



Office of Inspector General

Combined Assessment Program Review of VA Western New York Healthcare System

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VA Office of Inspector General Combined Assessment Program Reviews

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) effort to ensure that high quality health care is 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 on a cyclical basis. CAP review teams perform independent and objective evaluations of key facility programs, activities, and controls:

- Healthcare Inspectors evaluate how well the facility is accomplishing its mission of providing quality care and improving access to care, with high patient satisfaction.
- Auditors review selected financial and administrative activities to ensure that management controls are effective.
- Investigators conduct Fraud and Integrity Awareness briefings to improve employee awareness of fraudulent activities that can occur in VA programs.

In addition to this typical coverage, a CAP review may examine issues or allegations that have been referred to the OIG by facility employees, patients, members of Congress, or others.

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Combined Assessment Program Review of VA Western New York Healthcare System

Executive Summary

Introduction. The Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of VA Western New York Healthcare System (WNYHS). The OIG CAP team visited WNYHS from May 15 to 19, 2000. The purpose of the review was to evaluate selected WNYHS operations, focusing on patient care quality management and financial and administrative management controls. During the review, Fraud and Integrity Awareness training was provided for 104 WNYHS employees.

The WNYHS is an integrated facility comprised of two divisions, Buffalo and Batavia. The Buffalo division is a 167-bed tertiary care facility, providing a full range of services in medicine, surgery, psychiatry, and long-term care. The Batavia division is a 106-bed geriatric and rehabilitation facility providing nursing home care as well as a residential care Post-Traumatic Stress Disorder unit. WNYHS' Fiscal Year (FY) 2000 budget is \$132 million and the staffing level is about 1,560 employees. In FY 1999, WNYHS' workload was 28,768 unique patients treated, 4,931 inpatient admissions, and 337,053 outpatient visits.

Patient Care Quality Management. WNYHS' management team had demonstrated a strong commitment to quality management (QM) and performance improvement. Management had provided direction, coordination, and oversight for this WNYHS program. We identified a number of opportunities to further improve patient care services and QM. Management was taking or agreed to take appropriate action on various patient care issues and concerns, including: (a) ensuring that medical records are promptly completed and securely stored, (b) properly documenting informed consents for surgical procedures, (c) ensuring compliance with Veterans Health Administration patient safety directive, (d) assessing staffing needs in Post-Traumatic Stress Syndrome and long-term care programs, (e) ensuring that nurses properly record patient pain level assessments, (f) improving clinical appointment timeliness, and (g) enhancing management oversight of the patient care environment.

Financial and Administrative Management. WNYHS' financial and administrative activities were generally operating satisfactorily and controls were generally effective. Management could further improve operations by: (a) reducing excess medical supply inventories, (b) strengthening controls over the purchase card program, (c) improving information technology security, (d) strengthening controls over the means test program, (e) ensuring inpatient episodes of care are appropriately billed, (f) strengthening controlled substance inspections, (g) strengthening controls over the contract beneficiary transportation program, and (h) improving sharing agreement negotiations.

WNYHS Director Comments. The Director concurred with the recommendations and provided acceptable implementation plans. We consider the issues resolved. The OIG may follow-up at a later date to evaluate corrective actions taken.

(Original signed by:)

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Inspector General

Table of Contents

	Page
Executive Summary	i
Introduction	1
Results and Recommendations	4
Patient Care Quality Management	4
Financial and Administrative Management	10
 Appendices	
I. Fraud and Integrity Awareness Briefings	21
II. Monetary Impact in Accordance with IG Act Amendments	24
III. Healthcare System Director Comments	25
IV. Final Report Distribution	26

Introduction

VA Western New York Healthcare System

VA Western New York Healthcare System (WNYHS) is an integrated, university-affiliated medical center providing a full continuum of medical, surgical, psychiatric, and nursing home care at two divisions located in Buffalo and Batavia. Outpatient care is provided at the medical centers and at five community based outpatient clinics. WNYHS is one of five medical centers in Veterans Integrated Service Network (VISN) 2. WNYHS' primary service area includes central and western New York and northern Pennsylvania. The veteran population in the service area is 156,490.

Programs. The Buffalo division has 137 hospital beds and 30 nursing home beds. The Buffalo division is the principal referral center for cardiac surgery, cardiology, and comprehensive cancer care serving central and western New York and northern Pennsylvania. The Batavia division has 90 nursing home beds and a 16-bed Post-Traumatic Stress Disorder (PTSD) unit. The PTSD program assists veterans with problems resulting from combat-related war experiences. The New York State Veterans Home is also located at the Batavia division. In Fiscal Year (FY) 1999, WNYHS' medical research program had 243 active projects and a budget of \$1.4 million.

Affiliation. WNYHS is academically affiliated with the State University of New York (SUNY) at Buffalo School of Medicine and Biomedical Sciences, as well as other SUNY programs in health sciences such as nursing, dentistry, pharmacy, physical and occupational therapy, psychology, social work, and healthcare administration. WNYHS supports 93.5 medical resident positions in 24 training programs. Clinical training rotations are also provided for about 30 medical students and 20 nursing students.

Resources. The FY 2000 budget is \$132 million, 4 percent more than the FY 1999 expenditures of \$127 million. FY 1999 staffing totaled 1,563.4 full-time equivalent employees (FTEE) and included 89.1 physician FTEE and 466.8 nursing FTEE.

Workload. In FY 1999, WNYHS treated 28,768 unique patients, a 4 percent decrease from FY 1998. The decrease in unique patients resulted from the transfer of management of the Rochester Outpatient Clinic from VAWNYHS to the VA Medical Center in Canandaigua. The inpatient care workload included 4,931 admissions and an inpatient average daily census of 204.2. The outpatient care workload was 337,053 visits.

Objectives and Scope of Combined Assessment Program Review

The purpose of the Combined Assessment Program (CAP) review was to evaluate selected clinical, financial, and administrative operations and to provide Fraud and Integrity Awareness training to WNYHS employees.

Patient Care Quality Management Review. We reviewed selected clinical activities to evaluate the effectiveness of the quality management (QM) program and the management of patient care services. The QM program is a set of integrated processes designed to monitor and improve the quality of patient care and to identify, evaluate, and correct actual or potentially harmful circumstances that may adversely affect patient care. QM includes risk management, resource utilization management, total quality improvement, and coordination of external review activities. Patient care management is the process of planning and delivering patient care and includes patient-provider interactions, coordination between care providers, and ensuring staff competence. To evaluate the QM program and patient care management, we inspected patient care areas, reviewed pertinent QM and clinical records, and interviewed managers, employees, and patients. We also used questionnaires and interviews to survey employees and patient opinions and perceptions about quality of care and various other matters, such as waiting times and satisfaction with care received.

Financial and Administrative Management Review. We reviewed selected administrative activities to evaluate the effectiveness of management controls. These controls are the policies, procedures, and information systems used to safeguard assets, to prevent and detect errors and fraud, and to ensure that organizational goals and objectives are met. In performing the review, we inspected work areas, interviewed management and staff, and reviewed pertinent administrative, financial, and clinical records. The review covered the following 14 financial and administrative activities and controls:

Agent Cashier	Printing Services Procurements
Unliquidated Obligations	Supply Inventory Management
Accounts Receivable	Purchase Card Program
Fee Basis Services	Means Test Implementation
Compensation and Pension	Medical Care Cost Fund
Medical Examinations	Controlled Substance Inspections
Contract Community Nursing Home Program	Contract Beneficiary Transportation Sharing Agreements

Fraud and Integrity Awareness Training. We conducted 3 Fraud and Integrity Awareness Briefings, 2 at Buffalo and 1 at Batavia, for about 100 WNYHS employees. The briefings included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

Scope of Review. The CAP review covered WNYHS' operations for FYs 1999 and 2000 through April 2000. The review was done in accordance with the VA Office of Inspector General's draft standard operating procedures for conducting CAP reviews.

Results and Recommendations

Patient Care Quality Management

Patient Care Quality Management Was Generally Effective

We concluded that WNYHS' patient care QM program was comprehensive and well managed and that clinical activities were operating satisfactorily, as illustrated by the following examples:

Top Management Showed Commitment to QM. WNYHS' management team had demonstrated a strong commitment to QM and performance improvement. Management had demonstrated that quality and commitment to patients and other customers "starts at the top." To facilitate communication and to ensure patients and employees were kept informed, the Director held regularly scheduled Town meetings at both divisions. These meeting minutes were available on the WNYHS' intranet. Managers also made scheduled rounds in all patient care areas, and conducted daily tours of clinical areas at both divisions to observe operations and speak with employees and patients. They are very visible and aware of the needs of their customers.

The QM Program Was Comprehensive and Well Organized. The Office of Quality Management was providing direction, coordination, and oversight for WNYHS' QM program. This comprehensive program included such activities as total QM, risk management review, utilization review, infectious disease, safety and the patient advocacy program. Our review found that QM staff were effectively tracking results of and ensuring appropriate follow-up for patient incident reports, focused reviews/root cause analysis, and administrative investigations. QM staff trended patient safety related data and recommended actions to clinical managers when appropriate.

Patient Education Was Comprehensive and Readily Available. The WNYHS initiated an instant "healthline on demand" system that provides patients educational programs on bedside television sets. Educational programs regarding specific surgeries, procedures, tests, and disease processes are readily available to patients at their convenience. Preventive medicine programs are also available. During our review, we observed patients accessing the system. The patients told us that they were very pleased with the healthline programs. We also noticed that the programs are designed so that patients and their families are able to easily understand the information.

Most Patients and Employees Were Satisfied With Quality of Care. We interviewed top managers, clinicians and clinical managers, as well as 31 acute care patients, 40 long-term care patients, and 43 outpatients. We also sent survey questionnaires to 320 randomly selected full-time employees with 204 (64 percent) providing responses. The results of the surveys and interviews showed that WNYHS' employees and patients were generally satisfied with the care provided by the system. For example, 97 percent

of patients rated their overall quality of care as good, very good, or excellent. Similarly, 82 percent of employees rated the quality of care provided to patients as good, very good, or excellent. Ninety-seven percent of the patients and 73 percent of the employees would recommend treatment at this healthcare system to a family member or friend.

Management Should Address Various Patient Care Management, Environmental, and Safety Issues

During our review, we noted patient care management, environmental, and safety issues that warranted management attention.

Patient Care Management

Medical Information – Medical Records Should Be Promptly Completed and Securely Stored. During our review of medical records, we found that discharge summaries were not consistently dictated by physicians in a timely manner. WNYHS' policy requires providers to complete medical records within 20 workdays following patient discharges from the medical center. However, during our medical records' review, we found two medical records that did not have discharge summaries 3 months after the patients had been discharged. Health Information Management Service employees informed us that they were tracking delinquent discharge summaries, and that this matter has been a long-standing problem at the WNYHS. Incomplete patient medical records could adversely affect patient care. Managers need to aggressively address this issue and take steps to ensure that physicians complete discharge summaries in a timely manner.

We also observed a number of unsecured medical records in the clinic areas. While Joint Commission on the Accreditation of Healthcare Organizations permits patients to transport their own medical records in a facility, an assurance of record integrity is required. Veterans Health Administration's (VHA's) policy requires preservation of patient record privacy and restricted access to patient information. VHA's policy also requires that locked bags be used if patients transport their own records in a VHA facility. Unsecured records pose a risk because patients may be able to view other patients' records, resulting in a breach of privacy, and/or may be able to view their own records and possibly misinterpret information or even remove or alter important documents. While medical records must be readily available to clinicians, they must also be properly secured at all times.

We discussed these observations with the Director. In response to our findings he implemented a corrective action plan on July 24, 2000 that will provide greater assurance that medical records are completed promptly and are securely stored and transported.

Informed Consent Documentation. We reviewed a sample of 15 patients' records in which informed consent was required for surgical procedures performed during the

month of March 2000. We found that 7 of the patients' records (47 percent) had documentation deficiencies: 5 had no time stamp for the patient's signature, 3 had no date corresponding to the patient's signature, 3 had no documentation to show that the risks, benefit, and options were explained to the patient, 3 did not document whether the patient had the opportunity to ask questions, 1 did not document whether treatment was discussed with the patient, 2 did not have the names of all practitioners involved in the procedure, and 1 consent form could not be located. Management concurred that proper documentation of informed consent is an area needing improvement. In response to our findings, the Director implemented a corrective action plan on June 19, 2000 to improve the informed consent process and enhance monitoring of medical record documentation.

Management Actions Regarding Reported Medical Errors Should Focus on System Improvements. Several WNYHS' clinical managers and employees at the Batavia division told us that they believe the medical error reporting system had become more punitive in nature since the merger with the Buffalo division. They told us that the Batavia program had previously emphasized the determination of what caused a patient incident to occur. They felt that this approach was a learning experience for the entire staff. Currently, however, individuals were counseled if they were involved in an incident. The employees believed that this represented a more punitive environment, and that it did not effectively contribute to improved patient safety and system controls. Also, responses to our employee survey found that 36 percent (34/94) of the employee respondents felt that when medical errors occur, management actions were not constructive. Management should assess WNYHS' patient safety program to ensure it is in agreement with VHA's new patient safety directive that emphasizes system problems rather than individual culpability. The Director agreed with our observations and developed an action plan to enhance communications with all staff regarding WNYHS' implementation of VHA's patient safety directive.

Staff Resources Should Be Assessed in PTSD and Long-Term Care Programs. Several patients whom we interviewed told us that they were generally satisfied with their PTSD program, and also felt that they benefited from the educational and vocational training they received. However, the majority of the patients interviewed felt that more individual therapy to augment the group therapy sessions would further enhance their treatment program. Managers acknowledged that they were not always able to provide individualized therapy due to limited resources, and believed that this could adversely impact patient care. The PTSD program included one psychiatrist, and this psychiatrist had a panel of 300 patients. Also, the psychiatrist supervised a nurse practitioner, who had a panel of 200 patients. This physician told us that his workload did not allow him to spend enough time in the PTSD program.

Our employee survey disclosed that employees generally believe that more staffing is needed, and that WNYHS needs to achieve more with the existing staff. Only 44 percent of the employees who responded to our survey agreed that there was sufficient staff to provide care to all patients who needed it. Also, we interviewed long-term care patients and questioned them concerning assistance needed with daily living

activities; 76 percent told us that they did not receive enough assistance with eating, 46 percent did not receive enough assistance for walking, and 63 percent did not receive assistance with toileting.

Management should assess the staff resources committed to the PTSD and long-term care patients at the Batavia division, and ensure that optimal levels of care are provided to these special populations. The Director agreed that additional staffing is needed at the WNYHS and has initiated action to recruit 12 additional nursing staff. With regard to the PTSD and Geriatrics and Extended Care programs at the Batavia division, the Director advised us that action was recently initiated to address workload and staffing concerns and ensure that PTSD patients have more access to individual therapy.

Pain Management. We reviewed 18 patient medical records (11 at the Batavia division and 7 at the Buffalo division) to determine if clinicians had properly assessed, recorded, and treated patients' pain levels. We found that 6 of the 18 patients had been assessed to have pain levels greater than 5, on a scale of 1 to 10, and that all of the patients received medication to relieve their pain. Only one of the six patients was not reassessed to determine if their pain level had decreased. However, three records at Batavia and one record at Buffalo had not included a rating of the patients' pain levels. Managers need to ensure that nurses properly record patient pain level assessments, and consistently treat pain using WNYHS' 10-point pain intensity scale. The Director agreed to more closely monitor this area, and initiated corrective actions to enhance staff training and the education of patients regarding the need to assess and record patient pain levels.

Clinical Appointment Timeliness Needed Improvement. We found that from February through May 2000, WNYHS had not met the 45-day timeliness standard in Primary Care, Eye, and Urology clinics. Management informed us that in May 2000, they had submitted a plan for corrective action to the VISN Customer Service Group. WNYHS' management is part of a VISN Customer Service Group responsible for oversight of clinic appointment timeliness standards. VHA tracks timeliness standards for six major outpatient clinics, Primary Care, Eye Care (Ophthalmology and Optometry), Audiology, Cardiology, Orthopedics and Urology. In addition, WNYHS began tracking clinic appointment availability and submitted a plan for corrective action on their noted findings. As part of the Customer Service Group, WNYHS continues to monitor this performance measurement standard.

Physical Restraint Documentation. We reviewed nine medical records (eight at the Batavia division and one at the Buffalo division) to determine if clinicians had properly ordered and recorded needs for physical restraints and if restraint use had been in compliance with WNYHS' policy. All nine medical records contained sufficient documentation to support the need for restraints. They all showed that alternative methods of restraints had been attempted, and that doctors' orders for restraints were time-limited. However, four of the Batavia medical records did not contain documentation of periodic nursing assessments or the release of restraints (at a

minimum of every 2 hours), and restraint consent forms for three of the four Batavia patients had not been signed by a clinician.

WNYHS' Extended Care policy on physical restraints had been revised within 5 months prior to our CAP review. The policy contains requirements on family education and staff reminders of required medical record documentation. We found that Buffalo division long-term care units were using a restraint assessment/order medical record form and an hourly restraint flow sheet consistent with the new policy requirements. However, we did not find comparable forms used at the Batavia division. In response to this observation, the Director took action to ensure that prescribed restraint assessment forms and hourly restraint flow sheets are used at both divisions to ensure continuity of care.

Nutritional Assessment. We reviewed 19 long-term care patient medical records (14 at the Batavia division and 5 at the Buffalo division) to determine if clinicians had recorded their assessment and treatment of patients' nutritional status. All 19 of the medical records contained assessments by nursing, physician, and dietetic employees, and each contained documentation to show proper dietetic care.

Patient Care Environment and Safety

Psychiatry Unit Patient Mix. The mixture of acute psychiatric patients, elderly dementia patients, and substance abuse patients in the inpatient psychiatry unit is a potential safety issue. The acute psychiatry patient, who may have a propensity for violence, may misinterpret dementia patients' behaviors as aggression, which may cause them to react in an aggressive manner possibly harming dementia patients. Managers should monitor the unit closely to ensure patient-on-patient incidents do not increase. In response to our concerns, the Director initiated a number of actions that will increase supervision of patients, improve the patients' environment, enhance patient admission criteria, and more closely monitor patient incidents and trends. All actions should be completed by September 15, 2000.

Physical Environment Observations. The physical environment of the Psychiatric Rehabilitative Residential Program (PRRP) Unit at the Batavia division needed greater management attention. Several patients and clinicians told us that the PRRP Unit was always dirty and that Environmental Service's presence was minimal. Our tour of the unit showed that patients' rooms were unkempt and cluttered. Patients' personal belongings were scattered throughout the rooms and their beds were unmade. We also observed that several patients' geriatric chairs, over-bed tables, and some unit medication carts needed cleaning. Additionally, we noted several public bathrooms in high-traffic ambulatory care areas that needed cleaning. Some were not adequately stocked with toilet paper and paper towels. Some housekeeping utility rooms also needed cleaning. Management should ensure that Environmental Service cleans the PRRP Unit, public areas and restrooms, and inpatient equipment; and, ensure that PRRP patients keep their rooms and common areas clean and orderly. The Director

agreed with these observations and implemented a corrective action plan on August 9, 2000, involving the PRRP unit's management, staff, and patients.

Security in Radiology. Potentially hazardous materials and substances in the Radiology Suite were accessible to unauthorized persons without knowledge of responsible WNYHS employees. Radiology employees did not see an unescorted inspector enter the unlocked Radiology darkroom, which contained potentially hazardous fluids. Also, because of the way the Radiology Suite is configured, persons can enter the suite's rear areas without being seen by Radiology employees. This security breach represents a potential employee or patient safety risk. Management should take steps to increase physical security in the Radiology Suite to ensure the security of potentially hazardous materials and diagnostic equipment. In response to these observations, the Director has taken steps and initiated plans to enhance security in Radiology. All corrective actions should be complete by September 2000.

Financial and Administrative Management

Management Controls Were Generally Effective

WNYHS' management had established a positive internal control environment. The administrative activities reviewed were generally operating satisfactorily, and management controls were generally effective. We found no significant deficiencies in several of the activities reviewed, including: agent cashier unannounced audits, controls over unliquidated obligations, accounts receivable collection efforts, fee basis controls, compensation and pension medical examinations, community nursing home contracts and inspections, and procurement of printing services. Activities reviewed which require greater management attention include: reducing excess medical supply inventory, strengthening controls over the purchase card program, improving information technology security, strengthening controls over the means test program, ensuring that inpatient episodes of care are appropriately billed, strengthening controlled substance inspections, strengthening controls over the contract beneficiary transportation program, and improving sharing agreement negotiations.

Recommendations for Improving Management Controls

Medical Supply Inventory – Excess Inventories Should Be Reduced

We evaluated WNYHS' management of medical supply inventories to determine if they maintained excess inventory. Inventories should contain enough supplies to meet current operating needs, and purchases above this level should be avoided so funds are not tied up in excess inventory. The demand for medical supply items can be met by maintaining inventories at no more than a 30-day level. VHA is currently finalizing a new VHA Inventory Management Handbook that will mandate both the utilization of the Generic Inventory Package (GIP), VA's automated inventory system, and a 30-day maximum inventory level.

During the 12-month period ending March 31, 2000, the WNYHS spent about \$1.75 million on medical supplies. The Buffalo division spent \$1.55 million (89 percent) and the Batavia division, about \$200,000 (11 percent). We reviewed available inventory records, interviewed responsible staff and inspected inventory areas.

- Our analysis of Buffalo's GIP records disclosed stock levels for 1,225 of 1,318 total inventory items (93 percent) exceeded a 30-day supply. The excess inventory was valued at \$320,346. Additionally, GIP inventory records were inaccurate for 18 of 20 items we tested.
- Our analysis of Batavia's GIP records disclosed stock levels for 254 of 282 items (90 percent) exceeded a 30-day supply. The excess inventory was valued at \$20,289.

We concluded that WNYHS' management needed to improve medical supply inventory management by reducing inventories to levels consistent with current operating needs and the mandated 30-day stock level. Additionally, given the inaccuracy of the automated records shown by our testing, a wall-to-wall inventory should be performed at both divisions to determine actual inventory levels. These steps could reduce inventory costs up to \$340,635.

Recommendation 1. The Director should ensure that (a) wall-to-wall inventories are completed at the Buffalo and Batavia divisions, and (b) inventories at both divisions are reduced to levels consistent with current operating needs.

Director Comments

Concur. Wall-to-wall inventories will be completed at both divisions by December 31, 2000, and we are in the process of continually monitoring our inventory levels. Before the IG visit, we converted warehouse stock to "Giant Primary" given the Network wide Database Integration Initiative. We have used the IFCAP/GIP "automatic level setter" to set inventory level to 14 days for Med/Surg Prime Vendor items, and, 30 days for all other items. This along with working on inactive/long supply items has enabled us to reduce inventories by \$175,000 or 51% as of June 30, 2000. The Giant Primaries include Supply Processing and Distribution (SPD) items, some of which are critical with fluctuating demand. Inventories are adjusted as necessary on a day to day basis based upon computer generated picking lists of available items.

Office of Inspector General Comments

The Director's implementation plan is acceptable and we consider the issue resolved.

Purchase Card Program – Controls Should Be Strengthened

VA facilities are required to use Government purchase cards for small purchases of goods and services (usually \$2,500 or less). WNYHS' purchase card program included 134 purchase cardholders and 39 approving officials. During the 15-month period ended December 31, 1999, WNYHS' purchase cardholders processed 23,000 transactions totaling approximately \$14.8 million.

VHA Handbook 1730.1 established procedures for the use of the Government purchase card. These procedures identify responsibilities and controls within the program to include ensuring that Federal Acquisition Regulations (FAR) are followed. Our review focused on determining whether WNYHS' cardholders and approving officials complied with established procedures to include whether purchase cardholders made prudent procurement decisions and whether contracting officers are properly warranted.

We found that controls over the purchase card program needed to be strengthened. Specifically, (a) cardholders need to comply with procurement competition requirements

to ensure the Government receives the best available price; and (b) contracting officers with purchase limits in excess of the micro-purchase threshold need to be warranted and trained on simplified acquisition procedures.

Cardholders Had Not Solicited Competition. FAR requires purchasing officials to promote competition to the maximum extent practicable to obtain supplies and services from the source whose offer is most advantageous to the Government. Purchasing officials should contact more than one source or vendor when making purchases. Purchases may be made without competition, generally when only one source is capable of providing the goods or services. In these instances, purchasing officials need to document the reasons for the sole source purchases.

We found that controls needed to be strengthened over the selection of sources for the purchase of supplies such as cardiac stents and prosthetic implant devices.

We found that for the 15-month period ended December 31, 1999, a purchase cardholder had not solicited competition for 57 separate purchases of medical/surgical supplies (cardiac stents) totaling approximately \$424,000. The purchases included various sizes of cardiac stents ranging in value from \$3,050 to \$9,900. The individual cardiac stents cost between \$1,525 and \$2,295, depending on the size of the stent. There was no documentation as to why the purchases had been made sole source.

The cardholder indicated that orders were placed with specific vendors based on direction from the requesting physicians. The cardholder had not sought other sources for these supplies. As a result, for purchases totaling \$424,000 there was no assurance that supplies were obtained from the source that was most advantageous to the Government. The National Acquisition Center (NAC) is in the process of seeking proposals and/or modifications to current national medical/surgical supply contracts to include the purchase of cardiac stents through the NAC.

We also found that during the 20-month period ended May 31, 2000, 2 purchase cardholders had not solicited competition for 38 separate purchases of prosthetic supplies totaling approximately \$76,000. The orders were placed with one non-Federal Supply Schedule (FSS) Service vendor based on the direction of a physician. The requesting physician had not provided justification for these sole source requests. Acquisition & Materiel Management Service (A&MMS) personnel indicated that purchase of prosthetics from this particular vendor may have resulted in VA paying between 20 and 40 percent more than if the prosthetic supplies had been purchased from an FSS vendor. The following example demonstrates how VA paid more for similar prosthetic implants purchased from a non-FSS vendor:

Two separate purchases of hip system implants and accompanying components were made on June 17, 1999 and February 28, 2000, from a non-FSS vendor at costs totaling \$8,059 and \$8,353, respectively. At our request, procurement staff priced both hip implants and components with an FSS vendor and found that VA would have paid \$5,927 and \$4,701 for similar items. As a result, VA paid

approximately \$5,800 more (35 percent) for these products on the open market as compared to what they would have paid had the items been purchased from the FSS vendor.

The Program Coordinator and Head of the Contracting Authority (HCA) need to strengthen controls to ensure that purchase cardholders comply with FAR and VHA Handbook 1730.1.

Cardholders Were Not Warranted. FAR requires that employees making purchases above the micro-purchase level of \$2,500 must have a warrant with a specific dollar limitation that the employee cannot exceed for single purchases. Cardholders receive warrant authority based on the completion of a 40-hour training course on simplified acquisition procedures. The HCA is responsible for ensuring that cardholders have been warranted.

We reviewed the listing of purchase cardholders at the WNYHS and determined that 24 cardholders had single purchase limits in excess of the micro-purchase level of \$2,500. Our review showed that 8 purchase cardholders (33 percent) with limits exceeding \$2,500 were not warranted as contracting officers as required by FAR and VHA Handbook 1730.1.

A&MMS' Logistics Manager is the HCA at WNYHS. The HCA indicated his interpretation of the regulations was that as long as the cardholders purchased off of a Government contract the cardholders did not need to be warranted. However, the HCA indicated that corrective action would be taken to include warranting all cardholders with limits exceeding \$2,500 and ensuring that proper training is provided to these cardholders.

Recommendation 2. The Director should require the HCA and Program Coordinator to ensure that: (a) cardholders are made aware of the need to obtain competition to the maximum extent practicable when obtaining supplies and services, (b) approving officials enhance monitoring of cardholder transactions to ensure compliance with assigned warrant authority, and (c) cardholders return unjustified sole source acquisition requests to the requesting official for proper support.

Director Comments

Concur. We used the occasion of the issuance of VHA Handbook 1730.1 dated June 14, 2000 to re-train all purchase cardholders and approving officials. Those involved with ordering stents and prosthetics items received specific training. One requestor received special conflict of interest training. All employees who make purchases over \$2,500 have been issued Contracting Warrants. We will set up a monitoring system to periodically check cardholders purchases to ensure that they are obtaining necessary competition and otherwise complying with Handbook 1730.1. Results of these reviews will be reported on a quarterly basis to management. Corrective actions will be completed by October 1, 2000.

Office of Inspector General Comments

The Director's implementation plan is acceptable and we consider the issue resolved.

Information Technology Security – Some Improvement Was Needed

VA Handbook 6210 and Office of Management and Budget Circular A-130 provide procedures and practices for protecting sensitive Automated Information System (AIS) resources from unauthorized access, disclosure, modification, destruction, or misuse.

We found WNYHS' information technology security was generally effective in such areas as contingency planning, password controls, and physical security of the Buffalo division's computer room. However, we identified two areas where security could be enhanced. The areas included: access to local area networks, and physical security of equipment.

- Dial-Up access enables a user to access facility and in some cases VISN 2 databases from remote sites, such as residences. Such access to sensitive VA resources should be limited to those individuals with a need for the access to perform their duties. Our review of 21 staff with dial-up access identified 4 staff who had either terminated employment, or transferred to positions where they no longer required access, but maintained dial-up access. Two of the users who had terminated employment in August 1998 and February 1999 respectively, had only dial-up access. In other words they could dial-up Veterans Health Information Systems and Technology Architecture (VISTA), but did not have their own passwords to access VISTA. The remaining two users maintained dial-up and VISTA access. As a result of our inquiry the Information Security Officer (ISO) terminated the four individuals dial-up and VISTA access. The ISO also informed us that the facility had not periodically reviewed users' dial-up access.
- We found the Batavia division needed to improve physical security. Specifically, no electronic or manual log existed to monitor who accessed the computer room. We also found the room was not alarmed with any motion detector even though there were two windows in the room. We noted that one of the windows in the computer room could be easily accessed from an adjacent roof, from which an intruder could enter and cause damage. Further, we noted that network servers were located near windows. This location could result in possible weather damage to the servers. These vulnerabilities had been addressed by the Regional ISO in a security review report dated March 28, 2000. However, no corrective action had been taken.
- At the Buffalo division, we found that communication closets housing critical computer hardware, such as routers, were not locked. About 40 of these communication closets were located inside the facility housekeepers' supply closets. Though the housekeepers' closets were generally locked, this does not provide adequate physical security. The ISO informed us that as a result of a situation with

one communication closet, where a cable had been moved and plugged into the wrong port, Engineering Service had installed a lock on that particular communication closet. Engineering Service had not installed locks on the remaining closets.

We concluded that improvement was needed in information technology security. Management needs to ensure employees' system access is deactivated when employees are terminated or no longer need access to perform their job. Also, improved physical security is needed over the Batavia's computer room and Buffalo's communication closets.

Recommendation 3. The Director should ensure that: (a) access is deactivated when employees are terminated or no longer have need for access to computer systems; and (b) physical security deficiencies identified in the Batavia division's computer room and the Buffalo division's communication closets are addressed.

Director Comments

Concur. The facility ISO requested a user list from for both IDCU (Integrated Data Communications Utility) and RAS (Remote Access Server). Users active on both lists were reviewed to determine if the user was currently employed and if there was justification for remote access. Remote access for users no longer employed has been terminated by notification to IDCU Security. The ISO will verify that the terminations occur. Users granted RAS dial-in are all currently employed by the facility.

We have an established procedure in place whereby the Information Systems (IS) Department is notified when employees leave VA employment so that their computer access can be terminated. Refresher training will be completed for appropriate IS Department staff by August 31. In addition, the ISO will conduct audits of IDCU and RAS users by monthly beginning October 1, 2000, to ensure that only authorized individuals have access.

To improve physical security, a motion detector will be installed and the windows will be modified in the Batavia division computer room by October 1, 2000. Also, manual logs will be placed in the areas, staff will be given written instructions of the use of the manual logs and the facility ISO will audit the logs for compliance on a monthly basis. These new procedures will be implemented by September 1, 2000. Additionally, locks for the communications closets have been ordered and inspection to ensure installation will be completed in August 2000.

Office of Inspector General Comments

The Director's implementation plan is acceptable and we consider the issue resolved.

Means Test – Controls Should Be Strengthened

Each year veterans who receive care for non-service connected (NSC) conditions must provide VHA with family income (means test) and health insurance information. By signing their means test disclosures, veterans attest to the accuracy of the income information provided and certify receipt of a copy of the Privacy Act Statement. The Privacy Act Statement advises veterans that the income information they provide is subject to verification by computer matching with the income records of the Internal Revenue Service and the Social Security Administration. VHA facilities are required to retain signed means test forms in the veterans' administrative records.

To assess WNYHS' means test program, we randomly sampled records of 30 patients who had medical or surgical visits during the period February 1 through March 31, 2000. Of the 30 records reviewed, 15 should have had a signed means test form. We determined that records for 3 of the 15 patients (20 percent) did not contain a signed means test form.

We concluded that WNYHS' patient intake procedures had not ensured that needed means tests were completed and documented and that strengthened controls were needed in this area. Management officials agreed that proper documentation of means tests was an area that needed improvement.

Recommendation 4. The Director should implement controls to ensure that means test forms are completed and documented.

Director Comments

Concur. In February 2000 we put in place a plan with a goal of 100% means test data entry and having a signed means test form on file in every veteran's record. This includes phoning veterans in advance of upcoming appointments to obtain means test information. The data is then input into the computer, printed, and then verified and signed by the veteran when he/she reports for the appointment. A monitor was set up August 1 to track the return of mailed out means test forms. One FTE from the Veterans Service Center has been assigned responsibility for doing this and for following up on forms sent out but not returned after one month. We will evaluate the cost effectiveness of including postage-paid envelopes with co-pay mail outs to increase the return rate. New procedures should be implemented by October 2000.

Office of Inspector General Comments

The Director's implementation plan is acceptable and we consider the issue resolved.

Medical Care Cost Fund - Billing Inpatient Episodes of Care Would Enhance Collections

Title 38, United States Code authorizes VA to collect from third-party insurers to offset the cost of furnishing medical care for NSC conditions.

We sampled 45 inpatient episodes of care from the Buffalo division's "Unbilled Listing" to determine if insurance providers could be billed for the NSC episodes of care. We found that 28 (62 percent) of the 45 episodes, valued at \$192,634, had not been billed to the veterans' insurance providers. Medical Care Cost Fund (MCCF) staff agreed the 28 episodes should have been previously billed and took corrective action. MCCF staff attributed their lack of timely billing to the priority given to completing VISN 2's database integration. MCCF staff stated that VISN 2 management redirected their priority to the VISN 2 database consolidation versus normal billing reviews and procedures. In addition to the database consolidation, we noted that VA's Automated Biller program had not automatically billed for inpatient episodes that had occurred prior to verification of the patient's insurance coverage. The Automated Biller program is a component of VA's Integrated Billing software. It should contain all features necessary to create bills for patients and third-party carriers. The Automated Biller was developed to assist billing clerks with billing third-party carriers. We discussed this issue with the VISN 2's Central Information Office, (CIO) who stated that they would address the potential problem with the Automated Biller.

We concluded that WNYHS' collections could be increased through timely billing. By applying the facility's FY 1999 MCCF collection rate of 22.4 percent to the unbilled care of \$192,634, we estimate MCCF collections could be enhanced by \$43,150. It should also be noted that our review of another MCCF function, the Aged Third-Party Accounts Receivables showed that the MCCF staff had been aggressive in collecting third-party debts. WNYHS' management needs to ensure the timely billing of inpatient episodes of care during the VISN 2 data integration process and follow-up with the CIO regarding the Automated Biller issue. The Director advised us of corrective actions that were begun in July 2000 and will be regularly monitored to address these concerns. Actions planned and taken should enhance MCCF collections.

Controlled Substance Inspections – Monthly Inspections Should Be Strengthened

VHA Handbook 1108.2 requires VA medical facilities conduct monthly unannounced inspections of all Schedule II-V controlled substances. The purpose of these inspections is to ensure that controlled substances are properly accounted for. The inspectors must be VA employees who are not pharmacists, nurses, or supply officials. Inspectors should physically count the quantities of controlled substances on-hand and reconcile these quantities to inventory records. To assess WNYHS' inspection program we reviewed records of the inspections conducted during the 12-month period April 1999 to March 2000. We identified the following weaknesses:

- Monthly inspection procedures did not include excess, outdated, or unusable controlled substances that were stored in the pharmacy vault until they could be destroyed. To improve oversight and comply with VHA policy, these controlled substances should be included in monthly inspections. Our unannounced inspection of these controlled substances disclosed no discrepancies.
- Inspectors were unable to locate all of the VA Form 10-2638, "Controlled Substance Administration Record" (generally referred to as green sheets) for 9 of the 12 monthly inspections. Green sheets, issued by pharmacy accompany the dispensed controlled substances from pharmacy to the hospital treatment area; and constitute a complete record of narcotic administration accountability. Inspectors are required to sign and date green sheets to verify the accuracy of records on the nursing unit or other storage area. During the review period, inspectors reported 102 green sheets as missing. Twelve green sheets remained missing, as of May 15, 2000. Eleven of the missing green sheets were from the same inspection area. Subsequent WNYHS' investigations generally found that green sheets had not been "logged-out" of the computer by the nurses and/or had not been returned to pharmacy in a timely manner.
- Pharmacy staff had completed reports of monthly inspections. This represents a conflict of interest, since Pharmacy Service is an inspected area, and should not be responsible for any functions associated with the Controlled Substances Inspection Program. In December 1997, the Acting Director had approved a recommendation that Risk Management assume responsibility for the Controlled Substance Inspection Program. However, this recommendation had not been implemented. We also noted that follow-up on inspection recommendations was inconsistent. For example, it was recommended in April 1999 that an inspector be retrained. This recommendation was not implemented.
- WNYHS Center Memorandum No. 119-3, *Controlled Substance Inspection*, requires that inspections be accomplished within the first 7 workdays of each month. This is not in compliance with VHA policy, which requires that inspections be done randomly to ensure the element of surprise.

We concluded that strengthening WNYHS' Controlled Substance Inspection Program would improve independent oversight of these drugs. Management needs to ensure that appropriate staff performs inspections and follow-up actions, recommendations are implemented, all controlled substances and associated records are accounted for, and inspection dates are randomly selected. The Director advised us that improvements in the controlled substance inspection process were put in place on June 19,2000.

Contract Beneficiary Transportation - Controls Needed to Be Strengthened

During FY 1999, the WNYHS paid about \$1.3 million for contract beneficiary transportation services. VHA Manual M-1, Part I, Chapter 25, authorizes medical facilities to provide beneficiary transportation at Government expense when a VA physician has determined that a specialized mode of transportation, generally ambulance, wheelchair van or taxi, is medically necessary. In addition to medical necessity, a veteran must be administratively eligible in one of the following ways: (a) the veteran has a 30 percent or more service-connected (SC) disability, or (b) if less than 30 percent, the veteran is being treated for a SC condition, or (c) the veteran must be in receipt of VA pension, or (d) have annual income that does not exceed the VA pension threshold.

The purpose of our review was to determine whether controls were in place to ensure that only entitled beneficiaries were provided transportation at VA expense, services were provided in a cost effective manner, and that billed services had been provided. We selected samples of ambulance, taxi, and wheelchair van travel trips, from recently paid contractor invoices. We identified the following areas where controls needed to be strengthened:

- We found that in 10 of 16 ambulance or wheelchair van trips (62 percent), valued at about \$4,882, no VA physician had certified that special mode transportation was medically necessary. In 11 taxi trips, valued at \$494, again, no VA physician had determined that special mode transportation was medically necessary. These 11 veterans were all dialysis patients. We were informed that the WNYHS had a policy of approving transportation of all dialysis patients, regardless of medical or administrative entitlement.
- To determine whether cost-effective methods of travel had been used, we reviewed all 68 wheelchair van round-trips made within the City of Buffalo, during the 5-day period April 3 to April 7, 2000. These 68 trips were valued at \$3,820. We found 61 of the wheelchair van trips (90 percent) carried only a single veteran. In other words, travel had not been grouped. The facility can request that wheelchair van travel be grouped, but this was generally not done.
- We also reviewed controls that were in place to ensure that billed services had been provided. Trip tickets are a critical document used to verify the accuracy of contractor invoices. We requested trip tickets for invoices received in March and April 2000 and were informed that one of the larger vendor's trip tickets had not been retained. Not obtaining or retaining trip tickets represents a control weakness, since without them, the accuracy of contractor invoices cannot be verified.

We concluded that sufficient controls were not in place to ensure that only eligible veterans were provided beneficiary travel at VA expense, cost-effective methods of travel were used, and services billed have been provided. Management needs to

implement controls to ensure that veterans' medical and administrative entitlement is verified prior to providing travel, that group transportation is requested whenever feasible, and documentation is maintained to verify vendors are paid only for services provided. In response to our review, the Director developed a detailed plan of action with specific steps and target completion dates extending through November 15, 2000. Actions planned and taken satisfactorily address the need to strengthen controls over contract beneficiary transportation.

Positron Emission Tomography Scanner Sharing Agreement – Support for Costs of Radiopharmaceuticals Was Needed

WNYHS obtains radiopharmaceuticals for use in their Positron Emission Tomography (PET) Scanner from their affiliate, the University Medical Practice Services/SUNY at Buffalo (UMPS/SUNYAB). The sharing agreement was awarded for the period June 1, 1997 through May 31, 1998, with two (1) year renewal options.

At WNYHS' request, the Defense Contract Audit Agency (DCAA) audited the initial sharing agreement pricing proposal to determine if proposed costs were fair and equitable. During their audit, DCAA requested technical assistance from WNYHS in supporting costs and pricing for radiopharmaceuticals, estimated at \$160,000 annually. WNYHS did not comply with DCAA's request. We were informed by contracting officials that this was due to a lack of qualified technicians in the local area. However, WNYHS continued the sharing agreement into its option years, again, without technical assistance in supporting the cost and pricing of radiopharmaceuticals. The option years have now expired and a new sharing agreement is needed.

We concluded that since a new sharing agreement to provide PET Scanner services is due for negotiation, management needs to ensure that technical assistance is obtained prior to accepting cost and pricing data. Contracting officials agreed that they should obtain some form of technical assistance in their review of UMPS/SUNYAB's cost and pricing data. The Director advised us that the pricing structure with the University is currently being reviewed by the Radiology Department, the VA Contracting staff, and Nuclear Medicine Department to insure appropriate costs are being charged to the VA. Additionally, adequate technical assistance will be obtained to ensure that the Medical Center obtains the best price possible. Actions will be completed by October 1, 2000, prior to a new Sharing Agreement.

Fraud and Integrity Awareness Briefings

As part of the Combined Assessment Program review, we conducted three Fraud and Integrity Awareness Briefings. Two briefings were held at the Buffalo division and one at the Batavia division. Over 100 Western New York Healthcare System (WNYHS) employees attended the briefings, which included a lecture, a short film presentation and a question and answer session. Each session lasted approximately 75 minutes. The information presented in the briefings is summarized below.

Reporting Requirements. Department of Veterans Affairs (VA) employees are encouraged, and in some circumstances, required to report suspected fraud, waste, or abuse to the Office of Inspector General (OIG). VA Manual MP-1, Part 1 delineates VA employee responsibility for reporting suspected misconduct or criminal activity. Employees are encouraged to report such concerns to management, but reporting through the chain of command is not required. Employees can contact the OIG directly, either through the OIG's Hotline or by speaking with an auditor, investigator, or healthcare inspector. Management is required to report allegations to the OIG once they become aware of them. The OIG depends on VA employees to report suspected fraud, waste, and abuse. All contacts with the OIG are kept confidential.

Referrals to the Office of Investigations - Administrative Investigations Division. The Administrative Investigations Division is responsible for investigating allegations of employee misconduct that is not criminal in nature. An example of such misconduct would be misuse of a government vehicle by a VA official.

Referrals to the Office of Investigations – Criminal Investigations Division. The Criminal Investigations Division is responsible for investigating alleged criminal activity. When an allegation is received, Division staff assess it and decide whether to open an official investigation. Not all referrals are accepted. An accepted referral is assigned to a case agent, who then conducts an investigation. If the investigation substantiates only misconduct, the matter is referred to the appropriate VA management official, who then determines whether administrative action, such as suspension or reprimand, is warranted.

If the investigation substantiates criminal activity, the matter is referred to the Department of Justice (DOJ), usually through the local United States Attorney. DOJ determines whether to accept the case for prosecution. DOJ does not accept all cases referred by the OIG. If DOJ accepts the case, an indictment or a criminal information is used to charge an individual with a crime. The individual then must decide whether to plead guilty or to go to trial. If the individual pleads guilty or is found guilty by trial, the final step in the criminal prosecution process is sentencing.

Areas of Interest for OIG Investigations. The Criminal Investigations Division conducts investigations of a broad range of criminal activities that can occur in VA programs and operations. Areas of particular interest to the Division are procurement fraud, benefits program fraud, and healthcare-related crimes. Procurement fraud

includes bid rigging, defective pricing, overbilling, false claims, and violations of the Sherman Anti-Trust Act. Benefits-related fraud includes fiduciary fraud, compensation and pension fraud, equity skimming, and loan origination fraud. Healthcare-related crimes include homicide, theft and diversion of pharmaceuticals, illegal receipt of medical services, fraudulent fee-basis billings, and conflicts of interest. Other areas of interest include workers' compensation fraud, travel voucher fraud, and false statements by employees and beneficiaries.

Important Information to Include in Referrals. When referring suspected misconduct or criminal activity to the OIG, it is very important to provide as much information as possible. The more information the OIG has before starting the investigation, the faster it can be completed. If possible, referrals should include the following five items of information:

- **Who** – Names, position titles, connection with VA, and other identifiers.
- **What** – The specific alleged misconduct or illegal activity.
- **When** – Dates and times the activity occurred.
- **Where** – Where the activity occurred.
- **Documents/Witnesses** – Documents and witness names to substantiate the allegation.

Workers' Compensation Fraud

Workers' Compensation Fraud directly impacts on all VA employees. Medical Center Directors must budget for the cost of workers' compensation, which reduces the amount of money available for other programs. Although most claims are legitimate, many are inflated or fraudulent. Therefore, all claims must be reviewed very thoroughly. The following are "red flags" that should be used as indicators of possible fraud.

The Claimant, Prior Claim History, and Current Work Status

- Injured worker is disgruntled, soon-to- retire or facing imminent firing or layoff.
- Injured worker is involved in seasonal work that is about to end.
- Injured worker took unexplained or excessive time off prior to claimed injury.
- Injured worker takes more time off than the claimed injury seems to warrant.
- Injured worker is nomadic and has a history of short-term employment.
- Injured worker is new on the job.
- Injured worker is experiencing financial difficulties.
- Injured worker has a history of reporting subjective injuries.
- Review of rehabilitation report describes the claimant as being muscular, well tanned, with callused hands and grease under the fingernails.
- Injured worker is a highly skilled individual whose skills are in great demand in the private sector.

Circumstances of the Accident

- Accidents occurs late Friday afternoon or shortly after the employee reports to work on Monday.
- Accident is not witnessed.
- Claimant has leg or arm injuries at odd times, e.g. lunch hour.
- Fellow workers hear rumors circulating that accident was not legitimate.
- Accident occurs in an area where injured employee would not normally be.
- Accident is not the type that the employee should be involved in, e.g., an office worker who is lifting heavy objects on a loading dock.
- Accident occurs near end of probationary period.
- Employer's first report of claim contrasts with description of accident set forth in medical history.
- Details of accident are vague.
- Employee or supervisor does not promptly report incident.
- Surveillance or "tip" reveals the totally disabled worker is currently employed elsewhere.
- After injury, injured worker is never home or spouse or relative answering phone states the injured worker "just stepped out".

Medical Treatment

- Diagnosis is inconsistent with treatment.
- Physician is known for handling suspect claims.
- Treatment for extensive injuries is protracted though the accident was minor.
- "Boilerplate" medical reports are identical to other reports from same doctor.
- Summary medical bills submitted without dates or descriptions of office visits.
- Injured worker protests about returning to work and never seems to improve.
- Summary medical bills submitted are photocopies of originals.
- Extensive or unnecessary treatments for minor, subjective injuries.
- Injuries are all subjective, i.e., pain, headaches, nausea, or inability to sleep.
- Injured worker cancels or fails to keep appointment, or refuses a diagnostic procedure to confirm an injury.
- Treatment dates appear on holidays or other days that facilities would not normally be open.

**Monetary Impact in
Accordance with IG Act Amendments**

Report Title: Combined Assessment Program Review of VA Western New York Healthcare System

Project Number: 2000-01230-R1-0232

<u>Recommendation Number</u>	<u>Category/Explanation of Benefits</u>	<u>Better Use of Funds</u>
1 (a) and (b)	Better use of funds through reducing medical supply inventories would ensure excess stock and inventory costs are minimized.	\$340,635 ¹
Other Opportunities Identified:		
Pg. 17	Better use of funds through billing insurance carriers for the identified billable episodes of care would enhance facility collections. (\$192,634 x 22.4 percent collection rate)	\$43,150
		<u>\$383,785</u>

¹ This estimate was made to demonstrate the local impact that implementation of Generic Inventory Package (GIP) and better supply management would have at WNYHS. The projected monetary benefit of implementing GIP on a nationwide basis was previously reported in OIG Report No. 9R8-E04-052, dated March 9, 1999.

Healthcare System Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: August 17, 2000

From: Medical Center Director, VA Western New York Healthcare System, Buffalo, NY

Subj: Combined Assessment Program Review, Draft Report

To: Director, Bedford Audit Operation Division (52BN)

1. Included in pertinent sections of the subject draft report are the VA Western New York Healthcare System's responses to the OIG Team's observations and recommendations resulting from your visit May 15-19, 2000. We concur with the findings and recommendations and have provided specific implementation plans to address the issues raised.

2. If you have further questions, please have your staff call me at 716-862-8529.

WILLIAM F. FEELEY

Medical Center Director

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