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Health, Education, and Human Services
Division

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Veterans' Affairs and
Military Health Care Issue
Area Plan

Fiscal Years 1997-98

Foreword

As the investigative arm of Congress and the nation's auditor, the General Accounting Office is charged with following the federal dollar wherever it goes. Reflecting stringent standards of objectivity and independence, GAO's audits, evaluations, and investigations promote a more efficient and cost-effective government; expose waste, fraud, abuse, and mismanagement in federal programs; help Congress target budget reductions; assess financial and information management; and alert Congress to developing trends that may have significant fiscal or budgetary consequences. In fulfilling its responsibilities, GAO performs original research and uses hundreds of databases, or creates its own when information is unavailable elsewhere.

To ensure that GAO's resources are directed toward the most important issues facing Congress, each of GAO's 35 issue areas develops a strategic plan that describes the significance of the issues it addresses, its objectives, and the focus of its work. Each issue area relies heavily on input from congressional committees, agency officials, and subject-matter experts in developing its strategic plan.

The Veterans' Affairs and Military Health Care issue area covers health care services provided to veterans and military beneficiaries through the Departments of Veterans' Affairs' (VA) and Defense's (DOD) systems of hospitals and clinics. Our work at VA also evaluates programs providing certain non-health benefits, such as disability compensation and pensions, to veterans and their dependents or survivors.

The principal issues covered by this strategic plan for this issue area are

- improving the efficiency and effectiveness with which the VA and DOD health care systems and VA benefit programs, as currently structured, operate;
- restructuring the VA and DOD health care and VA benefits systems to better accomplish their missions; and
- improving implementation of managed care in DOD.

In the pages that follow, we describe our key planned work on these issues.

Because events may significantly affect even the best of plans and because periodic measurement of success against any plan is essential, our planning process allows for updating and responding quickly to emerging

issues. If you have any questions or suggestions about this plan, please call me at (202) 512-7101.

A handwritten signature in black ink that reads "David P. Baine". The signature is written in a cursive style with a large initial 'D'.

David P. Baine
Director
Veterans' Affairs and Military Health Care Issues

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Table I: Key Issues

Issue	Significance
VA and DOD Efficiency and Effectiveness: How can VA and DOD health care systems and VA benefits programs, as currently structured, operate more efficiently and effectively?	The DOD and VA operate two of the largest health care systems in the world. For example, VA has 173 hospitals, 376 outpatient clinics, 136 nursing homes, and 39 domiciliaries. DOD also funds a major insurance program for care in private-sector facilities, the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). It costs about \$30 billion each year to operate the federal systems and CHAMPUS. VA also provides other benefits to veterans and their dependents or survivors. For example, compensation and pension benefits to about 3.3 million recipients cost over \$18 billion in fiscal year 1995 and were administered through 58 regional offices. Ensuring the efficient and effective delivery of these health and other benefits is a major challenge.
VA and DOD Restructuring: Can the missions of the VA and DOD health care and VA benefits systems be better accomplished in the future by restructuring the systems?	VA and DOD health care systems face increasing challenges from a changing health care marketplace as well as pressures to reduce health care costs. A continuing decline in patient workload threatens the economic viability of VA hospitals while, at the same time, veterans have unequal access to health care. The military health care system must adjust to new post-cold war planning scenarios and substantial reductions in the overall size of the nation's military forces. Pressure to reduce the deficit also increases attention on nonhealth benefits for veterans, military retirees, and their dependents and survivors, where there are significant issues regarding eligibility and potential overlap and duplication in delivery systems.
DOD Managed Care Implementation: How well is managed care being implemented in DOD?	By September 1997, DOD expects to have implemented nationwide its new TRICARE program, offering managed health care to more than 5 million beneficiaries. It is contracting for many services at a cost of \$17 billion over 5 years. Designing and implementing a managed care program on this scale is unprecedented and poses significant challenges. At the same time, understanding the lessons learned from DOD's experience will benefit the private sector and other government programs.

Table I: Key Issues

Objectives	Focus of Work
1. Identify more effective management controls to minimize fraud, waste, and abuse.	• Changes in operating procedures
2. Identify ways to save millions of dollars through legislative or administrative changes that improve overall operational efficiency.	• Quality assurance and improvement efforts
3. Identify ways to improve services to veterans.	• Budgeting and spending activities
4. Evaluate management initiatives to determine how well they address underlying problems.	
1. Identify options for restructuring service delivery systems.	• Organizational relationships within VA and among VA, DOD, and other government programs
2. Identify options for better targeting benefits to veterans and to military personnel and their dependents.	• Eligibility for health care and nonhealth benefits
3. Identify needed changes in military medicine requirements, organization or structure in response to changing military force structure and demographics.	• Size and structure of military health services system
1. Identify lessons learned from DOD managed care experience.	• TRICARE policies
2. Identify needed changes in DOD's managed care strategies, designs, policies, and plans.	• TRICARE implementation issues
3. Identify ways to improve the implementation of managed care for beneficiaries and the government.	• TRICARE performance

Table II: Planned Major Work

Issue	Planned Major Job Starts
VA and DOD Efficiency and Effectiveness	<ul style="list-style-type: none"> —Review VA and DOD budget submissions and controls over spending activities. —Identify extent of duplicate billings under VA’s fee basis and contract hospital and nursing home programs. —Examine VA’s purchase and use of high technology and durable medical equipment. —Examine VA’s overpayments in its education and vocational rehabilitation benefits programs. —Evaluate VA efforts to identify fraud and abuse in its compensation and pension programs. —Assess VA’s efforts to improve medical and prosthetic research. —Evaluate veterans’ use of newly constructed or renovated facilities. —Evaluate VA’s efforts to improve spinal cord injury centers. —Examine military physician training in civilian trauma centers. —Evaluate demonstration program permitting psychologists to prescribe medications.
VA and DOD Restructuring	<ul style="list-style-type: none"> —Evaluate of VA’s efforts to restructure its facilities into a new Veterans Integrated Service Network. —Assess the need for separate VA and DOD disability compensation systems. —Assess the relationship between VA’s pension program and Social Security. —Assess proposals for VA to be reimbursed for serving Medicare-eligible veterans. —Identify options for DOD’s serving Medicare-eligible retirees. —Assess the merit of consolidating the three military medical departments into a single department. —Assess VA’s restructuring plan for its compensation and pension programs. —Evaluate the development and implementation of VA performance measures under the new Veterans Integrated Service Networks (VISNs). —Assess the merits of VA and DOD joint ventures. —Determine the implications of VA resource allocations on beneficiaries’ access to care.
DOD Managed Care Implementation	<ul style="list-style-type: none"> —Examine cost-effectiveness of TRICARE. —Evaluate TRICARE contractor performance. —Examine the financing of TRICARE.

Table III: GAO Contacts

Director	David Baine	(202) 512-7101
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Associate Director	Stephen Backhus	(202) 512-7111
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Assistant Directors	Daniel Brier Irene Chu Bruce Layton James Linz Clarita Mrena Frank Pasquier (Seattle Field Office) George Poindexter Paul Reynolds	
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