



# Department of Veterans Affairs

## Office of Inspector General

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### EVALUATION OF VETERANS HEALTH ADMINISTRATION'S TRANSITIONAL PHARMACY BENEFIT

*The program achieved its primary goal of improving access to VA prescription drugs for many veterans who were on lengthy waiting lists. However, the number of veterans eligible for participation, and associated costs, were significantly less than projected due to changing policies, advanced appointment dates, and stricter eligibility rules.*

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# Executive Summary

## Introduction

The Office of Inspector General (OIG) conducted an evaluation of the Department of Veterans Affairs (VA) Transitional Pharmacy Benefit (TPB) program. The TPB was developed and implemented by the Veterans Health Administration (VHA) as a one time temporary pharmacy benefit for veterans waiting lengthy periods of time for their initial primary care visits. The evaluation was initiated at the request of the Secretary of Veterans Affairs to determine why TPB program costs and veteran participation were substantially below what was originally estimated.

We examined the TPB planning process prior to implementation and the development and refinement of related management reporting systems as program implementation progressed. We conducted the evaluation at VA Central Office (VACO) in Washington, DC and the Florida/Puerto Rico Veterans Integrated Service Network (VISN) 8. We reviewed the status of TPB program participation for selected veterans at the Bay Pines VA medical center (VAMC).

## Evaluation Results

Veterans eligible for participation in the TPB program, and associated costs, were significantly less than originally projected. In July 2003, program officials estimated that over 280,000 veterans would qualify for the TPB and the program would cost \$48.9 million. By early November 2003, only 7,000 veterans had received these benefits at an estimated cost of less than \$2 million. In January 2004, the number of veterans who received TPB benefits only increased to about 7,500.

There were three primary reasons this condition occurred.

- Changing Policies - Original projections of the number of veterans that would be eligible for the program were based on the number of veterans waiting more than 30 days from the date their first primary care appointment was first requested.<sup>1</sup> After this original projection, VHA program officials made a policy decision to measure the 30-day wait time frame using a veteran's desired appointment date (the date the veteran wanted the appointment) rather than the appointment request date (the date the appointment was made).<sup>2</sup>

Although the TPB program was initially conceived to fill prescriptions for veterans having to wait more than 30 days for their first primary care appointments, VHA officials increased the waiting period criteria to 90 days. This was a consequence of the delay between the

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<sup>1</sup> VHA's Chief Financial Officer (CFO) reported to the Office of Management and Budget (OMB) that the projected number of eligible veterans was 286,916 (based on July 1, 2003 data). However, VHA's VISN Support Services Center (VSSC) staff used a July 15, 2003, data source in its analyses showing that the original projection was 283,825.

<sup>2</sup> VHA's CFO provided OMB information indicating the original projection was 158,723. However, VHA's VSSC staff provided OIG information indicating the original projection was 158,171. VSSC staff explained that the difference was the result of the CFO using an earlier data source.

announcement of the program on July 25, 2003, and the date of the program implementation on September 22, 2003, as well as a result of the policy requirement that eligible veterans must be waiting 30 days beyond the September 22, 2003, implementation date. Lengthening the waiting time criteria to 90 days reduced the number of eligible veterans by two thirds.<sup>3</sup> The increase in the waiting time was believed necessary by VHA because of concerns about capacity, costs, and the time needed for software programming and staff training. The original projections were further reduced due to an underestimation of the number of veterans that did not qualify for the program because they already had been receiving VA medications.<sup>4</sup>

- Advanced Appointment Dates - The one month window between the date that VHA's software program initially identified eligible veterans and the program implementation date of September 22, 2003, provided the opportunity for facilities to reduce the number of potentially eligible veterans by moving their appointments to earlier dates. By advancing appointment dates, these veterans were seen and in some cases took advantage of the TPB. However, these visits were not counted in TPB initial workload and cost reports. We also found that some facilities used this time to identify other veterans that were not initially identified as eligible for the TPB program.<sup>5</sup>
- Stricter Eligibility Rules - Additional documentation requirements caused some veterans not to pursue the program. Eligibility rules became stricter between the date the program was officially announced and described in the Federal Register (July 25, 2003), and the date of the VHA Directive that provided facilities with the instructions for implementing the TPB program (August 14, 2003).<sup>6</sup>

The chart on the next page illustrates the impact of each decision on the number of veterans projected to be eligible for, and eventually participate in, the TPB program:

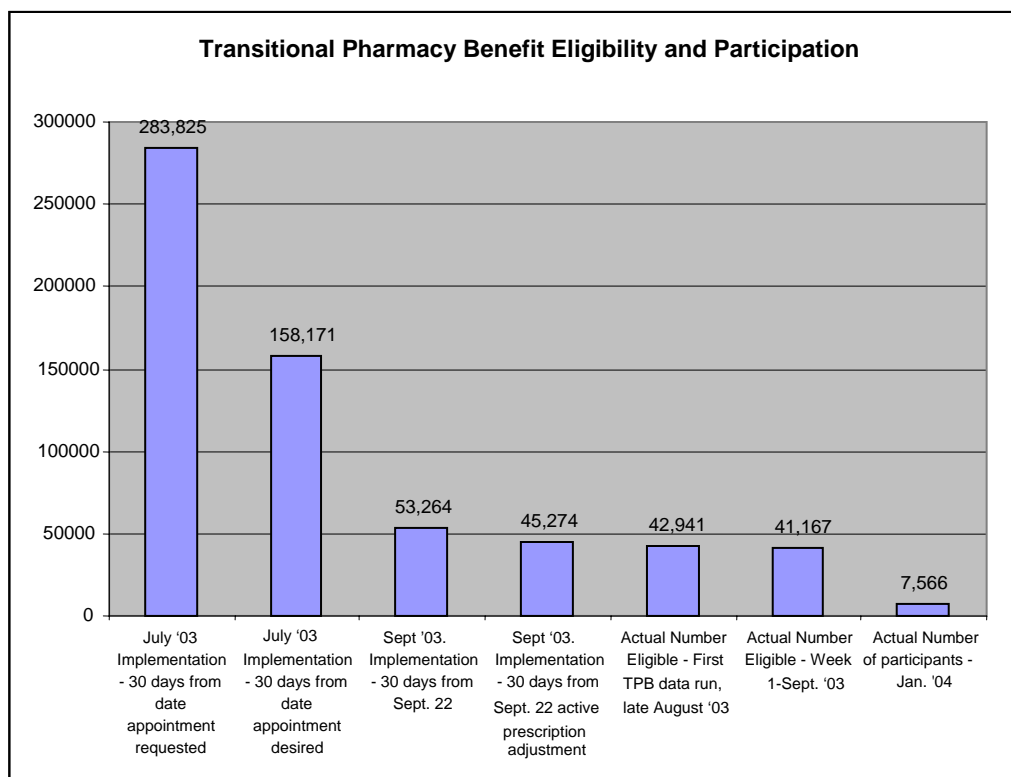
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<sup>3</sup> Information provided by VHA's VSSC staff showed that the number of eligible veterans was reduced from 158,171 to 53,264 following the change in policy.

<sup>4</sup> At the entrance briefing for this project, VHA provided a document that showed the estimate of eligible veterans at this point was approximately 43,000. However, VSSC staff later reported this figure to be 45,274.

<sup>5</sup> Based on the results of the VISN 8 review and a summary of the TPB program provided by VHA at the project entrance briefing.

<sup>6</sup> Based on a series of internal VA emails in May and June 2003 and VHA Directive 2003-047 issued August 14, 2003.



In addition to the lower than expected veteran TPB program participation rates, we found inconsistencies with the data collection processes employed by VHA to monitor workload and costs. Because VHA officials cannot be sure that the TPB program information is accurate, they cannot fully attest to the success of the initiative. Our field work included a review of TPB participation for selected veterans at the Bay Pines VAMC. The review found examples of veterans who were identified in VHA databases as non users of the TPB benefit, but had in fact made use of the TPB program at the Bay Pines VAMC. We also found the reverse to be true, although to a lesser degree. A combination of additional reporting errors impacted the reported number of eligible veterans. This included veterans who should have been inactivated because they had already been seen in clinics, veterans who had been inactivated incorrectly, and veterans that were ineligible.<sup>7</sup>

We concluded that the TPB program achieved its primary goal of improving access to VA supplied prescription drugs for many veterans who were on lengthy waiting lists for their first primary care appointment. However, implementation of the program, or a future similar initiative, could be improved. VHA program officials need to retrospectively review the planning phase of this program because implementation efforts were hindered by incomplete or inconsistent information and differing views on interpreting policy guidelines and goals. VHA officials also needed to better oversee the implementation of the program to ensure consistency at the VISN and facility levels. In addition, VHA officials needed to develop and implement a comprehensive management reporting system tailored specifically for such a program to enable them to accurately review and analyze the success of the initiative.

<sup>7</sup> Results of OIG review of VISN 8 TPB implementation.

We recommended that the Acting Under Secretary for Health take actions to ensure that all participating VISNs and facilities workloads and costs associated with the TPB program are accurately reported. This effort will enable VHA to better evaluate the success of the program and to determine whether any additional follow-up actions need to be taken.

The Acting Under Secretary for Health agreed with the findings and recommendations and is taking necessary actions to address the TPB program reporting issues identified. *(See pages 19-22 for the full text of the Acting Under Secretary's comments.)* We will follow up on planned actions until they are completed.

*(original signed by Gerald T. Grahe, Deputy  
Assistant Inspector General for Auditing for:)*

MICHAEL L. STALEY  
Assistant Inspector General for Auditing

## Results and Recommendations

### **Participation In The Transitional Pharmacy Benefit Program Was Significantly Less Than Originally Projected**

In a preliminary estimate provided to OMB in July 2003, VA calculated that over 280,000 veterans would qualify for the TPB if the program was implemented immediately. VA's calculations were based on including all veterans who were then on waiting lists for their first primary care appointments, or had appointment dates more than 30 days from when the appointments were requested and were receiving no prescriptions from VA.<sup>8</sup> Based on the VA estimate that approximately 280,000 veterans would be eligible for the TPB program, OMB calculated a total program cost of \$48.9 million to be funded within VHA's existing resources.<sup>9</sup>

### **Changing Policies Reduced Veteran Eligibility For The TPB Program**

After VA provided OMB this original projection, VA program officials made a policy decision that reduced the number of eligible veterans. It was decided to measure the 30-day wait using a veteran's desired appointment date (the date the veteran wanted the appointment) rather than the appointment request date (the date the appointment was made), and whether the veteran was not currently receiving prescriptions from VA. This decision resulted in a reduction of TPB program eligible veterans to approximately 158,000.<sup>10</sup>

VA documents showed that the estimate of eligible veterans was further reduced to approximately 53,000<sup>11</sup> due to a change in the eligibility criteria that the first primary care appointment date needed to be more than 30 days from the desired appointment date and 30 days after September 22, 2003. By mid August 2003, the estimate had dropped to approximately 45,000<sup>12</sup> due primarily to an underestimation of the number of veterans excluded because they already had active prescriptions.<sup>13</sup>

By late August 2003, VA had implemented a software program to identify the actual number of veterans (41,167) who were eligible for the TPB program. As of early November 2003, VHA estimated that approximately 7,000 veterans had applied for benefits under the TPB program at a

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<sup>8</sup> The estimate was 283,825 per VHA VSSC (as of July 15, 2003), and 286,916 per VHA CFO (as of July 1, 2003).

<sup>9</sup> Summary and attachments to November 17, 2003, meeting with VHA CFO and staff.

<sup>10</sup> The estimate was 158,171 per VHA VSSC and 158,723 per VHA CFO (differing source dates per explanation by VSSC).

<sup>11</sup> The estimate was 53,264 per VHA VSSC using the veteran's "desired" appointment date. VHA provided a document during the entrance briefing showing 82,534 which VSSC staff explained is based on the veteran's appointment request date.

<sup>12</sup> The estimate was 43,000 per entrance conference paper provided by VHA, and 45,274 per VHA VSSC.

<sup>13</sup> November 12, 2003, summary document provided by VHA at entrance briefing.



cost of less than \$2 million.<sup>14</sup> In January 2004, VHA reported that the number of veterans participating in the program had risen to 7,566.<sup>15</sup>

Although the program was intended to provide veterans prescription medications if they were waiting more than 30 days for their first VA primary care appointments, the original 30-day waiting criteria effectively became 90 days which resulted in fewer veterans qualifying for the benefit. The decision to change from a 30-day to a 90-day criteria was based on two factors.

First, VHA program officials needed to hold constant the cohort of patients determined to be eligible for the pharmacy benefit at the point the benefit was announced.<sup>16</sup> We were told this need rose out of concern that once the announcement of the benefit was made, new demand for the benefit would overwhelm existing capacity by attracting as many as 4.3 million new patients and could cost as much as \$3.14 billion if the benefit applied to all current and future patients who had to wait more than 30 days for their first primary care or specialty care appointment.

Second, the logistics of implementing new software and procedures nationwide required several months lead time. As a consequence, the implementation date was determined to be September 22, 2003. Every month that past after July 25, 2003, (the enrollment “cutoff date”) reduced the number of veterans who would be eligible for the TPB program. This occurred because veterans enrolling for VA health care and requesting their first primary care appointment after July 25<sup>th</sup> were not eligible for the benefit and, at the same time, veterans with appointments were continuing to be seen in VHA clinics and were therefore removed from the TPB program eligibility list.<sup>17</sup>

### Some Facilities Contributed To The Low TPB Participation Rate By Identifying Veterans Who Would Have Been Eligible And Advancing Their Appointment Dates

From August 2003, when the TPB national tracking software was installed in the VHA Veterans Information Systems and Technology Architecture (VISTA) system, to September 22, 2003, the starting date of the TPB program, facilities had the opportunity to review the veterans that the software identified as eligible for the TPB. Some of these facilities took the opportunity to reduce the number of potentially eligible veterans by moving their appointments to an earlier date.<sup>18</sup> This practice reduced the number of veterans participating in the TPB program.

For VISN 8, the software identified 35,022 veterans who would have been eligible if the TPB program had been implemented in July 2003. The number of eligible veterans was projected to decline to 12,386 if the TPB program was implemented with appointments scheduled after October 2003. This number was further reduced to 6,117 eligible veterans at the time the first VISTA patch was installed (August 28, 2003, for VISN 8). It was determined that 2,014 of these

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<sup>14</sup> Information obtained during November 17, 2003, meeting with the Under Secretary for Health Executive Assistant.

<sup>15</sup> TPB program update dated January 16, 2004.

<sup>16</sup> VSSC comments provided on January 28, 2004.

<sup>17</sup> See referenced sources in report background section.

<sup>18</sup> Summary of TPB provided by VHA during November 12, 2003, entrance briefing.

veterans were ineligible because they already were receiving medications from active prescriptions, leaving 4,103 eligible. However, only 793 of these veterans remained eligible during the first week of the TPB program implementation because the VISN was able to schedule and complete clinic visits for veterans in advance of the start of the TPB program.<sup>19</sup>

Further, although these visits were, at least in some cases, coded as primary care visits, the veterans were not seen by a physician nor did they complete a “vesting” examination under the Veterans Equitable Resource Allocation funding methodology.<sup>20</sup> Our review of VISN 8 TPB program cases confirmed that the TPB patients that were “inactivated” in the national TPB database due to having been “seen by a VA provider” were brought in to the facilities before the TPB program began and given TPB medications directly by the facility pharmacies. However, because they were shown in the national tracking software program as not having participated in the TPB program, their numbers were not included in the national TPB workload counts.

In other words these veterans did receive TPB benefits, but were not counted by the national software programs. VHA acknowledged that the national tracking software is not capturing TPB medications issued directly by VA pharmacies and estimates that approximately 75 percent of the TPB prescriptions are filled through the Consolidated Mail-Out Program. However, for VISN 8 at least, this percentage is not accurate and, since these veterans were shown as not having participated in the TPB program, the national workload counts are similarly inaccurate.

### Stricter Eligibility Criteria Eliminated Some Veterans Who Would Have Otherwise Qualified For The TPB Program

VA placed additional documentation requirements on veterans seeking TPB benefits which caused some not to participate. In early May 2003, VA's Office of General Counsel (OGC) sent VHA a draft bill that included a provision on privately prescribed drugs. It was specifically “...not limited to a one time benefit for new enrollees.” At some point in early June 2003 (the exact timing is not clear from the records we were provided) a decision was made to forego the legislative route to authorization in lieu of a regulatory route which provided a faster means of implementing the benefit and was consistent with the authority granted to the Secretary under 38 U.S.C. Section 1710(a) “...to furnish needed medical services.” Initially, the program's eligibility rules as described in a draft VHA Directive in June 2003, as well as the proposed final rule published in the Federal Register on July 25, 2003, placed few restrictions on the benefit other than:

- The veteran must have requested an appointment for primary care in a VA health care facility before July 25, 2003, and the next available appointment date must have been scheduled more than 30 days after the veteran requested the appointment.
- The amount of medication must be limited to what will appropriately meet the needs of the veteran until the date of the veteran's initial primary care appointment.

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<sup>19</sup> Attachment to entrance briefing summary provided by VHA on November 11, 2003.

<sup>20</sup> VISN 8 email records from August 15, 2003 through August 18, 2003.

- VA may furnish medications beginning September 22, 2003.
- The veteran must provide VA with written current prescriptions signed by duly licensed physicians within the previous 90 days.
- The request must not be for an over-the-counter medication, not a controlled substance, and must be included in VA's National Formulary.

However, the final VHA Directive issued on August 14, 2003, added additional procedural restrictions. These restrictions required that the veteran and physician jointly fill out and mail only (emphasis added) a form containing detailed information on the veterans medication history, insurance, and address. It also required the submission of the physician's tax ID and license number. In effect, this meant that veterans who requested initial primary care appointments before July 25, 2003, and had their appointments scheduled after October 22, 2003, were required to return to their private physicians to have the forms completed. Further, since the prescriptions must have been written within 90 days of when VA received it, the prescriptions would more than likely need to be rewritten – potentially at additional cost to the veteran. As a consequence, some veterans who would have taken advantage of the program may have been discouraged from participation.

### Data Collection Processes Employed By VHA Hampered Management Review And Oversight

In addition to the lower than expected participation rates by veterans in the TPB program, we found problems with the data entry processes employed by VHA to monitor workload and costs. Our field work included selection and review of 103 potential TPB cases at the Bay Pines VAMC. (*Details on the selection of veterans included in the evaluation are in Appendix A, pages 7-8.*) The cases were selected from a listing provided by VHA that included all veterans initially found to be eligible when the TPB software program was first run in late August 2003. (*A detailed summary of the individual case review results is in Appendix C, pages 13–17.*) The following data collection issues were identified:

- Of the 103 cases reviewed, 75 veterans were initially identified as eligible of which 57 (81 percent) were not mailed letters notifying them of the benefit as required by the VHA Directive. However, our review of documentation involving veteran contacts concerning the TPB program found these 57 veterans were either called by the facility, or called themselves to find out about the TPB benefit and make an appointment.
- Of the 103 cases reviewed, 70 were identified in the national TPB database as non-users of the TPB benefit. However, we found that 17 (24 percent) of these veterans had actually made use of the TPB program.
- Of 18 cases identified in the national TPB database as users of the TPB benefit, we found 2 (11 percent) were actually non-users (did not take advantage of the TPB program).
- Four veterans were “inactivated” from the program incorrectly or with no support on file.

- a. Two veterans were inactivated because of “No-show/Cancellation,” but actually did show up for the appointment and took advantage of the program.
  - b. One veteran was “inactivated” due to “No-show/Cancellation,” but had never received an appointment and opted to have a TPB information package mailed to him instead.
  - c. One veteran was “inactivated” due to “refused appointment,” but there was no documentation supporting this action.
- Three veterans were shown as eligible and active, but had attended the TPB appointments and received TPB prescriptions and should have been inactivated because they were “...seen by VA providers.”
  - Two veterans who took advantage of the TPB benefit were later found to be ineligible.

Additional data related problems have been identified by VHA and are in the process of being resolved in order to improve the reliability of TPB workload and cost data. These included facilities not properly inactivating patients once they are seen in a clinic, and facilities not properly separating fee basis prescription fills from TPB prescription fills.

## Conclusion

We concluded that the TPB program achieved its primary goal of improving access to VA supplied prescription drugs for many veterans who were on lengthy waiting lists for their first primary care appointment. However, implementation of the program needed improvement. Planning was hindered by delays in developing and issuing criteria and an information system that would track program results.

Advancing appointments and stricter criteria resulted in variations in procedures. The variations identified could be interpreted as creating unequal access to the TPB program among similarly circumstanced veterans living in different geographical areas of the country. Contributing factors for this variation include the uniqueness of the program for VA and VA patients, VHA's relative lack of experience with administering a prescription-only benefit, the decentralized configuration of the program, and the absence of the necessary information technology infrastructure to administer the program. While the scope of our review did not allow us to identify every variation in the implementation of the program at the VISN and facility level, we concluded that variations were inevitable given the nature of the program and the compressed timeframes within which the program was conceived, developed, and implemented.

In addition, the absence of a comprehensive management reporting system tailored specifically for the TPB program hampered review and analysis. VHA's national tracking software did not provide the ability to timely track and accurately report TPB workload and cost data during program implementation. VHA recognizes that its data systems need to be enhanced to be more responsive to future program initiatives that may not be part of its traditional mission scope. Actions need to be taken to ensure all VISNs and facilities accurately reported the workloads and costs of the TBP initiative to enable VHA to better measure the success of the program and whether any additional actions need to be considered.

## **Recommendations**

The Acting Under Secretary for Health, in conjunction with applicable VISN and facility leadership, needs to ensure that:

- a. TPB prescriptions filled and provided directly to veterans by VA pharmacies are identified and that the associated workload and costs are included in TPB program data.
- b. Other data collection issues identified during this evaluation are considered at all other facilities, and are addressed prior to finalization of the national results of the TPB program implementation.
- c. VHA after action evaluations on the success of this program, lessons-learned, and any potential future recommended actions are completed and provided to our office for oversight review.

## **Acting Under Secretary for Health Comments**

The Acting Under Secretary for Health agreed with the findings and recommendations.

## **Implementation Plan**

The Acting Under Secretary's comments provide details on actions to be taken to address the report recommendations. VHA is working with facilities to identify manual inaccuracies still contained in the TPB database and manually inactivate them. The results of VHA's reconciliation and validation of data were planned to be ready for OIG review by June 30, 2004. A conference call was planned by the Pharmacy Benefits Management Strategic Healthcare Group no later than June 30, 2004, with VISN and facility TPB program coordinators and key facility staff involved in the TPB program to discuss issues of this report and current efforts underway to reconcile and validate the TPB data.

(See Appendix D on pages 19-22 for the full text of the Acting Under Secretary's comments.)

## **Office of Inspector General Comments**

The Acting Under Secretary's implementation plans are acceptable. However, recent contact with VHA program officials disclosed that the planned corrective actions were not completed by June 30, 2004. Some veterans continue to receive this pharmacy benefit and additional time is needed to capture program workload data associated with the delivery of this benefit. Completion of the planned milestones is expected later this year. We will continue to follow up on planned actions until they are completed.

## Appendix A

# Objectives, Scope, and Methodology

## Objectives

The Secretary of Veterans Affairs requested that the OIG evaluate the implementation of the TPB program to determine why program costs and veteran participation were substantially below what was originally estimated.

Our specific objectives were to:

- Determine the implementation status of the TPB program.
- Identify workload and costs associated with the program.
- Identify opportunities to improve delivery of the benefit to veterans.

## Scope And Methodology

To accomplish the evaluation, we contacted and interviewed appropriate VACO program officials to obtain information about the TPB program's development and implementation. We reviewed directives and plans describing how the program was to be implemented and monitored. We reviewed internal VA communications (e.g. email) to understand the process employed in developing the program itself as well as initial workload and cost estimates. We also reviewed available reports addressing the number of veterans determined to be eligible for the program and the number who applied for and received benefits through the program.

We also conducted field work at the VISN 8 headquarters and the co-located Bay Pines VAMC. The field work evaluated implementation of the TPB program, assessed the TPB program's effect on waiting times, and validated the accuracy of data relating to veteran eligibility for and participation in the TPB program. (*A detailed summary of the individual case review results is in Appendix C, pages 13–18.*)

The data validation was accomplished through a review of 103 veterans' records selected from a file of 628 veterans provided by VHA's Pharmacy Benefits Management Group. The file of 628 veterans showed their status (activation and inactivation dates, reason code, and whether the veteran had used the TPB benefit) after the eighth week of the TPB program. As shown in the table on the next page, we grouped the 628 veterans into 10 subgroups and then selected the 103 for review:

## Appendix A

### Veteran TPB Cases Selected for Review

<b>Veteran TPB Grouping</b>	<b>Number of Veterans</b>	<b>Selection Basis and Size</b>
Was eligible, but became inactive due to having been seen by a VA provider and never used the TPB.	218	Every eleventh record (20)
Was eligible, but became inactive due to being a no-show/cancellation and never used the TPB.	242	Every eleventh record (20)
Was eligible, but became inactive due to being "ended" and never used the TPB.	1	All records (1)
Was eligible, but became inactive due to death.	1	All records (1)
Was eligible, but became inactive due to refusing appointment and never used the TPB.	12	All records (12)
Is eligible and active, but has never used the TPB.	16	All records (16)
Was eligible, but became inactive due to having seen a VA provider.	62	Every sixth record (10)
Was eligible, but became inactive due to no-show/cancellation.	3	All records (3)
Is eligible and active and has used the TPB.	13	Every other record (5)
Was not eligible due to active prescription.	60	Every fourth record (15)

The evaluation was made in accordance with generally accepted government auditing standards for staff qualifications, independence, and due professional care; field work standards for planning, supervision, and evidence; and reporting standards for performance audits.

**Appendix B****Background**

For several years, VA has experienced significant increases in demand for health care services. The *Veterans Health Care Eligibility Reform Act of 1996* has been the underlying cause for these increases. This 1996 legislation required VA to enroll veterans on an annual basis classified into one of several priority groups based on the existence/severity of service-connected disabilities and annual income. Once enrolled for the year, all veterans, regardless of their priority grouping, have access to all of the health services described in VA's basic Medical Benefits Package, which includes prescription drugs and supplies. However, higher income veterans without service connected disabilities agree to a co-payment which currently includes a \$7 fee for each 30-day supply for each prescription filled by VA.

One of the consequences of the expanded eligibility rules, and corresponding increased availability of VA supplied prescriptions at no or low cost, has been an increase in the number of unique patients treated by VA (from less than 2.5 million in 1996 to over 4 million in 2003).<sup>21</sup> Because of this increase in demand and the lack of corresponding levels of funding, VA has been unable to provide all enrolled veterans with timely access to health care services.<sup>22</sup> As a result, by late summer of 2002, the number of veterans on waiting lists to receive an appointment for a VHA clinic visit exceeded 300,000.<sup>23</sup> In order to gain control over the increasing enrollments, VA suspended enrollments for higher income veterans without service connected disabilities.<sup>24</sup> Additional measures to allow VA to gain control over enrollment levels followed in February 2003 when VA informed the House Veterans Affairs Committee (HVAC) of plans to increase co-payments and implement an enrollment fee for higher income veterans.<sup>25</sup>

In March 2003, the Secretary responded to four proposed bills that would have required VA to provide veterans with pharmaceuticals prescribed by physicians and other health care professionals who have no affiliation with VA. He observed that "...a limited program under which we would fill prescriptions written for veterans by non-VA physicians" could be part of a solution to the "...vexing problem of waiting lists." The Secretary testified that three of the four proposed bills would be prohibitively expensive which VA could not support. However, one bill (H.R. 240) offered a more limited measure and proposed that veterans could obtain prescription benefits only if they are unable to obtain them within 30 days of applying for care with VA. The Secretary expressed the Department's view that H.R. 240 appeared aimed at addressing the problem VA was having with being unable to provide all enrolled veterans with timely access to a primary care visit during which they could receive appropriate medications.<sup>26</sup>

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<sup>21</sup> Excerpted from VHA's FY 2003 Baseline Healthcare Demand Model as referenced in Veteran Health Care Enrollment and Expenditure Projections FY 2002 - 2012 – Published by VHA's Office of Policy and Planning (105) September 2002.

<sup>22</sup> VHA Directive 2003-047, dated August 14, 2003.

<sup>23</sup> Transcript of VA Secretary's comments made on August 5, 2002, and published at [vaww.san-diego.med.va.gov/ccap/020805.HTML](http://vaww.san-diego.med.va.gov/ccap/020805.HTML).

<sup>24</sup> January 29, 2003, testimony of American Legion before HVAC on VA Health Care System's capacity to meet current demand.

<sup>25</sup> Statement of VA Secretary for presentation before the HVAC on February 11, 2003.

<sup>26</sup> Statement of VA Secretary before the HVAC Subcommittee on Health on March 19, 2003.



## Appendix B

Although this testimony occurred in March 2003, the idea of a separate prescription benefit for veterans had been discussed several years earlier. Specifically, debate intensified following the December 2000 release of an OIG report “*Audit of Veterans Health Administration (VHA) Pharmacy Co-Payment Levels and Restrictions on Filling Privately Written Prescriptions for Priority Group 7 Veterans*” (Report No. 99-00057-4). The audit reported that VHA medical facilities were incurring unnecessary clinical workload and costs because VHA physicians were re-examining patients who had previously been examined and diagnosed by non-VHA physicians.

As a result of these findings, the OIG recommended that VA seek legislative authority to fill private prescriptions for enrolled veterans without first requiring VHA physicians to re-examine these patients. In January 2003, VHA provided the Secretary with the beginnings of a plan to provide what would later be officially known as the “Transitional Pharmacy Benefit.” From the beginning, this program specifically encompassed key points of H.R. 240 including the limiting of the benefit to veterans waiting longer than 30 days for their first primary care appointment at VA.<sup>27</sup>

In April 2003, via OGC, the Secretary directed VHA to develop a cost estimate addressing the privately prescribed drug proposal discussed at the March HVAC hearing.<sup>28</sup> The guidance contained in the OGC’s initial communication to VHA included: (1) allowing VA to fill privately written prescriptions only for veterans who are enrolled and unable to get appointments with VA within 30 days, (2) time-limiting the benefit until the veteran was able to be seen by VHA, and (3) limiting the benefit to items that are on VA’s formulary. In response, VHA asked OGC for more specific direction in order to anticipate the “legislative definition” for the proposal. The questions raised included timing issues (e.g., effective date of the proposed benefit and time limits), whether the benefit would apply to current and/or future enrollees, and whether the benefit would apply to veterans waiting only for primary care appointments.<sup>29</sup>

On May 5, 2003, the OGC sent VHA a first cut of a draft bill that included a provision on privately prescribed drugs. The original draft bill included the following provisions: (1) that VA be provided legislative authority to fill privately written prescriptions to veterans waiting more than 30 days for an appointment, and (2) that this authority not be limited to a one time only benefit only for new enrollees. Over the course of the next several days, VHA and OGC discussed the details of the specific language of the proposed benefit. The end result was that the original OGC proposal was successfully opposed by VHA based on concerns over capacity and costs which VHA estimated could attract as many as 4.3 million new patients and could cost as much as \$3.14 billion. However, this estimate was based on the erroneous assumption by some VHA staff that specialty care patients were to be included in the benefit. Upon excluding this group of patients, the initial estimates dropped to 161,241 patients at a cost of \$13.1 million. This estimate was predicated on the benefit being limited to veterans enrolled by October 2004.<sup>30</sup>

<sup>27</sup> January 24, 2003, slide presentation by the Pharmacy Benefits Management Strategic Healthcare Group.

<sup>28</sup> April 29, 2003, email from OGC to VHA.

<sup>29</sup> April 29 and 30, 2003, emails from VHA to OGC.

<sup>30</sup> Series of emails between May 5 and May 9, 2003, between OGC and VHA.

## Appendix B

An Implementation Team was formally established within VHA in early June 2003 and charged with developing the necessary directives, communication pieces for eligible veterans and employees, and monitoring plans.<sup>31</sup> In mid June 2003, VHA program officials notified the various staff elements involved in planning for the benefit that the Secretary had made a decision to implement the pharmacy benefit as described in a draft directive. However, communications between these same VHA staff elements indicate that the effective dates for implementing the benefit were still being debated and, as a result, the number of veterans who would be potentially eligible kept changing.

At this point, September 15, 2003, was the most commonly referred to date for when the benefit would be available. Also being discussed at some length was the impact of setting a “cutoff” date after which veterans would not be eligible for the benefit. This was thought to be necessary to prevent veterans who had not already enrolled for VHA health care from enrolling solely for their prescriptions once they heard of VA’s plans to provide the benefit. One of the options that was discussed included setting the cutoff date as of August 15, 2003. However, because the notice was expected to be published in July 2003, there was concern expressed that this would allow a “...window of opportunity for persons to call up and schedule an appointment, just to receive the time limited benefit.”<sup>32</sup>

Throughout this period (mid June 2003), communications among the various VHA elements planning for the benefit show that timing was one of the foremost considerations being debated. The consequences of choosing the cutoff and implementation dates would have a direct effect on the numbers of veterans who would be able to take advantage of the benefit. The longer the time between the two dates, the fewer veterans would be eligible and qualify for the benefit. By late June 2003, the estimate of the number of veterans who would qualify was still holding at approximately 160,000.<sup>33</sup>

By mid July 2003, as preparation of cost and workload estimates for OMB review neared completion, there remained some uncertainty regarding when exactly the program would become effective and available to veterans. For example, on July 16, 2003, VHA’s “final projections” showed that over 280,000 enrollees would be eligible for the program in August 2003. However, only approximately 158,000 were expected to use the program in October 2003.

The difference in the number of veterans initially eligible and the number expected to eventually take advantage of the program was the consequence of VHA using various calculations and assumptions about how quickly patients who were waiting to be seen at VA primary care clinics would be seen. In other words, every month that went by reduced the number of veterans who would be eligible. This is because the enrollment “cut off” date of July 24, 2003, did not allow any new patients enrolling after this date to be eligible, and because these eligible patients continued to be seen in VA clinics and therefore removed from the eligible list each day that past.

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<sup>31</sup> June 3, 2003, email from VHA Central Office to various VHA staff.

<sup>32</sup> Various emails dated June 16 thru 26, 2003.

<sup>33</sup> Email dated June 27, 2003, from VHA Central Office to various VHA staff.

## Appendix B

Based on the estimated number of eligible enrollees that VHA thought would eventually participate in the program, VHA estimated that gross (un-reimbursed) costs for the program would total \$63.7 million. However, this was reduced by estimated savings based on what VA would have spent to provide care to these veterans if they had been treated in VA clinics while they were instead waiting to be seen. This reduced the estimated cost of the program to \$10.7 million. This was the estimate that VA sent to OMB on July 16, 2003.

On July 18, 2003, OMB responded with their own estimated cost starting with VHA's original gross cost estimate of \$63.7 million and applying several adjustments to account for decreasing numbers of participants as time past. OMB documents showed that the program was estimated to cost \$48.9 million. The differences in the estimates was not considered a major issue at the time since all of the cost estimates were less than \$100 million – a significant figure below which allowed VA to issue regulations for the program without the delay associated with obtaining public comments.<sup>34</sup> The regulation was published on July 25, 2003, as an interim final rule.<sup>35</sup>

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<sup>34</sup> 5 U.S.C. 553, 5 U.S.C. 605(b), 2 U.S.C. 1532.

<sup>35</sup> Federal Register/Volume 68, No. 143/ Friday, July 25, 2003, page 43927.

## Appendix C

## Results of Cases Reviewed

Per VHA Database				Per Review					
Ref#	Inactivation date	Inactivation Reason	User	Initially Eligible	Actual TPB User	Priority Group	Inactivation or Continual Activation Supported?	Vet Sent TPB Letter	Comments
1464	9/23/03	Seen by VA Provider	N	No	No	7	Y	No	Not eligible, veteran seen at other facility.
0781	10/1/03	Seen by VA Provider	N	Yes	Yes	5	Y	No	Veteran was called, and TPB appt made on 9/25/03.
3805	9/24/03	Seen by VA Provider	N	No	No	3	Y	No	Not eligible, veteran seen at established facility.
6370	9/24/03	Seen by VA Provider	N	Yes	Yes	8c	Y	No	Veteran was called, and TPB appt made on 9/17/03.
9244	9/16/03	Seen by VA Provider	N	No	No	3	Y	No	Not eligible, veteran seen at other facility.
9781	9/16/03	Seen by VA Provider	N	No	No	5	Y	No	Not eligible, veteran seen at other facility.
5787	9/16/03	Seen by VA Provider	N	Yes	Yes	8e	Y	No	Veteran was called, and TPB appt made on 9/17/03.
3697	9/24/03	Seen by VA Provider	N	Yes	Yes	8c	Y	No	Veteran was called, and TPB appt made on 9/17/03.
3522	9/16/03	Seen by VA Provider	N	No	No	5	Y	No	Not eligible, veteran seen at other facility.
1816	9/16/03	Seen by VA Provider	N	No	No	3	Y	No	Not eligible, veteran seen at other facility.
6037	10/10/03	Seen by VA Provider	N	Yes	Yes	8c	Y	No	Veteran was called, and TPB appt made on 9/9/03.
5473	10/16/03	Seen by VA Provider	N	Yes	Yes	8c	Y	No	Veteran was called, and TPB appt made on 9/22/03.
3244	10/16/03	Seen by VA Provider	N	No	No	8c	Y	No	Not eligible, veteran seen at other facility.
0147	10/17/03	Seen by VA Provider	N	No	No	8c	Y	No	Not eligible, veteran seen at other facility.
1057	9/23/03	Seen by VA Provider	N	Yes	Yes		Y	No	Veteran was called, and TPB appt made on 9/11/03.
4036	10/1/03	Seen by VA Provider	N	Yes	Yes	7c	Y	No	Veteran was called, and TPB appt made on 9/30/03.
6858	9/23/03	Seen by VA Provider	N	Yes	Yes	8c	Y	No	Veteran was called, and TPB appt made on 9/18/03.
0365	10/1/03	Seen by VA Provider	N	Yes	Yes	3	Y	No	Veteran was called, and TPB appt made on 9/25/03.
5876	9/17/03	Seen by VA Provider	N	Yes	Yes	5	Y	No	Veteran was called, and TPB appt made on 9/15/03.
2813	9/23/03	Seen by VA Provider	N	Yes	Yes	8c	Y	No	Veteran was called, and TPB appt made on 9/19/03.

## Appendix C

## Results of Cases Reviewed

Per VHA Database				Per Review					
	Inactivation date		User	Initially Eligible	Actual TPB User	Priority Group	Inactivation or Continual Activation Supported?	Vet Sent TPB Letter	
Ref#		Inactivation Reason							Comments
6386	9/17/03	No-show/Cancellation	N	Yes	No		Y	No	Veteran canceled TBP appt; declined program.
4772	9/17/03	No-show/Cancellation	N	Yes	No	3	Y	No	Veteran no showed TPB appt; phone disconnected.
2555	9/16/03	No-show/Cancellation	N	Yes	No	8c	Y	No	Veteran canceled TBP appt; declined program.
6176	9/16/03	No-show/Cancellation	N	Yes	No	8c	Y	No	Veteran canceled TBP appt; has enough medications.
2580	9/17/03	No-show/Cancellation	N	Yes	No	8c	Y	No	Veteran no showed TPB appt; info mailed on 9/24/03.
2260	10/16/03	No-show/Cancellation	N	Yes	No	8c	Y	No	Veteran refused program; has enough medications.
5986	10/17/03	No-show/Cancellation	N	Yes	No	8c	Y	No	Veteran canceled TPB appt; has enough medications.
6479	10/16/03	No-show/Cancellation	N	Yes	Yes	8c	N	No	Veteran was called, and TPB appt made on 9/8/03.
6559	10/16/03	No-show/Cancellation	N	Yes	No		Y	Yes	Veteran no showed TPB appt; info mailed on 10/22/03.
9113	10/14/03	No-show/Cancellation	N	Yes	No	8c	Y	Yes	Veteran no showed TPB appt.
2770	10/14/03	No-show/Cancellation	N	Yes	No	8c	N	Yes	Veteran requested that TPB packet be mailed.
5567	10/16/03	No-show/Cancellation	N	Yes	No	8c	Y	No	Veteran refused program, does not need.
8846	9/18/03	No-show/Cancellation	N	Yes	No	5	Y	No	Veteran canceled TPB appt, has no medications.
8445	9/23/03	No-show/Cancellation	N	Yes	No	8c	Y	No	Veteran canceled TPB appt, has no medications.
1715	9/23/03	No-show/Cancellation	N	Yes	No	2	Y	No	Veteran refused program, has enough medications.
7350	9/23/03	No-show/Cancellation	N	Yes	No	8c	Y	No	Veteran refused program, has no medications.
0148	10/1/03	No-show/Cancellation	N	Yes	No		Y	Yes	Veteran was called, and TPB info packet mailed out.
2625	9/16/03	No-show/Cancellation	N	Yes	No	8c	Y	No	Veteran refused program, has no medications.
1115	9/23/03	No-show/Cancellation	N	Yes	No		Y	Yes	Veteran no showed TPB appt; phone disconnected.
8823	9/23/03	No-show/Cancellation	N	Yes	No	3	Y	Yes	Veteran canceled TPB appt; has enough medications.

## Appendix C

## Results of Cases Reviewed

Per VHA Database				Per Review					
	Inactivation date		User	Initially Eligible	Actual TPB User	Priority Group	Inactivation or Continual Activation Supported?	Vet Sent TPB Letter	
Ref#		Inactivation Reason							Comments
0203	9/24/03	Patient Ended	N	No	No	3	Y	No	Not eligible, veteran scheduled prior to 10/22/03.
2541	9/18/03	Patient Expired	N	Yes	No	8c	Y	No	Veteran expired 8/17/03, TPB appt canceled on 9/24/03.
4764	10/28/03	Patient Refused Appt	N	Yes	No	7c	N	No	No documents supporting veteran refused program.
3466	10/10/03	Patient Refused Appt	N	Yes	No	7c	Y	No	Veteran no showed TPB appt; veteran refused program - waiting until primary care appt.
3897	9/23/03	Patient Refused Appt	N	Yes	No	2	Y	No	Veteran refused program, has no medications.
3473	9/22/03	Patient Refused Appt	N	Yes	No	3	Y	No	Veteran refused program.
7327	10/10/03	Patient Refused Appt	N	Yes	No	8c	Y	No	Veteran no showed TPB appt; veteran refused program.
5650	10/10/03	Patient Refused Appt	N	No	No	8c	Y	No	Not eligible, veteran seen at other facility.
0418	9/17/03	Patient Refused Appt	N	Yes	No	8c	Y	No	Veteran canceled TPB appt.
6242	9/18/03	Patient Refused Appt	N	Yes	No	8c	Y	No	Veteran no showed TPB appt (veteran received TPB scheduling letter, unsure about TPB packet).
5789	9/24/03	Patient Refused Appt	N	Yes	No	5	Y	No	Veteran no showed TPB appt.
5729	9/17/03	Patient Refused Appt	N	Yes	No	5	Y	No	Veteran no showed TPB appt.
5706	9/17/03	Patient Refused Appt	N	Yes	No	8c	Y	No	Veteran canceled TPB appt, has no medications.
6657	10/10/03	Patient Refused Appt	N	Yes	No	3	Y	No	Veteran canceled TPB appt; refused program.

## Appendix C

## Results of Cases Reviewed

Per VHA Database				Per Review					
	Inactivation date		User	Initially Eligible	Actual TPB User	Priority Group	Inactivation or Continual Activation Supported?	Vet Sent TPB Letter	
Ref#		Inactivation Reason							Comments
4796	NULL	Eligible and Active	N	Yes	Yes	8c	Y	Yes	Clinic canceled 1st appt (no reason documented) – veteran canceled on 10/21/03 - to reschedule primary care appt.
8815	NULL	Eligible and Active	N	Yes	Yes	7c	Y	No	Veteran was called and TPB appt made on 9/29/03.
8895	NULL	Eligible and Active	N	Yes	No	5	Y	Yes	No document to support.
5204	NULL	Eligible and Active	N	Yes	No	5	Y	Yes	No document to support.
6127	NULL	Eligible and Active	N	Yes	No	3	Y	Yes	No document to support.
8975	NULL	Eligible and Active	N	Yes	No	5	Y	Yes	No document to support.
8741	NULL	Eligible and Active	N	Yes	No	8c	Y	Yes	No document to support.
2652	NULL	Eligible and Active	N	Yes	No	8c	Y	Yes	No document to support.
5325	NULL	Eligible and Active	N	Yes	No	8c	Y	Yes	No document to support.
7077	NULL	Eligible and Active	N	No	No	8c	Y	No	Not eligible, veteran scheduled prior to 10/22/03.
4906	NULL	Eligible and Active	N	No	No	5	Y	No	Not eligible (TPB menu corrected to reflect change).
4334	NULL	Eligible and Active	N	Yes	No	3	Y	No	Veteran canceled TPB appt; receives meds privately.
5982	NULL	Eligible and Active	N	Yes	No	8c	Y	No	Veteran canceled TPB appt; doesn't want VA care.
8278	NULL	Eligible and Active	N	Yes	No	8c	Y	Yes	Veteran canceled 1st appt, then rescheduled.
5222	NULL	Eligible and Active	N	Yes	Yes	5	Y	Yes	Veteran canceled 1st appt, then rescheduled.
2385	NULL	Eligible and Active	N	Yes	Yes	8c	Y	Yes	Veteran canceled 1st appt, then rescheduled.

## Appendix C

## Results of Cases Reviewed

Per VHA Database				Per Review					
	Inactivation date		User	Initially Eligible	Actual TPB User	Priority Group	Inactivation or Continual Activation Supported?	Vet Sent TPB Letter	
Ref#		Inactivation Reason							Comments
2692	10/28/03	Seen by VA Provider	Y	Yes	Yes	8c	Y	No	Veteran called, and TPB appt made.
6324	9/24/03	Seen by VA Provider	Y	Yes	Yes	8c	y	No	Veteran called, and TPB appt made.
2043	10/1/03	Seen by VA Provider	Y	Yes	Yes	7c	Y	No	Veteran called, and TPB appt made.
4057	10/16/03	Seen by VA Provider	Y	Yes	Yes	8c	Y	No	Veteran called, and TPB appt made.
9787	9/23/03	Seen by VA Provider	Y	Yes	Yes		Y	No	Veteran called and TPB appt made - veteran later determined to be ineligible.
1470	10/28/03	Seen by VA Provider	Y	Yes	Yes	8c	Y	No	Veteran called, and TPB appt made.
3138	10/28/03	Seen by VA Provider	Y	Yes	Yes	8c	Y	No	Veteran called, and TPB appt made.
0305	10/28/03	Seen by VA Provider	Y	Yes	Yes	8c	Y	No	Veteran called, and TPB appt made.
7524	9/23/03	Seen by VA Provider	Y	No	Yes	7c	Y	No	Veteran called and TPB appt made - veteran later determined to be ineligible.
4916	10/28/03	Seen by VA Provider	Y	Yes	Yes	7c	Y	No	Veteran called, and TPB appt made.
0207	10/16/03	No-show/Cancellation	Y	Yes	Yes	8c	N	No	Veteran called, and TPB appt made.
1609	9/16/03	No-show/Cancellation	Y	Yes	No	8c	Y	No	TPB appt initially made, later veteran declined.
1206	10/1/03	No-show/Cancellation	Y	Yes	Yes	8c	Y	Yes	TPB appt made, veteran declined appt and asked for mail-out.
6017	NULL	Eligible and Active	Y	Yes	No	5		No	Veteran scheduled TPB appt for 11-20-03.
9446	NULL	Eligible and Active	Y	Yes	Yes	8c	Y	No	Veteran seen at TPB appt on 9/22/03.
0221	NULL	Eligible and Active	Y	Yes	Yes	7c	N	No	Veteran had TPB appt 9/8/03 - should have been inactivated "seen by VA provider."
7217	NULL	Eligible and Active	Y	Yes	Yes	8c	N	No	Veteran had TPB appt 9/23/03 - should have been inactivated "seen by VA provider."
8243	NULL	Eligible and Active	Y	Yes	Yes	8c	N	No	Veteran had TPB appt 9/24/03 - should have been inactivated "seen by VA provider."



## Appendix C

## Results of Cases Reviewed

Per VHA Database				Per Review					
	Inactivation date		User	Initially Eligible	Actual TPB User	Priority Group	Inactivation or Continual Activation Supported?	Vet Sent TPB Letter	
Ref#		Inactivation Reason							Comments
4405	8/28/03	Exclusion				1	Y		Veteran not selectable, already receiving VA care.
9085	8/28/03	Exclusion				1	Y		Veteran not selectable, already receiving VA care.
4507	8/28/03	Exclusion				3			Veteran not selectable, already receiving VA care.
3647	8/28/03	Exclusion				8c	Y		Veteran not selectable, already receiving VA care.
4937	8/28/03	Exclusion				5	Y		Veteran not selectable, already receiving VA care.
3084	8/28/03	Exclusion				2	Y		Veteran not selectable, already receiving VA care.
8656	8/28/03	Exclusion				5	Y		Veteran not selectable, already receiving VA care.
0163	8/28/03	Exclusion				3	Y		Veteran not selectable, already receiving VA care.
0032	8/28/03	Exclusion				3			Veteran not selectable, already receiving VA care.
4375	8/28/03	Exclusion				5	Y		Veteran not selectable, already receiving VA care.
1713	8/28/03	Exclusion				8c	Y		Veteran not selectable, already receiving VA care.
5000	8/28/03	Exclusion				1	Y		Veteran not selectable, already receiving VA care.
3732	8/28/03	Exclusion				3	Y		Veteran not selectable, already receiving VA care.
5194	8/28/03	Exclusion				8c	Y		Veteran not selectable, already receiving VA care.
0764	8/28/03	Exclusion				5	Y		Veteran not selectable, already receiving VA care.

**Appendix D**

**Acting Under Secretary for Health Comments**

**Department of  
Veterans Affairs**

**Memorandum**

**Date:** May 20, 2004

**From:** Acting Under Secretary for Health (10/10B5)

**Subj.:** OIG Draft Report, *Evaluation of VHA's Transitional Pharmacy Benefit*

**To:** Assistant Inspector General for Auditing (52)

1. The appropriate program offices have reviewed this draft report. We believe that the Transitional Pharmacy Benefit (TPB) program met its original goals; i.e., reducing the financial burden of prescription medications for patients waiting longer than 30 days for an initial primary care appointment. Your report accurately reports the reasons for the lower than predicted participation in the program; e.g., changing policies, stricter eligibility rules, etc. It also references a number of concerns we have already identified from the temporary program implementation, namely, the increased labor requirements and non-formulary drug costs associated with filling prescriptions from non-VA physicians, the information technology infrastructure needed to effectively administer the program and how the evolution of the program design impacted costs. We concur with the report recommendations, which we are already considering as part of our on-going analysis of the TPB program pilot results.

2. An action plan to implement the recommendations is included as an attachment to this memorandum. Thank you for the opportunity to review the draft report. If you have any questions, please contact Margaret M. Seleski, Director, Management Review Service (10B5) at (202) 273-8360.

*(original signed by:)*

Jonathan B. Perlin, MD, PhD, MHSA, FACP

Attachment

## Appendix D

## Acting Under Secretary for Health Comments

Action Plan for OIG Draft Report: *Evaluation of VHA's Transitional Pharmacy Benefit, March 8, 2004*

Recommendation a: The Acting Under Secretary for Health, in conjunction with applicable VISN and facility leadership needs to ensure that Transitional Pharmacy Benefit (TPB) prescriptions filled and provided directly to veterans by VA pharmacies are identified and that the associated workload and costs are included in the TPB data. VHA concurs.		Recommendation Metrics					
GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCHMARK	PRIOR FY
Ensure accurate and timely data capture in VISNs and facilities on the identification and cost of Transitional Pharmacy Benefit (TPB) prescriptions filled and provided directly to veterans by VA pharmacy.	The Pharmacy Benefits Management Strategic Healthcare Group (PBM) will be the point of contact in providing the OIG status updates on the recommendation actions and notifying them when recommendation actions are completed. Every attempt will be made to recompile data from the program inception date through the conclusion of the program to determine the effectiveness of our measures to enhance data capture.	Measures, if needed, will be identified by the results of the complete TPB program data review, which will be ready for OIG review by June 30, 2004.	Complete TPB data will be reported to the OIG by June 30, 2004.	Currently underway.	Reconciliation and validation of data collected from the CMOP software package and the data collected at a facility level is underway and will be ready for OIG review by June 30, 2004.		

## Appendix D

## Acting Under Secretary for Health Comments

Action Plan for OIG Draft Report: <i>Evaluation of VHA's Transitional Pharmacy Benefit, March 8, 2004</i>							
<b>Recommendation b:</b> The Acting Under Secretary for Health, in conjunction with applicable VISN and facility leadership, needs to ensure that other data collection issues identified during this evaluation are considered at all other facilities, and are addressed prior to finalization of the national results of the TBP program implementation. VHA concurs.		<b>Recommendation Metrics</b>					
GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCHMARK	PRIOR FY
Ensure accuracy of TPB data reporting and capture at all VA medical centers prior to finalizing the national results of the TBP program implementation.	<p>The Pharmacy Benefits Management Strategic Healthcare Group (PBM) will be the point of contact in providing the OIG status updates on the recommendation actions and notifying them when recommendation actions are completed. Every attempt will be made to recompile data from the program inception date through the conclusion of the program to determine the effectiveness of our measures to enhance data capture.</p> <p>VHA is currently working with facilities to identify manual inaccuracies still contained in the TPB database and manually inactivate them.</p> <p>A conference call will be held by the Pharmacy Benefits Management (PBM) no later than June 30, 2004, with VISN and facility TPB program coordinators and key facility staff involved in the TPB program to discuss issues of this report and current efforts underway to reconcile and validate the TPB data.</p>	N/A			<p>Reconciliation and validation of data collected from the CMOP software package and the data collected at a facility level is underway and will be ready for OIG review by June 30, 2004.</p> <p>A national conference call between VHACO PBM officials and VISN and field TPB Coordinators and VISN and facility staff involved in the program will take place no later than June 30, 2004.</p>		

## Appendix D

## Acting Under Secretary for Health Comments

Action Plan for OIG Draft Report: *Evaluation of VHA's Transitional Pharmacy Benefit, March 8, 2004*

Recommendation c: The Acting Under Secretary for Health, in conjunction with applicable VISN and facility leadership needs to ensure that VHA after action evaluations of the success of this program, lessons-learned, and any potential recommended actions are completed and provided to our office for oversight review. VHA concurs.		Recommendation Metrics					
GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCHMARK	PRIOR FY
Ensure OIG is provided with evaluations of the success of this program, lessons learned, and notified when potential recommendation actions are completed.	We concur with the recommendation. The PBM office will be the point of contact in providing the OIG information on the evaluations of the success of this program, lessons learned, and notification when potential recommendation actions are completed. The final report addressing this recommendation will be sent to the OIG by June 30, 2004.	N/A			<p>PBM is currently compiling data regarding the evaluation of the success of the program, lessons learned, and ensuring accurate data capture and reporting.</p> <p>Lessons learned have been and continue to be discussed in PBM monthly calls with Pharmacy staff. These calls also are a communication method for educating staff on efforts underway to improve data capture and reporting.</p>		

## Appendix E

# Report Distribution

### VA Distribution

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This report will be available in the near future on the OIG's Web site at <http://www.va.gov/oig/52/reports/mainlist.htm>. This report will remain on the OIG Web site for at least 2 fiscal years after it is issued.