



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Medical Center Butler, Pennsylvania

Report No. 02-03214-163

VA Office of Inspector General
Washington, DC 20420

Date: August 21, 2003

Office of Inspector General

Combined Assessment Program Reviews

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) efforts to ensure that high quality health care and benefits services are 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 and regional offices on a cyclical basis. The purposes of CAP reviews are to:

- Evaluate how well VA facilities are accomplishing their missions of providing veterans convenient access to high quality medical and benefits services.
- Determine if management controls ensure compliance with regulations and VA policies, assist management in achieving program goals, and minimize vulnerability to fraud, waste, and abuse.
- Conduct fraud and integrity awareness training for facility employees.

In addition to this typical coverage, CAP reviews may examine issues or allegations referred by VA employees, patients, Members of Congress, or others.

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Executive Summary

Introduction

During the week of November 18-22, 2002, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Medical Center Butler, Pennsylvania (BVAMC). The purpose of the review was to evaluate selected medical center operations, focusing on patient care administration, quality management/performance improvement (QM/PI), and financial and administrative controls. During the review, we also provided fraud and integrity awareness training to about 171 employees.

Results of Review

We found that the BVAMC Clinical Care Coordinator (CCC) adequately monitored data such as waiting times, clinic workload, and “no show” rates. We also found that BVAMC managers had effective controls in place to achieve operational and patient care goals at VA-staffed community-based outpatient clinics (CBOCs). To improve operations, the Veterans Integrated Service Network (VISN) 4 Director needed to ensure that the BVAMC Director:

- Improves contract administration controls and compliance with policies and procedures.
- Improves managers’ oversight of enhanced use sharing agreements.
- Improves controlled substances inspector training and inspection procedures.
- Improves collection actions on Medical Care Collections Fund (MCCF) accounts receivable.
- Strengthens controls over the Government Purchase Card Program.
- Strengthens information technology (IT) security controls.
- Improves pharmacy security.
- Includes CBOCs and contract nursing homes (CNH) in the QM Program’s scope of review.
- Better communicates the results of PI measures.
- Documents the progress of physicians placed under personal improvement plans (PIPs).
- Completes minor physical plant repairs.
- Designates a coordinator for the Violent Patient Behavior Program.

VISN 4 and BVAMC Directors' Comments

The VISN and BVAMC Directors agreed with all findings, recommendations, and suggestions, and provided acceptable implementation plans (See Appendices A and B, pages 14 through 23). We will follow up on planned actions until they are completed.

(Original signed by:)

RICHARD J. GRIFFIN
Inspector General

Introduction

VA Medical Center Profile

Organization. The BVAMC is a primary care medical facility treating approximately 63,000 veterans in a primary service area that includes five counties in Western Pennsylvania. The BVAMC is under the jurisdiction of VISN 4, which is also known as the VA Stars and Stripes Healthcare Network.

Programs. The BVAMC provides specialized extended care, physical rehabilitation medicine, and residential substance abuse treatment. The 160-bed medical center operates 7 acute medicine beds, 97 nursing home beds, and 56 domiciliary beds. The facility's outpatient clinics generate more than 107,000 visits per year. There are four CBOCs located in Mercer, Clarion, Lawrence, and Armstrong counties. Specialized services include respite care, a Homeless Veterans Program, a Mental Hygiene Clinic, home-based primary care, community health care, and adult day health care.

Affiliations and Research. The BVAMC has established training affiliations with local schools, colleges, and universities to provide clinical experiences in allied health care disciplines and medical administration. In fiscal year (FY) 2002, the BVAMC provided training to 49 students in 36 allied health sciences programs. BVAMC clinicians participate in research projects in conjunction with the Pittsburgh Healthcare System. The BVAMC also has agreements to share healthcare resources with Butler Memorial Hospital.

Resources. In FY 2002, the BVAMC had medical care expenditures totaling \$50,621,644 not including capital expenditures. The FY 2003 appropriated budget is anticipated to be \$47,294,000 plus an estimated \$2,952,000 in MCCF receipts and \$1,961,000 in Health Services Improvement Fund collections for a total available budget of \$52,207,000, 3 percent more than FY 2002 expenditures. At the close of FY 2002, staffing totaled 476 full-time employee equivalents (FTEE), including 15 physician and 127 nursing FTEE.

Workload. In FY 2002, the BVAMC treated 18,636 unique patients, a 5-percent increase over FY 2001. In FY 2002, all inpatient bed sections generated 1,980 discharges, and the average daily census was 125. The outpatient program, during FY 2002, had 107,676 visits.

Objectives and Scope of CAP Review

Objectives. CAP reviews are one element of the OIG's efforts to ensure that our Nation's veterans receive high-quality VA health care services. The objectives of the CAP review program are to:

- Conduct recurring evaluations of selected health care facility operations, focusing on patient care, QM, and financial and administrative controls.

- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud, and of the need to refer suspected fraud to the OIG.

Scope. We reviewed selected clinical, financial, and administrative activities to evaluate the effectiveness of QM, patient care administration, and general management controls. QM is the process of monitoring the quality of patient care to identify and correct harmful or potentially harmful practices or conditions. Patient care administration is the process of planning and delivering patient care. Management controls are the policies, procedures, and information systems used to safeguard assets, prevent errors and fraud, and ensure that organizational goals are met.

In performing the review, we inspected work areas; interviewed managers, employees, and patients; and reviewed clinical, financial, and administrative records. The review covered the following activities:

Clinic scheduling/utilization	IT security
CBOCs	Management of violent patients
Contracts and sharing agreements	MCCF accounts receivable
Controlled substances accountability	Pharmacy security
Environment of care	QM/PI
Government Purchase Card Program	

The review covered BVAMC operations for FY 2001 and FY 2002, and the first 2 months of FY 2003, and was done in accordance with OIG standard operating procedures for CAP reviews.

In this report we make recommendations and suggestions for improvements. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. Suggestions pertain to issues that should be monitored by BVAMC and VISN managers until corrective actions are completed.

Results of Review

Organizational Strengths

Clinic Scheduling/Utilization. The Clinical Care Coordinator (CCC) adequately monitored monthly data on waiting times, clinic workloads, and clinic no show rates. The CCC reported outliers to related committees for action. Action plans consisted of adding clinic days or employees to decrease waiting times. For example, when the waiting time for new patients in the Audiology Clinic exceeded 30 days, managers added a part-time audiologist to reduce the wait time to less than 30 days. The Primary Care Committee reviewed the workload data on a monthly basis to adjust provider panel sizes (the number of individual patients assigned to a practitioner) to provide optimum access to clinics. Managers established a new primary care team in June 2002, in response to an increase in new patients. BVAMC employees monitored no show rates because of their impact on clinic access. The BVAMC policy on no shows provided for the possible discontinuation of care after patients failed to keep appointments on three occasions without reasonable explanations, although no patient needing care would be refused treatment.

CBOC Management Controls and Procedures Were Appropriate. The BVAMC had effective management controls in place to achieve operational and patient care goals at VA-staffed CBOCs. CBOC employees consisted of a physician, a registered nurse, and a health technician. A Coordinator monitored the CBOCs for quality control issues such as appropriateness of medical documentation and waiting times, and performance measures such as customer service standards. BVAMC employees performed all enrollment and billing functions, and also provided all supplies, eliminating the need for Government purchase cards to be issued to CBOC employees.

We visited a VA-staffed CBOC in Newcastle, PA. During our visit, we found no indications of any quality of care or performance problems. Employees had been trained in IT security awareness. IT security was effective. The CBOC did not store or distribute controlled substances. These types of prescriptions were mailed directly to the patients by the BVAMC pharmacy.

Opportunities for Improvement

Contract Administration – Management Oversight Needed To Be Improved and Compliance With VA Policy Needed To Be Ensured

Conditions Needing Improvement. The VISN 4 Director needed to ensure that contracts were negotiated and administered in accordance with VA policy.

VA policy requires contracting officers to search the Government's Excluded Parties Listing System database, initiate background investigations of contractor personnel given access to VA computer systems, prepare price negotiation memorandums (PNM), obtain adequate support for negotiated CNH rates, and ensure quality assurance oversight of contractor performance. Acquisition and Materiel Management (A&MM) Service is responsible for ensuring supervisory review and evaluation of contract files and supporting documentation, and documenting contracting officer training. The BVAMC Human Resources Management Service (HRMS) is responsible for implementing the conflict of interest policy.

We reviewed 11 current contract files totaling \$2,944,000, which were negotiated, awarded, and administered by the BVAMC. The following sections describe significant contract administration deficiencies and other pertinent contract issues.

Excluded Parties Listing System. Federal agencies are required to award contracts to responsible sources. VA policy requires that Government purchases be made from, and Government contracts be awarded to, responsible prospective contractors that have satisfactory records of integrity and business ethics. To prevent doing business with unsatisfactory contractors, contracting officers are required to search the Government's Excluded Parties Listing System database to determine if prospective contractors are ineligible to be awarded Federal contracts. We found that BVAMC employees had not performed the required database searches for four contracts totaling \$562,000. These four contracts were awarded for asbestos abatement (V529C-625), pathology services (V529P-1324), window washing services (V529P-1379), and home oxygen delivery services (V529P-1387).

Background Investigations of Contractor Personnel. To protect sensitive data from destruction, manipulation, and inappropriate disclosure, VA policy requires background investigations of contractor personnel who will be given access to VA computer systems. The contracting officer is responsible for initiating the background investigations. VA Office of Acquisition policy states, "...contract performance shall not commence prior to the initiation of the process that requests that appropriate investigative action be taken." BVAMC employees had never initiated investigations of contractor employees working on a current CBOC contract valued at \$732,000 (V529P-1322). Nine contractor employees involved with this contract were identified as having access to VA computer systems.

Price Negotiation Memorandums. PNMs generally describe important elements of the contract negotiation process, such as descriptions of the services procured, the purpose of the negotiations, explanations of how the prices were determined to be reasonable, and the principal

contractor and Government officials participating in the negotiation process. We found that the required PNMs were not prepared for two contracts (V529P-1379, valued at \$20,000, for window washing services, and V529P-1387, valued at \$357,000, for home oxygen delivery services).

Negotiation of CNH Rates. VHA policy established the state Medicaid Skilled Nursing Facility (SNF) rate plus 15 percent as a benchmark for CNH per diem rates. The Medicaid rate covers the cost of room, board, and routine care. The additional 15 percent covers the cost for items such as drugs, nursing supplies, oxygen, x-rays, laboratory tests, physician visits, and rental equipment. In cases where the additional 15 percent is insufficient to meet costs, the CNH must itemize ancillary cost data showing why the Medicaid rate plus 15 percent is not adequate.

In the three CNH contracts reviewed, BVAMC contract employees negotiated rates in excess of the prescribed benchmark rate without requiring the CNHs to provide documentation justifying the higher costs. Medicaid placed 61 percent of non-VA patients in one of the CNHs at Medicaid rates, yet BVAMC accepted the CNH's claim that SNF rates plus 15 percent were not sufficient to cover the cost of VA patients. The actual rates negotiated ranged from the SNF rate plus 15 to 33 percent.

Quality Assurance of Contract Performance. The contracting officer technical representative (COTR), appointed by the contracting officer, is responsible for validating the quality and quantity of services provided under the contract. The COTR for an echocardiography and imaging services contract (V529P-1353, valued at \$651,000) did not have a procedure to monitor the quality of readings/interpretations and reports prepared by the contractor's cardiologists.

Mandatory Supervisory Reviews And Evaluations. VA policy requires that prior to contract award, the management level above the responsible contracting officer must review the contract file with its supporting documentation and rationale. Such evaluations help ensure the completeness and accuracy of the solicitation/contract documentation packages. Management reviews were not performed on four contracts (V529P-1387, for home oxygen delivery services; V529P-1353, for echocardiography and imaging services; V529P-1359, for home care services; and V529P-1278, for CBOC services).

Documentation of Contracting Officer Training. Contracting officers receive authority to conduct procurements based on a combination of training, experience, performance, and education. The Contracting Officer Certification Program is based on three levels of authority (basic, intermediate, and senior). We reviewed the training records of the seven individuals with contracting authority to determine if they received the appropriate training for the types and levels of contracting duties they were performing. The Chief, A&MM Service informed us that all seven contracting officers had received the required training. However, six of the seven contracting officers' training records lacked documentation of the required training.

Conflict of Interest Policy. VA policy requires that the Chief of Staff, and each clinician receive copies of VHA Handbook 1660.3 and VA Form 10-21009 (NR), Acknowledgment Form. The Acknowledgment Form requires a signature, acknowledging that the physicians received, read, and agreed to abide by the guidance in the handbook pertaining to conflict of interest in

contracting for scarce medical services. At the time of our visit, BVAMC managers had not implemented this policy.

Recommended Improvement Actions 1. We recommended that the VISN 4 Director ensure that the BVAMC Director: (a) implements controls to detect and prevent contract administration deficiencies and improve compliance with VA procurement policies and procedures; (b) improves negotiations of CNH rates by obtaining and thoroughly reviewing ancillary cost data from the nursing homes when these rates exceed SNF rates plus 15 percent; (c) requires the review and update of documentation of contracting officer training; and (d) implements VA policy regarding clinician conflict of interest issues.

The VISN and BVAMC Directors agreed with the findings and recommendations, and the VISN Director concurred with the BVAMC Director's corrective action plan. The BVAMC Director provided acceptable improvement plans. We will follow up on the planned actions until they are completed.

Sharing Agreements – Management Oversight Needed to be Improved

Conditions Needing Improvement. The VISN 4 Director needed to ensure that the BVAMC Director properly administers and negotiates enhanced use sharing agreements.

VA medical facilities may enter into enhanced use sharing agreements to buy or sell services or rent facility land or space. The BVAMC had 10 enhanced use sharing agreements. We reviewed two agreements to determine if they had been properly negotiated and approved. One agreement was for the placement and use of a VA-owned computerized tomography (CT) scanner, and the other was for the lease of BVAMC space.

The CT scanner agreement, dated July 17, 1998, gave a community hospital the right to "...use, possess and enjoy the CT scanner..." during the anticipated 10-year term of the agreement. The BVAMC's acquisition cost for the CT scanner was \$1 million. In consideration for the use of the CT scanner, the community hospital agreed to provide the BVAMC "...450 scans per year of BVAMC patients..." at a billed rate of "...\$1 per BVAMC examination." The contract rate in effect as of the agreement's execution date was "...\$479 per patient usage," applicable to VA patient scans in excess of the 450 scans annual contract allowance. Accordingly, the value of the annual allowance was approximately \$215,000. It was not clear in the sharing agreement whether or not the rate included interpretation of the scans.

We found several deficiencies in the administration of this agreement to include:

- No documentation that the General Counsel or Regional Counsel performed a legal review to address issues regarding potential liability or conflict of interest.
- No clause negotiated to ensure VA patient priority.
- No technical and legal review or approval by VA Central Office.

- No certification by the VISN 4 Director or the BVAMC Director.

In 1998, the BVAMC entered into an annually renewable agreement for the use of space in the “Director’s building” with a nongovernmental organization. The agreement, negotiated by a BVAMC contracting officer, leased 3,000 square feet of usable light commercial office space including all utilities, exterior maintenance and interior housekeeping, and parking. At the time of our visit, the rent was \$730, or 24 cents per square foot monthly. There was no assurance under this agreement that the BVAMC was receiving a fair value for rent because the file contained no documentation of a market survey as required by VHA policy.

Recommended Improvement Action 2. We recommended that the VISN 4 Director ensure that the VAMC Director implements controls to improve administration and negotiation of enhanced use sharing agreements.

The VISN and BVAMC Directors agreed with the findings and recommendation, and the VISN Director concurred with the BVAMC Director’s corrective action plan. The BVAMC Director provided acceptable improvement plans. We will follow up on the planned action until it is completed.

Controlled Substances – Inspector Training and Procedures Needed To Be Improved

Conditions Needing Improvement. The VISN 4 Director needed to ensure that the BVAMC Director provides and properly documents training for controlled substances inspectors, ensures all areas containing controlled substances are inspected monthly, and requires trending of controlled substances inspection results. VHA policy requires an adequate and comprehensive system to include safety and control of stocks for all Schedule II-V controlled substances. We found the following deficiencies in the controlled substances inspection program:

- There was no documentation of training for 4 (36 percent) of 11 controlled substances inspectors. These controlled substances inspectors were given on-the-job training by an experienced inspector, rather than undergoing formal training classes. This informal training may result in erroneous practices being passed on to new inspectors.
- Excess, outdated, and unusable controlled substances being held for destruction should be stored in sealed containers, locked in the pharmacy vault, and inspected monthly. Controlled substances inspectors were not conducting monthly inspections of all excess, outdated, and unusable controlled substances returned to the pharmacy to await destruction.
- Managers did not trend inspection results to identify potential problem areas. Trending would ensure that all controlled substance storage areas are properly inspected each month.

Recommended Improvement Actions 3. We recommended that the VISN 4 Director ensure that the BVAMC Director: (a) establishes, follows, and documents an improved program for

training of inspecting officials; (b) requires drugs awaiting destruction to be inspected monthly; and (c) trends inspection results.

The VISN and BVAMC Directors agreed with the findings and recommendations, and the VISN Director concurred with the BVAMC Director's corrective action plan. The BVAMC Director provided acceptable improvement plans. We will follow up on the planned actions until they are completed.

Accounts Receivable – Collection Actions Needed To Be Improved

Conditions Needing Improvement. The VISN 4 Director needed to ensure that the BVAMC Director ensures MCCF employees improve MCCF accounts receivable collection efforts by contacting delinquent health insurers.

As of September 30, 2002, the BVAMC had 113 active third-party reimbursable health insurance (RHI) accounts receivable, each valued at more than \$1,000, and totaling \$733,330. Of these, 46 accounts receivable (41 percent), valued at \$281,097, were more than 90 days old.

We reviewed a sample of 15 of the 46 active RHI accounts receivable, valued at \$178,227, that were more than 90 days old at the time of our visit. While we were on site, MCCF employees collected on 11 of the 15 accounts receivable. The remaining four accounts receivable, valued at \$9,164, required more aggressive collection actions. VA policy requires that at the time the third notice is sent (generally after a bill is 90 days delinquent) telephone follow-up should be made with the insurers. MCCF employees had sent the initial claims documents and required notices to the insurers but had not followed up with telephone contacts.

In response to inquiries we made prior to our visit, MCCF employees made telephone contacts with the insurance carriers for the four accounts receivable mentioned above. MCCF employees determined that in three instances, the third-party insurance carriers providing Medicare supplemental coverage, had originally denied the bills (valued at \$6,595) because Medicare Explanations of Benefits had not been submitted with the bills. After discussing this issue by telephone with the insurance carriers, MCCF employees resubmitted the three bills to the insurance carriers on October 31, 2002. Resolution of the fourth receivable was pending the insurance carrier's review.

Recommended Improvement Action 4. We recommended that the VISN 4 Director ensure that the BVAMC Director improves MCCF accounts receivable collection efforts by requiring telephone contacts with insurers when third notices are sent.

The VISN and BVAMC Directors agreed with the findings and recommendation, and the VISN Director concurred with the BVAMC Director's corrective action plan. The BVAMC Director provided acceptable improvement plans. We will follow up on the planned actions until they are completed.

Government Purchase Card Program – Purchase Card Controls Needed To Be Strengthened

Conditions Needing Improvement. The VISN 4 Director needed to require the BVAMC Director to improve controls over the use of Government purchase cards. During the period from October 2000, through September 2002, 50 cardholders made 7,066 purchases totaling \$2.9 million. Quality reviews of purchase activities were properly conducted and cardholders were properly warranted. However, purchase card program controls needed to be strengthened in four areas:

Reconciliations of Government Purchase Card Transactions. Cardholders were not meeting the VHA requirement to reconcile 95 percent of the purchase card transactions within 17 days and 100 percent of the purchase card transactions within 30 days. Evaluation of 7,066 purchase card transactions for the 2 fiscal years ending September 30, 2002, showed that cardholders reconciled 5,368 (76 percent) of the transactions within 17 days and 6,132 (87 percent) of the transactions within 30 days. For the same period, the approving officials, who are required by VHA policy to approve 100 percent of reconciled payments within 14 days, approved 93 percent of the transactions within the 14-day requirement.

Duties Not Separated. As of September 30, 2002, the BVAMC had 50 cardholders and 13 approving officials for the Government purchase card program. We found that the purchase card coordinator was an approving official for 21 of the 50 cardholders. VHA policy states the purchase card coordinator cannot be a cardholder or an approving official. BVAMC managers were aware of this requirement and had noted, as an exception, the purchase card coordinator's role as an approving official on their last 2 fiscal years' certifications of the purchase card program. While disclosure of this internal control deficiency is a step toward correction, action was needed to correct this serious breakdown in controls.

Inappropriate Use of the Government Purchase Card. A Government purchase card was used to pay the Sharon Regional Health System for leased space supporting the Mercer Clinic, a CBOC. During the period from October 1, 2000 through September 30, 2002, the BVAMC charged 68 rental payments, a total of \$14,025. VHA policy states that purchase cards may not be used to pay for rent of land or buildings. The last sharing agreement with Sharon Regional Health System expired on September 30, 1999, and the Government credit card was used to pay rent after the expiration of the sharing agreement. While the cost of the rental space appears to be minimal, there are potential legal liabilities that should be covered by a new sharing agreement.

Oversight of Prosthetics Purchasing Activities. Prosthetics Service employees had been using Government purchase cards to make repetitive non-contract purchases from two vendors. Over a 10-month period ending September 2002, purchases from one of these vendors totaled \$53,000. For the 12-month period ending July 2002, purchases from the other vendor totaled \$90,000. Many of these purchases appeared to have been split to avoid the micro-purchase level of \$2,500. VHA policy requires that the Chiefs of Fiscal and A&MM Services conduct quarterly reviews to ensure that prosthetics purchasing activities are in compliance with applicable acquisition regulations. There was no documentation that these reviews had been conducted.

Recommended Improvement Actions 5. We recommended that the VISN 4 Director ensure that the BVAMC Director: (a) requires that Government purchase card transactions are reconciled and approved on time; (b) reassigns approving official duties from the purchase card coordinator to other approving officials; (c) discontinues use of the credit card for payment of rental space and establishes an appropriate sharing agreement or contract with the Sharon Regional Health System; and (d) improves oversight of prosthetics purchasing activities.

The VISN and BVAMC Directors agreed with the findings and recommendations, and the VISN Director concurred with the BVAMC Director's corrective action plan. The BVAMC Director provided acceptable improvement plans. We will follow up on the planned actions until they are completed.

Information Technology Security – Automated Information Systems Security Needed To Be Enhanced

Conditions Needing Improvement. We reviewed IT security to determine whether controls were adequate to protect automated information system (AIS) resources from unauthorized access, disclosure, modification, destruction, or misuse. Although BVAMC managers had implemented policies necessary to ensure AIS security, the following areas needed to be enhanced:

Incomplete Contingency Plan. While the BVAMC had a contingency plan, the plan did not identify an alternate processing facility that could be used during disaster recovery. VA policy requires VA facilities to develop and implement information system contingency and recovery plans. The plan should be designed to reduce the impact of disruptions in services and resume normal operations as soon as possible. One key element of an effective contingency plan is the identification of an alternate processing facility that can be used in case of a disaster.

Improper Storage of Computer Back-Up Tapes. Backing up data files and applications is a critical part of every contingency plan. Back-up tapes are used to restore files in case of a disaster that renders a primary processing facility inoperative. To ensure that back-up tapes are secured and protected from a disaster, BVAMC policy required all back-up tapes be stored in fireproof safes both on-site and at a remote location. At the time of our review, the BVAMC's back-up tapes stored at the remote location were properly protected; however, onsite back-up tapes were stored in a non-fireproof metal cabinet.

Recommended Improvement Actions 6. We recommended that the VISN 4 Director ensure that the BVAMC Director: (a) identifies an alternate processing site in the facility contingency plan; and (b) requires computer back-up tapes to be stored in a fireproof safe.

The VISN and BVAMC Directors agreed with the findings and recommendations, and the VISN Director concurred with the BVAMC Director's corrective action plan. The BVAMC Director provided acceptable improvement plans. We will follow up on the planned actions until they are completed.

Pharmacy Security – Vulnerabilities Needed To Be Eliminated

Conditions Needing Improvement. The BVAMC's pharmacy security included combination access to the vault containing controlled substances, key and card access to the pharmacy, and key access to the anteroom, a small room adjacent to the vault where the controlled substances pharmacy technician fills prescriptions. Controlled substances for inpatients were stored in locked automated dispensing machines until administered. However, managers needed to address two security issues:

- Access to the small walk-in vault was through a locked anteroom within the pharmacy itself. Given the restricted space of both the vault and the anteroom, the doors to the anteroom and vault were left open whenever the controlled substances pharmacy technician was present in either area. When the technician was in the vault, controlled substances in the anteroom awaiting dispensing were vulnerable to theft or diversion.
- Employees had to periodically open a pharmacy rear door for deliveries and to allow entry of nursing personnel. However, this door had only a narrow window to allow them to observe persons requiring access.

Suggested Improvement Actions 1. We suggested that the VISN 4 Director ensure that the BVAMC Director takes action to: (a) provide a cage door for the anteroom that will be locked at all times, and (b) install a mirror outside the rear pharmacy door to allow employees to observe persons requiring access.

The VISN and BVAMC Directors agreed with the findings and suggestions, and the VISN Director concurred with the BVAMC Director's corrective action plan. The BVAMC Director provided acceptable improvement plans and assured us that actions would be taken.

Quality Management – CBOC and CNH QM, Mortality Reviews, and PIP Administration Needed To Be Improved

Conditions Needing Improvement. We reviewed the BVAMC's QM/PI Program and found it to be generally effective. However, the following areas could be improved:

QM/PI Program Scope and Monitoring Results for CBOCs and CNHs. VAMC QM/PI Programs need to address all clinical services provided, including off campus and contract services. Findings of QM/PI activities should be communicated within service-specific and appropriate medical center-wide committees. The BVAMC's QM/PI program did not address the CBOCs or CNH functions, and results of monitors for these activities were not aggregated and reported. The QM/PI Program also did not report results of patient satisfaction surveys or patient complaints specific to each CBOC.

Mortality Trending. The VHA Office of the Deputy Under Secretary for Health for Operations and Management recommends that VISNs and VAMCs trend patient deaths by providers, times of deaths (shift), and wards. VISN 4's Patient Safety Improvement Program showed that it did

not require its VAMCs to monitor, trend, and report these mortality statistics. BVAMC managers had not trended and analyzed deaths by wards and shifts, although clinical managers compiled numbers of deaths in each physician's profile without any analysis.

Administration of Personal Improvement Plans. During our review of the BVAMC's Credentialing and Privileging and Peer Review activities, we found that clinical managers, in coordination with HRMS employees, appropriately placed physicians with patterns of poor patient care practices on PIPs. During periodic meetings between supervisory clinicians and physicians who were on PIPs, the supervisors reportedly verbally informed physicians about their progress or lack thereof, but did not provide the physicians with written documentation of their progress. We also found that medical center managers did not inform the VISN 4 QM Officer (QMO) or Regional Counsel about cases that might require further actions or involve legal actions.

Suggested Improvement Actions 2. We suggested that the VISN 4 Director ensure that the BVAMC Director: (a) improves the scope and monitoring of the QM/PI program for CBOCs and CNHs; (b) trends and reports mortality data by providers, times of deaths, and wards; and (c) improves PIP administration and documentation, and communication regarding these actions with Regional Counsel and the VISN 4 QMO.

The VISN and BVAMC Directors agreed with the findings and suggestions, and the VISN Director concurred with the BVAMC Director's corrective action plan. The BVAMC Director provided acceptable improvement plans.

Environment of Care – Minor Repairs Needed To Be Completed

Conditions Needing Improvement. Minor repairs and environment of care areas needed improvement.

We inspected all clinical and administrative areas of the facility and found the environment of care to be generally acceptable. In those areas where we found problems, managers were responsive and took immediate actions to correct the deficiencies noted. For example, employees tightened loose handrails and cleaned a patient's bathroom on the same day of the inspection. While on site we suggested that the BVAMC Director create a plan of action to address the minor environment of care issues that were found. The Director concurred with our suggestion and developed action plans to resolve the issues.

Suggested Improvement Actions 3. The VISN Director should ensure that the BVAMC Director implements the environment of care corrective actions.

The VISN and BVAMC Directors agreed with the findings and suggestion, and the VISN Director concurred with the BVAMC Director's corrective action plan. The BVAMC Director provided acceptable improvement plans.

Prevention and Management of Violent Patient Behavior – The Role of the VISN 4 Coordinator Needed To Be Clearly Established

Condition Needing Improvement. The role of the VISN 4 Coordinator in the BVAMC's prevention and management of violent patients needed to be clearly established.

We reviewed the BVAMC's procedures for the prevention and management of violent patients to assess management's effectiveness in providing a safe working environment. We found that responsible BVAMC employees appropriately maintained documentation of the monitoring of violent patient behavior. To evaluate the extent of support and coordination that VISN 4 provided to the BVAMC for identifying and managing violent patients, we interviewed the VISN 4 Coordinator of the Prevention and Management of Violent Patient Behavior Program. BVAMC employees identified three different employees at the VISN 4 office as coordinators of the program. Although one person was ultimately identified as the coordinator, it was not clear to these employees that an official coordinator had been designated.

Suggested Improvement Action 4. We suggested that the VISN 4 Director ensure that a VISN 4 coordinator be designated to oversee BVAMC's Prevention and Management of Violent Patient Behavior Program and that appropriate employees be informed of the appointment.

The VISN and BVAMC Directors agreed with the findings and suggestion, and the VISN Director concurred with the BVAMC Director's corrective action plan. The BVAMC Director provided acceptable improvement plans.

VISN 4 Director Comments

**OIG Combined Assessment Program Review of the
VA Medical Center, Butler, PA
Project Number: 2002-03214-HI-0379**

The VISN 4 Director concurs with the draft report of the Combined Assessment Review of the VA Medical Center, Butler, and the comments and action plans provided by the medical center director.

The medical center has demonstrated significant effort in improving and correcting recommendations cited in the report. In fact, the medical center attained a 100 score in the VHA National Financial Indicator Report and ranked first in the Nation in April 2003. Some of the metrics on the report directly relate to items reviewed by OIG. They are accounts receivable and purchase card reconciliation. This provides evidence of the effectiveness of the facility's corrective action plans.

The network office will monitor continued implementation and improvement in the outstanding items in the report. This will be accomplished through routine updates to and/or site visits by the VISN's leadership team and program managers, to include the Chief Medical Officer, Chief Financial Officer, Compliance Officer and Compliance Auditors, Pharmacy Benefits Manager, QM Manager, Senior Acquisitions Manager, Information Security Officer, and Safety & Fire Protection Engineers. Status of corrective actions will also be discussed during performance appraisal meetings.

//emailed//

BVAMC Director Comments

**Medical Center Director Comments
OIG Combined Assessment Program Review of the
VA Medical Center, Butler, PA
Project Number: 2002-03214-HI-0379**

Contract Administration

Recommended Improvement Action 1. We recommend that the VISN 4 Director ensure that the Butler VA Medical Center Director: (a) implement controls to detect and prevent contract administration deficiencies and improve compliance with VA procurement policies and procedures; (b) improves negotiation of CNH rates by obtaining and thoroughly reviewing ancillary cost data from the nursing homes when these rates exceed SNF plus 15 percent; (c) requires the review and update of documentation of contracting officer training; and (d) implements VA policy regarding clinician conflict of interest.

Comments:

- (a) Concur. The following actions have been taken to implement controls to detect and prevent contract administration deficiencies and improve compliance with policies:
- Excluded Parties Listing System: A review of the four contracts noted by the OIG was performed. The contracts did not contain the required listings. The listings have been generated and placed in the appropriate contract folders. In addition, the pre-award checklist has been modified to include review of any excluded parties listing. The checklist will be used to review the contract folder for completeness and will be verified by a higher level contracting officer before award of the contract.
 - Background Investigations of Contractor Personnel: The CBOC contract reviewed by OIG was issued in March 2000, which is one and one half years prior to the requirement established in IL-90-01-6 for background investigations. With the new award, background investigations will be a requirement of the contract and will be conducted on the contractor personnel. Another CBOC contract was awarded in January 2003 and background investigations were requested. Estimated completion date is December 2003.

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- Price Negotiation Memoranda: The contract specialist has generated price negotiation memoranda (PNM's) for the two contracts cited during the audit. The supervisor will review this item as part of the specialist's competencies for all future negotiations. Corrective action is completed.
- Quality Assurance of Contract Performance: The contracting officer will amend the echocardiography and imaging services contract to include monitoring the quality of readings/interpretations/reports of the contractor's cardiologist. Contact is being made with the contractor to develop a process for the quality assurance. This will be documented in the contract. Future service contracts of this type will contain quality assurance procedures as part of the statement of work (SOW). Corrective action is to be completed by September 30, 2003.
- Mandatory Supervisory Reviews and Evaluations: All solicitations/contract documentation packages will be reviewed by a higher level contracting officer, who will document the review on the contract checklist. Additionally the following items are in process:
 - Additional training/in-service on contracting procedures
 - Development of Standard Operating Procedures (SOP)
 - Use of checklist to accompany supervisory review

Corrective action has been implemented and is ongoing.

- (b) Concur. All future negotiations will include the requirement for CNH's to provide documentation, which will itemize ancillary cost data showing why the Medicaid rate plus 15 percent is insufficient. Language requiring this breakdown will be included in all future CNH solicitations. Contracting checklist will be revised to include this requirement for CNH contracts. Corrective action will start with next contract negotiations and will be ongoing.
- (c) Concur. Training records are being developed/secured and will be included in the OPF's of the contracting officers whose information was found missing. Corrective action will be completed in July 2003.
- (d) Concur. All physicians received instruction regarding conflict of interest but did not receive the handbook. Copies of the handbook will be distributed and signed acknowledgements will be completed by June 30, 2003.

Sharing Agreements

Recommended Improvement Action 2. We recommend that the VISN 4 Director ensure that the VA Medical Center Director implements controls to improve administration and negotiation of enhanced use of sharing agreements.

Comments:

- Concur. Recommendations concerning the CT agreement will be incorporated into an addendum to the existing agreement by July 15, 2003. Clarification is provided regarding what is included in the CT Scan rate. And, in fact, professional interpretation is included.

While veteran priority is not specified in the existing agreement, there are requirements for turnaround times that have been determined to be sufficient for veteran needs. Monthly monitoring of these turnaround times has shown consistently that veterans are receiving CT scans in a timely manner and without delay.

The philosophy of management regarding the leasing of space on the medical center campus is based on two beliefs. First, there are empty apartment/housing buildings on the campus that cannot be used for patient care without significant capital investment. To accommodate community tenants at a very reasonable and appropriate rate for the use of space provides some revenue for the facility and decreases the amount of vacant space (which directly supports a CARES planning initiative). Secondly, and more importantly, the tenants residing on the VA campus are community health and social organizations with missions that complement the VA's mission. Some of the organizations provide priority care to veterans as part of their agreement. In addition, these rental agreements have fostered community integration, which have led to more extensive partnerships benefiting the veteran and the agency.

The agreement for the use of space cited in the report was created approximately four (4) years ago, and a market analysis was not performed formally. The value received for this agreement is considered appropriate for an underutilized space that otherwise would generate no revenue. All future use of space agreements, under the Enhanced Sharing Authority, will include a market analysis, where applicable.

Finally, procedures to ensure all appropriate legal and technical reviews will be instituted and documented on all future agreements.

Controlled Substances

Recommended Improvement Action 3. We recommend that the VISN 4 Director ensure that the Butler VA Medical Center Director: (a) establishes, follows, and documents an improved program for training of inspecting officials; (b) requires drugs awaiting destruction to be inspected; and (c) trends inspection results.

Comments:

- (a) Concur. The policy was changed to stagger terms of controlled substance inspectors. This system allows for one experienced inspector to be teamed with a newly appointed inspector. The 2003 teams were appointed in November 2002 and training was held for all inspectors and documented on December 18, 2002. Corrective action is completed and will be ongoing.
- (b) Concur. Beginning in November 2002 all drugs awaiting destruction are inspected and results are documented in the monthly inspection report. This revision was included in the inspector training session in December 2002. Corrective action is completed and will be ongoing.
- (c) Concur. A trending mechanism was established and is maintained on an ongoing basis by the controlled Substance Inspection Coordinator. Trends identified will be reported to the medical center director. Corrective action has been implemented and is ongoing.

The VISN 4 Pharmacy Benefits Manager reviews these three improvements during routine site visits on behalf of the VISN 4 Director.

Accounts Receivable

Recommended Improvement Action 4. We recommend that the VISN 4 Director ensure that the Butler VA Medical Center Director improve MCCF accounts receivable collection efforts by requiring telephone contacts with insurers when third notices are sent.

Comments:

Concur. As of the first week of June, the medical center collected 86% of its MCCF goal. Since October 2002, the facility has decreased AR greater than 90 days by 2% each month. Only 30% of outstanding AR is greater than 90 days, significantly exceeding the 45% exceptional target level. In addition, the medical center has scored all green on the National Financial Indicator Report. National development of the Medicare Remittance Advice will greatly enhance the ability of VAMCs to collect claims involving Medicare supplemental coverage. Improvement in collection efforts has been realized by the addition of two FTEE to perform telephone contacts with insurers when third notices are sent. Efforts are being made to double-print the third notices with one copy being used as a reminder to call the insurer. Outstanding accounts receivable over 90 days have decreased with the addition of the personnel. A goal of 100% is established for calls when the third notice is sent. All corrective actions will be implemented and ongoing as of June 30, 2003.

Government Purchase Card Program

Recommended Improvement Action 5. We recommend that the VISN 4 Director ensure that the Butler VA Medical Center Director: (a) requires that government purchase card transactions are reconciled and approved on time; (b) reassigns approving official duties from the purchase card coordinator to other approving officials; (c) discontinues use of the credit card for payment of rental of space and establishes an appropriate sharing agreement or contract with the Sharon Regional Health System; and (d) improves oversight of prosthetic purchasing activities.

Comments:

(a) Concur. The following actions will or have been implemented to reconcile 95 percent of the purchase card transactions within 17 days and 100 percent within 30 days:

- Send routine reminders to all program managers on importance of timely reconciliation.
- Work with program managers to improve performance of repeat offenders. This was done on an individual basis with program managers and staff who have not been meeting the requirement. Performance in this area will be emphasized in performance appraisals.

The VHA National Financial Indicator Report shows Butler VA Medical Center as having been compliant with purchase card reconciliation in March and April 2003. Further enhancements to the program include:

- Perform monthly audits and increase the review from 5 cardholders to 15 cardholders. (June 2003 and ongoing)
- Provide annual training to cardholders emphasizing this requirement. (August 2003)

(b) Concur. The purchase card coordinator is no longer an approving official and these duties have been reassigned to other approving officials. Completed.

(c) Concur. A contract has been awarded for the use of space in Mercer County for the CBOC in May 2003, and the government credit card is no longer used for payment of the space. Corrective action is completed.

(d) Concur. Oversight of prosthetic purchasing activities has been improved by the following:

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- Prosthetics funding is no longer used for the purchase of temporary ramps for eligible veterans, and one of the vendors that were referenced in the report is no longer being used for repetitive purchases. HISA funds, which include a limitation, are being used and the veteran is selecting the contractor.
- Monthly reviews/audits of prosthetic purchase card activity are being completed. Split orders to avoid the micro purchase level of \$2,500 are reviewed specifically during the monthly review. However, the prosthetics representative holds a warrant as a contracting officer, and has a \$25,000 individual purchase limit so purchases over \$2500 may occur legitimately. The expanded quarterly reviews will start in 3rd Quarter, FY 2003, and will be formally documented.

Information Technology Security

Recommended Improvement Action 6. We recommend that the VISN 4 Director ensure that the Butler VA Medical Center Director (a) identifies an alternate processing site in the facility contingency plan; and (b) requires computer backup tapes be stored in a fireproof safe.

Comments:

- (a) Concur. The VA Pittsburgh Healthcare System has been identified in the contingency plan as the alternate site facility in the facility's contingency plan. Corrective action is completed.
- (b) Concur. Input from the VISN 4 Information Security Officer was sought to determine an acceptable model fireproof safe. The safe has been ordered and delivered and will be installed and in use for daily backup storage by June 30, 2003.

Pharmacy Security

Suggested Improvement Action 1. We suggest that the VISN 4 Director ensure that the Butler VA Medical Center Director take action to (a) provide a cage door for the anteroom that will be locked at all times, and (b) install a mirror outside the rear pharmacy door to allow employees to observe persons requiring access.

Comments:

- (a) Concur. As mentioned in the review, the space in question is restricted. Design of the most efficient, safe, and effective security door for the anteroom and vendor selection are ongoing. Funds have been allocated for this project. Installation is expected by September 30, 2003.

- (b) Concur. A mirror has been installed outside the rear pharmacy door. Corrective action is completed.

Quality Management

Suggested Improvement Action 2. We suggest that the VISN 4 Director ensure that the Butler VA Medical Center Director: (a) improve the scope and monitoring of the QM/PI Program for CBOC's and CNHs; (b) trend and report mortality data by provider, time of death, and ward; and (c) improve PIP's administration and documentation, and communication with Regional Counsel and the VISN 4 QMO.

Comments:

- (a) Concur. The following actions have been taken on CBOC's and CNH's:

- Community Nursing Home: Beginning with 1st Quarter FY 03, Community Nursing Home quality monitors were reported to the Transitional Care Program. The first report was presented January 2003. A schedule of quarterly reporting was established so that aggregated data is analyzed and acted upon accordingly. Completed and ongoing.
- Community Based Outpatient Clinic: Community Based Outpatient Clinics are included in the facility QM/PI Program and are monitored based on the same indicators. The same external review agency reviewed the CBOC's annually in the 3rd Quarter of the fiscal year. Results are reviewed in the facility's Clinical Practice Council (clinical leadership). In the interim, an internal monthly review based on these indicators is completed and included in the individual provider profiles. Providers receive immediate feedback on these results.

Patient complaints reported to the Patient Advocate are trended by provider, including the CBOC providers. A program-specific report is submitted to the Primary Care Committee and the Medical Director shares provider-specific feedback with the providers.

Beginning 4th Quarter, FY 02, and CBOC specific-patient satisfaction data from the national SHEP survey was reported at the facility's Veterans Service Satisfaction Council. A schedule of quarterly reporting was established so that aggregated data is analyzed and acted upon accordingly. Recommendations are then forwarded to the Clinical Practice Council. Corrective action is completed and ongoing.

- (b) Concur. The VISN has implemented the practice of tracking and trending deaths, and the medical center conducts ongoing analyses of the reports by ward and shift. This report is provided quarterly by the VISN 4 Network Office beginning with 1st

- (c) Quarter FY 03. These reports are reviewed at the facility's Clinical Practice Council for program related trends and oversight of action items. Completed and ongoing.
- (d) Concur. The Patient Safety Manager in concurrence with the Medical Director have communicated routinely with Regional Counsel and/or VISN 4 QMO in cases that might require further action or involve legal action. The verbal communication, however, has not been consistently documented. The practice of documenting verbal communication has been implemented and will be maintained in the case file. Completed.

Environment of Care

Suggested Improvement Action 3. The VISN Director should ensure that the Butler VA Medical Center Director implement the action plans.

Comments:

Concur. Two action plans were developed for the environment of care – one for the facility and one for the CBOC's. For the facility action plan, a new process for environmental rounds emphasizing the plan was implemented in November 2002. The action plan has been implemented and ongoing. The VISN Director conducts environmental rounds during his routine site visits. Evidence of completed actions on the action plan will be provided to the VISN Director during these visits.

The action plan for the CBOC is provided below. The actual survey was done at the Lawrence County CBOC at the New Castle site, which was discontinued in December 2002. Patients were relocated to the existing Ellwood City site. A new space contract was advertised that ensures adequate space for patient, staff, and storage. Space contracts were modified to assure proper signage, sinks in each exam room, and individual exam rooms for each staff member. Staff has also been provided with supplies and proper storage containers. Award of this contract is expected by July 1, 2003.

The first use of the new contract format was with the award of a clinic location for the Mercer County CBOC that was relocated effective May 7, 2003. The following compliance is noted:

- **Signage:** Temporary signage is in place until permanent signage is completed. Permanent signage will include outside directional signs to the VA entrance, directional signs to the VA waiting area, and a "sign-in" sign. Installation will be completed by July 1, 2003.
- **Exam Room:** Sinks are available in all exam rooms, and paper covers that are changed between patients have been supplied.

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- **Privacy:** Health Technician and Nurse no longer share space; each has their own exam room.
- **Storage:** Proper storage containers have been provided.

Correction action is complete. Other CBOC locations will use this space contract format to ensure environment of care issues are addressed.

Prevention and Management of Violent Patient Behavior

Suggested Improvement Action 4. We suggest that the VISN 4 Director ensure that a VISN 4 Coordinator is designated to oversee Butler VA Medical Center's prevention and management of violent patients program and appropriate employees are informed of the appointment.

Comment:

Mr. Michael Neusch, Assistant Network Director for Strategic Initiatives, VISN 4, has been designated as VISN 4's coordinator for the prevention and management of violent patient behavior. A memo will be sent to all facilities in VISN 4 reminding them of this designation and describing the role of the position. Mr. Neusch will conduct routine audits and provide oversight and guidance in the program to all VISN 4 facilities, including VAMC, Butler, PA. Corrective action will be completed by June 30, 2003, and oversight will be ongoing.

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Appendix C

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