

# Office of Inspector General

Redacted

## COMBINED ASSESSMENT PROGRAM REVIEW

### VA NORTHERN INDIANA HEALTH CARE SYSTEM

### FT. WAYNE AND MARION, INDIANA

*Generally, administrative and clinical activities were operating satisfactorily.*

*However, we found several opportunities for improvement that warranted management's attention.*

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## **VA Office of Inspector General**

### **Combined Assessment Program Reviews**

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) effort to ensure that high quality health care is provided to our Nation's veterans. CAP reviews combine the knowledge and skills of the OIG's Offices of Healthcare Inspections, Audit, and Investigations to provide collaborative assessments of VA medical facilities on a cyclical basis. CAP review teams perform independent and objective evaluations of key facility programs, activities, and controls:

- Healthcare Inspectors evaluate how well the facility is accomplishing its mission of providing quality care and improving access to care, with high patient satisfaction.
- Auditors review selected financial and administrative activities to ensure that management controls are effective.
- Investigators conduct Fraud and Integrity Awareness Briefings to improve employee awareness of fraudulent activities that can occur in VA programs.

In addition to this typical coverage, a CAP review may examine issues or allegations that have been referred to the OIG by facility employees, patients, members of Congress, or others.

## **Executive Summary**

### **Combined Assessment Program Review of the VA Northern Indiana Health Care System, Ft. Wayne and Marion, Indiana**

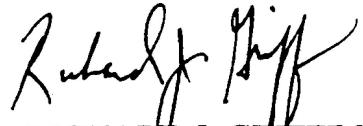
1. The Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the Department of Veterans Affairs (VA) Northern Indiana Health Care System (NIHCS) with principal campuses at Ft. Wayne and Marion, IN. The review included evaluations of selected operations, focusing on quality of care and management controls. During the review, we also provided “fraud and integrity awareness” training to about 65 employees.

2. NIHCS delivers primary and long-term health care to veterans in northern Indiana. As of December 31, 1999, NIHCS operated 243 medical care beds and 180 nursing home care beds. Primary care is offered mainly at the Ft. Wayne campus, and long-term psychiatric care is offered at the Marion campus. Both campuses operate nursing home care beds. NIHCS also operates outpatient facilities at Ft. Wayne, Marion, Muncie, and South Bend, IN. NIHCS is part of Veterans Health Administration’s Veterans Integrated Service Network 11. There is no medical school affiliation.

3. The OIG CAP team visited NIHCS from March 6 to 10, 2000. Based on our testing, there were areas that appeared vulnerable and in need of improvement:

- Quality of Care Issues - The patient care quality management review identified the following areas that required management attention:
  - Long term care.
  - Facility treatment environment.
  - Quality management and performance improvement.
  - Medication policy, availability, and security.
  - Patient care services.
  - Employee assistance and training.
- Management Control Issues - The following areas were identified in which management controls should be strengthened:
  - Management of the South Bend contract community based outpatient clinic.
  - Accountability and security over controlled substances.
  - Contracting for radiology services.
  - Laboratory Service staffing.
  - Procedures for obtaining informed consent for surgery.

- Reviews of State of Indiana inspection reports for VA contract nursing homes.
  - Implementation of the Generic Inventory Package for control of medical supplies.
  - Supply Processing and Distribution operations.
  - Timeliness of Agent Cashier audits and controls over third-party payer checks.
  - Access authority for inactive users of information technology systems.
  - Drug prescription backlog monitoring.
- Office of Investigations Fraud and Integrity Awareness Briefings - These briefings for NIHCS employees discussed issues concerning the recognition of fraudulent situations, referral to the Office of Investigations, and the type of information needed to make such referrals.
4. In the body of this report, we make a series of observations and recommendations that we believe warrant management attention. In his response, the NIHCS Director concurred with all of our recommendations. He also provided acceptable implementation plans that will be carried out in partnership with employees and other NIHCS stakeholders. We consider all issues in this report resolved; however, the Office of Inspector General may follow-up at a later date on corrective actions taken.



RICHARD J. GRIFFIN  
Inspector General

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## **Introduction**

### **Purpose**

The purpose of a Combined Assessment Program (CAP) review is to help management of Department of Veterans Affairs' (VA's) facilities by identifying opportunities for improvement and to help prevent fraud, waste, and abuse. (See the inside cover for a full description of the CAP process.)

### **Background**

The Northern Indiana Health Care System (NIHCS) is a primary and long-term care "integrated" system with two main campuses in Ft. Wayne and Marion, IN. As of 1998, the system had 197,366 veterans in its service area. Ambulatory surgery and most inpatient general medical care are offered at Ft. Wayne, and both acute and long-term psychiatric care are offered at Marion. Both locations offer nursing home care and outpatient services. As of December 9, 1999, NIHCS had 243 medical care beds consisting of 26 internal medicine beds at Ft. Wayne, another 16 internal medicine beds at Marion, and 201 psychiatry beds at Marion. NIHCS also operated 180 nursing home care beds: 53 at Ft. Wayne and 127 at Marion. Besides outpatient facilities at Ft. Wayne and Marion, NIHCS also operated community based outpatient clinics (CBOCs) at Muncie and at South Bend, IN. NIHCS is part of the Veterans Health Administration's Veterans Integrated Service Network (VISN) 11. There is no medical school affiliation.

The following table shows key workload indicators for the last 4 years:

<b>Fiscal Year</b>	<b>Medical Care Beds</b>	<b>Unique Patients</b>	<b>Outpatient Visits</b>	<b>FTEE<sup>1</sup></b>	<b>Medical Care Budget</b>
1997	393	13,203	115,551	1,234	\$77,567,519
1998	371	14,117	123,198	1,133	\$73,937,791
1999	346	15,293	136,198	1,088	\$73,074,702
2000	243	11,794 <sup>2</sup>	53,097 <sup>3</sup>	1,042 <sup>4</sup>	\$70,859,939 <sup>5</sup>

1. Cumulative full time equivalent employees (FTEE).

2. As of January 31, 2000.

3. As of February 29, 2000.

4. As of March 11, 2000.

5. Spending authority as of February 11, 2000.

## **Objectives and Scope**

### ***Quality of Care***

We reviewed numerous quality assurance documents and 46 patient medical records. We also inspected the physical environment of inpatient and outpatient treatment facilities that comprise NIHCS. Using structured survey instruments, we interviewed and analyzed the results of responses from 65 clinicians/clinical managers, 10 senior managers and 95 patients. We also distributed questionnaires to 202 randomly selected full-time employees. The questionnaire return rate was 44 percent (89/202). We summarized the results and shared them with NIHCS management. Also, we reviewed the following patient care and quality management areas:

Acute Care Medicine and Surgery	Physical Therapy
Substance Abuse Treatment Program	Occupational Therapy
Day Treatment Program	Recreation Therapy
Ambulatory Care Services	Employee Staffing
PTSD Program	Employee Education
Long Term Care	Pharmacy Service
Physical and Rehabilitation Medicine	Psychology Service
Dental Service	NIHCS Police Service
Social Work Service	Homeless Program
Chaplain Service	Employee Assistance Program
Community Based Outpatient Clinics	Quality Management Program
Respiratory Therapy	Nutrition and Food Services
Pathology and Laboratory Service	Radiology Service

### ***Management Controls***

We also reviewed the following selected medical center administrative activities and management controls to determine if they operated effectively.

ADP Acquisitions	Information Technology Security
Agent Cashier Activities	Informed Consent – Surgical Procedures
Compensation and Pension Examinations	Laboratory Quality Controls
Contract Nursing Home Care Activities	Lodger Program Activities
Construction Program	Mail Out Pharmacy Activities
Decision Support System	Medical Supplies Inventory Controls
Employee Transportation	Pharmacy Accountability/Security
Emergency Medical Equipment Controls	Rehabilitation Medicine and Recreation Activities
Emergency Care Operations at Marion	Scarce Medical Specialist Contracts
Equipment Accountability	



Government Purchase Cards  
Hazardous Materials Handling

Supply Processing and Distribution  
Operations

In addition, we received 99 inquiries from 41 patients and staff during the review. The details of our follow-up on many of these inquiries are contained in Appendix I.

### ***Fraud and Integrity Awareness Briefings***

We conducted four fraud and integrity awareness briefings for NIHCS employees. The presentations were well received by approximately 65 staff from all services at the medical center. The briefings included a lecture, a videotape presentation, and question and answer opportunities. Each session lasted approximately 60 minutes and provided a history of the Office of the Inspector General, discussions of how fraud occurs, criminal case examples, and information to assist in preventing and reporting fraud.

### ***Scope of CAP Review***

The review covered medical center operations for Fiscal Years 1998 to 2000. In performing the review, we: inspected work areas; interviewed medical center management, staff, and patients; and reviewed pertinent administrative, financial, and clinical records. The review was performed in accordance with Quality Standards for Inspections, issued by the President's Council on Integrity and Efficiency.

## **Results and Recommendations**

### **Quality of Care Issues**

#### ***Organizational Strengths***

We concluded that clinical activities lead to quality patient care in the following areas:

- The Intensive Psychiatric Community Care (IPCC) program provides effective patient care. The IPCC serves chronically mentally ill patients who need intensive support to facilitate their community adjustment and shorten their occasional periods of psychiatric hospitalization. Patients who receive treatment through the IPCC primarily have schizophrenia and assorted major affective disorders. IPCC patients reside in a variety of community placement settings, such as residential care homes and halfway houses.

Two registered nurses (RN) and two Masters-prepared social workers case-manage approximately 48 IPCC patients. IPCC employees visit patients frequently and are proactive in problem solving, and facilitating adjustment to community living and compliance with outpatient treatment. IPCC patients had an average length-of-stay of 295 days during their last psychiatric hospitalizations prior to IPCC enrollment. During December 1999, only three enrolled IPCC patients were hospitalized. IPCC statistics show that, through this program, the NIHCS has achieved an annual avoidance of 1,147 inpatient bed days of care.

An Office of Healthcare Inspections (OHI) inspector visited an IPCC home in the local community and interviewed eight patients. All of the patients were very positive in their descriptions of, and appreciation for, the IPCC program. They enthusiastically described their routine participation in outpatient treatment, such as injection clinics<sup>1</sup> and group counseling. The IPCC appears to be effective and is a least-restrictive option to managing the chronically mentally ill veteran population.

- Chaplain Service (CS) effectively utilizes volunteers. The CS has enlisted support from many community groups to assist in escorting patients to a variety of worship services on patient care units and in the chapel. CS employees provide volunteers with an initial orientation concerning appropriate interactions with patients and assisting with transportation.

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<sup>1</sup> These are clinics in which patients who cannot, or will not, take medication orally come in to have the medications injected by a nurse. These clinics are also used to administer certain medications, like Prolixin, which can only be administered by injection.

- Positive communication and a supportive environment are offered for former Prisoners of War (POW). Former POWs benefit from involvement in an outpatient therapy group that is led by a staff psychologist. POW examinations are scheduled with an appropriate time allotment and the physician for former POWs has received training regarding the completion of the VA-required Protocol Examination for POWs.
- All Pharmacy Service technicians are nationally certified. This is a laudatory achievement since national certification is a relatively new process in the pharmacy profession.
- Clinicians' actions have achieved a low incidence of decubitus ulcers and a significant reduction in urinary tract infections (UTIs) in long-term care areas. The occurrence rate of UTIs in long-term care has been significantly reduced. This has been accomplished through employee education, which focused on fluid hydration of patients before meals. Data extracted from the Patient Assessment Instrument (PAI) demonstrate a pressure ulcer rate significantly lower than the expected computed rate. (The PAI is a tool to assess the care needs of long-term patients.)
- NIHCS has a comprehensive infection control surveillance program. The infection control nurse has achieved the Certified Infection Control Nurse credential and is actively and visibly involved in infection control practices. The occurrence of blood stream infections, surgical site infections, and UTIs is below the facility-established 3 percent threshold.

Although identified instances of Methicillin Resistant *Staphylococcus Aureus* (MRSA)<sup>2</sup> have persistently exceeded the facility-established 30 percent threshold, NIHCS clinicians have initiated comprehensive actions for MRSA reduction and containment. Specifically, these actions include providing medical and nursing employees with training pertaining to prevention and control measures for MRSA. Additionally, clinicians were encouraged to improve documentation on the medical record problem list regarding MRSA colonization versus infection. Follow-up reviews indicate that clinicians have improved documentation and prevention measures related to MRSA.

### ***Opportunities for Improvement***

We identified opportunities to further improve: long-term care; the facility treatment environment; quality management (QM) and performance improvement (PI); medication security, policy, and availability; patient care services; and employee assistance. Specific

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<sup>2</sup> MRSA is an infectious organism that is resistant to Methicillin, which is the antibiotic typically utilized for the treatment of *staphylococcus*.

aspects of those areas that require greater management attention are discussed fully below.

### ➤ Long-Term Care

**The Sub-Acute Rehabilitation Program warrants a comprehensive review and the development of clearly defined clinician responsibilities.** A review of the Sub-Acute Rehabilitation Program, located on the Marion campus, included a unit tour, employee interviews, and medical record reviews, including a review of the document entitled “Sub-Acute Rehabilitation Program Plan of Care.” The employees who are responsible for rehabilitation services were clearly defined in policy; however, the policy did not specifically delineate the procedures, and employees who are responsible, for the management of the patients’ medical conditions. The unit admission criteria does not define the term “medically unstable,” which may result in the admission of patients who require levels of care that exceed the sub-acute unit’s capabilities. Although the unit’s admission procedure is formally defined, it does not involve interdisciplinary participation.

OHI recognizes that the leadership of the sub-acute unit is in transition. However, the absence of an interdisciplinary admission process, unclear admission criteria, and vaguely articulated responsibilities for medical services on the sub-acute unit are sufficiently significant to require immediate attention and clarification by management.

Improvement is needed in the interdisciplinary team admission criteria and policy so that the interdisciplinary team is able to more accurately determine patients’ medical stability, as well as the ability of sub-acute unit clinicians to meet the patients’ healthcare needs. Therefore, the NIHCS Director should ensure that the Chief of Staff revises the Sub-Acute Rehabilitation Unit admission criteria and program policy to include:

- Delineation of patients’ medical conditions that may not be manageable on the unit.
- Evaluation of the patient’s problem list, previous diagnostic testing results, and rehabilitation potential by an interdisciplinary screening and admission process.
- A clear delineation of employee responsibilities for medical management of Sub-Acute Rehabilitation Unit patients.

**Operations of the Sub-Acute Rehabilitation Unit could benefit if the unit were moved from Marion to Ft. Wayne.** Relocating the Marion campus’ Rehabilitation Unit to the Ft. Wayne campus should decrease the need to move patients from the Ft. Wayne campus to the Marion campus after they receive treatment for an acute illness or a surgical procedure that requires continued inpatient interventions. This measure could be achieved by reassigning nine sub-acute medical beds at the Ft. Wayne campus as

rehabilitation beds, within NIHCS' total number of approved operating beds. This measure would fill an identified, but unmet, need for a level-of-care between "acute care" and "skilled nursing care" at Ft. Wayne. The proposed sub-acute unit at Ft. Wayne, with an anticipated length-of-stay of 14-16 days would assist the facility in reducing the overall acute care length-of-stay. The location of this combined unit on the Ft. Wayne campus would allow timely access to acute care services for patients who may require these services. The NIHCS Director should consider relocating the Sub-Acute Rehabilitation Unit from the Marion campus to the Ft. Wayne campus for the reasons cited above.

**Long-term care would benefit if the Nursing Home Care Unit (NHCU) were consolidated to the Marion campus.** The Ft. Wayne campus' NHCU, which is located on the 5<sup>th</sup> floor of the main hospital building, is not well maintained and has numerous safety concerns. The physical environment does not meet Veterans Health Administration (VHA) standards pertaining to space for dining and long-term care patients' activities. The NHCU also has rooms with raised floors that represent a falling hazard for geriatric patients. One room had the nurse-call system dangling from the ceiling and hanging loose beside the patient's bed, thus creating a potential safety hazard. Patients were located in the hallway, with oxygen tubing running across the floors of patient rooms and the hallway, creating a falling hazard for employees and patients. This latter hazard also created the potential for accidentally disconnecting the patient from the oxygen source. In addition, we found environmental maintenance closets and carts unattended, with unsecured chemicals.

Although employees and consultants had presented multiple proposals and recommendations to management aimed at improving the NHCU and at developing more efficient methods to operate the Unit, senior managers apparently had not taken any corrective actions. NIHCS top managers should consider consolidating long-term care inpatient programs to the Marion campus and closing the Ft. Wayne NHCU. This move would be consistent with NIHCS' strategic initiative to become recognized as a center of excellence for long-term care.

The proposed consolidation would allow for focused employee development and performance improvement (PI) initiatives associated with caring for geriatric patients. This action would also strengthen the facility's recruitment efforts to attract clinicians who have specialized training in dementia and geriatric care. A concerted effort to become a recognized center of excellence may also have a positive impact on overall employee staffing and morale, with improved quality of patient care. The NIHCS Director should consider moving the NHCU from Ft. Wayne to Marion or, barring such a move, should correct the deficiencies in the current NHCU identified above.

**Establishment of a dementia unit would be beneficial for NIHCS and patients.** From our discussions with employees, a review of medical records, treatment unit tours,

patient observations, and data reviews, the facility is operating a *de facto* dementia unit. The unit is not identified as such and lacks documentation to establish the level-of-care, unit goals, and employee competencies that would be geared toward the care of dementia patients. Dementia patients occupied two different units within the NHCUs' general population. This arrangement over-stimulates and confuses dementia patients, creating an environment that is not conducive for effective management. The facility and the patients would benefit from designating one unit as a dementia unit, transferring all patients with appropriate diagnoses to that unit, and notifying accrediting bodies of the change in services. NIHCS managers should also develop a comprehensive orientation, training, and competency program for all interdisciplinary team members to assist in the management of dementia patients. Finally, clinical managers should develop support groups to address dementia patients' and family members' needs.

The NIHCS Director should establish a dementia patients' unit in the NHCUs, with procedures to improve the care of such patients, as outlined above.

**The use of physical and chemical restraints in long-term care needs to be reviewed.** NIHCS policy endorses restraint use to address safety issues, including falls. During our review, Marion campus clinicians had placed one patient in a vest restraint, in the evening hours. This was done because the patient represented a falling risk, and also to ensure that the patient would not attempt to get out of bed. However, inspectors also observed numerous situations involving the use of bed rails as restraints. We observed the same pattern of physical restraint use in the Ft. Wayne facility. Clinical managers should initiate a procedure to review all NHCUs restraint usage by the treatment team, with the responsibility for the review assigned to the Chief of Geriatrics.

The current high use of psychoactive medications as chemical restraints was demonstrated by a report presented to the OHI inspector. That report showed 108 sedatives, 2 hypnotics, 78 anti-psychotics, and 58 antidepressants included in active medication orders for a total of 102 NHCUs patients. As there were a total of only 113 NHCUs patients at the time, more than 90 percent of the NHCUs patients were receiving one or more psychoactive medications. NIHCS clinical managers should initiate a focused review of all psychoactive medications being used in the NHCUs, with a goal of decreasing the use of such medications. Also, Pharmacy Service managers should continue the NHCUs medication reviews that they began in January 2000. They should also initiate a PI initiative on the use of psychoactive medications. The results of these reviews and monitors should be reported to long-term care service leadership. The facility's restraint policy requires revision since it is not consistent with the facility's stated philosophy of a "least-restrictive environment."

## **Recommendation No. 1**

The NIHCS Director should improve the provision of long-term care in the areas outlined above.

### **VA Northern Indiana Health Care System Director Comment**

Concur.

A comprehensive review of the Sub-Acute Rehabilitation Program including development of clearly defined clinician responsibilities will be undertaken.

A listing of medical conditions that may not be manageable on the unit will be added to the program's plan of care.

Sub-Acute Unit admission criteria and program policy will include a definition of "medically stable"; evaluation of the patient's problem list, previous diagnostic testing results, and rehabilitation potential by an interdisciplinary team including the following: social worker, dietitian, chaplain, primary care physician and registered nurse. Responsibilities for each discipline for the medical management of sub-acute rehabilitation patients will be delineated.

**Operations of the Sub-Acute Rehabilitation Unit could benefit if the unit were moved from Marion to Fort Wayne.**

A study will be undertaken, in cooperation with VISN 11, to determine the advantages and disadvantages of moving the Sub-Acute Rehabilitation Unit from Marion to Fort Wayne, following which we will take appropriate action as necessary.

**Long-term care would benefit if the NHCU were consolidated to the Marion Campus.**

NIHCS will complete a thorough review, in cooperation with the VISN 11 Service Line, of the benefits of consolidating all long-term care operations at the Marion Campus, following which we will take appropriate action as necessary.

**Establishment of a dementia unit would be beneficial for NIHCS and patients.**

NIHCS recognized the need to establish a dementia unit and appointed an interdisciplinary clinical team to develop a program based on JCAHO Dementia Unit Standards Criteria. The team finished their work on the program just prior to the OIG visit. An implementation plan has been developed for a dementia unit at the Marion Campus.

## **The use of physical and chemical restraints in long-term care needs to be reviewed.**

The External Peer Review Program (EPRP) has initiated a monitor on use of chemical restraints in NHCU. Use of physical and chemical restraints in long-term care has undergone an in-depth review. As a result, a policy on the use of restraints, specific to long-term care is in the process of being finalized. Training and education initiatives are being developed for clinical staff who work with long-term care patients regarding alternate methods of providing a safe environment for patients at risk to falls or elopement. Equipment to adapt environment, i.e., mats at bedside, etc., has been ordered.

### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

#### **➤ Facility Treatment Environment**

**Previous violent incidents on (b)(5)..... have created a climate of concern for personal safety among employees.** Personal safety concerns focus on the need for (b)(5)..... NIHCS managers initiated several safety initiatives as a result of a 1997 violent incident that involved an employee. The following specific actions were taken by management: 1. increased nurse staffing levels; 2. distributed cell phones with quick-code access to nursing units throughout the facility; 3. implemented a standard operating procedure for employees to use when entering a darkened room; 4. evaluated and changed the patient case mix on each psychiatric unit; 5. installed convex mirrors in areas of decreased visibility; 6. revised training for the prevention and management of disturbed behavior; 7. developed a sensitivity training module focused on employees for use following a sexual assault; 8. implemented quarterly safety assessments of the acute and geropsychiatry units; and 9. instituted continuing PI monitors of workplace violence.

In addition, a 1999 violent incident involving a patient assault on an employee resulted in the installation of locks on the nurses' station doors. While the facility is making many efforts to improve employee safety, vulnerabilities still remain. For example, NIHCS managers should (b)(5)....., .....

(b)(5)..... **security at Ft. Wayne needs to be enhanced.** One of the two hospital (b)(5)..... at Ft. Wayne is (b)(5)..... This is a (b)(5)..... area for patients, employees, and visitors, but there is no (b)(5)..... Also, (b)(5).....



..... NIHCS managers should install a system to monitor (b)(5)....., and should also provide some protection for employees who work (b)(5)..... Managers should also initiate a task force to review, develop, and implement methods to ensure (b)(5).....

**Nutrition and Food Service (N&FS) and Environmental Management Service (EMS) areas need to be separated at Ft. Wayne.** N&FS shares the loading dock with EMS's hazardous waste containers. Dirty EMS and red biohazard carts are located next to the area where food is transported to the kitchen. Inspectors also observed benches and ashtrays in this area. The area has a "no smoking" sign, but we observed several employees smoking. NIHCS managers should explore alternative locations to store hazardous waste containers and EMS carts. Managers also need to ensure that the established policy that designates smoking areas is followed.

**The Ft. Wayne campus' Canteen warrants thorough cleaning and assistance with storage of food items.** The Ft. Wayne campus Canteen's floors badly needed cleaning. Inspectors observed cooking equipment that needed to be cleaned, sitting on open racks. Bulk frozen food items were lying on carts, and the carts themselves were blocking egress from the Canteen. The refrigerators contained uncovered, open food containers. Inspectors also observed instances in which employees did not wash their hands between handling customers' money and handling food. NIHCS managers should review Canteen operations and place increased emphasis on the essential need for cleanliness and proper storage of food items. Managers should also ensure that infection control reviews focus on Canteen environmental cleanliness and employee hand washing.

## **Recommendation No. 2**

The NIHCS Director should take action to improve the facility treatment environment as outlined above.

## **VA Northern Indiana Health Care System Director Comment**

Concur.

NIHCS is reviewing options for providing (b)(5)..... NIHCS will conduct a review of community facilities (b)(5)..... and ensure our security meets or exceeds the local community and VA safety and security standards. NIHCS will initiate a complete review of the dock area incorporating outside experts to determine necessary actions to avoid potential cross contamination issue. NIHCS will review possible ways to separate N&FS and EMS areas at the food delivery dock. The canteen floors will be stripped, scrubbed and waxed by June 1, 2000, and will be maintained on a recurring schedule. The problem with food storage occurred when a

refrigerator failed and has been corrected with a new refrigerator. Labels have been provided for labeling opened containers of food, and employees have been educated to wash their hands. This was already a Canteen policy and it is being reinforced with all canteen employees.

### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

#### **➤ Quality Management and Performance Improvement**

**A consistent medical peer review process is needed.** The NIHCS "Medical Staff Peer Review" policy no. 11-6-99, is basically sound to the extent that the Chief of Staff (COS) assigns Peer Review Committee-identified cases for peer review. When peer review results disclose significant out-of-line clinical or patient care findings, the COS appropriately refers them to responsible clinical managers for corrective action.

While changes to peer reviewers' level-of-care designations (levels 1 through 3) should generally be rare, we identified many instances in which responsible service chiefs revised peer reviewers' recommended level-of-care designations. We did not evaluate all of the peer review cases, but we recommended additional reviews of several cases that involved a particular type of care by one practitioner. The COS and the Director should review and address the PI Coordinator's data, with the ultimate goal of ensuring that the peer review process is effective.

**Placing the PI Coordinator organizationally under the NIHCS Director may reduce the potential for conflict of interest regarding medical care reviews.** A potential conflict of interest may exist if sensitive healthcare matters that require clinical attention depend solely on the COS' decisions. The PI Coordinator could more comfortably address changes if his or her position was not directly responsible to the COS. NIHCS management should consider placing the PI Office organizationally under the Director's Office.

**A monitor needs to be developed for the *SureMed* dispensing system.** The *SureMed* medication dispensing system is utilized by nurses and physicians for dispensing medications that physicians order after Pharmacy Service closes, and also for narcotic dispensing. However, inspectors observed that there was no follow-up mechanism to document the accuracy of medications that are dispensed through *SureMed* and the Medication Administration Record (MAR). Generally, there is no method to account for medication doses that clinicians dispense when the Pharmacy Service is closed. NIHCS managers should require that Pharmacy Service and Nursing Service managers develop

an interdisciplinary monitor that focuses on the accuracy of medications obtained from the *SureMed* system and on the accuracy of notations recorded on the MAR.

**Medication errors appear underreported in the Patient Incident Reporting process.**

NIHCS data indicates that NIHCS has a low number of reported medication errors. During the period September 1998 to August 1999, the overall medication error rate ranged from a low of 0.003 percent to a high of only 0.01 percent of doses dispensed. To put it another way, the highest rate of medication errors reported was only 1 in 10,000 doses. Such a low incidence of medication errors would be unusual with the complexity of patients served and the “dual order” system in place at NIHCS.

The administration of medications at NIHCS will soon be managed with an electronic bar-coding process. (Although already received, problems with bar-coding software had forced a return to the vendor and, as of the end of our onsite visit, the facility was still awaiting receipt of the new software.) When available, and in operation, the bar-coding software will increase knowledge of errors in medication dosages, times, and other administration issues. NIHCS managers should emphasize the need for employees to report medication errors in order to provide a data base from which to learn how to prevent such errors from recurring. As bar-coding is implemented, managers should also ensure that reported errors are reviewed and acted upon to improve the safety and quality of patient care. NIHCS managers should review medication error reporting with employees, stressing a non-punitive approach towards identification and prevention of medication errors.

**Recommendation No. 3**

The NIHCS Director should take steps to address the above quality management and performance improvement issues.

**VA Northern Indiana Health Care System Director Comment**

Concur.

The Chief of Staff and the Performance Improvement Coordinator have reviewed the Peer review process.

- a. An outside reviewer conducted the additional review requested. The findings of the second peer review validated the review conducted by the NIHCS peer review process.
- b. The annual review of the Peer Review Committee cases found many of the changes in levels reflected system problems rather than practitioner issues. The Peer Review Committee will now clearly designate whether the level should be assigned to the

practitioner or referred for resolution of a system problem. This change was discussed in Medical Staff meeting.

c. The annual review of the Peer Review Committee is shared with the Chief of Staff and the Director so that an effective peer review process is in place.

Placing the PI Coordinator organizationally under the NIHCS Director will be fully evaluated. There is frequent communication between the PI Coordinator and the Director, Chief of Staff and the Associate Director on both clinical and administrative issues. The current organizational alignment has not resulted in any conflict of interest.

The need for a monitor to focus on the SureMed dispensing system has been placed on the agenda for the next Pharmacy and Therapeutics Committee meeting.

NIHCS agrees that there is a potential for under reporting of medication errors in the Patient Incident Reporting (PIR) process. A new patient safety reporting process is being developed that NIHCS will be implementing following training May 23-25. This simplified reporting mechanism should improve the overall reporting process. In addition, NIHCS feels that the implementation of the bar-code medication system should also improve the reporting process.

#### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

#### **➤ Medication Policy, Availability, and Security**

**The Controlled Substances Policy does not address disposal of transdermal narcotic patches.** Facility policy no. 119-4-97, which pertains to the disposal of controlled substances, lacked information regarding the disposal of transdermal narcotic patches, such as *Fentanyl*. The manufacturer of *Fentanyl* patches recommends folding the adhesive ends of the patch together and flushing the used patch down the toilet. Procedures for disposal of all narcotics need to be addressed in the facility policy. NIHCS managers should require the Pharmacy and Therapeutics (P&T) Committee to establish a procedure for the disposal of used transdermal narcotic patches and add that information to the Controlled Substances Policy.

**There is inconsistency in available formulary medications.** During interviews, clinicians reported frustration with the fact that not all VISN 11 facilities have formularies that are consistent with the VISN 11 formulary. For example, the Indianapolis VA Medical Center is a major referral facility for NIHCS. Clinicians to

whom we spoke related routine incidents in which patients returned to NIHCS from the Indianapolis VA where clinicians prescribed medications that are not available through the NIHCS Pharmacy Service, because they are not on the NIHCS Formulary. While the NIHCS pharmacy did carry certain other medications that could be substituted for the medications prescribed, such substitutions could also be problematic.

An example given by clinicians of a commonly encountered medication prescribed at the Indianapolis VA, but not available through the NIHCS pharmacy, is “amlodipine.” The NIHCS pharmacy did not carry amlodipine, but did carry “felodipine” which may also be substituted for the treatment of disorders similar to those for which amlodipine is prescribed.<sup>3</sup> However, differences do exist between the prescribed drug and the possible therapeutic substitute, for example in dosages available. Clinicians could prescribe the substitute medication, but this may lead to multiple problems, including patient non-compliance with medication regimens. Insuring patient compliance with medication regimens can sometimes be difficult, and the difficulties may increase if a patient perceives inconsistencies in the medications prescribed.

In the example cited above, the NIHCS clinician who treats a recently transferred patient from Indianapolis is faced with the question of whether or not to prescribe a substitute medication, with its attendant potential problems. The only other option available for the clinician would be to request, through the P&T Committee, that the NIHCS pharmacy dispense a “non-formulary medication.” However, utilizing a non-formulary drug request for frequently prescribed medications is an inefficient use of a clinician’s time.

The inconsistency of medication availability between facilities is problematic for both patients and clinicians and may result in disjointed care. To avoid this problem, NIHCS managers should require the P&T Committee to review available formulary medications to ensure they are consistent with the VISN 11 Formulary.

**Breaches in medication security warrant management review.** Medication security was inadequate in some areas of the medical center. Unauthorized employees could readily access a Marion campus ward medication room using (b)(5).....; and a medication refrigerator, located in the Marion campus (b)(5)....., was found to be unlocked. Reviews on the Ft. Wayne campus revealed numerous incidents of unsecured medications on the inpatient units. Inspectors found outdated medications in a room across from the (b)(5)....., even though the room is not designated as a medication room. In an office area (also not designated as a medication room), Inspectors found unsecured medications on top of an unattended medication cart.

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<sup>3</sup>. Another example of this situation exists for the drug “atorvastatin” which Indianapolis physicians may prescribe, but which is not available in the NIHCS pharmacy. In this case, the potential substitute drug is “simvastatin” which the NIHCS pharmacy does carry.

Inspectors found unsecured narcotics in an unlocked (b)(5) refrigerator. VHA and standard drug management policy require narcotics to be secured under double-lock. In this particular instance, the small refrigerator was located in an open bay area of the (b)(5) accessible to other employees and visitors, and was out of view of the responsible registered nurse (RN). The specially designed lockable drawer inside the refrigerator was also unlocked. The Acting Nurse Manager and the Charge Nurse were not aware that the medications, including narcotics, were not secured as required by local policy.

There was a general lack of knowledge regarding the potential for theft and diversion of drugs, particularly by health care providers. All of the facility's "Code Blue" (crash) Carts were (b)(5); however, these (b)(5) can be easily (b)(5) without detection, and without other employees realizing that medications and supplies on Code Blue Carts may have been tampered with. It is current practice to utilize a (b)(5) for these carts and to record the (b)(5) when checking the cart for integrity.

NIHCS managers should take several steps to improve medication security. They should review and limit (b)(5) to medication rooms. They should also require clinical managers to review the facility policy regarding medication security and the disposal of outdated medications with employees. Managers should place additional emphasis on medication security during facility environmental rounds. Managers should also require narcotics inspectors to follow-up on unsecured medications, including narcotics, to ensure that policy is being followed. Finally, managers should provide education about "abuse of narcotics in the healthcare profession" to all clinical employees who have access to medications.

#### **Recommendation No. 4**

The NIHCS Director should direct that the above-described improvements be made with regard to medication security, policy, and availability.

#### **VA Northern Indiana Health Care System Director Comment**

Concur.

The NIHCS Controlled Substances Policy will be revised to ensure procedures for the disposal of all narcotics, including transdermal narcotic patches, are addressed.

The NIHCS Pharmacy and Therapeutic Committee will review and revise the formulary to ensure maximum consistency with the VISN 11 formulary and provide practitioners the flexibility necessary for appropriate continuum of patient care.

All medication areas including crash carts are being reviewed for appropriate security and upgraded as necessary. Inspections will be held on a regular basis. Training in medication security and narcotic abuse will be provided to all clinical employees and managers.

### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

#### **➤ Patient Care Services**

**Staffing issues must be thoroughly reviewed to ensure that patients receive adequate quality of care.** Inspectors interviewed a number of employees, working in several different areas at both campuses, who expressed concerns and raised issues that pertain to the adequacy of staffing for direct patient care. The predominant focus of the concerns and issues pertained to a purportedly serious shortage of nursing staff. The primary staffing concerns focused on a general shortage of bedside clinical employees, coupled with reductions in support employees, which has further increased the workload on employees remaining on duty.

Many of the complaints focused on several employees that were limited in their duty status because of on-the-job injuries. Also, managers were reportedly unable to back-fill positions of some employees who were absent from duty for long periods of time due to illness or injury, thereby exacerbating the problems of a, reportedly, already under-staffed Nursing Service. Employees complained that they have to work overtime and compensatory time in order to meet patient care needs on a daily and shift-to-shift basis.

The employees whom we interviewed appeared to be genuinely dedicated to providing the best possible care, and they conveyed a deep concern that patient care was not being provided in keeping with their personal standards. These employees cited examples of problems due to inadequate staffing, such as: inadequate to non-existent documentation; inadequate to non-existent patient education; increased numbers of patient falls; and the inability to provide timely basic patient care and medication treatments. Many of the employees who expressed concerns about these issues worked in support services, but they based their concerns on perceptions that the limited numbers of nursing employees are unable to accommodate all of the needs that the current patient load presents.

At the time of our visit, many of the tasks and treatments that have historically been carried out by other clinical and administrative personnel were being done by supervisory

registered nurses (RNs). For example, supervisory RNs acted as phlebotomists,<sup>4</sup> drawing blood for all patients in the hospital who need tests done during evening, night, weekend, and holiday hours. At the time of our visit, Pathology and Laboratory Service had vacant phlebotomist positions; however, managers had not filled these positions as the vacancies occurred. Thus, tasks that phlebotomists had formerly performed were required to be performed by other more highly paid professionals. (See also “Laboratory Staffing Could Be Enhanced” in the *Management Control Issues* section of this report.)

Many employees commented about how dedicated the workforce was, but they also spoke freely about their perceptions that clinical employees, particularly nurses, felt exhausted. Employees also described Patient Care Services as being “rushed” for respiratory care treatments and for other specialized care or testing. It was evident from inspectors’ direct observation on the nursing units and wards, and from a review of staffing time schedules, that the medical center had a limited number of employees available to provide for patient care needs.

Inspectors reviewed all of the staffing procedures in place for Patient Care Services, including: Patient Classification Reports to estimate patient care needs; Expert Staffing Methodologies Statistics; and the overall assignment of staff in accordance with the organizational plan. We concluded that clinical staffing in Nursing Service appeared to be too low to meet patient care demands. Supporting this view was the fact that more than 32 full-time employee equivalent (FTEE) nursing vacancies existed.

At the time of our review, NIHCS management had not given approval to recruit or hire nurses to fill the vacancies, nor had they authorized any reduction in programs or services in acknowledgement of the staffing shortage. When we discussed our findings with management, they responded that the vacancies could not be filled because of a budgetary shortfall.

NIHCS managers should ask the Veterans Health Administration’s Chief Consultant of the Nursing Strategic Healthcare Group to appoint an independent evaluation team of staffing experts with the mission of conducting an in-depth review of staffing for NIHCS patient care requirements. Based on the results of that evaluation, budgetary relief should be requested from VISN and Headquarters management to fill any direct patient care staffing deficit found.

**Patient safety issues identified in Building 172 and Building 1 need to be addressed.** Acute and chronic psychiatric patients on the Marion campus are provided care in Building 1 and Building 172. The ceilings in the sleeping areas of these buildings are not constructed of solid plaster. Instead, they have panels held in place by metal frames. The panels may be removed and patients could use the frames to attempt suicide or to harm

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<sup>4</sup> A phlebotomist is one who draws blood from patients for laboratory analysis.



others. Sprinkler heads in the patient showers and bathrooms are not recessed into the ceiling and are not of the “breakaway” type. Shower curtains are held up by metal shower hooks, which are attached to non-breakaway shower rods. Television mounts are also not of the breakaway type.

The hooks, sprinkler heads, and television mounts all represent potential instruments which patients could use for suicide attempts or as weapons. NIHCS managers should replace ceiling panels and metal frames in patient rooms with solid ceilings. Managers should also replace sprinkler heads in patient showers and bathrooms with recessed or breakaway sprinkler heads. Shower rods with metal shower hooks need to be replaced, and shower rods must be of the breakaway type. Managers should also ensure that breakaway television mounts are installed or that the currently existing mounts and television sets are removed from rooms.

**Clinicians inconsistently screen for possible victims of abuse, and employee training regarding identification of victims of abuse is incomplete.** The NIHCS policy regarding possible victims of abuse is comprehensive; however, Emergency Department (ED) and Outpatient Clinic employees’ responses were inconsistent regarding their roles in identifying and intervening with possible abuse victims. Also, employees had widely varying amounts of training that pertained to the approach to, and treatment of, abuse victims. NIHCS managers should provide dedicated training for clinicians regarding victims of abuse, and should require employees to review the facility policy regarding possible victims of abuse. Clinical managers should also implement a monitor for screening of abuse victims in the ED and Outpatient Clinics.

**NIHCS lacks guidelines on prevention counseling for sexually transmitted infections (STIs), and condoms are not available at either campus.** A review of reportable communicable diseases from 1995 to March 2000 revealed 16 patients who had 2 or more infections that may have been sexually transmitted. Three patients were treated for gonorrhea or chlamydia within a 4-month period. We interviewed clinicians regarding STI prevention counseling, and obtained inconsistent information concerning the content of counseling and the employees who are responsible for STI prevention counseling. Managers need to develop guidelines or policy delineating the content of STI counseling and the responsibilities of all involved employees.

Although condoms are listed on the National VA Formulary, they are not available through the NIHCS Pharmacy Service, and condoms are not provided to patients as a method of birth control. The Chief Pharmacist indicated that providing condoms through the Pharmacy had been discussed in the past, with a decision being made that patients should obtain condoms from community sources. NIHCS managers should direct the P&T Committee to consider providing condoms through Pharmacy Service for patients who have clinical indications of a need for prophylactics.

**NIHCS shuttle service requires utilization review and guideline development.** NIHCS provides a shuttle service between the Marion and Ft. Wayne campuses, making four scheduled transports daily over the approximately 55-mile route. However, there are situations that need to be addressed in the provision of this service:

- Each shuttle van has a hospital radio with a range of only 10 miles, plus a cellular phone which is powered by the vehicle's battery and is permanently mounted on the vehicle floor. This configuration is unsatisfactory, since the driver must look away from the road to pick up the phone and, in the event of a vehicle battery failure, the phone would be inoperable. Thus, if the driver encounters problems of any kind, he may not be able to contact either of the NIHCS campuses or any other source of emergency assistance.
- Also reportedly, patients have ridden the shuttle in inappropriate attire, for example pajamas. Again, the shuttle driver told us that sweat clothes and jackets are available for patients if needed; however, the staff responsible for providing appropriate clothing may not be doing so.
- Finally, first aid kits were available on board the shuttles; however, drivers did not have training in cardiopulmonary resuscitation (CPR) or even in basic first aid.

NIHCS does not have a policy that pertains to shuttle services. NIHCS managers should develop written guidelines that pertain to shuttle operations. Managers should also ensure that:

- A "hands free" cellular phone, with separate battery backup, is installed in each shuttle to allow for safe, uninterrupted communication between shuttle drivers and staff at both campuses or sources of emergency assistance.
- Patients riding the shuttle are appropriately clothed.
- Shuttle drivers are trained in CPR and basic first aid.

**Medical record documentation needs to be improved.** We reviewed 46 patients' medical records, 42 using both the computerized records and paper copies and 4 medical records from the Mental Hygiene Clinic. Eight records (19 percent) did not contain problem lists, and 21 records (50 percent) had outdated or incomplete problem lists. Problem lists facilitate clinicians' rapid evaluation of patients, and must include all current physical and psychological problems. Thus, they should be updated regularly, and must be available in the medical record. NIHCS should consider including the problem list on the health summary, along with allergy information, invasive procedures, and current medications.

Documentation of patient teaching about new medications, test results, and procedures was lacking in 31 (74 percent) of the charts that we reviewed. Documentation of patient/family teaching needs to be available in the medical record. NIHCS managers should consider developing a patient education form on which clinicians could record all patient/family teaching, and that form should be easily identifiable and accessible.

Five (12 percent) of the records we reviewed did not have any interim care plans. Interim care plans should be available to all disciplines for the direction of patient care. Facility policy requires that interim care plans include physician orders and nursing interventions that are identified on the day of admission. NIHCS managers should direct Nursing Service to initiate interim care plans on all patients within 24 hours of admission.

We also reviewed an additional four medical records randomly chosen from the Mental Hygiene Clinic (MHC). Three of these four MHC records did not contain treatment plans. NIHCS managers should ensure that MHC clinicians develop patient treatment plans and update the plans on a regular basis. In addition, management should ensure that the plans are always available in the medical records.

Inspectors noted that NIHCS had multiple record systems in existence, which lends itself to the occurrence of documentation errors and inconsistency in the clinical setting. At both campuses inspectors found: the Computerized Patient Record System (CPRS); a hard copy chart system; and an accumulation of loose files. In addition, NIHCS had two methods for writing and transcribing physicians' orders. The non-staff physicians do not use the CPRS system for orders. Instead they write their orders in longhand. This dual system of physician ordering raises the potential for omissions and errors to occur.

**Post Traumatic Stress Disorder (PTSD) treatments warrant review.** Patients reported dissatisfaction with the lack of a structured PTSD treatment program, the lack of consistent and adequately trained clinicians, and the lack of space. Treatment specific to PTSD is limited to a weekly group session. The space allotted to the group is too small to comfortably accommodate the number of PTSD patients who attend. NIHCS managers should consider developing a dedicated PTSD clinical team, along with the development of a structured PTSD treatment program with measurable treatment goals, as well as providing sufficient space for PTSD treatment activities.

**Patient confidentiality needs to be strengthened.** Inspectors identified numerous infringements on patient confidentiality on both campuses. The clerk who supports the Former POW, Persian Gulf, Agent Orange, and Compensation and Pension (C&P) examinations is located at a desk in a busy waiting area. Limited privacy is available for patients in this setting.

Inspectors also found that unsecured patient records and information were located in areas that were readily accessible to the general public. For example, on the Marion

campus, chart carts were located in the Ambulatory Care waiting room, and patient information was found, without privacy covers, in chart holders outside examination rooms. The Ft. Wayne campus had multiple instances of unsecured patient records on wards, in clinics, and in specialty areas in the form of charts and single forms that were located on clipboards and in readily accessible file folders. The Muncie community based outpatient clinic (CBOC) had medical records stored in a wall unit, with patient names and social security numbers visible to the public. The inpatient units on both campuses had signs taped to patient room doors that contained patient information. Presently, patients who present to the Pharmacy Service at Ft. Wayne sign their name, date, and time on a clipboard that is located in an entryway to the Pharmacy. Pharmacists utilize the clipboard to provide medication counseling to patients in an orderly manner; however, the clipboard is left unattended at other times.

NIHCS managers should emphasize the need to maintain strict patient confidentiality and privacy of medical record information. They should also review the patient privacy issues that we discuss in this report, and correct noted deficiencies.

**Patient Representative (PR) information needed to be more effectively communicated.** The Patient Representative's picture is posted throughout both campuses. However, information that patients and family members need to contact the PR is not available with the picture. NIHCS managers should ensure that the PR's office location and telephone extension are added to the signage, below the PR's picture, at both campuses and at CBOCs.

**Procedures for patients seeking a change in their primary care provider needed to be formalized.** NIHCS clinicians and the PR described differences in the series of events entailed in processing patients' requests to change primary care providers. This is of particular concern in situations in which patients are seeking controlled substances and are not satisfied with their present primary care provider. Patients need written information that describes the process for requesting a change in primary care providers. Prompt feedback to involved clinicians needs to be provided when a change is requested and granted. NIHCS managers need to consider developing a policy to prescribe the procedures that need to be followed when a patient requests a new primary care provider.

### **Recommendation No. 5**

The NIHCS Director should ensure that the above-described improvements are made in Patient Care Services.

### **VA Northern Indiana Health Care System Director Comment**

Concur.

**Staffing**

While we will seek the recommended input from knowledgeable external reviewers, the Resource Management Committee is already reviewing staffing requests to ensure appropriate staffing for patient care. The Chief, Patient Care Support Services has developed a plan for patient care staffing that will serve as a basis for staffing decisions. Since the IG visit, recruitment has begun for many direct patient care vacant positions. When suitable applicants have been found the positions will be filled.

**Safety**

Modifications were made to the facility based upon the recommendations made during the IG visit. We have had several inspections, including a recent VISN-chartered focused review, to assist in providing a safe environment for patients. The Safety Committee is reviewing all of these recommendations and a plan of action is being developed. A 100-bed Acute Psychiatry facility is now nearing completion and is scheduled for activation in the fall of FY 2000. All of the safety features described in the narrative have been incorporated into the design and construction of this new facility.

**Employee training regarding identification of abuse**

NIHCS has a policy to screen patients for possible victims of abuse. We will reinforce our education and training efforts with the staff to ensure their understanding of the policy. A monitor will be developed to ensure compliance through the Medical Record Review Committee.

**Guidelines for sexually transmitted infections**

The Infection Control Committee and the Pharmacy and Therapeutics Committee will develop policy and guidelines related to sexually transmitted disease (STD) prevention counseling and the responsibility of involved clinical staff.

Physician and clinical staff role in the prevention of STD's will be based on the Center for Disease Control and Board of Health guidelines. Prevention counseling of STD will begin with education based on changing the sexual behaviors that place patients at risk, the means for reducing the risk for transmission, detection of asymptomatic and symptomatic STD's, and effective diagnosis, treatment, and evaluation of those who are infected. Condoms have been made available at both campuses and the medical staff has been informed to prescribe them for patients with suspected STD.

Prevention Counseling Guidelines will be drafted within the next thirty days and presented to Clinical Executive Board for review and approval.

**Shuttle service**

The cellular phones in the shuttles operate both off of the vehicle battery and their own internal battery and are installed to operate "hands free."

On occasion, patients have been transported in pajamas based on availability of sweat suits. Sweat suits have been purchased and are available in Ambulatory Care at both campuses. This item will be discussed at the next patient care meeting to remind staff to ensure patient is properly clothed throughout the seasons.

We will include the requirement of CPR and basic first aid in the shuttle driver duties and provide the training necessary to complete basic CPR.

### **Medical record documentation**

The Clinical Application Coordinator presented the process and requirements for documenting the Problem List in the Computerized Patient Record System (CPRS) to the Medical Staff on May 5, 2000. An instruction manual will be given to the Medical Staff by June 5, 2000.

All NIHCS staff will utilize the Computerized Patient Record System for all documentation and orders. All non-staff (consultants and fee basis) physicians will utilize the CPRS for orders.

### **Post traumatic stress disorder (PTSD)**

We are restructuring Mental Health Services and staff and will consider a dedicated PTSD team with the new structure.

### **Patient confidentiality**

We have a policy on confidentiality and have reinforced it at all levels in the organization. The Information Management Committee is monitoring and evaluating when patient confidentiality is breached. Plans are under way to correct cited physical limitations.

### **Patient Representative**

Pertinent information and point of contact will be added to the pictures of the Patient Representatives. Appropriate patient representative information also will be provided to our CBOCs.

### **Primary care provider**

NIHCS will expand and communicate our procedure on how patients can request a change in their providers.

### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

## ➤ **Employee Assistance and Training**

**The Employee Assistance Program (EAP) warrants management review and enhancement.** Most employees whom we interviewed were not aware of services available to them through the EAP. The individuals who direct EAP efforts were uncertain if a facility policy existed regarding the EAP. Employees who seek EAP assistance reported breaches of confidentiality and conflicts of interest with EAP employees. The EAP is not well publicized, nor is it discussed during Human Resources Management Service's new-employee orientation. Training was not offered for supervisors concerning the EAP or about ways to recognize and assist impaired employees. NIHCS managers should review and strengthen the EAP, should develop a plan to incorporate the EAP into the new-employee orientation, and should establish training for supervisors regarding the EAP and the recognition of impaired employees.

**Chaplain Service and NHCU team members would benefit from additional training.** Reportedly, CPRS documentation of intervention by chaplains has been inconsistent due to varying levels of computer skills. Interviews with NHCU interdisciplinary team members also revealed a gap in the level of training and in understanding of the Resident Assessment Instrument/Minimum Data Set (RAI/MDS) tool that is required by VHA.

It is necessary for all treatment team members to understand these patient assessment tools, beyond just their own assigned sections, in order to achieve accurate and useful data. NIHCS managers should provide chaplains additional CPRS training to enhance documentation of care in the electronic medical record. Managers should also consider providing RAI/MDS retraining for all NHCU team members. This remedial training needs to be accomplished before completed assessments are forwarded for entry into the software.

### **Recommendation No. 6**

The NIHCS Director should take action to enhance the EAP, and provide employees with needed training as outlined above.

### **VA Northern Indiana Health Care System Director Comment**

Concur.

#### **Employee Assistance Program**

An all-employee bulletin is being drafted to raise the awareness of all NIHCS employees concerning the Employee Assistance Program (EAP) services. NIHCS written policies concerning the EAP will be reissued as well. These actions will be completed within 30 days.

Increased emphasis on EAP will be included in future NIHCS new employee orientation. A module geared specifically for supervisory staff is being developed and will be offered within 60 days at the NIHCS Supervisors Academy. Updated modules on the EAP will be offered in the same venue on an annual basis.

### **Chaplain and NHCU Team Training**

Additional training in CPRS and Resident Assessment Instrument/Minimum Data Set (RAI/MDS) will be provided to all appropriate personnel.

### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

## **Management Control Issues**

### ***Organizational Strengths***

We concluded that the administrative activities reviewed were generally operating satisfactorily and management controls were generally effective. We found no problems or only minor deficiencies in the following areas:

- Staff of NIHCS are responsible for conducting compensation and pension examinations in connection with the adjudication of claims for VA benefits. Processing times and examination completeness are the two quality assurance measures in place for this program. Processing times for Fiscal Year 1999 averaged 27 days, which is well within the 35 days allowed by VA policy, and the "remand" rate (rate of examination reports returned because of deficiencies) was only .8 percent.
- Staff established a temporary lodging and care program for substance abuse patients at the Marion campus of NIHCS in compliance with VHA and local policy.
- Staffing for implementation and operation of VA's Decision Support System (DSS) was sufficient. Management fully supported implementation and use of DSS. All processing was completed timely, and plans were being made to train service-level managers and clinical staff to use the system. Management was aware that as implementation proceeds and more demands are placed on DSS staff in the future, staffing levels will need to be reassessed.



- Construction planning staff had developed a comprehensive process for the development, review, and approval of non-recurring maintenance and minor construction projects. Supporting documents adequately described and justified proposed projects. Staff considered alternatives and performed appropriate cost benefit analyses.
- NIHCS staff had established an effective equipment management program for emergency medical equipment, including defibrillators, ECG monitors, and respirators and ventilators. The equipment management program included written equipment testing procedures and a training program for users.
- Local policy for the control of non-expendable equipment was in line with VA policies. Adequate controls existed for loaned equipment. In addition, reports of survey substantiated a low loss rate and adequate follow-up on missing equipment.
- Patients who required special or emergency care at the Marion campus were properly referred to outside medical facilities. We found no evidence that Marion staff were treating patients who should have been referred elsewhere.
- NIHCS staff handle hazardous materials in accordance with VA policies. A Hazardous Materials and Waste Management Plan has been established. Employees who must be exposed to such substances have been identified and have been trained in their use and handling. Hazardous materials were inventoried and stored appropriately.
- Purchases of information technology (IT) equipment during Fiscal Year 1999 adhered to the special rules that apply to such purchases.
- Limited tests of the Government purchase card program revealed no deficiencies. We identified no inappropriate purchases or “split” purchases. NIHCS staff performed reconciliations and audits of credit card purchases properly and timely. In addition, the use of cash advances was proper.
- Staffing levels for rehabilitation medicine and recreation activities at the Marion campus were appropriate.
- In a limited review of mileage reimbursements to employees for official travel between the Ft. Wayne and Marion campuses, nothing came to our attention to indicate inappropriate payments.

## ***Opportunities for Improvement***

We identified opportunities to further improve operations in 11 areas. Specific aspects of those 11 areas that require greater management attention are discussed fully below.

### **➤ Administration of the South Bend Community Based Outpatient Clinic (CBOC) Contract Needed To Be Improved**

The administration of a CBOC located in South Bend, IN needed to be improved in several ways. Deficiencies and inefficiencies occurred because the contract was flawed and because medical center and contractor staff did not adhere to certain provisions of the contract. Consequently, VA paid more per-visit for medical care than it expected, and NIHCS staff could not always assure that quality of care monitors were adhered to. Also, the contractor was billing Medicare for some VA patient visits for which VA was already paying.

In April 1998, NIHCS entered into a contract with a private health maintenance organization (HMO) to provide care for veteran CBOC patients by “enrolling” them in the existing HMO. At that time, the estimated annual cost of the contract was \$1.5 million, which was based on anticipated veteran enrollment levels for Fiscal Year 2000. The contract required that, for a set fee (or “premium”) of \$36 a month per enrollee, the HMO would provide primary care for each veteran patient enrolled by NIHCS staff in the HMO. The contract was intended to have the HMO provide for the primary care needs of most of the South Bend area’s veteran population. More complex care, mental health care, and diagnostic and therapeutic care not available through the HMO was to be provided by NIHCS. We reviewed the contract and interviewed NIHCS and HMO staff, and identified several issues that need to be resolved:

- NIHCS staff informed us that they had received complaints from patients indicating that their care was being billed to both VA and Medicare. Interviews with HMO staff revealed that they, indeed, did bill Medicare, under certain conditions, for treatment provided to enrolled veterans. According to HMO staff, these conditions were:
  - If the veteran patient was seen by an HMO physician who was not privileged by NIHCS.
  - If the veteran patient had been treated at least twice already in the program in a 12-month period.
  - If the veteran patient stated he wished to be treated as a Medicare patient.
  - If the veteran patient’s primary care provider in the CBOC program was also his private care provider.
  - If the veteran patient was seen at an HMO site that was not one of the three specific sites identified in the contract.

Because VA had already paid the HMO, on a *per capita* basis, for enrolled veterans, we believe the HMO's practice of billing Medicare for certain individual outpatient visits constituted double billing of the United States Government.

- NIHCS staff reported that they could not always verify reported patient encounters at South Bend because HMO staff did not enter progress notes into the automated medical record through NIHCS' VISTA system, as required in the contract. We documented 153 occasions between October 1999 and February 2000 when HMO staff failed to input progress notes timely for a reported visit. Due to the lack of timely documentation of care provided by the HMO, NIHCS could not accurately measure demand for CBOC services in South Bend on a timely basis. In addition, NIHCS staff could not monitor the quality of care provided by HMO staff for those visits that did occur, but for which there were no progress notes.
- NIHCS staff failed to dis-enroll patients who did not report to the CBOC within a reasonable period of time<sup>5</sup> after being enrolled. This was required by the contract. As a result, VA paid premiums to the HMO for patients who did not use the HMO's services.
- The CBOC's apparent per-visit cost was relatively high because of low workload. In Fiscal Year 1999, each visit to the CBOC cost VA approximately \$237, based on a projected annual cost of \$313,876<sup>6</sup> and actual workload of only 1,322 visits. This occurred because patients for whom the medical center paid monthly enrollment fees did not use the CBOC to the extent originally anticipated when the contract was formulated and the *per capita* enrollment fee set. Some veterans enrolled in the CBOC continued to seek services at NIHCS, either exclusively or in conjunction with care provided at the CBOC, thus contributing to the low use rate.
- Some HMO practitioners were not privileged by NIHCS to provide care to veterans. This would not be a concern as long as enrolled veteran patients were not treated by these practitioners. However, as noted above, such treatment could have taken place, as identified when Medicare would have been billed if services were provided by non-VA-privileged practitioners. To insure that this cannot happen, the NIHCS Director should reach an agreement with HMO management that only VA-privileged practitioners continue to treat VA patients at HMO facilities. Further, NIHCS staff

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<sup>5</sup>. Although nothing in the contract language or other sources defined what was meant by "a reasonable period of time," NIHCS staff used 45 days as a rule of thumb. We found that they failed to apply that criterion in some cases.

<sup>6</sup>. We projected July, August, and September costs based on the first 9 months of Fiscal Year 1999. In addition, these were direct costs only. Support provided by NIHCS staff for contract administration and quality assurance monitoring represented additional, unquantified costs.

should periodically monitor whether the HMO is complying with the agreement for the remainder of the contract.

We discussed the above conditions with medical center management and staff responsible for oversight of the South Bend CBOC. Management was aware of most of those issues and had addressed them by planning to allow the present contract to expire, without renewal, at the end of the current option year. It was NIHCS management's opinion that they needed the balance of the current option year in order to put into place another contractual agreement for a CBOC with a new provider. They reasoned that, if the HMO contract were terminated immediately, it would deprive the South Bend veteran population of local, VA-sponsored healthcare for several months.

This was the first CBOC in VA's healthcare system established by contract with an outside provider. Management characterized the contract as an experiment, and hindsight showed that some aspects of it were less than optimal, e.g., use of a capitation method for determining costs based on a projected workload that did not materialize. NIHCS management expects to use a per-visit payment method in a follow-on contract, more like a conventional fee basis payment system. In addition, it is likely that quality assurance concerns will be addressed differently in the new contract. We concur with both of these proposals.

Because NIHCS management was aware of problems associated with payment and quality control in the current South Bend CBOC contract and had plans to address both, we are not making any recommendations on those specific issues. However, we do recommend that the Director follow through on his plan to develop a new contract that addresses, at least, the above-described concerns. In addition, the Director should take action to dis-enroll veterans from the current contract, and any future contract, who have not sought treatment at the CBOC within a reasonable period of time. This will prevent the unnecessary payment of monthly fees to the contractor for veteran patients who are not using the CBOC's services.

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### **Recommendation No. 7**

The NIHCS Director should take the following actions with respect to the HMO CBOC contract:

- a. Follow through on his declared intention to terminate the contract at the end of the current contract year.

- b. Avoid, in any replacement contract, the kinds of deficiencies in the HMO contract described above.
- c. Dis-enroll veterans from the current, and any future, contract who do not seek treatment within a reasonable period of time.
- d. Ensure that only VA-privileged practitioners treat veteran patients.

#### **VA Northern Indiana Health Care System Director Comment**

Concur.

- a. We will not exercise the final option year of the existing South Bend CBOC contract.
- b. We will develop a solicitation for a new South Bend CBOC contract that will address the deficiencies found in the OIG review of the current contract.
- c. Veterans will be dis-enrolled from the current, and any future, contract who do not seek treatment within a reasonable period of time. A monitor will be implemented for this specific purpose.
- d. An explicit agreement will be reached with the South Bend, IN, CBOC contractor that only VA-privileged practitioners will treat VA patients at their respective facilities. A monitor will be implemented to insure that the contractor is living up to this agreement for the remainder of the contract.

#### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

#### **➤ Accountability and Security Over Controlled Substances Should Be Improved**

VA facilities are required to maintain accountability of all controlled substances and to be in full compliance with Drug Enforcement Administration regulations. VA facilities are required to maintain perpetual inventories of all controlled substances. VA criteria also require an unannounced monthly narcotic inspection. For physical security, VA provides a detailed Design Guide for the security of controlled substances.

We identified several conditions related to accountability and security over controlled substances that, taken together, indicate an overall need for controls to be improved, as follows:

- Destruction of expired drugs was not conducted frequently enough.
- Expired controlled substances were kept for an extended period.
- Unannounced narcotics inspections were not conducted frequently enough.
- Unannounced narcotics inspections took too long to complete.
- A pharmacy intrusion alarm was not tested frequently enough.

Destruction of expired drugs did not occur frequently enough. VA policy requires that outdated or otherwise unusable controlled drugs be destroyed at least quarterly. Expired controlled drugs, if allowed to accumulate, become increasingly susceptible to pilferage. Drug destruction records showed that, at the Ft. Wayne campus, there was no destruction of expired drugs from July 1998 to January 2000, a period of 15 months. At the Marion campus, no destruction of drugs occurred in the third quarter of Fiscal Year 1999.

Reviews of narcotics inspection records from March 1999 through February 2000, revealed that inspections scheduled for June and July were not conducted at the Ft. Wayne campus. Inspections also took too long to complete, particularly at the Ft. Wayne campus. At Ft. Wayne, inspections typically took up to 4 days to complete. Ideally, inspections should be completed within 1 day or as close to 1 day as possible. An inspection conducted over an extended period makes accounting for drugs more difficult since there is likely to be some movement of drugs between locations, e.g., from the pharmacy to a ward. It also allows more time for staff at “downstream” locations to prepare for an inspection, thus negating one important control aspect of an “unannounced” inspection. Extended inspections also make it easier to move drugs improperly from an inspected area to an uninspected area for the purpose of concealing a shortage.

Reviews of alarm test records maintained by VA police staff showed that the pharmacy intrusion alarm at the Marion campus was not tested in 4 of the last 12 months. VA criteria require monthly alarm tests. From March 1999 through February 2000, the alarm was not tested in August, September, November, or February.

During our review, we called for and observed an unannounced narcotics inspection. During that inspection, we noted eight instances of drug dispensing documentation where clinical staff wasted drugs<sup>7</sup> that were not properly witnessed. VA criteria require that when controlled drugs are wasted, the action itself of wasting the drug and the corresponding documentation must both be witnessed.

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<sup>7</sup> This occurs quite legitimately when only a portion of a unit-dose drug is administered to a patient. The unused portion is “wasted,” or disposed of, typically, by pouring it into a toilet or other drain.

While the discrepancies we noted were diverse, both in nature and in location, we believe that taken together they indicate a need for a general review of medical center-wide controls over controlled substances. Controls need to be strengthened.

### **Recommendation No. 8**

The NIHCS Director should strengthen controls over narcotics by ensuring the following actions:

- a. Monthly narcotics inspections at all locations every month and within as short a time frame as possible.
- b. Destruction of outdated drugs at least once every 3 months.
- c. Wasting of drugs that is properly supervised and witnessed.

### **VA Northern Indiana Health Care System Director Comment**

Concur.

- a. Monthly narcotic inspections will be conducted.
- b. Destruction of outdated drugs will occur at least quarterly.
- c. A procedure will be published to outline the SOP for supervision and documentation of the wasting of drugs.

### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

### **➤ A Scarce Medical Specialist Contract for Radiology Services May Not Be Needed**

A scarce medical specialist contract to procure the services of a full-time radiologist at the Ft. Wayne campus may not be needed. In addition, time spent by the physician providing those services may be less than contracted for.

NIHCS staff entered into a scarce medical specialist contract with a private radiology group to provide one full time equivalent radiologist on a 5-day, Monday through Friday schedule. The contract also provided for emergency call-back for hours outside of the

regular tour at a billed rate of \$56 an hour. Total costs for the contract in Fiscal Year 1999 were \$397,000. However, information provided to us revealed that waiting times for radiologist services are sometimes protracted and that the physician contracted for is physically present at the facility for only about 4 hours a day during the regular, Monday through Friday, workweek.

An alternative to a scarce medical specialist contract for the Ft. Wayne campus may be available. A full-time radiologist is on staff at the Marion campus. Use of tele-radiology technology could make that radiologist's services available to the Ft. Wayne campus electronically. Based on a recent Inspector General audit that studied tele-radiology use in VA, we believe that the situation at this dual-site facility is particularly appropriate for an application of this kind. Given the relatively high cost of the radiologist contract at Ft. Wayne, the potential for use of tele-radiology should be explored.

### **Recommendation No. 9**

The NIHCS Director should take the following actions with regard to radiologist support for the Ft. Wayne campus:

- a. Assure that the current contractor provides the number of staff hours provided for in the contract or, alternatively, amend the contract to reflect the number of hours actually provided.
- b. In cooperation with VISN management, evaluate the applicability of tele-radiology technology in NIHCS, in lieu of contracting for radiologist services.

### **VA Northern Indiana Health Care System Director Comment**

Concur.

- a. The current contract for radiology services is under review for modification and monitoring of performance. Guidance for potential actions has been sought from VAHQ. NIHCS expects to develop a direction for contracted radiology services within 3 weeks.
- b. The potential for teleradiology services applicable to the Fort Wayne campus of NIHCS will be explored with VISN 11 management along with other means to obtain any necessary services.

### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.



### ➤ **Laboratory Service Staffing Could Be Enhanced**

Lack of a dedicated phlebotomist<sup>8</sup> to draw blood specimens for Laboratory Service testing at the Ft. Wayne campus necessitates use of fee basis services and contributes to inefficiencies in the use of nursing staff. (See also the *Quality of Care* section of this report, under subtitle “Staffing issues must be thoroughly reviewed to ensure that patients receive adequate quality of care.”) Authorized staffing in Laboratory Service provides for 5 full time equivalent employee (FTEE) medical technologists, 1 FTEE medical technician, and 1 FTEE histo-pathology technician, for a total of 7 FTEEs. However, at the time of our review there were only 4 FTEE medical technologists on duty. This created an imbalance between staffing and workload demands.

In an attempt to address the workload demand, NIHCS management relied on a combination of fee basis phlebotomists, contract laboratory services, and use of otherwise reportedly scarce nursing staff to obtain patient specimens for laboratory testing. Estimated annual cost for fee basis phlebotomy was \$42,000, and the estimated annual cost for two laboratory contracts was about \$106,000. Thus, total measurable cost to augment laboratory staffing was about \$148,000 per year. Although the dollar cost of using nursing staff to supplement specimen drawing was unknown, we believe that staff efficiency and morale were reduced because of the existing nurse shortage.

Due to the amount of resources already expended to partially ameliorate the laboratory staffing shortage, at least 1 FTEE staff phlebotomist should be recruited. Hiring a dedicated phlebotomist should obviate the need for fee basis phlebotomy and should reduce reliance on relatively expensive, and scarce, nursing staff to draw blood specimens.

### **Recommendation No. 10**

The NIHCS Director should explore the practicability of hiring 1 FTEE phlebotomist.

### **VA Northern Indiana Health Care System Director Comment**

Concur.

We are currently recruiting for a medical technologist to provide “extended-hour” coverage in laboratory services, including phlebotomy. The Chief of Pathology and Laboratory Medicine will conduct a review of the total requirements for laboratory staffing by July 1, 2000.

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<sup>8</sup>. While medical technologists usually are qualified to perform phlebotomist duties, a fully qualified medical technologist is more expensive to employ than a phlebotomist who may lack other technologist credentials.

## **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

### **➤ Established Procedures for Obtaining Informed Consent for Surgical Procedures Should Be Followed**

Veterans Health Administration (VHA) policy requires that informed consents are obtained from patients before performing surgical procedures or other procedures that may entail significant discomfort or the risk of potential harm. If the patient is unable to provide informed consent, consent may be obtained from the patient's next of kin. In order of precedence, this may be from a spouse, an adult child, a parent, or an adult sibling. Finally, in emergent situations, the Chief of Staff may give consent on behalf of a patient who is unable to do so for him/her self and in the absence of any next-of-kin.

To determine if NIHCS staff properly obtained informed consents from patients undergoing surgical procedures, we reviewed a judgement sample of 19 surgical cases occurring in January 2000. We found that in one case, NIHCS staff obtained consent from a patient's nephew, even though his records showed that he had both a wife and an adult child, one or both of whom had previously given consent for procedures for this patient. While there may very well have been a valid reason to depart from VA policy, there was no reason offered in the medical record.

### **Recommendation No. 11**

The NIHCS Director should ensure that informed consent is obtained from appropriate individuals and that responsible staff justify any exceptions to the established order of precedence in the medical record.

## **VA Northern Indiana Health Care System Director Comment**

Concur.

An additional indicator has been added to the existing surgical monitoring for informed consent that reads, "Preferably, consent will be signed by the patient or the durable power of attorney/guardian of person as identified on the face sheet. Otherwise, next-of-kin will be sought in order of precedence."

## Office of Inspector General Comment

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

### ➤ **Oversight of the Contract Community Nursing Home (CCNH) Program Should be Strengthened**

We reviewed the CCNH Program, including the CCNH inspection process, and overall administrative and clinical oversight of CCNHs. As part of NIHCS' oversight, a social worker and nurse alternate visits monthly to track the overall care provided to VA patients in CCNHs. However, despite these visits, the Resource Utilization Groupings-version III (RUGs-III) review was not consistently accomplished on CCNH patients. This review is used to evaluate the level of care appropriate for individual patients. Thus, NIHCS relied on un-validated CCNH data for decisions on continuing monthly contract rates.

Clinical managers should consider requesting PI data<sup>9</sup> from CCNHs on a quarterly basis, and move toward completing Resident Assessment Instruments (RAIs) for all CCNH patients in order to monitor contract prices. An alternative would be to require the CCNHs to submit quarterly assessments of patients along with the corresponding RUGs-III levels. Also, all CCNH contracts need to be presented to NIHCS clinicians for approval.

VA criteria also prescribe that periodic inspections be conducted of CCNHs by qualified clinical and administrative staff to ensure that those facilities meet minimum standards for care of VA nursing home patients. Employees we spoke to indicated that the CCNH inspection process had changed from direct VA inspections in the past, to reviews of surveys performed by the State of Indiana. Although VA staff do make occasional, unannounced spot inspections of contract nursing home care facilities, NIHCS management relies primarily on the state inspection reports to monitor the CCNHs.

While VA criteria do allow for reliance on inspections by other Government agencies, reports of such inspections are to be thoroughly reviewed by qualified VA staff to determine if they identify any conditions that warrant intervention. However, at the time of our review, there was no established multi-disciplinary team, either for conducting nursing home inspections, or for reviewing reports of nursing home inspections conducted by the state. Only one VA employee, a social worker, reviewed these state

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<sup>9</sup> An example of PI data that can be requested from the CCNHs is the Health Care Financing Administration (HCFA) Report #672.

reports. He relied on his judgement alone to determine whether the state inspection reports revealed conditions that warranted VA intervention.

Because there are several specialized aspects to nursing home care, we believe that such decisions should be made collectively by a team of individuals from various clinical disciplines, e.g., nurses, physicians, therapists, and social workers. NIHCS management should also consider conducting unannounced CCNH visits to evaluate care during times when CCNH administrators are not on duty. The NIHCS Director should appoint a team of qualified professional staff for reviewing, and recommending action based on, state inspection reports of contract nursing homes, and for conducting VA inspections when warranted.

### **Recommendation No. 12**

The NIHCS Director should improve the administration and oversight of contract community nursing homes in the areas discussed above.

### **VA Northern Indiana Health Care System Director Comment**

Concur.

The Acting Chief, Extended Care and Rehabilitation will implement the following by June 2, 2000.

- a. An interdisciplinary team will be formed to evaluate the continuation of contracts.
- b. Obtain PI data on a quarterly basis.
- c. Conduct inspections or reviews of state-conducted inspection reports by using a multidisciplinary team to determine if intervention is required.

The inspections will be both announced and unannounced.

### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

➤ **Problems Associated with Implementation of the Generic Inventory Package for Control of Medical Supplies Should Be Resolved**

Reported medical supply inventories in both the Supply Processing and Distribution (SPD) activity and the main warehouse were inaccurate because there was no effective system in place to control inventory. We tested inventory levels at the Ft. Wayne SPD activity and at the Marion warehouse. The results of our tests revealed wildly inaccurate inventory data in NIHCS' Generic Inventory Package (GIP) system.<sup>10</sup> We found that, because of inaccuracies in the GIP system, important supply items needed for patient care and maintained in stock for issue were expired or near expiration. We also found that SPD and warehouse staff were forced to rely on experience and visual estimates, rather than on accurate data to determine when reordering was needed.

Although VA policy does not require the use of GIP, its use is encouraged by both VHA officials and officials in the Office of Acquisition and Materiel Management (OA&MM). In our experience, staff at most VA medical centers use GIP to manage medical supply inventories. At some facilities its use has been expanded to include housekeeping, engineering, prosthetics, and other kinds of common supplies.

As part of our preparation for this review, we requested that NIHCS staff provide us the "Days of Stock on Hand" report from their GIP system. Although they provided the report as requested, an accompanying note stated that inventory levels recorded in the report were inaccurate. In subsequent interviews, SPD and warehouse staff confirmed that the GIP data was unreliable. In addition, we conducted inventories of 10 randomly selected items in the Ft. Wayne SPD area and found that none of the reported inventory levels were correct.

Aside from forcing staff to rely on visual estimates to maintain appropriate stock levels, lack of accurate data on inventory levels can contribute to the undetected presence of expired stock. Of the 10 items in our sample, we observed one that was very near expiration. In addition, during our tour of SPD operations, we identified two other items, not in our sample, that had already expired. One of these two items had expired 15 months earlier, and one had expired 19 months earlier.

NIHCS management strongly supported the concept of automated inventory control, particularly the use of VA's GIP system. However, they complained that there were software problems in their GIP system that, despite or because of, numerous corrective "patches," had made the system unreliable. In particular, they cited a "patch" issued in September 1999 that has necessitated daily adjustments to inventory levels, which the medical center does not have sufficient staff to complete. Officials in VA's Office of Acquisition and Material Management informed us that they were not aware of any

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<sup>10</sup>. *GIP is an automated system used to control medical supply inventory.*

complications of this type. However, they promised to contact staff at NIHCS to provide assistance in restoring GIP functionality. In the interim, and regardless of the outcome of resolving GIP software issues, some type of accurate perpetual inventory system for medical supplies is needed.

### **Recommendation No. 13**

The NIHCS Director should put in place an accurate medical supplies inventory system.

### **VA Northern Indiana Health Care System Director Comment**

Concur.

A comprehensive review of the NIHCS Generic Inventory Package (GIP) implementation procedures has been completed which confirmed the existence of a problem in the GIP software; however, it was also discovered that some of the local practice policies were found to compound that problem. New procedures have been developed and implemented that allow the GIP to perform as designed. The new procedures also provide NIHCS a “work-around” to the software problem until such time that it is fixed nationally. Correction to all SPD inventories is progressing and completion is expected within two weeks. The barcoding package extension of GIP has also been fully implemented, enabling its use at both campuses of NIHCS.

### **Office of Inspector General Comment**

The NIHCS Director’s comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

### **➤ Other Aspects of Supply Processing and Distribution Operations Should Be Improved**

Using VA Handbook 7176, we evaluated several other aspects of SPD performance at the Ft. Wayne campus and identified four additional areas that require improvement.

- SPD staff reported to us that temperatures in the SPD operation at the Ft. Wayne campus have, on occasion exceeded 100 degrees. An employee reported fainting from the excessive heat on one occasion. The SPD handbook requires that temperatures be maintained between 65 and 72 degrees with humidity levels between 35 and 75 percent.
- We observed that sterile items bound for hospital nursing wards at the Ft. Wayne campus were transported on open carts. To prevent contamination, the SPD

handbook requires that sterile items be transported in closed carts. We observed several closed carts in SPD intended for transporting sterile supplies, but which were instead used only to store miscellaneous items.

- SPD staff reported to us that support furnished by Environmental Management Service staff was erratic. They also reported that heavy cleaning and recurring maintenance of walls and floors occurred only infrequently. We observed some areas in the Ft. Wayne SPD area that appeared in need of cleaning.
- Storage areas at the Ft. Wayne SPD were cluttered. Aisleways were also cluttered with an excessive number of delivery carts and crash carts.

Action should be taken to ensure that temperatures in the Ft. Wayne SPD are maintained within required parameters, and that sterile supplies are transported to wards in closed carts intended for that purpose. In addition, SPD space should be regularly cleaned and properly maintained, and clutter in SPD space should be reduced to a minimum.

#### **Recommendation No. 14**

The NIHCS Director should ensure that SPD operations are improved in the areas described above.

#### **VA Northern Indiana Health Care System Director Comment**

Concur.

Heat and humidity concerns are actively being remedied. A construction project has been awarded for air conditioning corrections including the SPD area, which will be completed this fall.

Sterile items are now being transported from the SPD area in closed carts.

The SPD bulk storage area is currently being reconfigured to allow proper space for the storage of carts without the clutter noted at the time of the review. This effort will be completed within 30 days.

A recurring schedule with the Environmental Management Department is being developed for heavy cleaning including maintenance of walls and floors and will be followed. This schedule will be completed within 14 days.

## **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

### **➤ Timeliness of Agent Cashier Audits and Controls Over Third Party Payer Checks Needed To Be Improved**

We reviewed various aspects of Agent Cashier operations and identified two areas that needed improvement. Although our review accounted for all Agent Cashier funds, internal audits of these funds performed by NIHCS staff were not timely. In addition, some checks received from third party payers and sent from the NIHCS mailroom to the Agent Cashier were not properly controlled.

VA policy requires that NIHCS staff conduct audits of Agent Cashier funds at least every 90 days. We reviewed the timeliness of the last four audits performed at both the Ft. Wayne and Marion campuses. At Ft. Wayne, none of the last four audits were conducted within the required 90 days. Those audits ranged from 91 to 158 days apart. At Marion, two of the last four audits exceeded the 90-day requirement, ranging from 136 to 175 days apart.

The Agent Cashier at the Ft. Wayne campus was not receipting for third party payer checks delivered from the mailroom. Medical Care Collection Fund (MCCF) staff picked up third party payer checks from the Ft. Wayne mailroom and delivered them to the Agent Cashier for safekeeping pending their eventual processing by MCCF staff. However, the Agent Cashier did not sign receipting documents for these checks. Thus, there was no confirmation that such checks, recorded in mailroom records, were in the possession of the Agent Cashier. An internal audit, performed by NIHCS staff in October 1998, identified this as an internal control weakness. However, at the time of our review in March 2000, the practice continued.

### **Recommendation No. 15**

The NIHCS Director should take action to ensure that internal audits of Agent Cashier funds are conducted timely, and that the Agent Cashier receipts-for checks held for processing by MCCF staff.

## **VA Northern Indiana Health Care System Director Comment**

Concur.



The proper procedure for handling third party payer checks has been explained to all appropriate employees. A Fiscal Service Standard Operating Procedure (SOP) will follow the verbal instructions on handling of these important documents and will be published and distributed to appropriate staff by May 26, 2000. The procedure will include procedures for logging in all third party payer checks, delivering of all checks to the Agent Cashier within a timely manner, and having the receipt log signed by the Agent Cashier for each check.

Procedures for ensuring that agent cashier audits are accomplished timely have been developed. The Manager, Fiscal Support Services, will monitor the frequency of audits as a second line monitor to ensure that these reviews are conducted within the prescribed 90-day timeframes at both campuses.

### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

### **➤ Access Authority Should Be Terminated Timely for Inactive Users of Information Technology Systems**

We reviewed various aspects of information technology (IT) security. NIHCS has a complete and current IT contingency plan. Physical access to IT hardware, although not monitored by camera or card reader, is adequately limited by requiring users to pass two occupied offices to an inner door, which had a cipher lock.

However, our review identified an apparently large number of inactive IT system users. These were mostly non-NIHCS staff (students, contract staff, volunteers, VA Cemetery staff, VA Regional Office staff, and others) who, for legitimate reasons, had been given limited IT access at one time or another. Because such persons do not usually undergo regular out-processing procedures when their tenure ends or when their need for access ends, controls designed to terminate IT access do not catch them. IT staff took immediate action to delete 102 of these inactive users from IT system access.

### **Recommendation No. 16**

The NIHCS Director should establish controls to timely terminate IT access for inactive users.

### **VA Northern Indiana Health Care System Director Comment**

Concur.

A Standard Operating Procedure has been written to include the following:

- a. Any employee and/or user listed in the New Person File who has not been logged on to NIHCS system for 120 days will be terminated.
- b. Monthly, Information Resource Management Department will provide a list to the ISOs of Regional Offices in Indianapolis and Cleveland, and also to the contact persons at South Bend and Muncie CBOCs to determine whether users require continued access.
- c. Monthly, IRM will review all non-NIHCS users for continued access and forward the list to the appropriate ISO/contact person for comment and/or action.

#### **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

#### **➤ Drug Prescription Backlogs Need To Be Better Monitored**

Pharmacy staff do not regularly review and report on outpatient mail-out prescriptions to determine if they are processed and dispatched within 7 working days as required by VA policy. VA Manual M-2, Part VII requires that pharmacy staff review outpatient mail-out prescriptions for backlogs on the first workday of each workweek. When backlogs exceed 7 days, pharmacy staff must submit a report to the facility Director that includes the age of the oldest prescription pending at the time of the report and a description of the circumstances that led to the backlog. If pharmacy staff need to submit such reports for four consecutive work-weeks, the facility Director must notify the VISN Director.

Pharmacy staff informed us that they do not notify NIHCS management when mail-out backlogs exceed the allowable time limit. At the time of our review a prescription mail-out backlog existed, comprised of a mix of prescriptions to be mailed from the NIHCS Pharmacy, and from the Consolidated Mail-Out Pharmacy (CMOP) located in Hines, IL. At least one prescription was 9 days old. In addition to customer service and quality of care issues, the Director cannot fulfill his reporting requirements to VISN management unless pharmacy staff routinely report on backlogs.

#### **Recommendation No. 17**

The NIHCS Director should ensure that mail-out prescription backlogs are monitored and that internal and external reporting requirements are met.

## **VA Northern Indiana Health Care System Director Comment**

Concur.

Outpatient mail-out prescriptions will be reviewed in accordance with VA Regulations and the results reported to the Director to ensure VA policy and VISN requirements are met.

## **Office of Inspector General Comment**

The NIHCS Director's comment and implementation plans are responsive to this recommendation and we consider this issue resolved, although we may follow-up on all planned actions until completion.

## **Fraud and Integrity Awareness**

During the week of March 6 through 10, 2000, the Office of Investigations conducted four fraud and integrity briefings at the two main NIHCS campuses, Ft. Wayne and Marion. The presentations were well received by approximately 65 individuals from all services at NIHCS. The briefings included a lecture, a videotape presentation, and question and answer opportunities. Each session lasted approximately 60 minutes.

The presentations provided a history of the Office of the Inspector General (OIG), discussions of how fraud occurs, criminal case examples, and information to assist in preventing and reporting fraud. Specific case examples were used to alert the employees to how easily administrative safeguards against illegal acts could be circumvented.

### ***Reporting Requirements***

The attendees were strongly encouraged to report all types of fraud immediately to their direct supervisors or to the Inspector General Hotline Center at Washington, D.C. They were made aware of VA Manual MP-1, Part 1, Chapter 16 that specifies the responsibility of VA employees in reporting any wrongdoing. The OIG is heavily dependent upon VA employees to report suspected instances of fraud, waste, abuse, and improper medical care; for this reason, all contacts with the OIG to report such matters are handled confidentially.

The videotape presentation covered the same basic information, but contained real life scenarios. Attendees were provided with points of contact for the VA OIG and were encouraged to call and discuss any concerns about bringing a particular matter to the attention of the OIG.

### ***Importance of Timeliness***

It is important to report allegations promptly to the OIG. Many investigations rely heavily on witness testimony. The greater the time interval between the occurrence and an interview with the OIG, the greater the likelihood that witnesses will not recall the event in significant detail. Also, over time, documentation can be misplaced or destroyed. Finally, most Federal criminal statutes have a 5-year period of limitations.

### ***Referrals to the Office of Investigations - Administrative Investigations Division***

The Administrative Investigations Division investigates allegations of serious misconduct on the part of VA officials that are not criminal in nature. An example would be misuse of a Government-owned vehicle by a senior VA official.

### ***Referrals to the Office of Investigations - Criminal Investigations Division***

Upon receiving an allegation of criminal activity, the Office of Investigations, Criminal Investigations Division will assess the allegation and make a determination as to whether an official investigation will be initiated. Not all referrals are accepted. If the Office of Investigations decides to initiate an investigation, the matter is assigned to a case agent. If the investigation substantiates criminal activity, the matter is then referred to the Department of Justice (DOJ), usually the local US Attorney's Office. DOJ then determines whether it will accept the matter for prosecution. Not all cases referred to DOJ by the OIG are accepted. If DOJ accepts the case, either an indictment or a "criminal information" follows. These two vehicles are used to formally charge an individual with a crime. Following the issuance of an indictment or information, an accused individual either pleads guilty or goes to trial. If a guilty plea is entered or a person has been found guilty after trial, the final step in the criminal referral process is sentencing.

If the investigation only substantiates administrative wrongdoing, the matter is referred back to VA management, usually the medical center or regional office director, for action. Management, with the assistance of Human Resources Management and Regional Counsel staff, will then determine what administrative action to take, if any.

### ***Areas of Interest for the Office of Investigations - Criminal Investigations Division***

The Office of Investigations, Criminal Investigations Division, is responsible for conducting investigations of suspected criminal activity having some VA nexus. The range and types of investigations conducted by this office are very broad. VA is the second largest Federal department and it does a large volume of purchasing. Different types of procurement fraud include bid rigging, defective pricing, double or over billing, false claims, and violations of the Sherman Anti-Trust Act. Another area of interest is bribery of VA employees; this sometimes ties into procurement activities. Bribery of VA officials can also extend into the benefits area. Other benefits-related frauds include fiduciary fraud, compensation and pension fraud, loan origination fraud, and equity skimming. Healthcare-related crimes include homicide, theft and diversion of pharmaceuticals, illegal receipt of medical services, improper fee basis billings (medical and transportation), and conflicts of interest. Still other areas of interest include workers' compensation fraud, travel voucher fraud, and false statements by staff or beneficiaries.

<p><b>To report wrongdoing in VA programs and operations call the Inspector General Hotline at (800) 488-8244.</b></p>
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## **Summary of Inquiries Received**

As part of the CAP process, we encourage patients and staff to come to OIG team members with any information that they may have dealing with fraud, waste, abuse, or improper medical care. During the week of our visit, we received inquiries on 99 issues from 41 individuals. Of the 41 individuals, 15 were anonymous, which limited our ability to follow-up on the information provided and to draw any conclusions about validity. The following, categorized into five general areas, summarizes the inquiries that we received.

- 35 inquiries reflected concerns over quality of care
- 32 inquiries alleged mismanagement of VA resources
- 16 inquiries were personnel-related
- 6 inquiries alleged minor criminal activities
- 10 other inquiries were of a miscellaneous nature

We noted that of the 99 issues raised by informants, 27 related in some fashion, directly or indirectly, to staffing issues. For instance, some informants who raised concerns over patient or staff safety, or of management of VA resources, tied their concerns to insufficient or inappropriate staffing. Medical center management was generally aware of such concerns regarding staffing and the implications of staffing patterns, and had been attempting to address staffing issues within their budgetary limitations.

We have closed all of the inquiries because: 1. medical center management appropriately addressed the issues; 2. there was insufficient information for us to pursue; 3. the issues were unfounded; or, 4. the issues fell outside the OIG's jurisdiction. In these latter cases, we referred the individuals to other appropriate offices, such as the General Counsel or the Office of Resolution Management.

In our opinion, there existed no pattern to these inquiries, other than those relating to staffing, that would cause us to recommend any particular action to medical center management or to cause us to pursue the issues further.

**Cover Memorandum for**  
**VA Northern Indiana Health Care System Director's Comments**

**Department of  
Veterans Affairs**

**Memorandum**

**Date:** May 11, 2000

**From:** Director, VA Northern Indiana Health Care System (610)

**Subj:** Draft Report, VA Northern Indiana Health Care System, Fort Wayne and Marion, IN  
Project No. 2000-1199-R4-221

**To:** Assistant Inspector General for Auditing (52)

1. In accordance with your letter of April 28, 2000, our comments to the recommendations from your draft report are attached.
2. The NIHCS Director concurs with all recommendations. Our implementation plans will be carried out in partnership with our employees and other NIHCS stakeholders.
3. If you have any questions, please contact me at 219-460-1310.

E/S/

Michael W. Murphy, Ph.D.

Attachment

***The full text of the Director's comments to each recommendation has been inserted in the "Results and Recommendations" Section of the report, following each recommendation.***

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