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VETERANS HEALTH CARE

VHA Is Taking Steps but Has Not Completed Implementing Priority Recommendations to Improve Its Oversight of Regional Networks

Statement for the Record by Sharon M. Silas, Director, Health Care

GAO-24-107641

GAO Highlights

Highlights of GAO-24-107641, a statement for the record to the Subcommittee on Health, Committee on Veterans' Affairs, House of Representatives

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Why GAO Did This Study

VHA operates one of the nation's largest health care systems. GAO and others have identified challenges VHA faces in managing and overseeing its health care system.

This statement provides information on the status of priority recommendations GAO made in two reports to strengthen VHA oversight of VISNs: (1) a report from June 2019, GAO-19-462, and (2) another report from September 2019, GAO-19-670. For this statement, GAO reviewed VHA information on the steps it has taken to implement the recommendations.

What GAO Recommends

GAO made three recommendations in the June 2019 report and five recommendations in the September 2019 report. From each of these reports, one priority recommendation has not been implemented.

What GAO Found

Within the Department of Veterans Affairs (VA), the Veterans Health Administration (VHA) has 18 regional networks—referred to as Veterans Integrated Service Networks (VISN) that manage and oversee 172 medical centers and other medical facilities. Each year GAO identifies priority recommendations, which are recommendations that have not been implemented that GAO believes warrant priority attention from VA. In 2024, this included priority recommendations that, if implemented, would help improve VHA's ability to oversee and hold VISNs and medical centers accountable. In addition, since 2015, GAO has identified VA health care as a government program that is at high risk for fraud, waste, abuse, and mismanagement due to inadequate oversight and accountability in its operations.

In June 2019, GAO found that VHA's oversight of VISNs was limited and made three recommendations to improve that oversight. VHA has implemented two but has not yet implemented one of these recommendations, which GAO has identified as a priority recommendation. Specifically, GAO recommended that VHA clearly define VISN roles and responsibilities for managing and overseeing medical centers. VHA agreed in principle with this recommendation. In June 2024, VHA reported plans to publish a directive by December 2024 that includes the roles and responsibilities of VISNs.

In September 2019, GAO found weaknesses in VHA's process for allocating funds to VISNs and medical centers and made five recommendations. VHA has implemented four of the five recommendations. As of June 2024, VHA has partially, but not fully implemented the remaining recommendation, which GAO has also identified as a priority recommendation. GAO recommended that VHA revise its existing guidance to require VISNs—in conjunction with medical centers—to develop and submit approaches to improve efficiency at medical centers with declining workloads that received adjusted funding levels. These approaches could include adjusting the level of services offered. VHA has reported taking steps to address this recommendation.

Since VA health care was added to the High-Risk List in 2015, GAO has made 42 recommendations to VA related to its oversight of VISNs and VISN management. As of June 2024, VHA has implemented 37 of those recommendations. Of the five recommendations that have not been implemented, there are two priority recommendations that warrant immediate attention from VA. Implementing these recommendations will help ensure VHA is operating appropriately and efficiently and in turn help to ensure medical centers are providing quality and timely care to veterans.

View GAO-24-107641. For more information, contact Sharon M. Silas at (202) 512-7114 or silass@gao.gov.

Chairwoman Miller-Meeks, Ranking Member Brownley, and Members of the Subcommittee:

Thank you for the opportunity to submit this statement highlighting some of our work examining the Veterans Health Administration's (VHA) oversight of its regional networks.

VHA, within the Department of Veterans Affairs (VA), operates one of the nation's largest health care systems, with 18 regional networks—referred to as Veterans Integrated Service Networks (VISN)—that manage and oversee 172 medical centers and other medical facilities. We and others have identified challenges VHA faces in managing and overseeing its health care system, including VHA's ability to ensure that its medical centers provide veterans with timely access to quality health care.

We added VA health care to our High-Risk List in 2015, in part, because of VHA's inadequate oversight and accountability, including its oversight of VISNs, and it remains on the High-Risk List.[1] Since being added to the High-Risk List in 2015, we have made 42 recommendations to VA related to its oversight of VISNs and VISN management. As of June 2024, VA has implemented 37 of those recommendations, but 5 have not been implemented. In addition to the High-Risk List, each year we identify recommendations that have not been implemented that should warrant priority attention from VA.[2] In 2024, this included priority recommendations that, if implemented, would clarify VISNs' roles and responsibilities and improve VHA's ability to oversee and hold VISNs and VA medical centers accountable.[3]

[1]We maintain a list of government operations that we have identified as high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges. See GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015) and GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, GAO-23-106203 (Washington, D.C.: Apr. 20, 2023).

[2]Priority recommendations are those that we believe warrant priority attention from heads of key departments or agencies. These recommendations are highlighted because, upon implementation, they may significantly improve government operations by, for example, realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high risk or duplication issue.

[3]GAO, *Priority Open Recommendations: Department of Veterans Affairs*, GAO-24-107265 (Washington, D.C.: June 3, 2024).

My statement provides information on the status of priority recommendations to strengthen VHA oversight of VISNs from the following two reports:

1. A June 2019 report entitled *Veterans Health Administration: Regional Networks Need Improved Oversight and Clearly Defined Roles and Responsibilities* that examined VHA's oversight of VISNs, including the extent to which VHA oversees VISNs' management and oversight of medical centers.[4]
2. A September 2019 report entitled V*eterans Health Care: VA Needs to Improve Its Allocation and Monitoring of Funding* that examined VHA's allocation and monitoring of funds to its VISNs and medical centers.[5]

For our June 2019 report, we reviewed policies and related documents that describe VISN-level responsibilities. For our September 2019 report, we reviewed documents on VHA's processes for allocating funds to VISNs and medical centers and requirements for monitoring the use of funds. For both reports, we interviewed officials from VHA central office and from all 18 VISNs. The reports include a full description of their respective scope and methodology.[6] In addition, for this statement, we reviewed information on VHA's progress implementing the recommendations from the reports.

The work on which this statement is based was conducted in accordance with generally accepted government auditing standards. Those 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

VHA's health care delivery system is organized regionally, around VISNs. The VISNs were established in 1995 as part of a strategy to decentralize VA health care decisions and bring decision-making closer to the point of care. VISNs were initially designed to be the basic budgetary and

[4]See GAO, Veterans Health Administration: Regional Networks Need Improved Oversight and Clearly Defined Roles and Responsibilities, GAO-19-462 (Washington, D.C.: June 19, 2019).

[5]See GAO, *Veterans Health Care: VA Needs to Improve Its Allocation and Monitoring of Funding*, GAO-19-670 (Washington, D.C.: Sept. 23, 2019).

[6]See GAO-19-462 and GAO-19-670.

planning unit of VHA. VISN directors were given the autonomy and authority to develop and implement local management, administrative, and staffing arrangements when necessary to meet health care needs. Since then, the number of VISNs has decreased from the original 22 to 18, VISN boundaries have been realigned, and the staffing structure has changed to help support emerging VHA-wide health care needs.

VISNs manage regional markets that deliver health care, social services, and support services to veterans. Each VISN is responsible for overseeing medical centers within a defined geographic area. VISNs manage the day-to-day functions of medical centers within their networks through efforts such as periodic strategic, business, and financial planning meetings. For example:

- As part of its broader oversight approach, VHA designated VISNs as one part of the organization responsible for monitoring risks across their regions. However, VHA is still early in its efforts to implement its oversight approach.
- Each year, VHA allocates funds for general patient care—known as general purpose funds—to its 18 VISNs, and these general purpose funds are then further allocated to the medical centers within each VISN. VHA guidance permits VISNs to make adjustments to the general purpose funding levels allocated to each medical center.

VHA Has Taken Some Steps to Address a Priority Recommendation to Define VISN Roles and Responsibilities in Managing Medical Centers

In our June 2019 report, we found that VHA's oversight of VISNs was limited and made three recommendations.[7] Specifically, we recommended that VHA (1) develop a process to assess the overall performance of VISNs in managing and overseeing medical centers; (2) establish a process to routinely oversee VISN staffing, to include ensuring VISNs are consistent with VHA's standardized VISN staffing levels and positions, and documenting the rationale for approving staffing that does not adhere to VHA's standardized approach; and (3) develop a comprehensive policy clearly defining VISNs' roles and responsibilities in managing and overseeing medical centers. VHA has implemented the first two recommendations. The third recommendation, which we

[7]See GAO-19-462.

identified as a priority recommendation for VHA in 2020, has not been implemented, as of June 2024.[8]

VHA agreed in principle with the third recommendation and has taken some steps to address it. In May 2023, VHA reported that a directive was under review that will describe the roles and responsibilities of VISNs, including for the management and oversight of medical centers. As of June 2024, VHA reported that publication of the directive is projected for December 2024.

It remains critical that VHA develop a policy that clearly defines VISN roles and responsibilities. Without taking this action, it will be difficult for VHA to develop an effective oversight process that ensures adequate monitoring of VISN activities. We will continue to follow up with VHA officials on their progress in implementing this priority recommendation. When VHA completes these activities, we will evaluate the extent to which it has addressed our recommendation.

VHA Has Not Fully Implemented a Priority Recommendation to Help VISNs Improve Efficiency at Medical Centers with Declining Workloads

In our September 2019 report, we found weaknesses in VHA's processes for allocating funds to VISNs and medical centers, and we made five recommendations.[9] Specifically, we recommended that VHA (1) use workload data from the most recently completed fiscal year to allocate funds; (2) establish a formal process to document VHA's review of VISNs' adjustments to medical center allocation levels; (3) revise existing guidance to require VISNs to provide information on adjustment amounts and the reasons for doing so; (4) require VISNs to provide explanations for redistributions of allocated funds between VISNs and medical centers and then review the amounts redistributed; and (5) revise its existing guidance to require VISNs—in conjunction with medical centers—to develop and submit approaches to improve efficiency at medical centers with declining workload that received adjusted funding levels. These approaches could include adjusting the level of services offered.[10] VHA has implemented four of the five recommendations. As of June 2024,

[8]See GAO, *Priority Open Recommendations: Department of Veterans Affairs*, GAO-20-537PR (Washington, D.C.: Apr. 20, 2020).

[9]See GAO-19-670.

[10]An example of an adjustment to the level of services offered could include consolidating services that are offered at multiple locations.

VHA has partially, but not fully implemented the fifth recommendation, which we identified as a priority recommendation in 2020.[11]

VHA agreed in principle with the fifth recommendation and has reported taking steps to address it. For example, VHA stated that it has conducted market assessments, and the information from these assessments is being used to increase the quality of care and veterans' access to it. VHA reported that adjusting medical centers' level of service may be considered along with other alternatives in response to the market assessments. We will continue to follow up with VHA officials on their progress in implementing this priority recommendation. When VHA completes its activities, we will evaluate whether VHA has fully implemented the recommendation.

In closing, improving the ability of VISNs to effectively monitor and allocate resources within their respective regions should be a priority for VHA. We acknowledge that VHA has implemented many of our prior recommendations and taken steps towards implementing the two priority recommendations described in this statement. By addressing remaining weaknesses in its oversight of VISNs, VHA will be better prepared to operate its vast health care system appropriately and efficiently to provide quality and timely care to veterans.

Chairwoman Miller-Meeks, Ranking Member Brownley, and Members of the Subcommittee, this concludes my statement for the record.

GAO Contact and Staff Acknowledgments

If you or your staff members have any questions concerning this statement for the record, please contact Sharon M. Silas at (202) 512-7114 or silass@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this statement.

GAO staff who made contributions to this testimony include Janina Austin (Assistant Director), Alison Goetsch (Analyst-In-Charge), Jacquelyn Hamilton, and Cathleen Hamann Whitmore.

[11]See GAO-20-537PR.