GAO

April 2019

VETERANS HEALTH ADMINISTRATION

Past Performance System Recommendations Have Not Been Implemented

GAO Highlights

VETERANS HEALTH ADMINISTRATION

Past Performance System Recommendations Have Not Been Implemented

Why GAO Did This Study

VHA anticipates that it will provide care to more than 7 million veterans in fiscal year 2019. The majority of veterans using VHA health care services receive care in one or more of the 172 medical centers or at associated outpatient facilities. VHA collects an extensive amount of data that can be used to assess and manage the performance of medical centers. Many measures are publicly reported on VA web pages, allowing veterans the ability to compare medical centers' quality of care.

GAO was asked to assess VHA's management of medical center performance. This report examines (1) the tools VHA uses to assess medical center performance; (2) VHA's use of medical center performance information to assess medical center directors; and (3) the extent to which VHA has evaluated the effectiveness of the SAIL system.

GAO reviewed VHA policies, guidance, and performance information for medical centers and their associated directors. GAO also interviewed officials from VHA as well as from four VA medical centers, selected for variation in performance and geographic location.

What GAO Recommends

GAO recommends that the Under Secretary for Health: (1) assess recommendations from previous evaluations of SAIL for implementation; and (2) implement, as appropriate, recommendations resulting from the assessment. VA concurred with GAO's recommendations and identified actions it is taking to implement them.

View GAO-19-350. For more information, contact Debra A. Draper at (202) 512-7114 or draperd@gao.gov

What GAO Found

Department of Veterans Affairs' (VA) Veterans Health Administration (VHA) officials told GAO they primarily use the Strategic Analytics for Improvement and Learning (SAIL) system to assess VA medical center performance. SAIL includes 27 quality measures in areas such as acute care mortality and access to care. VHA officials use SAIL to calculate and assign each medical center an annual star rating of 1 (lowest) to 5 (highest) stars as an assessment of overall quality. For the 146 medical centers that received star ratings in fiscal year 2018, the distribution of star ratings was as follows: 6 percent, 1 star; 24 percent, 2 stars; 38 percent, 3 stars; 19 percent, 4 stars; and 12 percent, 5 stars. Although the specific medical centers within each star-rating category could change from year to year, GAO found that the fiscal year 2018 star ratings for 110 of the 127 medical centers (87 percent) that received star ratings in fiscal year 2013 did not differ by more than 1 star from their fiscal year 2013 rating.

Changes in VHA Strategic Analytics for Improvement and Learning Star Ratings, Fiscal Year 2013 Compared to Fiscal Year 2018

Number of Department of Veterans Affairs medical centers
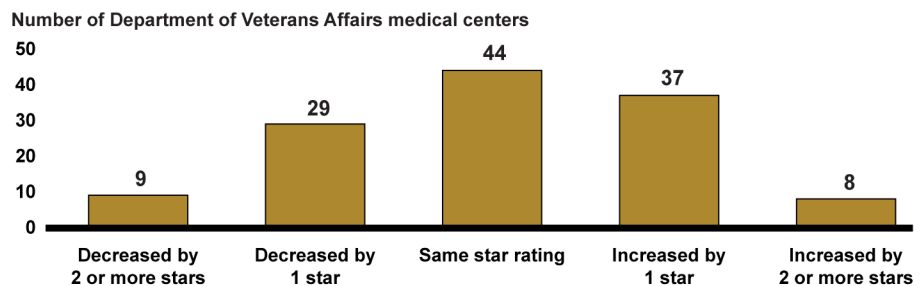
Source: Veterans Health Administration (VHA). | GAO-19-350

GAO found that VHA's appraisal process for assessing medical center director performance relies heavily on medical center performance information, including SAIL. For example, the most heavily weighted appraisal element (40 percent of the overall rating) is made up entirely of medical center performance information.

SAIL was evaluated in 2014 and 2015, but VHA has not assessed the recommendations from those evaluations, or taken action on them. The evaluations, which found issues related to the validity and reliability of SAIL and its star ratings for measuring performance and fostering accountability, together included more than 40 recommendations for improving SAIL. The findings are similar to concerns expressed by officials GAO interviewed from VHA, networks, and medical centers about SAIL's effectiveness and how it is currently being used to assess medical center performance. VHA officials told GAO the findings and recommendations of the previous SAIL evaluations were not assessed because the evaluation reports were not widely distributed within VHA due to leadership turnover, as well as attention that was diverted to other concerns such as extensive wait times for medical appointments. Without ensuring that the recommendations resulting from these previous evaluations are assessed and implemented as appropriate, the identified deficiencies may not be adequately resolved, and VHA's ability to hold officials accountable for taking the necessary actions may be diminished.

_____ **United States Government Accountability Office**

Contents

April 30, 2019

The Honorable Johnny Isakson
Chairman
The Honorable Jon Tester
Ranking Member
Committee on Veterans' Affairs
United States Senate

The Honorable Mark Takano
Chairman
The Honorable Phil Roe
Ranking Member
Committee on Veterans' Affairs
House of Representatives

The Honorable Derek Kilmer
House of Representatives

The Department of Veterans Affairs' (VA) Veterans Health Administration
(VHA) anticipates that it will provide care to more than 7 million veterans
in fiscal year 2019. The majority of veterans utilizing VHA health care
services receive care in one or more of VA's 172 medical centers or their
associated outpatient facilities. VHA collects an extensive amount of data
that can be used to assess and manage the performance of its medical
centers, including data on patient outcomes, access to care, and the
patient experience. Many measures are publicly reported and
summarized on VA web pages, allowing veterans the ability to review and
compare medical centers' quality of care. VHA's Strategic Analytics for
Improvement and Learning (SAIL) system consolidates, summarizes, and
provides tools for interpreting medical center performance information.
VHA designed SAIL to provide internal benchmarking of medical center
performance and to promote high quality health care delivery across its
system of regional networks and medical centers.[1]

We and others have expressed concerns about VHA's management of its
health care system, including VHA's ability to effectively provide and

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[1]Each of VHA's 18 regional Veterans Integrated Service Networks is responsible for
managing and overseeing medical centers within a defined geographic area.

monitor access to quality and timely health care to veterans. These concerns contributed to our decision to add VA health care to our High-Risk List in 2015, and to its continued inclusion in our 2017 and 2019 updates.[2] You asked us to assess VHA's management of network and medical center performance as part of a broad-based management review of VHA.[3] This report examines:

1. the tools VHA uses to assess and manage medical center performance;

2. VHA's use of medical center performance information to assess the performance of its network and medical center directors; and

3. the extent to which VHA has evaluated the effectiveness of the SAIL system.

To examine the tools VHA uses to assess and manage medical center performance, we reviewed VHA policies and related documents that describe performance measures and other information VHA officials use to assess, monitor, compare, and manage performance across its medical centers. Additionally, we interviewed officials from VHA's Office of Reporting, Analytics, Performance, Improvement and Deployment, who are responsible for determining and reporting on medical center performance. We also reviewed documents and interviewed officials from four VA medical centers to obtain information on the tools they use to monitor and manage performance: Nebraska-Western Iowa Health Care System (Omaha, Neb.); New York Harbor Health Care System (New York, N.Y.); Tennessee Valley Healthcare System (Nashville and Murfreesboro, Tenn.); and VA Central California Health Care System (Fresno, Calif.). We selected these medical centers for variation in geographic location, medical center complexity level, quality (indicated by SAIL star ratings for fiscal years 2016 and 2017), and directors' individual

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[2]GAO maintains a high-risk list to focus attention on government agencies and programs that it identifies 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); GAO, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Effort Needed on Others,* GAO-17-317 (Washington, D.C.: Feb. 15, 2017); and GAO, *High-Risk Series: Substantial Efforts Needed to Sustain Progress on High-Risk Areas*, GAO-19-157SP (Washington, D.C.: Mar. 6, 2019).

[3]We have previously issued several reports examining specific aspects of VHA's management. For a complete list of our previous work in this area, see the "Related GAO Products" page at the end of this report.

performance ratings.[4] We also interviewed officials from the four regional networks that oversee these four selected medical centers. Information obtained from these selected networks and medical centers cannot be generalized. Our scope was focused on examining the tools used to assess medical center performance as a whole; we did not specifically examine all tools that can be used to monitor and assess performance for specific programs or health conditions.

To examine VHA's use of medical center performance information to assess the performance of its network and medical center directors, we reviewed relevant VHA documents, including the performance plan templates used to evaluate network and medical center directors for fiscal years 2016 through 2018. In addition, we interviewed officials from the VA and VHA offices that oversee human resource efforts and executive performance management—VA's Corporate Senior Executive Service Management Office and VHA's office of Workforce Management and Consulting. We also interviewed officials from the networks and medical centers in our review to obtain their perspectives on VHA's performance assessment process.

To determine the extent to which VHA has evaluated the effectiveness of the SAIL system, we reviewed prior reports on VHA quality of care data, including SAIL.[5] We also interviewed officials from VHA's Office of Reporting, Analytics, Performance, Improvement and Deployment; Health Information Management; Office of Internal Audit and Risk Assessment; and the Assistant Deputy Under Secretary for Health for Integrity. In addition, we interviewed officials from our selected networks and medical centers to obtain their perspectives on SAIL's effectiveness in assessing

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[4]VHA categorizes medical centers according to complexity level, which is determined on the basis of the characteristics of the patient population, clinical services offered, educational and research missions, and administrative complexity. There are three complexity levels with level 1 representing the most complex facilities and level 3 the least complex. Level 1 is further subdivided into categories 1a, 1b, and 1c.

VHA uses data from SAIL to assign each VA medical center an annual star rating of 1 (lowest) to 5 (highest) stars to demonstrate overall quality.

[5]See GAO, *VA Health Care Quality: VA Should Improve the Information It Publicly Reports on the Quality of Care at Its Medical Facilities*, GAO-17-741 (Washington, D.C.: Sept. 29, 2017); and VA Office of Inspector General, *Evaluation of the Quality, Safety, and Value Program in Veterans Health Administration Facilities Fiscal Year 2016* (Washington, D.C: Mar. 31, 2017).

medical center performance. We evaluated VHA's actions in the context of relevant federal standards for internal control.[6]

We conducted this performance audit from October 2017 to April 2019 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

Medical Center Performance: SAIL

VHA began using the SAIL system in 2012 to measure, evaluate, and benchmark the quality, efficiency, and productivity of medical centers, and to highlight successful strategies of high-performing medical centers. SAIL includes 29 performance measures (27 quality measures and two measures of overall efficiency and capacity) in areas such as acute-care mortality, access to care, and employee satisfaction. (See appendix I for the full list of SAIL measures.) SAIL is a diagnostic tool that allows VHA to assess medical centers' performance relative to their peers, and determine how much absolute improvement they have made in the past year based on relevant clinical data. VHA publishes SAIL results quarterly to provide information to network and medical center officials regarding improvement opportunities at each medical center.[7] SAIL data are also available on VHA's intranet site. VHA staff can view a wide range of detailed information about their medical center, compare performance to other medical centers, and (for those staff with medical-record-level access) view information on patients with a particular medical condition.

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[6]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014). Internal control is a process affected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

[7]VHA officials told us that complete results for SAIL's 29 performance measures are not available for up to several months after the end of each quarter.

## Network and Medical Center Director Performance Appraisal Process

VHA conducts annual performance appraisals for all network and medical center officials. The appraisal process begins when officials from VHA's office of Workforce Management and Consulting transmit a performance plan template to the network directors. The template identifies performance priorities and expectations for the upcoming appraisal period and criteria to be used to measure performance outcomes and ratings for each performance element. Network directors use the template to develop performance plans that include targets and time frames—the schedule of when performance targets are to be achieved during the year—with each of the medical center directors in their network. According to VA policy, performance plans resulting from the template should be finalized within 30 days of the start of the appraisal period. After expectations have been set for a medical center director, the director, in turn, sets performance expectations for the department heads within the medical center.

VHA Primarily Uses SAIL and Its Associated Star Ratings to Assess and Manage Medical Center Performance

VHA Primarily Uses SAIL and Its Star Ratings to Assess Medical Center Performance

VHA officials told us they primarily use the SAIL system to assess the performance of medical centers. Specifically, VHA uses SAIL data to calculate and assign each medical center an annual star rating of 1 (lowest) to 5 (highest) stars as an assessment of overall quality. SAIL documentation states that the goal of the star ratings is for low-performing medical centers to learn from the best practices of high-performing ones, although all medical centers have the opportunity to improve. VHA applies a weighting and calculation methodology to each of SAIL's 27 quality measures to determine a single composite score for each medical center. The scores are then ranked and grouped by percentile and the associated medical centers are assigned initial star ratings based on their relative ranking. For example, the lowest performing 10 percent of medical centers as determined by SAIL's 27 quality measures are assigned a 1-star rating, and the next lowest performing 20 percent of medical centers are assigned a 2-star rating. (See fig. 1.)

Figure 1: Strategic Analytics for Improvement and Learning (SAIL) Initial Star-Rating Distribution for Department of Veterans Affairs (VA) Medical Centers

1 star	2 stars	3 stars	4 stars	5 stars

Percentile distribution of VA medical centers

0   10   30   70   90   100
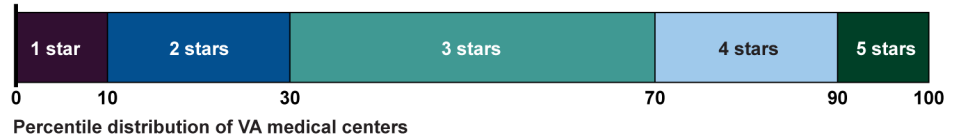
Source: Veterans Health Administration (VHA). | GAO-19-350

Note: VHA primarily uses SAIL to assess and manage VA medical center performance on 29 performance measures (27 quality measures and two measures of overall efficiency and capacity). VHA applies a weighting and calculation methodology to each of SAIL's 27 quality measures to determine a single composite score for each medical center annually. The scores are then ranked and grouped by percentile and the associated medical centers are assigned initial star ratings based on their relative ranking.
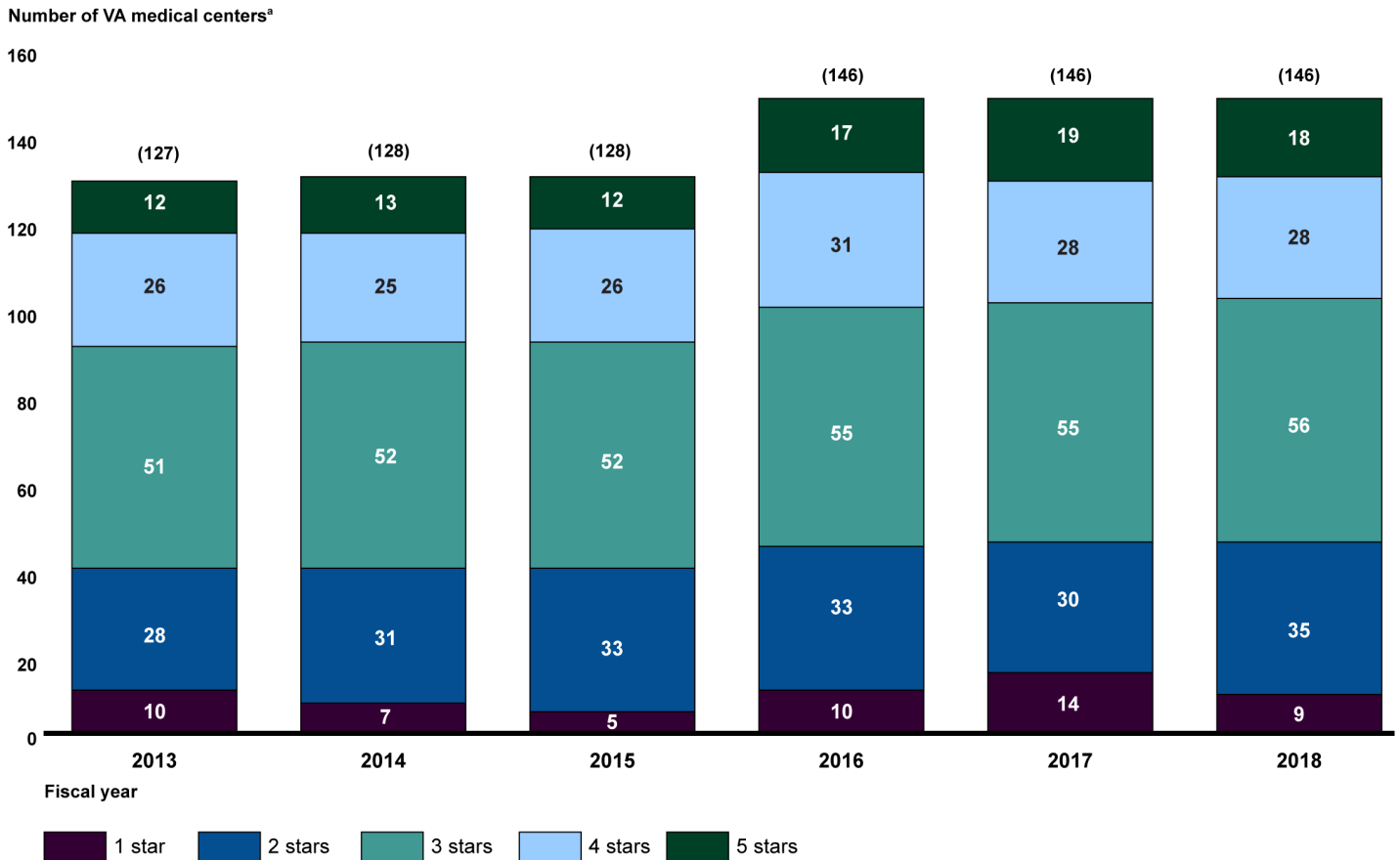
After the initial star rating is determined by SAIL measures each year, VHA officials can make changes to the rating if a medical center meets certain conditions. For example, SAIL documentation states that a medical center that initially received a 5-star rating will be reduced to a 4-star rating if it has a high mortality rate. In addition, VHA officials told us they can decide to increase a 1-star medical center's rating to a 2-star rating if the medical center outperforms the bottom 10 percent of U.S. hospitals in certain criteria as measured by external systems such as the Centers for Medicare & Medicaid Services' *Hospital Compare* website.[8]

We found that the percentage of medical centers that received a final 1-star rating ranged from 4 percent to 10 percent from fiscal years 2013 through 2018. VHA officials publish the final annual star ratings for each medical center both internally and externally. See figure 2 for the number of medical centers that received each final star rating for fiscal years 2013 through 2018.

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[8]*Hospital Compare* publicly posts health care quality measures for VA medical centers as well as non-VA hospitals that participate in Medicare, enabling veterans and others the opportunity to compare the performance of non-VA hospitals and VA medical centers on a common set of quality measures.

A VHA official also told us that extenuating circumstances may also be considered in some cases, such as with the medical centers in Puerto Rico and Houston, Texas after both areas were affected by severe hurricanes in 2017.

Figure 2: Number of Department of Veterans Affairs (VA) Medical Centers by Strategic Analytics for Improvement and Learning (SAIL) Final Star Rating, Fiscal Years 2013 through 2018

Number of VA medical centers[a]

Fiscal year
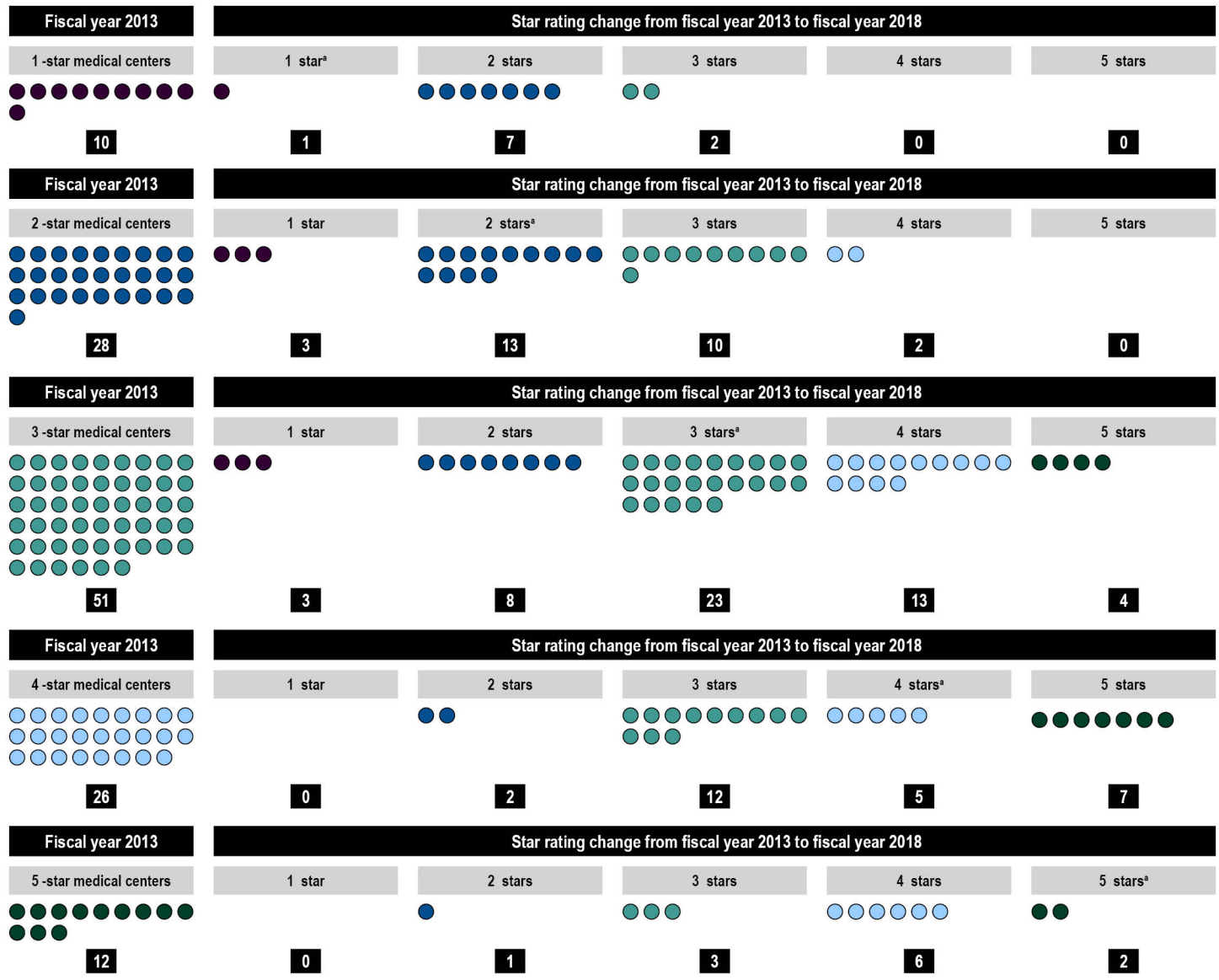
Legend: 1 star | 2 stars | 3 stars | 4 stars | 5 stars

Note: VHA primarily uses SAIL to assess and manage VA medical center performance on 29 performance measures (27 quality measures and two measures of overall efficiency and capacity). VHA assigns each medical center an initial star rating of 1 (lowest) to 5 (highest) stars to represent overall quality of care, based on each medical center's performance on the 27 SAIL quality measures. The scores are then ranked and grouped by percentile and the associated medical centers are assigned initial star ratings based on their relative ranking. VHA officials told us they can decide to increase a 1-star or decrease a 5-star medical center's initial star rating when determining the final star rating if the medical center meets specified conditions.

[a]VHA officials told us that the number of VA medical centers published in SAIL results does not match the total number of VA medical centers because the way a medical center is defined for SAIL differs from the way it is defined for VA site classification.

Although the specific medical centers within each star-rating category could change from year to year, we found that the fiscal year 2018 star ratings for 110 of the 127 medical centers (87 percent) that received star ratings in fiscal year 2013 did not differ by more than 1 star from their

fiscal year 2013 star rating. For example, eight of the 10 1-star medical centers in fiscal year 2013 received either a 1- or 2-star rating in fiscal year 2018. (See fig. 3.) In addition, 44 of the 127 medical centers had the same rating in fiscal year 2018 as they did in fiscal year 2013. At the end of the 6-year period of our review, only one medical center differed by more than 2 stars from its fiscal year 2013 star rating, decreasing from 5 stars to 2.

Figure 3: Strategic Analytics for Improvement and Learning (SAIL) Final Star Ratings for Department of Veterans Affairs (VA) Medical Centers in Fiscal Year 2013 Compared to Fiscal Year 2018

Fiscal year 2013	Star rating change from fiscal year 2013 to fiscal year 2018				
1 -star medical centers	1 star[a]	2 stars	3 stars	4 stars	5 stars
10	1	7	2	0	0

Fiscal year 2013	Star rating change from fiscal year 2013 to fiscal year 2018				
2 -star medical centers	1 star	2 stars[a]	3 stars	4 stars	5 stars
28	3	13	10	2	0

Fiscal year 2013	Star rating change from fiscal year 2013 to fiscal year 2018				
3 -star medical centers	1 star	2 stars	3 stars[a]	4 stars	5 stars
51	3	8	23	13	4

Fiscal year 2013	Star rating change from fiscal year 2013 to fiscal year 2018				
4 -star medical centers	1 star	2 stars	3 stars	4 stars[a]	5 stars
26	0	2	12	5	7

Fiscal year 2013	Star rating change from fiscal year 2013 to fiscal year 2018				
5 -star medical centers	1 star	2 stars	3 stars	4 stars	5 stars[a]
12	0	1	3	6	2

Source: Veterans Health Administration (VHA). | GAO-19-350

Notes: VHA primarily uses SAIL to assess and manage VA medical center performance on 29 performance measures (27 quality measures and two measures of overall efficiency and capacity). VHA assigns each medical center an initial star rating of 1 (lowest) to 5 (highest) stars to represent overall quality of care, based on each medical center's performance on the 27 SAIL quality measures. The scores are then ranked and grouped by percentile and the associated medical centers are assigned initial star ratings based on their relative ranking. VHA officials told us they can decide to

increase a 1-star or decrease a 5-star medical center's initial star rating when determining the final star rating if the medical center meets specified conditions.

Our analysis included the 127 VA medical centers that received star ratings in both fiscal years 2013 and 2018.

[a]No change from fiscal year 2013 star rating.

VHA Uses Tools from the SAIL System to Manage Medical Center Performance

VHA officials told us they use SAIL tools on VHA's intranet when conducting site visits to medical centers and for other performance management efforts. The SAIL system includes several performance management tools that present data in greater detail than SAIL's quarterly data release and enable officials to identify areas for improvement. VHA, network, and medical center officials we interviewed mentioned three in particular:

- **Opportunity matrix –** This matrix shows how a medical center ranks compared to others on all SAIL performance measures based on quarterly data. Each performance measure is labeled by quintile, with the first quintile comprising the top 20 percent of medical centers and the fifth quintile comprising the bottom 20 percent. Officials told us they use this tool to focus improvement efforts by examining specific measures for which a medical center needs improvement.

- **Geometric control charts –** These charts, referred to as G-Charts, allow officials to monitor on a daily basis what VHA considers to be rare occurrences. For example, one G-Chart allows VHA to monitor patient safety indicators that contain information on occurrences of specific medical conditions, such as cardiac arrest, pneumonia, and sepsis. Medical center officials can use these charts to examine the occurrence of events over time, analyze patient-level data, and quickly detect changes in the frequency of these events. Other events that the charts allow VHA to monitor include inpatient complications and deaths.

- **Symphony action triggers –** Symphony is an online tool that tracks over 100 performance measures daily, related to medical center access, outcomes, and productivity, and includes an early warning system to notify network and medical center officials of results that require attention. Officials can use Symphony to view patient-level information to understand the details of particular events and determine solutions.

VHA officials also told us that they use these tools to manage medical center performance as part of their ongoing support of lower performing medical centers. Specifically, officials who oversee SAIL identify lower performing medical centers using SAIL and conduct site visits as part of VHA's Strategic Action for Transformation initiative. This initiative utilizes

a four-tiered, escalating approach based on the severity of concern at a medical center. In order of increasing severity, the four levels are watch, high-risk, critical, and VA receivership. One-star medical centers are automatically placed on the high-risk list, along with some 2-star medical centers with decreasing performance. If performance continues to decrease, medical centers are considered critical, and can be escalated to VA "receivership," at which point VHA officials may step in to correct ongoing problems and replace network or medical center leadership officials. As of January 2019, VHA officials told us no medical center had entered VA receivership since the initiative began.[9] VHA officials told us that they may also conduct site visits or hold calls with medical center leadership by request, although their focus is on lower performing medical centers.

In addition to the SAIL tools, which report data on performance measures across the entire medical center, VHA officials told us that they may also use other data sources as part of medical center performance management. For example, several program offices—such as primary care, mental health, and surgery—have dashboards that track performance and quality of care specific to those offices. In addition, VA's Inpatient Evaluation Center focuses on mortality data, including estimates of expected patient mortality.
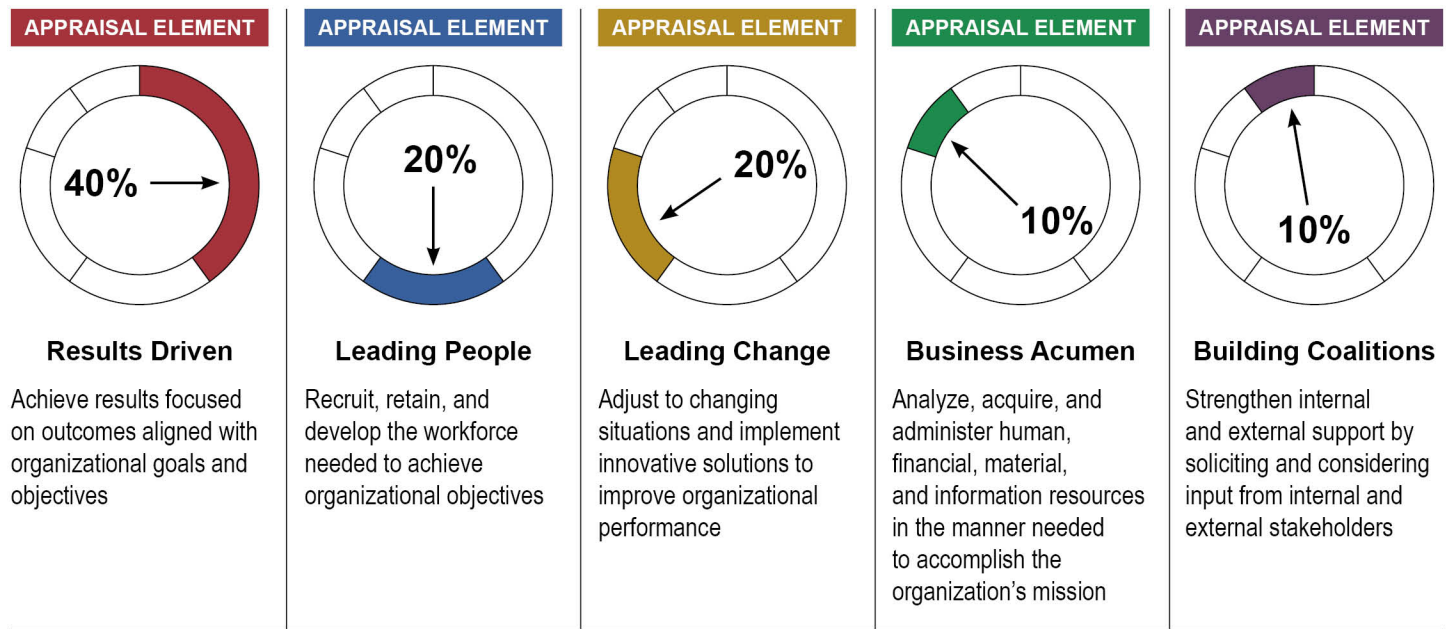
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[9]VHA officials told us that, as of January 2019, 19 medical centers were on the watch list, 10 were on the high risk list, and one was on the critical list.

GAO-19-350 VHA Performance Measurement

VHA's Appraisal Process for Assessing Network and Medical Center Directors' Performance Relies Heavily on Medical Center Performance Information

We found that VHA relies heavily on medical center performance information to assess the performance of its network and medical center directors. VA's *Senior Executive Service Part V. Performance Appraisal System handbook* states that directors are assessed using five appraisal elements established by the Office of Personnel Management: (1) Results Driven, (2) Leading People, (3) Leading Change, (4) Business Acumen, and (5) Building Coalitions.[10] The five elements are included in VHA's performance plan template, which forms the basis for network and medical center directors' performance plans. The handbook designates a relative weight for each element used to calculate a director's rating. (See fig. 4.) The handbook states that a director is rated in each element on a scale of level 1 to level 5, with 5 being the highest level. Each rating is then multiplied by the weight for its corresponding element, and the results are added to generate a summary score. According to the handbook, the summary score is used to identify potential recipients of pay increases and monetary awards.

[10]VA adopted the Office of Personnel Management's government-wide SES performance appraisal system in fiscal year 2012 and modified it, as permitted by the Office of Personnel Management, to address VA-unique requirements. See VA, *Senior Executive Service, Part V. Performance Appraisal System,* VA Handbook 5027/2 Part V (Washington, D.C.: Nov. 6, 2014).

Figure 4: VA Network and Medical Center Directors' Performance Plan Template Elements and Associated Weights, Fiscal Year 2018

| APPRAISAL ELEMENT	APPRAISAL ELEMENT	APPRAISAL ELEMENT	APPRAISAL ELEMENT	APPRAISAL ELEMENT
40%	**20%**	**20%**	**10%**	**10%**
Results Driven	**Leading People**	**Leading Change**	**Business Acumen**	**Building Coalitions**
Achieve results focused on outcomes aligned with organizational goals and objectives	Recruit, retain, and develop the workforce needed to achieve organizational objectives	Adjust to changing situations and implement innovative solutions to improve organizational performance	Analyze, acquire, and administer human, financial, material, and information resources in the manner needed to accomplish the organization's mission	Strengthen internal and external support by soliciting and considering input from internal and external stakeholders

Source: Department of Veterans Affairs (VA). | GAO-19-350

Note: For network directors, performance information is based on the aggregate performance of all VA medical centers in the network.

The most heavily weighted appraisal element in the handbook, Results Driven, represents 40 percent of a director's overall performance and is based entirely on medical center performance information. Specifically, for fiscal year 2018, SAIL results comprised 25 percent of the overall rating and included measures such as patient mortality, length of stay, and readmissions. Other medical center performance information comprised the remaining 15 percent of the overall rating. (See fig. 5.)

Figure 5: Components of "Results Driven" Performance Appraisal Element for VA Network and Medical Center Directors, Fiscal Year 2018
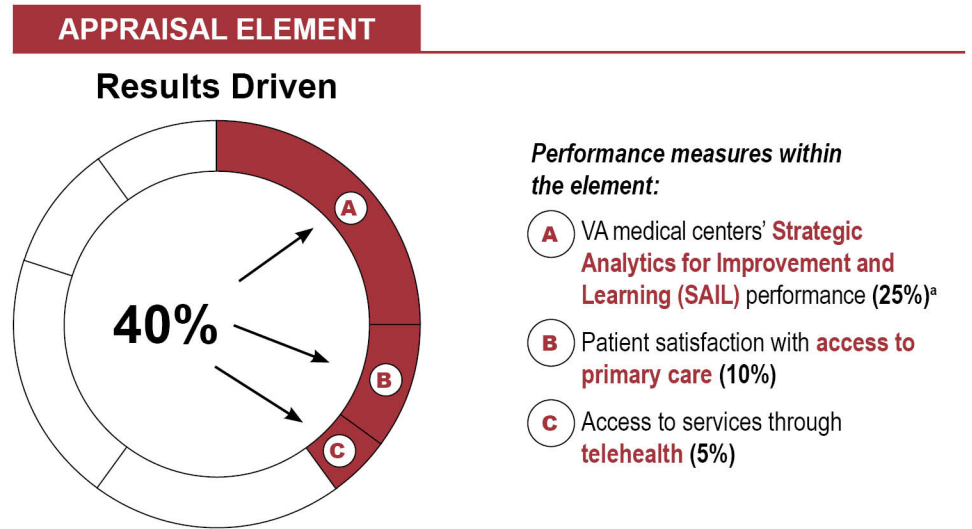
Source: Department of Veterans Affairs (VA). | GAO-19-350

[a]The Veterans Health Administration (VHA) primarily uses SAIL to assess and manage VA medical center performance on 29 performance measures (27 quality measures and two measures of overall efficiency and capacity). For network directors, performance information is based on the aggregate performance of all VA medical centers in the network.

Medical center performance information is also used when assessing directors' performance across other appraisal elements. For example, in VHA's fiscal year 2018 performance plan template, the Leading Change appraisal element included the implementation of suicide prevention initiatives, using medical center performance in the SAIL mental health domain as criteria. In addition, the Leading People element included performance information from VA's All Employees' Survey, which included medical center staff.[11]

Although medical center performance information plays a prominent role in the performance assessment process, VHA officials told us that there are other considerations that may result in medical center directors receiving a rating that is higher than that indicated by the star rating of the medical center. For example, VHA officials told us that when calculating a medical center director's rating for the Results Driven element, they

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[11]VA developed its annual All Employees' Survey in 2001 to assess workforce satisfaction and organizational climate.

consider whether the medical center's overall performance improved or deteriorated compared to the previous year's performance.[12] These officials also stated that they take into consideration the length of a director's tenure, such as cases where a director started at a low-performing medical center partway through the rating year and would not have had sufficient time to improve the medical center's performance from the previous year.

In our review, we also found that the release of VHA's performance plan template is often delayed, which can limit its effectiveness as a means of assessing directors' performance. Specifically, in fiscal years 2016, 2017, and 2018, VHA released the performance plan template to network directors in November or December, close to the end of the first quarter of the performance appraisal period.[13] Directors at two of the medical centers in our review expressed frustration with the delay and not having a full year to meet performance expectations, but directors at the two other medical centers stated that they find the process clear and are able to anticipate performance expectations. Officials from VHA's office of Workforce Management and Consulting, which sends out the template, told us that they have been working in recent years to shorten the template's development and review process within VHA; however, the delays may continue because of late changes from VA or the Office of Personnel Management. In our December 2016 review of human resource management practices at VHA, we also reported on delays in the release of VHA's performance plan template.[14] We reported that the delay limited medical center officials' ability to use the template as a tool to align expectations and performance, which is inconsistent with leading practices on employee performance management. We recommended that VHA accelerate its efforts to develop a modern, credible, and effective performance management system, including the timely release of the

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[12]For medical center directors, VHA officials determine the rating for the Results Driven appraisal element, and the network director determines the rating for the other four appraisal elements, according to VHA officials. For network directors, VHA officials determine the ratings for all five appraisal elements.

[13]For fiscal year 2019, VHA released a draft performance plan template on December 4, 2018, pending additional guidance from VA. VHA incorporated VA's guidance (sent January 25, 2019) into the template and sent a revised version on January 29, 2019, to network directors.

[14]GAO, *Veterans Health Administration: Management Attention Is Needed to Address Systemic, Long-standing Human Capital Challenges,* GAO-17-30 (Washington, D.C., Dec. 23, 2016).

performance plan template. VA partially concurred with our recommendation and has made limited progress in implementing it. As of December 2018, this recommendation remains open and we reiterate the need for VHA to implement it.

VHA Has Not Assessed for Implementation Previous Recommendations Made to Ensure SAIL's Effectiveness in Assessing Medical Center Performance

Although SAIL is used in the assessment of both medical centers' and directors' performance, VHA officials have not assessed and implemented as appropriate the recommendations from previous evaluations of the SAIL system to ensure its effectiveness. This is inconsistent with federal standards for internal control, which state that management should remediate identified internal control deficiencies on a timely basis.[15] This remediation may include assessing the results of reviews to determine appropriate actions, and, once decisions are made, completing and documenting corrective actions on a timely basis.

VHA officials told us that since it was established in 2012, there have been two evaluations of SAIL:[16]

- The first evaluation was an internal review, which VHA officials told us was completed in February 2014 and submitted to the director of VHA's Office of Analytics and Business Intelligence and reviewed by the then Under Secretary for Health and Principle Deputy Under Secretary for Health. The internal review, which had 22 recommendations, found issues related to the validity and reliability of SAIL as a tool for measuring performance and fostering accountability. For example, it included a recommendation that VHA no longer use aggregate star ratings for accountability, or for presenting medical center quality and efficiency information to stakeholders. Rather, the recommendation called for VHA to work to identify valid and reliable approaches for presenting this information.

- The second evaluation was an external review, which VHA officials told us was submitted to the Office of the Principal Deputy Under Secretary for Health in April 2015.[17] The external review included 19

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[15]GAO-14-704G.

[16]In addition to the two evaluations, VHA officials also discussed potential SAIL measure changes and weights with subject matter experts in health policy and research in April 2014.

[17]Booz Allen Hamilton, *Spectrum TOPR 0075: Veterans Health Administration (VHA) Strategic Analytics for Improvement and Learning (SAIL) Assessment.* (McLean, Va.: Apr. 24, 2015). The total cost of the review was about $325,000.

recommendations for short- and long-term improvements to SAIL, such as a recommendation to examine the potential for misclassifying medical centers—i.e., assigning star ratings that do not reflect medical centers' pattern of performance on the underlying measures. The review noted two ways such misclassification could occur: (1) two medical centers with summary scores that are close together could receive different star ratings, or (2) two medical centers with widely different summary scores could receive the same star rating.

The findings of the previous SAIL evaluations are similar to concerns that officials from the four networks and four medical centers in our review expressed about SAIL's effectiveness, including whether the star ratings were an accurate reflection of medical center performance. For example,

- officials from one medical center told us that, because the mortality measure has a higher weight relative to other SAIL measures, it can amplify the importance of a small difference between medical centers. As a result, a 1-star medical center may appear to be performing much more poorly on this measure than it is in practice; and

- officials from two medical centers told us that the length-of-stay measure may not be an accurate reflection of quality of care, as there are valid clinical reasons why some veterans need a longer length of stay that may not be reflected in the diagnostic and procedure codes for that stay. Therefore, the difference in performance on the length of stay measure between two medical centers may be the result of how data were entered into the medical record and coded, rather than actual differences in quality of care.[18]

In addition, VHA officials also expressed concerns about SAIL and how it is currently being used to assess medical center performance. For example, VHA officials who oversee SAIL told us it was designed to be an internal performance improvement tool, but is now also being used as a performance accountability tool. The external review included a recommendation that VHA consider whether the primary purpose of SAIL is improvement or accountability, as SAIL would need to be redesigned to do both. One VHA official told us that SAIL is being used in punitive ways through the Strategic Action for Transformation initiative. For example, at

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[18]Medical coding involves using the available clinical information in patient medical records to assign numerical codes from the *International Classification of Diseases, Tenth Revision* coding system, referred to as ICD-10. This coding system is used by health care providers to classify all diagnoses, symptoms, and procedures recorded in conjunction with hospital care in the United States.

one medical center, officials told us that they received a letter from VHA's Executive in Charge about the medical center's low performance only a few months after its star level increased from 1 to 2 stars. Officials said the letter warned them that medical center leadership could be removed if performance does not improve. Medical center officials described this as counterproductive for their improvement efforts, as it was demoralizing while not identifying any specific areas for improvement.

VHA officials confirmed that, other than their routine reviews to determine the need for annual adjustments to SAIL measures and other minor adjustments to the system, they have not assessed or implemented as appropriate the recommendations from the internal and external SAIL evaluations. In addition, although the Under Secretary for Health received a response to the internal review's recommendations from an individual program office, VHA officials told us no action was taken on the response or to formally assess the recommendations from the internal review.[19] Officials noted that two reasons for the lack of action taken to assess recommendations for implementation were leadership turnover and attention diverted to other issues, such as concerns about extended wait times for medical appointments at VHA medical facilities.[20] In addition, officials stated that the evaluations were not widely distributed within VHA. As a result, officials we spoke with from several VHA offices were unaware that SAIL had ever been evaluated. To address the federal internal control standard for timely remediation of identified deficiencies, federal agencies assign responsibility and authority for carrying out and documenting corrective actions.[21] VHA officials told us they did not formally assign responsibility to an office to assess recommendations from previous evaluations of SAIL. As a result, when the officials who received both evaluations left VHA, there were no other individuals or offices responsible for ensuring that recommendations were acted on.

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[19]VHA officials told us the response was provided by officials within VHA's Office of Operational Analytics and Reporting, and expressed their agreement or disagreement with the recommendations from the internal review.

[20]In 2014, a series of events called into question the ability of veterans to gain timely access to care from VHA medical facilities. Reviews by us, the VA Office of Inspector General, and others substantiated allegations of extended wait times for veteran appointments at VHA medical facilities. We found that VHA employees responsible for scheduling medical appointments at certain facilities engaged in inappropriate practices to make wait times appear more favorable.

[21]GAO-14-704G.

GAO-19-350 VHA Performance Measurement

VHA officials who oversee SAIL told us that they are planning to use the 2015 external review as part of their plans to make changes to SAIL and its measures. However, there is no documentation available describing the planned changes to SAIL or how those planned changes will incorporate the results of the external review. If changes made to SAIL run counter to the evidence, it could potentially diminish the integrity of the system to effectively evaluate performance.

Conclusions

VHA primarily uses the SAIL system to assess and compare the performance of medical centers. Veterans can also view SAIL data to compare medical center performance when making health care decisions. Officials from the networks and medical centers in our review expressed concerns about how SAIL is being used and whether star ratings are an accurate reflection of medical center quality. SAIL has been evaluated twice, and both evaluations have found similar concerns with SAIL. However, VHA has yet to use the results of those evaluations to address identified concerns and make evidence-based improvements to the SAIL system. Specifically, VHA has not taken action to ensure that officials assess the recommendations from SAIL evaluations, document their decisions, and implement recommendations as appropriate. If changes to SAIL are implemented without this assessment of existing evaluations, VHA may make changes that run counter to the evidence, potentially diminishing the integrity of the system to effectively evaluate performance.

Recommendations

We are making the following two recommendations to VA:

- The Under Secretary for Health should assess recommendations from two previous evaluations of SAIL. This assessment should include the documentation of decisions about which recommendations to implement and assignment of officials or offices as responsible for implementing them. (Recommendation 1)

- The Under Secretary for Health should implement, as appropriate, recommendations resulting from the assessment of the two previous SAIL evaluations. (Recommendation 2)

Agency Comments

We provided VA with a draft of this report for review and comment. VA provided written comments, which are reprinted in appendix II. In its written comments, VA concurred with both of the report's recommendations, and identified actions it is taking to implement them.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Veterans Affairs, the Under Secretary for Health, and other interested parties. In addition, the report is available at no charge on the GAO web site at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-7114 or at draperd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

Debra A. Draper
Director, Health Care

Appendix I: VHA Strategic Analytics for Improvement and Learning (SAIL) Performance Measures

Domain	Number of measures	Measure	Desired Direction of Measure
Acute care Mortality	2	In-Hospital risk adjusted mortality (SMR)	Lower
		30-day risk adjusted mortality (SMR30)	Lower
Avoidable Adverse Events	2	Risk adjusted complication Index	Lower
		Healthcare associated infections	Lower
Length of stay and Utilization Management	3	Severity adjusted average length of stay (ALOS)	Lower
		%Acute admission reviews met InterQual criteria	Higher
		%Acute continued stay reviews met InterQual criteria	Higher
Performance Measures	3	Inpatient core measures mean percentage (ORYX)	Higher
		HEDIS outpatient core measure mean percentage (chart abstract)	Higher
		HEDIS outpatient core measure mean percentage (population based)	Higher
Patient Experience	5	HCAHPS score (patient rating of hospital)	Higher
		Rating of primary care provider	Higher
		Rating of specialty care provider	Higher
		Care Transition (inpatient)	Higher
		Stress discussed (PCMH)	Higher
Employee Satisfaction	2	Best Places to Work score	Higher
		Registered nurse turnover rate	Lower
Care Transitions	2	ACSC hospitalizations	Lower
		Hospital-wide all conditions 30-day readmission rate	Lower
Access	5	Timely Appointment, Care and Information – PCMH	Higher
		Timely Appointment, Care and Information – SC	Higher
		Same Day Appointment When Needed – PCMH	Higher
		Call center speed in picking up calls	Lower
		Telephone abandonment rate	Lower
Mental Health	3	Mental health population coverage	Higher
		Mental health continuity of care	Higher
		Mental health experience of care	Higher
Efficiency/ Capacity	2	Stochastic frontier analysis (= 1/SFA)	Higher
		Physician Capacity	Lower

Source: Veterans Health Administration (VHA) SAIL Fact Sheet. | GAO-19-350

Notes: The information in this table is reprinted verbatim from VHA's SAIL Fact Sheet. See Office of Reporting, Analytics, Performance, Improvement, & Deployment, *Strategic Analytics for Improvement and Learning (SAIL) Fact Sheet,* September 25, 2018.

The acronyms VHA used in the table are as follows: SMR=standard mortality ratio; HEDIS=Healthcare Effectiveness Data and Information Set; HCAHPS= Hospital Consumer

Assessment of Healthcare Providers and Systems; PCMH=patient-centered medical home;
ACSC=ambulatory care sensitive conditions; SC=specialty care.

Appendix II: Comments from the Department of Veterans Affairs

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

April 9, 2019

Ms. Debra A. Draper
Director, Health Care
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Draper:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report: *VETERANS HEALTH ADMINISTRATION: Past Performance System Recommendations Have Not Been Implemented* (GAO-19-350).

The enclosure contains the actions to be taken to address the draft report recommendations.

VA appreciates the opportunity to comment on your draft report.

Sincerely,

Robert L. Wilkie

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
*VETERANS HEALTH ADMINISTRATION: Past Performance System
Recommendations Have Not Been Implemented*
(GAO-19-350)

Recommendation 1: **The Under Secretary for Health should assess
recommendations from two previous evaluations of SAIL. This assessment
should include the documentation of decisions about which recommendations to
implement and assignment of officials or offices as responsible for implementing
them.**

VA Comment: Concur. The Veterans Health Administration (VHA) Office of Reporting,
Analytics, Performance Improvement and Deployment (RAPID) will take the following
actions to assess recommendations from two previous evaluations of Strategic
Analytics for Improvement and Learning (SAIL):

1. Review prior recommendations from SAIL evaluations for relevance and
   appropriateness. The responsible entities are RAPID and the VHA National
   Leadership Council.

2. Establish a governance process for future iterations of SAIL that is linked to the
   larger strategic priorities of VHA including the implementation of the VA
   Maintaining Internal Systems and Strengthening Integrated Outside Networks
   (MISSION) Act, and implements appropriate recommendations from prior
   evaluations of SAIL. The responsible entities are RAPID and the VHA National
   Leadership Council.

3. After implementing a new governance process for SAIL and revising the
   framework for VHA performance accountability, conduct a formative evaluation
   (including quantitative measure validation and qualitative assessment of its
   effectiveness for performance management) to determine if the revised SAIL
   approach is meeting agency goals. The responsible entities are RAPID; the VHA
   National Leadership Council; and the Office of Discovery, Education and Affiliate
   Network.

VHA has taken actions to implement the recommendations from two previous external
evaluations of SAIL in 2014 and 2015 to include:

- Clarifying for all stakeholders the purpose of the Measurement System: SAIL
  remains an improvement and learning system and the focus of its use in senior
  executive appraisal includes both of those emphases. We achieve those
  functions through: (a) establishing dedicated teams of improvement specialists
  and data and subject matter experts throughout the agency to assist
  low-performing hospitals; (b) providing tools for our health system leaders to
  track star rating (relative performance against other sites) and absolute

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
*VETERANS HEALTH ADMINISTRATION: Past Performance System
Recommendations Have Not Been Implemented*
(GAO-19-350)

improvement (size of change in their own performance); (c) hosting SAIL
webinars twice a month that are open to all field users, allowing anyone in the
agency to learn from subject matter experts across VA.

Continually updating Measures and Weighting: All domains and metrics, as well as
their weights, have been reviewed and updated regularly (minimum annually), with
inputs from partner program offices, field users, VA Central Office senior leadership,
and the SAIL workgroup. We note that the efficiency domain has changed to
efficiency/capacity domain to include physician capacity metrics based on accepted
benchmarks of clinical productivity.

- Measure Hierarchy: The domain and metric weighting scheme have
  incorporated inputs from partner offices and stakeholders. The measure
  hierarchy has evolved overtime to reflect policy priorities (e.g., mental health
  care); clinical program areas (e.g., primary care and specialty care); and domains
  that serve frontline care (e.g., inpatient acute care outcome, care transition
  outcome, outpatient care outcome, and patient perception); and service providers
  (e.g., registered nurse turnover, mental health care provider survey, and
  physician capacity). Factor analysis was conducted to assess alternative
  grouping of metrics and various dashboard and analytic tools have been
  developed and linked on SAIL for users to conduct analyses by their program
  area.
- Scoring/star rating: We have conducted analysis to assess performance of
  various scales of star rating and found, contrary to recommendations from the
  2015 review, a three-stars system does not perform better than a five-stars
  system. Given that the Centers for Medicare and Medicaid Services (CMS) also
  used a five-stars system – because CMS' technical expert panel felt it provided a
  better differentiation of performance and a ladder of progress, VHA felt it was
  appropriate to continue this approach. RAPID incorporated a recommendation
  from the VHA National Leadership Council to promote a one-Star VA facility to a
  two-Stars if it outperforms one-Star Medicare Hospitals based on comparable
  metrics. Finally, to ensure VHA is comparing medical centers with similar clinical
  missions, RAPID created complexity groupings (fixed stratification) built upon
  how VHA classifies facility complexity. For example, large, urban, teaching VA
  medical centers are compared with each other, and not star-rated by
  comparisons with smaller facilities with more limited services. Please note that
  CMS has been criticized for the lack of such stratification within the five-star
  methodology it uses for Hospital Compare.
- Collaborating program offices for SAIL have many avenues to solicit comments
  and questions from across the organization, which our staff, managers, and

2

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***VETERANS HEALTH ADMINISTRATION: Past Performance System
Recommendations Have Not Been Implemented***
(GAO-19-350)

leadership are not hesitant to use. These include a Help Desk feature on the
SAIL reporting site; separate Help Desk features on each of the SAIL component
measure domains (which are staffed by subject matter experts who respond
personally); and frequent discussion of SAIL and its components during the VHA
National Leadership Council meetings and the meetings of its component
governance boards. RAPID also has the means to collect confidential feedback
about the usefulness of reporting tools (i.e. SAIL is one tool, but there are many
reporting tools that support SAIL). For anonymous feedback of concerns about
the integrity of SAIL, RAPID encourages the use of the Office of the Inspector
General (OIG) hotline, and RAPID works closely with the OIG on such matters.
Target Completion Date: December 31, 2019.

**Recommendation 2: The Under Secretary for Health should implement, as
appropriate, recommendations resulting from the assessment of the two previous
SAIL evaluations.**

VA Comment: Concur. RAPID will establish a process to implement this
recommendation and take the following actions in parallel with addressing
Recommendation 1 to assess recommendations from two previous evaluations
of SAIL:

1. Review prior recommendations from SAIL evaluations for relevance and
   appropriateness. (Responsible entities: RAPID and the VHA National Leadership
   Council.)

2. Establish a governance process for future iterations of SAIL that is linked to the
   larger strategic priorities of VHA, including the implementation of the MISSION
   Act, and implement appropriate recommendations from prior evaluations of SAIL
   The responsible entities are RAPID and the VHA National Leadership Council.

3. After implementing a new governance process for SAIL and revising the framework
   for VHA performance accountability, conduct a formative evaluation (including
   quantitative measure validation and qualitative assessment of its effectiveness for
   performance management) to determine if the revised SAIL approach is meeting
   agency goals. The Responsible entities are the VHA National Leadership Council,
   Office of Discovery, Education and Affiliate Network, and RAPID. Target
   Completion Date: December 31, 2019.

3

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Debra A. Draper, (202) 512-7114 or draperd@gao.gov.

Staff Acknowledgments

In addition to the contact named above, Janina Austin, Assistant Director; Sarah Harvey and Malissa G. Winograd, Analysts-in-Charge; Jennie F. Apter; Frederick Caison; and Alexander Cattran made key contributions to this report. Also contributing were Vikki Porter and Jennifer Whitworth.

Related GAO Products

VA Health Care: Actions Needed to Improve Oversight of Community-Based Outpatient Clinics. GAO-18-375. Washington, D.C.: Apr. 12, 2018.

Veterans Health Care: Additional Actions Could Further Improve Policy Management. GAO-17-748. Washington, D.C.: Sept. 22, 2017.

Veterans Affairs: Improved Management Processes Are Necessary for IT Systems That Better Support Health Care. GAO-17-384. Washington, D.C.: June 21, 2017.

VA Health Care: Improvements Needed in Data and Monitoring of Clinical Productivity and Efficiency. GAO-17-480. Washington, D.C.: May 24, 2017.

Veterans Health Administration: Management Attention Is Needed to Address Systemic, Long-standing Human Capital Challenges. GAO-17-30. Washington D.C.: Dec. 23, 2016.

Veterans Health Care: Improvements Needed in Operationalizing Strategic Goals and Objectives. GAO-17-50. Washington D.C.: Oct. 21, 2016.

VA Health Care: Processes to Evaluate, Implement, and Monitor Organizational Structure Changes Needed. GAO-16-803. Washington D.C.: Sept. 27, 2016.