<u>Manual M-1, Operations. Part IX, Staffing Guidelines and Productivity Enhancements</u>

Chapter 34, Efficiency Review Program
(Paragraphs 34.01 through 34.08; Appendix 34A through Appendix 34G)

This document includes:

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Foreword for M-1, Part IX, dated **April 21, 1989**
Introduction for M-1, Part IX, dated **April 21, 1989**
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Department of
Veterans Affairs

OPERATIONS

Staffing Guidelines and Productivity Enhancements

M-1, Part IX
April 21, 1989

Veterans Health Services and
Research Administration
Washington, DC

FOREWORD

This manual has been written to provide guidelines to equitably and effectively allocate manpower resources based on workload and the level of service to eligible veteran patients. The guidelines represent a viable mechanism for estimating manpower resource requirements in most program areas.

The Manpower Planning Division has developed, tested, and refined the guidelines as necessary as workload data was made available through published reporting requirements.

Prior to this document, guidelines were transmitted, tested, and implemented via VHS&RA circulars. With the exception of first generation guidelines, which are required in the development and testing of the staffing criteria, all guidelines thereafter are to become a part of this manual.

In addition to staffing guidelines, this manual provides guidance and procedures with regard to new management and productivity improvement initiatives and re-emphasizes existing initiatives which, heretofore, had not been fully implemented. These initiatives are: Circular No. A-76, "Performance of Commercial Activities," Cost Containment, Efficiency Review Program, and Productivity Improvement Program. These initiatives are identified as "Productivity Enhancements."

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JOHN A. GRONVALL, M.D.
Chief Medical Director

INTRODUCTION

The development of guidelines for allocating staff to the medical facilities of the VHS&RA (Veterans Health Services and Research Administration) has been an evolutionary one in VA since the early 1960's, reflecting state-of-the-art advances since that time. These developmental efforts began with the formulation, through "work measurement" studies, of staffing guidelines for specific medical center activities, such as those engaged in by Dietetic and Supply Services. In the 1970's, the formulation of "core staffing ratios" ("x" staff per "y" patients) was introduced for all VHS&RA medical facilities.

The 1970's saw the publication of two major reports on VA's health care system that relied heavily on the core staffing concept. The first, 1/published in response to a Presidential directive, resulted in substantial increases in key medical facility professional and support staff. In 1977, the NAS (National Academy of Sciences) presented a report, 2/pursuant to Public Law 93-82, Section 201(c), of an extensive study of health care for American veterans, carried out over a 3-year period. The purpose of the NAS study was ". . . to determine a basis for the optimum number and categories of personnel and other resources to ensure the provision to eligible veterans of high quality care . . . " Unfortunately, the NAS study failed in this objective, touching only lightly on the central question of staffing requirements in VA's medical facilities. Instead of providing the VA with staffing guidelines based on the latest management engineering techniques, the NAS study simply utilized VA's own core staffing ratios. In fact, the NAS report recommended that "the VA develop procedures for assessment of patient needs and use them for staffing...that VA Central Office judiciously apply and continually refine existing instruments...." (pps. 286-7). In other words, the NAS recommended that VA undertake a task the NAS itself was asked to accomplish in its contract. In its response to Congress, 3/VA concurred with this recommendation and thus committed itself to the development of staffing guidelines that would replace core staffing ratios, though cautioning that "extensive revisions and modifications will be required before even limited application can be made of existing methodologies" (pps. 22-23). Hence, VA began the task of replacing the existing core staffing ratios, which were not refined enough to enable precise staffing needs to be defined for complex medical facilities and programs. Subsequently, a number of different approaches to standards development in the private health care sector were studied. Much valuable information and experience were thus acquired by VA personnel who were eventually incorporated into a new organizational unit in VHS&RA. Thus, in 1981, Management Systems Service was organized for the purpose of developing, testing, refining, and implementing staffing guidelines for all medical facility activities. Since 1981, Management Systems Service has been engaged in work on staffing guidelines, the magnitude of which is unparalleled in the health care industry.

During 1984 and 1985, productivity effectiveness was repeatedly stressed and emphasized, predominantly by the Office of Management and Budget. At the direction of OMB, VHS&RA began to address productivity effectiveness through several new initiatives, i.e., most efficient organization, productivity improvement program, and efficiency reviews; and re-emphasized existing initiatives such as Circular No. A-76, "Performance of Commercial Activities," and cost containment. These functions are assigned to the Strategic Planning Office, Manpower Planning Division.

1/ Report of Special Survey of Level of Quality of Patient Care in VA Hospitals, House Committee Print No. 163, Washington, DC, October 1974

2/ Health Care for American Veterans, NAS, Washington, DC, June 1977

3/ VA Response to the Study of Health Care for American Veterans, Senate Committee Print No. 7, Washington, DC, September 1977

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5. (Reserved.) BIOMEDICAL ENGINEERING STAFFING GUIDELINES

6. (Reserved.) BUILDING MANAGEMENT STAFFING GUIDELINES

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29. SOCIAL WORK STAFFING GUIDELINES

30. (Reserved.) SPINAL CORD INJURY STAFFING GUIDELINES

31. (Reserved.) SUPPLY STAFFING GUIDELINES

32. (Reserved.) CIRCULAR NO. A-76, PERFORMANCE OF COMMERCIAL ACTIVITIES

33. (Reserved.) COST CONTAINMENT

34. EFFICIENCY REVIEW PROGRAM

35. (Reserved.) MEO (MOST EFFICIENT ORGANIZATION)

36. (Reserved.) PRODUCTIVITY IMPROVEMENT PROGRAM

RESCISSIONS

1. Complete Rescissions

Circulars

10-84-71 and supplements
10-85-119
10-85-122
10-86-70
10-84-216
10-85-120
10-87-89
10-88-37

2. Partial Rescissions

Circulars

10-84-14 attachments A, B, E, I, J, K, and M

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CHAPTER 34. EFFICIENCY REVIEW

34.01 PURPOSE

The VHA (Veterans Health Administration) ER (Efficiency Review) Program is a systematic effort by VA (Department of Veterans Affairs) to ensure that activities are effectively performed with efficient resource consumption. The purpose of this chapter is to provide field facility managers with the framework for focusing and coordinating the ER Program toward a common objective, -- improved productivity. It also provides policies, procedures, responsibilities and reporting instructions for VHA ER Program.

34.02 BACKGROUND

Executive Orders 12552 dated February 28, 1986, and 12637 dated April 27, 1988, entitled "Productivity Improvement Program for the Federal Government" mandated federal agencies to develop productivity review programs in order to improve efficiency of services and achieve an annual average productivity increase of 3 percent by 1991. Each executive department and agency is responsible for contributing to the achievement of this goal. ERs are a component of the overall productivity improvement program of an agency. Under the Executive Orders, an agency will develop a plan which describes the methods, including ERs and cost comparisons with the private sector, that the agency will use either to improve its own service, or to make use of commercial services available in the private sector when it is economical to do so. Since 1986, VHA has complied with these orders. ERs were initiated for activities not scheduled to undergo studies under the A-76 CA (Commercial Activities) cost comparison process.

34.03 PROGRAM GOALS

The ER Program is applicable for all VA medical facilities which are scheduled to conduct ER analysis of VHA program areas. The term "efficiency review" is used to distinguish between the internal management studies conducted under the ER Program and the MEO (Most Efficient Organization) studies required as a part of the A-76 CA cost comparison process.

a. The primary goal of the ER Program is to improve and enhance the overall efficiency of VHA services and to increase the productivity of in-house operations by:

(1) Developing the most efficient organization to accomplish essential functions and mission, and

(2) Determining and documenting the specific management improvements on which to base the most efficient organization.

b. The broad goal of VHA ER Program is to:

(1) Achieve a minimum of 3 percent improvement in productivity,

(2) Make recommendations which will identify and provide specific opportunities to improve efficiency of operations,

(3) Promote and validate the efficiency improvements, i.e., FTEE (Full-time Employee Equivalent) saved, resulting from the studies, and

(4) Implement the most efficient organization.

34.04 MANAGEMENT RESPONSIBILITIES

The management of the ER Program requires continuous review and monitoring to verify the effectiveness of the program. The following describe mandatory ER responsibilities.

a. **Agency Responsibility**

(1) The CMD (Chief Medical Director) has overall responsibility for the VHA ER Program. In carrying out this program, the CMD will ensure that each VA medical facility maintains an effective and efficient ER program.

(2) The Director, Strategic Planning and Policy Office (172), will provide policy, guidance, oversight, and formulate recommendations to the CMD concerning the status, efficiency and the need to improve the ER Program.

(3) In the Strategic Planning and Policy Office, the Planning Development and Coordination Division (172B), has been designated to:

(a) Provide general policy, technical guidance, develop and maintain information systems to accumulate ER data,

(b) Issue periodic productivity improvement reports of VHA ER results, and

(c) Receive all ER reports (studies performed by in-house staff and/or by consultants).

(4) The Central Office Program Director will:

(a) Provide guidance and oversight in the development of program area functional statements,

(b) Coordinate the scheduling of ER studies, and

(c) Provide to the Strategic Planning and Policy Office (172B), in a timely manner, a written review/critique of any consultant developed draft ER report.

b. **Individual Facility Responsibility**

(1) Each VA medical facility Director is responsible for the ER program at the facility.

(2) The VA medical facility Director will appoint an ER Task Force or appoint an existing productivity improvement committee to coordinate the ER activities at the facility.

(3) The facility program area service chief is responsible for the performance of the ER study. The study may be performed by in-house staff or by consultants. If performed by a consultant, the service chief or designee, will coordinate all phases of the study with the consultant (i.e,, staff interviews, data collection, critique of draft ER reports, etc.). When the ER study is completed, the service chief is responsible for:

(a) The timely submission of all required reports as described in subparagraphs 34.05 b and e,

(b) Planning and implementing all approved ER recommendations for the service, and

(c) Ensuring that ER savings and FTEE and/or costs are reported to the Strategic Planning Division (172B) through the office of the Regional Director (13_).

(4) The VA medical facility Director will approve the final results of the ER study (performed by in-house staff or by consultants), including the identification of implementation responsibilities and timeframes for completion.

c. **Regional Director Field Office.** The Regional Director is considered an integral part of the ER process. This office will receive all completed ERs and implementation reports, prepared according to the checklist of key review areas found in Appendix 34G, from field facilities. The Regional Director will certify the ER savings and FTEE and/or costs reported by the facility. As part of the certification process, the Regional Director will determine that savings are reasonable, accurate, and represent real savings.

34.05 REPORTS

a. ERs will be conducted in compliance with this chapter.

b. The ER process should be undertaken with full consideration of the opportunities for productivity improvement through the use of:

(1) Staffing requirements,

(2) Cost containment,

(3) Position management,

(4) Incentive Awards Program, and

(5) Other programs which lend themselves to productivity enhancement.

c. As part of VHA ER process, each facility will develop and implement an IMP (Implementation Management Program). The local ER Task Force will manage this program.

(1) The ER Task Force will monitor, on a continuous basis, the status of each recommendation approved by the VA medical facility Director and assess the effectiveness of the program.

(2) The medical center Director will assure that the responsibility for the development and implementation of the IMP rests with the service chiefs and/or their designee of those services to be studied.

d. Reports are an essential element of the ER Program. They are required to document progress and to provide a foundation for future productivity efforts.

(1) These reports will be the basis for the tracking and development of critical program information required for various internal management reports (i.e., CMD, RDs (Regional Directors), VA Central Office Program officials, etc.) and required reports for the Congress and OMB (Office of Management and Budget).

(2) All facilities scheduled to conduct ER studies will submit all ER reports to the Strategic Planning Division (172B), VA Central Office, through the Regional Director (13_

/172B) in accordance with the instructions contained in Appendix 34A through 34C. RCS 10-0845 is assigned to these reports.

e. Each VA medical facility will prepare and send the following reports:

(1) **Initial Report**. This report must be submitted by the facility when the study begins. Submit information for Lines 1 through 8. Record the 'before' study costs and the number of FTEE being studied. For the current performance base, use historical data for personal services, materials/supplies, and equipment costs. Prepare the report according to Appendix 34A, "Sample" Initial ER Study Report and the instructions.

(2) **Completion Report**. This report is submitted when the study has been completed (by either in-house or consultant staff). Submit information for Lines 9 through 14, including any revisions to information previously reported. Record the 'after' study costs of the new organization and the amount of savings (dollars and FTEE) if applicable. Identify the disposition of FTEE resulting from implementing the new organization and any capital investments. Prepare the report according to Appendix 34B, "Sample" Completion ER Study Report and the instructions.

(3) **Implementation Report**

(a) The Implementation Report is a critical component of the ER process. This report provides the Strategic Planning Division with:

1. The identification of "approved" recommendations,

2. Applicable savings/costs and FTEE data, and

3. The ability to assess the effectiveness of the ER effort and to plan its future actions.

(b) This report is to be prepared no later than 3 months after the:

1. Receipt of the consultant's final report; or

2. Completion of the study conducted by facility personnel.

(c) Field facilities are to report results of recommendations approved by the facility director that were actually implemented during the fiscal year. Prepare the report according to "Sample" ER (Implementation Report) Study Report and the instructions in Appendix 34C. A table describing the types of Implementation Report Recommendation Codes is in Appendix 34D to assist in preparing this report.

NOTE: *Implementation reports will be submitted to the Strategic Planning Division until final action has been taken on all approved recommendations.*

34.06 EFFICIENCY INFORMATION SYSTEM

The purpose of the VERMIS (VHA ER Management Information System) is to maintain an accurate VHA database for ERs studies. VERMIS is used to provide information to the CMD, VA management officials, the Congress, and OMB.

a. **Function**

VERMIS is divided into two parts:

(1) Part I contains data on ERs for administrative program areas (i.e., Housekeeping, Office Operations, etc.), and

(2) Part II contains data on ER activities for clinical programs (i.e., Radiology, Nursing, etc.).

b. **Content**

Each database contains data on the implementation of ER recommendations. The implementation section of the databases contains data relating to:

(1) The number of specific recommendations approved by the medical center Director;

(2) The amount of dollars and FTE (Full-time Employee) saved (comparisons between the completion and implementation reports submitted by the facility);

(3) Identification of the type of recommendation (i.e., personnel, procedural, etc.) with associated dollars and FTE savings; and

(4) Disposition of affected FTE.

34.07 IMPLEMENTATION PROCEDURE

This section describes the procedures for implementing and reporting approved recommendations resulting from studies conducted by in-house or consultant personnel. The absence of implementing promptly the approved recommendations resulting from the most efficient organization, or in the manner prescribed by the management study, has been a major problem of the ER Program. To ensure consistent application of the ER requirements outlined in paragraph 34.04, Management Responsibilities, the following guidance is provided:

a. **Study Enhancements**

(1) The Implementation Report should include a detailed description of the Implementation Plan for all enhancements. This should include the following:

(a) Prioritized list of enhancements.

(b) Implementation schedule, including start-up and completion dates and any in-process milestones associated with the plan.

(c) Clear identification of organizational and personnel accountability or responsibility for each milestone.

(d) Identification of any special or unique requirements associated with the implementation plan, including contingency plans, schedule alternatives, etc.

(2) Upon approval by the Director of the study recommendations, the following information should be provided using the Implementation Report form found in Appendix 34F:

(a) Activity studied,

(b) Number of approved recommendations,

(c) Implementation recommendation code,

(d) Implementation status of each recommendation,

(e) Total savings realized,

(f) Total FTEE saved (if applicable), and

(g) Productivity increases (in hours and/or percentage).

34.08 GLOSSARY

a. **Cost Avoidance.** The benefits resulting from actions that render unnecessary the requirements for an increase in future levels of manpower or costs that would be necessary if previous management practices were continued. For example, the identification of required staffing levels and personal services costs in radiology based upon workload performed (earned 52.5 FTEE and paid for 49.5 FTEE) where funding does not exist.

b. **Cost Transfer.** Costs and/or man-hours that occur when the functions of one service are shifted to another service. For example, the costs of providing escort service is shifted from Nursing Service to Medical Administration Service. The net effect (costs) to the facility is zero. This action may increase the productivity manhours of Nursing Service (which is appropriate), however, no savings to the facility would result from this action.

c. **Efficiency Information System.** A management process for the systematic collection, recording, and feedback of information regarding the status of approved recommendations and savings and/or costs resulting from the efficiency review studies.

d. **ER.** An ER is a systematic analysis conducted on site, by qualified personnel (facility and/or consultants) to analyze and evaluate processes, procedures, facilities and equipment, position management, organizational structure, mission, functions and resources.

f. **Productivity.** Productivity is defined as the efficiency with which resources are used to produce a government service or product at specified levels of quality and timeliness.

g. **Productivity Hours.** The total measurable man-hours expended in an area by an organization or function.

h. **Productivity Percent.** A measure that reflects a portion of the change in producing goods or services as compared to resources expended.

i. **Savings.** The reduction in required resources (manpower or budget dollar requirements), net of implementation costs, which results from implementation of a management initiative.

j. **VA Medical Facility.** This term used throughout this chapter includes VA medical centers, independent outpatient clinics and independent domiciliaries.

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h. **Productivity Percent.** A measure that reflects a portion of the change in producing goods or services as compared to resources expended.

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j. **VA Medical Facility.** This term used throughout this chapter includes VA medical centers, independent outpatient clinics and independent domiciliaries.

"SAMPLE" INITIAL REPORT

ER (EFFICIENCY REVIEW) STUDY REPORT FORMAT, RCS 10-0845

1. Region Number: 1 2. Facility Number: 899 (incl. alpha suffix)
3. Facility Name and Location: SETWOOD, LA
4. Local Contact Person: JOHN SMITH 5. FTS/Comm No: 233-6874
6. Activity Studied: Radiology

TYPE OF REPORT (check one): INITIAL X COMPLETION ____
STUDY CONDUCTED BY (check one): IN-HOUSE STAFF ____ CONSULTANT X

7. Milestones — Actual Date

a. Study Start Date 4-1-91
b. Study Completion Date ____

8. Current Performance Base — Cost $ 2,616,706 FTEE 52.8

a. Personal Services $ 2,172,962
b. Other Costs $ 443,744

9. New Performance Base — Cost $ ____ FTEE ____

a. Personal Services $ ____
b. Other Costs $ ____

10. SAVINGS (Total) Line 8 minus Line 9 $ ____ FTEE ____

11. Implementation Plan

	FY ____ 2nd Qtr	4th Qtr	FY ____ 2nd Qtr	4th Qtr	FY ____ 2nd Qtr	4th Qtr
a. FTEE						
b. $$						

12. ER Study Costs

a. In-House Costs $ ____ FTEE ____
b. Consultant Costs $ ____
c. Contract Administration $ ____ FTEE ____

13. Disposition of Staff - Specify number of employees resulting from implementing new organization who:

a. Resigned ____
b. Were placed within the VAMC ____
c. Took other government position ____
d. Involuntarily separated ____
e. Retired ____

14. Capital Investment

a. Specify cost of equipment required $ ____
b. Cost of plant changes $ ____
c. Other capital investment cost $ ____
(please describe costs)

INSTRUCTIONS HOW TO PREPARE ER (EFFICIENCY REVIEW) "INITIAL" REPORT

VHA (VETERANS HEALTH ADMINISTRATION) ER "INITIAL" REPORT

LINE ITEM	INFORMATION TO BE ENTERED
1. REGION NUMBER	Enter Medical Region number.
2. FACILITY NUMBER	Enter facility number (incl. alpha suffix).
3. FACILITY NAME/LOCATION	Enter name, city, and state.
4. LOCAL CONTACT PERSON	Enter name of the person responsible for managing the ER study. This person should be able to answer questions concerning progress of the study and the activity under review.
5. PHONE NUMBERS	Enter FTS and Commercial phone number of person managing the study.
6. ACTIVITY STUDIED	Identify program function being studied.
7. MILESTONES (Actual dates)	
a. Study Start Date	Enter the 'actual' study start date.
* b. Study Completion Date	Upon conclusion of study, enter completion date.
8. CURRENT PERFORMANCE BASE	
a. Personal Services b. Other Costs	The current performance base represents the costs and FTE required to operate the activity. On the first line, enter the total costs and FTE currently used to performed the activity. On the second and third lines, enter the personal service costs and other costs such as materials and supplies used to operate the activity. THE SUM OF THE PERSONAL SERVICES AND OTHER COSTS MUST EQUAL THE TOTAL COSTS.

This information is **REQUIRED** data when submitting the Initial ER Report.

* Enter 'actual' study completion data (See Appendix 34B).

"SAMPLE" COMPLETION REPORT

ER (EFFICIENCY REVIEW) STUDY REPORT FORMAT, RCS 10-0845

1. Region Number: 1 2. Facility Number: 899 (incl. alpha suffix)
3. Facility Name and Location: SETWOOD, LA
4. Local Contact Person: JOHN SMITH 5. FTS/Comm No: 233-6874
6. Activity Studied: Radiology

TYPE OF REPORT (check one): INITIAL ____ COMPLETION X
STUDY CONDUCTED BY (check one): IN-HOUSE STAFF ____ CONSULTANT X

7. Milestones — Actual Date

a. Study Start Date: 4-1-91
b. Study Completion Date: 6-30-91

8. Current Performance Base — Cost $ 2,616,706 FTEE 52.8

a. Personal Services $ 2,172,962
b. Other Costs $ 443,744

9. New Performance Base — Cost $ 2,585,586 FTEE 51.8

a. Personal Services $ 2,161,824
b. Other Costs $ 423,762

10. SAVINGS (Total) Line 8 minus Line 9 $ 31,120 FTEE 1.0

11. Implementation Plan

	FY 91		FY 92		FY	
	2nd Qtr	4th Qtr	2nd Qtr	4th Qtr	2nd Qtr	4th Qtr
a. FTEE		0.5	0.5			
b. $$	9,991	15,560	5,569			

12. ER Study Costs

a. In-House Costs $ 1,817 FTEE .1
b. Consultant Costs $ 23,028
c. Contract Administration $ ____ FTEE ____

13. Disposition of Staff - Specify number of employees resulting from implementing new organization who:

a. Resigned ____
b. Were placed within the VAMC 1
c. Took other government position ____
d. Involuntarily separated ____
e. Retired ____

14. Capital Investment

a. Specify cost of equipment required $ 0
b. Cost of plant changes $ 0
c. Other capital investment cost $ 0
(please describe costs)

INSTRUCTIONS HOW TO PREPARE ER (EFFICIENCY REVIEW) "COMPLETION" REPORT

VHA (VETERANS HEALTH ADMINISTRATION) ER "COMPLETION" REPORT

When preparing this report, include any revisions to information previously reported (Line Items 1 through 8).

LINE ITEM	INFORMATION TO BE ENTERED
9. NEW PERFORMANCE BASE	
a. Personal Services b. Other Costs	The new performance base represents the costs and FTE required to operate the activity upon completion of the most efficient study and approval of recommendations. Enter new costs and FTE in the same format as in Line item 8 (Initial Report). NOTE: Do not use inflation factors or other factors such as pay raises as part of the new costs.
10. SAVINGS (Total)	Enter the difference in costs and FTE between Line items 8 (Initial Report figures) and 9 (Completion Report figures).
11. IMPLEMENTATION PLAN	List the fiscal years and amounts of savings for the approved recommendations. Enter the FTE and dollars savings ONLY in the fiscal year in which they first occur; do not add these savings to every year. If the savings will occur within the first two quarters, enter the amount under 2nd Qtr. If savings occur in the last two quarters of the fiscal year, enter under 4th Qtr. THE SUM OF THE ENTRIES MUST EQUAL THE TOTALS IN LINE ITEM 10
12. ER STUDY COSTS	
a. In-House Costs b. Consultant Costs c. Contract Admin.	For in-house conducted studies - enter all costs (time and material) to conduct the study by in-house staff. To obtain costs, multiply the total hours spent by the hourly wage rate of the staff. To obtain the FTE, divide the total hours spent on the study by 2087 hours. For consultant costs - enter cost of contract. To obtain FTE for contract administration, divide staff time (to coordinate contract study, etc.,) by 2087 hours.

13. DISPOSITION OF STAFF

a. Resigned
b. Placed with the VAMC
c. Took other government position
d. Were involuntarily separated
e. Retired

An entry must be made here if there are any FTE savings reported in Line item 10.

Specify the number of employees and the type of employees who were effected by implementing the new organization.

14. CAPITAL INVESTMENT

a. Cost of equipment
b. Cost of plant changes
c. Other investment costs

List all capital investments proposed to improve efficiency and its estimated costs (i.e., plant changes, equipment, and other capital investment costs).

"SAMPLE" IMPLEMENTATION REPORT

ER (IMPLEMENTATION REPORT) STUDY REPORT, RCS 10-0845

1. Region Number: 1 2. Facility Number: 899 (incl. alpha suffix)
3. Facility Name and Location: SETWOOD, LA
4. Activity Studied: Radiology 5. Cost Center: 8222

NUMBER OF APPROVED RECOMMENDATIONS 2
STUDY CONDUCTED BY (check one): IN-HOUSE STAFF ____ CONSULTANT X

TOTAL PRODUCTIVITY INCREASE: HOURS _____ PERCENTAGE _____ %

APPROVED SAVINGS $ 31,120 FTEE SAVED 1.0

RECOMMENDATION: 1 (Brief description)

Adjust clerical and technician staffing levels to reduce costs (overtime) and provide better coverage and service.

RECOMMENDATION CODE: 1a PRODUCTIVITY INCREASE: HOURS _____ PERCENT _____ %

ACTION TAKEN:
Recommendation fully implemented

IMPACT ON COST/SAVINGS (enter value for one category per recommendation)
.. SAVINGS $ 11,138 .. COST AVOIDANCE $ _____
.. COSTS ($ _____) .. COST TRANSFER $ _____

RECOMMENDATION: 2 (Brief description)

Reduce examination repeat rate by 2.3 %

RECOMMENDATION CODE: 3b PRODUCTIVITY INCREASE: HOURS _____ PERCENT _____ %

ACTION TAKEN:
Recommendation fully implemented

IMPACT ON COST/SAVINGS (enter value for one category per recommendation)
.. SAVINGS $ 19,982 .. COST AVOIDANCE $ _____
.. COSTS ($ _____) .. COST TRANSFER $ _____

RECOMMENDATION: 3 (Brief description)

RECOMMENDATION CODE: _____ PRODUCTIVITY INCREASE: HOURS _____ PERCENT _____ %

ACTION TAKEN:

IMPACT ON COST/SAVINGS (enter value for one category per recommendation)
.. SAVINGS $ _____ .. COST AVOIDANCE $ _____
.. COSTS ($ _____) .. COST TRANSFER $ _____

INSTRUCTIONS HOW TO PREPARE ER (EFFICIENCY REVIEW) "IMPLEMENTATION" REPORT

VHA ER "IMPLEMENTATION" REPORT

LINE ITEM	INFORMATION TO BE ENTERED
1. REGION NUMBER	Enter Medical Region number.
2. FACILITY NUMBER	Enter facility number (incl. Alpha suffix).
3. FACILITY NAME/LOCATION	Enter name, city, and state.
4. ACTIVITY STUDIED	Identify program function being studied.
5. COST CENTER	Enter activity studied cost center code.

Upon approval by the Director of the study recommendations, the following information must be recorded to provide an audit trail to track the result of implementing the recommendations.

NUMBER OF APPROVED RECOMMENDATIONS:	Self-explanatory.
STUDY CONDUCTED BY:	Self-explanatory.
TOTAL PRODUCTIVITY INCREASE:	
a) HOURS	The total hours saved (from all recommendations) resulting from the ER study.
b) PERCENTAGE (%)	Total productivity percent increase resulting from the ER study.
APPROVED SAVINGS:	
a) DOLLARS	Total savings realized.
b) FTE	Total FTE saved (if applicable).

RECOMMENDATION NUMBER	Write a brief description of each recommendation.
RECOMMENDATION CODE	Identification of the efficiency improvement (i.e. Personnel, etc., see Appendix 34D.)
PRODUCTIVITY INCREASE	
a) HOURS	The total hours saved resulting from implementing the specific recommendation.
b) PERCENTAGE (%)	Total percent increase in productivity resulting from a specific recommendation.
ACTION TAKEN	Brief description of the approach to be used in implementing the recommendation, including anticipated problems, target date, etc.
IMPACT ON COST/SAVINGS	Cost and savings information which will quantify the dollar impact on the proposed recommendation.

IMPLEMENTATION REPORT RECOMMENDATION CODES

1. **Personnel**

   a. Eliminate/increase/reassign FTE
   b. Change work schedule
   c. Evaluate job standards
   d. Training/cross training
   e. Supervision
   f. Turnover
   g. Improve production
   h. Change tours of duty
   i. Eliminate or reduce overtime
   j. Restructure pay

2. **Organization**

   a. Restructure positions
   b. Realignment/reassignment of duties
   c. Various organizational changes
   d. Better internal control
   e. Expansion/staff

3. **Procedures:**

   a. Establish structured activity times
   b. Develop better criteria
   c. Evaluate current procedures
   d. Eliminate/restructure forms
   e. Computerization
   f. New/better methods of doing work
   g. Eliminate duplication
   h. Minimize/eliminate travel time and task time
   i. Management surveys/studies/etc.

4. **Working Conditions**

   a. Space utilization
   b. Renovation/design change
   c. Control of temperature/air/etc.
   d. Improved working conditions
   e. Relocation of personnel/files/equipment/etc.

5. **Supply/Supplies**

   a. Contracting (in-house vs contracting)
   b. Obtain and/or change supplier
   c. Economize/change size, shape, material, etc.
   d. Secure/lock cabinet/catalogue out, etc.
   e. Improve inventory control

6. **Equipment**

   a. Installation of new or improved
   b. Standardize/centralize
   c. Upgrade/repair/automation

7. **Cost Avoidance.** (No savings)

8. **Cost Transfer.** (No savings)

9. **Other/Miscellaneous** (Unable to classify - Recommendation type 1 thru 8)

ER (EFFICIENCY REVIEW) STUDY REPORT FORMAT RCS 10-0845

1. Region Number: _____ 2. Facility Number: _____ (incl. alpha suffix)
3. Facility Name and Location: _____
4. Local Contact Person: _____ 5. FTS/Comm No: _____
6. Activity Studied: _____

TYPE OF REPORT (check one): INITIAL _____ COMPLETION _____
STUDY CONDUCTED BY (check one): IN-HOUSE STAFF ____ CONSULTANT ___

---

7. Milestones — Actual Date

   a. Study Start Date _____
   b. Study Completion Date _____

8. Current Performance Base — Cost $ _____ FTE _____

   a. Personal Services $ _____
   b. Other Costs $ _____

9. New Performance Base — Cost $ _____ FTE _____

   a. Personal Services $ _____
   b. Other Costs $ _____

10. SAVINGS (Total) Line 8 minus Line 9 $ _____ FTE _____

11. Implementation Plan

	FY _____ 2nd Qtr	FY _____ 4th Qtr	FY _____ 2nd Qtr	FY _____ 4th Qtr	FY _____ 2nd Qtr	FY _____ 4th Qtr
a. FTE	_____	_____	_____	_____	_____	_____
b. $$	_____	_____	_____	_____	_____	_____

12. ER Study Costs

   a. In-House Costs $ _____ FTE _____
   b. Consultant Costs $ _____
   c. Contract Administration $ _____ FTE _____

13. Disposition of Staff - Specify number of employees resulting from implementing new organization who:

   a. Resigned _____
   b. Were placed within the VAMC _____
   c. Took other government position _____
   d. Involuntarily separated ____
   e. Retired ____

14. Capital Investment

   a. Specify cost of equipment required $ _____
   b. Cost of plant changes $ _____
   c. Other capital investment cost $ _____
      (please describe costs)

VA Form 10-20919A (NR)
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ER (IMPLEMENTATION REPORT) STUDY REPORT FORMAT, RCS 10-0845

1. Region Number: _____ 2. Facility Number: _____ (incl. Alpha suffix)
3. Facility Name and Location: _____
4. Activity Studied: _____ 5. Cost Center: _____

NUMBER OF APPROVED RECOMMENDATIONS _____
STUDY CONDUCTED BY (check one): IN-HOUSE STAFF ____ CONSULTANT ____

TOTAL PRODUCTIVITY INCREASE: HOURS _____ PERCENTAGE _____%

APPROVED SAVINGS $ _____ FTE SAVED _____

RECOMMENDATION: 1 (Brief description)

RECOMMENDATION CODE: _____ PRODUCTIVITY INCREASE: HOURS _____
PERCENT ____%

ACTION TAKEN:

IMPACT ON COST/SAVINGS (enter value for one category per recommendation)
.. SAVINGS $ _____ .. COST AVOIDANCE $ _____
.. COSTS ($ _____) .. COST TRANSFER $ _____

RECOMMENDATION: 2 (Brief description)

RECOMMENDATION CODE: _____ PRODUCTIVITY INCREASE: HOURS _____
PERCENT ____%

ACTION TAKEN:

IMPACT ON COST/SAVINGS (enter value for one category per recommendation)
.. SAVINGS $ _____ .. COST AVOIDANCE $ _____
.. COSTS ($ _____) .. COST TRANSFER $ _____

RECOMMENDATION: 3 (Brief description)

RECOMMENDATION CODE: _____ PRODUCTIVITY INCREASE: HOURS _____
PERCENT ____%

ACTION TAKEN:

IMPACT ON COST/SAVINGS (enter value for one category per recommendation)
.. SAVINGS $ _____ .. COST AVOIDANCE $ _____
.. COSTS ($ _____) .. COST TRANSFER $ _____

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REGIONAL DIRECTOR CHECKLIST FOR REVIEWING EFFICIENCY REVIEW ACTIVITIES

The management of the Efficiency Review program needs to be continually reviewed and monitored. In order to assess the appropriateness of the management study, the following checklist is designed to assist the Regional Director and/or their designee in the review of efficiency review activities. The checklist illustrates the key areas requiring review.

	YES	NO
1. COMPLETION OF THE STUDY		
a. Is the management study based on the results of the job analysis?	[ ]	[ ]
b. Does the management study clearly describe the proposed organization, including reasons for increases or decreases in the organization?	[ ]	[ ]
c. Are costs based on the organization proposed by the most efficient organization?	[ ]	[ ]
2. POST DECISION OPERATIONS AND MANAGEMENT		
a. <u>In-House Operations</u>		
(1) Is effective action being taken to implement the most efficient organization?	[ ]	[ ]
(2) Have reasonable implementation time frames been established?	[ ]	[ ]
(3) Are in-house operations monitored to verify that performance requirements are met or necessary corrective actions are taken?	[ ]	[ ]
b. <u>Consultant Operations</u>. At the end of study, was:		
(1) Adequate consideration given in determining the most cost-effective method for future performance?	[ ]	[ ]
(2) The scope of work based on actual requirements and adjusted for future changes?	[ ]	[ ]
c. <u>Cost-Effectiveness</u>		
(1) Are annual studies performed to evaluate the cost-effectiveness of the original decision?	[ ]	[ ]
(2) Are corrective actions taken when the original decision is no longer cost-effective?	[ ]	[ ]

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★U.S. GOVERNMENT PRINTING OFFICE: 1991-282-809/55614

Department of Veterans Affairs
Veterans Health Administration
Washington, DC 20420

M-1, Part IX
Chapter 34

August 22, 1991

1. Transmitted is a new chapter to the Department of Veterans Affairs, Veterans Health Administration Manual M-1, "Operations," Part IX, "Staffing Guidelines and Productivity Enhancements," Chapter 34, "Efficiency Review Program."

2. Principal purposes for this chapter are:

a. **Paragraph 34.04:** Identifies the levels of management responsibilities to ensure effectiveness of the program.

b. **Paragraph 34.05:** Establishes the management reports, control policy and identification of three required internal management reports.

c. **Paragraph 34.06:** Explains the purpose, content and utility of the VHA (Veterans Health Administration) Efficiency Review Management Information tracking system.

d. **Paragraph 34.07:** Describes the procedures for reporting and implementing approved Efficiency Review recommendations.

e. **Appendices 34A through 34C:** Provides instructions for preparing the three Efficiency Review reports.

f. **Appendix 34D:** A table of recommendation codes resulting from the efficiency improvements which are to be used in preparing the Implementation Report.

g. **Appendices 34E and 34F:** The format for the Efficiency Review study reports.

h. **Appendix 34G:** A checklist to be used by the Regional Director to assess the Efficiency Review management study.

3. **Filing Instructions**

Remove pages	Insert pages
v through vi	v through vi 34-i through 34G-1

4. **RESCISSIONS:** Circular 10-88-37 dated April 11, 1988, and all supplements thereto.

JAMES W. HOLSINGER, JR., M.D.
Chief Medical Director

Distribution: **RPC: 1150**
FD

Printing Date: 8/91

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Department of Veterans Affairs
Veterans Health Services and
Research Administration
Washington, DC 20420

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SEP 21 1989

April 21, 1989

1. Transmitted is a new Veterans Health Services and Research Administration's Manual M-1, "Operations," Part IX, "Staffing Guidelines and Productivity Enhancements," Chapter 1, "General;" Chapter 2, "Quarterly Reporting Requirements," Chapter 4, "Audiology and Speech Pathology Staffing Guidelines;" Chapter 8, "Dietetic Service Staffing Guidelines;" Chapter 9, "EEG (Electroencephalographic) Laboratory Staffing Guidelines;" Chapter 11, "Fiscal Service Staffing Guideline;" "Chapter 16, "Medical Service Staffing Guidelines;" Chapter 17, "Nuclear Medicine Service Staffing Guidelines;" Chapter 20, "Personnel Service Staffing Guidelines;" Chapter 21, "Pharmacy Service Staffing Guidelines;" Chapter 26, "Recreation Service Staffing Guideline;" Chapter 28, "Security Service Staffing Guidelines;" and Chapter 29, "Social Work Service Staffing Guidelines".

2. Principal policies are:

a. **Paragraph 1.01:** Defines staffing guidelines as an analytical method for determining FTEE requirements based on predetermined workload time values.

b. **Paragraph 1.03:** Cites the delegation of authority for developing, refining and implementing staffing guidelines to the Planning and Evaluation Service under the Director (ACMD), Strategic Planning, (10A4)).

3. **Filing Instructions:**

Insert pages

Cover through vi
1-i through 1-2
2-i thru 2-9
4-i thru 4B-1
8-i thru 8E-1
9-i thru 9B-1
11-i thru 11B-1
16-i thru 16G-1
17-i thru 17B-1
20-i thru 20B-1
21-i thru 21B-7
26-i thru 26B-1
28-i thru 28C-1
29-i thru 29B-1

4. **RESCISSIONS:** Attachments A, B, E, I, J, K and M to Circular 10-84-14, dated February 6, 1984; Circular 10-84-171, dated October 3, 1984 and all supplements; Circular 10-84-216, dated December 20, 1984, and all supplements; Circular 10-85-119, dated July 25, 1985, and all supplements; Circular 10-85-122, dated August 6, 1985, and all supplements; Circular 10-86-70,dated June 5, 1986, and all supplements; Circular 10-85-120, dated July 26, 1985, and all supplements; Circular 10-87-98, dated August 27, 1987, and all supplements.

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Chief Medical Director

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