



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Montana Health Care System Fort Harrison, Montana

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 August 23–27, 2004, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Montana Health Care System (referred to as the healthcare system). The purpose of the review was to evaluate selected healthcare system 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 148 employees. The healthcare system is part of Veterans Integrated Service Network (VISN) 19.

Results of Review

The CAP review covered 14 operational activities. The healthcare system complied with selected standards in the following eight activities:

Bulk Oxygen Utility System	Moderate Sedation Practices
Community Nursing Home Contracts	Part-Time Physician Timekeeping
Environment of Care	Pharmacy Security
Government Purchase Card Program	Supply Inventory Management

Our review identified the following organizational strengths:

- Pharmacy security was comprehensive.
- Nursing home contracts were properly awarded and well documented.

In addition, the healthcare system's patient satisfaction scores were exceptional, which we considered a noteworthy organizational strength.

We made six recommendations to improve healthcare system operations:

- Strengthen procedures for billing insurance companies.
- Improve analysis of restraints review, patient safety goals, and QM action implementation.
- Update equipment inventory lists and perform physical inventories of equipment.
- Improve service contract documentation and training.
- Strengthen controls for automated information system (AIS) resources.
- Ensure controlled substances inspectors are trained and inspections are unannounced.

VISN 19 and Healthcare System Director Comments

The VISN and Healthcare System Directors agreed with the CAP review findings and provided acceptable improvement plans. (See Appendixes A and B, pages 12–23, for the full text of the Directors’ comments.) We will follow up on the planned actions until they are completed. This report was prepared under the direction of Mr. David Sumrall, Director, and Ms. Myra Taylor, CAP Review Coordinator, Seattle Audit Operations Division.

(original signed by:)

RICHARD J. GRIFFIN
Inspector General

Introduction

Healthcare System Profile

Organization. The healthcare system offers a broad range of acute, chronic, and specialized inpatient and outpatient health care services and provides a VA presence in every major city in Montana. The main campus, located at Fort Harrison, MT, is a general medical and surgical facility that provides patient care services for veterans in the areas of medicine, surgery, mental health, palliative care (including medical and interventional pain management), and ambulatory care. Outpatient care is also provided at nine community-based outpatient clinics (CBOCs) located in Kalispell, Anaconda, Missoula, Great Falls, Bozeman, Billings, Miles City, Glasgow, and Sidney, MT. The healthcare system is part of VISN 19 and serves a veteran population of about 108,000 in a primary service area that includes all of Montana (except for one county) and five counties in North Dakota.

Programs. The healthcare system provides medical, surgical, mental health, and ambulatory care services. The healthcare system has 50 hospital beds and 30 nursing home beds.

Affiliations and Research. Affiliated with the University of Utah School of Medicine Family Practice Program, the healthcare system supports one medical resident position and provides training opportunities for several nursing, pharmacy, and allied health programs.

Resources. In Fiscal Year (FY) 2002, healthcare system expenditures totaled \$73.1 million. The FY 2003 medical care budget was \$86.3 million, 18 percent more than FY 2002 expenditures. FY 2003 staffing was 570 full-time equivalent employees (FTE), including 39 physician and 108 nursing FTE.

Workload. In FY 2003, the healthcare system treated 25,925 unique patients, an 11 percent increase from FY 2002. The healthcare system treated 2,349 inpatients, and the average daily census was 39. The outpatient workload was 202,247 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 14 activities:

Bulk Oxygen Utility System	Medical Care Collections Fund
Community Nursing Home Contracts	Moderate Sedation Practices
Controlled Substances Accountability	Part-Time Physician Timekeeping
Environment of Care	Pharmacy Security
Equipment Accountability	Quality Management
Government Purchase Card Program	Service Contracts
Information Technology Security	Supply Inventory Management

The review covered healthcare system operations for FY 2003 and FY 2004 through August 2004 and was done in accordance with OIG standard operating procedures for CAP reviews. As part of this review, we followed up on the recommendations of the previous CAP review, which was conducted in June 2000.

In this report we make recommendations for improvement. These recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented.

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 employees, and 80 responded. We also interviewed 38 patients during the review. We discussed the interview and survey results with healthcare system management.

During the review, we presented fraud and integrity awareness briefings for 148 employees. These briefings covered procedures for reporting suspected criminal activity to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

Results of Review

Organizational Strengths

Pharmacy Security Was Comprehensive. The healthcare system pharmacy met or exceeded all VA construction and security requirements. Access to the pharmacy was limited by solid, combination-lock doors and an intrusion detection security system. Controlled substances were stored in a vault equipped with an electronic entry system that documented all access or in properly secured cabinets in patient care areas. The healthcare system had also appropriately accounted for the receipt, storage, and disposition of controlled substances.

Community Nursing Home Contracts Were Properly Negotiated, Reasonably Priced, and Effectively Monitored. As of August 2004, the healthcare system had awarded 35 contracts (total FY 2003 value = \$1.7 million) to provide care for VA patients at community nursing homes located throughout Montana. We reviewed the files for all 35 contracts and concluded that contract administration was effective. The files contained good documentation of the contracting process, price negotiation memorandums, and all other required information. In addition, Contracting Officers' Technical Representatives (COTRs) effectively monitored contractor performance.

Patients Reported High Satisfaction with Care and Services. The patient satisfaction scores from our onsite interviews and from the Veterans Health Administration's (VHA) Survey of Healthcare Experiences of Patients program were very high. For example, 97 percent of patients interviewed would recommend medical care at this facility to an eligible family member or friend. Also, 97 percent rated the quality of care as excellent, very good, or good. In VHA's FY 2004 first and second quarter surveys, the healthcare system's results were significantly better than the national averages for access, coordination of care, courtesy, physical comfort, preferences, emotional support, overall quality, and overall coordination.

Opportunities for Improvement

Medical Care Collections Fund – Procedures Should Be Strengthened

Conditions Needing Improvement. Under the Medical Care Collections Fund (MCCF) program, VA may recover from health insurance companies the cost of treating certain insured veterans. Healthcare system management needed to ensure that clinic clerks verify patient insurance information, clinical providers properly document care, and MCCF staff properly identify billable care and more aggressively pursue accounts receivable from insurers. As of July 24, 2004, the healthcare system had 7,581 insurance accounts receivable (bills) with a total value of \$920,085.

Insurance Information Not Verified. Eligibility and clinic clerks are required to identify and verify patient insurance information to ensure it is accurate and current. As part of our review, we observed patients checking in at three clinics and noted that clinic clerks did not verify veterans' insurance information. The clerks stated that they had not been instructed to ask veterans for insurance information.

Based on discussions with the Revenue Coordinator, we estimated that verifying veteran insurance information at check-in could have increased billings by 15 percent, which would provide the healthcare system additional revenue estimated at \$45,544 (\$920,085 in accounts receivable x 15 percent potential increased billings x 33 percent historical collection rate).

Insurance Bills Not Pursued Aggressively. Of the 7,581 insurance bills, 841 (value = \$190,972) were more than 90 days old. To evaluate collection efforts, we reviewed 50 of these bills (value = \$105,972). Based on our review and discussions with the Revenue Coordinator, we determined that all 50 bills required more aggressive collection. MCCF staff had sent initial collection letters but had not routinely made follow-up calls to insurers to determine why payments had not been made. To aggressively pursue bills, multiple collection letters should be sent, and follow-up telephone calls should be made. Based on discussions with the Revenue Coordinator, we estimated that if MCCF staff pursued bills more aggressively they could increase the collection rate by about 5 percent. This would provide additional revenue estimated at \$9,549 (\$190,972 in bills older than 90 days x 5 percent increase in collections).

Clinical Documentation Inadequate. During the 6-month period January–June 2004, MCCF staff cancelled 32 bills because of inadequate clinical documentation, such as progress notes. One of the 32 bills did not have collection potential because Medicare was the insurer and VA is not allowed to bill Medicare. However, the remaining 31 bills (value = \$3,160) could have been billed if clinical documentation had been adequate. We reviewed the medical records for all 31 bills.

For 7 of the 31 bills (value = \$702), adequate documentation was added to the medical records after the bills had been cancelled. As a result of our review, MCCF staff reissued these seven bills.

Providers Not Billed. MCCF staff had cancelled 107 bills (value = \$14,751) because they believed the services were performed by non-billable providers, such as nurses or mental health counselors. We determined that 72 (67 percent) of these bills had collection potential because the services were billable.

- Bills for 59 outpatient mental health services provided by licensed clinical professional counselors (LCPCs) are billable in Montana. The Revenue Coordinator agreed to review all 59 bills to determine collection potential. Based on our discussions with the Coordinator, we estimate that 30 of 59 bills (value = \$2,130) would be collected and 29 would not be collected because the insurance carriers do not provide coverage for mental health services.
- Thirteen patient encounters (value = \$6,135) for sleep study care should have been billed.

In addition, we identified a billable cardiac catheterization procedure (value = \$19,045) for which MCCF staff had not issued a bill. Better clinical documentation and more accurate identification of billable providers and procedures would have resulted in additional revenue of \$10,055 $(\$3,160 + \$2,130 + \$6,135 + \$19,045] \times 33 \text{ percent} = \$10,055)$.

In summary, we estimated the MCCF staff could have increased collections by \$65,148 (\$45,544 from verifying veterans' insurance + \$9,549 from aggressively pursuing receivables + \$10,055 from better clinical documentation and identification of billable providers and procedures = \$65,148).

Recommended Improvement Action 1. We recommended that the VISN Director ensure that the Healthcare System Director requires that: (a) veteran insurance coverage is verified at time of treatment, (b) accounts receivable are pursued more aggressively, (c) medical records include adequate documentation, and (d) billable providers and procedures are accurately identified.

The VISN and Healthcare System Directors agreed and reported that by March 31, 2005, a task team will develop suggestions to improve the insurance verification process. Additional follow-up on accounts receivable will be performed to decrease outstanding receivables. By December 31, 2004, clinical providers will receive refresher training on the importance of complete and accurate medical record documentation. Billing staff had been trained on billable versus non-billable providers and/or clinics. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Quality Management – Restraints Review, Patient Safety Goals, and Action Implementation Should Be Improved

Conditions Needing Improvement. To evaluate the healthcare system's QM program, we reviewed 12 program areas, such as performance improvement teams, root cause analyses, and patient complaints. We assessed applicable process steps, such as data analysis, use of benchmarks, and identification of corrective actions in all 12 areas. We also interviewed relevant employees and reviewed policies, plans, and committee minutes. QM review structures were in place for 10 of the 12 areas. However, management needed to improve their review of restraints and seclusion and their monitoring of compliance with national patient safety goals. In addition, all program areas needed to improve action implementation and evaluation and more consistently identify specific action items.

Restraints and Seclusion Reviews Needed. While the use of restraints and seclusion was infrequent, management had not performed detailed reviews of individual incidents or of aggregated data as required. For example, reviews did not include evaluation of whether less restrictive alternatives were attempted before restraint or seclusion use. Senior management acknowledged this finding and discussed their recently initiated corrective plan. Joint Commission on Accreditation of Healthcare Organizations (JCAHO) standards require that management measure and assess opportunities to reduce the risks associated with restraint use through preventive strategies, innovative alternatives, and process improvement.

Patient Safety Goals Improvement Needed. The healthcare system needed a more organized approach to address and monitor compliance with national patient safety goals. In addition, monitoring information was not consistently presented in a forum for discussion and action by clinicians. JCAHO standards require that patient safety goals be addressed, compliance monitored, and corrective actions taken.

Action Item Implementation Needed. Although management routinely discussed data and concerns related to various review activities, they did not consistently identify appropriate interventions. For example, utilization reviews found that the healthcare system met admission criteria only 72 percent of the time. Although meeting minutes documented management discussions about not meeting admission criteria, no actions were identified for implementation. JCAHO standards require management to identify opportunities for improvement, make changes, and evaluate whether the changes result in desired outcomes.

Recommended Improvement Action 2. We recommended that the VISN Director ensure that the Healthcare System Director implements procedures to: (a) critically analyze, discuss, and act on data from the restraint and seclusion reviews and the national patient safety goals; and (b) identify, implement, and evaluate all corrective actions until problems are resolved or the desired improvements are accomplished.

The VISN and Healthcare System Directors agreed and reported that a team had been created to review the use of restraint and seclusion and that procedures had been established to monitor patient safety goals. By December 31, 2004, a standard format will be created to identify and track action items through completion. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Equipment Accountability – Inventory Lists Should Be Updated and Equipment Inventories Performed

Conditions Needing Improvement. Healthcare system management needed to improve procedures to properly safeguard and account for nonexpendable and sensitive equipment (items costing more than \$5,000 with an expected useful life of more than 2 years or items subject to theft). VA policy requires that periodic inventories be done to ensure that equipment is properly accounted for and recorded in accountability records called Equipment Inventory Lists (EILs). Acquisition and Material Management Service (A&MMS) staff were responsible for performing EIL inventories and updating EIL records.

Our June 2000 CAP review found that EILs contained inaccuracies for 11 of 48 sampled items (23 percent). The Healthcare System Director concurred with our finding and reported that the healthcare system would conduct a 100 percent equipment inventory and update all EILs by December 2000. As of August 24, 2004, the healthcare system had 59 active EILs listing 3,074 equipment items (total value = \$15.4 million). To determine if equipment accountability deficiencies had been corrected, we performed a follow-up review and identified two deficiencies that required corrective action.

EILs Not Accurate. We reviewed a judgment sample of 30 nonexpendable items (combined value = \$1.9 million) assigned to 10 EILs. The EILs were inaccurate for 5 of the 30 items (17 percent). Although EIL inaccuracies had decreased from 23 percent in June 2000 to 17 percent in August 2004, improvement was still needed.

A&MMS staff had assigned to the Information Resource Management (IRM) Service responsibility for maintaining the EILs covering four of the five items (two computer monitors, a notebook computer, and a printer). Healthcare system staff could not locate the items during our review because the EIL did not include the item locations and IRM did not maintain any other records showing who had been assigned the items. The remaining item, a defibrillator (value = \$9,834), had not been inventoried since April 2000 and could not be located during our review.

EIL Inventories Not Performed. VA Policy requires responsible officials, such as service chiefs or their designees, to conduct annual or biannual EIL inventories. These officials must certify that all equipment assigned to their areas was accounted for and recorded on EILs. A&MMS staff are responsible for inventory coordination, which includes

notifying all services when inventories are due and following up on delinquent inventories. We found three inventory deficiencies:

- Seventeen of the 59 EILs (29 percent) had not been inventoried for substantial periods of time. For example, the EIL assigned to IRM had never been inventoried, and the Radiology Service EIL had not been inventoried for 18 months. This problem occurred because A&MMS staff did not consistently ask service chiefs to perform annual inventories, services did not submit completed inventories, and A&MMS staff did not consistently follow up on delinquent inventories.
- Some service chiefs or their designees did not certify that they had accounted for all of their equipment.
- A&MMS staff had not consistently performed required quarterly spot checks of completed EIL inventories to verify the accuracy of reported information.

Recommended Improvement Action 3. We recommended that the VISN Director ensure that the Healthcare System Director requires the Acting Chief of A&MMS to: (a) ensure that EILs are updated to reflect the accurate status of all equipment, and (b) perform periodic equipment inventories in accordance with VA policy.

The VISN and Healthcare System Directors agreed and reported that by November 30, 2004, all deficient EILs will be inventoried. To facilitate the inventory process, barcode scanners were purchased and distributed to staff responsible for inventories. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Service Contracts – Contract Documentation Should Be Improved and Training Provided

Conditions Needing Improvement. Healthcare system management needed to improve documentation in service contract files and ensure that COTRs were properly trained. The June 2000 CAP review found that none of the five service contract files reviewed contained documentation showing how contract prices had been reached. The Healthcare System Director concurred with the results of the review and reported that as of October 2000, contracting officers were executing our suggested improvements by obtaining all necessary data to support negotiated prices and documenting the negotiation process in the contract files. To evaluate the effectiveness of healthcare system contract administration and negotiation procedures since 2000, we reviewed 15 service contracts (9 noncompetitive, 5 competitive, and 1 sharing agreement). We identified two deficiencies that required corrective action.

Contract Documentation Inadequate. Our review of 15 current contracts found that the healthcare system still needed to improve contract documentation:

- Seven of the nine noncompetitive contract files did not contain Price Negotiation Memorandums (PNMs). Contracting officers are required to prepare PNMs, which document the most important elements of the contract negotiation process, including the purpose of the negotiations, a description of the services being procured, and an explanation of how contract prices were determined.
- For competitive contracts, if only one bid is received VA policy requires contracting officers to document how they determined that the price was fair and reasonable. Four of the five competitive contracts had received only one bid. Two of the files for these contracts contained documentation that the prices were reasonable, but two did not, and these two contract files did not have any evidence that the contracting officer had attempted to negotiate better terms.

COTR Training Not Provided. For each contract, a COTR should be designated and properly trained to monitor contractor performance and ensure that services are provided in accordance with contract terms. COTRs had been appointed for 12 of the 15 contracts reviewed, and the contracting officer monitored the other 3 contracts. However, the contracting officer had not provided the COTRs with initial training and did not maintain records to ensure that the COTRs received the required annual refresher training. We interviewed eight COTRs and found that three had not received refresher training.

Recommended Improvement Action 4. We recommended that the VISN Director ensure that the Healthcare System Director requires that the contracting officer: (a) prepare PNMs for all noncompetitive contracts, (b) document how prices were determined to be fair and reasonable, and (c) provide and document initial and annual COTR refresher training.

The VISN and Healthcare System Directors agreed and reported the contracting officer has been instructed to prepare PNMs for all noncompetitive contracts and to document how prices were determined to be fair and reasonable. In addition, plans had been developed to ensure initial and refresher training is provided and documented. The improvement actions are acceptable, and we will follow up on the implementation of planned actions.

Information Technology Security – Controls Needed To Be Strengthened

Conditions Needing Improvement. We reviewed healthcare system AIS policies and procedures to determine if controls were adequate to protect AIS resources from unauthorized access, disclosure, modification, destruction, or misuse. We concluded that onsite generators provided adequate emergency power for Local Area Network (LAN) computers, critical information was backed up on a regular basis, and effective procedures were established for the removal of sensitive information from excess

computer equipment. However, we identified four compliance issues that needed corrective action.

Contingency Plan Not Tested. The healthcare system was required to conduct annual testing of the AIS contingency plan to identify and correct problems in critical functions. The plan had not been tested since its implementation in 2001. In addition, VA policy requires that all employees receive training in their plan-related duties. This training had not been provided to service level staff or CBOC employees.

Risk Analysis Not Conducted. VHA policy requires a risk analysis be performed at least once every 3 years to ensure appropriate and cost-effective safeguards are in place for each identified AIS resource. Healthcare system management had not conducted a risk analysis since 2000.

Security Plans Need Updating. Security plans must be created for each computer system and should contain detailed technical information about the system, system security requirements, and the controls implemented to provide protection against its vulnerabilities. Healthcare system management did not have a security plan for the Veterans Health Integrated Systems and Technology Architecture (VistA) system. In July 2004, the Healthcare System Director appointed a new Information Security Officer (ISO). According to the former ISO, the only copy of the plan was lost in August 2004 when his computer crashed. The current ISO plans to recreate the document. In addition, the healthcare system's current LAN security plan, completed in 2000, did not include all required information, or the information was outdated. For example, the plan did not include key information such as whether the healthcare system had fire extinguishers or water detectors.

Annual AIS Training Not Tracked. VHA policy requires that all employees with computer access receive annual AIS refresher training. In FY 2003, 244 of 659 employees (37 percent) did not receive this training. The former and current ISOs acknowledged that they had not established a process for tracking employee compliance with the training requirement.

Recommended Improvement Action 5. We recommended that the VISN Director ensure that the Healthcare System Director requires that: (a) annual AIS contingency plan testing is conducted and all personnel receive training in their contingency plan duties, (b) a risk analysis is performed, (c) a VistA security plan is created and the LAN security plan updated, and (d) annual refresher training is provided to all computer system users.

The VISN and Healthcare System Directors agreed and reported that annual AIS contingency plan testing would be conducted and that by January 31, 2005, all personnel would receive contingency plan training. By December 31, 2004, all required risk analyses and a VistA security plan will be prepared, and the LAN security plan will be

updated. Further, annual refresher training compliance will be tracked annually through a training package. The implementation plans are acceptable, and we will follow up on the planned actions until they are completed.

Controlled Substances Accountability – Inspectors Should Be Trained and Inspections Unannounced

Conditions Needing Improvement. Healthcare system management needed to implement a formal training program for controlled substances inspectors and ensure that inspections maintain an element of surprise. VHA policy requires medical facilities to conduct monthly unannounced inspections of all controlled substances storage and dispensing locations. To evaluate the controlled substances inspection program, we reviewed inspection reports for the 12-month period July 2003–June 2004, interviewed the Controlled Substances Inspection Coordinator and Chief of Pharmacy, and observed unannounced inspections of selected areas where controlled substances were stored and dispensed. We identified two deficiencies.

Inspector Training Inadequate. Inspectors should be formally trained in correct inspection procedures. During the OIG-observed inspections, inspectors relied on pharmacy staff to tell them how to conduct the inspections. The Coordinator acknowledged the healthcare system did not have a formal training program for inspectors, and he expected the pharmacy staff to provide on-the-job training to inspectors. As a result, the inspectors did not have sufficient knowledge of the local pharmacy systems and reports to independently perform the inspections. In addition, periodic refresher training would be useful since most inspectors performed inspections only once a year.

Element of Surprise Absent. Controlled substances inspections were not unannounced as required by VA policy. An inspector routinely asked Pharmacy Service to choose a time that would be convenient for the inspection. The advance notice ranged from a few hours to a day.

Recommended Improvement Action 6. We recommended that the VISN Director ensure the Healthcare System Director requires that: (a) the Coordinator implements a formal training program for inspectors, and (b) inspections maintain an element of surprise.

The VISN and Healthcare System Directors agreed and reported that by November 30, 2004, inspectors would receive additional training stressing the need for inspections to be unannounced. The implementation action is acceptable, and we will follow up on the planned action until it is completed.

VISN 19 Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: October 18, 2004
From: Director, VA Rocky Mountain Network (10N19)
Subject: VA Montana Health Care System OIG CAP Response
To: Director, Seattle Audit Operations Division (52SE)

Enclosed, please find the Network and System response to the VA Montana Health Care System draft OIG CAP report. If you have any questions, please feel free to contact Mr. Barry Sharp, Deputy Network Director, VA Rocky Mountain Network at (303) 756-9279.

(original signed by:)

Lawrence A. Biro

Enclosure

cc:
Deputy Under Secretary for Health (10N)
Director, Management Review Office (10B5)

**VISN 19 Director's Comments
to Office of Inspector General's Report**

1. Medical Care Collections Fund – Procedures Should Be Improved

Recommended Improvement Action 1. We recommend that the VISN Director ensure that the Healthcare System Director requires that: (a) veteran insurance coverage is verified at time of treatment, (b) accounts receivable are pursued more aggressively, (c) medical records include adequate documentation, and (d) billable providers and procedures are accurately identified.

Concur

Concur with actions taken by Montana HCS Director

2. Quality Management – Restraints Review, Patient Safety Goals, and Action Implementation Should Be Improved

Recommended Improvement Action 2. We recommend that the VISN Director ensure that the Healthcare System Director implements procedures to: (a) critically analyze, discuss, and act on data from the restraint and seclusion reviews and the national patient safety goals and (b) identify, implement, and evaluate all corrective actions until problems are resolved or the desired improvements are accomplished.

Concur

Concur with actions taken by Montana HCS Director

3. Equipment Accountability – Inventory Lists Should Be Updated and Equipment Inventories Performed.

Recommended Improvement Action 3. We recommend that the VISN Director ensure that the Healthcare System Director requires the Acting Chief of A&MMS to: (a) ensure that EILs are updated to reflect the accurate status of all equipment and (b) perform periodic equipment inventories in accordance with VA policy.

Concur

Concur with actions taken by Montana HCS Director

4. Service Contracts – Contract Documentation Should Be Improved and Training Provided

Recommended Improvement Action 4. We recommend that the VISN Director ensure that the Healthcare System Director requires that the contracting officer: (a) prepare PNMs for all noncompetitive contracts, (b) document how prices were determined to be fair and reasonable, and (c) provide and document initial and annual COTR refresher training.

Concur

Concur with actions taken by Montana HCS Director

5. Information Technology Security – Controls Needed To Be Strengthened.

Recommended Improvement Action 5. We recommend that the VISN Director ensure that the Healthcare System Director requires that: (a) annual AIS contingency plan testing is conducted and all personnel receive training in their contingency plan related duties, (b) a risk analysis is performed, (c) a VISTA security plan is created and the LAN security plan is updated, and (d) annual refresher training is provided to all computer system users.

Concur

Concur with actions taken by Montana HCS Director

6. Controlled Substances Accountability – Inspectors Should Be Trained and Inspections Unannounced.

Recommended Improvement Action 6. We recommend that the VISN Director ensure that the Healthcare System Director requires that: (a) the Coordinator implements a formal training program for inspectors and (b) inspections maintain an element of surprise.

Concur

Concur with actions taken by Montana HCS Director

Healthcare System Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: October 12, 2004
From: Director, VA Montana Health Care System (436/00)
Subject: CAP Review Report
To: Myra Taylor, VA Office of Inspector General (52SE)
Thru: Rocky Mountain Network Director, VISN 19 (10N19)

1. Attached is the response to the OIG CAP Site Review and comments from the Network Director.

2. I appreciate the courtesy and cooperativeness displayed by you and all members of the IG Team throughout this review process. The VA Montana staff benefited from many of the informal suggestions and recommendations made by the Team as well as from the assessment itself.

(original signed by:)

JOSEPH M. UNDERKOFER

Attachment

Healthcare System Director's Comments to Office of Inspector General's Report

1. Medical Care Collections Fund – Procedures Should Be Improved

Recommended Improvement Action 1. We recommend that the VISN Director ensure that the Healthcare System Director requires that: (a) veteran insurance coverage is verified at time of treatment, (b) accounts receivable are pursued more aggressively, (c) medical records include adequate documentation, and (d) billable providers and procedures are accurately identified.

Concur with recommended improvement actions.

a. Veteran insurance coverage is verified at time of treatment

Planned Action:

VA policy requires insurance information be updated every six months. The frontline staff currently distributes demographic sheets for update by patients who meet this criterion. Changes are sent to the Business Office for input. This process will be reinforced with the staff at all the CBOCs. Given current staffing levels, 100 percent review of patients is neither feasible nor cost-effective. A task team will be formed to review the insurance verification process to determine whether additional improvements can be made. Recommendations are expected by **March 31, 2005**.

b. Accounts receivable are pursued more aggressively

Planned Action:

VA Montana uses the Network AR Unit (NARU) to perform follow-up on accounts greater than 90 days and all claims over 500 that are older than 60 days old. VA Montana will request that the NARU provide additional follow-up support to decrease outstanding receivables per your

recommendation. Once additional support is in place, the NARU will be able to follow up on claims over 30 days old. These changes will be implemented by **March 31, 2005**.

c. Medical records include adequate documentation

Planned Action: Recommended improvement has been implemented with the exception of training at the Glasgow and Sidney Clinics. Providers have been again reminded of the importance of complete and accurate documentation. Provider education will remain ongoing pending compliance reviews. Travel to Glasgow and Sidney Clinics is being coordinated with the IRM staff to provide CPRS capabilities as well as documentation education to the providers. Encounter management education is ongoing with all clinical staff to ensure that the proper documentation is entered into the record as soon as the patient is seen to ensure that the information is available to the coding/billing staff. We have sent the revised Mental Health Fact Sheet to the Chief of Psychiatry and will continue to educate the Mental Health department on the codes that a LCPC (in the State of Montana) can use and bill for. We have followed up with the Sleep Study provider on the importance of documentation and the reading of these tests in a timely manner. Training at the Glasgow and Sidney Clinics to be completed by **December 31, 2004**.

d. Billable providers and procedures are accurately identified

Planned Action: Recommended improvement has been implemented. Education has been provided to billing staff regarding billable versus non-billable providers and/or clinics. Billers have also been reminded to select the appropriate reason not billable code for tracking and reporting purposes. The Revenue Manager is randomly checking the reasons not billable report monthly to ensure that the most appropriate reason not billable code has been selected and to verify that billing opportunities are not missed. We recommend that this item be closed.

2. Quality Management – Restraints Review, Patient Safety Goals, and Action Implementation Should Be Improved

Recommended Improvement Action 2. We recommend that the VISN Director ensure that the Healthcare System Director implements procedures to: (a) critically analyze, discuss, and act on data from the restraint and seclusion reviews and the national patient safety goals and (b) identify, implement, and evaluate all corrective actions until problems are resolved or the desired improvements are accomplished.

Concur with recommended improvement actions.

a. Critically analyze, discuss, and act on data from the restraint and seclusion reviews and the national patient safety goals

Planned Action: A team has been formed to review use of restraint and seclusion. The team will review all use of restraint and seclusion, aggregate data quarterly and make recommendations for improvement. A method has also been implemented for monitoring patient safety goals. The first data will be collected by **December 31, 2004.**

b. Identify, implement, and evaluate all corrective actions until problems are resolved or the desired improvements are accomplished

Planned Action: A standard format will be implemented by **December 31, 2004**, for Medical Executive Committee and Governing Body Executive Committee minutes to identify action items and track them through completion.

3. Equipment Accountability – Inventory Lists Should Be Updated and Equipment Inventories Performed.

Recommended Improvement Action 3. We recommend that the VISN Director ensure that the Healthcare System Director requires the Acting Chief of A&MMS to: (a) ensure that EILs are updated to reflect the accurate status of all

equipment and (b) perform periodic equipment inventories in accordance with VA policy.

Concur with recommended improvement actions.

a. Ensure that EILs are updated to reflect the accurate status of all equipment

Planned Action: VA Montana HCS has completed reviews and certifications on 13 of the 17 deficient EIL's. The largest remaining EIL, IRM, is currently 50 percent completed. This EIL requires that every location in the VA Montana HCS containing IT equipment be surveyed prior to November 30, 2004. All four remaining EIL's will be completed by **November 30, 2004.**

b. Perform periodic equipment inventories in accordance with VA policy

Planned Action: VA Montana HCS has purchased bar code scanners to help facilitate the equipment inventory process in each service and to automate data entry into the AMIS/MERS inventory management system. The new barcode scanners have been configured and deployed at several locations throughout the facility. End users have been trained and have been using the new scanners for the past several weeks. Annual EIL's will be conducted as required by VA policy. The scanning technology greatly simplifies the process and will assist each service with completing their EIL certifications in a timely manner. We recommend that this item be closed.

4. Service Contracts – Contract Documentation Should Be Improved and Training Provided

Recommended Improvement Action 4. We recommend that the VISN Director ensure that the Healthcare System Director requires that the contracting officer: (a) prepare PNMs for all noncompetitive contracts, (b) document how prices were determined to be fair and reasonable, and (c) provide and document initial and annual COTR refresher training.

Concur with recommended improvement actions.

a. Prepare PNMs for all noncompetitive contracts

Planned Action: Recommended improvement has been implemented. The contracting officer is now preparing PNM's on all noncompetitive contracts for VA Montana. In addition, contracting is now centralized under the VISN and the same principles will be applied. We recommend that this item be closed.

b. Document how prices were determined to be fair and reasonable

Planned Action: Recommended improvement has been implemented. The contracting officer is now documenting how prices were determined to be fair and reasonable. Sources such as the Network Authorization Office and Medicaid reimbursement will be utilized to determine if pricing is fair and reasonable. Other sources will be used for other types of services including COTR's to determine if prices are fair and reasonable.

c. Provide and document initial and annual COTR refresher training

Planned Action: Recommended improvement has been implemented. Annual COTR refresher training has been completed. The facility contracting officer disseminated training material to all VA Montana Contracting Officer Technical Representatives and ensures training is completed via certification documentation. In addition, a COTR training slide show has been placed on the VA Montana HCS Web site along with the COTR VA Handbook. We recommend that this item be closed.

5. Information Technology Security – Controls Needed To Be Strengthened.

Recommended Improvement Action 5. We recommend that the VISN Director ensure that the Healthcare System Director requires that: (a) annual AIS contingency plan testing is conducted and all personnel receive training in their contingency plan related duties, (b) a risk analysis is

performed, (c) a VistA security plan is created and the LAN security plan is updated, and (d) annual refresher training is provided to all computer system users.

Concur with recommended improvement actions.

a. Annual AIS contingency plan testing is conducted and all personnel receive training in their contingency plan related duties

Planned Action: Annual AIS contingency testing will be included with facility emergency preparedness testing and documented as well. Currently emergency preparedness training is conducting annually; during the testing period AIS contingency will also be tested. IRM will conduct annual refresher training for all personnel in regard to their AIS contingency duties by **January 31, 2005**.

b. A risk analysis is performed

Planned Action: Currently, the VA Montana HCS ISO is completing the risk analysis documentation for all required systems. This documentation will be completed by **December 31, 2004**.

c. A VistA security plan is created and the LAN security plan is updated

Planned Action: The VA Montana LAN security plan is being updated and will be posted in hardcopy and electronic format. In addition, the new ISO is currently working on completing the VistA security plan. Both plans will be completed by **December 31, 2004**.

d. Annual refresher training is provided to all computer system users

Planned Action: Annual AIS refresher training is mandatory for all current and new employees. The training is available through a web-based program developed by the Office of Cyber and Information Security. After successful completion of the training, end users will print a certification of completion. The course is automatically entered into the TEMPO training package so tracking can be completed

annually. For the fiscal year that ended September 30, 2004, 98.6 percent of the employees had received the mandated training. We recommend that this item be closed.

6. Controlled Substances Accountability – Inspectors Should Be Trained and Inspections Unannounced.

Recommended Improvement Action 6. We recommend that the VISN Director ensure that the Healthcare System Director requires that: (a) the Coordinator implements a formal training program for inspectors and (b) inspections maintain an element of surprise.

Concur with recommended improvement actions.

a. The Coordinator implements a formal training program for inspectors

Planned Action: VA Montana will downsize from the current list of 24 narcotics inspectors to 8, as recommended to assure better familiarization with the inspection process. In doing this, four would be dedicated to the pharmacy, four to the wards. At this number, each group can become familiar with each other and each inspector can become more familiar with the specific area(s) they are responsible for inspecting, although existing training was in place. The Inspection Coordinator and Chief, Pharmacy Service will ensure additional training for these inspectors. These changes will be implemented by **November 30, 2004.**

b. Inspections maintain an element of surprise

Planned Action: Pharmacy inspectors' training will stress the importance of unannounced inspections and encouraged to conduct their inspections at different times each month.

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	Better use of funds by improving MCCF procedures.	\$65,148	N/A

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