enforcement practices at the domiciliary (RRTP) will be determined by a vulnerability assessment conducted after a final decision about the facility is made. This could include direct VA police support, the use of contract security officers, or relying on local law enforcement, depending on the threats and counter measures identified by the assessment.

6. **Question:** Other services cited as inefficient by way of duplication are laboratory and medical imaging; however, under the proposal these services would not only continue to be offered at Fort Meade and Hot Springs but would also be added to CBOC in Rapid City. Is it VA's plan to offer these services at all three BHHCS locations?

**Response:** Yes, the provision of quality care requires that BHHCS continue to provide access to these services at Fort Meade, Rapid City, and Hot Springs, as well as our contract CBOCs (as is done now). To provide these services more cost-efficiently, BHHCS will utilize a combination of VA-staffed services and contracts with local service providers.

7. **Question:** Given the recent designation of the current domiciliary building as a National Historic Landmark, what is the projected annual cost to the VA for maintaining the buildings that are proposed to be unused?

**Response:** VA is obligated to maintain any unused building regardless of historic landmark status. VA's assigned cost to maintain an unused building is an estimated \$5.33 per square foot per year, according to the VA Central Office Cost Guide. If, for instance, all of the 450,000 square feet of building space was vacated on the Hot Springs campus the annual maintenance cost would be approximately \$2.4 million. Once BHHCS develops a plan and identifies the total amount of unoccupied space, a more accurate estimate can be provided. For national historic buildings, VA adheres to the following policy: See the National Park Service Preservation Brief 31, Mothballing Historic Buildings (<http://www.nps.gov/hps/tps/briefs/brief31.htm>)

8. **Question:** Concerned Veterans and community members are being encouraged to share concerns and comments, and also produce counter-proposals for review. They were given until the end of February to submit such concerns and counter-proposals. Some concerned Veterans and citizens have already requested an extension to submit such counter-proposals. Would you entertain such an extension?

**Response:** BHHCS will continue to accept feedback to the proposal from stakeholders through at least April 30, 2012.

9. **Question:** The VA has indicated one option for care will be to coordinate with private facilities and providers in the respective local communities. It appears that at the time of the proposal's announcement and town hall discussions, however, that no contact had been secured with local providers and officials to determine if such a proposal is workable. Since the town hall meetings, there is an indication that local providers/facilities may not be able to absorb the potential increase in patient load, etc. There is also concern that local providers/facilities may not have the necessary equipment, space, personnel or understanding of VA policies to accommodate the increased workload. What is the VA doing to address these concerns? Is coordination with private facilities a feasible option?

**Response:** Yes, coordination of care is very feasible. BHHCS has had long-term relationships with community hospitals in South Dakota and Nebraska that serve our Veterans in some capacity, including Fall River Hospital in Hot Springs. BHHCS has successfully coordinated Veterans' health care services for a number of years with these hospitals. There are ongoing conversations about expanding access to services for Veterans.

10. **Question:** What is the cost of current contracted/fee basis care for the BHHCS? What is the anticipated cost to the VA for such care if this proposal moves forward and care is directed to private, community-based care?

**Response:** BHHCS FY 2011 cost of non-VA care for eligible Veterans was \$26 million.

BHHCS expects an increase in costs of purchased inpatient and outpatient care. The amount of increase depends on contract rates for the care, provided the rate at which the number of eligible served Veterans declines, and other factors. BHHCS will be able to identify which community hospitals will be points of service when a plan is developed and then be able to better estimate the cost.

11. **Question:** Do you foresee problems or challenges with delivery and quality of care under the fee basis/contract care provisions of the proposal? Veterans have shared concerns with the level of care already received during fee basis/contract care, and there is increased concern that this proposal, if enacted, will result in additional problems with issues ranging from payment for services, referrals for additional care and services, and scheduling concerns as to whether or not the promise to put veterans first will be maintained by private providers/facilities.

**Response:** BHHCS does not foresee problems or challenges with delivery or quality of care under the fee basis/contract care provision in the proposal. A benefit of the proposal is to use contracts for health care services with community health

care organizations, which allows BHHCS to establish quality and performance expectation for the delivery of care to eligible Veterans and practices for billing, scheduling and referrals for care. For example, our existing contract for outpatient services at the Scottsbluff CBOC allows BHHCS to closely monitor access and quality of care.

- 12. Question:** What will the anticipated increased travel costs (beneficiary travel) be for Veterans if they are referred to private facilities farther away from their home and the Hot Springs VA facility? For instance, will the VA automatically approve referred care by Fall River Health or any other private provider/facility to a non-VA specialist in other facilities? Currently, the VA must pre-authorize additional care to a non-VA provider/facility whether recommended by a VA or private provider.

**Response:** BHHCS does not anticipate an increase in travel cost if the proposal for the delivery of care in Hot Springs is approved. Travel distances and Veterans' out-of-pocket costs for travel are expected to decrease as more care is made available to eligible Veterans in communities closer to where Veterans live. We anticipate no change in the services currently available to Veterans in Hot Springs other than the health care organization providing the care, (e.g. inpatient care would be provided by Fall River Hospital through a contract arrangement).

BHHCS refers Veterans for many specialty care services not available at our sites or other small community health care providers. BHHCS will continue to pre-authorize non-emergency referrals for care that is unavailable at BHHCS or our contracted health care partners.

- 13. Question:** Native American Veterans already have considerable problems obtaining transparent care from either the VA or Indian Health Service and this relationship has needed attention for many years. What assurances can you provide Native Veterans that their promised care needs will be met in a timely and adequate fashion by Indian Health Service? These Veterans can get care in a reasonable time frame now through the VA, but there are legitimate concerns that they may not receive such care if transferred to Indian Health Service.

**Response:** VA BHHCS met in January 2012 with the Tribal Health and Indian Health Services to discuss establishing a partnership to provide services, which will enable all parties to establish performance standards and goals. A desired innovation is for VA to pay for primary care that Veterans receive in Tribal and IHS facilities under sharing arrangements that account for eligibility requirements and quality measures, in compliance with applicable statutes and regulations. It is important to note however, that eligible Native American Veterans will not be excluded from VA health care. Native American Veterans are encouraged to use VA for their health care and other benefits and services.

In a letter dated March 5, 2012, VA forwarded a VA-IHS Reimbursement for Direct Health Care Services draft agreement to the IHS. The draft agreement is intended

to serve as the basic underlying agreement that sets forth the terms and conditions for reimbursement between VA and HIS, and the VA and Tribal health programs. Additionally, on March 13-14, 2012, VA plans to hold the first of several joint Health Human Services/VA in-person consultation sessions at the IHS Tribal Consultation Summit in the Washington, D.C. area.

- 14. Question:** What do you see for the future of the Compensated Work Therapy (CWT) program? Many Veterans are concerned that there will be less, not more, opportunities for CWT enrollees in Rapid City rather than Hot Springs.

**Response:** BHHCS plans to increase the number and diversity of therapeutic job skill opportunities in the CWT program; transition to stable jobs and housing are key to a Veteran's success.

- 15. Question:** Will all surgeries be performed at the proposed renovated facility at Fort Meade, or will there be a considerable amount of such services still contracted to local providers/facilities?

**Response:** BHHCS has a "standard" complexity surgery program; therefore, there will be complex surgical procedures that cannot be performed at BHHCS. These procedures will continue to be scheduled at other VAMCs or purchased locally.

- 16. Question:** Where will compensation and pension (C&Ps) exams be held? They have routinely been conducted at Hot Springs in recent years.

**Response:** BHHCS has not made a decision about the location of C&P exams. The following are important considerations affecting the decision:

- Residence location of the Veterans served;
- Partnership with the Department of Defense for the Integrated Disability Evaluation System;
- Input of the County Veteran Service Officers from Nebraska and South Dakota; and
- Location of needed specialty services.

- 17. Question:** What will happen to the Call Center if a new CBOC is built in Hot Springs?

**Response:** The existing Call Center will remain in Hot Springs in a non-clinical space either VA-owned or leased.

- 18. Question:** How will these proposals impact the State Veterans Home? It is our understanding that the State Veterans Home shares some of the services with the BHHCS and depends on many CWT employees.

**Response:** As an indication of VA's commitment to South Dakota's Veterans, VA has recently announced a grant of \$21.4 million to help construct a new state

veterans home in Hot Springs. BHHCS' partnership with the State Veterans Home (SVH) will continue. BHHCS will continue to provide primary care services on-site through an established sharing agreement. Upon acceptance and phased implementation of the proposal, VA will provide inpatient care to eligible Veterans at SVH through a contract with Fall River Hospital in Hot Springs.

- 19. Question:** What is the number of employees that work at the Hot Springs VA and live in Hot Springs (or Fall River County)?

**Response:** In August 2011, 280 of the 390 current employees at the Hot Springs campus had a Hot Springs, South Dakota, address.

- 20. Question:** What would the hours be for the Hot Springs CBOC? Would it be open 5 days a week?

**Response:** The Hot Springs CBOC would be open 5 days per week; the hours would likely be 7:30 a.m. – 4:30 p.m.

- 21. Question:** Who has the liability responsibility should a Veteran wish to file a claim against the private provider? Currently, Veterans can file a tort claim through the VA if there is a problem with care. How would that be handled if there are problems with the private provider/facility?

**Response:** In general, when BHHCS purchases non-VA care, a Veteran can file a claim against the non-VA health care provider, but not against VA, since under the Federal Tort Claims Act, the Government cannot be liable for the acts or omissions of any contractor with the United States. However, if the purchased care is provided in a VA facility, the Veteran may file a disability claim with VA under section 1151 of title 38, United States Code, which permits disability or death claims based upon care furnished either by a VA employee or in a VA medical facility.

Veterans Health Administration  
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