Department of Veterans Affairs
Office of Inspector General

Combined Assessment Program Review of the VA Medical Center Martinsburg, West Virginia

Report No. 04-02974-90 February 25, 2005
VA Office of Inspector General
Washington, DC 20420

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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Contents

Executive Summary

Introduction

During the week of September 20–24, 2004, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Medical Center Martinsburg, WV. 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 235 employees. The medical center is under the jurisdiction of Veterans Integrated Service Network (VISN) 5.

Results of Review

This CAP review covered 11 areas. The medical center complied with selected standards in the following three areas:

- Environment of Care
- Moderate Sedation
- QM Program

Based on our review, the following organizational strength was identified:

- Managers encouraged reporting of potential adverse events.

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

- Strengthen controls over the bulk oxygen system by performing annual inspections, preparing an Interim Life Safety Measure (ILSM) plan, establishing a Memorandum of Understanding (MOU) with the oxygen supplier, monitoring the oxygen delivery process, and developing appropriate written policies.
- Increase Medical Care Collections Fund (MCCF) billings by obtaining insurance information from veterans at the time of treatment, improving documentation of medical care, ensuring all billable VA care is identified, forwarding documentation of fee-basis care to MCCF personnel promptly, and improving monitoring of a contractor's performance.
- Improve automated information systems (AIS) security by terminating inactive user accounts, following up on background investigation requests, and requiring AIS users to attend security awareness training.
- Maintain accurate supply inventory records and reduce stock levels.

- Strengthen service contract controls by ensuring contract documentation is complete and accurate, contracts are signed by a contracting officer, annual reviews of community nursing homes (CNHs) are documented, and conflict of interest acknowledgments are signed.
- Retain documentation supporting third party draft payments and use electronic payment methods when possible.
- Retain documentation supporting Government purchase card transactions and input orders timely.
- Ensure written prescriptions include all required information.

This report was prepared under the direction of Mr. Michael E. Guier, Director, and Ms. Joann Pritchard, CAP Review Coordinator, Dallas Audit Operations Division.

VISN 5 and Acting Medical Center Director Comments

The VISN and Acting Medical Center Directors agreed with the CAP review findings and recommendations and provided acceptable improvement plans. (See Appendixes A and B on pages 15–22 for the full text of the Directors' comments.) We will follow up on planned actions until they are completed.

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

Introduction

Medical Center Profile

Organization. The medical center provides general medical, surgical, nursing home, rehabilitation, outpatient, and domiciliary care. Outpatient care is also provided at six community-based outpatient clinics (CBOCs) located in Cumberland and Hagerstown, MD; Harrisonburg and Stephens City, VA; and Franklin and Petersburg, WV. The medical center is part of VISN 5 and serves a veteran population of about 120,000 residing in 23 counties in western Maryland, south central Pennsylvania, northwestern Virginia, and West Virginia.

Programs. The medical center is a 99-bed primary and secondary care facility. Long-term care is provided in a 148-bed nursing home care unit and a 312-bed domiciliary. The domiciliary care programs include a homeless program, a traumatic brain injury community re-entry program, substance abuse treatment programs, and a post-traumatic stress disorder residential recovery program.

Affiliations and Research. The medical center is affiliated with the George Washington University School of Medicine, West Virginia School of Osteopathic Medicine, and West Virginia University Medical and Dental Schools. The medical center provides training opportunities to more than 300 students.

Resources. In fiscal year (FY) 2003, the medical center's medical care expenditures totaled $101 million. The FY 2004 medical care budget was $104 million. FY 2004 staffing was 1,215 full-time equivalent employees (FTE), which included 68 physician FTE and 191 nursing FTE.

Workload. The medical center treated 27,220 unique patients in FY 2003 and 27,413 unique patients in the first 3 quarters of FY 2004. There were 3,960 inpatient admissions in FY 2003 and 3,380 inpatient admissions in the first 3 quarters of FY 2004. The annual outpatient workload totaled 301,744 visits in FY 2003 and 235,046 visits through the third quarter of FY 2004.

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, QM, 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. The review covered facility operations for FY 2002, FY 2003, and FY 2004 through September 23, 2004, and was done in accordance with OIG standard operating procedures for CAP reviews.

In performing the review, we inspected work areas; interviewed managers, employees, and patients; and reviewed clinical, financial, and administrative records. The review covered the following 11 activities:

AIS Security	Moderate Sedation
Bulk Oxygen Utilities	QM Program
Controlled Substances	Service Contracts
Environment of Care	Supply Inventory Management
Government Purchase Card Program	Third Party Drafts
MCCF	

As part of the review, we used questionnaires and interviews to survey employee and patient satisfaction with the timeliness of service and the quality of care. We made electronic survey questionnaires available to all medical center employees, and 60 employees responded. We also interviewed 33 patients during the review. The survey results were shared with medical center managers.

We also presented four fraud and integrity awareness training sessions for medical center employees. A total of 235 employees attended the training, which 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.

In this report, we make recommendations for improvement. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. For those activities not discussed in the Organizational Strength or Opportunities for Improvement sections, there were no reportable conditions.

Results of Review

Organizational Strength

Managers Encouraged Reporting of Potential Adverse Events. Medical center managers worked to create a culture of safety that includes an environment where employees feel comfortable identifying potential adverse events, which are unsafe conditions or unsafe actions that could harm patients. These potential adverse events are named Close Calls. The Associate Medical Center Director for Nursing Programs and Education describes Close Calls during new employee orientation and service level meetings. Any employee who reports a Close Call will receive a commemorative slice of plastic Swiss cheese. Swiss cheese symbolizes a situation where unsafe conditions and unsafe actions line up for a patient to fall through the holes. If identification of the Close Call results in redesigning a process to improve patient safety, the employee also receives a $500 award. This has encouraged reporting of potential adverse events without assigning blame. As a result, reports of potential adverse events have increased, and managers have taken actions to improve patient safety.

Opportunities for Improvement

Bulk Oxygen Utilities – Controls Needed To Be Strengthened

Condition Needing Improvement. Medical center managers needed to improve bulk oxygen policies and procedures. On April 5, 2004, the Veterans Health Administration (VHA) issued a Patient Safety Alert (PSA) in response to incidents at two facilities where bulk oxygen systems were disrupted. The PSA listed several actions that all VHA facilities were required to complete by April 30, 2004. Compliance with the PSA is needed to ensure an adequate and safe supply of oxygen is maintained for patient needs.

The medical center did not comply with the following PSA requirements:

Annual Inspection Not Performed. The National Fire Protection Association code requires that bulk oxygen systems be inspected and maintained by a qualified representative annually. Medical center managers agreed that the system had not been inspected and maintained annually as required.

ILSM Plan Needed. The PSA requires medical centers to publish an ILSM plan if annual inspections have not been conducted. The ILSM is a comprehensive contingency plan that must remain in effect until the PSA requirements are met. Employees involved in monitoring the bulk oxygen system must have ILSM training as required by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). At the time of our review, the medical center had not developed an ILSM plan.

MOU Not Established. The medical center contracting officer's technical representative (COTR) for the oxygen supply contract had not established an MOU specifying procedures for ordering and delivering oxygen. The VA National Acquisition Center (NAC) requires that an MOU be completed within 15 days of awarding the contract to the vendor. The MOU outlines the facility's contract responsibilities and specific details and responsibilities of the services the vendor will provide. A copy of the MOU must then be forwarded to the NAC and incorporated into the NAC contract.

Delivery Process Not Monitored. Medical center personnel did not monitor the oxygen delivery process as required by the PSA. Monitoring of the process by qualified and trained personnel ensures that delivery occurs as scheduled and provides a quick emergency response if something untoward occurs during the refilling procedure.

Written Policy Needed. The medical center did not have a bulk oxygen policy. Although the medical center had a utility shutdown policy, the policy did not address all bulk oxygen processes. JCAHO requires that facilities develop and maintain a written management plan describing the processes for managing an effective, safe, and reliable bulk oxygen system. Facilities must also identify and implement emergency procedures for responding to utility system disruptions.

During our review, the Acting Medical Center Director took immediate action to correct all areas that were not in compliance with the PSA.

Recommended Improvement Action 1. We recommended the VISN Director ensure the Medical Center Director takes action to: (a) inspect and maintain the bulk oxygen system annually; (b) develop an ILSM plan and train appropriate employees on the plan; (c) ensure the COTR establishes an MOU with the oxygen supply contractor covering ordering and delivery procedures and submits the MOU to the NAC; (d) ensure qualified and trained staff monitor the oxygen delivery process; and (e) develop and maintain a bulk oxygen system policy, and include emergency procedures for responding to bulk oxygen disruptions and failures in the utility shutdown policy.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. The Acting Medical Center Director reported that the bulk oxygen system was inspected on October 17, 2004. An ILSM plan has been developed, and an MOU will be incorporated into the new oxygen supply contract in January 2005. An employee has been trained and certified to monitor the oxygen delivery process. A bulk oxygen system policy that includes emergency procedures for responding to bulk oxygen disruptions and failures has been developed. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Medical Care Collections Fund – Collections from Insurance Carriers Could Be Increased

Condition Needing Improvement. The medical center could increase MCCF collections by obtaining insurance information from veterans at the time of treatment, improving documentation of medical care, ensuring MCCF personnel identify all billable VA care, forwarding documentation of fee-basis care promptly to MCCF personnel, and issuing bills to insurance carriers promptly.

Under the MCCF program, VA is authorized to recover from insurance carriers the cost of treating insured veterans. In FY 2003, the medical center collected $11.1 million, which exceeded its FY 2003 collection goal of $10.8 million. As of September 23, 2004, the medical center had collected $12.3 million in FY 2004, which exceeded its FY 2004 collection goal of $12.1 million.

Insurance Information Not Obtained Promptly. Medical center managers needed to ensure that eligibility and clinic clerks obtain insurance information from veterans at the time of treatment so that MCCF personnel could bill insurance carriers promptly. We reviewed records for 10 veterans listed on the "Detailed Patients with Unidentified Insurance Report" for June 2004 and 10 veterans listed on the "Unbilled Amounts Detail Report" for the 10-month period ending July 31, 2004. As a result of our review, medical center personnel obtained insurance information for 6 of the veterans and issued 24 bills totaling $31,527.

VA Care Not Properly Documented. Medical care providers needed to improve the documentation of care. The "Reasons Not Billable Report" lists episodes of care that MCCF personnel could not bill because, among other reasons, medical care providers did not adequately document the care in veterans' medical records. We reviewed 45 potentially billable episodes of care totaling $19,724 listed on the report for the 6-month period ending July 31, 2004. We identified 14 episodes of care with 18 billing opportunities totaling $1,828 that could have been billed if medical record documentation had been complete.

Billable VA Care Not Identified. To determine whether MCCF personnel identified all billable VA care, we reviewed 85 episodes of care: 15 inpatient discharges that occurred during June 2004; 15 outpatient visits that occurred on June 24, 2004; 10 episodes of care listed on the "Unbilled Amounts Detail Report" for the 10-month period ending July 31, 2004; and 45 potentially billable episodes of care listed on the "Reasons Not Billable Report" for the 6-month period ending July 31, 2004. We identified 16 episodes of care with 32 billing opportunities totaling $13,885 that medical center personnel billed as a result of our review.

Documentation of Fee-Basis Care Not Forwarded. The Fee-Basis Unit authorizes payments to non-VA medical care providers furnishing fee-basis care to veterans residing in the medical center's service area. After authorizing payments for fee-basis care furnished to veterans with health insurance, the Fee-Basis Unit is required to forward documentation needed to bill the insurance carriers to MCCF personnel.

To determine whether MCCF personnel properly billed veterans' insurance carriers for fee-basis care, we reviewed the records for 15 episodes of fee-basis care furnished during the period June 17, 2002, through January 28, 2004. We identified seven episodes of care with seven billing opportunities totaling $26,820. MCCF personnel stated they had not billed for this care because the Fee-Basis Unit had not forwarded the required documentation.

Contractor Performance Not Adequately Monitored. Although the VISN goal is to bill insurance carriers within 45 days of treatment, we identified 12 episodes of care, with 23 billing opportunities totaling $3,370, that had not yet been billed 83 to 225 days after treatment was provided. MCCF personnel stated that the bills had not been issued because a contractor, hired under a VISN Blanket Purchase Agreement (BPA) to assist in reducing the billing backlog, processed billings in alphabetical order by patient name rather than by date of treatment. The BPA provides for a 5 percent reduction in contractor earnings when bills are not issued within 30 days of assignment. However, medical center personnel had not established procedures for identifying billing opportunities delayed or missed by the contractor and had not reduced the contractor's earnings.

As a result of our review, MCCF personnel issued 22 bills totaling $3,305. One billing opportunity for $65 was missed because the time limit for submitting bills had expired.

Potential for Increased Collections. We estimated that additional bills totaling $77,430 ($31,527 + $1,828 + $13,885 + $26,820 + $3,370) could have been issued for the billing opportunities we identified. Based on the medical center's historical collection rate of 40.4 percent, MCCF personnel could have increased collections by $31,282 ($77,430 x 40.4 percent). As a result of our review, MCCF personnel issued 78 bills during our visit and were working to issue bills for the other billing opportunities.

Recommended Improvement Action 2. We recommended the VISN Director ensure the Medical Center Director takes action to: (a) obtain veterans' insurance information at the time of treatment, (b) ensure that medical care providers adequately document the care provided in the medical records, (c) identify and bill all billable VA care, (d) ensure that the Fee-Basis Unit promptly forwards to MCCF personnel the documentation needed to bill insurance carriers, and (e) establish procedures for identifying billing opportunities delayed or missed by the contractor and reduce the contractor's earnings as appropriate.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. The Acting Medical Center Director reported that intake personnel have been instructed to request insurance information at every encounter with a veteran. MCCF personnel are contacting providers when medical records lack documentation needed for billing, and the Compliance Officer is following up if complete documentation is not provided within 7 days. Additional Medical Record Technicians (MRTs) will be hired for coding and billing, and MCCF personnel are now reviewing the unbilled inpatient and outpatient reports to identify all billable episodes of care. One MRT has been assigned to ensure that fee-basis care is billed, and the MCCF Revenue Coordinator is working with VISN personnel to establish procedures for monitoring the contractor's performance. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Automated Information Systems Security – Controls Over Inactive Accounts, Monitoring of Background Investigations, and Training Needed To Be Strengthened

Condition Needing Improvement. The medical center needed to terminate inactive AIS accounts, follow up on background investigation requests, and require AIS users to attend security awareness training.

Unneeded User Access Not Terminated. VHA policy requires that medical center personnel review AIS access at least every 90 days to ensure that users have a continued need for access. We identified 22 Veterans Health Information Systems Technology Architecture (VistA) users who had not accessed the system during the 90 days before our review. These 22 users did not have a continued need for access; 19 of these users

had never accessed the system and 3 had not accessed the system in more than 2 years. We provided the Information Security Officer (ISO) and Information Resources Management personnel a list of the inactive accounts, and they promptly terminated access.

Background Investigations Not Adequately Monitored. VA policy requires background investigations of applicants for positions of national security or public trust. Medical center personnel submit requests for background investigations through the Human Resources Section and the VA Office of Security and Law Enforcement (OSLE) to the Office of Personnel Management (OPM). The medical center's VistA Security Plan requires the ISO to request background investigations and follow up on the requests with the Human Resources Section and OSLE as appropriate.

The ISO provided us a list of 32 employees awaiting background investigations as of August 31, 2004. The list showed medical center personnel had requested the background investigations as far back as October 1998.

To determine whether the ISO was adequately monitoring background investigation requests, we telephoned OSLE to check the status of four investigations. Three of these investigations were requested in February 2001 and one in October 2002. We also reviewed the employees' Official Personnel Folders (OPFs). We found that:

- OSLE had no record of the request for one background investigation.
- One background investigation was completed but not documented in the employee's OPF.
- One background investigation was still pending at OPM.
- A background investigation requested in October 2002 was completed in March 2003 and documented in the employee's OPF.

Monitoring of background investigations is needed to ensure that employees who should not have access to sensitive information are identified promptly.

Security Awareness Training Not Conducted and Documented. VHA policy requires that individuals given access to Federal AIS receive a security awareness briefing as part of their orientation training and receive annual refresher training. VHA policy also requires evidence of the training be documented.

While AIS users received security awareness briefings during their orientation training, not all users received annual refresher training. The ISO used the Training and Education Management Program (TEMPO) to determine which employees needed refresher training and to document the training. We reviewed TEMPO records for 15 employees and found that there was no documentation of refresher training for 6 employees in FY 2003. Also,

as of September 23, 2004, these six employees had not completed refresher training for FY 2004.

Recommended Improvement Action 3. We recommended the VISN Director ensure the Medical Center Director takes action to: (a) review AIS user access at least every 90 days and terminate unneeded access promptly, (b) follow up promptly on outstanding background investigation requests, and (c) ensure that all individuals with AIS access receive security awareness training annually and that the training is documented.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. The Acting Medical Center Director reported that Information Resources Management personnel will review AIS accounts weekly to identify accounts that have been inactive for 90 days, and the ISO will verify that inactive accounts have been terminated. The Human Resources Section will track background investigations and follow up with OPM until investigations are returned, and security awareness training records will be monitored monthly by the ISO, Education Service, and service chiefs. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Supply Inventory Management – Inventory Records Should Be Accurate and Stock Levels Needed To Be Reduced

Condition Needing Improvement. The medical center needed to maintain accurate inventory records and reduce stock levels. VHA policy requires that medical facilities use the automated Generic Inventory Package (GIP) to manage inventories and establishes a 30-day supply goal. Managers should use GIP to establish appropriate stock levels, analyze usage patterns, and determine order quantities.

At the time of our review, GIP data showed the medical center's supply inventory included 2,266 line items with a combined value of $541,031. To assess stock levels, we analyzed GIP data for five primary inventory points: Posted Stock, Prosthetics, Radiology, Surgery, and Ward. In addition, we inventoried quantities on hand and reviewed usage rates for 35 line items, with a combined value of $37,887, to assess the accuracy of inventory records.

Inventory Records Not Accurate. We inventoried 5 line items in Posted Stock, 11 line items in Prosthetics, 3 line items in Radiology, 8 line items in Surgery, and 8 line items in Ward primary inventory points. The quantities recorded in GIP for the Posted Stock line items were accurate, but the quantities recorded for the Prosthetics, Radiology, Surgery, and Ward line items were inaccurate. Fourteen of the 35 (40 percent) line items had inaccurate quantities in GIP, with 5 overages valued at $2,061 and 9 shortages valued at $4,724. Quantities recorded in GIP were inaccurate because medical center personnel did not record receipts and distributions promptly and accurately. Accurate inventory records would facilitate efforts to maintain appropriate stock levels.

Stock Levels Too High. GIP data indicated stock levels on hand were higher than needed. The stock levels of 1,952 of the 2,266 (86 percent) GIP line items exceeded the 30-day level. Excluding items that did not have established usage patterns, we calculated that the total recorded value of supplies in excess of the 30-day level was $265,892. Reducing stock levels would make more funds available for other uses.

Recommended Improvement Action 4. We recommended the VISN Director ensure the Medical Center Director takes action to: (a) correct inventory records; (b) provide refresher training to Prosthetics, Radiology, Surgery, and Ward personnel, emphasizing the importance of recording receipts and distributions promptly and accurately; and (c) reduce stock levels to meet the 30-day goal.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. The Acting Medical Center Director reported that a total inventory was accomplished in October 2004 and records were corrected to reflect stock levels on hand. Refresher training has been provided to personnel in Prosthetics, Radiology, Surgery, and Ward, and stock levels exceeding the 30-day goal are being reduced. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Service Contracts – Controls Needed To Be Strengthened

Condition Needing Improvement. The medical center needed to strengthen controls over service contracts. To evaluate contracting activities, we examined documentation for 10 service contracts valued at about $2.7 million. We reviewed the records for five CNHs to determine whether annual inspections were conducted and documented. We also reviewed training records and conflict of interest acknowledgments. We identified four issues requiring management attention.

Contract Documentation Not Complete and Accurate. The Federal Acquisition Regulation (FAR) requires that contract files contain all relevant contract documentation. Three of the 10 service contract files reviewed did not contain required documents, and 5 contained inaccurate documentation.

- Two did not contain Price Negotiation Memorandums.
- One did not contain a written designation of the COTR.
- Four contained COTR designations citing the wrong contract numbers.
- One contained an award letter to the vendor with the wrong contract number.

Contracts Not Signed by a Contracting Officer. The FAR states that only contracting officers shall sign contracts on behalf of the Government. Medical center managers who did not have contracting authority awarded two consecutive year-long service contracts.

A contracting officer discovered the error and signed the current service contract 7 weeks after its effective date.

Annual Reviews of CNHs Not Documented. VHA policy requires the medical center CNH Review Team to conduct initial reviews of CNHs before awarding contracts and annual reviews thereafter. Findings and recommendations of the reviews must be documented. We requested copies of the annual reviews for five CNHs caring for VA patients and found that the CNH Review Team had not documented the annual reviews for three CNHs in FY 2003. Also, as of September 23, 2004, the annual review for one CNH had not been completed for FY 2004.

Conflict of Interest Acknowledgments Not Signed. VHA policy requires that each physician, supervisor, or manager receive a copy of VHA Handbook 1660.3, which provides guidance for avoiding conflicts of interest, and acknowledge its receipt in writing to indicate they understand and agree to abide by the guidance. We reviewed the OPFs of five physicians, supervisors, or managers and found that two had not received the handbook and signed the acknowledgment.

Recommended Improvement Action 5. We recommended the VISN Director ensure that the Medical Center Director takes action to: (a) include all required documentation in contract files and ensure their accuracy; (b) allow only contracting officers to sign contracts; (c) ensure that CNH annual reviews are conducted and documented; and (d) provide each physician, supervisor, or manager a copy of VHA Handbook 1660.3 and obtain written acknowledgment of receipt and agreement.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. The Acting Medical Center Director reported that contracting personnel will audit contract files to ensure that all required documentation is included and is accurate, and the Network Contracting Office will monitor contracts to ensure that they are signed only by contracting officers. All required CNH inspections were completed by the end of October 2004 and properly documented. Each physician, supervisor, or manager was given a copy of VHA Handbook 1660.3, and signed receipts were obtained. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Third Party Drafts – Documentation Supporting Payments Should Be Retained and Electronic Funds Transfers Used

Condition Needing Improvement. Documentation to support some third party drafts was not retained, and some payments should have been made electronically instead of by third party drafts. To determine whether third party drafts were appropriately used, we examined 12 third party draft payments to 5 vendors. The payments, totaling $19,490, were made during the 6-month period ending July 31, 2004. We identified two issues requiring management attention.

Supporting Documentation Not Retained. Medical center personnel did not retain invoices and evidence of receipt, such as packing slips, cash register slips, and receiving reports, to support seven payments to three vendors totaling $11,110.

Third Party Drafts Inappropriately Used. Medical center personnel should not have used third party drafts for nine payments to four vendors totaling $14,310. The Debt Collection Improvement Act of 1996 requires Federal payments be made by Electronic Funds Transfer (EFT) unless the payees are qualified for waivers. Third party drafts are not EFTs, and the four vendors did not qualify for waivers. Government purchase card transactions and electronic Treasury disbursements processed through VA's Financial Management System (FMS) are EFTs. The four vendors could have been paid by EFT because two accepted Government purchase cards and the other two accepted electronic Treasury disbursements processed through FMS.

Recommended Improvement Action 6. We recommended the VISN Director ensure that the Medical Center Director requires: (a) invoices and evidence of receipt be retained to support third party draft payments to vendors and (b) payments be made by EFT unless the payees are qualified for waivers.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. The Acting Medical Center Director reported that documentation supporting third party draft payments will be retained and that controls are in place to ensure payments are made by EFT unless the payee qualifies for a waiver. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Government Purchase Card Program – Supporting Documentation Should Be Retained and Orders Should Be Input Timely

Condition Needing Improvement. The medical center needed to retain documentation of Government purchase card transactions and input orders timely in the Integrated Funds Distribution, Control Point Activity, Accounting and Procurement (IFCAP) system. During the 6-month period ending July 31, 2004, Government purchase cardholders at the medical center completed 9,069 transactions totaling $3.8 million. We examined 38 of these transactions totaling $125,580 and identified 2 conditions requiring management attention.

Supporting Documentation Not Retained. Cardholders did not retain invoices and evidence of receipt, such as packing slips, cash register slips, and receiving reports, to support the purchases made. Vendor invoices were not retained for eight transactions totaling $14,255, and VA receipt was not documented for six transactions totaling $45,006.

Orders Not Input Timely. VHA policy requires Government purchase cardholders to input orders in IFCAP within 1 workday of purchase. Two purchases, totaling $24,585, were input 31 and 200 days after the purchases.

Recommended Improvement Action 7. We recommended the VISN Director ensure that the Medical Center Director requires: (a) invoices and evidence of receipt be retained to support Government purchase card transactions and (b) cardholders input orders in IFCAP within 1 workday of purchase.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. The Acting Medical Center Director reported that monthly audits of 10 percent of purchase cardholders will ensure that supporting documentation is retained and that orders are input to IFCAP within 1 workday of purchase. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Controlled Substances – Written Prescriptions Needed To Include All Required Information

Condition Needing Improvement. Our review showed that physical security over controlled substances was generally adequate, medical center personnel appropriately conducted controlled substances inspections, and controlled substances inspectors were properly trained. However, written prescriptions needed to include all required information.

The Code of Federal Regulations (CFR) and VHA policy require that prescriptions for controlled substances include the full name of the patient, the patient's address, and the Drug Enforcement Administration (DEA) registration number of the prescribing practitioner. If the prescribing practitioner is exempt from DEA registration, the prescription should include the medical center's DEA registration number and the internal code number assigned by the medical center. VHA policy requires that outpatient prescriptions for Schedule II controlled substances be written and outpatient prescriptions for Schedules III, IV, and V controlled substances be electronic. We reviewed 10 of 89 outpatient prescriptions for Schedule II controlled substances filled during the 2-day period ending September 3, 2004, and identified the following deficiencies:

- One contained only the last name of the patient.
- Ten did not include the patient's address.
- Three did not include either the practitioner's DEA registration number or the medical center's DEA registration number and internal code number.

Recommended Improvement Action 8. We recommended the VISN Director ensure that the Medical Center Director requires that all outpatient prescriptions written for Schedule II controlled substances be completed in accordance with the CFR and VHA policy.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. The Acting Medical Center Director reported that the medical center has obtained a stamp for each physician with the physician's name and DEA registration number for use on prescriptions. Physicians are required to put the patient's full name and address on each written prescription, and Pharmacy personnel monitor the prescriptions to ensure they include all required information. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Appendix A

VISN 5 Director Comments

Department of Veterans Affairs **Memorandum**

Date: January 6, 2005

From: Director, Veterans Integrated Service Network (10N5)

Subject: **VA Medical Center Martinsburg, West Virginia**

To: Director, Dallas Audit Operations Division (52DA)

1. I concur with the actions taken by the Acting Director of the Martinsburg VA Medical Center.

2. If you have any questions regarding this report, please contact Linda J. Morris, Acting Medical Center Director, at 304-263-0811 ext. 4009.

(original signed by:)
JAMES J. NOCKS, M.D., M.S.H.A.

Appendix B

Acting Medical Center Director Comments

Department of Veterans Affairs **Memorandum**

Date: January 4, 2005

From: Acting Director, VA Medical Center Martinsburg

Subject: **CAP Review of the VA Medical Center Martinsburg, West Virginia**

To: Director, Dallas Audit Operations Division (52D)

Thru: Director VISN 5

1. Attached please find the action plans for the eight (8) recommendations from the Office of the Inspector General Combined Assessment Program Review conducted September 20-23, 2004.

2. We appreciate the professionalism demonstrated by your team during this review process.

3. If you have any questions regarding this report, please contact Linda J. Morris, MD, Acting Medical Center Director at 304-263-0811 ext. 4009.

(original signed by:)
Linda J. Morris, MD

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

The following Acting Director's comments are submitted in response to the recommendations in the Office of Inspector General's report:

OIG Recommendations

Recommended Improvement Action 1. We recommend the VISN Director ensure the Medical Center Director takes action to: (a) inspect and maintain the bulk oxygen system annually; (b) develop an ILSM plan and train appropriate employees on the plan; (c) ensure the COTR establishes an MOU with the oxygen supply contractor covering ordering and delivery procedures and submits the MOU to the NAC; (d) ensure qualified and trained staff monitor the oxygen delivery process; and (e) develop and maintain a bulk oxygen system policy, and include emergency procedures for responding to bulk oxygen disruptions and failures in the utility shutdown policy.

Concur **Target Completion Date:** 1/27/05

The bulk oxygen system was inspected 10/17/04. Annual inspection has been incorporated into contract.

An ILSM plan has been developed and is under review by all Services involved. Upon concurrences plan will be implemented.

A MOU covering ordering and delivery procedures will be incorporated in the oxygen supply contract and will be submitted to the NAC for inclusion in new contract award, effective 1/14/05.

One FMS (Facility Management Service) maintenance mechanic is now certified to monitor the oxygen delivery process. Training/certification occurred 11/04. Refresher training is required on a semi-annual basis and the certified maintenance mechanic will receive the required training.

A bulk oxygen system policy that includes emergency procedures for responding to bulk oxygen disruptions and failures has been developed and staff have been trained (effective 12/31/04) according to the new policies, FMS # EUS-10 "Failure of Medical Gas System – Bulk Oxygen" and FMS # EUS-11 "Maintenance and Inspection: Medical Gas System – Oxygen. Both policies were shared with the IG CAP survey team and approved prior to their exit.

Recommended Improvement Action 2. We recommend the VISN Director require the Medical Center Director to: (a) obtain veterans' insurance information at the time of treatment, (b) ensure that medical care providers adequately document the care provided in the medical records, (c) identify and bill all billable VA care, (d) ensure that the Fee-Basis Unit promptly forwards to MCCF personnel the documentation needed to bill insurance carriers, and (e) establish procedures for identifying billing opportunities delayed or missed by the contractor and reduce the contractor's earnings as appropriate.

Concur **Target Completion Date:** 1/27/05

We have taken action to aggressively gain information at registration/intake. Intake personnel both at the Medical Center and at the CBOCs, have been instructed to request insurance information at each and every encounter the veteran has and to make a copy of the insurance card, to include the Medicare card, and forward to the MCCR Section. This will be monitored by the increased percentage of billable encounters.

Compliance messages are sent to any and all providers in which the medical record lacks complete documentation for generating insurance carrier claims. The Compliance Officer follows up on all these messages if the complete and correct documentation is not provided within 7 days. Provider training regarding medical record documentation and the need to document all care/treatment provided during the visit is provided by the Compliance Officer and MCCR staff.

The MCCF staff now review the unbilled outpatient and inpatient reports in order to identify all billable episodes of care to ensure all billing opportunities are identified. Approval has been granted to hire additional MRTs to keep up with the coding and billing workload, effective 11/28/04.

This process has been improved with a specific MRT (Medical Record Technician) assigned to insure that all Fee Basis care is billed to the insurance carriers and that the needed documentation is provided.

The MCCF Revenue Coordinator is currently working with VISN Revenue personnel to establish procedures to ensure the contractor is held to the billing and coding performance measures and specifications of the contract, that reduce the contractor's earnings if not met.

Recommended Improvement Action 3. We recommend the VISN Director ensure the Medical Center Director takes action to: (a) review AIS user access at least every 90 days and terminate unneeded access promptly, (b) follow up promptly on outstanding background investigation requests, and (c) ensure that all individuals with AIS access receive security awareness training annually and that the training is documented.

Concur **Target Completion Date:** 1/27/05

Information Resource Management checks a weekly review of Windows Active Directory for all accounts inactive for 90 days. In addition, a monthly report is sent from Human Resources to the Information Security Officer (ISO) who verifies the accounts have been terminated.

Human Resource has developed a tracking log for all background investigations submitted to OPM. If the background investigation has not been returned within 60 days, follow up contact by telephone is made with OPM to document the status. This follow-up will occur every 30 days until the investigation is returned.

ISO and Education will monitor the progress of the Security Awareness training records on a monthly basis by Service. This information, presented as deficiencies by service, will be shared with Service Chiefs monthly effective January 2005. If deficiencies are not corrected by September 30th of each fiscal year access will be denied until corrective action occurs.

Recommended Improvement Action 4. We recommend the VISN Director ensure the Medical Center Director takes action to: (a) correct inventory records; (b) provide refresher training to Prosthetics, Radiology, Surgery, and Ward personnel, emphasizing the importance of recording receipts and distributions promptly and accurately; and (c) reduce stock levels to meet the 30-day goal.

Concur **Target Completion Date:** 12/31/04

A total inventory was accomplished 10/04. Records were corrected to reflect accurate stock levels.

Refresher training has been conducted in Prosthetics, Radiology, Surgery and with Ward personnel. Monthly spot checks are accomplished to ensure compliance.

Stock levels are continually monitored. Levels exceeding the 30-day goal are identified and levels are decreased by dispensing/ usage and reductions in future orders.

Recommended Improvement Action 5. We recommend the VISN Director ensure that the Medical Center Director takes action to: (a) include all required documentation in contract files and ensure their accuracy; (b) allow only contracting officers to sign contracts; (c) ensure that CNH annual reviews are conducted and documented; and (d) provide each physician, supervisor, or manager a copy of VHA Handbook 1660.3 and obtain written acknowledgment of its receipt.

Concur **Target Completion Date:** 12/1/04

Contracting personnel are required to review/audit that all required documentation is included and accurate.

Contracts are reviewed and signed only by contracting officers. The Network Contracting Office will monitor compliance.

Actions were initiated and completed to insure inspections of all nursing homes by the end of October 2004. All reports were reviewed and found to be in compliance. Long Term Care Service will monitor and report to the Executive Committee Medical Staff (ECMS) on an annual basis.

Each physician, supervisor, or manager was given a copy of the VHA Handbook 1660 and a signed receipt was obtained.

Recommended Improvement Action 6. We recommend the VISN Director ensure that the Medical Center Director requires: (a) invoices and evidence of receipt be retained to support third party draft payments to vendors and (b) payments be made by EFT unless they qualify for waivers.

Concur **Target Completion Date:** 12/31/04

Current FY records are stored in fiscal and all other records are stored in the warehouse for a period of six years.

Controls are in place that all payments are made by EFT unless a patient or employee qualifies for a waiver.

Recommended Improvement Action 7. We recommend the VISN Director ensure that the Medical Center Director requires: (a) invoices and evidence of receipt be retained to support Government purchase card transactions and (b) cardholders input orders in IFCAP within 1 workday of purchase.

Concur **Target Completion Date:** 12/31/04

Fiscal audits 10% of purchase cardholders monthly, assuring the retention of invoices and all supporting documentation by the cardholder for a period of 6 years and 3 months.

Fiscals increased audit activity assures that purchase orders are input by the purchase cardholder within 1 day of placing an order.

Recommended Improvement Action 8. We recommend the VISN Director ensure that the Medical Center Director requires that all outpatient prescriptions written for Schedule II controlled substances be completed in accordance with the CFR and VHA policy.

Concur **Target Completion Date:** 12/1/04

The Medical Center now has stamps available for each physician with their name, DEA Number and facility address. The physicians are required to put the patient's full name and address on each hard copy Rx for Schedule II controlled substance prescriptions. The Pharmacy staff monitors each prescription to assure the required information is present and that we are complying with CFR and VHA policies.

Appendix C

Monetary Benefits in Accordance with IG Act Amendments

Recommendation	Explanation of Benefit(s)	Better Use of Funds
2	Strengthening billing practices would increase MCCF collections.	$ 31,282
4	Reducing stock levels would make funds available for other uses.	265,892
	Total	$297,174

OIG Contact and Staff Acknowledgments

OIG Contact	Joann Pritchard (512) 326-6215
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