



Department of Veterans Affairs Office of Inspector General

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

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.
- 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.

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 June 14-18, 2004, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Medical Center Erie, Pennsylvania (referred to as the medical center). The purpose of the review was to evaluate selected operations, focusing on patient care administration, quality management (QM), and financial and administrative controls. During the review, we also provided fraud and integrity awareness training to 110 employees. The medical center is under the jurisdiction of Veterans Integrated Service Network (VISN) 4.

Results of Review

This CAP review focused on 12 areas. As indicated below there were no concerns identified in four of the areas. The remaining eight areas resulted in recommendations or suggestions for improvement.

The medical center complied with selected standards in the following areas:

- Pharmacy Security
- Undelivered Orders
- Quality Management
- Moderate Sedation Practices

We identified eight areas which needed additional management attention. To improve operations, the following recommendations were made.

- Ensure contract award procedures were proper and improve the administration of an ambulance services contract.
- Enhance billing procedures and improve physician documentation of care provided.
- Improve Information Technology security.
- Ensure Means Tests are current and complete.
- Comply with bulk oxygen contract requirements.
- Correct environment of care deficiencies.

Suggestions for improvement were made in the following areas:

- Enhance purchase card operational controls.
- Improve controlled substances monthly inspections.

This report was prepared under the direction of Mr. Nelson Miranda, Director, Washington DC Regional Office of Healthcare Inspections, and Mr. Randall Snow, CAP Review Coordinator, Washington DC Regional Office of Healthcare Inspections.

VISN 4 and Medical Center Director Comments

The VISN and Medical Center Director agreed with the CAP review findings, recommendations, and suggestions, and provided acceptable improvement plans. (See Appendices A and B, pages 14 -24, for the full text of the Directors' comments.) We will follow up on the implementation of recommended improvement actions until they are completed.

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

Introduction

Facility Profile

Organization. Located in Erie, Pennsylvania, the medical center is a primary care, general medical and surgical facility. The medical center has Community Based Outpatient Clinics in Meadville, Pennsylvania; Smethport, Pennsylvania; and Ashtabula, Ohio. The medical center is part of VISN 4 and serves a veteran population of over 79,000 in a primary service area that includes Ashtabula County, Ohio; Chautauqua County, New York; and Crawford, Erie, Elk, Forest, McKean, Venango, and Warren Counties in Pennsylvania.

Programs. The medical center provides primary care, general medical and surgical health services and maintains 35 general medical and surgical beds (26 medical beds and 9 surgical beds) with a 52-bed Nursing Home Care Unit (NHCU). The medical center provides care and treatment to over 18,000 veterans each year. The Ambulatory Care Clinics documented over 158,000 visits during 2003.

Affiliations and Research. The medical center has an active affiliation with the Lake Erie College of Osteopathic Medicine and the Lake Erie College of Pharmacy. Over 155 residents, interns, and students are trained at the Erie VA Medical Center each year. There are training affiliations with Gannon University, Edinboro University, Graceland College, Mercyhurst College, University of Pittsburgh, Penn State University, State University of New York at both Fredonia and Buffalo sites, Youngstown State University, Idaho State University, Marrywood University, Case Western University, University of Toledo, Duquesne University, Erie Institute of Technology, and Pennsylvania College of Technology. These affiliations involve dental hygiene, pharmacy, social work, dietetics, speech pathology, physical therapy, management information systems, accounting, physician assistant, occupational therapy, and psychology.

Resources. The Fiscal Year (FY) 2002 budget was \$37,396,010, the FY 2003 budget was \$47,607,522, and for FY 2004 the budget is \$54,467,300. This increase in funding was due in part to Veterans Health Administration (VHA) funding of efforts to reduce the backlog of “waiting lists” at medical centers. Staffing for FY 2002 was 415.6 full-time equivalent employees (FTEE). FY 2003 staffing was 427.6 FTEE, including 41.5 physicians and 332.7 nursing staff. FY 2004 staffing is 432.5 FTEE thru April 2004.

Workload. The medical center treated 17,177 unique patients in FY 2002 and 18,154 unique patients in FY 2003. Inpatient workload totaled 1,394 discharges in FY 2002 and 1,513 discharges in FY 2003. The outpatient workload totaled 146,865 visits for FY 2002 and 157,953 visits for FY 2003. As of April 2004, the medical center had treated 15,491 unique patients, with an inpatient workload total of 590 discharges and 54,752 outpatient visits.

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 and benefits services. The objectives of the CAP review are to:

- Conduct recurring evaluations of selected health care facility and regional office operations focusing on patient care, quality management, benefits, 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. 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:

Bulk Oxygen Utility System	Means Test Certifications
Contract Award and Administration	Medical Care Collections Fund
Controlled Substances Accountability	Moderate Sedation Practices
Environment of Care	Pharmacy Security
Government Purchase Card Program	Quality Management
Information Technology Security	Undelivered Orders

The review covered medical center operations for FY 2003 and FY 2004 through May 2004 and was conducted in accordance with OIG standard operating procedures for CAP reviews.

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, 77 of whom responded. We also interviewed 14 inpatients and 15 outpatients during the review. The survey results were provided to medical center management.

During the review, we presented seven fraud and integrity awareness briefings for medical center employees. These briefings, attended by 110 employees, covered procedures for reporting suspected criminal activity to the OIG and included case-

specific examples illustrating procurement fraud, false claims, conflict of interest, and bribery.

Activities needing improvement are discussed in the Opportunities for Improvement section (pages 4-13). 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 management 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

Contract Award and Administration – Contract Processing and Administration Needed Improvement

Condition Needing Improvement. Medical center management needed to ensure contract award procedures were followed and improve the administration of an ambulance services contract. We reviewed 15 contracts totaling more than \$9.7 million to determine if contracts were properly awarded and administered. We found that the administration of 14 contracts was proper; however, contract award procedures needed to be improved to ensure that price reasonableness determinations are documented, legal and technical reviews are obtained when needed, and contractors are registered in the Central Contractor Registration (CCR) database. Also, the administration of an ambulance service contract did not ensure that payments complied with contract provisions. As a result, we estimate that overpayments totaling \$114,058 would occur over the life of the contract.

Price Reasonableness Determinations. Federal Acquisition Regulations (FAR) require that the contracting officer determine that contract prices are fair and reasonable prior to awarding contracts and document this determination in the contract file. In five contracts valued at \$2.7 million, only one bid was received and the contract files did not contain a price reasonableness determination. The contracting officer agreed that these should have been completed prior to awarding. Starting with contracts awarded for FY 2004, the contracting officer has evaluated the price reasonableness of bids and negotiated with contractors on prices that appear significantly out of line with Medicare standards or government estimates and stated that they will continue this practice on all future contract awards.

Legal and Technical Reviews. VA policy requires a legal and technical review for contracts with an estimated value of \$1.5 million or more. Two contracts were awarded during FY 2004 with an estimated value over \$1.5 million. One contract for home oxygen, estimated value of \$2.3 million, received the required legal and technical review. However, a contract for cardiology services, estimated value of \$2.5 million, did not. The contracting officer stated that this was an oversight, as the costs of this contract increased significantly from the previous year due to additional services being included. VA Central Office staff from the Office of Acquisition and Material Management (OA&MM) stated that the legal and technical review should have been accomplished prior to award and the contract should be submitted for a legal and technical review to evaluate future option years.

CCR Database Registration. The FAR requires contracting officers to verify that contractors have registered with the CCR database. We found that contractors for five contracts totaling \$3.7 million were not registered in the CCR database. This occurred because, while each contract included a letter to the contractor instructing them to register, the contracting officer did not follow up to ensure the requirement was accomplished.

Administration of Ambulance Service Contract. The Contracting Officer's Technical Representative (COTR) Handbook requires COTRs, or designates, to review the contractors' invoices to ensure that the services provided were authorized and amounts billed complied with contract provisions. Ambulance service contract invoices, valued at \$450,000 over 3 years, were not properly certified resulting in overpayments to the contractor. We noted the following deficiencies:

- The level of transportation service needed was not specified in the patient medical records. The contract provided for three modes of transportation based on the condition of the patient as determined by a physician. If the patient was ambulatory a van would be used; if wheelchair-bound a wheelchair van was required; if stretcher-bound an ambulance was required. The COTR stated that she requested a medical necessity determination from a physician when she ordered ambulance services. However, she did not obtain a determination for trips authorized by social work service staff or by a Medical Administrative Assistant. This information was necessary to ensure the correct mode of transportation was utilized.
- Upon receipt of the monthly bill from the contractor, the COTR reviewed each claim to ensure the trip was authorized. However, she did not ensure that the mode of transportation billed was authorized, or whether the charges complied with the contract terms and prices.

We reviewed the July 2003 invoice and found that mileage charges were calculated incorrectly for 28 trips resulting in overpayments to the contractor. For example, the contract specified a base price for "long range" trips, which were defined as 16-50 miles. An additional charge for mileage above 50 miles was allowed (\$4 per mile for ambulance and \$.75 per mile for van and wheelchair van). However, the contractor did not deduct mileage included in the base price in the calculation of additional charges for mileage over 50 miles. Overpayments for these 28 trips totaled \$2,937.50 or 10.3 percent of the total invoice amount for July (\$28,509).

Based on contract payments to date (\$953,560 for the 31-month period October 2001 through April 2004), we estimate that over the 3-year life of the contract (October 2001 through September 2004) overpayments totaling \$114,058 ($\$953,560 / 31 \text{ months} \times 36 \text{ months} \times 10.3 \text{ percent}$) would occur.

Recommended Improvement Action(s) 1. We recommend that the VISN Director ensure that the Medical Center Director requires that the contracting officer: (a) prepare

price reasonableness determinations when required, (b) obtain legal and technical review prior to awarding contracts over \$1.5 million, (c) submit the cardiology contract to VA Central Office OA&MM staff for legal and technical review, (d) ensure all contractors have registered in the CCR database, (e) ensure the level of service needed is documented when authorizing and certifying invoices and that the services provided were authorized and amounts billed complied with contract provisions, and (f) submits a bill of collection for overpayments on the ambulance service contract.

The VISN and Medical Center Directors concurred with the findings and recommendations and provided acceptable implementation plans. We will follow up the planned actions until they are completed.

Medical Care Collections Fund – Third Party Billings Needed Improvement

Condition Needing Improvement. The medical center increased Medical Care Collections Fund (MCCF) collections from \$3 million in FY 2002 to \$3.3 million in FY 2003, and are projected to collect \$6.5 million in FY 2004. The medical center exceeded their MCCF collection goal in FYs 2002 and 2003.

MCCF staff appropriately billed for VA outpatient care. However, we found that medical center management could improve MCCF program results by improving procedures for classifying medical care as not billable and ensuring physicians adequately document medical care timely, billing insurance carriers for fee-basis¹ care provided to veterans with insurance, improving insurance identification procedures, and ensuring the *Unbilled Care Report* is accurate. We found additional billing opportunities totaling \$25,100 with estimated collections of \$5,773 (\$25,100 x 23 percent medical center historical collection rate.)

Reasons Not Billable Report. The *Reasons Not Billable Report* dated May 28, 2004, covering the period November 1, 2003, through April 30, 2004, listed 232 potential billable cases totaling \$39,471 that were not billed for 1 of 3 reasons – insufficient documentation, no documentation, or non-billable provider (care provided by a resident physician).

We reviewed 24 potential billable cases totaling \$4,431 and found that 12 were incorrectly determined to be not billable and 12 could have been billed if medical documentation had been complete.

For 4 of the 12 cases incorrectly determined to be not billable, additional documentation was provided and MCCF staff properly billed for the care prior to our review. After we initiated our review, MCCF staff issued bills totaling \$2,310 for the other 8 cases.

¹ Fee-basis care is medical care provided to veterans by non-VA providers. VA reimburses the non-VA providers for the care.

In the other 12 cases, MCCF staff could have billed insurance carriers \$1,693 for the care provided but VA medical care providers did not adequately document the patient's medical record. For example, providers did not document progress notes, the patient's chief complaint or reason for the visit, the diagnosis, or the exam of the patient. MCCF staff did not request the documentation from the provider, but instead coded the record as not billable because of insufficient documentation. MCCF staff periodically reviewed the cases for up to 30 days to determine if additional documentation had been provided sufficient to bill for the services. After 30 days, no further attempts were made. In our view, MCCF staff should provide physicians immediate feedback regarding medical record documentation deficiencies to improve opportunities to bill for services.

VA Fee Care. From October 1, 2003, through April 30, 2004, the medical center paid 2,108 fee-basis claims to non-VA providers who provided medical care to veterans with health insurance. Payments totaled \$121,000 and included claims for outpatient care, inpatient care, and ancillary services related to inpatient care.

To determine whether the fee-basis medical care was billed to patients' insurance carriers, we reviewed a sample of 15 claims totaling \$31,286. Of these 15 claims, 8 were not billable to the insurance carriers either because the fee-basis care was for service connected conditions (for which VA is primary payer) or the care was not billable under the terms of the insurance plans. However, we found that the other 7 claims totaling \$20,221 were potentially billable, but no bills had been issued.

These billing opportunities were missed because MCCF management considered the effort to research the billing potential too time consuming for the expected return. In our view, the time and effort to research these cases could be reduced if fee-basis staff notified MCCF staff when they authorized fee care for non-service connected conditions for veterans with insurance.

VA Inpatient Care: We reviewed 15 discharges of veterans with insurance in March 2004 to determine whether the care provided was properly billed. MCCF staff properly issued bills totaling \$49,470 for 14 of these discharges. We found one additional billing opportunity totaling \$876 that was missed because the billing staff was not informed the patient was transferred to a community acute care facility.

Patients with Unidentified Insurance: We reviewed the *Detailed Listing of Patients with Unidentified Insurance Report* and found 40 of the 1,010 (4 percent) unique patients treated in March 2004 had the insurance field coded as unknown or unanswered. Veterans Health Information Systems and Technology Architecture (VistA) information showed that 10 veterans had work phone numbers and 2 were VA employees. Medical center staff confirmed that these 2 employees had insurance coverage.

MCCF staff explained that veterans may have mailed in incomplete applications and medical center staff did not follow up to obtain the additional information. MCCF staff

agreed that reviewing and following up on the *Detailed Listing of Patients with Unidentified Insurance Report* periodically would help improve insurance identification.

Unbilled Care: The *Unbilled Care Report* overstated the amount of unbilled care. The *Unbilled Care Report* dated April 30, 2004, covering the period October 1, 2000, through April 30, 2004, listed potential billable care totaling \$126,069 that was over 3 months old and had not been billed. We reviewed 15 cases totaling \$86,000 and found that MCCF staff determined that, in all 15 cases, the care was not billable or was not covered by the insurance policy. However, they did not input the reason not billed, thus the potential bill remained on the *Unbilled Care Report*. As a result, this report overstates potential billable care and should be reviewed.

Recommended Improvement Action(s) 2. We recommend that the VISN Director ensure that the Medical Center Director requires that: (a) MCCF staff ensure that reasons for not billing are accurate; (b) physicians document patient medical records timely, including all elements required by VHA policy; (c) MCCF staff promptly contact medical care providers when medical record documentation is missing; (d) insurance carriers are billed for fee-basis care provided to veterans with insurance; and (e) MCCF staff follow-up on the *Detailed Listing of Patients with Unidentified Insurance Report*, ensure the *Unbilled Care Report* is accurate, and issue bills for collection of the billable care identified during our review.

The VISN and Medical Center Directors concurred with the findings and recommendations and provided acceptable implementation plans. We will follow up the planned actions until they are completed.

Information Technology Security – Improvements are Needed to Comply with VA and Local Policies

Condition Needing Improvement. Medical center managers needed to strengthen Information Technology (IT) security. We evaluated IT security to determine if controls adequately protected automated information system resources from unauthorized access, disclosure, modification, destruction, or misuse. We found that the IT Security Plans were adequate and followed National Institute of Standards and Technology standards, the facility was properly reporting incidents to the Veterans Administration Computer Incident Response Capability, the Information Security Officer (ISO) was adequately trained, and security awareness training was provided. However, two access controls needed improvement.

VA Handbook 6210 requires that user access to the Local Area Network (LAN) be limited to specific business hours. The medical center's LAN Security Plan states that "user access is restricted to the minimum necessary to perform the job." We reviewed the user configurations for 12 employees. All 12 users had 24-hour, 7 day a week access. The ISO confirmed that all LAN users had 24-hour, 7 day a week access, regardless of

job title or job description. LAN access should be tailored to the responsibilities and tour of duty of the user and, in our view, the ISO needs to appropriately limit access to comply with VA policy and the medical center's LAN Security Plan.

Second, VHA Directive 6210 requires that access to VHA automated information systems be supported by a documented request from an appropriate supervisor and approved by facility management. At a minimum, this request must include the user's name, service, need for access, and the specific access requirements. The medical center had 509 users with access to the automated information system. We reviewed a random sample of 25 employee security files and found 4 that did not have system access documentation.

Recommended Improvement Action(s) 3. We recommend that the VISN Director ensure that the Medical Center Director improves IT security by: (a) limiting employee logon hours to only those hours needed to perform their duties and responsibilities, and (b) ensuring that management approval is properly documented for all medical center employees with access to automated information systems.

The VISN and Medical Center Directors concurred with the findings and recommendations and provided acceptable implementation plans. We will follow up the planned actions until they are completed.

Means Test Certifications – Improvement is Needed to Ensure Means Test Information is Current

Condition Needing Improvement. Medical Administrative Services clerks needed to ensure means test information is current. Means tests are administered to obtain income information from certain veterans in order to determine whether they are subject to co-payments for medical care. VHA facilities are required to retain signed means test forms in the patients' administrative records.

We reviewed means test forms for 25 veterans and found 2 veterans received medical care without a current signed means test. According to the Medical Administration Officer, one veteran was seen in the emergency room after regular business hours. The admitting clerk entered zeros into the income portion of the electronic means test form, but did not print the form for the veteran to sign. In the second case the means test form could not be located.

Recommended Improvement Action(s) 4. We recommend that the VISN Director ensure that the Medical Center Director: (a) strengthens intake procedures to ensure means test information is accurate and current, and (b) obtains current means tests for the two veterans cited in our review.

The VISN and Medical Center Directors concurred with the findings and recommendations and provided acceptable implementation plans. We will follow up the planned actions until they are completed.

Environment of Care – Areas Needed Management Attention

Condition Needing Improvement. VHA regulations require that the hospital environment present minimal risk to patients, employees, and visitors. We inspected inpatient units, outpatient primary care and specialty clinic areas, and the medical center grounds and found the environment of care to be generally clean and safe. However, several areas required corrective action.

Outdated Supplies. Supply Processing and Distribution (SPD) staff cleans, processes, and sends sterile supplies to Acquisition & Material Management (A&MM). A&MM is responsible for the distribution and monitoring of sterile and non-sterile medical supplies, instruments, and equipment to clinical areas. We found outdated sterile supplies in the 3rd floor C-lockers and Operating Room #2. VHA policy requires that outdated sterile supply items be reprocessed to ensure sterility and reduce the risk of hospital acquired infection.

Patient Confidentiality. Federal law requires the safeguarding of confidential patient information. Confidential patient information was found unsecured after normal work hours in hallway wall mounted charting/information units in the three primary care clinics and on a desktop in the Red primary care clinic. Confidential patient information was also found unsecured in an unattended cubicle in the Eligibility section during normal work hours.

Medication Room Security. Federal regulations require that medication rooms be locked and secured. We inspected two medication rooms with cipher combination locks. One room had the code number posted on the bulletin board next to the door and the other room had the code number written on the doorframe.

Pyxis MedStations² Discrepancy Reports. VHA regulation and local policy require that a discrepancy report be printed at the end of each shift and documented on a Pyxis Control Log. Two nursing units were missing entries in the discrepancy log: (a) Unit 6 - 7 of 45 entries were missing in June 2004; and (b) ICU - 7 of 93 entries were missing in May 2004, and 8 of 45 entries were missing in June 2004.

Handicap parking and traffic signs. Federal law prohibits discrimination against individuals with disabilities in such areas as public accommodations, recreation, health services, and access to public services. Medical center roadways and parking lots

² An automated electronically monitored dispensing system for stock medications including Class II-Class IV medications located on the inpatient units, surgery, and the emergency room. Security is maintained through the use of user ID/Passwords.

needed: more traffic signs, marking of handicapped parking stalls, and improved access for wheelchair dependent veterans.

While we were onsite, managers took immediate steps to correct deficiencies and the Medical Center Director submitted a plan of action to address the unresolved issues.

Recommended Improvement Action(s) 5. We recommend that the VISN Director ensure that the Medical Center Director requires that: (a) sterile supplies are reprocessed when outdated; (b) confidential patient information is secured; (c) medication room codes are removed from public access; (d) Pyxis MedStation discrepancy reports are performed and documented each shift on all units; and (e) handicap parking stalls are marked, road signage is installed, and location of speed bumps is re-assessed to permit handicap access.

The VISN and Medical Center Directors concurred with the findings and recommendations and provided acceptable implementation plans. We will follow up the planned actions until they are completed.

Bulk Oxygen Utility System – Compliance with National Acquisition Center (NAC) Contract Needs to be Strengthened

Condition Needing Improvement. The medical center COTR needed to execute a written mutual agreement with the local oxygen vendor to meet NAC contract requirements. The mutual agreement between the COTR and vendor should delineate ordering and delivery procedures. A copy of the mutual agreement should be provided to the NAC.

Recommended Improvement Action(s) 6. We recommend that the VISN Director ensure that the Medical Center Director enforces compliance with the NAC contract requirements.

The VISN and Medical Center Directors concurred with the findings and recommendations and provided acceptable implementation plans. We will follow up the planned actions until they are completed.

Government Purchase Card Program – Improvements are Needed to Comply with VA and Local Policies.

Condition Needing Improvement. Medical center managers and the Purchase Card Coordinator needed to improve the administration of the purchase card program. We reviewed purchase card usage from October 2002 through May 2004 and found that the cardholders and approving officials were properly trained, local purchase card directives were adequate, and purchase cards were adequately secured. However, the following procedures and controls needed to be improved:

Segregation of Duties. VA Handbook 4080 delineates the responsibilities of personnel involved in the Purchase Card program. Cardholders are responsible for making purchases and reconciling payment charges from the credit card contractor to the Integrated Funds purchase card order. Approving officials are responsible for certifying all transactions made by cardholders and ensuring all items are received. Approving officials should not be cardholders.

During the 20-month period ending May 31, 2004, 79 transactions were processed where an approving official both reconciled and approved the transactions. This occurred because the cardholders were on leave or not available to perform the reconciliation in a timely manner. The Purchase Card Coordinator agreed that to preserve adequate segregation of duties, someone other than the approving official for that transaction should perform the reconciliation.

Transaction Approvals. VHA Handbook 1730.1 states that approving officials will certify reconciled payment charges within 14 days of receipt from the cardholder. We found that during FY 2003 and Fiscal-Year-To-Date May 10, 2004, approving officials did not certify 6 percent (796 of 14,032) of the transactions within 14 days of receipt (range 15 days to 215 days.) The Purchase Card Coordinator stated that she reviews the unapproved transaction report and contacts approving officials who have not yet approved transactions 14 days after they have been reconciled and requests approval action. She continues to follow up until they are approved.

Suggested Improvement Action(s) 1. We suggest that the VISN Director ensure that the Medical Center Director requires that: (a) cardholder and approving official duties be properly segregated, and (b) transactions are approved for payment in a timely manner.

The VISN and Medical Center Directors concurred with the findings and suggestions and submitted plans for improvement. The planned improvement actions are acceptable.

Controlled Substances Accountability – Improvements Are Needed to Comply with VA and Local Policies

Condition Needing Improvement. Inventories of bulk controlled substance stock were conducted every 72 hours as required and access to the inpatient and outpatient pharmacy vault was effectively limited. Monthly inspections were generally conducted in accordance with VHA policy and staff actively monitored and trended deficiencies found. However, we found two issues in the monthly inspection process that needed improvement.

Controlled Substances Not Counted. Monthly inspections did not ensure that all controlled substances were counted. For each month from January 2004 through May 2004 the inspector only counted 5 of the 11 controlled substances for the Pyxis MedStation located in the Surgical Suite. This occurred because the inspector did not

select the appropriate menus when logging onto the Pyxis MedStation. Facility management provided training in May to address this issue, but we observed the June inspection and the same error occurred.

Dispensing Activities Not Verified. Dispensing activities were not properly verified to medical records. VHA policy requires that inspectors verify five randomly selected dispensing activities on each unit (inpatient ward or outpatient clinic). The inspectors select the sample from a listing of dispensing activities that occurred from the first of the month until the date of the inspection. As a result, dispensing activities from the date of the previous inspection to the end of the previous month were not subject to sampling.

Suggested Improvement Action(s) 2. We suggest that the VISN Director ensure that the Medical Center Director strengthen the monthly inspections by: (a) ensuring that all controlled substances are counted, and (b) requiring all dispensing activities from the previous inspection to the current inspection be subject to random sampling for patient record verification.

The VISN and Medical Center Directors concurred with the findings and suggestions and submitted plans for improvement. The planned improvement actions are acceptable.

VISN Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: August 26, 2004
From: Director, Veterans Integrated Services Network 4 (10N4)
Subject: **VA Medical Center Erie, Pennsylvania**
To: VA OIG Office of Healthcare Inspections (54DC)

1. I appreciate the opportunity to review the Office of Inspector General CAP draft report of the recent visit to VAMC Erie, PA, June 14-18, 2004. I have reviewed the comments and implementation plan submitted by the medical center Director and concur with his remarks.
2. If you have any questions or require additional information, please contact my office at 412-784-3939.

(original signed by:)

CHARLEEN R. SZABO, FACHE
cc: VACO (10B5)

Attachments

Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: August 23, 2004
From: Director, Medical Center (562/00)
Subject: **VA Medical Center Erie, Pennsylvania**
To: Nelson Miranda, Director Regional Office of Healthcare
Inspections, Washington DC

1. I have reviewed the draft report of the Inspector General Combined Assessment Program (CAP) of the Erie VA Medical Center, held June 14-18, 2004. I concur with the findings and have attached action plans for each.
2. I appreciate this process, as it is another tool that we can use to improve the care and service we provide to our veterans.

(original signed by:)

JAMES A. PALMER
Medical Center Director
Attachment

**Director's Comments
to Office of Inspector General's Report**

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

OIG Recommendation(s)

Contract Award and Administration – Contract Processing and Administration Needed

Concur with recommended improvement action

Target Completion Date: 9-30-04

All actions and follow up will be tracked through the Compliance and Business Integrity (CBI) Committee

a) Price Reasonableness Determinations:

Comments: Due to limited specialty providers within the Erie PA area, past practice at this facility has been to award the contract without discussions unless there are significant issues within the proposal that need clarified prior to award. While there is no written Price Reasonableness Determination in the contract file for the contracts listed, prices were reviewed against Medicare rates, market surveys, and/or previous contract prices by the Contracting Officer and COTR prior to award.

Action: The contract staff is piloting on-line pay scale software for clinical providers in order to more accurately determine salary demand in our locality. The Contracting Officer has developed a checklist that identified all of the necessary actions needed to take place in order to award a contract. The CO in the presence of the requesting service reviews this checklist during the presolicitation phase. This three-page checklist is maintained as part of the contract folder.

b) Legal and Technical Reviews:

Action: The Contracting Officer has established a process to ensure the contracts office receives the workload analysis and cost estimates from the requesting department prior to issuing a solicitation. This information will help the Contracting Office to determine if a legal/technical review is required.

c) Cardiology Contract Review:

Action: The Cardiology contract was submitted for VACO review on 7-30-04. If it is determined that recommendations cannot be rectified through an amendment to the contract, the option year will not be exercised and a new solicitation will be issued to include recommendations. Current contract expiration is 12/31/04.

d) CCR Database Registration:

Action: All active contracts were modified to include this requirement, as directed by IL 049-04-2, dated 1-6-04. The Contracting Officer has followed up with all vendors who have not registered in CCR. All are now registered or are in the process of registering.

e) Administration of Ambulance Service Contract:

Action: The current ambulance contract expires 9-30-04. The new solicitation for services will include the billing requirement of submitting a HCFA 1500 Form for each patient transport, detailing patient and trip information for accurate processing of payments. A manual spreadsheet of all patient trips is now being maintained to insure proper payments are made through the end of the current contract.

f) Bill of Collection for overpayment:

Action: Previously billed cases will be reviewed to determine amount of overpayment. A bill of collection will be prepared based on the overall amount of overpayment. A meeting with the Contracting Officer, COTR, and vendor will be scheduled to review the overpayment of identified invoices.

Medical Care Collections Fund – Third Party Billings Needed Improvement

Concur with recommended improvement actions.

Target Completion Date: Completed

All actions and follow up will be tracked through the CBI Committee

Comments: The facility VISN goal was exceeded in FY 2002 and 2003. The goal for 2002 was \$2,777,312 and we collected 109% or \$3,015,465. In 2003, the facility VISN goal was \$3,270,139 and we collected 102% or \$3,335,003 (1 of only 4 VISN 4 facilities to exceed 100% in 2003). These figures are quoted from the VISN 4 Business Office Website.

a) **Reasons Not Billable Report:**

Action: Coders and Billers enter reasons for not being billable. The MCCF Coordinator will run the Reasons Not Billable Report monthly and audit a random sample of 50 charts. The findings of this review will be reported monthly at the CBI Committee. Appropriate actions will be taken.

b) **Physician Documentation:**

Action: Providers will be given immediate feedback regarding documentation using compliance e-mails instead of the monthly reports to the providers. The coders follow these deficiencies on a daily basis. The Lead Coder will monitor deficiencies weekly until the documentation is received or the patient is properly dispositioned. This is followed on a monthly basis through the CBI Committee.

c) **MCCF Contact providers:**

Action: The coding staff is responsible for contacting the providers regarding documentation issues as stated in 'b' above.

d) **VA Fee Care:**

Action: A process has been established to notify MCCF when a fee basis authorization is issued for the Non-Service

Connected (NSC) care of a veteran with insurance (billable encounter). The Fee Basis Clerk will send a copy of the authorization to the MCCF printer. MCCF will maintain a file of billable Fee Basis encounters and hold for a copy of the Fee bill. After the authorization and Fee bill are matched, an insurance bill will be generated. This will be followed at the CBI Committee on a quarterly basis.

e) Patients with Unidentified Insurance:

Action: The Medical Administration Officer will run the Unidentified Insurance Report on a monthly basis. Patients with incomplete insurance information will be contacted to complete the record.

f) Unbilled Care Report:

Action: The MCCR Coordinator will review the Unbilled Care Report monthly to ensure that appropriate action is taken. Follow up at monthly CBI Committee.

g) Bill for identified care:

Action: The identified cases were billed prior to completion of the CAP review.

Information Technology Security – Improvements are Needed to Comply with VA and Local Policies.

Concur with recommended Improvement Action

Target Completion Date: As listed below

All actions and follow up will be tracked through the CBI Committee

a) Restrict logon hours:

Action: Facility ISO (with input from Supervisors) has identified those individuals whose access can be restricted without compromising patient care or essential support functions. Information Security, MCM 00Q-05, will be updated to include access restriction guidelines.

Target Completion Date: 8-31-04

b) Access request forms

Action: Information Technology staff has signed new access forms to reflect information access needs of current positions. The annual supervisory review of menu options and security keys will include a requirement to update all access forms.

Target Completion Date: IT Staff - Completed

Annual review - January 2005

Means Tests Certification – Improvement is Needed to Ensure Means Test Information is Current.

Concur with recommended Improvement Actions

Target Completion Date: Monthly reporting to CBI Committee to begin Sept 2004

All actions and follow up will be tracked through the CBI Committee

a) Current and Accurate Means Test:

Action: Facility strategic planning process is currently investigating methods to strengthen the intake process, to include the use of centralized check-in. Currently, a monthly review of the incomplete means tests is conducted by the Medical Administration Officer and acted upon. Education was recently provided for clinic clerks in the use of a form with scripted intake questions. Follow up to be monitored on a monthly basis at the CBI Committee.

b) Obtain current means test for identified veterans:

Action: Identified veterans' means tests have been updated. Validation of this on all means test completion will be done through the above process.

Environment of Care – Areas Needed Management Attention

Concur with recommended Improvement Action

Target Completion Date: Completed or to be completed by 9-30-04

All actions and follow up will be tracked through the Environment of Care (EOC) Committee

a) Reprocess Outdated Sterile Supplies:

Action: Outdated items found during the review were removed immediately. Reprocessed operating room supplies are transported directly to the OR from SPD. A&MM staff and Surgical staff to adhere to current process of conducting weekly outdate checks. Clinical/Nursing supervisors have instructed staff not to replace sterile items taken from the C-Lockers or medical supply rooms back. This should ensure sterility and proper stock rotation. Administrative Rounds (Hazard Surveillance Inspection) will continue to monitor this issue.

b) Secure Confidential Patient Information:

Action: Issues regarding the confidentiality of patient information were corrected during the review. An imaging weekend/holiday film log is no longer used at the ER entrance. Staff and supervisors will insure that patient information is secured from desks and “wall-a-roos” at the end of each day. Investigate and implement physical security measures to secure Eligibility, Red Team, and White Clinic areas after hours. Eligibility team has been provided a refresher in VHA privacy policy education and will secure PHI at their worksite. All staff will be re-educated regarding securing patient information delivered internally. Administrative Rounds (Hazard Surveillance Inspection) will continue to monitor this issue.

c) Medication Room Codes:

Action: Codes were removed and staff educated. Administrative Rounds (Hazard Surveillance Inspection) will continue to monitor this issue.

d) Pyxis Med station discrepancy reports:

Action: Staff education was completed and reinforced. Shift discrepancy reports have been added to staff orientation. This responsibility will be assigned to the Charge Nurse to insure that it is completed. The Nurse Manager will check every day to ensure that the log is completed. Log completion will be reported through the Controlled Substance (CS) Inspection process. CS Inspectors will be trained and the monthly reporting form revised.

e) Handicap Parking, Road Signage, and Speed Bumps:

Action: All Parking Lot Issues identified during the CAP inspection have been addressed and are completed.

Bulk Oxygen Utility System – Compliance with National Acquisition Center (NAC) Contract Needs to be Strengthened.

Concur with recommended Improvement Action

Target Completion Date: 9-30-04

All actions and follow up will be tracked through the EOC Committee

a) Written Agreement with Oxygen Vendor:

Action: COTR will work with the vendor to change the delivery agreement to meet facility needs with regard to delivery times and supervised filling of the tank. Monthly status reporting will take place at EOC Committee.

OIG Suggestion(s)

Government Purchase Card Program – Improvements are Needed to Comply with VA and Local Policies.

Concur with suggested Improvement Action

Target Completion Date: Complete

All actions and follow up will be tracked through the CBI Committee

a) Segregated duties – cardholder/approving official:

Action: During times that the cardholder is unavailable, another approving official (that is not also directly responsible for approving the purchase) will reconcile the purchase and then forward the reconciled transactions to the corresponding approving official. This has been communicated with all cardholders and approving officials. This is monitored by the Purchase Card Coordinator on a monthly basis.

b) Follow up actions with approving officials:

Action: The Purchase Card Coordinator has implemented a weekly notification process to all approving officials in lieu of previous bi-weekly notifications. Approval process for purchase card transactions are monitored through the Balanced Scorecard and reported to VACO.

Controlled Substance Accountability – Improvements are Needed to Comply with VA and Local Policies

Concur with suggested improvement action

Target Completion Date: Completed

a) Controlled Substances Not Counted:

Action: The Pyxis Med station in the Surgical Suite inventoried differently from all other med stations in the facility. We contacted the Pyxis support tech to rework all Pyxis med stations to inventory by the same method. Step by step instructions are taped to each med station for the inspectors and nurses to ensure that all Controlled substances are inventoried and counted. All unit team leaders, Controlled Substance Coordinator, and inspectors were notified of this change. This was completed in June 2004.

b) Random Sampling for Patient Record Verification:

Action: Daily Activity Reports for each Pyxis Med station were filed by location by the month. The filing system has been changed so that the Daily Activity Reports are filed by location starting with the date of the last inspection until the

date an inspector presents for the next inspection. This ensures that all dates from the previous inspection forward are available and subject to random sampling for patient record verification. This was completed in June 2004.

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefit(s)</u>	<u>Better Use of Funds</u>	<u>Questioned Costs</u>
1	Improving contract administration of ambulance services contract		\$114,058
2	Ensuring all billing opportunities are realized	\$5,773	
	Total	\$5,773	\$114,058

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