



Office of Inspector General

COMBINED ASSESSMENT PROGRAM REVIEW VA Gulf Coast Veterans Health Care System Biloxi/Gulfport, Mississippi

Report No.: 00-00933-88

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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) 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 to provide quality care, improve access to care, and maintain high patient satisfaction.
- Auditors review selected administrative and financial 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.

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Combined Assessment Program Review of the VA Gulf Coast Veterans Health Care System Biloxi/Gulfport, Mississippi

Executive Summary

1. The Office of Inspector General conducted a Combined Assessment Program (CAP) review of the VA Gulf Coast Veterans Health Care System (GCS) of southern Mississippi, southern Alabama, and northwestern Florida. The purpose of the review was to evaluate selected operations, focusing on the quality of care delivered and the effectiveness of internal controls.

2. The GCS has two Divisions located in Biloxi and Gulfport, Mississippi that provide primary and secondary care including medical, surgical, psychiatric, and rehabilitative services. The system operates a nursing home care unit, a domiciliary, two satellite outpatient clinics, and a community-based outpatient clinic. In Fiscal Year 1999, the medical center's budget was about \$118 million.

3. The CAP was conducted at the Biloxi and Gulfport Divisions from January 24 to 28, 2000. Part I of this report provides more detail on the organizational structure of the medical center, and the purpose, scope, and methodology of the CAP review. Part II contains the results of the CAP review and includes recommendations to enhance patient care and strengthen management controls. The following are highlights of our observations and results, including areas that appear vulnerable or require greater management attention:

- Polarization of Staff and Management - There has been significant change in the GCS top management in the past 2 years including the assignment of a new Medical Center Director, Chief of Staff, and Associate Director for Patient Care Services/Nurse Executive. Also, after functioning for approximately 3 years organized by product lines, GCS has reorganized to a more traditional service/department organization.

During our review, we met with a number of facility physicians at their request. These physicians expressed to us their concerns about patient care and staffing. They have also expressed these views in multiple public forums, which has led to media and congressional interest. The net result of the many organizational changes and differing philosophies regarding the 'right' approach to patient care and competing priorities has polarized many staff and patients.

The polarization of staff and management contributed to a number of allegations concerning patient care issues and administrative matters. We recommended that management develop a system to address employee perceptions and concerns regarding quality of care, work environment, and personnel practices. Other clinical and administrative allegations not addressed in this report will be reviewed and reported separately.

- Patient Care and Quality Management - We identified several issues that require increased management attention to ensure high quality patient care in clinical staffing, the quality management program, ambulatory care, and the community nursing home program. We have also made suggestions to further enhance the effectiveness of acute care, long-term care, mental health care, and medical record documentation. For more details, see Part II. Our formal recommendations addressed:
 - □Expediting the hiring of staff and support services for critical direct patient care areas, and reallocating nurse-staffing resources.
 - □Correcting deficiencies in the peer review process and training all staff on the fundamental aspects of quality assurance and performance improvement.
 - □Determining reasonable core hours for the various specialists and ensuring that delays to specialty outpatient care are reduced.
 - □Obtaining and reviewing external agency deficiency reports and making follow-up safety inspections to community nursing homes.
- General Administrative and Management Control Issues - We concluded that overall, the medical center generally maintained an effective system of internal controls in the areas we reviewed and tested. We made recommendations for:
 - □Improving the cost effectiveness of the Radiologist contract.
 - □Reducing excess inventory costs of medical supplies.
 - □Reducing costs for food preparation.
 - □Improving the collection rate of employee receivables.
 - □Enhancing controls over the government purchase card.
 - □Ensuring Agent Cashier unannounced audits.
 - □Increasing the collection rate for third-party receivables.

We also identified minor deficiencies and made suggestions for improvements in the areas of long-distance telephone access, and the cost of laboratory tests. For more details, see Part II.

- Fraud and Integrity Awareness Briefings - These briefings discussed issues concerning the recognition of fraudulent situations, referral of issues to the Office of Investigations, and the type of information needed to make a complaint referral. For more details see Appendix I.
4. You concurred with the findings and recommendations in the report and provided acceptable implementation plans. Therefore, we consider the issues to be resolved. However, we will continue to follow up on those planned actions that are not completed.

(Original signed by Michael G. Sullivan for:)

RICHARD J. GRIFFIN
Inspector General

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PART I

INTRODUCTION

Purpose

The purposes of a Combined Assessment Program (CAP) review are to help management identify opportunities for improvement, and to help prevent fraud, waste, and abuse. See the inside cover for a full description of the CAP.

Scope and Methodology

We reviewed numerous quality assurance documents and inpatient medical records. We also inspected the physical environment of all inpatient and outpatient treatment facilities at both VA Gulf Coast Veterans Health Care System (GCS) Divisions (Biloxi and Gulfport). Using structured survey instruments, we interviewed and analyzed the results of responses from 134 direct care providers (clinicians and clinical managers) and 55 patients. Additionally, we distributed questionnaires to 289 randomly selected full-time employees. The questionnaire return rate was 60.5 percent (175 responses). As part of the CAP process, we met with all employees and patients who had requested a visit with the Office of Inspector General (OIG) team to raise their concerns and complaints. We were contacted by a total of 83 complainants while we were onsite. In addition, we reviewed the following patient care and quality management areas:

Acute Care Medicine and Surgery	Geriatrics and Extended Care
Community-based Outpatient Clinics	Patient Education
Domiciliary Program	Spinal Cord Injury Service
Psychiatry Service Programs	Clinical Ethics Committee
Women's Health Clinic	Quality Management Program
Ambulatory Care Services	Clinician Staffing
Pharmacy Service	Clinical Guidelines
Community Nursing Homes	
Physical Medicine & Rehabilitative Service	
Substance Abuse Residential Rehabilitation Treatment Program	

Our review of management internal control issues involved analysis of operational reports, discussions with facility staff, and visits to selected program areas. We reviewed and tested controls in 14 areas:

Radiology Services Contract	PIN Telephone System
Inventory Management	Laboratory Tests
Food Preparation	Information Technology Acquisitions
Employee Accounts Receivable	Time and Attendance
Government Purchase Card	Ward Renovation Project
Agent Cashier	Pharmacy Services Contract
Medical Care Collection Fund	Equipment Procurement

To enhance medical center employees' awareness of fraud and their understanding of the OIG's role in investigating indications of fraud, we conducted 3 fraud and integrity awareness briefings to about 166 employees.

The review was done in accordance with the Quality Standards for Inspections published by the President's Council on Integrity and Efficiency.

Background

The VA Gulf Coast Veterans Health Care System has 594 inpatient beds at 2 Divisions located in Biloxi and Gulfport, Mississippi. The GCS provides primary and secondary care, including medical, surgical, psychiatric, and rehabilitative services. The system operates a 124-bed nursing home care unit at Biloxi, a 53-bed dementia unit at Gulfport, and a 171-bed domiciliary at Biloxi. The facility also supports satellite outpatient clinics (OPC) in Pensacola, Florida, and Mobile, Alabama, and a community-based outpatient clinic in Panama City, Florida.

The GCS employed about 1,600 full-time equivalent employees and treated about 4,000 medical care inpatients, 300 nursing home patients, and 1,400 domiciliary patients. The GCS provided about 307,000 outpatient visits, including 34,400 in Mobile; 73,500 in Pensacola; and 10,100 in Panama City.

PART II

RESULTS OF CAP REVIEW

Opportunities to Enhance Morale – Reduce Polarization of Staff and Management

Generally, employee morale was relatively low at the time of our visit. A primary factor contributing to this condition appeared to be the continuing efforts of management to restructure and reorganize hospital operations as it moves toward achieving the Veterans Health Administration (VHA) and Veterans Integrated Services Network (VISN) goals to increase cost efficiency, enhance revenues, and improve the quality of patient care.

During our review, we met with a number of facility physicians who expressed their concerns about patient care and staffing. They also expressed these views in multiple public forums, which has led to media and congressional interest. The net result of the many changes and differing philosophies regarding the 'right' approach to patient care and competing priorities has polarized many staff and patients.

The polarization of staff and management contributed to a number of allegations concerning patient care issues and administrative matters. Those clinical and administrative allegations/issues not addressed in this report will be reviewed and reported separately.

Prior to our January 2000 visit, 175 randomly selected employees responded to a structured survey questionnaire. In addition, during the onsite review we surveyed 134 direct care providers (clinicians and clinical managers). Not all of the respondents answered all of the survey questions; thus, some of the denominators may differ. Nevertheless, our assessment of the information, perceptions, and complaints made by these employees is that management can enhance employee morale by addressing their concerns about various aspects of the quality of patient care, overall work environment, and personnel management practices.

Of the 175 employees who responded to our pre-site visit questionnaire, 140 (80 percent) indicated that they would recommend medical treatment at the VA Gulf Coast Veterans Health Care System (GCS) to a friend or relative. This corresponds to patients' statements that they were generally satisfied with the quality of care and the treatment provided. Similarly, 88 percent of the 134 clinicians whom we interviewed (118 respondents) felt that the quality of care was good, very good, or excellent.

With regard to the work environment, 46 (27 percent) of the 172 employees who responded to the question told us that their workloads were unmanageable, 32 percent felt they had inadequate resources to be totally efficient, and 58 percent stated that there was not sufficient staff in their work areas to provide adequate care to all patients

who needed it. In addition, 50 percent of the clinicians (67 respondents) felt that employees never, or only some of the time, had time to spend with patients when the patients were anxious or in need of emotional support. Other areas of employees' concern and indicators of low morale were that 29 (17 percent) of the 175 employees did not look forward to going to work and another 32 (18 percent) of them were neutral. Twenty-nine (17 percent) of the 175 employees did not feel safe coming to and leaving the work place, while 44 (25 percent) did not feel safe from physical harm in the work place. Only 70 (40 percent) of the 175 employees felt strongly that the facility was an employer of choice.

Many employees expressed dissatisfaction and a general lack of trust with regard to management personnel practices. In response to our questionnaire, 91 (53 percent) of 171 employees who responded to the question, believed that recognition and awards did not adequately reflect performance, 91 (53 percent) felt that incompetence was encouraged and rewarded. Finally, 108 (62 percent) of the 175 respondents to our pre-visit survey stated that 'who you know is what counts, not what you know.'

In conclusion, many factors including top management changes, perceived limited resources, hiring freezes, and philosophical differences have contributed to an environment of staff anger and mistrust, and consequently, low employee morale. As a general practice, medical center management should take a proactive approach in examining its mechanisms for airing and resolving employees' concerns to ensure that they are both effective and trusted. Further, a review of the process(es) for distribution of recognition and rewards is needed.

Recommendation 1

The Medical Center Director should develop a plan of action to address employees' concerns and perceptions regarding the quality of care, work environment, and personnel practices. The plan should include a review of the medical center's mechanisms for airing and resolving employee complaints.

Medical Center Director's Comments

The Medical Center Director concurred with the finding and recommendation. Measures have been taken to increase the visibility of top management and service chiefs, especially clinical management, in front-line patient care areas. A systematic method of service level reviews has been instituted that focuses on identifying issues within the department and providing leaders and grassroots employees increased access to top management. A review of the effectiveness of these initiatives and continuous improvements will be ongoing.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendation and we consider the issue resolved.

Management Opportunities to Improve the Delivery and Quality of Patient Care Services

A review of medical center operations identified several issues that require management attention to ensure high quality patient care. Specifically, these include: expediting the hiring of staff in critical direct patient care areas and reallocating nurse-staffing resources; requiring full participation of physicians in the peer review process and training all staff on the concepts of the quality assurance and performance improvement program; determining core hours for specialty clinic staffing to reduce appointment waiting times; and, obtaining external agency deficiency reports and making follow-up safety inspections for community nursing homes. To address these issues and improve the delivery and quality of patient care services, management should develop a plan of action to include strategies for implementing corrective actions, performance measures to monitor progress, and accountability for achieving results.

Clinical Staffing Vacancies

Despite the many complaints we received regarding inadequate staffing levels, we found that, with few exceptions, physician and nurse staffing levels were adequate in most areas and staff needed to be reallocated in accordance with workload demands and patient needs. However, lack of sufficient staffing in clinical support services such as Radiology, Pharmacy, and Pathology and Laboratory Medicine Service, as well as a general lack of clerical support, has greatly impacted upon the facility's ability to deliver timely, quality services in the primary care setting and has contributed to longer waiting times and delayed patient treatment.

For Fiscal Year 2000, the GCS Strength Report reflected 101 vacancies across the 2 inpatient Divisions, 2 outpatient clinics, and the community-based outpatient clinic. Four months into the fiscal year, this level of vacancies suggests that management was not prepared to begin the hiring process when funding became available.

For example, seven critical vacancies in Pharmacy Service in Biloxi have gone unfilled. The impact of this shortage was apparent from patient and staff interviews when long waits for prescriptions and minimal service on the wards were reported. Several vacancies in key positions have affected patient care, and staff morale is low due to salary inequities between Biloxi and Gulfport pharmacists. Management had ordered a salary survey in late 1999, but because of other priorities and staff issues in Personnel Service, this survey was not done until late January 2000. The facility should have completed the pay study in a more timely manner.

According to the Medical Center Director, physicians, nurses, pharmacists, and clerical staff positions are designated for immediate recruitment. The Medical Center Director advised us that due to the increasing workload at the remote outpatient clinics in Mobile and Pensacola and at the community-based outpatient clinic in Panama City, many new-hires will be assigned to these areas. We agree with the Director's logic and

support her decision to fully staff the community-based outpatient clinics, although attention must be given to the staffing needs of Gulfport and Biloxi as well.

Management also needs to devise a comprehensive approach to assessment and assignment of nursing staff on light-duty. A ward with a high percentage of total care patients does not seem to be an appropriate light-duty assignment, as is the case on the second floor in the long-term care building. It was our impression that the number of full-time equivalent employees assigned to most inpatient and long-term care areas may be adequate if the light-duty employees could be assigned elsewhere and replaced with fully functional staff. Consideration should be given to reassigning these light-duty staff members to more appropriate activities.

Recommendation 2

The Medical Center Director should:

- a. Expedite the hiring of staff to function in critical direct patient care areas and support service capacities.
- b. Monitor and realign nursing resources as necessary to fill needed positions and correct staffing and workload imbalances with particular attention to light-duty assignments.

Medical Center Director's Comments

The Director concurred with the finding and recommendations.

- a. An additional Personnel Management Specialist has been added to Human Resources Management Service, and the recruitment process for physicians has been standardized. All service organizational charts and assigned personnel ceilings for all services have been updated, and services are now allowed to recruit for vacant positions within their assigned ceilings. The timeliness of hiring staff will be monitored for improvement.
- b. Nursing staff has been realigned following the consolidation of Units 1-3E Medical and 1-4W Surgical into a single Acute Care Unit. Through the efficiencies created by operating a combined medical/surgical unit, 15 staff members have been reassigned to fill existing vacancies in Primary Care, Extended Care Service, and Mental Health Service, and staff has been moved from the night shift to the day shift in some areas to give better balanced coverage and workload. Thirty-five nursing vacancies have been filled, and intermittent staff has been increased by 6 nurses.

Whenever possible nursing staff limited to light-duty are reassigned to roles where they can better contribute to meeting patient needs. Light-duty nurses have been reassigned to such areas as the Chemotherapy Specialty Clinic,

Primary Care, Acute Inpatient Unit, and the Alzheimer's Unit; or to positions such as the Telephone Triage Nurse, and Medical and Office Automation Clerks.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendation and we consider these issues resolved.

Quality Management

The GCS has a comprehensive, integrated Quality Management (QM) Program which includes Total Quality Improvement, Performance Improvement, Risk Management, Infection Control, and the External Shopper Program. Some specific areas we reviewed include: incident reports, Boards of Investigation and Root Cause Analyses, peer review processes, external review tracking, clinical guidelines and pathways, and tort claims. We were impressed with the medical center's implementation of an innovative approach to patient satisfaction referred to as the External Shopper. This program consists of QM staff from one Division going to the other as unannounced "patients" to assess such things as signage, courtesy of clinical and cafeteria staff, food, accommodations, cleanliness, and other issues of patient or visitor interest. The visiting staff share their impressions and observations with the "host" facility.

Based on our review, we found that the medical center generally had appropriate Quality Management/Performance Improvement processes in place. However, several issues were identified that should be addressed or followed up on by management:

Correct Deficiencies in the Peer Review Process - The current peer review process lacks physician support and as a result is unreliable and inconsistent. Some staff members refuse to do peer reviews and some do the review but include a written statement that the review was made under duress. Peer review is a part of every licensed health care professional's obligation and an essential component of a quality improvement process. Refusals and incomplete participation in the peer review process should be documented and the problem reported to the Chief of Staff for appropriate action.

Increase Staff Knowledge of Performance Improvement - There is a need to improve basic knowledge about quality management and the concept of performance improvement at almost every level and across clinical disciplines, from service chiefs to line workers. Many staff could not identify performance improvement activities in their areas or in the medical center at large, nor could they accurately describe the concept of performance improvement.

Analyze Tort Claims – The medical center needs to develop a process for reviewing tort claims to identify clinical trends and system weaknesses. We reviewed four tort claims filed between February and August 1999, three of which involved patients evaluated

and treated in an outpatient setting, and later hospitalized at another facility for a coronary artery bypass graft. These cases point to what may be a potentially serious quality of care issue, yet there is no apparent system in place to review tort claims for clinical trends and system weaknesses. Tort claims should be reviewed in context with the results of other QM activities to identify trends and other areas for improvement.

Document Follow up on External Reviews and Consultations - Management has been proactive in requesting external reviews and consultations in weak program areas. We reviewed several of these external review reports and made note of many excellent suggestions and recommendations. However, some recommendations were not acted upon. Management does not have a systematic way to view the recommendations for these visits or to view the current status or plans of action.

It is not expected that all recommendations from all visits would be implemented, as there may be overlap or conflicting recommendations. Nevertheless, documentation of the response to the requested site visits and a rationale for decisions made by management are appropriate. The QM Office should be charged with responsibility to develop a tracking system for all external reviews and site visits beginning with the February 1998 VHA site visit.

Implement Clinical Pathways - The GCS routinely incorporates clinical guidelines into patient care activities and monitors outcomes as appropriate. Full clinical pathways, however, are not in use at this time. The facility should identify high risk or high volume areas appropriate for clinical pathway use (such as cerebrovascular accidents) and implement clinical pathways accordingly.

GCS has many good quality management and performance improvement processes and monitors in place, and with improved management attention and staff training, these could become more beneficial to patient care. The process for peer review, however, is unsatisfactory at this time.

Recommendation 3

The Medical Center Director should take action to ensure that:

- a. Immediate and decisive action is taken to assure full participation of assigned health care professionals in peer review activities.
- b. All staff receive training on the fundamental concepts and activities involved in a good quality assurance and performance improvement program.

Medical Center Director's Comments

The Director concurred with the finding and recommendations.

- a. Physicians were informed at a medical staff meeting that peer review is a condition of employment. The Chief of Staff emphasized the expectation of compliance as stated in the policy and Medical Staff Bylaws. Training on peer review has been scheduled for September 9, 2000. Peer reviews will be monitored through Quality Management Service.
- b. A Quality Assurance and Performance Improvement (PI) training plan has been established which includes frequent training sessions, and with a renewed emphasis on Performance Improvement fundamentals and PI is included in the orientation for new employees. A PI self-training tool on Performance Improvement has been ordered, and will be tested in a trial to determine whether its effectiveness warrants additional orders. An assessment of Performance Improvement understanding will be accomplished in August 2000 to measure the effectiveness of the training.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendations and we consider the issues resolved.

Ambulatory Care and Patient Appointment Waiting Times

Ambulatory Care Service includes medical specialty clinics, Primary Care, Urgent Care, the emergency room (ER), and various medical support services, such as cardiac testing. Although ambulatory care patient care areas were generally clean and had sufficient space, Urgent Care and the ER had limited patient waiting areas and were congested. The ER itself is too small and not functionally well designed. The pharmacy space at the Biloxi division is only minimally acceptable. We suggest that managers plan for growth in Primary Care and explore expansion of the ER, pharmacy, and clinic areas accordingly.

Interviews with clinicians identified widespread clinician concerns that the facility lacks sufficient staff - physicians, extenders, nurses, technicians, etc., to provide timely and consistently high quality care. Over 35 specialty clinics across the system exceed 30-day wait times for appointments, and some appointment wait times approach 1-year. Further, both Urgent Care and ER personnel reported that they often experience delays in obtaining results of "staff" laboratory tests, reportedly often due to technical problems, which further exacerbates the problem of patient waiting times.

Managers are aware of the many staff concerns, and some actions are underway. For example, the ER Process Action Team has made suggestions to the Executive Leadership Committee that should improve medical services. The team is addressing timeliness issues in Radiology Service and in Pathology and Laboratory Medicine Service; admissions; efficiency in surgical and medical specialty consultations; and medical clearance for mental health admissions. The team should participate in any strategic planning for the continued growth expected in triage and ER activities.

The Chief of Staff has also appropriately initiated reviews of staff physician and technician workloads, including time and attendance. The Chief of Staff's review includes the need for some employees to continue callback status, which in some cases may be avoided if staff physicians are more effectively utilized. In addition, physicians in some specialties may need to provide increased hospital and outpatient services to reduce clinic backlogs. The use of physician extenders is also being considered for several areas, including some services provided by outlying clinics.

Delays in treatment due to improper/inadequate outpatient staffing and equipment failure has resulted in unacceptably long waiting periods for patient care and treatment, and needs the immediate attention of management.

Recommendation 4

Clinical managers and the Chief of Staff need to collaboratively determine reasonable core hours for the various specialists and ensure that delays to specialty outpatient care are reduced.

Medical Center Director's Comments

The Director concurred with the finding and recommendation. Core hours have been established for specialty providers, and the Waits and Delays Initiative will address delays in specialty outpatient care. Specialists are traveling to outlying clinics to reduce waiting times and improve access, and clinic hours for specialty care have been expanded. New providers have been added to improve the timeliness for outpatient care, and waiting times for consults have been reduced from 7 months to 3 weeks. Significant space enhancements have been made in primary care areas, with more improvements planned for the future.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendation and we consider these issues resolved.

Community Nursing Home (CNH) Program

GCS staff conducted appropriate evaluations of patient care and safety at CNHs, but performance data from outside agencies was not obtained and assessed, and correction of safety deficiencies was not verified. As of December 1999, the GCS had 22 patients in CNHs.

VHA policy requires that medical centers annually inspect each CNH prior to renewing the contract to ensure the CNH meets VA standards for health and safety of patients. Medical center staff are also required to obtain and review information from the Department of Health and Human Services (HHS) and State Medicaid offices to ensure all relevant performance data is incorporated in the annual VA inspection. VA policy limits CNH contract reimbursement rates to no more than 115 percent of the state-approved Medicaid rate.

Medical center staff are required to monitor the care provided VA CNH patients. Social workers or nurses are required to visit each CNH patient no less frequently than every 30 days, or as often as necessary to assist the patient, act as liaison between the medical center and CNH, and help resolve concerns. Follow-up nurse visits are required at least once every 60 days (or more often, if necessary), and dietitians are required to evaluate the care of VA patients with nutritional problems.

Results of review showed that each CNH patient was visited on a 30-day schedule, safety inspections were performed as required, CNH contracts were awarded at the proper rates, and annual inspections were performed prior to renewing contracts. However, medical center staff did not evaluate relevant quality of care information from outside agencies as part of the annual inspection, and the safety engineer frequently did not make follow-up visits to ensure safety deficiencies were corrected.

Recommendation 5

The Medical Center Director should ensure that:

- a. Health care deficiencies reported by HHS and State Medicaid offices are reviewed and considered in VA annual inspections.
- b. Follow-up safety inspections are conducted to ensure deficiencies are corrected.

Medical Center Director's Comments

The Director concurred with the finding and recommendations.

- a. Inspections of contract nursing homes from state and federal agencies outside the VA are now reviewed as part of each VA annual inspection.

- b. Follow-up safety inspections of contract nursing homes are now being conducted to ensure deficiencies are corrected. All follow-up inspections are documented on the final VA inspection report.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendation and we consider these issues resolved.

Acute Care

Unit 1-3W is a combined medical/surgical unit designated to treat and monitor patients presenting with acute and chronic medical, surgical, oncological, and cardiac problems. A 50-bed ward is currently being renovated on the fifth floor to accommodate Unit 1-3W, according to information presented to us at the time of our visit. Given the case mix of patients to be cared for on this combined unit, it is vitally important that nursing staff receive cross-training and appropriate certification in all treatment areas under their purview. Additional areas for management review and consideration include:

- Development of a protocol for the utilization of telemetry beds and assignment of responsibility and accountability for the control of these beds.
- Scheduling of physician daily rounds early in the day to promote timely transfers and discharges.
- Development of an on-call schedule for social workers for non-administrative tours.
- Assessment of nursing strengths and weaknesses, and reallocation of nursing staff based on workload and patient care needs. This will require review of clinical staff functioning in administrative roles, and allocation of light-duty personnel in patient care areas.
- Cross-training and appropriate certification for all nursing staff on the medical/surgical ward in all treatment areas under their purview.

Extended Care Services

Extended Care is a separate service that reports to the Chief of Staff and consists of six programs: sub-acute care, convalescent, typical intermediate, rehabilitation, hospice, and dementia. The dementia unit is housed at the Gulfport division. The Biloxi Division's programs are housed on the second and third floor of Building 2 with a total of 124 beds. The units were clean and free of litter and odor.

Extended Care has implemented several quality improvement initiatives which appear to be effective, including skin integrity risk assessment and monitoring, restraint use, and Foley catheter assessment for appropriateness. Further, the fifth vital sign (pain) has been implemented throughout extended care. Patients interviewed were satisfied with their care and complimentary of the staff. However, there were patient security and staff utilization issues identified that require management attention:

- Building 2 should be secured when the ground floor is vacated at the end of the administrative workday.
- A phone for internal emergency use should be available for staff use in the shared dining room between the east and west ends of Building 2.
- One unit (with primarily level one and two patients) on some tours has only one staff person on duty. In the event of an emergency, the staff have implemented their own innovative means of communication – a whistle. A cell phone or walkie-talkie should be provided for this unit.
- The formal escort function has been abolished and the burden of patient escort is handled primarily by day shift nursing staff, taking them away from other patient care activities. Management should reassess the need for Escort Service during administrative tours.

Mental Health Services

The programs reviewed all appeared to be functioning adequately, although far below capacity. Many mental health programs did not coordinate and collaborate to improve care to patients, few protocols were evident, and clinical staff appeared dependent on personal relationships rather than a system to treat and refer patients. Further, Performance Improvement was a consistently weak area across all programs in Mental Health Service, and most employees surveyed were not only unaware of existing monitors, but were unable to accurately define what performance improvement is.

Mental health services are primarily located on the Gulfport campus and are housed in seven separate buildings. Program areas toured and reviewed included: three acute locked wards, the post traumatic stress disorder program area, the Day Treatment Clinic, Residential Care, Veterans Industries, Women's Program area, and the Substance Abuse Residential Rehabilitation Treatment Program (SARRTP). Each program area was found to be generally clean and odor free. It was noted, however, that on two units, patient rooms lacked adequate numbering/signage, and units were bereft of plants and pictures, which contributed to an overall dreary appearance.

Chart reviews revealed that for the most part, adequate documentation of services provided was accomplished in a timely fashion. Although treatment goals were documented, they tended to be generic in nature. For example: "Objective – engage in activities consistent with patient's goals". Of concern was the documentation of activities of questionable therapeutic value (medication education, alerting patients of the OIG visit, going outside, which is called "sunshine group") as group therapy. Meaningful individual and group activities for inpatients need to be increased and improved.

Both patients and staff complained of inadequate staffing. They report that in most instances, when a full-time equivalent employee leaves, the position is lost to them. They attributed their minimal performance improvement programs to lack of

administrative support personnel. Mental Health occupancy rates (excluding SARRTP) are averaging 50 percent of capacity. Given this, we found no evidence of inadequate staffing in Mental Health, and believe that realignment of staff based on patient needs and program workload will result in more efficient use of existing personnel.

Medical Record Documentation

We reviewed 19 randomly selected medical records of inpatients who were occupying medical/surgical acute, long-term, domiciliary, or psychiatry beds during the time of our visit. The purpose of this review was to assess the quality of documentation of treatment plans, consultations, and discharge planning. We concluded that medical record documentation generally reflected appropriate assessment and treatment of patients, physician orders were carried out in a timely manner, and consultation responses were timely.

Opportunities to Improve General Administrative and Management Controls

We concluded that facility management generally maintained an effective system of management controls in the areas we reviewed and tested. We reviewed and tested controls in 14 management and administrative functions. Recommendations for improvement were made in seven areas: improving the cost effectiveness of the Radiologist contract; reducing excess inventory costs of medical supplies; reducing costs for food preparation; improving the collection rate of employee receivables; enhancing controls over the government purchase card; ensuring Agent Cashier unannounced audits; and increasing the collection rate for third-party receivables. We also made suggestions for improvements in two areas: long-distance telephone access, and cost of laboratory tests. We concluded the following functions were appropriately managed and controlled: acquisition of Information Technology (IT) equipment; time and attendance for part-time physicians; patient privacy renovation project; contract for pharmacy services; and replacement of laundry equipment.

Radiologist Services Contract

A contract for radiologist services did not adequately protect the interest of the government and controls were not adequate to ensure the contractor delivered the services for which GCS contracted. GCS entered into a contract for two ¾-time radiologists for 60 hours weekly at an annual cost of about \$370,000. The contractor was required to provide weekday coverage from 8:00 AM to 4:30 PM.

Results of review show that contract services were not provided from 8:00 AM until 4:30 PM daily and did not total 60 hours a week, as provided in the contract. The contract radiologists often did not arrive until 11:00 AM or later, and their arrival and departure was inconsistent and unpredictable. Because the radiologists rotated daily assignments without advance notice to GCS, the specialty of the radiologist reporting could not be anticipated and incorporated effectively into patient scheduling. Additionally, the contractor generally provided no more than 20 to 35 hours of coverage weekly. Although payment was only based on the actual hours of coverage provided, the failure of the contractors to regularly and predictably report for duty adversely impacted patient scheduling. Recent vacancies among staff radiologists further exacerbated problems associated with radiologist coverage.

A team of nine radiologists rotated the coverage provided in the contract. Contract rates were negotiated based on the average salary costs of one professor/chairman position, two professor positions, and six assistant professor positions. However, the lower salaried radiologists provided a disproportionate share of the coverage.

The contracting officer should improve contract oversight to ensure the contractor provides all services required by the contract, in particular, ensuring the contractor adheres to requirements for weekday and specialty coverage. Additionally, future

contract negotiation should base reimbursement on the proportionate participation of each salaried radiologist during the prior contract period.

Recommendation 6

The Medical Center Director should ensure that contract radiologists provide weekday coverage as provided for in the contract, that specialty coverage is scheduled in advance, and contract reimbursement is based on the proportionate cost of the contractor staff providing services, rather than average cost.

Medical Center Director's Comments

The Director concurred with the finding and recommendation. The radiology contract in place at the time of the OIG inspection is being terminated by mutual agreement in June 2000. As a replacement contract is negotiated with a new vendor, the OIG recommendation will be implemented.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendation and we consider this issue resolved.

Medical Supply Inventories

Management of operating supply inventories can be improved. Medical supplies are expendable hospital, surgical, and radiology items used in patient care and medical research. VHA guidance requires that medical center management use the Generic Inventory Package (GIP), an automated supply inventory system, to manage and control supply inventories. GIP data must be accurate for the automated management features to effectively track demand, monitor stock levels, or identify excesses or shortages. Inventories should not exceed current needs because excess inventory contributes to spoilage and unnecessary inventory cost. VHA management has agreed with an OIG program evaluation conclusion that a 19-day supply was an appropriate inventory level to manage inventories effectively, and a 30-day inventory was the maximum cost-effective inventory level.

Review of GIP data showed that Supply Processing and Distribution (SPD) had 938 inventory line items on hand, valued at about \$225,000. We excluded 114 line items from our review, valued at about \$23,000, because there was not sufficient usage data to determine the days of supply on hand. We analyzed the remaining 824 line items, valued at about \$202,000, with inventories ranging from 1 to 8,600 days on hand.

Results showed that 720 line items (87 percent) had over 30 days of inventory on hand, valued at about \$114,300. The following table shows the number of days of supply on hand for inventory line items analyzed.

DISTRIBUTION OF INVENTORY ITEMS BASED ON DAYS OF SUPPLY ON HAND		
Days of Supply	Number of Inventory Items	Percent
Under 31	104	13%
31-90	217	26%
91-120	82	10%
121-180	87	11%
181 and over	334	40%
Total	824	100%

Acquisition & Materiel Management Service (A&MMS) officials indicated that their goal is to maintain a 14- to 19-day supply level. The Item Manager stated that some line item inventories were excessive because A&MMS was required to purchase items at units-of-issue (package size) exceeding the 30-day levels. The Item Manager also indicated that some stock items were purchased for emergency preparedness reasons, such as hurricanes and Y2K requirements.

We were informed that the VISN had entered into a new supply delivery contract that will allow GCS to purchase some items by the unit. This would allow GCS to better manage inventory levels. The Item Manager agreed that improved inventory management was needed for some items, and had begun to adjust stock levels and reorder points. The Item Manager has also begun to turn in some excess items. We believe that better use of GIP data would assist the Item Manager in determining the significance of excess items on hand so that buying patterns can be altered.

Recommendation 7

The Medical Center Director should ensure that A&MMS staff continues to:

- a. Review the items on hand and excess those items not needed for current operations.
- b. Make adjustments to stock levels and reorder points to avoid excess levels of stock on hand.

Medical Center Director's Comments

The Director concurred with the finding and recommendations.

- a. At the time of the OIG visit, the stock-on-hand average was 63 items per day based on the GIP Stock Status Report. That average is currently at 43 items per day stock-on-hand, indicating a 20% improvement.
- b. Over 1,130 adjustments have been made, 126 line items removed, and inventory value reduced by \$50,000. The goal is to ensure 100% of inventory is at 14-30 days stock-on-hand.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendation and we consider these issues resolved.

Advanced Food Processing

Management should consider implementing an Advanced Food Processing (AFP) system at GCS. Conversion from traditional methods of food preparation to AFP can lower costs and improve the quality, safety, and serving temperatures of food, and can save an average of \$1.7 million per VISN.

At the time of our visit, management of GCS's Nutrition and Food Service (NFS) at this facility did not support advanced food processing and delivery systems. The two Divisions are only 8 miles apart, but a kitchen is operated at both locations. NFS at Biloxi is overstaffed with cooks and unneeded duplicate positions exist at both Divisions. More than one tray preparation line is in use and conventional cooking requires excessive multiple shift and weekend service coverage.

During our review, we also noted numerous freezer and refrigeration spaces that were operating, but were either empty or underutilized. These spaces consume considerable electricity, and management should shut down unneeded units.

GCS management is considering limited consolidation of food preparation between the two Divisions, but a comprehensive study of AFP systems has not been conducted. In our opinion, GCS and the VISN could benefit from cost savings and improved service associated with implementation of AFP. We suggest GCS management contract for a survey of food processing and delivery needs at GCS and the VISN. It may be possible to lower food processing costs for GCS and the VISN with AFP systems, and generate revenue selling AFP services to government and private sector facilities.

Recommendation 8

The Medical Center Director should take action to initiate a cost-study of the potential benefits of implementing AFP.

Medical Center Director's Comments

The Director concurred with the finding and recommendation. Contact has been initiated with several vendors regarding Advanced Food Processing (AFP). The study of potential AFP benefits is to be completed by August 31, 2000.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendation and we consider the issue resolved.

Employee Accounts Receivable

Improved efforts should be made to collect debts owed by employees. Survey results showed that demand letters were used to follow up on employees' accounts receivable, as required by VA policy, but recovery through payroll deduction was not effectively used. Fiscal staff stated that recovery of relatively small amounts generally associated with employee debts did not justify the time and cost involved. However, not all employee debts are insignificant, and this stance has led to an escalating number of VA employees who have avoided paying their debts.

At the time of our review, 113 employees owed 440 debts totaling \$22,191. Ninety-nine employees owed 426 debts for means test and pharmacy co-payments totaling about \$5,400. The amount owed ranged from \$2 to over \$980. The majority of these debts were established in FY 1999, but 85 (20 percent) were incurred in prior years, and 2 debts have been outstanding since FY 1996. One employee owed 30 debts totaling \$266 from FY 1997.

Fourteen employees owed \$17,000 for debts resulting from lost equipment (i.e., pagers and keys), with most debts under \$50. However, one employee incurred a debt of \$19,000 for erroneous salary overtime payments. The overpayments occurred over 41 pay periods, averaging over \$460 per pay period. The employee is only being required to reimburse \$50 per pay period through payroll deduction.

As of January 2000, the balance totaled over \$16,000, and over 12 years will be required to pay off the debt. We suggest that the Medical Center Director follows up on this receivable to ensure that the repayment period and amount are reasonable, and that the facility is receiving reimbursement as expeditiously as possible.

Employees should not be afforded special consideration that allows them to extend or avoid repayment. MP-4, Part VIII, Chapter 10, states that payroll deduction can be up to 15 percent of disposable pay, and if possible, the installment payment plan should liquidate the debt in 3 years. It is particularly important that the perception not develop that employees are treated more favorably than are VA's veteran beneficiaries.

Recommendation 9

The Medical Center Director should initiate appropriate steps to collect debts owed by employees.

Medical Center Director's Comments

The Director concurred with the finding and recommendation. A template has been developed that will allow the Medical Care Collection Fund (MCCF) Coordinator to monthly identify employees owing co-pays. Fiscal Service will send a letter advising the employee to make arrangements for payment or the debt will be automatically repaid through a salary offset. Unusually large existing employee debts will be reviewed for appropriate repayment plans.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendation and we consider the issue resolved.

Government Purchase Card Program

Government Purchase Card transactions were not reconciled as required, resulting in vulnerability to undetected error or abuse and lost opportunity to dispute errors and overcharges with the credit card company. VA medical centers are required to use government purchase cards for small purchases of goods and services (usually \$2,500 or less). VHA policy requires medical centers to establish adequate internal controls to ensure that charges are for official purposes, items purchased are received, and the government's right to dispute errors and overcharges is protected.

Standards for government purchase card charges require cardholders to reconcile the vendor statements with procurement records within 5 days of data entry into the automated procurement system. Approving officials have up to 14 days after reconciliation to certify that the purchases are within the cardholder's assigned limits and that purchases have required supporting documentation. From January 1 through December 31, 1999, purchase cardholders processed 13,488 transactions totaling over \$8 million. As of December 31 the facility had 89 cardholders and 49 approving officials.

Review of transactions reconciled during calendar year (CY) 1999 showed delinquencies ranging from 6 to 569 days (some purchases reconciled in CY 1999 dated to 1997). Results show 71 current cardholders (80 percent) were delinquent in reconciling 1,148 transactions. Additionally, 18 approving officials (37 percent) took longer than 14 days to approve 181 transactions.

The three cardholders with the most delinquencies were purchasing agents in A&MMS. These cardholders had authority to charge purchases up to \$20,000 per transaction, and one had authority to charge up to \$50,000 monthly. As shown below, these cardholders were severely delinquent in reconciling transactions.

Total Transactions	Over 60 Days to Reconcile	Over 365 Days to Reconcile
173	103 (60% of 173)	38 (37% of 103)
85	47 (55% of 85)	10 (21% of 47)
32	12 (38% of 32)	3 (25% of 12)
290	162 (56% of 290)	51 (31% of 162)

Over one-half of these transactions were not reconciled within 60 days, resulting in lost opportunity to dispute errors and overcharges. Additionally, 51 of these transactions (31 percent) were not reconciled within 1 year.

Recommendation 10

The Medical Center Director should take steps to ensure Government Purchase Card transactions are reconciled within 5 days and approved within 14 days as required.

Medical Center Director's Comments

The Director concurred with the finding and recommendation. The Chief of A&MMS has implemented a procedure to identify delinquent cardholders. This information is transmitted monthly to the appropriate approving official and service chief to correct the delinquencies. Improvement in meeting the 5-day standard is being realized; the compliance rate is now higher than 99 percent. This same monitoring and reporting process used for cardholders will also be applied to approving officials.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendation and we consider the issue resolved.

Agent Cashier Unannounced Audits

Unannounced audits of the agent cashier were not conducted every 90 days as required by VA policy. VA medical centers are required to perform an unannounced audit of the Agent Cashier's cash advance at least every 90 days. The dates and times of unannounced audits should be varied to prevent the establishment of a pattern of regularity, and to ensure the element of surprise. These audits should also include a review of the appropriateness of the amount of the Agent Cashier advance.

We determined that the level of cash advances at the three sites we tested (Biloxi and Gulfport Divisions, and the Pensacola Outpatient Clinic) were appropriate to the level of fiscal activity experienced by the agent cashiers. However, unannounced audits were not conducted at least every 90 days, as required. During CYs 1998 and 1999, 5 of 6 audits of the agent cashier at Biloxi were conducted between 113 to 180 days apart. Four of 7 agent cashier audits at the Gulfport division were conducted between 108 to 179 days apart. Only 3 audits were conducted at the Pensacola Outpatient Clinic during the 2-year period, ranging from 210 to 330 days apart.

Recommendation 11

The Medical Center Director should ensure that unannounced Agent Cashier audits are performed at least every 90 days, as required.

Medical Center Director's Comments

The Director concurred with the finding and recommendation. The system has been improved for generating timely random audits, which are now accomplished within 90 days at Biloxi and Gulfport Medical Centers and the Pensacola Outpatient Clinic.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendation and we consider the issue resolved.

Medical Care Collection Fund (MCCF)

Improved effort is needed to collect receivables from insurance carriers. VA policy requires follow up with insurance carriers on delinquent accounts receivable. A second notice is sent 45 days after issuance of the initial claim and if no response is received, a third notice is sent 30 days later. At the time the third notice is sent, telephone follow up should be made with the third-party payer to ensure the insurance carrier received the bill, and to identify and resolve any impediments to collection. At the time of our visit, Biloxi had 7,611 outstanding third-party receivables valued at about \$2.1 million.

We were told that very little follow up was conducted on receivables between June 1998 to June 1999. During that time, MCCF only had two clerks, who had to also post payments, normally the responsibility of the Agent Cashier. In June 1999, two additional clerks were assigned follow-up responsibilities.

We reviewed 35 third-party receivables to determine whether follow up was now occurring as required. Results showed that 24 receivables dating as far back as March 1998 had no follow up in CY 1999, and 11 receivables had sporadic follow up in CY 1999, but were not followed up every 30 days, as required.

Recommendation 12

The Medical Center Director should ensure that MCCF staff follow up with insurance carriers as required to enhance collections of third-party accounts receivable.

Medical Center Director's Comments

The Director concurred with the finding and recommendation. Complete responsibility for managing accounts has been individually assigned so that employees become familiar with individual patient accounts and insurance carriers needs regarding their assigned accounts. Outstanding receivables 121 days and older have been reduced from 18.4 percent to 16.25 percent since February 18, 2000.

Office of Inspector General's Comments

The Director's actions are responsive to the intent of the report recommendation and we consider the issue resolved.

Personal Identification Number (PIN) Telephone System Needs Monitoring

Control over long-distance telephone access should be enhanced. In November 1999, the medical center implemented a new telephone system having the capability to limit long-distance calling to only those employees provided a PIN. Limiting access to those who require long-distance service for government business and monitoring employee use of long-distance calling has reduced costs at other facilities by as much as \$100,000 annually.

While implementation of the PIN system has potential for significant cost savings, the potential benefits may be limited if PIN access is not limited to staff requiring long-distance service. Medical center records show that over 70 percent of GCS employees have been issued PINs without determining the employees' need for long-distance access. To reduce the risk of abuse, the facility should ensure that only those staff whose positions require long-distance access are given PIN numbers.

We also found that long-distance telephone usage was not being monitored to identify personal use of the telephone system at government expense. This occurred because the facility had not yet received the software used to analyze telephone usage. The facility should ensure that the required software is obtained and used to monitor long-distance calling to identify any abuses.

Laboratory Test Costs

A VISN-wide cost-per-reportable-result contract has decreased GCS laboratory test costs. However, without a history of costs for comparison, we could not readily determine if the current unit cost for common routine chemistry tests was economical in comparison to costs paid at other VISNs. VISN-wide agreements in the past have reduced costs locally while not necessarily resulting in favorable charges compared to other locations nationwide. An OIG nationwide audit of laboratory program costs recommended comparing costs between VISNs, the Department of Defense, and private industry to ensure individual VISNs have effectively negotiated costs-per-reportable-results.

Under the new system of contract costs, we noted that different stations in the VISN paid different prices for the same test based on individual station volume. Thus, Alexandria pays \$1.99 for a Digoxin test and Biloxi pays \$1.50. Under the old system, the volume VISN-wide was used to set the same test price for each facility participating in the contract.

We suggest that as a benefit to the VISN, or as a VISN-wide initiative, laboratory staff compare the local costs to those paid by other VA medical centers and VISNs, and local Department of Defense and private facilities, to ensure they have negotiated a competitive price.

Information Technology Acquisitions

Information Technology (IT) acquisitions were appropriately managed. VA policy requires medical centers to obtain approval from the Office of Information Resources Management (OIRM) to procure IT hardware, software, and services exceeding \$250,000, unless they are acquired using the Procurement of Computer Hardware and Software (PCHS) contract. We reviewed medical center acquisitions of IT services and equipment during FY 1999 and the first quarter of FY 2000 for compliance with these requirements, and to verify that IT equipment was promptly put into service.

We found that IT acquisitions did not exceed the established threshold requiring OIRM approval, nor did the facility acquire IT resources using the PCHS contract. We toured IT and warehouse areas used for staging and storing IT equipment and located about 100 new computers and monitors in storage designated for use with the Computerized

Patient Record System (CPRS). This equipment was being promptly installed as facility staff became trained in the use of the CPRS system.

Time and Attendance for Part-Time Physicians

Time and attendance of part-time physicians was appropriately controlled. VA policy requires time sheets to be prepared biweekly by all part-time physicians working adjustable hours. Biloxi had only three part-time physicians, and none were on an adjustable time schedule. Since all timekeeping was done on the Electronic Time and Attendance (ETA) system and no manual timekeeping was being done, we reviewed controls over time and attendance for these physicians.

Results of review showed that Service Chiefs ensured that these physicians were present and working the hours posted before certifying that the time cards were correct. We compared the clinic schedules with the physician's electronic time cards and found that leave was appropriately posted when the physicians were not present.

Patient Privacy Renovation Project

A project to provide patient privacy in Building 1 was adequately justified. The VISN Construction Advisory Committee approved a project to renovate patient wards in Building 1 of the Biloxi division for FY 2000. The project will include construction of private and semi-private rooms with private and shared baths, at a cost of \$1.5 million. We reviewed the project proposal and other relevant documents, toured the wards planned for renovation, and discussed the project with management officials. We concluded that the project was appropriate and necessary.

Pharmacy Services for the Panama City Community-Based Outpatient Clinic (CBOC)

Use of a local pharmacy by the Panama City CBOC improved service to veterans and appeared to be cost-effective. The facility had entered into a contract with a local pharmacy in Panama City Beach, FL at a cost of about \$200,000 per year to fill prescriptions written for veterans by VA physicians at the CBOC. The facility had negotiated a percentage discount from the price in the Current Drug Topics Red Book, plus a dispensing price per prescription. The contract provided for the vendor to fill only new prescriptions for the first 20 days. As a result, the facility did not need to staff a costly pharmacy at the CBOC, and ensured timely filling of prescriptions until the VA Consolidated Mail-Out Pharmacy could begin regular prescription coverage.

Laundry Equipment Replacement Project

The planned project to replace laundry equipment would streamline the laundry process and result in staff reductions. The Gulfport facility operates a consolidated laundry that provides laundry service for VA medical centers New Orleans, LA and Jackson, MS. They also have five sharing agreements with the Department of Defense to launder 1.6 million pounds per year for \$529,600. After deducting the amount it costs Gulfport to operate the laundry, the facility generates revenue of almost \$114,000 per year from these sharing agreements.

The facility plans to replace the existing laundry equipment at a cost of \$3.3 million. This project is the facility's second top priority purchase for FY 2000. Most of the existing equipment was scheduled for replacement in FY 2000, and repair costs have increased each year, totaling over \$97,000 in FY 1999. The new equipment will streamline the laundry process and allow a staffing reduction of five employees. Tours of the laundry facility, the aging of the existing equipment, the cost of equipment maintenance, and sharing agreements with Department of Defense for laundry services support the planned equipment replacement.

Fraud and Integrity Awareness Briefings

Special Agents from the OIG Office of Investigations conducted three fraud and integrity briefings. Approximately 166 individuals from all services in the medical center attended the briefings, which included a lecture, a short film presentation, and question and answer opportunities. Each session lasted approximately 1 hour and 15 minutes. The material covered in the briefings appears below.

Reporting Requirements

VA employees are certainly encouraged, and in some circumstances required, to report allegations of fraud, waste or abuse to the OIG. VA Manual MP-1, Part 1, Chapter 16 lays out the responsibility of VA employees in reporting such allegations. Subordinate employees are encouraged to report such activities to their management. However, reporting through the chain of command is not required. Employees can contact the OIG directly, either through the OIG's Hotline or by speaking with an available auditor, investigator, or healthcare inspector. Management is required to pass along these allegations to the OIG once they have been made aware of them. The OIG is heavily dependent upon VA employees to report suspected instances of fraud, waste, and abuse and for this reason, all contact with the VAOIG to report such instances are handled as confidential contacts.

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. Such 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 will assess the allegation and make a determination as to whether or not an official investigation will be opened and conducted. Not all referrals are accepted. If the Office of Investigations decides to open a case, the matter is assigned to a case agent, who then conducts an investigation. If the investigation substantiates criminal activity, the matter is then referred to the Department of Justice (DOJ), usually through the local U.S. Attorney's Office. DOJ then determines whether or not 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 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 to management, usually the medical center or regional office director, for action. Management, with the assistance of Human Resources and Regional Counsel, will determine what administrative action, if any, to take.

Important Information to Provide When Making a Referral

It is very important to provide as much detailed information as possible when making a referral. The more information we know before we formally begin the investigation, the faster we can complete it. There are five items one should always provide, if possible, when making a referral. They are:

1. Who We need names, position title, connection with VA, and other identifiers.
2. What Specify the alleged illegal activity.
3. When Dates and times are critical.
4. Where Specify the locations where the alleged illegal activity has occurred or is occurring.
5. Witnesses and Documents can substantiate the allegation.

Specifics are vital. Don't just say, "an employee is stealing from the medical center." Say, "I saw John Doe, engineering technician, take buckets of paint from the VA warehouse and place them in his personally-owned truck on January 2, 1998. John Doe is building an addition to his house. Jane Doe, procurement clerk, recently purchased 100 gallons of paint to finish the clinical addition. The paint was delivered to the VA warehouse on December 29, 1997."

Importance of Timeliness

It is important to report allegations promptly to the OIG. Do not wait years to call. Many investigations rely heavily on witness testimony. The greater the time interval between the occurrence and an interview, the greater the likelihood that people will not recall the event in significant detail. Over time, documentation can be misplaced or destroyed. Also, most Federal criminal statutes have a 5-year period of limitations. This means that if a person is not charged with committing a crime within 5 years after its commission, in most instances the person cannot be charged.

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 to us is bribery of VA employees, which 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 more areas of interest include workers' compensation fraud, travel voucher fraud, and false statements by both staff and beneficiaries.

The videotape presentation covered the same basic information but was replete with real life scenarios. Attendees were provided with points of contact for VAOIG and were encouraged to call and discuss any concerns regarding the applicability of bringing a particular matter to the attention of VAOIG.

**To report suspected wrongdoing in
VA programs and operations,
call the OIG Hotline at
800-488-8244.**

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MEDICAL CENTER DIRECTOR'S COMMENTS

**Department of
Veterans Affairs**

Memorandum

Date: May 10, 2000

From: Director, VA Gulf Coast Veterans Health Care System, Biloxi, MS (520/00)

Subj: Draft Report: Combined Assessment Program Review – VA Gulf Coast Veterans Health Care System, Biloxi/Gulfport, Mississippi (Project No. 2000-0093-R3-0204)

To: Director, Atlanta Audit Operations Division (52AT)
Office of Inspector General

1. Thank you for the opportunity to review and respond to the comprehensive Combined Assessment Program (CAP) Review conducted by your organization.
2. The team who conducted this review was capable, thoughtful, and responsive. My colleagues and I learned a great deal during the course of the visit. As you will see by our responses, we have made substantial improvements as a result of the recommendations presented.
3. I very much appreciate the supportive attitude taken by the CAP Team. You have built an important bridge to improve service delivery within VHA using this approach. You certainly have engaged me and my entire team as partners for improvement.
4. Thank you, and best wishes for continued success.

Julie A. Catellier

MEDICAL CENTER DIRECTOR'S COMMENTS

Combined Assessment Program Review of the VA Gulf Coast Veterans Health Care System Biloxi/Gulfport, Mississippi

Experts in the field of change management advise us to expect the pace of change to continue accelerating for at least 30 more years. They also tell us that it is normal during these periods of significant change for organizations to experience decreased morale and increased employee concern. At the VA Gulf Coast Veterans Health Care System, the effect of change on employees was magnified by multiple major changes occurring simultaneously.

As private health care across the nation trended toward outpatient focused primary care rather than lengthy and frequent inpatient treatment, the Veterans Health Administration (VHA) and the Gulf Coast Veterans Healthcare System followed. For an organization that defined itself by the size of buildings and number of inpatient beds, this change left a void. We are seeking to fill that void by reinventing ourselves as a patient focused organization.

Just as the healthcare industry was undergoing this transformation, another national drive began for smaller, more accountable government. In the eye of the nation, this was best accomplished by reducing the number of federal employees, including those at the Department of Veterans Affairs (VA). This drive, coupled with restricted national budgets, translated to fewer employees and less spending power locally.

In meeting the challenges of these national changes while maintaining quality service to veterans, new VHA leadership implemented unprecedented changes within the Veterans Health Administration. Initiatives focusing on patient outcomes, customer service, and fiscal accountability became defining issues that some employees embraced and some did not, both nationally and locally.

The Medical Center Director, Chief of Staff, Associate Director for Patient Care Services/Nurse Executive, and many Service Chiefs have only assumed their positions at the Gulf Coast Veterans Health Care System within the past two years. Initial uncertainty within an organization is inevitable when new leadership is appointed. If new organizational goals are established while employees are already struggling with the consequences of other changes, natural uncertainty can translate into suspicion of the new leaders' actions.

When considering change in the Gulf Coast Veterans Health Care System, the Director sets an affirmative answer to the following question as the gold standard: "Will this initiative improve patient care?" Modifications are never made "for the sake of change", but rather to improve service delivery and enhance our standing as an employer of choice.

MEDICAL CENTER DIRECTOR'S COMMENTS

2. Medical Center Director Comments: Draft Report – Combined Assessment Program Review, VA Gulf Coast Veterans Health Care System (Project No. 2000-00933-R3-0204)

Literature shows that people deal with change in phases. These phases are identified differently by different authors. Most models include a phase characterized by conflict as people find themselves with “one foot on each side of the chasm” deciding whether to move forward with the organization or attempt to remain behind. Employees move in and out of these phases at different times and often retreat to the familiar territory of “the good old days” before fully moving on to the next phase of dealing with change.

This phase of conflict is to be expected, but it should not be expected to last forever. The advice of many experts is for management to continue moving forward quickly and decisively. During change, most employees need to know there is strong leadership providing consistent direction. These are times when words are important but action is critical.

I appreciate this CAP review by the Office of Inspector General. It serves as a checkpoint in our journey and assists in focusing the organization toward areas for improvement.

Opportunities to Enhance Morale – Polarization of Staff and Management

Recommendation 1: The Medical Center Director should develop a plan of action to address employees’ concerns and perceptions regarding the quality of care, work environment, and personnel practices. The plan should include a review of the medical center’s mechanisms for airing and resolving employee complaints.

We concur with this recommendation.

Many successful initiatives have been implemented to improve communication in the past two years. A successful “Tell It To the Director” program, open invitations to e-mail the Director, and regular employee town meetings allow employees to communicate directly with top management publicly and in private. In addition, the Director and Chief of Staff meet with clinical staff through monthly medical staff meetings and frequent one-on-one meetings with clinicians and clinical leaders. Other methods of communicating information to employees include a quarterly newsletter, a video newsletter, and routinely published “News You Can Use” letters dealing with issues of which all employees should be aware.

We have taken measures to increase the visibility of top management and service chiefs, especially clinical management, in front-line patient care areas. We have also instituted a systematic method of service level reviews focusing on identifying issues within the department and providing leaders and grassroots employees increased access to top management.

MEDICAL CENTER DIRECTOR'S COMMENTS

3. *Medical Center Director Comments: Draft Report – Combined Assessment Program Review, VA Gulf Coast Veterans Health Care System (Project No. 2000-00933-R3-0204)*

A review of the effectiveness of these initiatives and continuous improvements will be ongoing.

Management Opportunities to Improve the Delivery and Quality of Health Care Services

Clinical Staffing Vacancies

Recommendation 2: The Medical Center Director should:

- a. Expedite the hiring of staff to function in critical direct patient care areas and support service capacities.***

We concur with this recommendation.

Since January 1, 2000 there were 97 accessions from outside the station of which 62 were direct patient care employees. In reviewing the recruitment and hiring process, we have identified further opportunities for improvement. Positive changes to the hiring process are being implemented.

To address the recruiting workload, we added a third Personnel Management Specialist to Human Resources Management Service. This additional position will enable us to work through the recruitment process more expediently than in the past.

We have also standardized our recruitment process for physicians. Clinicians, as well as administrative employees, developed this process. A flow chart and checklist allow everyone involved in the recruitment process to understand the process and help in the rapid recruitment of physicians.

Since February 2000, we have updated all service organizational charts and assigned personnel ceilings to all services. Services may recruit for vacant positions within their assigned ceilings. Our goal is to implement a system of Total Funds Management in Fiscal Year 2001 to provide managers autonomy over the financial resources within their scope of responsibility.

Human Resources Management Service will monitor improvement in timeliness of hiring staff.

MEDICAL CENTER DIRECTOR'S COMMENTS

4. Medical Center Director Comments: Draft Report – Combined Assessment Program Review, VA Gulf Coast Veterans Health Care System (Project No. 2000-00933-R3-0204)

b. Monitor and realign nursing resources as necessary to fill needed positions and correct staffing and workload imbalances with particular attention to light duty assignments.

We concur with this recommendation.

To provide and ensure adequate nursing staff, nursing leaders complete ongoing staffing reviews daily. These reviews encompass patient mix, classification, and census; staffing levels and staff mix (i.e., nursing assistants, licensed practical nurses, registered nurses, health aids); light duty considerations and tours of duty. If these reviews find staffing short in an area, nurses are shifted between units or tours as appropriate. In addition, in-house staff is supplemented by contract, agency, traveling and intermittent nurses when necessary.

Light duty staff assignments are evaluated to ensure appropriateness. Units with a high percentage of light duty staff adjust work schedules, tour assignments, and detail staff to other areas to meet specific patient care needs. Extended Care Service has proactively developed a plan to ensure that no more than one light duty nurse (limited to less than 50% of full function) will remain on any unit.

Whenever possible nursing staff limited to light duty are reassigned to roles where they can better contribute to meeting patient needs. Examples of light duty reassignments include:

- A Registered Nurse from the Acute Inpatient Unit was reassigned and retrained to fully function as a nurse in a Chemotherapy Specialty Clinic.
- A Registered Nurse was reassigned from one light duty clerical position to a more appropriate role as a Telephone Triage Nurse.
- Licensed Practical Nurses were reassigned from the Acute Inpatient Unit to duties they can perform in Primary Care and the Alzheimer's Unit.
- Nursing Assistants from the Acute Inpatient Unit were reassigned to support patient care as Medical and Office Automation Clerks.

Since the OIG visit, we have been able to realign nursing staff following the consolidation of Units 1-3E Medical and 1-4W Surgical into a single Acute Care Unit. Through the efficiencies created by operating a combined medical/surgical unit, we were able to reassign 15 staff members to fill existing vacancies in Primary Care, Extended Care Service, and Mental Health Service.

MEDICAL CENTER DIRECTOR'S COMMENTS

5. *Medical Center Director Comments: Draft Report – Combined Assessment Program Review, VA Gulf Coast Veterans Health Care System (Project No. 2000-00933-R3-0204)*

Realignment has also included moving staff from the night shift to the day shift in some areas to give better balance coverage and workload.

In addition to the actions noted above, we have filled 35 nursing vacancies and increased our intermittent staff by 6 nurses.

Quality Management

Recommendation 3: The Medical Center Director should take action to ensure that:

a. Immediate and decisive action is taken to assure full participation of assigned health care professionals in peer review activities.

We concur with this recommendation.

At a recent Medical Staff meeting, physicians were informed that peer review is a condition of employment. A policy, procedure and flow chart developed to define the peer review process were presented by the Chief of Staff, with the clear expectation of compliance as stated in the policy and Medical Staff Bylaws.

Training on peer review has been scheduled. The Greely Company will provide two 4-hours sessions to physicians on September 9, 2000. Peer reviews are monitored through Quality Management Service.

b. All staff receive training on the fundamental concepts and activities involved in a good quality assurance and performance improvement program.

We concur with this recommendation.

A Quality Assurance and Performance Improvement training plan has been established which includes frequent training sessions with a renewed emphasis on Performance Improvement fundamentals and clearly defined terminology.

An initial order of 200 booklets to be used as a self-training tool on Performance Improvement has been placed. These booklets, which contain a post-test for employees to complete, will be used in a trial to determine whether their effectiveness warrants additional orders.

Performance Improvement training is included in the orientation for new employees. In addition to a PowerPoint presentation, the training includes a handout entitled "Performance Improvement" that will also be used for inservice training.

MEDICAL CENTER DIRECTOR'S COMMENTS

6. *Medical Center Director Comments: Draft Report – Combined Assessment Program Review, VA Gulf Coast Veterans Health Care System (Project No. 2000-00933-R3-0204)*

An assessment of Performance Improvement understanding will be accomplished in August 2000 to measure the effectiveness of the training.

Ambulatory Care and Patient Appointment Waiting Times

Recommendation 4: Clinical managers and the Chief of Staff need to collaboratively determine reasonable core hours for the various specialists and ensure that delays to specialty outpatient care are reduced.

We concur with this recommendation.

Core hours for specialty providers is 8:00 a.m. to 4:30 p.m. Monday through Friday. Adjustments to hours and duty station assignments are made based on patient care needs.

Delays in specialty outpatient care are being addressed by the Waits and Delays Initiative. Specialists are traveling to outlying clinics to reduce waiting times and improve access. Additionally, sharing opportunities are being utilized to maximize ease of access for patients.

Improvements include:

- Increasing cardiology clinic time at the Mobile Clinic to 1 day weekly.
- Increasing gynecology clinic time at the Mobile Clinic to 1 day per week and 2 days per week at the Pensacola Outpatient Clinic.
- Increasing Dermatology clinic time by 1 day per month.
- Increasing Rheumatology clinic time to 6 days per month in Mobile and Pensacola.
- Providing a full-time female physician to deliver and manage comprehensive primary care for our women patients. Additionally, space has been remodeled and specialists relocated to achieve “one-stop shopping” for our female veterans.
- Hiring a diabetes educator to ensure improved continuity of care and timeliness of access to this significant patient cohort.
- Improving the timeliness of new consults by our physiatrist in Physical Medicine & Rehabilitation Service to 3 weeks versus a previous wait of 7 months.
- Nearly completed negotiations to increase orthopedic coverage in the Florida panhandle through an agreement with the Department of Defense.
- Expansion of a General Surgery clinic at the Pensacola Outpatient Clinic (within 30 days).
- Implementing a hospitalist model of care delivery. This will increase specialist availability for clinics by exempting them from on-call responsibility.

MEDICAL CENTER DIRECTOR'S COMMENTS

7. Medical Center Director Comments: Draft Report – Combined Assessment Program Review, VA Gulf Coast Veterans Health Care System (Project No. 2000-00933-R3-0204)

- Adding six new providers to improve timeliness for outpatient care.
- Same-day new patient appointments at four of the five divisions in the Gulf Coast Veterans Health Care System. At the remaining division, new patients are seen within the 30-day time frame.
- Significant space enhancements in primary care areas with more improvements being planned.
- A proposal to add a third Community Based Outpatient Clinic in the Florida panhandle, our fastest growing patient service area.

Decreasing patient waiting times and increasing access to care in patients' local communities continues to be the Medical Center Director's highest priority. It is the focus of many Gulf Coast Health Care System strategic initiatives.

Community Nursing Home (CNH) Program

Recommendation 5: The Medical Center Director should ensure that:

- a. Health care deficiencies reported by HHS and State Medicaid offices are reviewed and considered in VA annual inspections***
- b. Follow-up safety inspections are conducted to ensure deficiencies are corrected.***

We concur with this recommendation.

Inspections of contract nursing homes from state and federal agencies outside the VA are reviewed as part of each VA annual inspection. Those reviews will be added to the inspection checklist to ensure they are accomplished and documented.

Follow-up safety inspections of contract nursing homes are being conducted to ensure deficiencies are corrected. During the past three months, three nursing homes have been inspected. One nursing home passed the initial inspection. Deficiencies were cited in the other two nursing homes. Of those two homes, one had corrected the deficiencies upon reinspection. When reinspection of the other revealed uncorrected deficiencies, action was taken to remove the veterans to other homes. No veterans will be placed in that home until all deficiencies are verified as corrected through a reinspection.

All follow-up inspections are documented on the final VA inspection report.

MEDICAL CENTER DIRECTOR'S COMMENTS

8. Medical Center Director Comments: Draft Report – Combined Assessment Program Review, VA Gulf Coast Veterans Health Care System (Project No. 2000-00933-R3-0204)

Opportunities to Improve General Administrative and Management Controls**Radiologist Services Contract**

Recommendation 6: The Medical Center Director should ensure that contract radiologists provide weekday coverage as provided for in the contract, that specialty coverage is scheduled in advance, and contract reimbursement is based on the proportionate cost of the contractor staff providing services, rather than average cost.

We concur with this recommendation.

The radiology contract in place at the time of the OIG inspection is being terminated by mutual agreement in June 2000. As a replacement contract is negotiated with a new vendor, the OIG recommendation will be implemented.

Medical Supply Inventories

Recommendation 7: The Medical Center Director should ensure that A&MMS staff continues to:

- a. Review the items on hand and excess those items not needed for current operations.**
- b. Make adjustments to stock levels and reorder points to avoid excess levels of stock on hand.**

We concur with this recommendation.

We use the Generic Inventory Package (GIP) to manage medical supplies. At the time of the OIG visit, our stock-on-hand average was 63 items per day based on the GIP Stock Status Report. Currently, we are at 43 items per day stock-on-hand, indicating a 20% improvement. Over 1,130 adjustments have been made, 126 line items removed, and inventory value reduced by \$50,000.

Our goal is to ensure 100% of inventory is at 14-30 days stock-on-hand. GIP reports are monitored monthly and Performance Improvement/Benchmarking Reports are submitted to the VISN quarterly.

Advanced Food Processing

Recommendation 8: The Medical Center Director should take action to initiate a cost-study of the potential benefits of implementing AFP.

We concur with this recommendation.

MEDICAL CENTER DIRECTOR'S COMMENTS

9. Medical Center Director Comments: Draft Report – Combined Assessment Program Review, VA Gulf Coast Health Care System (Project No. 2000-00933-R3-0204)

We have initiated contact with several vendors regarding Advanced Food Processing (AFP). The study of potential AFP benefits is to be completed by August 31, 2000.

Employee Accounts Receivable

Recommendation 9: The Medical Center Director should initiate appropriate steps to collect debts owed by employees.

We concur with this recommendation.

An aggressive stance is being taken to collect debts owed by employees.

A template developed to extract employee names from the patient data file will allow the Medical Care Collection Fund (MCCF) Coordinator to identify employees owing co-pays monthly. Fiscal Service will send a letter advising the employee to make arrangements for payment or the debt will be automatically repaid through a salary offset. Debts for reasons other than co-pay will be handled according to regulation.

Unusually large existing employee debts will be reviewed for appropriate repayment plans.

Collection results will be tracked monthly to monitor program success.

A. Government Purchase Card Program

Recommendation 10: The Medical Center Director should take steps to ensure Government Purchase Card transactions are reconciled within 5 days and approved within 14 days as required.

We concur with this recommendation.

The Government Purchase Card Program is monitored by the Purchase Card Coordinator in Acquisition & Materiel Management Service (A&MMS) through three key reports of unreconciled payment transactions, delinquent reconciliations, and delinquent approvals. Through these reports the Coordinator is able to identify any cardholders with delinquent reconciliations. Cardholders are notified daily if they exceed the five-day reconciliation standard.

The Chief, A&MMS has implemented a procedure utilizing these reports to identify those cardholders who repeatedly fail to reconcile transactions within five days. This information is transmitted monthly to the appropriate approving official and service chief to correct the delinquencies.

MEDICAL CENTER DIRECTOR'S COMMENTS

10. Medical Center Director Comments: Draft Report – Combined Assessment Program Review, VA Gulf Coast Health Care System (Project No. 2000-00933-R3-0204)

Improvement in meeting the five-day standard is being realized. The Delinquent Reconciliation Exception Listing printed May 2, 2000, showed six delinquent charges from a monthly average 1,100 transactions. This represents a higher than 99% compliance rate.

This same monitoring and reporting process used for cardholders will be applied to approving officials as well. A&MMS will monitor and report compliance in meeting standards for timely reconciliation and approval of purchase card transactions.

Agent Cashier Unannounced Audits

Recommendation 11: The Medical Center Director should ensure that unannounced Agent Cashier audits are performed at least every 90 days, as required.

We concur with this recommendation.

We have improved our system for generating timely random audits. As a result, audits at Biloxi and Gulfport Medical Centers and the Pensacola Outpatient Clinic were all accomplished within 90 days.

This will continue to be monitored through reports from Fiscal Service.

Medical Care Collection Fund

Recommendation 12: The Medical Center Director should ensure that MCCF staff follow up with insurance carriers as required to enhance collections of third-party accounts receivable.

We concur with this recommendation.

A system has been developed to manage MCCF Accounts Receivable utilizing four Fiscal Accounts Assistants who have complete responsibility for managing accounts individually assigned to them. By assigning accounts to individuals, the employee becomes familiar with individual patient accounts and insurance carriers needs regarding that account.

Including referrals to Regional Counsel, outstanding receivables 121 days and older stood at 18.4% on February 18, 2000. As of May 3, 2000, the percentage had been reduced to 16.25%.

The MCCF staff will intensify efforts in aggressively collecting all accounts. Collection results will be tracked monthly to monitor program success.

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