



Department of Veterans Affairs Office of Inspector General

EVALUATION OF DEPARTMENT OF VETERANS AFFAIRS POLICIES AND PROCEDURES ADDRESSING THE LOCATION OF NEW OFFICES AND OTHER FACILITIES IN RURAL AREAS

VA does not have formal written policies or procedures giving priority to locating new offices and other facilities in rural areas. However, VA action to improve access to services does consider veterans living in rural areas.

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DEPARTMENT OF VETERANS AFFAIRS
Office of Inspector General
Washington, DC 20420

TO: Acting Under Secretary for Health (10B5)

SUBJECT: Evaluation of Department of Veterans Affairs Policies and Procedures Addressing the Location of New Offices and Other Facilities in Rural Areas (Report No. 04-01971-04)

1. The Department of Veterans Affairs (VA) Office of Inspector General (OIG) conducted an evaluation to determine if VA policies and procedures are in place to give first priority to locating new offices and other facilities in rural areas, as outlined in the Rural Development Act (RDA) of 1972. The evaluation was conducted in compliance with Section 636 of Public Law (P.L.) 108-199 (the Consolidated Appropriations Act of 2004), which requires that the OIG report on the existence of these policies and procedures.
2. VA does not have formal written policies or procedures that give first priority to locating new offices and other facilities in rural areas. However, we found that VA does make a significant effort to improve access to VA services for veterans living in rural areas. This includes the locating of numerous facilities in rural areas, primarily in the form of community outpatient clinics and related health care services.
3. While VA does not have formal written policies or procedures concerning rural location of facilities, in our view, its action to address health care needs of veterans in rural areas adequately meets the intent of the RDA requirements. We made no recommendations in this report. *(Details of the evaluation are discussed on pages 1-4.)*

(original signed by:)
MICHAEL L. STALEY
Assistant Inspector General
for Auditing

Results of Evaluation

Introduction

We conducted an evaluation to determine whether the VA was in compliance with the RDA of 1972. Under Section 2204b of Title 7, United States Code, the RDA requires that the Secretary of Agriculture provide leadership within the executive branch of the Federal government for coordinating a nationwide rural development program. Section 647 of P.L. 107-67 (the Treasury and General Government Appropriations Act of 2002), requires, in part, that "...the Inspector General of each applicable department or agency shall submit to the [House of Representatives] Committee on Appropriations, a report detailing what policies and procedures are in place for each department or agency to give first priority to the location of new offices and other facilities in rural areas, as directed by the Rural Development Act of 1972." This requirement was continued for 2003 by Section 638 of P.L. 108-7 (the Consolidated Appropriations Resolution of 2003), and for 2004 by Section 636 of P.L. 108-199 (the Consolidated Appropriations Act of 2004).

Scope of Work

We made inquiries with the Veterans Health Administration (VHA), the Office of VA's Assistant Secretary of Management, VA's Capital Asset Policy Planning and Strategy Service, and VA's Office of Facilities Management. We also reviewed VA policies and procedures addressing property acquisitions and leases. We discussed the issue with applicable VA officials to determine actions taken to comply with the RDA.

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.

Results

As reported in our 2002¹ and 2003² reviews, VA does not have specific policies or procedures addressing the issue of giving first priority to locating new offices and other facilities in rural areas. Veterans Benefits Administration (VBA) facilities, which are primarily focused on loan/grant/benefit administration processing, are generally located in urban areas and population centers where the majority of VA's beneficiaries reside and where access to related government agencies and facilities is available. When the

¹ Letter from the Inspector General to the responsible congressional committees discussing the review results, April 22, 2002.

² Report on the Department of Veterans Affairs Policies and Procedures to Give First Priority to the Location of New Offices and Facilities in Rural Areas, Report No. 03-02718-160, August 15, 2003.

opportunity or need to move or open a new VBA facility does arise, first priority is given to co-locating these facilities on existing VA medical center grounds.

While no formal policies exist, VHA continues to give highest priority in locating its new facilities to areas where veterans requiring health care services are currently underserved. These determinations are made through demographic studies and VA's access guidelines (which establish maximum travel time and distance goals for veterans).

As a result of these efforts, VA has taken actions and implemented processes intended to enhance access to VA services by veterans living in rural areas. These actions and processes are described in detail in the Secretary of Veterans Affairs May 2004 response to the February 2004 Capital Asset Realignment for Enhanced Services (CARES) Commission Report, and in an April 2004 report by VA to the Committee on Veterans Affairs addressing access to health care for veterans in rural areas.

These actions and processes include: (1) opening outpatient clinics in rural areas and planning for additional rural clinics as part of the CARES infrastructure modernization plan; (2) establishing the concept of a Critical Access Hospital (CAH) modeled after a Medicare designation for small rural hospitals; (3) participation in the National Rural Development Partnership (NRDP); and, (4) coordination with other Federal agencies which have active interests in rural health care services.

Rural Outpatient Clinics: VA currently operates 100 outpatient clinics in 27 states that are located in areas considered as rural (counties with 7-99 civilians per square mile) or highly rural (counties with 1-6 civilians per square mile). However, the CARES Commission found that the prioritization methodology used to identify new clinic locations in VA's Draft National CARES Plan (DNCP) was disproportionately disadvantageous to veterans living in rural areas that are underserved and lack appropriate access to care.

In response to the CARES Commission findings, VA revised its Community Based Outpatient Clinic (CBOC) planning criteria to include more emphasis on the importance of access to care for rural veterans. The Secretary, in his response to the CARES Commission, also cited the inclusion of five CBOC planning criteria that emphasize priority access to care for veterans located in rural or highly rural areas that are below VA national standards for primary care access.

Small Rural Hospitals: The DNCP introduced the concept of the CAH designation, in order to establish parameters on the extent to which small and rural facilities should provide clinical services. As medical technology has become more advanced, concerns have emerged that smaller and mostly rural facilities may find it difficult to effectively achieve and maintain the experience, skills, and other tools necessary to perform complex health care procedures and practice sophisticated medicine.

The CAH was introduced in recognition that some small and rural facilities will be unable to maintain the volume and types of patient workload, which would allow these facilities to maintain the skills needed to offer certain clinical services at minimum levels of risk. However, the CARES Commission concluded that the CAH concept was not adequately developed, and that VA needed to establish clear policies addressing the CAH concept prior to implementing facility mission changes.

VA responded that it would continue with the designation of CAH facilities, while at the same time developing a Veterans Rural Access Hospital policy to define the appropriate scope of services that should be provided at small and rural facilities. Although the policy was initially scheduled to be completed in June 2004, we were informed by VHA officials that the policy is still under development. Upon completion, VA plans to conduct studies of services at these facilities using the policy's criteria and guidance. The results will be included in the fiscal year 2005 strategic Veterans Integrated Services Network planning submissions.

NRDP: The NRDP is composed of 40 State Rural Development Councils (SRDCs), a National Rural Development Council, and a central national policy office in the Department of Agriculture. Its purpose is to assess the impact of Federal policies and programs on community and economic development in rural areas. VA has been involved with the NRDP since its creation in 1992 and is represented on 26 of the 40 SRDCs.

Although VA's participation is not focused specifically on the issue of priority placement of facilities in rural locations, the collaboration between private sector representatives and local, state, and Federal officials is intended to benefit veterans living in rural areas by identifying programs that can best meet rural veterans needs.

Coordination With Other Federal Agencies: In addition to VA, the Department of Health and Human Resources (HHS) also has significant responsibilities in providing health care specifically to persons living in rural areas – primarily through the Indian Health Service (IHS). VA's collaboration with HHS and IHS has resulted in partnerships and sharing agreements and establishment of programs and facilities in rural areas that benefit both veterans and native Americans.

Conclusion

VA does not have formal written policies or procedures addressing the issue of giving first priority to the locating of new offices and other facilities in rural areas. However, significant effort is directed at improving access to VA services for veterans living in rural areas. This includes the establishment of facilities, primarily in the form of community outpatient clinics and related health care services. We concluded that VA's

action to address health care needs of veterans in rural areas adequately meets the intent of the RDA requirements. Therefore, we made no recommendations in this report.

OIG Contact and Staff Acknowledgments

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Appendix B

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