



Office of Inspector General

AUDIT OF THE PATHOLOGY AND LABORATORY MEDICINE SERVICE (PLMS) MOBILE LABORATORY INITIATIVE

*Resources for Mobile Laboratories Were Not
Used as Intended*

Report No. 7R3-A01-140
Date: September 30, 1997

Office of Inspector General
Washington DC 20420



DEPARTMENT OF VETERANS AFFAIRS
Office of Inspector General
Washington DC 20420

Memorandum to:
Under Secretary for Health (10)

Audit of the Pathology and Laboratory Medicine Service (PLMS)
Mobile Laboratory Initiative

1. The Office of Inspector General (OIG) conducted an audit of the Pathology and Laboratory Medicine Service (PLMS) Mobile Laboratory (Mobile Lab) initiative to determine whether it was operating in a manner that ensured optimum utilization of funding and equipment. This audit is the first in a series of PLMS audits intended to provide an overall assessment as to whether pathology and laboratory services are provided in the most economical and efficient manner.
2. A Mobile Lab, as designed by PLMS program officials, consisted of 8 testing instruments on a cart which could be moved from place to place in the hospital to perform the 25 most commonly ordered laboratory tests. The Mobile Lab concept was based on point-of-care (POC) testing, which could provide the caregiver almost instant access to laboratory test results.
3. Beginning in Fiscal Year 1994, VA Central Office (VACO) PLMS program officials implemented the Mobile Lab initiative in two phases at a cost of \$20.7 million. During Phase I, \$15.4 million was spent to purchase equipment for 92 Mobile Labs, and to provide operating funds to VA medical centers (VAMCs) for staff and supplies. Phase I consisted of 86 sites selected by VACO program officials, based on the VAMC having an ambulatory clinic. For Phase II, \$5.3 million was provided to 48 VAMCs (26 of which had previously received Phase I Mobile Labs) to purchase Mobile Lab equipment and supplies based on their specific needs. This approach was used in Phase II to allow each VAMC to configure the Mobile Lab to best fit local needs.
4. The audit showed that a total of \$10.4 million was spent on the Mobile Lab initiative that could have been better used (\$7.2 million for Phase I equipment, staff, and supplies; \$2.5 million for Phase II equipment and supplies; and almost \$680,000 for unused laptop computers).

- During Phase I, almost \$3.6 million was spent for equipment that was not used, and an additional \$3.6 million provided for staffing and supplies was spent for other purposes. As of September 30, 1996, only 31 of the 92 Mobile Labs were used, and none were fully used.
- In Phase II, almost \$1 million was spent by the VAMCs to purchase Mobile Lab equipment that was never used, and an additional \$1.5 million was spent on other program needs not related to Mobile Labs.
- The audit also showed that almost \$680,000 was spent for laptop computers that could not be used with the Mobile Lab because the necessary software was never loaded onto the computers, as planned.

5. In our opinion, the Mobile Lab was not used as envisioned because the planning and implementation of the initiative was not based on sufficient input from field users. Mobile Lab was not widely accepted at the VAMCs because the instrument configuration on the cart was selected without consideration of workload, workflow, medical staff expectations, ordering patterns and compatibility with existing main laboratory automation. In addition, no guidelines were issued by VACO detailing how an “ideal” Mobile Lab should be operated. Each individual VAMC was expected to determine where and how to use the Mobile Lab.

6. We recommend that the Under Secretary for Health take action to reassign unused Mobile Lab equipment to facilities or activities that will utilize them.

7. You concurred with the findings and recommendation in the report and provided an acceptable action plan. Therefore, we consider the issues discussed in the report to be resolved, based on actions taken or planned. However, we will continue to follow up on planned actions until they are completed.

For the Assistant Inspector General for Auditing

Original signed by
JAMES R. HUDSON
Director, Atlanta Operations Division

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RESULTS AND RECOMMENDATION

Pathology and Laboratory Medicine Service Spent Over \$10 Million on Mobile Laboratories That Could Have Been Better Used

We performed an audit of the Pathology and Laboratory Medicine Service (PLMS) Mobile Laboratory (Mobile Lab) initiative to determine whether it was operating in a manner that ensured optimal utilization of funding and equipment. Beginning in Fiscal Year 1994, PLMS Program officials implemented the Mobile Lab initiative in two phases at a cost of \$20.7 million.

The audit showed that almost \$10.4 million of the funding could have been better used. For Phase I, \$7.2 million was spent for equipment that was never used, and for funding for staff and supplies that was spent for other purposes. This occurred because the Mobile Lab initiative was planned and developed by PLMS Central Office with little input from VA medical centers (VAMCs) selected to receive them, and because VAMCs had difficulty in determining the best use for Mobile Lab.

For Phase II, more than \$2.5 million of the funding provided to VAMCs was not spent to purchase Mobile Labs, or was used to purchase Mobile Lab equipment that was never used. There were also 14 sites that received Phase II funding that were not using Phase I Mobile Labs they had already received. This occurred because Program officials did not conduct an adequate study of Phase I Mobile Lab usage prior to distributing funding for Phase II. Only 31 of 92 (34 percent) of the Mobile Labs were used by VAMCs, and none were fully used.

Mobile Lab Was Conceived, Developed, and Implemented by VA Central Office With Little Input From the VAMCs Selected to Receive Them

Using the point-of-care (POC) testing concept, Mobile Lab was originally conceived by the former PLMS Director in 1989. Mobile Lab was designed to expedite the delivery of the 25 most commonly ordered tests to patients in any area of the hospital, including the intensive care unit, emergency room, or operating room. POC test instruments provide a written report of the tests results within 5 minutes. Since Mobile Lab could be moved from place to place in the hospital to provide laboratory testing, the former PLMS Director expected the initiative to improve the timeliness, delivery, and accessibility of diagnostic tests to the patient.

During Phase I, which began in 1994, 92 Mobile Labs were shipped to 86 VAMCs at a cost of more than \$15 million. The VAMCs that received Phase I Mobile Labs were selected by VA Central Office (VACO) Program officials and were not involved in the planning or implementation phases, nor were they specifically consulted about whether

they would receive a Mobile Lab. Phase I sites also received funding for a dedicated technologist to operate the Mobile Lab, and to purchase supplies to operate the testing instruments.

In addition, PLMS Program officials held a nationwide teleconference that explained the concept of Mobile Lab, and furnished an instruction manual on how to assemble the unit. However, no guidelines were issued by VACO detailing how an “ideal” Mobile Lab should be operated. It was left up to each individual VAMC to determine where and how to use the Mobile Lab.

Mobile Lab was not widely accepted at VAMCs because the instrument configuration on the cart was selected without input from the receiving field facility concerning workload, workflow, medical staff expectations, ordering patterns, and compatibility with existing main laboratory automation. The audit showed that only 31 of 92 (34 percent) of the Mobile Labs were ever used, and none were fully used. This was partly because VAMCs had difficulty in determining the best use for Mobile Lab. However, many Phase I Mobile Labs were found to be in use at satellite outpatient clinics, which precluded sending specimens to the medical center facility to be tested.

While program officials were aware that Mobile Lab was not widely used by the VAMCs that received them, they were not aware of the extent of the non-use of the units. This was the situation, despite the efforts of Program officials to identify unused equipment and redirect the equipment to VAMCs that indicated a need for the equipment. The PLMS Program Director told us that although Mobile Lab was a good concept, implementing Mobile Lab on a national basis with little or no input from field facilities was a bad decision.

A Total of 481 Phase I Mobile Lab Instruments Costing Almost \$3.6 Million Were Not Used

VACO spent approximately \$5.8 million to purchase 736 instruments for the 92 Mobile Labs (each unit had the same standardized complement of 8 testing instruments). In order to determine the utilization of Mobile Lab and Mobile Lab equipment, we sent questionnaires to the 86 VAMCs that received Phase I Mobile Labs. Our analysis of the questionnaire responses showed that 481 of the 736 (65 percent) Mobile Lab instruments, costing almost \$3.6 million, were not used by the receiving medical facility.

PLMS staff at one facility told us that the instruments for one of the two Mobile Labs they had received had been unpacked and were sitting unused in the Laboratory. Equipment for the other Mobile Lab was still in the warehouse in the shipping containers. At another site, a \$20,900 Mobile Lab blood gas analyzer was still in the packing box in a Laboratory office. The instrument was not being used because most of the routine tests performed on this instrument were ordered for inpatients, and the Mobile Lab was used only in the outpatient clinic. The instrument had been stored in the office because PLMS staff were not aware of attempts by Program officials to identify unused Mobile Lab instruments, nor were they familiar with VA's procedures to dispose of unused equipment. Many VAMCs were not using the blood gas analyzer for the same reason. In fact, we found that blood gas analyzers were being used on only two Mobile Labs. Nineteen were being used independently of Mobile Lab, and 71 (77 percent of 92) blood gas analyzers, costing \$1.5 million, were not being used for any purpose. (*See APPENDIX III for an itemized listing of the number and cost of unused Phase I Mobile Lab Instruments.*)

In response to our discussions with Program officials on how utilization of this equipment could be achieved, the PLMS Director convened a multidisciplinary task force to determine a use for this equipment. We shared the questionnaire responses with Program officials to enable them to identify the locations and types of unused instruments. Based on information provided in the questionnaires, Program officials may want to consider satellite clinics as locations for the unused Mobile Labs.

More Than \$3.6 Million Provided to VAMCs for Phase I Staff and Supplies Was Used for Other Purposes

The \$15 million that VACO spent on Phase I Mobile Labs included \$8 million for Mobile Lab staff and supplies¹. However, more than \$3.6 million of the \$8 million (45 percent) provided to the VAMCs was used for other purposes. Although these sites never used Mobile Lab, they retained the funds specifically provided for staff and supplies to operate the Mobile Lab. Questionnaire responses showed that 58 Mobile Lab staff positions, costing almost \$2.3 million², were assigned to other duties in the medical center. Some VAMCs reported they were unable to use Mobile Lab because the facility Director did not pass on the funding to PLMS for the technologist to operate the unit. Seven VAMCs reported that they transferred the Mobile Lab to other medical centers, but retained the funding for Mobile Lab staff and supplies.

¹ VACO provided \$3.8 million to VAMCs for laboratory technologists to operate the Mobile Labs, and \$4.2 million for supplies to operate the testing instruments.

² Phase I sites received \$39,366 for a laboratory technologist for each unit. Thus, almost \$2.3 million was spent for the 58 positions (\$39,366 x 58).

The questionnaire responses also showed that \$1.3 million was provided for supplies to VAMCs that were not using Mobile Lab. Therefore, more than \$3.6 million was provided to Phase I sites for Mobile Lab staff and supplies that never used Mobile Lab. *(See APPENDIX IV for an itemized listing of the amount of funding for supplies received by VAMCs that never used Mobile Lab.)*

Although the questionnaire responses did not indicate how the funding provided for staff and supplies was actually used, the \$3.6 million was not used for Mobile Lab. Program officials told us that unless funds were earmarked by Congress for a specific purpose, a facility Director had the discretion to use funding for whatever purpose was believed to be most necessary. However, this funding was specifically provided by VA for Mobile Lab staff and supplies, and was not used as intended.

Over \$2.5 Million Provided to VAMCs for Phase II Mobile Labs Was Not Used as Intended, or Was Spent for Mobile Lab Equipment That Was Never Used

Phase II consisted of sending \$5 million to 48 VAMCs to purchase Mobile Lab equipment and supplies. Twenty-six of these sites had previously received Phase I Mobile Labs, with 14 of those not in use at the time of our audit. Phase II funding was provided to sites with unused Mobile Labs due to inadequate followup after Phase I. The audit showed that \$2.5 million (50 percent of \$5 million) of Phase II funding was used to purchase Mobile Labs. However, the other \$2.5 million was not spent as intended, or was used to purchase Mobile Lab equipment that was never used. Specifically, almost \$1 million of Phase II funding provided to VAMCs was spent to purchase Mobile Lab equipment that was never used, and an additional \$1.5 million was not spent to purchase Mobile Labs, as intended.

In order to determine how Phase II funding was actually used, we sent a survey questionnaire to each of the 48 sites that received funding. We asked each facility to provide us copies of the purchase orders for all expenditures using Phase II funds. The questionnaire responses demonstrated that Phase II funding was not always spent as intended, or was spent for Mobile Lab equipment that was never used. For example, two integrated VAMCs that received a total of \$203,941 spent \$89,536 on equipment that was not used on the Mobile Lab. The remaining \$114,405 was not accounted for. Neither of the two Phase I Mobile Labs previously received were being used. One VAMC reported that its Phase II funding in the amount of \$119,097 was used to help offset a budget deficit. Another VAMC spent over \$179,000 to purchase 2 Mobile Labs, but never used either unit.

We concluded that over \$2.5 million provided to VAMCs for Phase II Mobile Labs was not used for Mobile Lab, or was spent for Mobile Lab equipment that was never used. *(See APPENDIX V for an itemized listing of VAMCs and the amount of funding that was not spent as intended, or was spent for Mobile Lab equipment that was never used.)*

Almost \$680,000 Was Spent for Computer Equipment That Cannot Be Used on Mobile Lab

VACO spent \$679,808 for 147 laptop computers and associated hardware that would allow Mobile Lab test results to be electronically transmitted directly to the patient's medical record in the hospital computer system. However, the audit showed that the necessary software was never loaded onto the computers, and the computers could not be used on the Mobile Labs. The PLMS Director told us that the laptop computers were not needed to operate the Mobile Lab. The demonstration prototypes of Mobile Lab did not have laptop computers; test results were manually entered into the hospital computer. He added that very few VAMCs were using Mobile Lab, and those that were had been using the unit without the computer. We concluded that \$679,808 was spent for unused computer equipment. The results of our Phase II questionnaires and site visits showed that very few of these computers were being used for any purpose. Therefore, these computers should be reassigned to meet other VAMC computer needs.

Conclusion

The Mobile Lab was not used as envisioned because the planning and implementation of the initiative was not based on sufficient input from field users. The audit showed that almost \$10.4 million of the \$20.7 million (50 percent) provided to implement the Mobile Lab initiative could have been better used. We found that only 31 of 92 (34 percent) of the Mobile Labs were in use, and none were fully used. In addition, Phase II sites were allowed to configure the mobile lab unit in a manner that would best fit local needs, and were provided funding to purchase the desired equipment. However, the audit showed that the funding was not used as intended, or was spent to purchase Mobile Lab equipment that was never used. We also found that funding was distributed to 14 sites that were not using Phase I Mobile Labs they had already received.

Recommendation

We recommend that the Under Secretary for Health take action to reassign unused Mobile Lab equipment to facilities or activities that will utilize them.

Comments of the Under Secretary for Health

The Under Secretary for Health concurred with the recommendation and has taken specific action to ensure a more coordinated approach to address redistribution issues on a systemwide level. Informal communication among facilities has already resulted in the redistribution of unused or under-used mobile lab equipment to clinical settings that are more conducive to the specialized utility of point-of-care testing. In April 1997, a task force was appointed to thoroughly assess potential options for salvaging unused equipment. The task force will provide their recommendations in October 1997.

(Comments of the Under Secretary for Health are provided in their entirety in APPENDIX VI.)

Implementation Plan

Task force recommendations will be submitted to all VISN offices, who will provide the necessary oversight to assure cost-effective alternatives for equipment usage. An activity status report of salvage efforts will be provided to the OIG by December 31, 1997.

Office of Inspector General Comments

The Under Secretary for Health's implementation plans are responsive to the intent of our report recommendation and we consider the report issues resolved. We will follow up on planned actions until they are completed.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The audit was conducted as part of the Office of Inspector General's (OIG) continuing audit coverage of the Veterans Health Administration's (VHA) Pathology and Laboratory Medicine Service (PLMS). The purpose of the audit was to determine whether the PLMS Mobile Laboratory (Mobile Lab) initiative was implemented in a manner that ensured optimal utilization of funding and equipment.

Scope

The scope of our audit included 134 VA medical centers (VAMCs) that received either (i) a Phase I Mobile Lab, or (ii) Phase II funds to purchase a Mobile Lab or Mobile Lab equipment. The total cost for the Mobile Lab initiative was \$20.7 million. This included:

- \$15.4 million for Phase I implementation, with 92 Mobile Labs shipped to 86 VAMCs³.
- \$5.3 million for Phase II, whereby 48 VAMCs were provided funds by PLMS Central Office (VACO) to purchase Mobile Labs, or Mobile Lab equipment.

Methodology

We gathered data and information on Mobile Lab utilization and operations during site visits to six VA medical centers. These six VAMCs were judgmentally selected because they had received a Mobile Lab and, in some cases, a former or current Mobile Lab official was located there. We also visited another VAMC to gather information and observe the Remote Automated Laboratory System (RALS), an alternative system for decentralized testing. We shared our observations on the RALS with PLMS Program officials as a potential method to achieve greater utilization of certain Mobile Lab equipment.

We examined applicable laws, regulations, policies, procedures and guidelines, observed Mobile Lab operations, and interviewed responsible officials. Specifically, we obtained information from:

- current and past PLMS Program officials and other VACO personnel concerning the creation, development, and implementation of Mobile Lab.

³ Multiple units were sent to five VAMCs; four sites received two Mobile Labs, and one site received three units.

- the VACO decentralized Program officials, and the Information Resource Management Field Office (IRMFO), responsible for administering the Mobile Lab initiative and for developing the Mobile Lab interface software.
- procurement officials at VA's National Acquisition Center (NAC), who contracted for the Phase I Mobile Lab equipment for PLMS.
- medical professionals in the private sector with knowledge of point-of-care (POC) testing.
- private sector hospitals using POC testing.
- an equipment vendor that manufactures POC test instruments.

To better understand the funding process for the Mobile Lab initiative, we met with budget officials within VHA's Office of the Chief Financial Officer. Through the use of survey questionnaires, we gathered nationwide data on the (i) utilization of Phase I Mobile Labs and Mobile Lab equipment, and (ii) use of Phase II funding at the local facility level. In addition, we performed a physical inventory of the Mobile Lab laptop computers that still remained at the IRMFO, and reconciled the funding provided for the Mobile Lab laptop computers and associated hardware with the purchase orders documenting the expenditures.

No tests were performed to assess the reliability of computer-processed data, as the audit did not rely on computer-based evidence. The review was performed in accordance with government auditing standards and included such tests of procedures, practices, and records as we considered necessary under the circumstances.

BACKGROUND

History of the Pathology and Laboratory Medicine Service Mobile Laboratory

Developments in laboratory testing instrument technology, termed point-of care (POC) testing, produced a new generation of instruments that were accurate, easily portable, complied with regulatory requirements, and permitted data downloading to laboratory information systems. These instruments were designed for use wherever the patient was located, including the intensive care unit, emergency room, or operating room, and provided test results to the practitioner within 5 minutes. POC testing instruments were designed to provide streamlined caregiving, and faster turnaround time for more rapid treatment. However, POC testing required dedicated staff, and the supplies to operate the instruments were more expensive than those used for instruments in the main laboratory that do volume or “batch” testing.

Because POC testing can provide benefits to both patients and providers alike, the private sector has increasingly accepted and used POC testing since its development. Although most private sector hospitals continue to focus their attention on such POC activities as bedside glucose tests, some hospitals have embraced the entire spectrum of POC testing, from dip stick urine testing to blood gases and electrolyte tests. Many hospitals have become very proactive in the use of POC testing, and have even organized and staffed POC administrative departments.

Based on the technological developments of POC testing, the former Pathology and Laboratory Medicine Service (PLMS) Director conceived the concept of the Mobile Laboratory (Mobile Lab) in 1989. Mobile Lab was intended to improve the timeliness, delivery, and accessibility of diagnostic tests for VA patients. Mobile Lab was designed as a small, self-contained laboratory testing unit capable of being moved to points of patient care within a hospital, clinic, or outpatient area to expedite the delivery of testing results. Mobile Lab offered a menu of the 25 most commonly ordered diagnostic tests for basic chemistry, hematology, coagulation, and urinalysis, and provided the caregiver with an immediate written report of the test results.

In 1993, Mobile Lab was developed and pilot tested for Program officials at two VA medical centers (VAMCs). The Mobile Lab was tested in both inpatient and outpatient settings. According to staff at the pilot sites, the cart size was dictated by the ability to fit through doors and into elevators. Staff at the two pilot sites ultimately agreed on eight testing instruments that could perform the 25 tests, and that would fit on the cart.

Mobile Lab was implemented in two phases at a total cost of \$20.7 million. As conceived, approved, and funded, the initiative would place one Mobile Lab in each VAMC. Phase I, a centrally designed project, was a single national purchase of 92 identical mobile labs. PLMS Program officials arranged with VA’s National Acquisition

Center (NAC) to procure the equipment. Funding was transferred to each VAMC that received a Mobile Lab for staff and supplies to operate the unit. During Phase I implementation beginning in 1994, the Mobile Labs were shipped to 86 VAMCs at a cost of \$15.4 million.

At the request of the former PLMS Director, the Phase I sites were selected by the former Deputy Associate Deputy Chief Medical Director for Ambulatory Care. He recommended that Mobile Labs be provided to VAMCs with ambulatory care clinics. This was in response to a GAO report⁴ that concluded that VA's ambulatory care system was not meeting the needs of patients and providers. The Mobile Lab initiative was expected to improve the timeliness, delivery, and accessibility of diagnostic tests to outpatients.

Although Phase II was to have provided Mobile Labs to all of the remaining VAMCs, Phase II actually consisted of sending \$5.3 million to 48 VAMCs to purchase Mobile Lab equipment and supplies (including 26 sites that had previously received Phase I Mobile Labs). The original implementation plan was changed by the current Acting Director shortly after his appointment. Program officials solicited requests for specific Mobile Lab equipment from VAMCs nationwide, rather than selecting the sites at VA Central Office. This was to allow VAMCs to configure the unit in a manner that would best meet local needs. Since Mobile Lab was optional in Phase II, a significant number of VAMCs originally designated to receive Mobile Labs in the second phase, declined. Therefore, PLMS was subsequently able to return almost \$4 million of the \$9 million in equipment funds approved for Phase II.

Although Phase II funding was distributed to VAMCs based on equipment requests, there were some limitations as to how the funds could be spent. The list provided to Phase II sites for selection of Mobile Lab equipment included only Phase I instruments, although other equivalent Mobile Lab equipment could be purchased. However, instruments purchased with Phase II funding were not to be used independently of the Mobile Lab.

The Mobile Lab concept included a laptop computer that could electronically transmit Mobile Lab test results directly to the patient's medical record in the hospital computer system. The former PLMS Director assigned a PLMS computer specialist to develop and load the software onto the computers, and ship them to the appropriate VAMCs.

DETAILS OF AUDIT

⁴ "VA Health Care - Restructuring Ambulatory Care System Would Improve Services to Veterans" (Report GAO/HRD-94-4, dated October 1993).

Almost \$3.6 Million of Phase I Mobile Lab Testing Instruments Were Not Used

	Column 1	Column 2	Column 3	Column 4	
Name of Instrument	Cost of Each Instrument	Instruments Used On Mobile Lab	Instruments Used Elsewhere	Instruments Not Used	Cost of Unused Instruments
Sysmex K-1000	\$18,306	29	22	41	\$ 750,546
Kodak DT-60	\$ 4,081	23	10	60	\$ 244,860
Kodak DTSC	\$ 2,449	23	7	62	\$ 151,838
I-Stat	\$10,027	25	24	43	\$ 431,161
Gem Premier	\$20,900	2	18	71	\$1,483,900
Miles DCA 2000	\$ 2,220	15	19	58	\$ 128,760
BMD Biotrack 512	\$ 2,295	13	15	64	\$ 146,880
BMD Biotrack 516	<u>\$ 2,546</u>	<u>6</u>	<u>4</u>	<u>82</u>	<u>\$ 208,772</u>
TOTAL	<u>\$62,824</u>	<u>136</u>	<u>119</u>	<u>481</u>	<u>\$3,546,717</u>

Column 1: The cost for the complement of 8 testing instruments for each unit.

Column 2: A total of 136 instruments (19 percent of 736) were being used on Mobile Labs.

Column 3: A total of 119 instruments (16 percent of 736) were being used elsewhere in medical centers independently of the Mobile Labs.

Column 4: A total of 481 instruments (65 percent of 736), costing \$3,546,717, were not used.

DETAILS OF AUDIT

**Over \$1.3 Million Was Provided for Supplies
To VAMCs That Never Used Mobile Lab**

Facility Name	Better Use of Funds
1. VAMC Albany, NY	\$ 52,470
2. VAMC Allen Park, MI	61,408
3. VAMC Amarillo, TX	28,848
4. VAMC Asheville, NC	31,899
5. VAMC Atlanta (Decatur), GA	52,371
6. VAMC Boise, ID	32,235
7. VAMC Chicago (Lakeside), IL	45,537
8. VAMC Cleveland, OH*	55,532
9. VAMC Des Moines, IA	29,487
10. VAMC East Orange, NJ	58,882
11. VAMC Fayetteville, AR	25,580
12. VAMC Ft. Lyon, CO*	19,154
13. VAMC Ft. Meade, SD	24,286
14. VAMC Grand Junction, CO	22,983
15. VAMC Houston, TX	87,189
16. VAMC Huntington, WV	30,419
17. VAMC Milwaukee, WI*	70,259
18. VAMC Minneapolis, MN	84,489
19. VAMC Mountain Home, TN	48,231
20. VAMC New Orleans, LA*	65,812
21. VAMC Philadelphia, PA	56,714
22. VAMC Pittsburgh (Highland Drive), PA**	32,736
23. VAMC Providence, RI*	46,068
24. VAMC Reno, NV	34,677
25. VAMC Richmond, VA	62,675
26. VAMC Salem, VA	46,402
27. VAMC Washington, DC	61,696
28. VAMC West Haven, CT	<u>51,359</u>
Total Funds for Mobile Lab Supplies Used for Other Purposes	<u>\$1,319,398</u>

* Transferred Mobile Lab but kept the supply funds

** Declined Mobile Lab unit after supply funds were received

(In order to be conservative, we did not include funding provided to VAMCs that were using at least one testing instrument.)

DETAILS OF AUDIT**More Than \$1.5 Million of Phase II Funding Was Not Spent as Intended, and Almost \$1 Million Was Spent on Mobile Lab Equipment That Was Not Used**

Field Facility	Amount Received From VACO	Amount Spent on ML Eqpt	Amount Not Spent for ML Eqpt	Amount Spent for Unused ML Equipment
1. VAMC Augusta, GA	\$ 122,523	\$ 111,165	\$ 11,358	
2. VAMC Baltimore, MD	249,126	223,016	26,110	
3. VAMC Batavia, NY	121,673	40,482	81,191	
4. VAMC Beckley, WV	154,544	137,079	17,465	
5. VAMC Butler, PA	27,320			\$ 27,320
6. VAMC Castle Point, NY	154,119		29,960	124,159
7. VAMC Cheyenne, WY	121,673		10,956	110,717
8. VAMC Chicago (WS), IL	94,353	68,128	26,225	
9. VAMC Coatesville, PA	129,644	25,846	60,864	42,934
10. VAMC Dallas, TX	147,423	127,876	19,547	
11. VAMC Durham, NC	97,647	60,564	37,083	
12. VAMC Erie, PA	154,119		154,119	
13. VAMC Kerrville, TX	54,477		54,477	
14. VAMC Leavenworth, KS	122,098		122,098	
15. VAMC Lebanon, PA	129,399		129,399	
16. VAMC Livermore, CA	154,119	51,279	34,413	68,427
17. VAMC Loma Linda, CA	165,969	97,289	6,393	62,287
18. VAMC Lyons, NJ	24,900		24,900	
19. VAMC Martinsburg, WV	94,197	85,350	8,847	
20. VAMC Miami, FL	28,326	4,124	24,202	
21. VAMC Montrose, NY	121,673	120,456	1,217	
22. VAMC Northport, NY (2)	192,000		12,965	179,035
23. VAMC Omaha, NE	119,073		7,197	111,876
24. VAMC Palo Alto HC, CA	24,946	13,446	11,500	
25. VAMC Philadelphia, PA	72,927		72,927	
26. VAMC Phoenix, AZ	122,523		1,799	120,724
27. VAMC Poplar Bluff, MO	119,097		119,097	
28. VAMC Roseburg, OR	129,219	126,610	2,609	
29. VAMC Saginaw, MI	154,544	54,553	99,991	
30. VAMC Salt Lake City, UT	122,523	119,422		3,101
31. VAMC San Diego, CA	69,477	60,017	9,460	
32. VAMC Sepulveda, CA	49,892	49,568	324	
33. VAMC St. Cloud, MN	129,219	58,446	9,553	61,220
34. VAMC Temple, TX	203,941	89,536	114,405	
35. VAMC Togus, ME	49,822	24,946	24,876	
36. VAMC Topeka, KS	3,025		3,025	
37. VAMC Tuskegee, AL	154,119	47,282	106,837	
38. VAMC W. Palm Beach, FL	154,544	43,282	47,025	64,237
39. VAMC W. Roxbury, MA	19,500		19,500	
TOTAL	\$4,359,713	\$1,839,762	\$1,543,914	\$ 976,037

COMMENTS OF THE UNDER SECRETARY FOR HEALTH

Department of
Veterans Affairs

Memorandum

Date: September 18, 1997

From: Under Secretary for Health (10)

Subj: OIG Draft Report: ***Audit of the Pathology and Laboratory Medicine Service (PLMS) Mobile Laboratory Initiative***

To: Assistant Inspector General for Auditing (52)

1. Relevant VHA program officials have reviewed the findings and recommendation of this draft report on the former mobile laboratory initiative, and they generally concur with the findings. There is also general agreement with the projected dollar impact of the recommendation. Point-of-care testing has proven to be most cost/quality effective in clinical settings that are characterized by small testing workloads and non-reliance on professional laboratory personnel. Application of the concept in large, busy medical centers has been less encouraging. Strong measures are being taken throughout VHA to salvage unused equipment and to minimize loss to the fullest extent possible.

2. Since its inception in FY 1994, the mobile lab project has undergone numerous modifications. Although successfully applied in some facilities, the concept was not conducive to systemwide implementation as originally anticipated by Pathology and Laboratory Medicine program officials. The project was also incompatible with emerging priorities of the new Network organizational environment that focus on centralized, consolidated processing of high volume laboratory workload requirements, including consolidation of technical equipment. As limitations were identified, organized efforts were made by program staff and individual facilities to inventory unused laboratory equipment for potential reassignment to sites where the mobile labs can be effectively utilized. In addition, an active Pathology and Laboratory Medicine FORUM mailgroup currently shares information about equipment needs and availability, and numerous opportunities have already been identified via this communication tool. New directions in health care delivery, such as the emerging Community-Based Outpatient Clinics, might also provide additional opportunity for useful equipment redistribution.

3. We recognize, however, that a more coordinated approach is needed to address redistribution issues on a systemwide level, and steps have also been taken in this regard. In April 1997, a special task force was appointed by the Chief Consultant, Diagnostic Services, to thoroughly review all viable options in maximizing

COMMENTS OF THE UNDER SECRETARY FOR HEALTH

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reassignment of unused equipment. The task force is composed of field staff with direct functional responsibility for lab testing administration and equipment maintenance. In assessing options, this group will move beyond the boundaries of VA clinical settings and explore a range of other possible alternatives such as application in community clinics, hospital ships, foreign medical facilities, etc. Task force recommendations are expected to be finalized by early October 1997, at which time they will be reviewed by relevant program officials and submitted to each VISN Office for appropriate implementation by the medical facilities. Based on cost benefit considerations and the unique characteristics of individual clinical sites, the Network Directors will determine further courses of action to be taken. All VISN Offices have received copies of your report, and there has already been considerable discussion at regularly-scheduled PLMS conference calls about issues identified in the report. Prior to the end of the calendar year, we will provide you with a status update of equipment redistribution activity.

4. While this innovative initiative was well intended, its implementation and actual utility have fallen far short of expectations. Your observations have been useful to VHA in prioritizing plans for corrective action. Should additional information or assistance be required, please contact Paul C. Gibert, Jr., Director, Management Review and Administration, Office of Policy, Planning and Performance, at 273.8355.

Original signed by:
Kenneth W. Kizer, M.D., M.P.H.

Attachment

COMMENTS OF THE UNDER SECRETARY FOR HEALTH

Action Plan in Response to OIG/GAO/MI Audits/Program Evaluations/Reviews

Name of Report: OIG Draft Report: ***Audit of the Pathology and Laboratory Medicine Service (PLMS) Mobile Laboratory Initiative***

Report Number: 7R3-020

Date of Report: undated

Recommendations/ Actions	Status	Completion Date
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We recommend that the Under Secretary for Health take action to reassign unused Mobile Lab equipment to facilities or activities that will utilize them.

Concur

Informal informational exchange among facilities, including active communication via a Pathology / Laboratory Medicine FORUM mailgroup, has already resulted in the redistribution of unused or under-used mobile lab equipment to clinical settings that are more conducive to the specialized utility of point-of-care testing.

Specific actions have also been taken to implement a more coordinated approach to equipment redistribution issues on a systemwide level. In April 1997, a task force composed of field staff professionals was appointed to thoroughly assess potential options (including opportunities for resale in the private sector) for salvaging unused equipment. The task force will provide their recommendations early in October 1997. After review by Headquarters program officials, the recommendations will be submitted to all VISN offices for follow-up implementation at the medical facility level. Each VISN will be responsible for determining a course of action based on unique needs of each facility and will provide necessary oversight to assure that every effort is made to provide cost-effective alternatives for equipment usage. An activity status report of salvage efforts will be provided to the OIG prior to the end of the calendar year. This report has been provided to all VISN offices and findings have been transmitted to the individual facilities, as well. Issues identified in the report have also been discussed at length during regularly-scheduled PLMS teleconference calls.

In Process

December 1997 and Ongoing

MONETARY BENEFITS SUMMARY
(IN ACCORDANCE WITH OIG ACT AMENDMENTS)

REPORT TITLE: Audit of the Pathology and Laboratory Medicine Service
 (PLMS) Mobile Laboratory Initiative

PROJECT NUMBER: 7R3-020

<u>Recommendation Number</u>	<u>Category/Explanation of Benefits</u>	<u>Better Use Of Funds</u>
1	Reassignment of unused Phase I Mobile Lab equipment.	\$ 3,546,717
1	Reassignment of unused Phase II Mobile Lab equipment.	\$ 976,037
1	Reassignment of unused computers.	<u>\$ 679,808</u>
Total Funds That Could Have Been Better Used		<u><u>\$ 5,202,562</u></u>

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