Department of Veterans Affairs

Office of Inspector General

REVIEW OF ALLEGATIONS OF MISMANAGEMENT RELATING TO CLOSURE, CONSOLIDATION, AND CONTRACTING FOR CERTAIN SPECIALIZED MEDICAL SERVICES IN VETERANS INTEGRATED SERVICE NETWORK 12

VISN 12 officials should perform a retrospective review of the care provided to all 122 radiation therapy patients referred from the Lakeside Division to Hines VAH to determine if the decision to eliminate radiation therapy treatment at the Lakeside Division resulted in diminished access to care for veteran patients.

Report No. 99-00175-134
Date: September 4, 2001

Office of Inspector General
Washington DC 20420

DEPARTMENT OF VETERANS AFFAIRS
Office of Inspector General
Washington, DC 20420

Memorandum to the Director, Veterans Integrated Service Network 12 (10N12)

Review of Allegations of Mismanagement Relating to Closure, Consolidation, and Contracting for Certain Specialized Medical Services in Veterans Integrated Service Network 12

1. The Office of Inspector General reviewed allegations of mismanagement of medical care resources and disregard for patient welfare involving certain medical programs at two Department of Veterans Affairs (VA) medical facilities in Veterans Integrated Service Network (VISN) 12. The complainant alleged that decisions made by VISN management involving the closure, consolidation, and contracting for certain specialized medical services in the Chicago metropolitan area were not cost effective, failed to adhere to VA policies, and were made without proper consideration of the potential adverse impact on the quality of care provided to VA patients. The review was conducted to determine the validity of the allegations and to assess the need for remedial action.

2. The allegation that VISN 12 management consolidated the radiation therapy program at the VA Chicago Health Care System, Lakeside Division (the Lakeside Division) into the Edward Hines, Jr. VA Hospital (VAH) program without adequate consideration for patient welfare was substantiated. The decision to close the Lakeside Division radiation oncology program and refer patients to the Edward Hines, Jr. VAH was made without adequate consideration of all relevant issues, and resulted in increased costs and inconvenience to patients. Other allegations concerning cardiovascular surgery, neurosurgery, kidney transplant, and orthopedic services were not substantiated.

3. We recommended that the Network Director, VISN 12: perform a retrospective review of the care provided to all 122 radiation therapy patients referred from the Lakeside Division to Hines VAH to determine if the decision to eliminate radiation therapy treatment at the Lakeside Division resulted in diminished access to care for

veteran patients. You agreed with our findings and recommendation, and provided acceptable implementation plans. We consider all issues in this report resolved, although we may follow up on planned implementation actions until they are completed.

For the Assistant Inspector General for Auditing

(Original signed by Edward H. Kostro:)

for WILLIAM V. DEPROSPERO
Director, Chicago Audit Operations Division

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The Office of Inspector General reviewed allegations of mismanagement of medical care resources and disregard for patient welfare involving certain medical programs at two Department of Veterans Affairs (VA) medical facilities in Veterans Integrated Service Network (VISN) 12. The claimant alleged that decisions made by VISN management involving the closure, consolidation, and contracting for certain specialized medical services in the Chicago metropolitan area were not cost effective, failed to adhere to VA policies, and were made without proper consideration of the potential adverse impact on the quality of care provided to VA patients.

Allegations

VISN 12 management consolidated the radiation oncology program at the VA Chicago Health Care System (CHCS), Lakeside Division (the Lakeside Division) into the Edward Hines, Jr. VA Hospital (VAH) program without adequate consideration for patient welfare. The principal reason for transferring the radiation treatment services was to enhance the radiation oncology program at the affiliated medical school, Loyola University Stritch School of Medicine (Loyola).[1]

Findings

The allegations were substantiated. Lakeside Division medical staff concerns regarding continuity of care and patient welfare were not resolved. Instead, the decision was made to consolidate radiation oncology services and transfer the treatment services to Hines VAH. The transfer of patient treatment services also resulted in increased VISN 12 costs for radiation therapy.

Results of review found that some Lakeside Division patients were unnecessarily hospitalized as a result of the consolidation, lost contact with their treatment teams, or suffered disruption in the continuity of their care. Other Lakeside Division patients chose to avoid disruption of their medical treatment by opting for private treatment at their own expense, opting out of radiation oncology entirely, or opting for surgical alternatives to radiation.

Radiation oncology costs increased as a result of the decision to consolidate the treatment programs. Prior to March 1999, patients under the care of physicians at the Lakeside

[1] *The Hines and Loyola relationship is referred to in the remainder of this section as the Hines VAH program or Hines VAH.*

Division and the Crown Point, IN outpatient clinic were treated at the Lakeside Division, and the patients of the West Side Division of CHCS (West Side) were treated at Hines VAH under a contract with Loyola. The Hines VAH radiation oncology program used VA-owned equipment, operated by Loyola staff, in VA space leased to Loyola. Loyola was paid on a fee-per-procedure basis and treatment costs increased after consolidation of the Lakeside Division treatment program into the Hines VAH program. Also additional costs were incurred to transport patients to Hines VAH, which added to overall program costs. VISN 12 decision-makers did not consider all the cost and patient care implications of closing the Lakeside Division program prior to reaching a decision to consolidate.

	Average Per-Patient Radiation Oncology Cost for Chicago-Area VISN 12 Facilities	
Before Consolidation	$2,650	(Lakeside Division and Hines VAH)
After Consolidation	$3,280	(Hines VHA)

Background

In March 1998, VISN 12 management established a task group to explore alternative ways to provide radiation oncology among the Chicago-area VA facilities. The task group was composed of physicians from five VA facilities in VISN 12, the Administrative Assistant to the Chief of Staff from Hines VAH, and physicians from both Loyola University and Northwestern University (the Lakeside Division medical school affiliate). The task group ultimately recommended closing the Lakeside Division radiation oncology program and transferring the Lakeside Division patients to the Hines VAH program. The Lakeside Division treatment program ceased operation in March 1999.

Results of Review

Lakeside Division Oncology Patients Were Adversely Affected by the Consolidation

We concluded that Lakeside Division patients were adversely affected by the closure of the Lakeside Division program, and some may not have received the medical treatment they required. Lakeside Division staff expressed concerns that:

- Travel to Hines VAH represented an unnecessary hardship for patients who were often already in a difficult physical and emotional state.

- Beginning a new treatment regimen at Hines VAH disrupted continuity of care.

Some patients chose to opt out of VA-provided radiation therapy rather than incur additional travel or disruption to the continuity of their treatments. According to Lakeside Division physician staff, some patients rejected receiving radiation treatment at the Hines VAH, or paid for care at private facilities because of misgivings about the travel involved and continuity of care. We noted that between the closure of the Lakeside Division radiation oncology program on March 8, 1999 and January 10, 2000, Lakeside Division staff referred 122 patients to the Hines VAH program. However, only 86 of these patients were treated at the Hines VAH, and the Hines VAH does not know what happened to the remaining 36 patients. Therefore, in at least some cases it appears that the consolidation of radiation oncology care to the Hines VAH may have restricted patient access to that care.

The hotline complaint and information subsequently provided by the complainant referenced 11 specific patients who were adversely affected by the consolidation of the radiation oncology program. (One of these 11 patients was among the 36 patients referred to Hines VAH, but not treated there.) To determine whether these patients were adversely affected, we reviewed the information provided by the complainant, and CHCS management reviewed the patients' medical records and provided us their assessments.

Based on these reviews, we concluded that these 11 referenced patients were adversely affected by the consolidation. Some patients refused care or opted for care at private facilities. In other cases, there was evidence of disruptions in continuity of care.

VA's Costs to Provide Radiation Therapy to Patients in the Chicago Area Increased After Consolidation

VA's costs to provide radiation treatment for patients of Chicago-area VA facilities increased by about 24 percent after the Lakeside Division program was closed and it's workload was consolidated into the Hines VAH program.

In the 12 months preceding closure of the Lakeside Division radiation therapy program, the Lakeside Division and the Hines VAH together provided radiation therapy to 1,036 patients. During that period, combined costs for the two programs totaled approximately $2,744,100 ($510,100 for the Lakeside Division program and $2,234,000 for the Hines VAH program). The average cost per patient was about $2,650 ($2,744,100 ÷ 1,036 patients).

In the 12 months after consolidation (April 1999 through March 2000), the Hines VAH program provided radiation therapy to 1,062 patients. Program costs for that period were about $3,483,000[2], including annual costs of approximately $130,000 for operating the

[2] *Neither this figure nor the Hines pre-consolidation cost figure included equipment depreciation. Hines VAH equipment was donated by Loyola and therefore, while this equipment had a measurable value, it did not represent an identifiable cost to Hines.*

bus service between the Lakeside Division and the Hines VAH. Therefore, after consolidation, the average cost per patient was about $3,280 ($3,483,000 ÷ 1,062 patients).

Annual costs for radiation therapy among the Chicago-area VA facilities rose about $738,900 annually ($3,483,000 - $2,744,100) as a consequence of closing the Lakeside Division radiation oncology program and consolidating its workload into the Hines VAH program. The average per patient cost rose $630, or about 24 percent. VISN 12 financial management staff acknowledged that they had not performed an adequate evaluation of the cost implications of the consolidation. Closure of the Lakeside Division program also resulted in a significant reduction in the radiation oncology clinic schedule at the division. Prior to the consolidation, the radiation oncology clinic at the Lakeside Division was held 5 days per week. After the consolidation the clinic was held only once a week, further restricting access to care for follow-up patients being assessed for the effects of their therapy regimen.

The Task Force Did Not Thoroughly Evaluate Radiation Therapy Alternatives

The decision-making process that led to the closure of the Lakeside Division radiation therapy program and consolidation into the Hines VAH program did not consider all relevant facts or implications. Some information regarding the condition of the radiation therapy equipment at the Lakeside Division was in error, cost benefit analyses were not performed to estimate how pre-consolidation costs would compare with post-consolidation costs, and clinical concerns raised by task group members were never addressed.

According to VISN 12 sources, the radiation therapy task group was formed to consider a request for replacement of the Lakeside Division's radiation therapy equipment. VISN 12 officials reasoned that alternate treatment arrangements might be more appropriate than replacing the equipment. However, neither the task group, nor VISN 12 management, ever determined if the Lakeside Division's radiation therapy equipment needed replacement. In fact, the complainant told us that the primary linear accelerator was not obsolete, and was the same model that was currently used at the Hines VAH. Our review found that the equipment was reported to be in excellent condition, as verified by maintenance records, and could potentially serve to treat veteran patients for many years.[3] Further, as of January 2001 the VISN 12 Director informed us that the Lakeside Division equipment was being "traded-in" for a credit of "several hundreds of thousands of dollars" on new radiation therapy equipment for VAMC Milwaukee, WI.

[3] *Traditionally, all new items of VA medical equipment have been assigned a 10-year "useful life" for planning purposes. However, in reality, such equipment is frequently used for much longer periods to provide reliable first-rate care to veterans. The equipment in question was purchased in 1993 and was only 5 years old as of March of 1998.*

Nevertheless, the task group concluded that the radiation therapy program at the Lakeside Division should be consolidated into the program at Hines VAH, based on an assumption that such consolidation would be more cost-effective than replacing the equipment at the Lakeside Division. VISN 12 officials told us that the task group did not conduct a cost comparison of the Lakeside Division radiation therapy program with the Hines VAH program, and did not conduct a cost-benefit analysis of alternate ways to provide radiation therapy for Lakeside Division patients. As a result, VISN management had no information to indicate that consolidation would actually increase the per-patient VISN costs for radiation therapy in the Chicago area.

The task group did not resolve patient welfare and quality of care concerns that were raised by some of its members prior to recommending closure of the Lakeside Division program. Physician members from the Lakeside Division and its affiliated medical school, Northwestern University School of Medicine, documented concerns regarding:

- Difficult travel for Lakeside Division patients.

- Disruption of continuity of care for Lakeside Division patients.

- Impediments to the coordination of chemotherapy and radiation treatments.

The Lakeside Division and Northwestern University School of Medicine physicians requested additional information and further discussions on those issues before a final decision was made. However, neither the task group nor VISN 12 management addressed the three issues identified above.

Conclusion

The allegation was substantiated. In our opinion, the decision to close the Lakeside Division radiation therapy program and refer patients to the Hines VAH program was made without adequate consideration of all relevant issues, and the decision resulted in increased costs and inconvenience to patients.

Recommendation 1

We recommend that the Network Director, VISN 12, conduct a retrospective review of the care for all 122 radiation therapy patients referred from the Lakeside Division to the Hines VAH to determine if the decision to eliminate radiation therapy treatment at the Lakeside Division resulted in diminished access to care for veteran patients.

Network Director, VISN 12 Comments

We agree that the issue of how radiation oncology services are provided to veterans residing in the southern tier of VISN 12 needs to be revisited. We will examine all 122 cases identified by your review and will address the issue of how radiation oncology will be provided in the future. (The full text of the Network Director's comments is contained in Appendix I of this report.)

Office of Inspector General Comments

The Network Director agreed with our finding and recommendation and provided acceptable implementation plans. We consider all issues in this report resolved, although we may follow up on implementation actions until they are completed.

FULL TEXT OF NETWORK DIRECTOR'S COMMENTS

Department of Veterans Affairs

MEMORANDUM

Date: July 11, 2001

From: Network Director, VISN 12 (10N12)

Subj: Radiation Oncology Services

To: Director, Chicago Audit Operations Division, VA Office of Inspector General

1. We agree that the issue of how radiation oncology services are provided to veterans residing in the southern tier of VISN 12 needs to be re-visited, especially considering the significant changes that may be brought about if the Lakeside Division is closed and if dramatic mission changes occur at the West Side Division of the VA Chicago Health Care System.

2. We will examine the 122 cases identified by your review to determine if problems occurred, how problems could have been avoided, and if problems can be corrected in individual cases.

3. To address the issue of how radiation oncology will be provided in the southern tier of VISN 12 in the future, we will:

a. Explore alternatives for providing radiation therapy, perhaps on a contract basis, for those patients for whom travel proves too difficult.

b. Significantly improve transportation arrangements for those patients who will continue to be transported to Hines from other VA facilities' catchment areas for their radiation.

c. Provide adequate inpatient, hospice, or over-night care for patients who have been radiated but require monitoring or are otherwise unable return to home after a given treatment.

e. Provide radiation oncology to VISN 12 patients in the most cost-effective manner possible, including ongoing and aggressive monitoring of the contract with Loyola University.

4. In addition, VISN 12 management will consult with healthcare professionals and physicians from the Lakeside and West Side Divisions of the VA Chicago Health Care System, as well as from Hines VA Hospital, to identify areas in need of improvement. Clinicians consulted will be those actually providing radiation and medical oncology services to patients. VISN 12 management will then establish formal transfer protocols

FULL TEXT OF NETWORK DIRECTOR'S COMMENTS (CONTINUED)

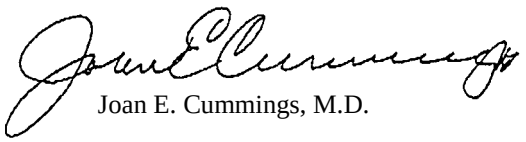
2.

Director, Chicago Audit Operations Division, VA Office of Inspector General

for all three facilities and develop ways to improve communication between referring and treating physicians to improve continuity of care.

5. Finally, VISN 12 management will assure that quality assurance mechanisms are established to monitor issues identified by the OIG report and VISN 12 clinicians on an ongoing basis.

6. I can be reached at (708) 202-8401 if you have any questions.



Joan E. Cummings, M.D.

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