Department of Veterans Affairs
Office of Inspector General

Combined Assessment Program Review of the VA Iowa City Health Care System Iowa City, Iowa

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VA Office of Inspector General
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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 staff.

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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Introduction

During the week of June 23-27, 2003, the OIG conducted a CAP review of the VA Iowa City Health Care System (health care system). The purpose of the review was to evaluate selected operations, focusing on patient care administration, quality management (QM), and financial and administrative controls. During the review, we also provided fraud and integrity awareness training to 52 employees. The health care system is part of Veterans Integrated Service Network (VISN) 23.

Results of Review

Clinical and research laboratory security was effective, means tests were administered properly, and contracts were competed and awarded properly. To improve operations, health care system management needed to:

- Enhance QM by improving data review, analysis, and reporting.
- Correct environment of care (EOC) deficiencies.
- Review delinquent obligations monthly and timely cancel unneeded obligations.
- Strengthen accountability controls over controlled substances.
- Improve automated information systems (AIS) security and contingency plans; and install smoke detectors.
- Enhance billing procedures.
- Ensure full compliance with Veterans Health Administration (VHA) part-time physician time and attendance policies and procedures.
- Establish a more effective process to ensure contracted services are received prior to approving payments.
- Strengthen oversight of patient transportation services.
- Ensure accounts receivable are pursued more aggressively.

VISN 23 and Health Care System Directors' Comments

The VISN 23 and health care system Directors agreed with the findings and recommendations and provided acceptable implementation plans (see Appendix B, pages 17-22, for the full text of the Directors' comments). We will follow up on the planned actions until they are completed.

(original signed by:)
RICHARD J. GRIFFIN
Inspector General

Introduction

Health Care System Profile

Organization. Located in Iowa City, Iowa, the health care system provides tertiary care and a range of inpatient and outpatient health care services. Outpatient care is also provided at five community-based outpatient clinics located in Bettendorf, Waterloo, and Dubuque, Iowa; and Galesburg and Quincy, Illinois. The health care system is part of VISN 23 and serves a veteran population of about 160,000 in a primary service area that includes 35 counties in Eastern Iowa, 14 counties in Western Illinois, and 1 county in Northeastern Missouri.

Programs. The health care system provides medical, surgical, and mental health services and maintains 88 acute care and 5 intermediate care beds. The health care system also has sharing agreements with the University of Iowa, their affiliated institution, to provide liver and simultaneous kidney-pancreas transplant services. Other sharing agreements for specialized physician/technical services include maxillofacial surgery, neuro/interventional radiology, urology, otolaryngology, neurology, cytotechnology, obstetrics and gynecology, and activities therapy. In addition, the health care system provides tissue typing services through sharing agreements with both the University of Iowa and the Iowa Donor Network and shares use of a health care system owned Magnetic Resonance Imager purchased through a joint venture with Mercy Hospital, another community sharing partner.

Affiliations and Research. The health care system is affiliated with the University of Iowa Colleges of Medicine, Nursing, Pharmacy, and Dentistry and supports 89.5 medical resident positions in 28 training programs. For Fiscal Year (FY) 2003, the research program has 275 active projects and a budget of $8.1 million.

Resources. The health care system's FY 2003 medical care budget was $123.6 million, a 6.7 percent increase over the FY 2002 budget of $115.8 million. FY 2003 staffing through March 2003 was 994.5 full-time equivalent employees (FTEE), including 86.7 physician and 201.7 nursing FTEE. FY 2002 staffing was 957.2 FTEE, including 85.1 physician and 208.7 nursing FTEE.

Workload. In FY 2002, the health care system treated 35,183 unique patients, a 21 percent increase from FY 2001. Health care system management attributed this productivity gain to implementation of advanced clinic access initiatives and improved discharge planning. Also, they believe that many new patients came to the health care system to obtain prescription benefits. Initially, these new patients have minimal visits but after several months, when they become more familiar and comfortable with VA programs, they tend to seek more care.

The patient care workload for FY 2002 totaled 3,618 inpatients treated and 221,274 outpatient visits. For FY 2003 through March 31, 2003, the average daily acute care census was 57, and the average daily census for intermediate care was 2. The outpatient workload was 81,150 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. The review covered health care system operations for FY 2002 and FY 2003 through May 2003 and was done in accordance with OIG standard operating procedures for CAP reviews.

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:

Accrued Services Payable	Information Technology Security
Clinical Laboratory Security	Means Test Certifications
Community Residential Care	Medical Care Collections Fund
Contract Administration	Part-time Physician Time and Attendance
Contract Awarding	Quality Management
Controlled Substances Accountability	Supply Inventory Management
Environment of Care	Transportation of Patients Services
Human Subjects Research Trials	Undelivered Orders

Activities that were particularly effective or otherwise noteworthy are recognized in the Organizational Strengths section of the report (page 4). Activities needing improvement are discussed in the Opportunities for Improvement section (pages 5-15). For these activities, we make recommendations or a suggestion. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. A suggestion pertains to an issue that should be monitored by VISN and health care system management until corrective action is completed. For those activities not discussed in the Organizational Strengths or Opportunities for Improvement sections, there were no reportable deficiencies.

As part of the review, we used questionnaires and interviews to survey employee and patient satisfaction with the timeliness of service and the quality of care. We made electronic survey questionnaires available to all health care system employees and 181 responded. We also interviewed 30 patients during the review. The surveys generally indicated high levels of employee and patient satisfaction with the quality of care and patient care services. The full survey results were shared with health care system management.

During the review, we also presented 3 fraud and integrity awareness briefings for 52 health care system employees. These briefings covered procedures for reporting suspected criminal activity to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

Results of Review

Organizational Strengths

Clinical and Research Laboratory Security Was Effective. Clinical and research laboratories can be accessed only with a bar coded key card that electronically records the dates, times, and the names of the individuals entering the laboratories. Managers initiated effective procedures to control key card issuance, activation, and deactivation. Video surveillance of all Research Service areas, including the vestibule of the Biosafety Level 3 laboratory, was operational. Police Service monitored the video surveillance system 24 hours a day, 7 days a week; and back-up surveillance tapes were maintained.

Means Test Procedures Were Effective. Means tests are administered to obtain income information from certain veterans in order to determine whether they are subject to medical co-payments. VHA facilities are required to retain signed means test forms in the patients' administrative records. We reviewed means tests for 30 veterans and found that the veterans had completed and signed the means tests within the last 12 months as required.

Contract Awarding Procedures Were Appropriate. Contract solicitations, negotiations, and price determinations were appropriate. Competitive contracts were advertised as required and awarded appropriately. Sole source contracts were properly negotiated and prices were equal to or below Medicare rates for per procedure contracts or comparable to VA staffing costs for FTEE-based contracts.

Opportunities for Improvement

Quality Management – Processes for Data Collection and Review Needed Improvement

Conditions Needing Improvement. VHA requires that health care facilities establish QM programs that effectively monitor the quality of patient care services and performance improvement activities. Health care system management needed to establish stronger processes to ensure that provider specific data are used in the re-privileging of practitioners, aggregate root cause analysis (RCA) reviews are conducted as required by VA policy, and Patient Advocate data are properly collected and reported.

Re-Privileging of Practitioners. VHA requires that the re-privileging process includes an appraisal of professional performance, judgment, and clinical/technical competence and skills based in part on provider specific performance improvement activities. Re-privileging is the process of granting privileges to a practitioner who currently holds privileges to practice medicine within the facility. We reviewed five credentialing and privileging folders of practitioners who had been re-privileged in the past 12 months. We found no documentation to support that provider specific data were considered prior to the granting of renewed clinical privileges.

Aggregate Root Cause Analysis Reviews. VHA policy requires that quarterly aggregate RCA reviews be conducted for patient incidents such as missing patients, para-suicidal behaviors (threats and gestures), patient falls, and medication errors, when these occurrences are considered to be close calls (have the potential to cause major injury). Reviews are to be completed within 45 days of the end of the quarter. We reviewed RCA reviews for the past 2 quarters and found that only one aggregate RCA review was completed for medication errors, and none were completed for the three remaining patient incident categories. We found evidence that patient incidents did occur; however, the required reviews were not completed.

Patient Advocate Data. We reviewed data pertaining to patient complaints collected by the Patient Advocate over the past 2 quarters and interviewed the Patient Advocate. We were informed that because of workload and constraints on the Patient Advocate's time, only an estimated 75 percent of all patient complaints were entered into the patient complaint computerized database. This condition created an incomplete database. Additionally, trendings of patient complaints were not reported to appropriate committees, but to individual services. This practice did not allow health care system management to be fully informed of trends pertaining to patient complaints and opportunities to improve patient care services.

Recommended Improvement Action 1. We recommended that the VISN Director ensure that the health care system Director develops processes that will guarantee that:

(a) Provider specific data are appropriately considered during the re-privileging process, and that documentation that data were reviewed is maintained.
(b) All aggregate RCA reviews are completed per VHA requirements.
(c) The Patient Advocate database is complete, and data are reported to appropriate committees.

The VISN 23 and health care system Directors agreed with the findings and recommendations and reported that a process will be developed to capture and report practitioner-specific data to service chiefs at the time of reprivileging. Aggregate RCA reviews and trended Patient Advocate encounters will be reported to the appropriate committees. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Environment of Care – Areas Needed Management Attention

Conditions Needing Improvement. Facility Management Service managers generally maintained a clean and safe environment and took actions to correct identified deficiencies. However, we found that appropriate eyewash equipment needs to be installed in the canteen food preparation area, and all employees need to be aware of the health care system's evacuation plan. We inspected inpatient and outpatient areas, the Nutrition & Food Service (N&FS) main kitchen, and the Veterans Canteen Service (VCS) retail store, kitchen, and food service cafeteria.

Eyewash Equipment. The Occupational Safety and Health Administration requires that appropriate eyewash stations be located in areas where employees are exposed to possible eye injuries from chemicals or corrosive materials. Our inspection of the canteen food preparation area found that the currently installed eyewash equipment was inadequate and considered to be a "personal eyewash unit" by the International Safety Equipment Association, Inc. This type of unit should be used only in the first seconds of a chemically induced eye injury. However, an employee who sustains an injury from chemicals or corrosive materials needs to proceed to an eyewash station that will allow for flushing of the eyes for the required 15-minute period. Additionally, we found no eyewash station in the N&FS main kitchen. This area was recently renovated, and the eyewash station from the old main kitchen area had not been relocated. A new eyewash station was installed in the new N&FS main kitchen while we were on site.

Health Care System's Evacuation Plan. Employees needed to be fully knowledgeable about evacuation procedures in the event of an incident such as a fire that requires them to safely remove patients from an affected area. We interviewed five employees on different inpatient wards and found that two employees were unable to accurately verbalize the standard procedures for evacuating their areas. Also, our inspection of multiple areas within the health care system found that the facility's evacuation plan was not posted in high visibility areas for easy reference by employees. Health care system management needs to ensure that all employees are knowledgeable about and are capable of successfully executing the health care system's evacuation plan.

Recommended Improvement Action 2. We recommended that the VISN Director ensure that the health care system Director requires that:

(a) Appropriate eyewash equipment is installed in the canteen food preparation area.
(b) All employees are knowledgeable about, and capable of successfully executing, the health care system's evacuation plan.

The VISN 23 and health care system Directors agreed with the findings and recommendations and reported that eyewash equipment will be installed, evacuation plans will be posted at all nurses and clinic stations, and evacuation plan training will be provided. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Undelivered Orders and Accrued Services Payable – Controls Over Unliquidated Obligations Needed Strengthening

Conditions Needing Improvement. Fiscal Service employees did not systematically perform monthly reviews of outstanding obligations. VA policy requires Fiscal Service employees to analyze undelivered orders and accrued services payable reports each month to identify outstanding obligations, and to contact the requesting services to determine whether the obligations are still needed. If an obligation is not needed, Fiscal Service employees are to cancel it and reprogram the funds. We found delinquent orders and payables that needed to be canceled and funds deobligated as summarized below.

Undelivered Orders. As of April 30, 2003, there were 1,455 undelivered orders totaling $17.9 million. Of these, 209 orders totaling $3.6 million were delinquent (over 90 days old). We reviewed a judgemental sample of 20 delinquent orders totaling $3 million and found that 4 orders totaling $153,359 were no longer valid and should have been canceled and the funds deobligated.

Accrued Services Payable. As of April 30, 2003, there were 1,328 accrued services payable totaling $16.3 million. Of these, 402 payables totaling $5.8 million were delinquent (over 90 days old). We reviewed a judgemental sample of 20 delinquent payables totaling $3.8 million and found that part or all of 5 payables totaling $428,723 were no longer valid and should have been canceled and the funds deobligated.

Recommended Improvement Action 3. We recommended that the VISN Director ensure that the health care system Director strengthens controls over undelivered orders and accrued services payable to ensure outstanding obligations are reviewed monthly and unneeded obligations are canceled promptly.

The VISN 23 and health care system Directors agreed with the findings and recommendations and reported that an accounting technician reviews obligations on a monthly basis and they will begin deobligating any outstanding obligations or payables greater than 90 days old. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Controlled Substances Accountability – Selected Controls and Inventory Management Needed Improvement

Conditions Needing Improvement. The Chief, Pharmacy Service needed to strengthen controls to fully comply with VHA policy and help ensure accountability of controlled substances. The following deficiencies were identified.

- Inventories of controlled substances was not verified every 72 hours.
- Access to the controlled substances vault was not limited to less than 10 employees within a 24-hour period.
- Controlled substances inventory levels were excessive.

Inventories of Controlled Substances. VHA policy requires a perpetual inventory of all controlled substances that is verified by Pharmacy Service at a minimum of every 72 hours. Our review of the 72-hour inventory records found that during the 3-month period ending May 31, 2003, there were 13 occasions when 72 hours elapsed without inventories being taken. For these 13 occasions, the elapsed time between inventories averaged 120 hours and ranged from 96 to 168 hours. The 72-hour inventory is an important control in identifying discrepancies at an early stage when corrective actions are more easily taken.

Controlled Substances Vault. VHA policy requires that access to controlled substances storage sites be limited to less than 10 employees within a 24-hour period. We found that 30 individuals had access to Pharmacy Service's controlled substances vault. The Chief, Pharmacy Service took immediate action to correct this deficiency. Access will be limited to those employees who have a work-related need for access. This will include three individuals assigned on a permanent basis plus six additional employees assigned intermittent access based on work assignments.

Stock Levels. VHA policy requires Pharmacy Service staff to use the prime vendor inventory management software to manage inventories. High inventory levels increase the risk of theft and expiration of controlled substances. Pharmacy Service staff does not use the software to manage their inventory of controlled substances, nor have they established reorder points. According to the Chief, Pharmacy Service, with the use of the prime vendor, controlled substances can be restocked within 3-5 days. We compared inventory levels for 11 controlled substances to the pharmacy's actual usage during a recent 64-day period and found that 6 of the 11 controlled substances had inventory levels that, in our view, were excessive (greater than a 20-day supply). The inventory levels ranged from a 26 to 125-day supplies. Pharmacy Service management agreed that the levels were excessive and agreed to reduce them.

Recommended Improvement Action 4. We recommended that the VISN Director ensure that the health care system Director requires that:

(a) All controlled substances inventories are verified at a minimum of every 72 hours.
(b) Access to the controlled substances vault be limited to less than 10 employees during a 24-hour period.
(c) Excessive inventory levels of controlled substances are reduced and appropriate inventory management software is used to manage inventories.

The VISN 23 and health care system Directors agreed with the findings and recommendations and reported that 72-hour inventories are now being conducted, the number of employees accessing the vault during a 24-hour period will be limited to nine people, and stock levels were reduced. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Automated Information Systems – Improvements Needed to Comply with VA Policies

Conditions Needing Improvement. The following AIS security conditions require health care system management attention.

Security Plans. None of the health care system's three AIS security plans [Local Area Network, Telecommunications, and Veterans Health Information Systems and Technology Architecture (VISTA)] were dated. Dating the plans would allow for ease of tracking modifications and approvals. Also, the VISTA security plan provided by health care system staff was actually a risk assessment rather than a security plan and did not adequately address all elements required by VA policy. For example, it did not describe in sufficient detail:

- The person responsible for the daily use or maintenance of the system.
- A general description and purpose of the system.
- The physical, operational, and technical environment in which the system operates.
- Types of users.
- Applicable laws or regulations regarding the sensitivity of the system's data.
- System protection requirements.

Contingency Planning. The health care system's contingency plan did not identify an alternate processing facility to be used during a disaster recovery. Also, VA emergency controls and procedures were not followed in that the emergency response call-back lists located in the computer and telecommunication laboratories were not up to date and the emergency plan located in the telecommunication laboratory was not current.

Physical Security. The telecommunication laboratory had a sprinkler system but did not have smoke detectors.

Recommended Improvement Action 5. We recommended that the VISN Director ensure that the health care system Director requires that:

(a) The security plans are dated and comprehensive.
(b) The contingency plan identifies an alternate processing facility and emergency procedures are kept current.
(c) Smoke detectors are installed in the telecommunication laboratory.

The VISN 23 and health care system Directors agreed with the findings and recommendations and reported that security plans will be revised to address all elements required by VA policy, the contingency plan will be revised to include identification of an alternate processing facility and emergency response call-back lists will be updated, and smoke detectors will be installed in the telecommunication laboratory. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Medical Care Collections Fund – Third Party Insurance Billing Procedures Needed Improvement

Conditions Needing Improvement. The health care system increased Medical Care Collections Fund (MCCF) collections from $7 million in FY 2001 to $12.6 million during FY 2002, and is on pace to meet its FY 2003 MCCF collection goal of $15 million. However, health care system management needed to strengthen billing procedures to avoid missed billing opportunities. We found additional billing opportunities totaling $30,793.

Cost Recovery Report. We reviewed 608 fee-basis payments made during March 2003 to non-VA providers who provided medical care (fee-basis care) to patients who had health insurance. Of the 608 payments, 339 (56 percent) were for fee-basis care that was not billable to the insurance carriers for various reasons (e.g., the care was for service-connected conditions, the care was not billable under the terms of the insurance plans, or the insurance had expired prior to the treatment date).

The remaining 269 fee-basis payments were for care that was billable to the insurance carriers; however, only 157 had been billed. The fee-basis care for the remaining 112 payments had not been billed to the insurance carriers. According to the MCCF Coordinator, this occurred for several reasons. She was aware that 106 of these payments needed to be billed to the insurance carriers. However, this had not been done because billing staff were not trained to bill for fee-basis payments, and, in some cases, they were still waiting for information from the fee-basis staff to prepare the bills. During our review, a staff person was trained and began billing for the fee-basis care. For the other six payments, MCCF staff had not identified them as billable cases. This occurred because MCCF staff viewed the Potential Cost Recovery Report as cumbersome to use and instead relied on fee-basis staff to identify potentially billable fee-basis cases. However, fee-basis staff had not identified these as potentially billable cases.

Timely submission of claims is needed to ensure that claims are valid and will be paid. Insurance carriers impose time limits for submitting claims – in many cases within 1 year of the date of treatment. Since the health care system does not receive the fee-basis bill until after the date of treatment (several months in some cases), MCCF staff have even less time to submit a bill to the insurance carrier. As a result of our review, 115 additional bills totaling $20,088 were issued to insurance carriers.

Outpatient Care Billing. We reviewed 39 outpatient visits made during March 2003 and found 3 visits in which billing opportunities were missed. In two visits, billing staff overlooked billing opportunities. In another visit, the patients' insurance was not identified until after the care had

been provided. The MCCF manager issued five bills totaling $7,108 for these three visits during our review.

Unbilled Care Report. We reviewed 13 potentially billable episodes of care listed on the March 2003 Unbilled Care Report and identified 1 in which no bills had been issued. This occurred because the autobiller had not generated any bills for this episode. MCCF staff could not determine why bills were not generated. Following our review, billing staff issued three bills totaling $3,597 for this episode of care.

Recommended Improvement Action 6. We recommended that the VISN Director ensure that the health care system Director makes certain that:

(a) All fee-basis care that is billable to insurance carriers is identified and billed promptly.
(b) MCCF employees carefully evaluate billing opportunities.
(c) Current insurance information is obtained when patients present for care.

The VISN 23 and health care system Directors agreed with the findings and recommendations and reported that Revenue and Fee-Basis staff will coordinate and develop procedures to expedite the billing process for veterans receiving fee-basis care who have insurance, training has been provided to billing staff to help reduce missed outpatient billing opportunities, and more comprehensive training will be provided to ensure current insurance information is obtained. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Part-Time Physician Time and Attendance – Implementation of Time and Attendance Requirements Need To Be Strengthened

Conditions Needing Improvement. Health care system management implemented many of the controls and procedures required by VHA for part-time physician time and attendance. Part-time physicians were using the required subsidiary time sheets to record hours worked and leave taken; physicians on adjustable schedules had designated at least 25 percent of their hours as core hours; procedures had been established to inform newly hired part-time physicians of their responsibilities with respect to time and attendance; and facility management had enlisted the cooperation of officials at the affiliated university in the implementation of VA time and attendance policies and procedures. However, we found the following controls and procedures needed to be strengthened.

Written Agreements. VHA requires supervisors to establish written agreements with physicians concerning VA's expectations and the physicians' responsibilities in fulfilling time and attendance requirements, including the amount of time allotted for clinical, administrative, research, and educational activities. Written agreements, developed by VISN 23 staff, were used to notify part-time physicians of their responsibilities and VA's expectations. However, these agreements did not address time allocations for the various activities nor did supervisors establish written agreements concerning time allocations. This information would aid

supervisors in managing physician FTEE and ensure resources are expended on appropriate activities.

Tours of Duty. VHA requires all part-time physicians to have scheduled tours of duty established in advance. We attempted to locate 65 physicians to determine if they were present during their scheduled tours of duty and found that 2 Medical Service physicians were not present and were not on approved leave. Both physicians were working at the affiliated university when we attempted to locate them. Medical Service managers stated that both physicians were not expected to be on duty and their tours of duty schedule had not been updated. Medical Service managers took immediate action to update their schedules.

Recommended Improvement Action 7. We recommended that the VISN Director ensure that the health care system Director requires that:

(a) Supervisors establish written agreements with part-time physicians identifying time allocations for clinical, administrative, research, and educational activities.
(b) Tours of duty of part-time physicians are kept current.

The VISN 23 and health care system Directors agreed with the findings and recommendations and reported that a standard format is under development and written agreements will be in place. Part-time physicians will receive additional training on how to establish scheduled tours of duty in advance and to appropriately request tour of duty changes. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Contract Administration – Services Received Needed to Be Certified Prior to Paying Invoices

Conditions Needing Improvement. In three of eight contracts reviewed, certifying officials approved invoices for payment without verifying with the Contracting Officer's Technical Representative (COTR) that the services were provided. All three contracts were for physician services. For each contract, the contractor submitted invoices periodically, which identified the number of weeks billed. When invoices were received, the certifying officials verified the unit cost billed with the contract rates; however, they did not verify with the COTR that the services were provided. Also, the COTR had not established sufficient controls to document the services provided, and thus, could not verify that all the services billed, were provided. The three contracts were for the following.

Maxillofacial Contract. The contract required the contractor to provide .8 FTEE (32 hours per week) to provide oral maxillofacial services. The estimated annual cost of the contract was $150,000.

Urologist Contract. The contract required the contractor to provide 2 1/8th FTEE Urologists to provide urology services. The estimated annual cost of the contract was $316,472.

Otolaryngologist Contract. The contract required the contractor to provide 1/8th FTEE Otolaryngologist for Calendar Year (CY) 2003 and an additional full time Otolaryngologist for the last 6 months of CY 2003 to provide otolaryngology services. The estimated annual cost of the contract was $94,525.

Recommended Improvement Action 8. We recommended that the VISN Director ensure that the health care system Director establishes a more effective process to:

(a) Verify that contracted services were provided.
(b) Ensure certifying officials obtain appropriate verification that services were provided prior to approving payments.

The VISN 23 and health care system Directors agreed with the findings and recommendations and reported that local COTRs are implementing a system to document attendance of physicians under contract, and the Fund Control Point Official will verify with the COTR that services were provided prior to certifying the invoice for payment. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Patient Transportation Services – Oversight Needed Strengthening

Conditions Needing Improvement. Business Office managers (who are responsible for the VA employee drivers), Voluntary Service managers (who are responsible for volunteer drivers), and Human Resources managers needed to ensure that employee and volunteer drivers who transport patients are properly screened, receive appropriate training to maintain driver competency, and follow proper practices to ensure patient safety. Additionally, health care system policy governing transportation services needed to be reevaluated and followed.

Driver Screening. VA regulations require that employee and volunteer drivers of VA vehicles possess valid state drivers' licenses, have safe driving records, and undergo health examinations. We found that Business Office and Voluntary Service managers did not ensure that these screening steps were completed.

We reviewed the Official Personnel Folders of two motor vehicle operators (MVO) and interviewed Human Resources managers. We found no documentation to support that the health examinations were accomplished, that driving records were reviewed for safety concerns, or that verification that the MVOs possessed valid drivers' licenses was completed at the time they were hired. Both employees had been in their positions as MVOs for over 1 year.

We also interviewed Voluntary Service managers regarding the screening process for volunteer drivers. They reported that verification of current drivers' licenses by visual inspection was done; however, a review of driving records was not accomplished. Our review found that none of the 187 volunteer drivers received health examinations prior to their acceptance as drivers.

Driver Training. VA regulations also require that facilities develop and implement a Motor Vehicle Safety Program when VA vehicles are operated for official business. This program

reminds operators about safe driving practices, requirements to use safety belts and shoulder harnesses, and defensive driving techniques. Facilities are also required to present at least one formal safe driving program per year. We found that the training of drivers was not adequate. First, we reviewed training records for two employee MVOs and found no documentation of any motor vehicle safety training for the previous 2 years. Second, Voluntary Service managers told us that an orientation on key aspects of the transportation program is provided to volunteer drivers; however, there was no documentation to support that drivers received this training. Also, there were no records to support that ongoing training for the volunteer drivers was accomplished.

Patient Safety Practices. We accompanied an employee MVO on a patient shuttle trip and noted that improvements in patient safety practices were warranted. Wheelchair brakes were not consistently locked prior to assisting patients in and out of their wheelchairs. Failure to lock brakes created an unstable base for patients who attempt to get in or out of their wheelchairs. We found that wheelchairs were not properly secured when folded and placed into the vehicle. Failure to secure the wheelchairs may result in a patient injury in the event of a vehicle's quick stop or sharp turn. We noted that seat belts were not installed so that each patient had access to their own seat belt, and seat belts were not long enough to fit around larger patients. Consequently, many of the patients could not wear seat belts during the trip, contrary to VHA requirements. We noted that the shuttle van was left unlocked at each location when patients were escorted to their clinic areas. Health care system policy requires operators to ensure that vehicles are protected and secured at all times. On another occasion we observed an unattended volunteer-operated shuttle van that was parked in front of the health care system with the motor running and a patient inside the vehicle.

Policy Issues. Health care system policy was not always followed and one requirement needed to be reevaluated. The policy requires the patient's physician to complete a form authorizing the patient to ride the shuttle van independently. We followed-up on three inpatients who rode the shuttle van during our inspection, and found that the form had not been completed for these three patients.

The policy also requires, "If the patient, including oxygen tank, weighs more than 200 pounds, the patient may not ride the shuttle." We observed several patients who appeared to exceed this weight limit. However, they were able to board the shuttle independently or with assistance, with no apparent problems. In our view, this requirement should be reevaluated, and if still valid, it should be followed.

Recommended Improvement Action 9. We recommended that the VISN Director ensure that the health care system Director requires that:

(a) Screening of employee and volunteer shuttle drivers is accomplished according to VA regulations.
(b) Employees and volunteers receive appropriate driver's training and documentation of training is maintained.
(c) Patient safety practices are consistently enforced.

(d) The health care system policy requirements are reevaluated and ensure staff comply with the policy.

The VISN 23 and health care system Directors agreed with the findings and recommendations and reported that Human Resources staff will review VA employee screening regulations and demonstrate compliance and identify appropriate VA regulations regarding employee and volunteer driver training requirements and enact a plan to ensure drivers receive training. Human Resources staff and the Safety Officer will identify appropriate patient safety issues and necessary training for employee and volunteer shuttle drivers. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Accounts Receivable – Delinquent Debts Need to Be Pursued More Aggressively

Condition Needing Improvement. VA policy states that prompt and aggressive action on a timely basis will always be taken to collect debts. Accounts receivable staff did not aggressively follow-up on outstanding accounts receivable. If no response is received to the initial billing, VA policy requires follow-up demand letters be sent at 30-day intervals. Also, VA policy encourages the use of telephone contacts to arrange for repayment of the debt.

As of April 30, 2003, there were 240 outstanding accounts receivable totaling $447,381, ranging from 30 to 1,038 days delinquent. We reviewed a judgemental sample of 26 accounts receivable totaling $297,939 to determine if collection efforts were appropriate. We found that in 22 cases totaling $209,141, follow-up demand letters were not sent and telephone contacts were not made. Accounts receivable staff relied on the Treasury Offset Program (TOP) to collect delinquent accounts receivable. Thus, no collection efforts were made for 6 to 15 months after the bills were identified, until the cases were referred to TOP. Recently, accounts receivable staff have developed follow-up demand letters and are using them for current accounts receivable.

Suggested Improvement Action. We suggested that the VISN Director ensure that the health care system Director makes sure that accounts receivable staff pursue delinquent debts more aggressively by issuing follow-up demand letters timely and including telephone contacts in the debt collection process.

The VISN 23 and health care system Directors agreed with the suggestion and reported that an additional accounting technician has been assigned the responsibility for all follow-up with vendors, employees, and former employees. The improvement plan is acceptable.

Appendix A

Monetary Benefits in Accordance with IG Act Amendments

REPORT TITLE: Combined Assessment Program Review - VA Iowa City Health Care System Iowa City, Iowa

REPORT NUMBER: 03-01550-181

ISSUE DATE: September 25, 2003

Recommendation	Explanation of Benefits	Better Use of Funds
3	Better use of funds by monitoring delinquent obligations and canceling unneeded obligations timely.	$582,082
6	Better use of funds by ensuring all billing opportunities are realized.	$ 30,793
	Total	**$612,875**

Appendix B

VISN 23 Director Comments

Department of

Veterans Affairs

Memorandum

DATE: August 14, 2003

FROM: Network Director, VA Midwest Health Care Network (10N23)

SUBJ: Comments on Draft Assessment Report – OIG CAP Survey Iowa City VAMC

TO: Director, Kansas City Audit Operations (52KC)

1. The purpose of this memorandum is to forward comments on the Draft Assessment Report of the Office of Inspector General (OIG) Combined Assessment Program (CAP) Survey conducted of the Iowa City VA Health Care System on June 23-27, 2003.

2. If you have any specific questions regarding this response, please contact Mr. Gary L. Wilkinson, Medical Center Director, Iowa City VAMC, at 319-339-7100.

Robert A. Petzel

ROBERT A. PETZEL, M.D.

Attachment

VA Form
MAR 1989 **2105**

Appendix B

Comments on Draft Assessment Report from the OIG-CAP Survey
VA Medical Center
June 23-27, 2003
Iowa City, Iowa

Recommended Improvement Action 1. Quality Management – Processes for Data Collection and Review Needed Improvement

(a) Review provider specific data and maintain documentation of such during the Reprivileging of Practitioners: Concur.
Implementation Plan: Develop process to capture and report practitioner-specific data to service chief at time of reprivileging. Utilize best practices of other VAMCs.
Target Completion Date: October 1, 2003.

(b) Complete all aggregate root cause analysis per VHA Requirements: Concur.
Implementation Plan: Designate team leader and team members for each root cause analysis patient incident category (falls, medication errors, para-suicides, and missing patients) with appointment terms of one year. Train team leaders on aggregate review requirements. Report aggregate RCA results to the Performance Improvement Council quarterly (November, February, May, and August). Additionally, report specific categories to committees as follows – falls to Patient Care Services Committee, medication errors to Pharmacy and Therapeutics Committee and Patient Care Services Committee, para-suicides to Psychiatry Performance Improvement Committee, and missing patients to Environment of Care Committee.
Target Completion Date: August 30, 2003.

(c) Capture all patient advocate data and report to appropriate committee: Concur.
Implementation Plan: Trended Patient Advocate encounters will be reported to the Performance Improvement Council on a quarterly basis (October, January, April, July). Additionally, trended data for specific services/areas will be provided to those services/areas on a monthly basis.
Target Completion Date: 1st and 2nd Quarter FY2003 Patient Advocate data reported to the Performance Improvement Council on July 24, 2003.

Recommended Improvement Action 2. Environment of Care – Areas Needing Management Attention

(a) Appropriate eyewash equipment installed in canteen food preparation area: Concur.
Implementation Plan: Order has been placed to purchase eye wash equipment. Equipment will be installed upon delivery.
Target Completion Date: August 31, 2003.

(b) All employees are knowledgeable about, and capable of successfully executing, the health care system's evacuation plan: Concur.
Implementation Plan: Copies of the Evacuation Plan/Procedures have been reproduced. Protective pockets have been ordered to place them in. Once they have arrived, the Evacuation Plans will be posted at all nurses and clinic stations. Evacuation Plan training will be further emphasized in annual safety review for all employees.
Target Completion Date: August 31, 2003.

Recommended Improvement Action 3. Undelivered Orders and Accrued Services Payable – Controls Over Unliquidated Obligations Needed Strengthening

(a) Strengthen control over undelivered orders and accrued services payable to ensure outstanding obligations are reviewed monthly and unneeded obligations are canceled promptly: Concur.
Implementation Plan: The current practice is for an accounting technician to review, document, and close obligations as needed on a monthly basis by utilizing reports 850 and 851 for an integrated database in VISN 23. This process has been in place for several years, but the volume of obligations and payables since integration has increased this report and workload by 75 percent. Beginning September 1, 2003, we will begin deobligating any outstanding obligation or payable greater than 90 days.
Target Completion Date: September 1, 2003.

Recommended Improvement Action 4. Controlled Substances Accountability – Selected Controls and Inventory Management Needed Improvement

(a) All controlled substances inventories are verified at a minimum of every 72 hours: Concur.
Implementation Plan: 72-hour inventories immediately started.
Target Completion Date: Already implemented.

(b) Access to the controlled substances vault be limited to less than 10 employees during a 24-hour period: Concur.
Implementation Plan: Steps were immediately taken to limit the number of employees accessing the vault during a 24-hour period. Access now limited to three people assigned on a permanent basis plus six additional individuals assigned on a rotational basis.
Target Completion Date: Already implemented.

(c) Excessive inventory levels of controlled substances are reduced and appropriate inventory management software is used to manage inventories: Concur.
Implementation Plan: Stock levels were reduced to less than a 20-day supply.
Target Completion Date: Already implemented.

Recommended Improvement Action 5. Automated Information Systems – Improvements Needed to Comply with VA Policies

(a) Security Plans are Dated and Comprehensive: Concur.
Implementation Plan: Revise Local Area Network security plans. Telecommunications security plans, and VistA security plans to meet requirements identified.
Target Completion Date: September 1, 2003.

(b) Contingency Plan identifies an alternate processing facility and emergency procedures are kept current: Concur.
Implementation Plan: Revise Contingency Plan to include identification of an alternate processing facility. Post up-to-date emergency response call-back lists. Revise Telecommunications emergency plan.
Target Completion Date: September 1, 2003.

(c) Smoke detectors are installed in the telecommunications laboratory: Concur.
Implementation Plan: Electronic Work Order submitted ZN1030730-015.
Target Completion Date: September 1, 2003.

Recommended Improvement Action 6. Medical Care Collections Fund

(a) Make certain that all fee-basis care that is billable to insurance carriers is identified and billed promptly: Concur.
Implementation Plan: Revenue staff will coordinate with Fee-Basis staff and develop method of insurance identification of fee-basis care in a more prompt manner (ideally during the authorization phase of care). Revenue staff will coordinate with the Centralized Fee-Basis Unit to develop a more expeditious turnaround of fee bills to Revenue to allow for more prompt billing of fee care.
Target Completion Date: September 1, 2003

(b) Make certain that all MCCF employees carefully evaluate billing opportunities: Concur.
Implementation Plan: Outpatient care - Training issues associated with new staff have been identified as the primary reason for missed outpatient billing opportunities. Training has been conducted, and greater knowledge of process by billing staff will improve performance. Improvement plan for evaluating billing opportunities for Fee-Basis care as stated above.
Target Completion Date: Outpatient care – immediately.

(c) Make certain current insurance information is obtained when patients present for care: Concur.
A more comprehensive training plan will be implemented for existing staff. Greater knowledge of the process by staff will improve performance.
Target Completion Date: September 1, 2003.

Recommended Improvement Action 7. Part-Time Physicians' Time and Attendance – Implementation of Time and Attendance Requirements Need to be Strengthened
(a) Require that supervisors establish written agreements with part-time physicians identifying time allocations for clinical, administrative, research, and educational activities: Concur.
Implementation Plan: Standard format is under development, and written agreements are to be in place six (6) weeks after approved format received from Chief of Staff's office. Written agreements will coincide with the affiliation's academic year.
Target Completion Date: October 20, 2003.

(b) Require that tours of duty are kept current: Concur.
Implementation Plan: All part-time physicians will receive additional time and attendance training in September 2003. Training will emphasize necessity to establish scheduled tours of duty in advance and how to appropriately request tour of duty changes. Service administration, timekeeper, and facility validation team will provide continual time and attendance oversight.
Target Completion Date: September 30, 2003.

Recommended Improvement Action 8. Contract Administration – Services Received Need to be Certified Prior to Paying Invoices

(a) Establish a process to verify that contracted services were provided: Concur.
Implementation Plan: Local COTRs are implementing a system to consistently document attendance of physicians to support clinics and provide other functions required by the contract. Schedules for contractually required services will be monitored by contacting the clinics and recording coverage on an Excel spreadsheet. On smaller contracts with only a few providers, the VA Form 5631a, Subsidiary Time and Attendance Report for Part-time Physicians, may be used to document contract services provided or record exceptions to the schedule provided. These files will be maintained by the COTR for the period of the contract.
Target Date: Implemented.

(b) Ensure certifying officials obtain appropriate verification that services were provided prior to approving payments: Concur.
Implementation Plan: The contracting officer will ensure that the Fund Control Point (FCP) official receives a copy of the COTR Delegation of Authority with distribution of the contract. This will facilitate communication between the FCP official and the COTR when the FCP official is not part of the using service staff. The FCP official will now contact the COTR upon receipt of a e-mail from the Network Payment Center that a specific invoice exceeding $2,500 requires certification. The COTR will provide the requested verification via e-mail, based on the supporting documents maintained, as a prerequisite to certification of the invoice by the FCP official. Copies of this e-mail will be retained in the FCP official's files for each invoice certified. At the present time, we rely on the Network Payment Center for notification that an invoice requires certification in accordance with the network CFO policy memo entitled "Certification Requirements." The current network administrative certification process is scheduled to be replaced in December by the Financial Services Center Certified Payment Process, pursuant to the recently issued national policy dated July 31, 2003. This process is an on-line invoice certification system that will automatically match Purchase Orders and FCP officials in the Financial Management System (FMS), as described at http://vaww.dmscentral.fsc.va.gov, and is, therefore, expected to facilitate the requisite communication with local certifying officials.
Target Date: Implemented.

Recommended Improvement Action 9. Patient Transportation Services – Oversight Needed Strengthening

(a) Require screening of employee and volunteer shuttle drivers according to VA regulations: Concur.
Implementation Plan: Human Resources will review VA employee screening regulations and demonstrate compliance in accordance with VA regulations.
Target Date: October 1, 2003.

(b) Employees and volunteers receive appropriate driver's training and documentation of training is maintained: Concur.
Implementation Plan: Human Resources will identify appropriate VA regulations regarding employee and volunteer driver training requirements and enact a plan to ensure drivers receive training. Documentation will be contained in the appropriate files (either OPF or annual core competency reports).
Target Date: October 1, 2003.

(c) Patient Safety practices are consistently enforced: Concur.
Implementation Plan: Human Resources and the Safety Officer will identify appropriate patient safety issues and necessary training for employee and shuttle drivers. A training plan will be identified, staff will be trained, and documentation will be contained in the appropriate files (either OPF or annual core competency reports).
Target Date: October 1, 2003.

(d) The health care system policy requirements are reevaluated and ensure staff comply with the policy: Concur.
Implementation Plan: The Business Office Manager will review Medical Center Memorandum 59 "Inter-Facility Transfer and Transport Services," and revise as needed. The Business Officer Manager or designee will review practices on a semi-annual basis to ensure compliance with policy.
Target Date: September 1, 2003.

Suggested Improvement Action. Accounts Receivable – Delinquent Debts Need to be Pursued More Aggressively

Ensure that the accounts receivable staff pursue delinquent debts more aggressively by issuing follow-up demand letters timely and including telephone contacts in the debt collection process: Concur.
Implementation Plan: As of July 18, 2003, we have added an additional accounting technician to our accounts receivable team. The technician is now responsible for all follow-up phone calls to vendors, employees, and former employees with 30-day past due bills. This includes documenting the dates of calls and issuance of any additional follow-up past due letters or pre-payment letters.
Target Date: Implemented.

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