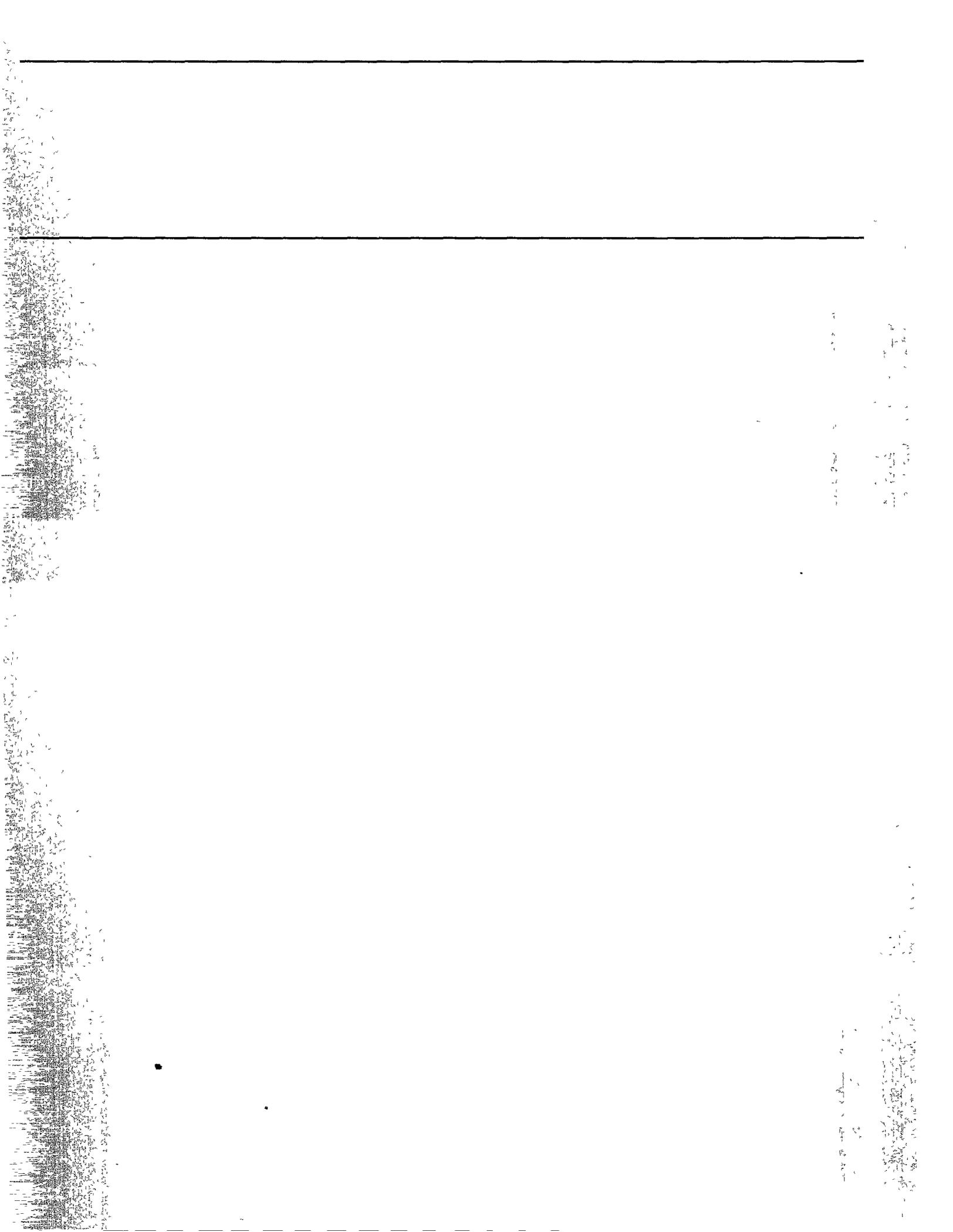

GAOHealth, Education, and Human Services
Division

September 1997**Veterans' Affairs and
Military Health Care Issues****Issue Area Plan for Fiscal
Years 1998-99**



Foreword

As the investigative arm of the 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 the Congress target budget reductions; assess financial and information management; and alert the 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 the Congress, each of GAO's 33 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 systems of hospitals and clinics of the Department of Veterans' Affairs (VA) and the Department of Defense (DOD). We also examine health care provided by the Indian Health Service and Bureau of Prisons. Our work at VA also evaluates programs providing certain nonhealth benefits, such as disability compensation and pensions, to veterans and their dependents or survivors.

The principal issues covered by this strategic plan are

- identifying opportunities to improve existing VA and DOD health care systems' and VA benefit programs' management and accountability;
- assessing efforts to structurally reform the VA and DOD health care and VA benefits systems to better accomplish their missions;
- evaluating the implementation of, and lessons learned from, managed health care strategies in VA and DOD; and
- determining whether federal agencies are effectively serving the unique health needs of special populations.

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.



Stephen P. Backhus
Director, Veterans' Affairs and
Military Health Care Issues

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Table I: Key Issues

Issue	Significance
<p>Improving management and accountability: How can existing VA and DOD health care systems and VA benefits programs be better managed?</p>	<p>VA and DOD operate two of the largest health care systems in the world; in addition, VA delivers a wide array of nonmedical benefits to the nation's veterans. VA's 222,000 workers deliver services in more than 1,000 facilities at a cost of over \$38 billion annually. DOD's health system currently includes some 115 hospitals and 471 clinics operating worldwide and employs about 146,000 civilian and military personnel at an annual cost of over \$15 billion. The VA and DOD health care systems also play important roles in training healthcare professionals, conducting medical research, and testing advanced medical technologies and services. VA and DOD face many management challenges in delivering services and benefits and improving performance through a focus on results and accountability.</p>
<p>Reforming VA and DOD: Can VA and DOD health and VA benefit systems be restructured to better accomplish their missions?</p>	<p>VA and DOD health care systems face increasing challenges and competition from a changing health care marketplace as well as pressures to reduce health care costs. As VA's inpatient population continues to shrink sharply because of declining numbers of veterans and changes in health care practices, the economic viability of VA hospitals is threatened. The military health care system must adjust to 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, and their dependents and survivors, where there are significant issues regarding eligibility and potential overlap and duplication in delivery systems.</p>
<p>Moving to managed care strategies: How effectively are the VA and DOD health care systems implementing managed care initiatives?</p>	<p>Nationwide changes in the practice of medicine are having an effect on the VA and DOD health care systems. In particular, managed care initiatives have been widely adopted in the private sector and in other government programs and are being implemented in DOD's TRICARE program. By September 1997, DOD expects to have implemented TRICARE nationwide to serve more than 5 million beneficiaries. VA is changing the way physicians practice by moving from providing episodic specialized care to a patient-based primary care model, a move long embraced by health maintenance organizations. The Congress will continue to seek assessments of how these efforts are progressing and identify lessons learned.</p>
<p>Serving special populations: How effectively is the federal government delivering specialized health and related services?</p>	<p>VA and DOD face challenges as they seek to ensure access and provide quality care to individuals with special health care needs. Veterans in need of post-traumatic stress disorder treatment or long-term psychiatric care, for example, face space and resource limits in VA programs. As a result, some of these veterans have been unable to receive the specialized care they need. Moreover, Persian Gulf veterans have reported an array of medical problems which they attribute to their service in the Persian Gulf, and have sought VA medical treatment and compensation. In addition, the federal government delivers health care through the Indian Health Service and Bureau of Prisons and needs to ensure that these services are delivered cost-effectively.</p>

Table I: Key Issues

Objectives	Focus of work
<ol style="list-style-type: none"> 1. Identify more effective management controls to minimize fraud, waste, and abuse 2. Identify opportunities for cost savings through legislative or administrative changes that improve overall operational efficiency 3. Assess the effectiveness of VA's and DOD's strategic planning efforts 	<ul style="list-style-type: none"> • Examine DOD and VA controls over payments to contractors and beneficiaries. • Assess DOD and VA efforts to avoid double billing and obtain reimbursements • Examine DOD health systems' and VA's budgeting and spending activities • Monitor VA's efforts to modernize its information systems and technology • Examine VA's and DOD's efforts to develop goals and measures that focus on program results
<ol style="list-style-type: none"> 1. Identify alternatives available to VA for reforming its benefits programs 2. Identify needed changes in military medicine organization and structure in response to changes in military force size, requirements, and threats 3. Identify alternative ways that VA and DOD could jointly provide health care and benefits. 	<ul style="list-style-type: none"> • Examine VA's efforts to restructure its benefits programs. • Assess DOD's plans and progress in decentralizing functions and consolidating and downsizing medical facilities • Identify opportunities for DOD and VA to consolidate programs and share resources
<ol style="list-style-type: none"> 1. Identify ways to improve DOD's managed care implementation for beneficiaries and the government 2. Monitor VA's efforts to move from inpatient to outpatient health care 3. Examine VA and DOD efforts to serve veterans and retired military personnel in a managed care environment 	<ul style="list-style-type: none"> • Assess DOD's progress in implementing, and the cost-effectiveness of, TRICARE • Examine TRICARE financing and contractor performance • Assess DOD efforts to develop performance goals and measures for TRICARE • Assess VA policies, plans, and progress in shifting from a hospital-based to a more ambulatory, primary care system • Examine options for meeting long-term care needs • Assess VA and DOD Medicare subvention initiatives
<ol style="list-style-type: none"> 1. Assess VA's efforts to meet the health needs of special veteran populations 	<ul style="list-style-type: none"> • Assess the adequacy and effectiveness of VA's response to veterans' specialized health needs • Examine the effects of VA's health system restructuring on special veteran populations

Table II: Planned Major Work

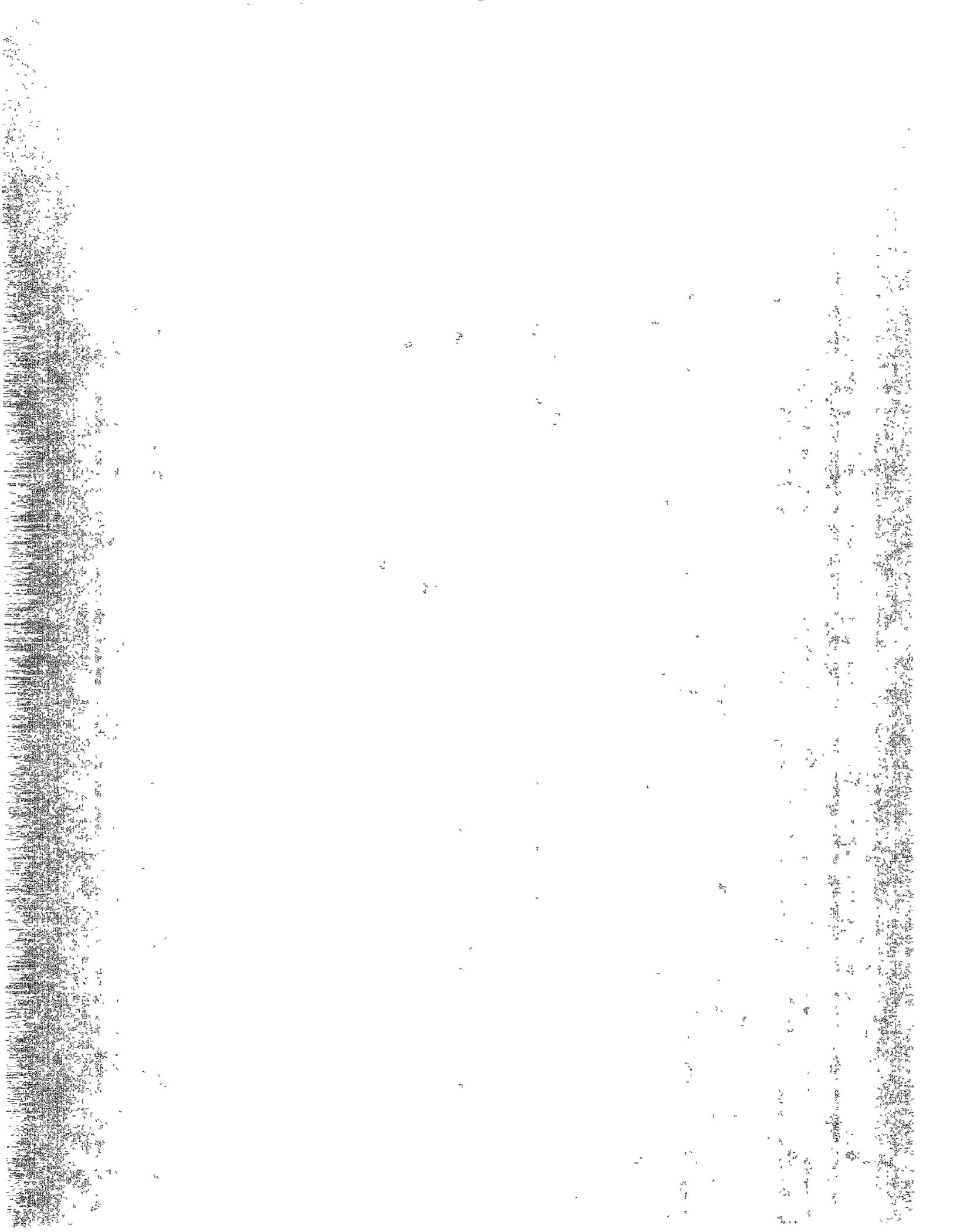
Issue	Planned major job starts
Improving management and accountability	<ul style="list-style-type: none"> —Adequacy of DOD medical facilities' and TRICARE contractors' third-party collections —VA's quality assurance program for compensation and pension claims —Extent of duplicate billings under VA's fee basis and contract hospital and nursing home programs —DOD malpractice cost increases —Examine DOD health budgeting activities —Merits of postemployment restrictions on former DOD officials —VA budgeting issues and activities —Navy graduate medical education programs —VA's Alabama hospital integration plan —VA information technology and systems modernization —DOD information technology and systems —VA's efforts to develop an integrated departmentwide strategic plan —DOD's measures for monitoring medical facilities' and contractors' performance in providing health care access
Reforming VA and DOD	<ul style="list-style-type: none"> —Examine proposed use of state cemeteries for veteran burials —DOD's pharmacy programs —Military hospital competitiveness —Potential for consolidating military medical facilities in the national capitol region —Assess the merits of VA and DOD joint ventures —Level of VA participation as TRICARE provider —Assess the need for separate VA and DOD disability compensation programs
Moving to managed care strategies	<ul style="list-style-type: none"> —Overview and status of TRICARE implementation —Cost neutrality of TRICARE —TRICARE contractor reporting requirements' consistency with GPRA's focus on results —Extent of DOD consulting contracts —VA eligibility reform implementation —Veterans Equitable Resource Allocation/Veterans Integrated Service Networks impact on health care access and quality —VA's expanded contracting authority for health services —VA and DOD efforts to train specialists for primary care responsibilities —VA role in providing long-term care —Medicare subvention options
Serving special populations	<ul style="list-style-type: none"> —Persian Gulf illness —VA's handling of Persian Gulf War veterans' claims —Appropriateness of disability ratings for Persian Gulf War veterans —Impact of VA eligibility reform on special emphasis programs —Health care available to women veterans

Table III: GAO Contacts

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