

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



# Department of Veteran Affairs

*Audit of VA's  
Hearing Aid Services*

February 20, 2014  
12-02910-80

## ACRONYMS AND ABBREVIATIONS

C&P	Compensation and Pension
DALC	Denver Acquisition and Logistics Center
OIG	Office of Inspector General
ROES	Remote Order Entry System
VA	Veterans Affairs
VHA	Veterans Health Administration

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# Report Highlights: Audit of VA's Hearing Aid Services

## Why We Did This Audit

Tinnitus and hearing loss were the first and second most prevalent service-connected disabilities for veterans receiving compensation at the end of FY 2012. We conducted this audit to evaluate the effectiveness of VA's administration of hearing aid order and repair services.

## What We Found

VA was not timely in issuing new hearing aids to veterans or in meeting its 5-day timeliness goal to complete repair services. During the 6-month period ending September 2012, the Veterans Health Administration issued 30 percent of its hearing aids to veterans more than 30 days from the estimated receipt date from their vendors. Medical facilities' audiology staff attributed the delays to inadequate staffing to meet an increased workload.

The Denver Acquisition and Logistics Center (DALC) took 17 to 24 days to complete hearing aid repair services—exceeding its 5-day timeliness goal. During this period, 5 of 21 repair technician positions were vacant. These vacancies and an increased workload adversely affected DALC's ability to meet its timeliness goal for hearing aid repairs. We observed and estimated about 19,500 sealed packages of hearing aids were waiting for repair and staff to record the date received into DALC's production system. According to management, staff did not record the date they received the packages because opening packages had the potential risk of losing small parts. Without a timely recording

system, staff cannot adequately respond to veteran and medical facility inquiries.

## What We Recommended

We recommended the Under Secretary for Health develop a plan to implement productivity standards and staffing plans for audiology clinics. Also, we recommended the Principal Executive Director of the Office of Acquisition, Logistics, and Construction ensure DALC determines the appropriate staffing levels for its repair lab and establish controls to timely track and monitor hearing aids for repair.

## Agency Comments

The Under Secretary for Health and Principal Executive Director, Office of Acquisition, Logistics, and Construction, and the Office of Inspector General concurred with our recommendations. We consider the corrective action plans they submitted acceptable.

A handwritten signature in black ink that reads "Linda A. Halliday".

**LINDA A. HALLIDAY**  
Assistant Inspector General  
for Audits and Evaluations

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## INTRODUCTION

**Objective** We conducted this audit to evaluate the effectiveness of VA's administration of hearing aid order and repair services.

**VHA Program Office Responsibilities** The Veterans Health Administration's (VHA) Rehabilitation and Prosthetic Services is composed of national programs, including Audiology and Speech Pathology Service and Prosthetic and Sensory Aids Service. Audiology and Speech Pathology Service is responsible for the overall administration of a system-wide audiology and speech-language pathology health care service, including development and oversight of program policy. Prosthetic and Sensory Aids Service provides a full range of equipment and services to veterans including hearing aids.

**VA Medical Facilities** Audiology services provided at VA medical facilities include the assessment and treatment of hearing loss and the evaluation and issuance of hearing aids to eligible veterans. During the issuance of the new hearing aids, audiologists fit and adjust the settings of the hearing aids to meet veterans' needs. Veterans can get their hearing aids repaired by VA medical facilities or the Denver Acquisition and Logistics Center (DALC). The repaired hearing aids are returned to VA medical facilities or sent back to the veterans.

**Denver Acquisition and Logistics Center** VA's National Acquisition Center, under the Principal Executive Director for the Office of Acquisition, Logistics, and Construction, provides oversight of the DALC. DALC provides vendor management and quality control for VA's hearing aid repair program. Additionally, DALC's technicians conduct services on a variety of hearing aids from several different manufacturers under contract, such as minor repairs and extensive cleaning.

Over 665,000 hearing aids and components were ordered for veterans with a total net sales cost of about \$221 million in a 12-month period ending in September 2012. During the same period, VA also repaired approximately 394,000 hearing aids at a total cost of about \$16.5 million.

**Other Information**

- See Appendix A for background information
- See Appendix B for information on the audit's scope and methodology
- See Appendix C for the audit's statistical sampling methodology

## RESULTS AND RECOMMENDATIONS

### Finding **VA Needs To Improve Timeliness of Issuing and Repairing Hearing Aids**

VA was not timely in issuing new hearing aids to veterans or in meeting its 5-day timeliness goal to complete hearing aid repair services. During the 6-month period ending September 2012, VHA issued 30 percent of its hearing aids to veterans more than 30 days from the estimated date the facility received the hearing aids from its vendors.<sup>1</sup> Medical facilities' audiology staff attributed the delays to inadequate staffing to meet an increased workload due in part to the large number of veterans requiring compensation and pension (C&P) audiology examinations.

The number of days for DALC to complete hearing aid repair services ranged from 17 to 24 days—exceeding its 5-day timeliness goal by an average of 15 days. According to DALC management, during this period, 5 of 21 technician positions were vacant in their repair lab. These vacancies and an increased workload adversely affected DALC's ability to meet its timeliness goal for repairing hearing aids. Delays in completing repairs have the negative effect of reducing veterans' quality of life.

In addition, DALC management stated staff receives approximately 6,500 hearing aids for repair each week. We observed and estimated about 19,500 sealed packages of hearing aids were waiting for repair and for staff to record the date received from veterans and medical facilities into DALC's production system. According to management, staff did not record the date they received the packages because opening packages had the potential risk of losing small parts. Without a timely recording system, staff cannot adequately respond to or track inquiries from veterans and medical facilities concerning the status of a hearing aid pending repair services. DALC needs to establish control over pending hearing aid repair inventories. Identifying and assessing the backlog of hearing aids needing repair will help ensure DALC properly manages its resources and provides timely services to hearing-impaired veterans.

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<sup>1</sup> We estimated the receipt date of the hearing aids to VA medical facilities because this date was not recorded. The contract vendors are required to deliver the new hearing aids within 10 days from the date ordered. To determine the estimated receipt date, we added 10 days to the hearing aid ordered date.

**Timeliness of Issuing Hearing Aids Needs Improvement**

VHA did not ensure the timely issuance of new hearing aids to veterans. At the six VA medical facilities we visited, approximately 42 percent of veterans waited more than 30 days from the estimated date the facility received the hearing aids from their vendors to the date the hearing aids were issued. Nationally, approximately 30 percent of veterans waited more than 30 days from the estimated date the medical facilities received the hearing aids from their vendors to the date the medical facilities issued the hearing aid.

Table 1 shows the number and percentages of hearing aids issued to veterans from the estimated date the facility received the hearing aids to the date the hearing aids were issued for the medical facilities in our sample and nationally.

**Table 1**

<b>Number of Days To Issue New Hearing Aids</b>			
<b>VA Medical Facility</b>	<b>Within 30 Days</b>	<b>31–59 Days</b>	<b>60 Days or More</b>
Central Alabama Veterans Health Care System (Montgomery, AL)	810 (82%)	100 (10%)	15 (2%)
James A. Haley Veterans' Hospital (Tampa, FL)	1,800 (83%)	290 (13%)	50 (2%)
VA New Jersey Health Care System (Lyons, NJ)	580 (70%)	180 (22%)	36 (4%)
VA Palo Alto Health Care System (Palo Alto, CA)	1,600 (63%)	610 (24%)	310 (12%)
Manchester VA Medical Center (Manchester, NH)	250 (20%)	710 (56%)	300 (24%)
Southern Arizona VA Health Care System (Tucson, AZ)	360 (21%)	420 (25%)	880 (52%)
All VA Medical Facilities (Nationwide)	180,600 (63%)	61,500 (22%)	24,200 (9%)

*Source: VA Office of Inspector General (OIG) analysis of issued hearing aid orders by VHA from April 1, 2012, through September 30, 2012. Percentages do not add up to 100 percent because of rounding for report presentation. In addition, for 7 percent of the universe of new hearing aids ordered, dates were either missing or inaccurate in the DALC's production system.*

VHA monitors medical facilities' ability to provide veterans with timely medical services by using access to care standards, such as patient wait times. Because VHA recognizes the current wait-time data may not depict a true picture of a veteran's waiting time, we used 30 days from the medical facility's estimated receipt of the new hearing aids to the date it was issued to the veteran to measure timeliness. We believe 30 days allows sufficient time for medical facilities to issue a hearing aid to a veteran who depends on it for their daily activities.

*Wait-Time  
Measurement*

The wait-time measurement for specialty care, which includes audiology appointments, is the percent of those appointments completed within 14 days of the desired date. The desired date is the preferred appointment date the patient or provider proposes. We found inconsistencies in how audiology staff determined the desired date when scheduling appointments to issue hearing aids to veterans. For example, audiology staff stated at one VA medical facility they scheduled appointments between 21 and 30 days from the date of ordering the new hearing aids. This was to ensure the hearing aids would arrive before the scheduled appointment. At another VA medical facility audiology staff stated, appointments are scheduled between 60 to 90 days from the ordering date because of workload and staff availability.

*Delays  
Attributed to  
Increased  
Workload*

VA medical facilities audiology staff attributed the delays to inadequate staffing to meet an increased workload, due in part to the large number of veterans requiring C&P audiology examinations. With the veteran population aging, demands for hearing aid services increases. In FY 2011, over 596,000 hearing aids and components were ordered for veterans and in FY 2012, the figure increased to over 665,000.

The Veterans Benefits Administration relies on medical facilities and contract physicians to perform C&P audiology examinations to determine the degree of disability or to provide a medical opinion as to whether a disability is related to the veteran's military service. VHA's ability to complete C&P audiology examinations in a timely and efficient manner is extremely important to reduce the Veterans Benefits Administration's claims processing backlog.

In FY 2012, the Decision Support System C&P Report stated about 151,000 C&P audiology examinations were conducted. According to the FY 2012 Annual Benefits Report, more than 190,000 veterans began receiving compensation benefits for impairments of auditory acuity in FY 2012, which is about a 26 percent increase from FY 2011. This made tinnitus (ringing in the ears) and hearing loss the first and second most prevalent service-connected disabilities for veterans receiving compensation at the end of FY 2012.

Audiology staff stated C&P examination appointments take priority over other appointments, such as those to issue hearing aids, in order to process C&P claims timely. In addition, it takes staff longer to conduct a C&P examination than to issue a hearing aid. For example, at one medical facility, staff scheduled consults that included issuing new hearing aids for 45 minutes while scheduling C&P audiology examinations for 75 minutes. At this facility, 36 percent of hearing aids were issued over 30 days after receipt.

The VA medical facilities' audiology clinics located in Lyons, NJ, and Montgomery, AL, were not required to conduct C&P audiology

examinations, since other medical facilities within their health care systems were responsible for completing these examinations. This difference allowed them to issue 70 and 82 percent of the ordered hearing aids within 30 days.

**Lack of  
Productivity  
Standards**

VHA's Audiology and Speech Pathology Service does not have productivity standards and staffing plans for audiology clinics. Without productivity standards and staffing plans, VHA is not able to make informed decisions on the appropriate number of audiologists to meet patient needs, to provide the opportunity to identify best practices, and to measure and assess staff efficiency and effectiveness.

VHA management agreed in principle with VA OIG recommendations to develop physician staffing levels for specialty clinics in the *Audit of VHA's Physician Staffing Levels for Specialty Care Services*.<sup>2</sup> Even though VHA classifies audiologists as non-physicians, Audiology and Speech Pathology Service management stated they have begun working with the Office of Productivity, Efficiency, and Staffing to analyze the workload. However, a completion date for developing staff and productivity standards for the audiology clinics has not been determined and depends upon the implementation timeline for the physician specialty service clinics.

**Hearing Aid  
Repairs Not  
Completed  
Timely**

The number of days for DALC to complete hearing aid repair services ranged from 17 to 24 days—exceeding its 5-day timeliness goal by an average of 15 days for the 6-month period ending September 2012. During this period, the repair lab received and processed approximately 204,000 hearing aid repair services. When hearing aids are received for repair, DALC staff makes an evaluation to determine if the hearing aids under warranty are sent to the vendor or if they should complete the repair service. Of the approximate 204,000 hearing aid repair services, DALC vendors completed about 193,000, and DALC completed about 11,000. As an illustration, DALC received a hearing aid on August 6, 2012, and repaired and mailed the hearing aid to the veteran on August 27, 2012, for a total of 21 days.

Table 2 shows a 6-month period of the total number of DALC hearing aid repair services and the average number of days to complete—none meeting the 5-day timeliness goal.

<sup>2</sup> VA OIG *Audit of VHA's Physician Staffing Levels for Specialty Care Services* (Report No. 11-01827-36, December 27, 2012)

**Table 2**

<b>DALC's Hearing Aids Repair Services Completed</b>		
<b>Month in 2012</b>	<b>Total Number of Repair Services</b>	<b>Average Number of Days (5-Day Goal)</b>
April	1,700	18
May	2,100	19
June	1,800	19
July	1,400	17
August	2,000	23
September	1,900	24
<b>Total</b>	<b>11,000*</b>	<b>20</b>

*Source: DALC Management Information Report*

\*Note: We rounded the number of repair services for each month along with the total amount for report presentation.

*Reasons for  
Untimely  
Repairs*

This occurred because staff vacancies and an increase in workload adversely affected the timeliness of the repair lab. According to DALC management, for the 6-month period ending September 2012, 5 of 21 assigned full-time equivalent technician positions were vacant in the repair lab. In addition, the workload in the repair lab increased by about 10 percent with approximately 358,000 repairs in FY 2011 and about 394,000 repairs in FY 2012.

DALC management stated the repair lab was last fully staffed in February 2011. The DALC's Management Information Report from January 25, 2011, through February 24, 2011, showed DALC staff completed about 1,800 repair services in an average of 15 days. Although management stated all 21 assigned full-time equivalent technician positions were filled in November 2012, the repair lab staff may still not be able to meet their 5-day timeliness goal with current workload demands. We estimated a fully staffed repair lab would only decrease the average number of days to complete repair services by about 5 days. This would make the average number of days 15, which is still 10 days more than their 5-day timeliness goal.

**Pending  
Repairs  
Inadequately  
Monitored**

DALC could not adequately track hearing aids received from veterans and VA medical facilities for repair until DALC staff recorded the hearing aids in their production system. Once received by DALC, each package of hearing aids is marked with the date received and then stored on carts labeled with that date. Hearing aids remain on the carts until a technician opens the package and records the veteran's name, hearing aid's serial number, and date received in DALC's production system. After the technician completes this process, the technician starts repairing the hearing aids.

DALC management stated they receive approximately 6,500 hearing aids for repair each week. We observed and estimated about 19,500 sealed packages of hearing aids waiting for repair and for staff to record the date received from veterans and medical facilities into the production system. Without timely recording of the date DALC received a hearing aid, repair staff cannot identify if the veteran's hearing aid was received or report on the status of the repair. The Government Accountability Office's *Standards for Internal Control in the Federal Government* states that promptly recording transactions or events maintains their relevance and value to management in controlling operations and making decisions.

**Reasons  
Pending  
Repairs  
Inadequately  
Monitored**

According to DALC management, it did not record the date it received the packages at the time of receipt because opening packages had the potential risk of losing small parts. To reduce the risk of losing hearing aid parts, the DALC could consider opening each package on a large tray or container.

Without timely recording of the veteran's name, hearing aid's serial number, and date received in DALC's production system, staff cannot adequately respond to veteran and medical facility inquiries concerning the status of a hearing aid. Additionally, timely recording of this information maximizes the capability of the production system and provides DALC with the ability to identify and assess the backlog of hearing aids needing repair. This will help ensure DALC properly manages its resources and provides timely service to hearing-impaired veterans. An example follows of how the untimely recording of the date DALC received a hearing aid prevented the staff from tracking a hearing aid received for repair.

- On October 25, 2012, a veteran sent his hearing aid to DALC for repairs. The veteran contacted a health technician at his local medical facility about the status of his hearing aid on November 14, 2012. The veteran was concerned his hearing aid may have been lost because he had not heard from DALC. The health technician made an inquiry to DALC, but DALC staff were not able to determine the status of the veteran's hearing aid. According to staff, on November 14, 2012, they were opening and recording the date of packages of hearing aids received on October 19, 2012. On November 16, 2012, the veteran's record showed his hearing aid

package was received—16 workdays from the date the veteran mailed it to DALC.

**Conclusion**

Due to the aging veteran population, VA's audiology service and repair workloads are expected to continue to increase. Therefore, it is imperative that VA effectively manages its delivery of hearing aid services and repairs. By adequately monitoring and benchmarking timeliness for audiology services, VHA can better ensure veterans receive high quality and timely care. Additionally, establishing productivity standards with staffing plans helps to ensure effective and efficient use of funds by providing some certainty that medical facility officials conduct periodic assessments of their staffing needs. Importantly, DALC must ensure that its repair lab staffing can meet present and future workloads to allow for timely monitoring and completion of hearing aid repair services.

**Recommendations**

1. We recommend the Under Secretary for Health develop a plan to implement productivity standards and staffing levels for audiology clinics.
2. We recommend the Principal Executive Director of Office of Acquisition, Logistics, and Construction determine the appropriate staffing levels based on workload at the Denver Acquisition and Logistics Center's repair lab to help meet the timeliness standard for repairs.
3. We recommend the Principal Executive Director of the Office of Acquisition, Logistics, and Construction ensure Denver Acquisition and Logistics Center management establish controls to timely track and monitor hearing aids from the date received for repair.

**VHA  
Management  
Comments**

The Under Secretary for Health agreed with Recommendation 1. The Under Secretary stated that VHA has a plan in place to establish productivity standards for all physician specialties to be completed in FY 2015. In response to Recommendation 1, VHA has expanded the plan for establishing productivity standards to include the non-physician discipline of Audiology beginning in FY 2016. To complete this action plan, VHA will provide documentation that Audiology is included in the implementation plan for establishing productivity standards by March 31, 2014.

**OALC  
Management  
Comments**

Principal Executive Director for the OALC concurred with Recommendations 2 and 3. According to the Principal Executive Director, OALC took immediate steps to remedy Recommendations 2 and 3. For Recommendation 2, a June 2013 new contract requires vendors, instead of the DALC, to complete ear mold services on hearing aids needing repairs. Previously the responsibility of DALC's repair lab, this process has helped

to eliminate the backlog of repairs. In addition, DALC received funding for two positions in the repair lab. For Recommendation 3, in May 2013, DALC implemented a new standard that requires hearing aid repair requests be captured in its centralized automated system whereby the receipt of aids is logged within 24 hours of receipt. OALC requested these recommendations be closed as complete.

***OIG Response***

The Under Secretary's and Principal Executive Director's comments and corrective action plans are responsive to the intent of the recommendations. We will monitor implementation of VHA and OALC's planned action and will close the recommendations when we receive sufficient evidence demonstrating progress in addressing the issues identified.

## Appendix A Background

- Hearing Aids** Different types of hearing aids are made to accommodate various types of hearing loss and veterans' needs. Based on our universe of hearing aid orders, the average cost for each contracted hearing aid was \$369. In comparison, on the open market, one vendor's retail prices for similar hearing aids ranged from \$1,400 to \$2,200.
- Eligibility** Public Law 104-262, the Veterans Health Care Eligibility Reform Act of 1996, provided eligibility reform to prosthetics. Title 38, Code of Federal Regulations, §17.149 allows VA to provide hearing aids to veterans who have service-connected hearing disabilities rated zero percent if there is organic conductive, mixed, or sensory hearing impairment.
- ROES** The Remote Order Entry System (ROES) is part of DALC's production system. It is an automated system used to support the order fulfillment cycle for medical products and services. VA medical facilities' staff use ROES to place orders for hearing aids maintained under contract by DALC. In addition, they use ROES to verify the patients' eligibility for hearing aids, audiometric results, and to request repair services for hearing aids.
- Wait Times** The VA OIG previously reported concerns with VHA's calculated wait times.<sup>3</sup> Among the problems reported were administrative staff entering incorrect desired appointment dates. VHA has recognized the need to improve accuracy and validity of wait-time measurements in ambulatory care. In VA's 2012 Performance and Accountability Report, VHA stated it has revisited the use of the "desired date" in outpatient scheduling. In 2013, VHA anticipated adopting the "agreed upon date" to replace the "desired date" in determining wait times. The "agreed upon date" is the date both provider and patient agreed upon. VHA staff believe this approach promotes negotiation of a date that is both clinically relevant and patient centered. In addition, they expect this to reduce scheduling errors and enhance accuracy of wait-time recording.

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<sup>3</sup> VA OIG *Audit of VHA's Outpatient Scheduling Procedures* (Report No. 04-02887-169, July 8, 2005); *Audit of VHA's Outpatient Wait Times* (Report No. 07-00616-199, September 10, 2007); and *Review of Veterans' Access to Mental Health Care* (Report No. 012-00900-168, April 23, 2012)

## Appendix B Scope and Methodology

### Scope

We conducted our audit work from November 2012 through December 2013. The scope of the audit included an evaluation of the effectiveness of VA's administration of issued hearing aid orders and completed repairs received from April 1, 2012, through September 30, 2012.

We completed the audit work at the DALC located in Golden, CO, and at the following six statistically selected VA medical facilities.

- Central Alabama Veterans Health Care System, Montgomery, AL
- James A. Haley Veterans' Hospital, Tampa, FL
- VA New Jersey Health Care System, Lyons, NJ
- VA Palo Alto Health Care System, Palo Alto, CA
- Southern Arizona VA Health Care System, Tucson, AZ
- Manchester VA Medical Center, Manchester, NH

### Methodology

We identified and reviewed applicable laws, regulations, policies, procedures, and guidelines. Additionally, we conducted site visits and interviewed various levels of staff and management in VHA and DALC to determine interrelationships, performance standards, and processing procedures of VA's administration of hearing aid services.

We used DALC's ROES to obtain a universe of over 285,000 hearing aid orders and about 199,000 repairs. We evaluated and found no issues with the following.

- Patterns of repeated or preferential ordering for certain brands of hearing aids by clinics and audiologists
- Orders that exceeded the contract price
- Cost and reason for the repair
- Repairs made at inappropriate cost while under warranty

We obtained workload and budget records as well as performance standards and reports from DALC's repair lab to review for patterns and anomalies. Additionally, we reviewed and assessed DALC's payment and reconciliation processes for orders and repairs. We also determined the closeout process in ROES for completed hearing aid repairs.

For our statistical sample of VA medical facilities, we evaluated the timeliness of the hearing aid order process. We also determined if staff tracked hearing aid repair services to ensure timeliness. In addition, we obtained and analyzed Patient Wait Time reports and Patient Encounters

reports from each medical facility to review factors affecting timeliness of issuing hearing aids.

***Fraud Assessment***

Audit steps were included to identify potentially fraudulent activities. We developed specific audit steps to identify if veterans' medical records included the required documentation to support the medical need for the hearing aid.

***Data Reliability***

We used computer-processed data provided by the Office of Acquisition and Logistics to identify issued hearing aid orders and completed repairs from April 1, 2012, through September 30, 2012. To test the reliability of hearing aid orders and repairs, we reviewed data fields to ensure the following.

- Completeness of data
- Data within our scope
- Duplicate records not included
- No calculation errors

For each medical facility visited, we also reviewed a sample of veterans' medical records in VHA's Computerized Patient Record System to confirm staff had documented a medical need for the hearing aid. We also determined the order dates in ROES and matched the dates in the Computerized Patient Record System. We concluded the hearing aid orders and repair data were complete and accurate for our use.

***Government Standards***

Our assessment of internal controls focused on those controls relating to our audit objective. We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## Appendix C Statistical Sampling Methodology

To evaluate the effectiveness of VA's administration of hearing aid services, we selected a representative sample of VA medical facilities to conduct site visits. In addition, to determine if audiologists documented the veterans' medical need for hearing aids, we selected a representative sample of hearing aid orders from the sample of sites for review.

### **Population**

All hearing aid order and repair data were located in DALC's ROES. We obtained the hearing aid data from the Office of Acquisition and Logistics. Our audit universe included more than 285,000 hearing aids ordered with an issue date from April 1, 2012, through September 30, 2012. The universe's total value was about \$105 million. In addition, our audit universe included about 199,000 completed hearing aid repairs for this same period, which had a total value about \$7.5 million.

### **Sampling Design**

We conducted a two-stage stratified random sample. In the first stage, we selected 6 statistically sampled VA medical facilities from 142 sites to conduct site visits. For this sample, we did not exclude any VA medical facilities in the universe, but we did not include community based outpatient clinics, outpatient clinics, or medical facilities from the same Veterans Integrated Service Networks. We segregated the universe of orders into strata based on the number of orders and issuing timeliness above the universe average. We calculated the universe average as number of days from date ordered to date issued. We selected two sites from each of the three strata that included:

- Number of hearing aid orders between 400 and 1,999
- Number of hearing aid orders over 2,000
- Percentage of orders issued timely compared with the universe average

Table 3 provides the number and cost of hearing aids ordered at the six VA medical facilities selected during the period of April 1, 2012, through September 30, 2012.

**Table 3**

<b>Number and Cost of Issued Hearing Aids Orders at Sample Sites</b>		
<b>VA Medical Facility (Location)</b>	<b>Number of Issued Orders</b>	<b>Cost of Hearing Aid Orders</b>
Central Alabama Veterans Health Care System (Montgomery, AL)	987	\$368,558
James A. Haley Veterans' Hospital (Tampa, FL)	2,150	736,473
VA New Jersey Health Care System (Lyons, NJ)	827	309,427
VA Palo Alto Health Care System (Palo Alto, CA)	2,569	966,914
Manchester VA Medical Center (Manchester, NH)	1,259	423,267
Southern Arizona VA Health Care System (Tucson, AZ)	1,686	619,596
<b>Total</b>	<b>9,478</b>	<b>\$3,424,235</b>

*Source: VA OIG analysis of the universe of VA's ordered and issued hearing aids from April 1, 2012, through September 30, 2012, for our selected sites.*

In the second stage, we selected a random sample of 30 hearing aid orders from each of the selected VA medical facilities totaling 180 orders. All orders had the probability of being selected to allow making a projection over the whole population and by strata. We used this second-stage sample to determine if staff documented a medical need for the hearing aid in the veterans' medical record.

## Appendix D Under Secretary for Health Comments

### Department of Veterans Affairs

### Memorandum

**Date:** January 30, 2014

**From:** Under Secretary for Health (10)

**Subj:** OIG Draft Report, Audit of VA's Hearing Aid Services (Project No. 2012-02910-R4-0158) (VAIQ 7436139)

**To:** Assistant Inspector General for Audits and Evaluations (52)

1. I have reviewed the draft report and concur with the report's recommendations. Attached is the Veterans Health Administration's corrective action plan for recommendation 1.

2. Thank you for the opportunity to review the draft report. If you have any questions, please contact Karen Rasmussen, Director, Management Review Service (10AR) at (202) 461-6643.



Robert A. Petzel, M.D.

Attachment



## Appendix E Principal Executive Director of Office of Acquisitions, Logistics, and Construction Comment

### Department of Veterans Affairs

### Memorandum

**Date:** February 5, 2014

**From:** Principal Executive Director, Office of Acquisition, Logistics, and Construction (003)

**Subj:** Office of the Inspector General Draft Report, "Audit of VA's Hearing Aid Services" (2012-02910-R4-0158) (VAIQ No. 7426556)

**To:** Assistant Inspector General for Audits and Evaluations (52)

1. The Office of Acquisition, Logistics, and Construction (OALC) has reviewed the subject report and takes seriously the welfare of the Veterans we serve. OALC fully concurs with the draft report findings and took immediate steps to remedy Recommendations 2 and 3 in anticipation of the draft report:

a. **Recommendation 2:** We recommend the Principal Executive Director of Office of Acquisition, Logistics, and Construction determine the appropriate staffing levels based on workload at the Denver Acquisition and Logistics Center's repair lab to help meet the timeliness standard for repair.

Over the past six months the Denver Acquisition and Logistics Center (DALC) has introduced efficiencies through a new contracting vehicle and successfully brought repair timeliness within standards. Prior to June 1, 2013, the majority of DALC repairs consisted of earmold services on hearing aids coming in for repair. New hearing aid repair contracts went into effect on June 1, 2013, requiring that vendors complete the earmold service with the repair of an aid so they are no longer done at the DALC. The new contracts also instituted a flat fee for all repairs within a specific category to eliminate additional repair requests and charges. Since this time, the DALC improved its timeliness statistics, eliminated the backlog, and brought repairs within a more appropriate range of its timeliness standard of 5 days. The DALC will continue to monitor its compliance with this standard.

<u>Month of FY 2013</u>	<u>Timeliness</u>	<u>Comment</u>
June	15 days	Backlog in earmold services from previous contract
July	6 days	Summer increase in repairs due to heat/humidity
August	6 days	Summer increase in repairs due to heat/humidity
September	2 days	Under standard
October	4 days	UnderIn standard
November	6 days	Annual pre-holiday increase in repairs
December	5 days	

In addition, the DALC sought and received funding for two additional employee positions for the Laboratory Section.

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Subject: Office of the Inspector General Draft Report, "Audit of VA's Hearing Aid Services" (2012-02910-R4-0158) (VAIQ No. 7426556)

b. **Recommendation 3:** We recommend the Principle Executive Director of Office of Acquisition, Logistics, and Construction ensure Denver Acquisition and Logistics Center management establish controls to timely track and monitor hearing aids from the date received for repair.

Since May 2013, the DALC deployed a new standard which requires hearing aid repair requests to be captured into its centralized automated system whereby the receipt of aids are logged within 34 hours of receipt. Additionally, use of the system has demonstratively improved efficiencies in customer responsiveness through the immediate query and retrieval of Veterans' inquiry data.

2. Based upon the aforementioned improvement, OALC requests Recommendations 2 and 3 be closed as completed.
3. Should you have any questions regarding this submission, please contact Mrs. Annette Powe, OALC at (202) 32-5454 or [annette.powe@va.gov](mailto:annette.powe@va.gov).

  
Glenn D. Haggstrom

## Appendix F Office of Inspector General Contact and Staff Acknowledgments

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OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Cherie E. Palmer, Director Nilda Bueno Alicia Castillo-Flores Mary Ann Fitzgerald Theresa Golson David Lakoskey John Pawlik Jennifer Roberts Nelvy Viguera Butler Herman Woo
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