

Why GAO Did This Study

The NDAA for Fiscal Year 2010 authorized VA and DOD to establish a 5-year demonstration to integrate VA and DOD medical care into a first-of-its-kind FHCC in North Chicago, Illinois. Expectations for the FHCC are outlined in the Executive Agreement signed by VA and DOD in April 2010.

The NDAA for Fiscal Year 2010, as amended by the NDAA for Fiscal Year 2012, directed GAO to report on the FHCC demonstration in 2011, 2012, and 2015. This is the second of the three reports and examines (1) to what extent VA and DOD have continued to implement the Executive Agreement to establish and operate the FHCC and (2) what plan, if any, VA and DOD have to assess the provision of care and operations of the FHCC.

To conduct its work, GAO reviewed FHCC documents; interviewed VA, DOD, and FHCC officials; and reviewed related GAO work.

What GAO Recommends

GAO recommends that VA and DOD (1) determine the costs associated with the workarounds required because of delays in implementing IT capabilities laid out in the FHCC Executive Agreement; (2) develop plans with clear definitions, specifications, deliverables, and time frames for IT capabilities required by the Executive Agreement but not yet defined; (3) develop and agree to an evaluation plan, to include all performance measures and standards to be used in evaluating the FHCC demonstration; and (4) establish measures related to the cost-effectiveness of the FHCC as part of their evaluation. VA and DOD generally concurred and noted steps to address GAO's recommendations.

View [GAO-12-669](#). For more information, contact Debra A. Draper at (202) 512-7114 or draperd@gao.gov.

VA/DOD FEDERAL HEALTH CARE CENTER

Costly Information Technology Delays Continue and Evaluation Plan Lacking

What GAO Found

Officials at the Department of Veterans Affairs (VA) and Department of Defense (DOD) Captain James A. Lovell Federal Health Care Center (FHCC) have continued to make progress implementing provisions of the Executive Agreement's 12 integration areas, but delays in the information technology (IT) area have proven costly. Specifically, for 6 integration areas, all provisions have been implemented. Some of these areas were implemented at the time of GAO's 2011 report, including establishing the facility's governance structure and patient priority system, while 2 areas—quality assurance and contingency planning—were more recently implemented. In addition, 5 integration areas, such as property and fiscal authority, remain in progress. However, as previously reported by GAO, there have been delays implementing 1 of the integration areas—IT—which have resulted in additional costs for the FHCC, although the FHCC has been unable to quantify the total costs resulting from these delays. Despite an investment of more than \$122 million for IT capabilities at the FHCC, VA and DOD have not completed work on all components required by the Executive Agreement, which were to have been in place in time for the FHCC's opening in October 2010. These delays have resulted in additional costs and administrative burden for the FHCC because of the need for workarounds to address them. There also are other IT capabilities required by the Executive Agreement that are ill-defined and for which plans have not been established.

Although they are required by the National Defense Authorization Act (NDAA) for Fiscal Year 2010 to assess the FHCC at the end of the 5-year demonstration, VA and DOD officials said the departments have not yet established an evaluation plan. Officials told GAO that in addition to the performance data already being collected from 15 integration benchmarks established by the Executive Agreement, the departments also expect to consider other factors; however, these factors, which may include performance measures, have not yet been established. VA and DOD officials also have not yet established the standards, such as target scores for the benchmarks, the departments will use to evaluate FHCC performance. GAO has previously found that well-defined measures and standards are essential to a sound evaluation plan. Furthermore, without VA and DOD agreement on the measures and standards, FHCC leadership is unable to track progress and make any midcourse adjustments to improve performance in areas VA and DOD have determined are necessary for the FHCC's success. Although including measures of FHCC costs in the evaluation would be consistent with the FHCC's purpose, VA and DOD departmental priorities, and federal financial accounting standards, no such cost measures have been established for evaluating the FHCC.