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Report to the Chairman, Committee on Veterans' Affairs, U.S. Senate

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VA HEALTH CARE

Efforts to Assure Quality of Care in State Homes

GAO/HRD-90-40

GAO

United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

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November 27, 1989

The Honorable Alan Cranston
Chairman, Committee on Veterans' Affairs
United States Senate

Dear Mr. Chairman:

In your May 25, 1988, letter and subsequent meetings with your staff, you asked us to determine how the Department of Veterans Affairs (VA) assesses whether its State Home Program provides quality care to veterans. Specifically, you asked us to determine whether VA

- inspects state homes frequently enough to evaluate the care veterans receive in such facilities and
- uses adequate processes and procedures to assess the quality of care provided in state homes.

You also asked us to determine whether VA had implemented three specific recommendations GAO made to VA in a 1981 report (State Veterans' Homes: Opportunities to Reduce VA and State Costs and Improve Program Management, GAO/HRD-82-7, Oct. 22, 1981): (1) to revise its state home inspection standards to provide more specificity and guidance, (2) to review VA inspection reports on state homes to ensure that compliance with all standards are assessed, and (3) to develop standards in surgical care and related services for state home hospital units.

Results in Brief

We found no basis to suggest that VA should require its medical centers to inspect state homes more frequently than it currently requires (i.e., annually). We also found that VA has adequate procedures to assess the care state homes can provide. But these procedures were not always followed. For example, we noted during our review of six VA medical centers that one did not perform the required annual inspections properly, and five of the six did not consistently follow up on noted deficiencies to ensure that they were corrected.

VA implemented two of the three recommendations in our 1981 report. Specifically, it revised its inspection guidelines to more closely conform to those in use for the Health Care Financing Administration (HCFA) Medicare certification inspections, thus providing more specificity and guidance to its inspectors. In addition, VA's central office now reviews all inspection reports to see that all standards have been addressed and

that there are no omissions or clerical errors. VA did not develop standards on surgical care and related services as part of its state home hospital standards because, in the opinion of VA officials, such standards would duplicate those being used by the Joint Commission on Accreditation of Healthcare Organizations. Each of the state homes providing surgical care is inspected by the Joint Commission. This organization's surgical care standards are generally accepted in the health care community and must be adhered to in order for a state home that performs surgery to achieve accreditation. We believe that the VA position is reasonable. But we also believe that VA should assure itself that state homes providing surgical care maintain an unconditional Joint Commission accreditation or Medicare/Medicaid certification status.

Details of our review objectives, scope, and methodology are in appendix I.

Background

States establish and operate veterans' homes (state homes) to provide hospital, nursing home, or domiciliary care for eligible veterans and, in some cases, their immediate families. Each state home establishes its own admission criteria, which generally require that veterans provide evidence of state residency, disability, and the inability to earn a living because of that disability. There are currently 56 homes in 35 states. These homes collectively contain 7 hospitals, 50 nursing homes, and 43 domiciliary care units.

VA helps states defray the costs of operating and constructing or renovating state homes through per diem payments and construction grants, respectively. States apply to the VA Chief Medical Director to participate in the program. VA medical centers then inspect the homes to verify their qualifications and determine if they are in compliance with VA requirements and standards of care. If so, the home is approved for participation in the program.

State Home Oversight

Within the VA central office, two organizational units are involved with the state home program, the Office of Geriatrics and Extended Care and the Office of the Director for Operations. The Office of Geriatrics and Extended Care has overall responsibility for the program, and it formulates budgets, issues manuals and guidance, and monitors program activities. The Office of the Director for Operations, through its regional offices, monitors the VA medical centers that inspect the state homes.

The regional offices act as conduits for information between the state homes and the Office of Geriatrics and Extended Care.

VA medical centers are required to inspect each state home annually to ensure continuing compliance with VA's standards of care. These inspections typically take 2 to 3 days and are conducted by multidisciplinary teams, each composed of a physician, nurse, clinical pharmacist, dietician, and representatives from medical administration, fiscal, engineering, building management, and social services. A team leader coordinates the team's efforts.

The inspection consists of a number of individual evaluations that include

- assessing compliance with VA standards of care and recording the results on the applicable hospital, nursing home, or domiciliary care inspection report;
- auditing financial records; and
- verifying the number of patients in each care unit in order to ensure that the VA's per diem payments to the homes were proper.

VA standards for reporting inspections require that team members clearly identify any deficiencies, explain any adverse impact on patient care, and recommend corrective action to achieve compliance. The inspection team provides a copy of the inspection report to the commandant of the home.

Follow-Up Action

VA's medical center directors are required to ensure that state homes correct all deficiencies noted during inspections. If the deficiencies are not corrected within 30 days, the homes' commandants must provide the medical center directors with plans for corrective action. The director may then require follow-up inspections. Should those inspections find unsatisfactory progress toward correction, the directors may initiate actions to withhold funds or withdraw VA recognition pending compliance. The VA medical centers must provide copies of inspection reports and plans of corrective action to the Office of Geriatrics and Extended Care and the appropriate regional office.

Waivers of Inspection

Under certain circumstances, VA can exempt state homes from the annual inspection requirement. The inspection requirement can be

waived if (1) a home providing hospital or nursing home care has a current Joint Commission accreditation or Medicare/Medicaid certification, and (2) the VA inspection team determines that Joint Commission or Medicare/Medicaid inspection reports show compliance with VA standards of care. Joint Commission accreditation is granted to those homes that meet its hospital or long-term care standards. Medicare/Medicaid certification is granted if HCFA's skilled nursing or intermediate care standards are met.

Of the seven state home hospital care units in the United States, six are Joint Commission accredited and the one not accredited is Medicare certified. Further, five of the six accredited hospitals are also Medicare/Medicaid certified. Of the 50 nursing home care units, 6 are accredited by the Joint Commission only, 4 are both Joint Commission accredited and Medicare/Medicaid certified, and 15 are Medicare/Medicaid certified only. VA must annually inspect the remaining 25 nursing homes and all domiciliary units.

Annual Inspection Cycle for VA State Homes Is Adequate

VA's requirement for annual inspections is consistent with the general inspection practices of other health care organizations. In a 1986 publication on nursing homes,[1] the National Academy of Sciences, Institute of Medicine reported that, although some states had experimented with flexible survey cycles, it found no ideal frequency for inspections that would prevent violations. The report pointed out that even excellent facilities may fall into noncompliance very quickly after key staff leave, or ownership or resident mix changes. However, according to the report, the "consensus among consumer, regulator, and provider groups is that annual surveys of nursing homes are both reasonable and necessary."

Most state homes are also subject to more than VA inspections. For example, (1) state health departments often perform annual licensing inspections of the nursing home units in state homes, (2) state homes participating in the Medicare/Medicaid programs are subject to annual inspections by state survey agencies,[2] and (3) state agencies address individual complaints made against homes. With respect to the latter, state long-term-care ombudsmen and health officials in the three states

[1]Institute of Medicine, National Academy of Sciences, Improving the Quality of Care in Nursing Homes, National Academy Press, Washington, D.C., 1986.

[2]State health or other appropriate agencies that are under agreement with HCFA and the state Medicaid agency to determine compliance with Medicare/Medicaid program requirements.

where we visited homes told us that they investigated the complaints and are satisfied with the corrective actions taken by the homes.

VA Inspection Guidelines Are Adequate but Not Consistently Followed

VA inspection procedures generally parallel those used by HCFA for Medicare/Medicaid certifications made before July 1988. In our opinion, these procedures, if properly carried out, can help assure that a state home's capability to provide quality care to patients can be adequately evaluated. But, of the six VA medical centers we examined, one did not follow the inspection procedures. In addition, this medical center and four of the other five did not consistently follow up on deficiencies they identified in state homes to determine whether they were corrected.

The medical center that failed to follow VA's inspection procedures did so in 1987 and 1988. Further, it did not (1) inform the state home commandants of all the deficiencies it identified or (2) provide the Office of Geriatrics and Extended Care or the regional office with copies of its inspection reports, as required. But neither the Office of Geriatrics and Extended Care nor the VA regional office was aware that they had not received the inspection reports. The team leader for the 1987 inspection attributed the failure to follow procedures to his lack of experience in the position and knowledge of the requirements at that time. He told us that he did not notify the commandants of the deficiencies identified because some team members did not provide him with sufficient details to describe the nature of the deficiencies. Similar problems continued in 1988. For example, the team leader could not provide domiciliary-care inspection reports at three locations. As in the 1987 inspection, some deficiencies were not reported to the commandants, as required, because team members had not provided adequate information to allow the team leader to discuss them. The team leader told us that he would correct these problems during future inspections, by better preparing the inspection team and assuring that deficiencies were reported to the appropriate parties.

Of the five centers that annually inspected their respective state homes, only one followed up to determine that deficiencies it identified were corrected. The types of deficiencies found by the medical centers varied among homes; problem areas included infection control, dietetics, social services, and medical records.

VA Actions to Implement the GAO Recommendations Made in 1981

VA has implemented two of the three recommendations made in our 1981 report in which you expressed specific interest. Specifically, state home standards have been revised to provide more specificity and guidance similar to that provided by HCFA standards. Also, the VA central office now reviews inspection reports to ensure that all standards are assessed and reports are complete. VA has not developed standards on surgical care and related services for state homes' hospital units because the four facilities that provide surgical care are inspected for accreditation purposes by the Joint Commission and are thus required to meet its surgical care standards. In our opinion, this position is reasonable as long as VA satisfies itself that the state homes providing surgical care are unconditionally accredited by the Joint Commission or are Medicare/Medicaid certified.

Inspection Guidelines Revised to Provide More Specificity and Guidance

In 1981, we reported that VA did not give its inspectors adequate guidance on how to assess state home compliance with its standards of care. As a result, VA inspectors limited the scope of their assessments, used different criteria to assess compliance with standards, or determined that standards were met in those instances when they did not know how to assess compliance. We pointed out that Joint Commission and HCFA standards gave inspectors better guidance on how to obtain accurate information and reach reliable conclusions about compliance with standards. We recommended that VA revise its state home standards to provide specificity and guidance, such as that provided in Joint Commission and HCFA standards.

In 1984, VA revised its nursing home inspection guidelines to more closely parallel those developed by HCFA for Medicare/Medicaid certification inspections of such areas as administration, safety, infection control, medical care, nursing service, rehabilitation, social services, patient activities, dietetics, medical records, pharmaceutical services, and utilization review. In 1986, VA similarly revised its domiciliary standards.

VA guidelines instruct inspectors to look for indications of compliance with its standards. For example, the nursing service standard requires that a written-care plan be maintained for each patient. Therefore, VA inspection guidelines suggest that the inspectors look for a patient-care plan that reflects an assessment of the patient's condition, identification of a patient's problems, measurable goals to be accomplished, care to be provided, and the hospital unit(s) responsible for providing the care. The dietetic standards require that diets be prescribed by the attending physician. In this instance, the guidelines suggest that the inspectors

look for regular and therapeutic menus that are planned in writing. Meals should then be prepared and served as ordered with supervision or consultation from the dietician.

In July 1988, HCFA revised its nursing home inspection requirements to shift the emphasis from assessing a nursing home's capability to provide quality care, to assessing a home's actual delivery of care using patient outcomes. These revised requirements emphasize unannounced inspections to observe how care and services are actually provided and the effects of that care (e.g., patient outcomes) in determining whether the care provided meets the needs of individual residents. Since we have not evaluated the new requirements, we are not recommending that VA change its inspection guidelines at this time.

Improvements Made in Inspection Report Review Process

In our 1981 report, we stated that VA inspection reports contained numerous omissions and clerical errors. In addition, there were no indications on some reports that certain standards had been assessed. The inspection reports were essentially a listing of standards on which the inspector was to record a checkmark beside each standard as being met or not met. When a standard was not met, a description of the deficiency was to be provided. VA's central office reviewed these reports but did not ask the medical centers about the standards for which there were no entries on the reports. To correct this problem we recommended that VA follow up with the medical centers to ensure that compliance with all standards is assessed.

The Office of Geriatrics and Extended Care Program Chief informed us that the VA central office now reviews all inspection reports it receives to determine whether all standards have been addressed and deficiencies properly recorded. Our review of the worksheets and correspondence prepared by this Office confirmed that all standards on the inspection reports were being addressed.

Development of New Surgical Care and Related Standards Not Necessary

In 1981, we reported that VA hospital standards did not address surgical care and related services provided at state homes, even though three of the four state home hospitals we reviewed at that time performed surgery. Moreover, the VA inspection reports for these homes contained no evaluation of the surgical care they provided. We recommended that VA develop standards on surgical care and related services as part of its state home hospital standards. VA concurred with this recommendation

and stated that, although it does not encourage surgery in state home hospitals, surgical standards would be developed.

The Program Chief from the Office of Geriatrics and Extended Care told us that VA has not implemented our recommendation because (1) there are only four state homes that perform surgery and (2) the state homes performing surgery are inspected and accredited by the Joint Commission, and are thus required to meet their surgical care standards. The Joint Commission has surgical care standards, which are generally accepted in the health care community and must be adhered to in order for a state home that performs surgery to achieve its accreditation. In the opinion of VA officials, the development of a separate set of standards would be an unnecessary duplication of effort.

Conclusions

If adhered to, the annual inspection cycle is sufficient to allow VA to evaluate the state homes' ability to provide quality care. Further, the inspection guidelines now being used by VA are specific enough to assure that it can determine whether state homes can comply with the standards. VA should, however, assure that the medical centers follow up on the deficiencies identified by VA inspection teams at the state homes. Until it does this, VA cannot be assured that the state homes can provide quality care to veterans.

We agree with VA officials that it is not necessary to develop separate surgical care standards; however, if a state home involved in surgical care chooses not to be accredited by the Joint Commission or certified for Medicare/Medicaid, separate VA surgical care standards may be necessary. Unless such a situation occurs, it is reasonable for VA to accept compliance with Joint Commission or Medicare/Medicaid standards. But VA must assure itself that the applicable state homes maintain an unconditional accreditation or certification status.

Recommendation

The Secretary of Veterans Affairs should direct the Chief Medical Director to require VA regional offices to ensure that medical centers adhere fully to VA's current inspection requirements, particularly the requirement to follow up on corrective action agreed to be taken by the state homes.

Agency Comments

By letter dated October 17, 1989, the Secretary of Veterans Affairs concurred with our recommendation and stated that VA is committed to its responsibility to assure that state homes comply with the requirements and standards of care. (See app. II.) The Secretary further stated that regional director offices will

- require VA medical centers to advise them of any repeat problems and provide the region with the appropriate state homeand facility action plans to deal with such problems.
- reinforce with medical centers the importance of consistency in state home inspections and follow up on all corrective actions, by both written reports and on-site reviews of state homes annually and more frequently if necessary.

We are sending copies of this report to other congressional committees and subcommittees; the Director, Office of Management and Budget; the Secretary of Veterans Affairs; and other interested parties. If you have any questions concerning this report, please contact me at (202) 275-6207. Other major contributors to this report are listed in appendix III.

Sincerely yours,

David P. Baine

David P. Baine
Director, Federal Health Care
Delivery Issues

Contents

Abbreviations

GAO	General Accounting Office
HCFA	Health Care Financing Administration
VA	Department of Veterans Affairs

Objectives, Scope, and Methodology

In conducting this review, we addressed the following questions:

- Should the Department of Veterans Affairs (VA) require more frequent inspections of state homes? If so, how frequently should such inspections be conducted?
- Does VA use adequate processes and procedures in assessing the quality of care in the state homes?
- How has VA implemented prior GAO recommendations to (1) develop standards on surgical care and related services as part of the state home hospital standards, (2) revise state home standards to provide specificity and guidance such as that provided in Joint Commission and HCFA standards, and (3) follow up on inspection reports to ensure that compliance with all standards is assessed?

We randomly selected 10 state homes inspected only by VA and not by the Joint Commission or for Medicare/Medicaid certification (see table I.1).

Table I.1: Summary of Locations Selected for Review

VA medical center	State home
Providence, Rhode Island[a]	Bristol, Rhode Island[a]
East Orange, New Jersey[a]	Menlo Park, New Jersey[a] Paramus, New Jersey
New Orleans, Louisiana	Jackson, Louisiana
Dublin, Georgia	Milledgeville, Georgia
Boise, Idaho	Boise, Idaho
Grand Island, Nebraska[a]	Grand Island, Nebraska[a] Norfolk, Nebraska Omaha, Nebraska Scottsbluff, Nebraska

[a]Locations visited by GAO.

We also performed work at the VA central office in Washington, D.C., state homes, and VA medical centers having jurisdiction over the three homes we visited and four others included in our review. For the remaining three homes, we reviewed documentation and discussed by telephone the inspection process with officials of the medical centers involved.

To determine whether VA inspects state homes frequently enough, we

- compared the VA's inspection practices to those used for licensing purposes by selected state health departments and for Medicare/Medicaid certification by selected state survey agencies;
- interviewed VA medical center and central office officials to obtain their views on the frequency of inspections; and
- interviewed state long-term-care ombudsmen and health officials for those states where the homes we visited are located, the National Association of State Veterans Homes, and the Disabled American Veterans to determine whether complaints of poor quality care indicated a need for more frequent inspections.

To determine whether VA uses adequate processes and procedures to assess these state homes' ability to provide quality care, we focused on the adequacy of the annual VA inspections of state homes and VA's follow-up on the correction of deficiencies noted during those inspections. Specifically, we

- examined VA inspection procedures and compared them to procedures used by state health agencies, the Joint Commission, and HCFA;
- reviewed copies of the two most recent nursing home or domiciliary care inspection reports conducted by VA for the 10 homes we selected;
- identified the deficiencies noted in each inspection report, paying particular attention to repeat deficiencies;
- discussed with VA medical center officials the inspection results, the homes' actions to correct deficiencies, and VA follow-up to ensure corrective action; and
- discussed with home officials their efforts to correct deficiencies—especially repeat deficiencies—noted during inspections.

To determine whether VA had implemented GAO's 1981 recommendations, we

- determined from the Office of Geriatrics and Extended Care what action VA had taken to implement our recommendations and
- obtained and evaluated copies of the inspection guides prepared by VA for nursing home and domiciliary care standards.

Our work was performed between August 1988 and March 1989 in accordance with generally accepted government auditing standards.

Comments From the Department of Veterans Affairs

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

DEC 7 1989

Mr. Lawrence H. Thompson
Assistant Comptroller General
Human Resources Division
U. S. General Accounting Office
Washington, DC 20548

Dear Mr. Thompson:

I am pleased to comment on your August 30, 1989, draft report, VA HEALTH CARE: Efforts to Assure Quality of Care in State Homes (GAO/HRD-89-139).

You recommend that I direct the Chief Medical Director to require VA medical regional director offices to ensure that medical centers adhere fully to VA's current inspection requirements, particularly the requirement to followup on corrective action agreed to be taken by the state homes. I concur in this recommendation. The regional director offices will require VA medical centers to advise them of any repeat problems. Such notification will include state home and facility action plans to deal with such problems.

Furthermore, the regional director offices will reinforce with medical centers the importance of consistency in state home inspections and followup on all corrective actions, both by written reports and on-site reviews of state homes annually and more frequently if necessary.

In addition, the Office of Geriatrics and Extended Care in VA Central Office will continue to have programmatic responsibility for all state homes, including reviewing and revising current standards of care, reviewing all state home inspection reports and providing feedback and followup in problem areas to medical centers in liaison with regional director offices.

The Department of Veterans Affairs is committed to its responsibility to assure that state veterans homes comply with VA requirements and standards of care. Thank you for the opportunity to respond to this report.

Sincerely yours,

Edward J. Derwinski
Secretary

Major Contributors to This Report

Human Resources Division, Washington, D.C.	James A. Carlan, Assistant Director, (202) 453-4228 Robert E. Garbark, Assignment Manager
Boston Regional Office	Donald B. Hunter, Regional Management Representative Ralph J. D'Agostino, Evaluator-in-Charge Thomas J. McAuliffe, Evaluator Ann M. Thomas, Evaluator

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