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## **Appendix 5**

### **Management Challenges**

The Department is committed to resolving major management challenges identified by GAO and the VA Inspector General. Corrective action plans are in place to resolve identified problem areas, and we are monitoring their progress. Some of the recommendations are taking considerable time to implement; however, monitoring will continue until implementation is completed. A description of the specific steps VA is taking to address major management problems will be included in our annual performance plan. Some of the more serious management challenges the VA Strategic Plan is addressing, either directly through one or more objectives or indirectly through several specific strategies, are identified below. The table at the end of this Appendix aligns these management challenges with specific objectives in the Strategic Plan.

Health Care Quality Management and Patient Safety

Health Care Infrastructure

Health Care Access

Strengthening Outcome Measures

Resource Allocation

Claims processing, Appeals Processing, and Timeliness and Quality of Compensation and Pension  
Medical Examination

Inappropriate Benefit Payments

Government Performance and Results Act - Data Validity

Security of Systems and Data

Debt Management

#### **Health Care Quality Management and Patient Safety**

VA faces the challenge to not only maintain an effective health care quality management (QM) program, but also to adapt the QM program to rapidly changing Department needs. One challenge to the QM program is the transition from the inpatient setting to the ambulatory care setting. Ambulatory care is far more fast-paced, and this more rapid pace of patient care increases the potential for serious error to occur. A fully functional QM program should be able to monitor patients care to ensure their safety, and to safeguard, to the extent possible, against the occurrence of inadvertent adverse events.

#### **Health Care Infrastructure**

Many VA facilities are deteriorating, inappropriately configured, or no longer needed because of their age and VA's shift in emphasis from providing specialized inpatient services to providing primary care in an outpatient setting. Despite eliminating about one-half of VA's hospital beds, excess capacity remains.

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#### **Health Care Access**

GAO reviews have recommended that VA improve accuracy, reliability, and consistency of information used to measure the extent to which (1) veterans are receiving equitable access to care across the country; (2) all veterans enrolled in VA's health care system are receiving the care they need; and (3) VA is maintaining its capacity to care for special populations.

#### **Strengthening Outcome Measures**

VA needs to continue improving its outcome measures in order to assess how its rapid move toward managed care is affecting the health status of veterans. GAO concluded that VA lacks measures to assess the effects of its service delivery changes on patient outcomes. Other public and private health care providers have recognized the necessity-and the difficulty-of creating such criteria and instruments.

The data VA will use to measure compensation and pension program performance is questionable. VA is working with stakeholders to discuss program outcomes, outcome measures, and outcome goals.

#### **Resource Allocation**

Resource allocation continues to be a major public policy issue. VHA management is addressing staffing and other resource allocation disparities as part of various initiatives to restructure the VA healthcare system.

#### **Claims Processing, Appeals Processing, and Timeliness and Quality of C&P Medical Examinations**

VA needs to improve the timeliness of claims processing, appeals processing, and medical examinations for veterans applying for C&P benefits. Claims and appeals processing and timeliness remain among the most important issues affecting much of the veteran population. Veterans view the benefit claims and appeals activities as one process. Gains made in discrete areas of the overall process can only be accepted as partial solutions to the larger problem.

#### **Inappropriate Benefit Payments**

VA needs to develop and implement a more effective method to identify inappropriate benefit payments. Recent IG audits found that the appropriateness of C&P payments has not been adequately addressed.

#### **GPRA - Data Validity**

GPRA requires Federal agencies to set goals, measure performance against those goals and report on their accomplishments. Prior IG audits found erroneous data in many VA financial and management systems. Inaccurate data in VA records result in faulty budget and management decisions, and adversely impact program administration.

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#### **Security of Systems and Data**

VA needs to improve physical and electronic security over its information technology (IT) resources. The Department requires automated data processing (ADP) of transactions valued at over \$28 billion annually, and maintenance of over 40 million sensitive veteran records. Security risk increases as data is shared among VA departments and organizations. Multiple architectures and complex mission-specific systems throughout VA increase the risk of inappropriate access and misuse of sensitive data. Historically, sufficient security has not been provided to VA IT resources. For example: comprehensive security programs were not in place at data centers; risk assessments were not developed and maintained; center-wide security plans had not been developed; systems were not certified; and numerous physical and electronic security controls needed to be implemented.

#### **Debt Management**

As of September 1999, debt owed to VA totaled over \$4.3 billion. This debt resulted from home loan guaranties, direct home loans, life insurance loans, medical care cost fund receivables, compensation and pension overpayments, and educational benefits overpayments.

Over the past 18 months, audit coverage of VA's debt management program has focused on billing and collection of medical care co-payments owed by veterans or their insurance companies for medical care of non-service connected conditions, and overpayments of compensation and pension benefits.

The OIG has issued 15 reports over the last 4 years, addressing the Department's debt management activities. The Department should be more aggressive in collecting debts, improve debt avoidance practices, and streamline and enhance credit management and debt establishment procedures. Through improved collection practices, the Department can increase receipts from delinquent debt by tens of millions of dollars each year.