



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the Togus VA Medical Center Togus, Maine

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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Executive Summary

Introduction

During the week of October 27–31, 2003, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the Togus VA Medical Center, which is part of Veterans Integrated Service Network (VISN) 1. The purpose of the review was to evaluate selected medical center 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 150 employees.

Results of Review

The medical center's management of clinic waiting times was adequate. Controls were in place to ensure proper timekeeping for part-time physicians. Our review of personal funds of patients, prompt payment and interest payments, information technology security, and medical supplies management disclosed no reportable deficiencies. Our review of the environment of care found no reportable deficiencies. To improve operations, VISN and medical center management needed to:

- Ensure Government purchase cardholders obtain competitive prices from preferred purchasing sources for procurements greater than \$2,500, cardholders maintain receipt documentation, approving officials are properly trained, and acquisition management establishes contracts for recurring procurements.
- Improve Medical Care Collections Fund (MCCF) billing of outpatient episodes of care and aggressively pursue delinquent accounts receivable.
- Improve contract oversight and contract file documentation.
- Improve controlled substances inspection procedures, pharmacy security, and medical center policy.
- Establish controls to strengthen accountability and effectively manage engineering supplies.
- Strengthen controls over the review of unliquidated obligations and cancel unneeded obligations.
- Strengthen controls over patient transportation services by implementing a Motor Vehicle Safety Program.
- Strengthen data analyses, corrective action effectiveness, and resuscitation outcome trending in the QM program.
- Strengthen oversight of inactive General Post Fund (GPF) accounts.
- Improve controls over conflict of interest acknowledgments.
- Strengthen controls over part-time physician written agreements.

VISN 1 and Medical Center Directors' Comments

The VISN and Medical Center Directors agreed with the CAP review findings and provided acceptable improvement plans. (See Appendixes B and C, pages 15-24, for the full text of the Directors' comments.) We will follow up on the planned actions until they are completed. This report was prepared under the direction of Mr. Thomas L. Cargill, Jr., Director, and Mr. Philip D. McDonald, CAP Review Coordinator, Bedford Audit Operations Division.

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

Introduction

Medical Center Profile

Organization. The Togus VA Medical Center is a primary and long-term care facility that provides inpatient and outpatient health care services. Outpatient care is also provided at five community-based outpatient clinics located in Bangor, Calais, Caribou, Rumford, and Sanford, ME. The medical center is part of VISN 1 and serves a veteran population of about 151,000 in a primary service area that includes 16 counties in Maine.

Workload. In Fiscal Year (FY) 2003, the medical center treated 32,610 unique patients, an 8 percent increase from FY 2002. The FY 2002 inpatient average daily census (ADC) was 44.3 and the ADC was 43.3 in FY 2003. Outpatient care workload totaled 253,750 patient visits in FY 2002 and 262,290 patient visits in FY 2003.

Resources. The FY 2003 medical care budget is \$122.4 million, 4 percent more than FY 2002 expenditures. In FY 2002, medical care expenditures totaled \$117.7 million. FY 2003 staffing was 874.6 full-time equivalent employees (FTEE), including 48 physician and 197 nursing FTEE.

Programs. The medical center provides primary care, medical, surgical, long term care, and mental health services. Specialty programs include dental and physical and rehabilitation medicine. The medical center has 67 hospital beds and 100 Nursing Home Care Unit beds. The long-term care facility consists of 2 50-bed units, 1 of which provides general nursing home care in addition to rehabilitative care. The second unit provides care to dementia patients and offers respite and hospice programs.

Affiliations. The medical center is affiliated with the Henry Ford Hospital System in Detroit, MI for rotations in urology. Other residents and students rotate in ophthalmology. Students in psychiatry, clinical psychology, and dentistry also complete rotations at the medical center. The medical center is also affiliated with the University of New England, the University of Rhode Island, and the University of Maine in several programs.

Objectives and Scope of the 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 medical center 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 the requirement to refer suspected criminal activity 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 medical center operations for FYs 2002 and 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:

Clinic Waiting Times	Medical Supplies Management
Conflict of Interest Acknowledgments	Part-Time Physician Time and Attendance
Controlled Substances	Patient Transportation Services
Delinquent Accounts Receivable	Personal Funds of Patients
Engineering Supplies Management	Pharmacy Security
Environment of Care	Prompt Payment and Interest Payments
General Post Funds	Quality Management
Government Purchase Card Program	Service Contracts
Information Technology Security	Unliquidated Obligations
Medical Care Collections Fund Billing	

As part of the review, we used questionnaires and interviews to survey patient and employee satisfaction with the timeliness of service and the quality of care. Questionnaires were sent to all medical center employees, 82 of whom responded. We also interviewed a total of 27 inpatients and outpatients during the review. The full survey results were provided to medical center management.

During the review, we presented two fraud and integrity awareness briefings for medical center employees. These briefings, attended by 150 employees, 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.

Activities needing improvement are discussed in the Opportunities for Improvement section (pages 3-13). For these activities, we make recommendations or suggestions. 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 VISN and medical center managers until corrective actions are completed. For the activities not discussed in the Opportunities for Improvement section, there were no reportable deficiencies.

Results of Review

Opportunities for Improvement

Government Purchase Card Program – Greater Compliance With The Federal Acquisition Regulation and VA Policy Is Needed

Conditions Needing Improvement. Medical center management needed to strengthen controls to ensure Government purchase cardholders procure from preferred purchasing sources such as Federal Supply Schedule (FSS) vendors rather than more costly open market sources. Cardholders needed to maintain receipt documentation and approving officials needed acquisition training. Additionally, Acquisition and Logistics Section management needed to establish contracts for recurring procurements.

We reviewed purchase cardholder procurements of high cost medical/surgical supplies to determine whether the supplies were purchased in compliance with the Federal Acquisition Regulation (FAR) and VA procurement policy. We also employed data mining analyses of all purchase card transactions made during the period October 2001 through June 30, 2003, to identify open market purchases made from the same vendors on a recurring basis. The following conditions required management attention.

During the period April 2, 2002, to July 17, 2003, the medical center made 159 purchases of hip and knee implants and accompanying components valued at \$712,409 (knee implants totaled \$569,928 and hip implants totaled \$142,482). These purchases were made by one cardholder from one vendor and certified by one approving official. We reviewed a sample of 30 of the high cost items valued at \$341,898 and determined that the cardholder, who was also a contracting officer, did not obtain competitive prices for the hip and knee implants or artificial limbs, as required by the FAR and VA procurement policy. In addition, the cardholder did not maintain receipts for the 30 purchases to enable reconciliation's and certifications of purchase card transactions, as required.

The cardholder did not consider preferred purchasing sources, such as FSS vendors that offered hip and knee implants, prior to procuring these items on the open market. The FAR and VA procurement policy require purchase cardholders to consider FSS vendors before making open market purchases. Both the cardholder and approving official were unaware of the existence of FSS contracts for hip and knee implants. We obtained information from the National Acquisition Center (NAC) that showed that FSS vendors offered comparable items at lower prices, 41 percent less for knee implants and 31 percent less for hip implants. We estimated savings of \$233,670 (41 percent x \$569,928) for knee implants and \$44,169 (31 percent x \$142,482) for hip implants. Based on these estimates, the medical center could have potentially saved \$277,839 by purchasing these supplies from an FSS vendor.

In addition, the cardholder's approving official did not effectively carry out her responsibilities. The approving official did not ensure that cardholder purchases greater than \$2,500 were competitive, or that the cardholder maintained receipt documentation and complied with the FAR and VA procurement policy.

We identified numerous additional recurring open market purchases. The following conditions required management attention.

- A cardholder made 61 open market purchases from 1 vendor for artificial kidneys (hemodialysis) totaling \$105,291 to provide kidney dialysis treatments to patients. Management indicated they would contact VISN 1 representatives and consider establishing a contract for these treatments.
- A cardholder made 48 open market purchases from 1 vendor for printer cartridges totaling \$72,180. Acquisition and Logistics Section management indicated that an FSS vendor may have the cartridges needed by the medical center. We determined that the FSS vendor has a Blanket Purchase Agreement (BPA) with four different VISNs to provide comparable products. Management indicated they would contact the vendor and consider establishing a contract for the printer cartridges.

Recommended Improvement Action 1. We recommended that the VISN Director ensure that the Medical Center Director requires: (a) cardholders to procure from preferred purchasing sources such as FSS vendors in lieu of more costly open market sources, (b) cardholders maintain documentation of receipt of goods and services to enable reconciliation's and certifications of transactions, (c) approving officials receive acquisition training to ensure purchase card transactions comply with the FAR and VA procurement policy, and (d) Acquisition and Logistics Section management establish contracts for recurring procurements.

The VISN and Medical Center Directors agreed with the recommendations and reported that by March 1, 2004, medical center management would utilize FSS contracts where feasible and would work on establishing BPAs for those that cannot be purchased on FSS. By June 30, 2004, the Acquisition and Logistics Section would look into establishing a BPA for VISN 1 artificial kidneys (hemodialysis). By March 1, 2004, the medical center will purchase future hip and knee replacements from FSS vendors. All surgical implants will be ordered by Prosthetics Service. As of November 14, 2003, cardholders are ensuring that all applicable receipt documents are being kept on file to enable reconciliation's and certifications of transactions. The approving official has received formal purchase card training and documentation is on file. Contracts and BPAs will be established for recurring purchases. The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

Medical Care Collections Fund – Billing and Collection Procedures Should Be Improved

Conditions Needing Improvement. Medical center management needed to ensure MCCF staff billed third-party insurers for episodes of outpatient care and more aggressively pursued accounts receivable from insurers. Under the MCCF Program, VA may recover from health insurance companies the cost of treating certain veterans who have insurance. In FY 2003, the medical center collected \$8.8 million from first and third party payers, exceeding their MCCF collection goal by 6.8 percent. As of September 30, 2003, the medical center's FY 2003 collection rate (amount collected as a percentage of the amount billed) was 28 percent. The following conditions required management attention.

Unbilled Outpatient Episodes of Care. During the period September 26, 2002, through September 26, 2003, the medical center had a total of 25,812 unbilled outpatient episodes of care with a total dollar value of \$6,453,424. At our request, the MCCF Coordinator reviewed the unbilled report to determine if insurers should be billed. The MCCF Coordinator estimated that approximately 30 percent of the unbilled episodes valued at \$1,936,027 represented billable episodes of care. Applying the medical center's FY 2003 collection rate of 28 percent for billable care, we estimate that MCCF staff could have collected \$542,088 from third-party insurers. The MCCF Coordinator stated that billing staff was increased from four to six FTEE in June 2003. In addition, the Patient Accounts Section obtained authorization to hire a temporary employee to address the billing backlog.

Delinquent MCCF Accounts Receivable. As of June 30, 2003, the medical center had a total of 404 MCCF accounts receivable totaling \$2,128,690. We reviewed a sample of 10 receivables over 90 days old with a total value of \$410,457. MCCF staff had not aggressively followed up on four accounts valued at \$232,984 prior to referring them to a collection agency. In addition, our review showed that the agency had not documented follow-up action with insurance carriers.

Recommended Improvement Action 2. We recommended that the VISN Director ensure that the Medical Center Director requires the MCCF Coordinator to: (a) bill third-party insurers for outpatient episodes of care in a timely manner and (b) aggressively pursue MCCF accounts receivable.

The VISN and Medical Center Directors agreed with the recommendations and reported that the review of the *Monthly Unbilled Report* has begun. All unbilled episodes of care for calendar year 2002 and 2003 will be reviewed. The target completion date for this action is July 1, 2004. MCCF staff have begun the review of aged third-party receivables over 500 days old for blanket write-off. A second review of all third-party claims over 180 days old will be performed to determine which accounts are uncollectable. Temporary staff have also been hired for accounts receivable work and third-party billing. Additional accounts receivable and billing staff will allow us to be more aggressive with our receivables and bill in a timely manner. The target completion date is June 1, 2004. The Patients Accounts Manager will perform a monthly review of the third-party summary report and the *Monthly Unbilled Report*. The improvement plans were acceptable, and we will follow up on the completion of the planned actions.

Service Contracts – Contract Oversight and Documentation Should Be Improved

Conditions Needing Improvement. A review of 12 service contracts valued at \$4.2 million identified the following issues that required management attention.

- Database searches of the Federal Government’s Excluded Parties Listing System (EPLS) were not conducted to determine if prospective contractors were eligible for Federal contracts (eight contracts valued at \$2.8 million).
- Background investigations were initiated for nine physicians contracted to provide urology services after contract performance began. Contracting officers are required to initiate background investigations of contractor personnel with access to VA computer systems and sensitive information prior to contract performance (one contract valued at \$960,000).
- A contracting officer did not obtain a legal and technical reviews from VA’s Office of Acquisitions and Materiel Management (OA&MM) for a non-competitive urology contract valued at \$960,000. Non-competitive contracts exceeding \$500,000 for the acquisition of scarce medical specialist services are required to be reviewed by OA&MM prior to contract execution. Additionally, the contracting officer did not request a preaward audit for this contract as required for non-competitive contracts exceeding \$500,000 and did not forward the contract to the Director, Medical Sharing Office as required.
- Documentation was missing from contract files reviewed as follows:
 - Workload analysis to identify need, levels of service, and estimate the total costs was not documented for eight contracts valued at \$1.7 million.
 - Contracting Officer’s Technical Officer Representative (COTR) designation letters, which document the COTR’s authority and responsibilities, were not prepared for eight contracts valued at \$2.8 million.
 - Performance recording methods, which document specific measures to monitor contract performance and to facilitate certification of payments, were not documented for six contracts valued at \$1.6 million.
 - The justification to exercise option years was not documented for 10 contracts valued at \$3.8 million. Contracting officers are required to consider past performance and continued need, and document the justification to exercise an option year.

Recommended Improvement Action 3. We recommended that the VISN Director ensure that the Medical Center Director takes action to implement procedures and controls to: (a) conduct database searches of EPLS prior to contract award, (b) initiate background investigations of contract personnel prior to contract performance, (c) obtain legal and technical reviews as necessary, (d) request preaward audits as required, (e) forward non-competitive contracts to the Director, Medical Sharing Office, and (f) develop and utilize a checklist to ensure all required documentation is included in the contract files.

The VISN and Medical Center Directors agreed with the recommendations and reported that as of November 7, 2003, contracts would include a search of the EPLS and background investigations prior to contract performance/award. Legal and technical reviews would be conducted based on FAR and VA Acquisition Regulation requirements. In addition, preaward audits will be conducted on affiliation agreements that exceed \$500,000. All non-competitive contracts will be forwarded to the Director, Medical Sharing Office 15 days after contract award. Contract checklists have been established and will be utilized for all service contracts. Checklists will be updated to ensure that all Federal procurement regulations are followed. The improvement plans were acceptable, and we will follow up on the completion of the planned actions.

Controlled Substances – Inspection Procedures, Pharmacy Security, and Medical Center Policy Should Be Improved

Conditions Needing Improvement. Controlled substances inspection procedures, pharmacy security, and medical center policy needed improvement. The following conditions required management attention.

- Controlled substances inspectors did not reconcile controlled substances receipts to pharmacy inventory records, verify that all controlled substances held for destruction were recorded as required by VA policy, or randomly validate Schedule II prescriptions with pharmacy dispensing records.
- The inpatient and outpatient pharmacy windows did not contain security mesh screening as required.
- Medical center policy did not include procedures for handling prescriptions of controlled substances not picked up at the outpatient pharmacy window.
- The Medical Center Director did not notify the OIG Office of Investigations of seven suspected controlled substances diversions during FY 2003, as required by Veterans Health Administration (VHA) policy.

Recommended Improvement Action 4. We recommended that the VISN Director ensure that the Medical Center Director: (a) ensures controlled substances inspections are conducted in accordance with VHA policy, (b) ensures inpatient and outpatient pharmacy windows comply with security requirements, (c) revises medical center policy to address deficiencies noted, and (d) reports suspected thefts, diversions, or suspicious losses of controlled substances to the OIG Office of Investigations.

The VISN and Medical Center Directors agreed with the recommendations and reported that the medical center policy for the Controlled Substances Inspection Program is being revised to ensure compliance with the most current VHA policy. Local training materials are being developed and retraining of all inspectors will be conducted and training documentation will be maintained for each individual. This includes training for new inspectors and annual training for

all inspectors. The target completion date is April 2004. Medical center policy on the “Use of Controlled Substances” was being revised with a target completion date of March 1, 2004. Windows containing the required security mesh screening for the inpatient and outpatient pharmacies will be installed by June 1, 2004. As of December 31, 2003, the Chief, VA Police will be reporting any suspected thefts, diversions, or suspicious losses of controlled substances to the Medical Center Director. The Medical Center Director will then report to the OIG Office of Investigations. The improvement plans were acceptable, and we will follow up on the completion of the planned actions.

Engineering Supplies Management – Controls Should Be Established

Condition Needing Improvement. Medical center management needed to establish controls to strengthen accountability and effectively manage engineering supply inventories. In FY 2003, the medical center expended \$236,670 for engineering supplies. One of VHA’s goals is to reduce supply inventories on hand to a 30-day level. VHA requires medical facilities to use VA’s Generic Inventory Package (GIP) to establish proper inventory levels, set reorder quantities, and track usage of supplies. The following conditions required management attention.

- Facilities Management Service (FMS) staff did not conduct annual physical inventories of engineering supplies as required by VA policy.
- FMS managers were not utilizing GIP or any manual system to manage engineering supplies. The quantities and dollar value of engineering supplies purchased, used, and on-hand were not accurately maintained on inventory records. It was not possible to readily determine whether engineering supplies currently on-hand were overstocked or adequate to meet medical center needs.

Recommended Improvement Action 5. We recommended that the VISN Director ensure that the Medical Center Director requires that FMS managers: (a) conduct an inventory of all engineering supplies to obtain an accurate count of all items to be included in GIP, (b) implement the GIP system to manage engineering supplies, and (c) conduct spot inventory checks to ensure GIP data is accurate and reliable.

The VISN and Medical Center Directors agreed with the recommendations and reported that Acquisition & Materiel Management (A&MM) Service is in the process of entering FMS inventory items into the item file database. Once the FMS items have been entered into the database, inventory levels and reorder quantities will be entered into GIP. Spot inventory checks will be conducted as required by policy. The target completion date is December 2004. The improvement plans were acceptable, and we will follow up on the completion of the planned actions.

Unliquidated Obligations – Reviews Need To Be Strengthened and Unneeded Obligations Should Be Cancelled

Conditions Needing Improvement. Fiscal Service staff did not document their review of undelivered orders and accrued services payable on a monthly basis or at the end of the fiscal year, as required. Further, Fiscal Service staff did not cancel unneeded obligations to make funds available for other medical center purposes. As of September 30, 2003, the medical center had 1,026 obligations valued at \$9,584,816. Our review of a judgment sample of 26 obligations valued at \$2,861,135, identified the following conditions requiring management attention.

- Fiscal Service staff could not provide documentation that monthly or year-end reviews of the 26 obligations had been conducted, as required by VA policy. The Financial Administration Supervisor acknowledged that two recently hired accounting technicians did not document their contacts with initiating services to determine whether the obligations were still needed.
- Seven accrued services payable valued at \$50,673 should have been canceled prior to the end of FY 2003. The obligations had not been cancelled because accounting technicians were not performing monthly reviews.

Recommended Improvement Action 6. We recommended that the VISN Director ensure that the Medical Center Director requires Fiscal Service to: (a) conduct and document monthly and year-end reviews of unliquidated obligations, and (b) cancel unneeded obligations to make funds available for other medical center purposes.

The VISN and Medical Center Directors agreed with the recommendations and reported that as of December 31, 2003, accounting staff would conduct monthly reconciliations and annotate on the Financial Management System reports, as well as the supporting documentation, the status of open obligations. The staff would also attach e-mail messages regarding the status of these obligations and deadlines for responses from the required services. This would ensure that only appropriate obligations remain open. The improvement plans were acceptable, and we will follow up on the completion of planned actions.

Patient Transportation Services – Medical Evaluations and Training of Drivers Should Be Improved

Condition Needing Improvement. Medical center managers needed to enhance the safety of patients transported to and from the medical center by implementing a Motor Vehicle Safety Program. VA requires managers to develop and implement a Motor Vehicle Safety Program at VA facilities where motor vehicles are regularly operated on official business. The program is intended to remind drivers of safe driving practices and the requirement to use safety belts and shoulder harnesses, and provides defensive driving instructions. The program also ensures that drivers receive initial medical evaluations to ensure they are physically fit to safely operate vehicles. VA facilities are required to provide at least one annual safe driving class for employees and volunteers who transport patients.

We interviewed program managers and determined there was no Motor Vehicle Safety Program in place for employees who transport patients. There was a safe driving training program administered for volunteers through the Disabled American Veterans organization. Managers need to develop a Motor Vehicle Safety Program for all employees and volunteers who transport patients and reevaluate drivers' performances at least every 4 years.

Recommended Improvement Action 7. We recommended that the VISN Director ensure that the Medical Center Director implements a Motor Vehicle Safety Program for employees and volunteers who transport patients to include conducting medical evaluations of drivers before they begin transporting patients, ensuring medical reevaluations are conducted every 4 years, and providing annual driver safety training.

The VISN and Medical Center Directors agreed with the recommendations and reported that Employee Health currently evaluates potential volunteer drivers. Health histories are reviewed and tests and examinations are sought as appropriate. A system to track and complete volunteer reevaluations would be developed by Voluntary Service in conjunction with Employee Health by May 1, 2004. In addition, on March 4, 2004, VA Police would present a program to cover defensive driving, large van safety, and accessible parking. All drivers who transport patients would receive defensive driving training at least every 4 years. The target date for completion is June 30, 2004. The Chief, VA Police is currently exploring available training modules for driver safety that would become part of the Voluntary Service driver orientation and incorporated into annual volunteer training. The target date for completion is May 1, 2004. The improvement plans were acceptable, and we will follow up on the completion of the planned actions.

Quality Management – Data Analyses, Corrective Action Effectiveness, and Resuscitation Outcome Trending Should Be Strengthened

Conditions Needing Improvement. Medical center management needed to significantly strengthen program area review processes. To evaluate the QM program, we interviewed key employees and reviewed policies, plans, committee meeting minutes, reports, credentialing and privileging files, performance improvement data, and other pertinent documents. We concluded that the program was comprehensive and generally provided appropriate oversight of patient care. However, although data was collected in all areas required by accreditation standards, it was not consistently analyzed. In addition, managers did not identify due dates for corrective action, effectiveness of corrective actions, or trend resuscitation outcomes.

Data Analyses. Although program managers collected various types of data, they did not comply with the facility policy to conduct quarterly analyses of the data to identify trends. For example, managers did not analyze data on adverse drug events, patient falls, missing patients, or parasuicidal behaviors to identify trends related to staffing, location, or other important factors.

Corrective Actions. Managers did not consistently identify time frames for corrective actions and criteria to use in determining whether corrective actions were effective. For example, falls

were tracked on a quarterly basis but there was no documentation of analyses or actions taken to improve care.

Resuscitation Outcomes. Managers did not adequately evaluate resuscitation outcomes. We reviewed the Special Care Unit committee minutes and found no evidence that the resuscitation outcomes had been trended by ward, time of day, provider and patient response. Trending of this data would identify opportunities to improve patient care.

Recommended Improvement Action 8. We recommended that the VISN Director ensure that the Medical Center Director takes action to: (a) initiate quarterly aggregated root cause analyses of adverse drug events, patient falls, missing patients, and parasuicidal behaviors, (b) identify time frames for corrective actions and criteria to determine effectiveness of corrective actions, and (c) ensure resuscitation outcomes are properly trended.

The VISN and Medical Center Directors agreed with the recommendations and reported that as of May 1, 2004, the medical center had completed quarterly aggregate root cause analyses (RCAs) and that RCAs will continue to be initiated on adverse drug events, patient falls, missing patients, and parasuicidal behaviors. In FY 2004, two quarterly aggregate reports have been reviewed by the Medical Center Director and processed to the VA National Center for Patient Safety. In addition, as of May 1, 2004, time frames for corrective actions and criteria to determine effectiveness will be monitored by the Patient Safety Manager. The Medical Center Director also reported that resuscitation outcomes will be trended and included in the Special Care Unit Committee report to the Quality Leadership Team. The target date for completion is June 1, 2004. The improvement plans were acceptable, and we will follow up on the completion of the planned actions.

General Post Funds – Oversight of Inactive Accounts Should Be Strengthened

Condition Needing Improvement. Fiscal Service management needed to strengthen oversight of inactive GPF accounts. As of August 31, 2003, the medical center had 20 GPF accounts totaling \$642,542. These accounts are used to account for donations received by the medical center that are intended for the benefit of patients. According to VA policy, when funds have remained inactive for a period in excess of 1 year, a determination should be made as to whether it will be feasible to expend the funds in the manner specified by the donor. If expending the funds in the manner specified by the donor is not feasible, the funds must be transferred to the general purpose account or returned to the donor.

Fiscal Service staff did not accurately complete quality assurance (QA) reviews of GPF accounts. The QA reviews performed for both FYs 2002 and 2003 indicated that all inactive accounts had zero balances. However, we found that four accounts totaling \$19,915 were inactive from August 2002 through August 2003. As a result of our inquiry, Fiscal Service had completed reviews of inactive GPF accounts.

Suggested Improvement Action 1. We suggested that the VISN Director ensure that the Medical Center Director requires Fiscal Service staff to accurately complete annual QA reviews of GPF accounts and properly manage inactive GPF accounts.

The VISN and Medical Center Directors agreed with the suggestion and reported that as of December 31, 2003, accounting staff would monitor GPF accounts and contact Voluntary Service to review accounts that have been inactive during a 6-month period and make a decision on the remaining funds. Further, QA reviews would be conducted and staff reviewing GPF accounts would be provided the proper documentation regarding management of inactive GPF accounts. The improvement plans were acceptable, and we consider this issue resolved.

Conflict of Interest Acknowledgments – Controls Should Be Improved

Condition Needing Improvement. Medical center management needed to improve controls to ensure that physician, clinician, and allied health supervisors or managers signed copies of the *Conflict of Interest Acknowledgment Form, VA Form 10-21009 NR*. The following conditions required management attention.

- Ten (31 percent) of 32 physician, clinician, allied health supervisors and managers had not signed the *Conflict of Interest Acknowledgment Form* certifying they have received, read and agree to abide by VHA guidance.
- The 22 *Conflict of Interest Acknowledgment Forms* that were signed were not completed in a timely manner. The forms were signed during October 2003. One Conflict of Interest Acknowledgment Form was signed but not dated.

Suggested Improvement Action 2. We suggested that the VISN Director ensure that the Medical Center Director requires all physician, clinician, and allied health supervisors or managers sign the *Conflict of Interest Acknowledgment Form, VA Form 10-21009 NR*.

The VISN and Medical Center Directors agreed with the suggestion and reported that as of November 7, 2003, all medical supervisors had signed the *Conflict of Interest Acknowledgment Form* including the 10 medical supervisors/managers identified during the CAP review. Human Resource Management Service (HRMS) had developed a system to ensure that all new medical and allied health supervisors/managers sign the *Conflict of Interest Acknowledgment Form*. The improvement plans were acceptable, and we consider this issue resolved.

Part-Time Physician Written Agreements – Controls Should Be Strengthened

Condition Needing Improvement. Medical center management did not have written time and attendance agreements with the facility's 13 part-time physicians detailing VA's employment expectations and employees' responsibilities, to include specifying the amount of time allotted for clinical, administrative, research, and educational activities.

Suggested Improvement Action 3. We suggested that the VISN Director ensure that the Medical Center Director requires completion and maintenance of current, written time and attendance agreements with all part-time physicians.

The VISN and Medical Center Directors agreed with the suggestion and reported that as of December 31, 2003, current, written time and attendance agreements were in place for part-time physicians. The improvement plans were acceptable, and we consider this issue resolved.

Appendix A

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefit(s)</u>	<u>Better Use of Funds</u>
1a	Better use of funds by obtaining competitive prices from preferred purchasing sources.	\$277,839
2a	Better use of funds by billing outpatient episodes of care.	542,088
6b	Better use of funds by canceling unneeded obligations for other medical center purposes.	<u>50,673</u>
	Total	\$870,600

VISN 1 Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: March 8, 2004

From: Network Director, VISN 1 (10N1)

Subject: Combined Assessment Program Review – Togus, Maine

To: Office of Inspector General (50)

1. Attached is the response from the Togus VA Medical Center to the Combined Assessment Program Review conducted at that facility October 27-31, 2003.

2. The medical center has carefully reviewed all items identified as opportunities for improvement and has concurred in all the recommendations that were made. Appendix C provides the detailed responses to each recommendation along with a completion date for each item. The network concurs with the monetary savings identified of \$870,061.

3. If you have any questions or need additional information, please contact Mr. John Sims, Jr. Director VAMC Togus at 207-623-8411 x 5200.

/s/

JEANNETTE A. CHIRICO-POST, M.D.

Attachment

Medical Center Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: February 18, 2004

From: Medical Center Director

Subject: Togus VA Medical Center Togus, Maine

To: Inspector General

Thank you for the opportunity to review the draft report of your Combined Assessment Program visit conducted October 27 – 31, 2003.

I have concurred with all the recommendations and provided corrective actions and completion dates. I accept the dollar amounts as stated.

/s/

JOHN H. SIMS, JR.

Medical Center Director's Comments to Office of Inspector General's Report

The following Director's comments are submitted in response to the recommendations and suggestions in the Office of Inspector General Report:

OIG Recommendations

Recommended Improvement Action 1. We recommend that the VISN Director ensure that the Medical Center Director requires: (a) cardholders to procure from preferred purchasing sources such as FSS vendors in lieu of more costly open market sources, (b) cardholders maintain documentation of receipt of goods and services to enable reconciliations and certifications of transactions, (c) approving officials receive acquisition training to ensure purchase card transactions comply with the FAR and VA procurement policy, and (d) Acquisition and Logistics Section management establish contracts for recurring procurements.

Concur

Target Completion Date: See below

Togus VA medical center will utilize FSS contracts where feasible and will work on establishing a BPA for those that cannot be purchased on FSS.

Target Completion Date: March 1, 2004

The Acquisition and Logistics Section is looking into establishing a BPA for VISN 1 artificial kidneys.

Target Completion Date: June 30, 2004

Cardholders are ensuring that all applicable receipt documents are being kept on file to enable reconciliation and certification of transactions. The approving official has received formal purchase card training and documentation is on file. Contracts and BPAs will be established for recurring purchases.

Completion Date: November 14, 2003

The NAC is currently in the process of awarding additional FSS contracts for hip/knee implants.

Target Completion Date: June 30, 2004

Togus VA medical center will purchase any future hip/knee replacements from FSS vendors. All surgical implants will be ordered by Prosthetics. Prosthetics understands implants need to be purchased from contract sources and will work with all involved to see that the correct procedures are followed. If a non-contract implant is to be ordered, a waiver needs to be initiated by a physician prior to the surgery and approved in order to be compliant.

Target Completion Date: March 1, 2004

With our artificial limb program all of our vendors are under a national contract with Prosthetics. The patient has the right to choose his or her prosthetist provided they choose an approved contract vendor and cannot be directed to any one vendor. Currently, five vendors who have a national contract with Prosthetics come to the monthly amputation clinic.

Completion Date: November 7, 2003

Recommended Improvement Action 2. We recommend that the VISN Director ensure that the Medical Center Director requires the MCCF Coordinator to: (a) bill third-party insurers for outpatient episodes of care in a timely manner and (b) aggressively pursue MCCF accounts receivable.

Concur

Target Completion Date: See below

Since the October 2003 IG visit, our MCCF staff have completed a review of all outstanding first-party debts and has written off hundreds of first-party accounts of which there is no hope of collection. We have also begun the process of reviewing all aged third-party receivables over 500 days old for blanket write-off. After this review is accomplished, we will perform a second review of all third-party claims over 180 days old and determine which accounts are uncollectable. These accounts will also be considered for write-off.

The review of the Monthly Unbilled Report has begun. A decision to cancel all unbilled episodes of care through December 31, 2001 was made. Further, all unbilled episodes of care for the calendar years 2002 and 2003 will also be reviewed.

Target Completion Date: July 1, 2004

To assist, we have hired temporary staff for accounts receivable work, and third-party billing. Based on our analysis of productivity (which meets or exceeds our VISN standard) and our workload (which exceeds our capacity), we are in the process of formally requesting two additional billing staff and one additional accounts receivable analyst. The additional staff requirements were also supported by a VISN 1 Patient Accounts Managers' site visit on February 4, 2004. With the completion of the aged first-party and third-party receivables, the cancelling of the events listed in the Unbilled Report, and the additional Accounts Receivable and Billing staff (if approved) our Medical Center's MCCF accounts should remain in good standing. Additional accounts receivable staff will allow us to be more aggressive with our receivables. Additional billing staff will allow us to bill in a more timely manner.

Target Completion Date: June 1, 2004

The Patients Accounts Manager will perform a monthly review of: (1) the third-party summary report to ensure that continuing effort is made to keep this area current and (2) the Monthly Unbilled Report for improvements made in the unbilled area.

Target Completion Date: Ongoing

Recommended Improvement Action 3. We recommend that the VISN Director ensure that the Medical Center Director takes action to implement procedures and controls to: (a) conduct database searches of EPLS prior to contract award, (b) initiate background investigations prior to contract performance, (c) obtain legal/technical reviews as necessary, (d) request preaward audits as required, (e) forward non-competitive contracts to the Director, Medical Sharing Office, and (f) develop and utilize a checklist to ensure all required documentation is included in the contract files.

Concur

Completion Date: November 7, 2003

All future contracts shall include a search of the EPLS database and background investigations prior to contract performance/award. Legal technical reviews will be conducted based on FAR/VA Acquisition Regulation requirements. Preaward audits will be conducted on affiliation agreements that exceed \$500,000. All sharing agreements will be forwarded to Director, Medical Sharing Office 15 days after contract award. Contract checklists have been established and will be utilized for all service contracts. Checklists will be updated to ensure that all federal procurement regulations are followed.

Recommended Improvement Action 4. We recommend that the VISN Director ensure that the Medical Center Director: (a) ensures controlled substance inspections are conducted in accordance with VHA policy, (b) ensures inpatient and outpatient pharmacy windows comply with security requirements, (c) revises medical center policy to address deficiencies noted, and (d) reports suspected thefts, diversions or suspicious losses of controlled substances to the OIG Office of Investigations.

Concur

Target Completion Date: See below

a. The Center Circular for the Controlled Substance Inspection Program is being revised to ensure compliance with the most current relevant VHA Handbook. In line with this, local training materials are being developed and retraining of all inspectors will be conducted. The documentation of the training will be placed in the TEMPO record for each individual. A monthly and a cumulative annual report is given to the director by the Controlled Substance Coordinator (CSC). This includes training for new inspectors and annual training for all inspectors.

Target Completion Date: April, 2004

b. A work order was submitted on February 10, 2004, requesting windows containing the required security mesh screening for inpatient and outpatient pharmacy windows to be installed.

Target Completion Date: June 1, 2004

c. Center Circular 00-02-17, Use of Controlled Substances has been revised to include procedures:

- (1) requiring the reporting of controlled substance diversions to the OIG Office of Investigations through the Office of the Center Director; and
- (2) for handling prescriptions of controlled substances not picked up in the outpatient pharmacy.

A quarterly review of this process is done by the Acting Chief of Pharmacy and reported to Pharmacy and Therapeutics Committee and annually to the Clinical Executive Board.

Target Completion Date: March 1, 2004

d. The Chief, VA Police is reporting any suspected theft, diversion or suspicious loss of drugs to the office of the Center Director. The Medical Center Director then reports to the OIG.

Completion Date: December 31, 2003

Recommended Improvement Action 5. We recommend that the VISN Director ensure that the Medical Center Director requires that FMS managers: (a) conduct an inventory of all engineering supplies to obtain an accurate count of all items to be included in GIP, (b) implement the GIP system to manage engineering supplies, and (c) conduct spot inventory checks to ensure GIP data is accurate and reliable.

Concur

Target Completion Date: December 2004

Acquisition & Materiel Management (A&MM) Service is in the process of entering FMS inventory items into the item file database. Once the FMS items are entered into the item file, we will populate the Generic Inventory Package with appropriate inventory levels and reorder quantities. We will conduct spot inventory checks as required by policy.

Recommended Improvement Action 6. We recommend that the VISN Director ensure that the Medical Center Director requires Fiscal Service to: (a) conduct and document monthly and year-end reviews of unliquidated obligations, and (b) cancel unneeded obligations to make funds available for other medical center purposes.

Concur

Target Completion Date: December 31, 2003

Accounting staff will conduct monthly reconciliations and annotate on the report as well as the supporting documentations the status of open obligations. The staff will also attach e-mail messages regarding the status of these obligations. These e-mails will specify deadlines for responses from the required services. This will ensure that only appropriate obligations remain open.

Recommended Improvement Action 7. We recommend that the VISN Director ensure that the Medical Center Director implements a Motor Vehicle Safety Program for employees and volunteers who transport patients to include conducting medical evaluations of drivers before they begin transporting patients, ensuring medical reevaluations are conducted every 4 years, and providing annual driver safety training.

Concur

Target Completion Date: See below

Employee Health currently evaluates potential volunteer drivers using form OF-345 "Physical Fitness Inquiry for Motor Vehicle Operators." Health histories are reviewed and further information, tests, and examination are sought as appropriate. A system to track and complete reevaluations will be developed by Voluntary Service in conjunction with Employee Health.

Target Completion Date: May 1, 2004

Togus Police will present a program to cover defensive driving, large van safety, and accessible parking on 3-4-04. The program will be taped to train DAV drivers and Motor Pool drivers who are unable to attend the session. All drivers who transport patients will receive defensive driving training at least every four years.

Target Completion Date: June 30, 2004

The Police Chief is currently exploring available training modules for driver safety. This will become part of the Voluntary Service Driver Orientation and will be incorporated into annual volunteer training.

Target Completion Date: May 1, 2004

The VA Police Service has developed an addendum to OF- 345, "Police Inquiry for Motor Vehicle Operators" for screening potential volunteer drivers and is currently conducting annual reviews of driving records of previously assigned volunteers. Reviews of volunteer driver records will continue on an annual basis.

Target Completion Date: Implemented September, 2003

Recommended Improvement Action 8. We recommend that the VISN Director ensure that the Medical Center Director takes action to: (a) initiate quarterly aggregated root cause analyses of adverse drug events, patient falls, missing patients, and parasuicidal behaviors, (b) identify time frames for corrective actions and criteria to determine effectiveness of corrective actions, and (c) ensure resuscitation outcomes are properly trended.

Concur

Target Completion Date: See below

Quarterly aggregate root cause analyses (RCA) have been completed and will continue to be initiated on adverse drug events, patient falls, missing patients, and parasuicidal behaviors through the designated, definitive responsibility of the Risk Manager and new Patient Safety Manager. Utilizing the SPOT software from the VA National Center for Patient Safety (NCPS), data is input for each incident, RCA team chartered, interventions, feedback, actions, target dates and outcomes documented and an aggregate log produced. A quarterly aggregate report is reviewed by the Medical Center Director. Two such aggregate reports have been processed for FY 2004 to the NCPS. Results and action plans have been added as a standing agenda item to the Quality Leadership Committee, Clinical Service Chiefs Committee and Clinical Executive Board (CEB).

Target Completion Date: May 1, 2004

Time frames for corrective actions and criteria to determine effectiveness are a required, integral item in the SPOT aggregate review with tracking of the status done by the Patient Safety Manager.

Target Completion Date: May 1, 2004

The Quality Manager has requested that the Service committees place the performance improvement action plans with target dates as a standard item in the meeting minutes. The minutes are reviewed by the CEB. A process and document has been developed and initiated through the CEB and Quality Leadership Team for specificity, accountability, and determination of effectiveness in monitoring the twelve measures of performance (elements of compliance for JCAHO Standard Performance Improvement 1.10).

Target Completion Date: July 2004

Focus reviews performed by the Quality Management Health Specialists have been changed to include follow-up documentation of subsequent time frames for corrective actions by the Service Chief and, through the use of appropriate graphic tools, trending to determine the effectiveness of the corrective actions over time. An install of a Six Sigma Qimacros for Excel software has been requested for initiation of and improved utilization of graphs, charts and other tools to display data and assist in comparative analyses.

Target Completion Date: End of third quarter focus review reports; July 2004

The parameters of individual ward and provider that were not included in the previous outcome reviews have been added and are currently being captured. The Quality Management Health Specialist review results will be discussed in the Special Care Unit (SCU) Committee meetings with appropriate documentation in the meeting minutes. The minutes are reviewed by the CEB. Further, a quarterly report will be given to the CEB as part of the above mentioned twelve JCAHO elements monitoring process by leadership.

Target Completion Date: August 2004

Resuscitation and its outcomes are included in the SCU Committee PA&I report to the Quality Leadership Team.

Target Completion Date: June 1, 2004

OIG Suggestions

Suggested Improvement Action 1. We suggest that the VISN Director ensure that the Medical Center Director requires Fiscal Service staff to accurately complete annual QA reviews of GPF accounts and properly manage inactive GPF accounts.

Concur

Completion Date: December 31, 2003

When conducting the monthly General Post Funds (GPF) reconciliation, accounting staff will monitor activity of the different accounts. If there is no activity in a 6-month timeframe, they will contact Voluntary Service to have them review the account and make a decision on the remaining funds. The quality assurance reviews will be conducted and the individuals reviewing GPF accounts will be provided with the proper documentation regarding management of inactive GPF accounts.

Suggested Improvement Action 2. We suggest that the VISN Director ensure that the Medical Center Director requires all physician, clinician, and allied health supervisors or managers sign the VA Form 10-21009 NR (Conflict of Interest Acknowledgment Form).

Concur

Completion Date: November 7, 2003

All medical supervisors/managers identified by OIG have signed VA Form 10-21009 NR, Conflict of Interest Acknowledgement Form, including the ten medical supervisors/managers identified by the OIG at the time of their visit. Forms are filed in their Official Personnel Records. HRMS has a system in place to ensure that all new medical and allied health supervisors/managers sign the Conflict of Interest Acknowledgement form. New supervisors/managers are provided the Conflict of Interest Acknowledgement form and VHA Handbook 1660.3 on their first duty day. HRMS will ensure that it is signed that day.

Suggested Improvement Action 3. We suggest that the VISN Director ensure that the Medical Center Director requires completion and maintenance of current, written time and attendance agreements with all part-time physicians.

Concur

Completion Date: December 31, 2003

Current written time and attendance agreements are in place for part-time physicians. They are maintained in the Office of the Chief of Staff and updated as necessary by the responsible service. An audit process has been developed to ensure compliance with the agreement as signed by the provider. The first quarter audit showed 100% compliance. All other requirements of this directive were in place at the time of the OIG visit.

OIG Contact and Staff Acknowledgments

OIG Contact	Philip D. McDonald (781) 687-3140
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