



Health, Education and Human Services Division

B-271419

March 19, 1996

The Honorable Bob Graham
United States Senate

Dear Senator Graham:

This letter responds to your March 7, 1996, request for information on the Department of Veterans Affairs (VA) Resource Planning and Management (RPM) system. In 1995, VA operated 172 hospitals, 375 ambulatory clinics, 173 nursing homes and 39 domiciliaries with a budget of about \$16 billion.

VA uses the RPM system to help allocate resources among its medical facilities across the country. As the basis for resource allocation, RPM classifies each patient into a clinical care group, calculates average facility costs per patient, and forecasts future workload. VA envisions that the system will improve the equity of its allocations by more closely linking resources with facility workloads and alleviating inconsistencies in veterans' access to care across the system.

Last month, we issued a report¹ that discussed the RPM system in detail. We concluded that although RPM lets VA identify inequities in resource distribution, VA has, so far, chosen not to use the system to help ensure that resources are distributed more equitably. The report contains cost and workload data for several facilities that VA considers to be comparable.² You asked for similar information on the VA hospitals in Florida.

¹Veterans' Health Care: Facilities' Resource Allocations Could Be More Equitable (GAO/HEHS-96-48, Feb. 7, 1996).

²VA places facilities into one of nine groups that it considers comparable based on a consideration of factors such as affiliation with teaching facilities, size, clinical variety, managerial complexity, and research.

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Enclosures 1 through 4 present the fiscal year 1995 RPM data you requested for VA's Florida facilities.³ The information is presented in the same types of graphs used in our report. We have also included RPM budgetary data for VA's Florida hospitals in enclosure 4. In general, the graphs and data show wide cost, staffing, and workload differences among comparable facilities but only modest changes to facility budgets based on these differences.

You also asked that we briefly describe our observations on the results of VA's fiscal year 1996 funding allocation to its facilities. VA has made changes to its resource allocation process for fiscal year 1996. However, the extent to which these changes will result in more equitable allocations to VA facilities is not clear.⁴ As part of its RPM-based allocation process, VA used a methodology (referred to as blended rates) that resulted in greater funding reductions for VA's high-cost facilities than in past years. However, these facilities may receive additional funding under VA's new veteran integrated service network (VISN) field structure.⁵ Each VISN director has been given funding to allocate among the VISN facilities. Because VISN directors have the discretion during the remainder of the year to restore high-cost facilities' budgets to past levels or increase funding to other facilities, it is too early to measure the overall change in fiscal year 1996 facility allocations.

³The VA facilities included in VA's 1995 RPM process were Bay Pines, Miami, Gainesville, Lake City, and Tampa. VA's West Palm Beach facility opened after the fiscal year 1995 RPM allocations had been made and was funded outside the RPM process.

⁴Last month VA made preliminary budget allocations to its facilities based on the appropriation amount passed by the House and Senate and vetoed by the President on December 18, 1995. Currently, VA is operating under a continuing resolution for fiscal year 1996.

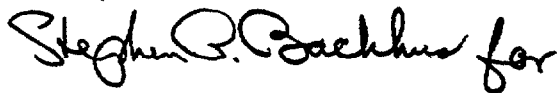
⁵VA has recently established 22 VISNs to replace its four regional offices. VA intends to have VISNs assume the individual facilities' role as the basic budgetary and planning unit for health care delivery within VA.

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We did not obtain VA comments on this letter because our February 1996 report, upon which this letter and its enclosures are based, incorporates VA comments. VA concurred with our analysis.

We are sending copies of this letter to the Secretary of Veterans Affairs and other interested parties. The information contained in it was developed by Frank Pasquier, Matt Byer, Katherine Iritani, and Evan Stoll. Please contact me at (202) 512-7101 or Mr. Pasquier at (206) 287-4861 if you or your staff have any questions.

Sincerely yours,



David P. Baine
Director
Health Care Delivery
and Quality Issues

Enclosures - 4

RPM COST, WORKLOAD, STAFFING, AND BUDGET DATA
FOR LAKE CITY AND COMPARABLE FACILITIES,
FISCAL YEAR 1995

Figure 1.1: Facility Unadjusted Per Patient Cost Differences for Lake City and Comparable Facilities

Percentage Difference From Average

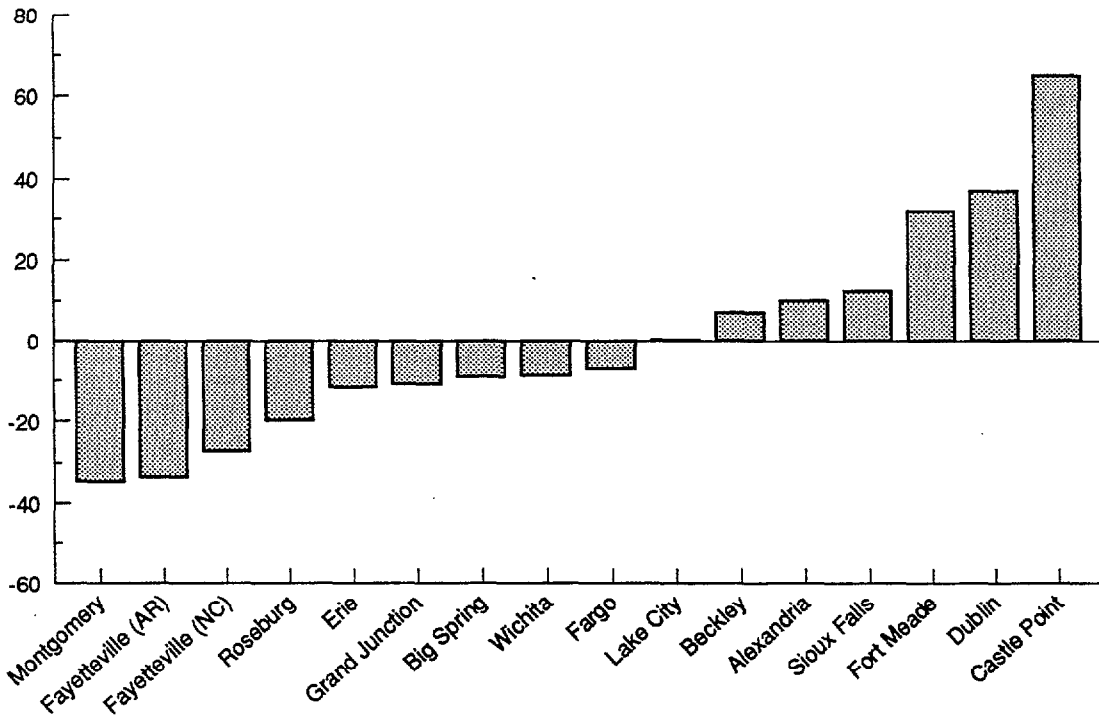


Figure 1.2: Facility Adjusted Costs Per Workload Unit for Lake City and Comparable Facilities

Percentage Difference From Average

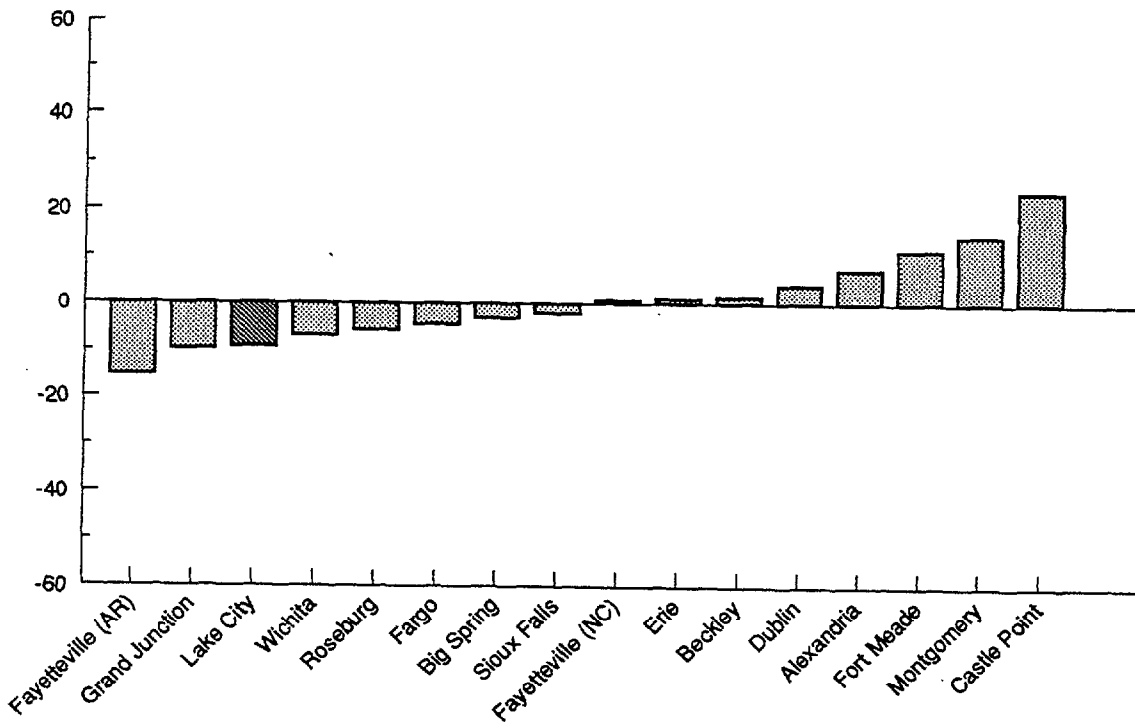


Figure 1.3.: Variations in Full-Time Employees Per 1,000 Workload Units for Lake City and Comparable Facilities

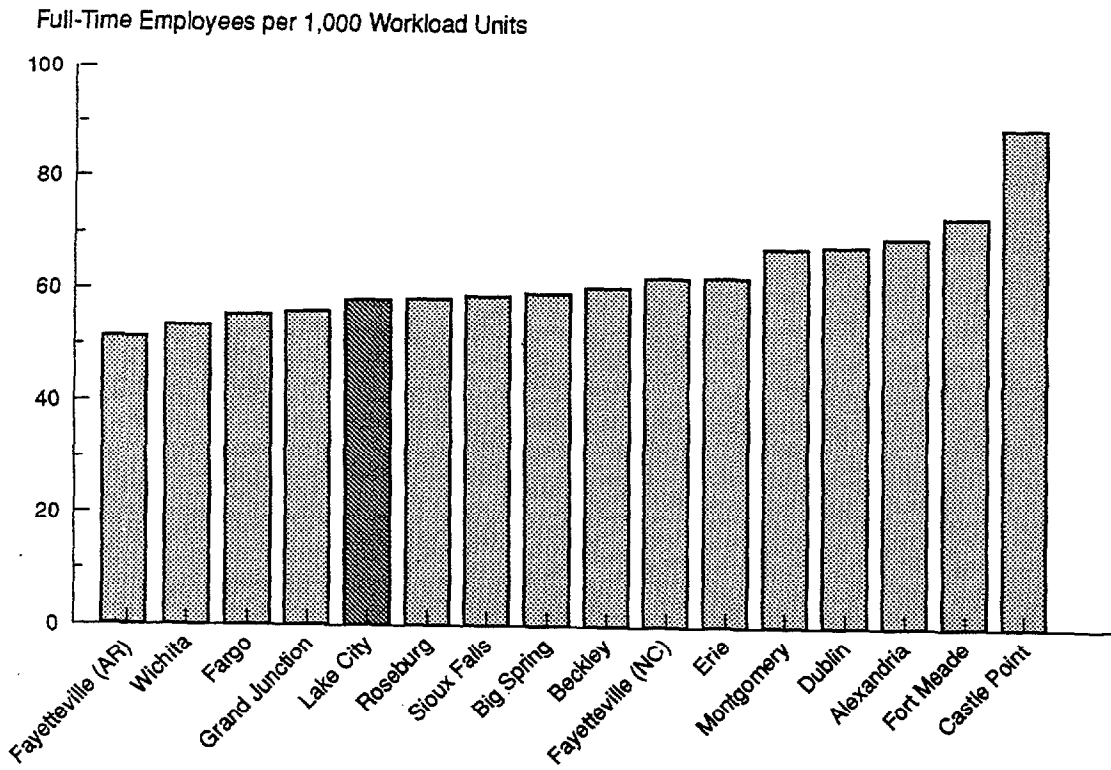


Figure 1.4: Variations in Forecasted Workload Changes for Lake City and Comparable Facilities

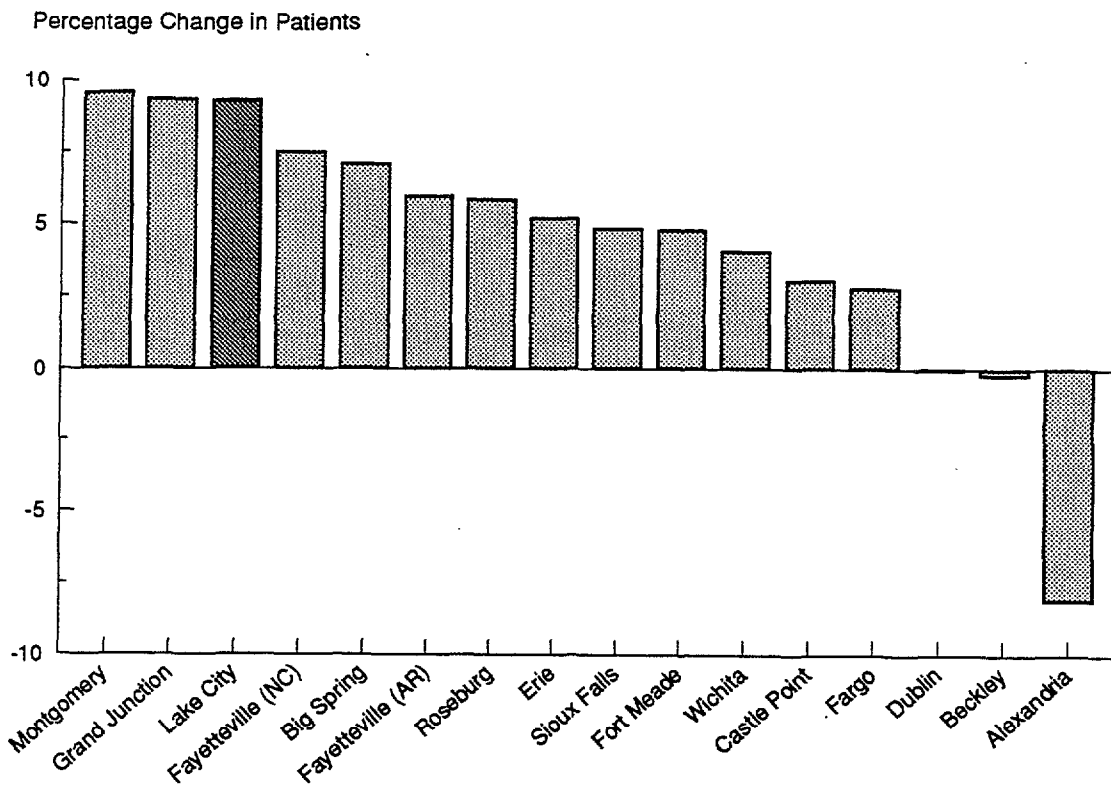
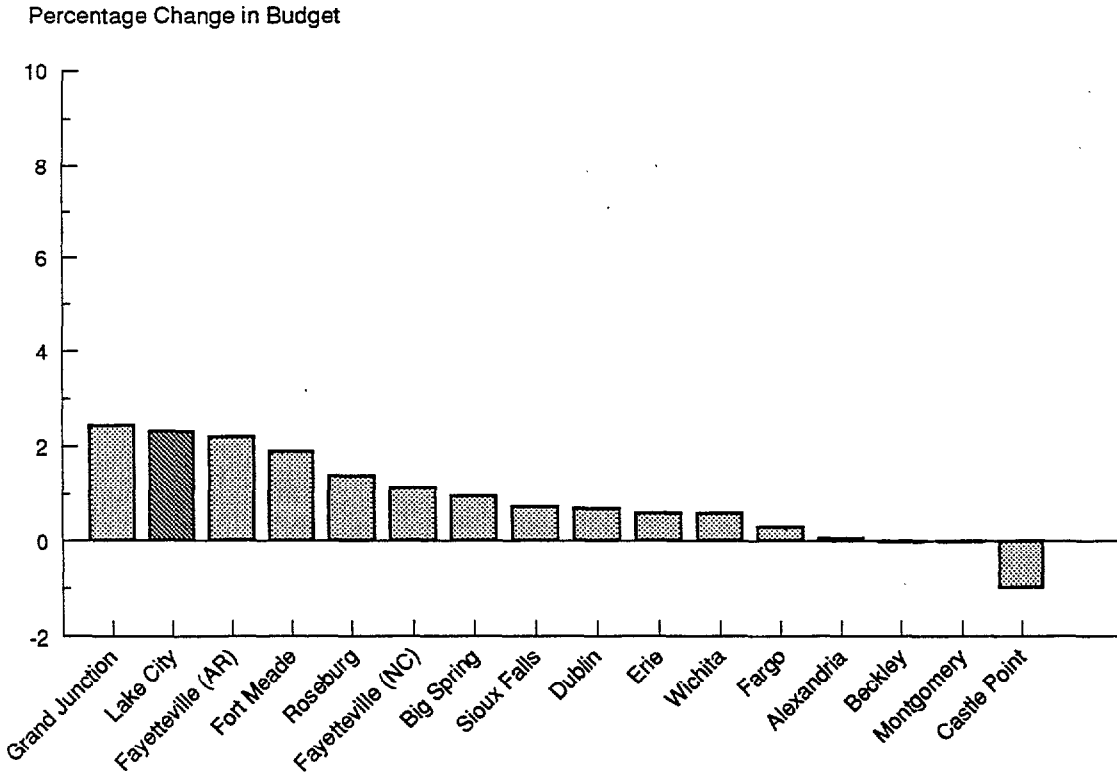


Figure 1.5: RPM Budget Changes for Lake City and Comparable Facilities



RPM COST, WORKLOAD, STAFFING, AND BUDGET DATA
FOR BAY PINES AND COMPARABLE FACILITIES,
FISCAL YEAR 1995

Figure 2.1: Facility Unadjusted Per Patient Cost Differences for Bay Pines and Comparable Facilities

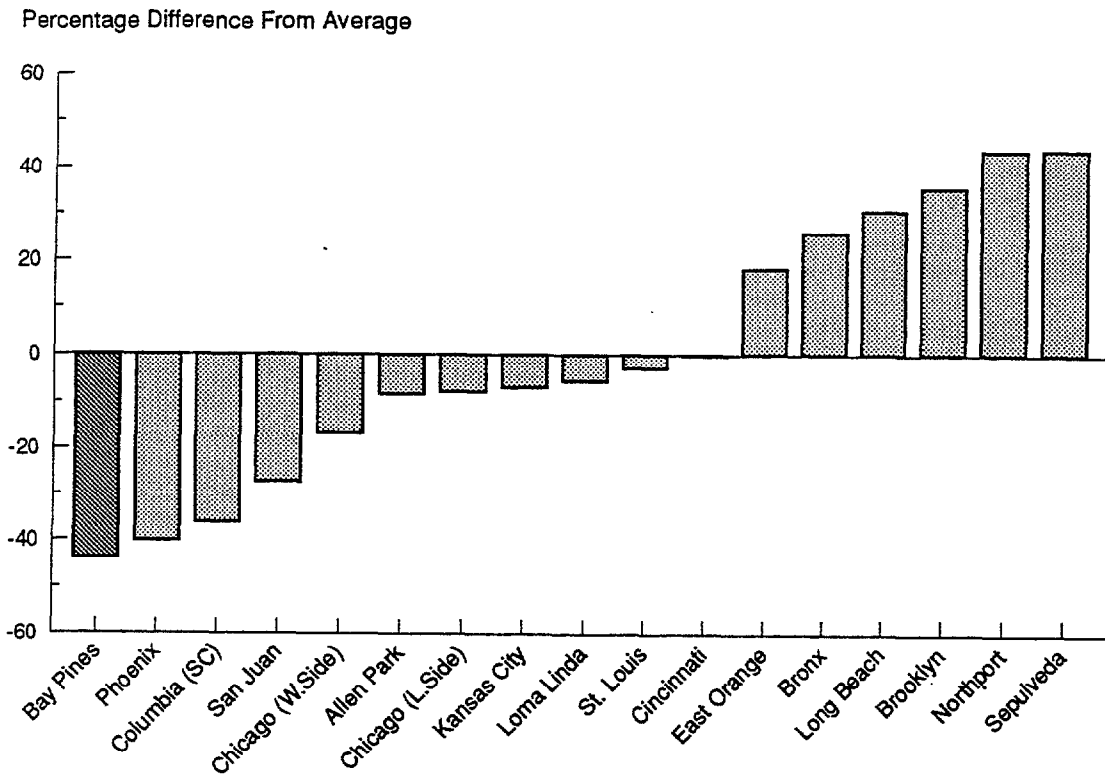


Figure 2.2: Facility Adjusted Costs Per Workload Unit for Bay Pines and Comparable Facilities

Percentage Difference From Average

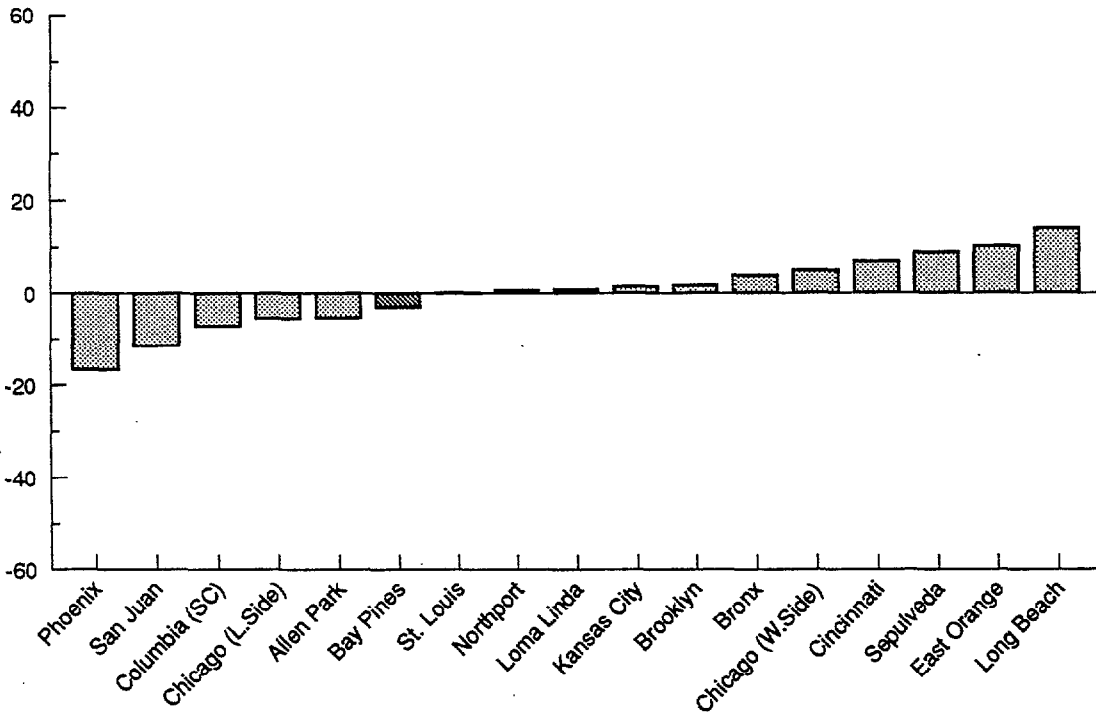


Figure 2.3: Variations in Full-Time Employees Per 1,000 Workload Units for Bay Pines and Comparable Facilities

Full-Time Employees per 1,000 Workload Units

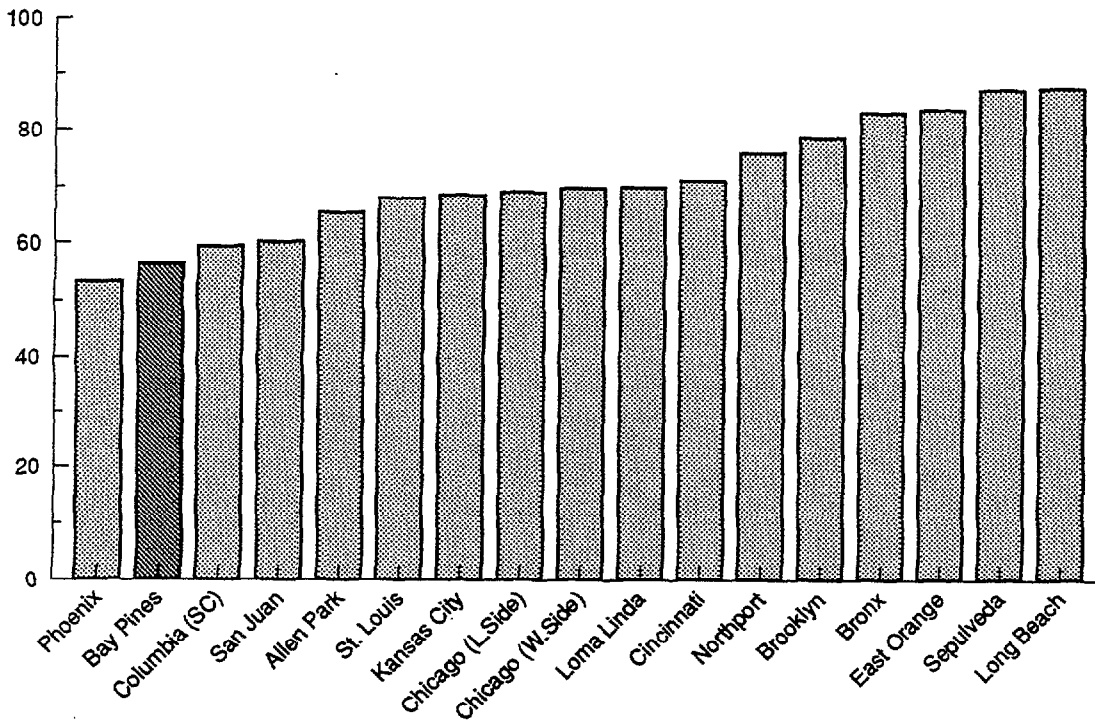


Figure 2.4: Variations in Forecasted Workload Changes for Bay Pines and Comparable Facilities

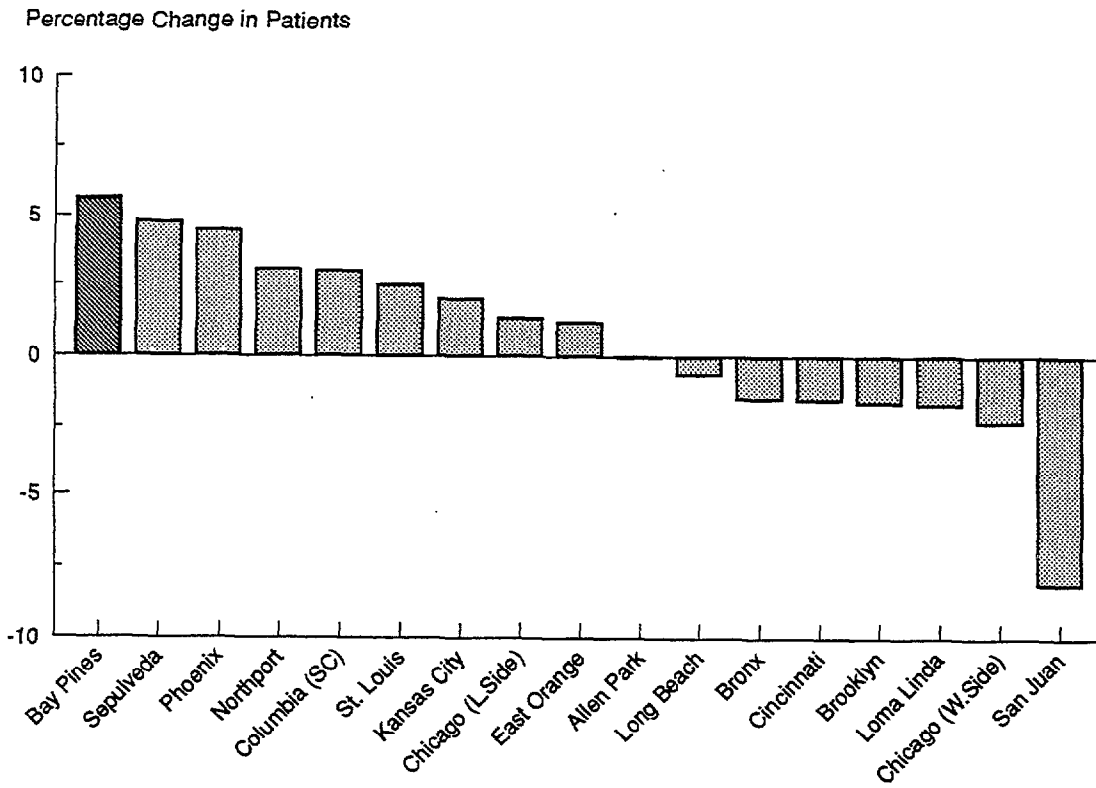
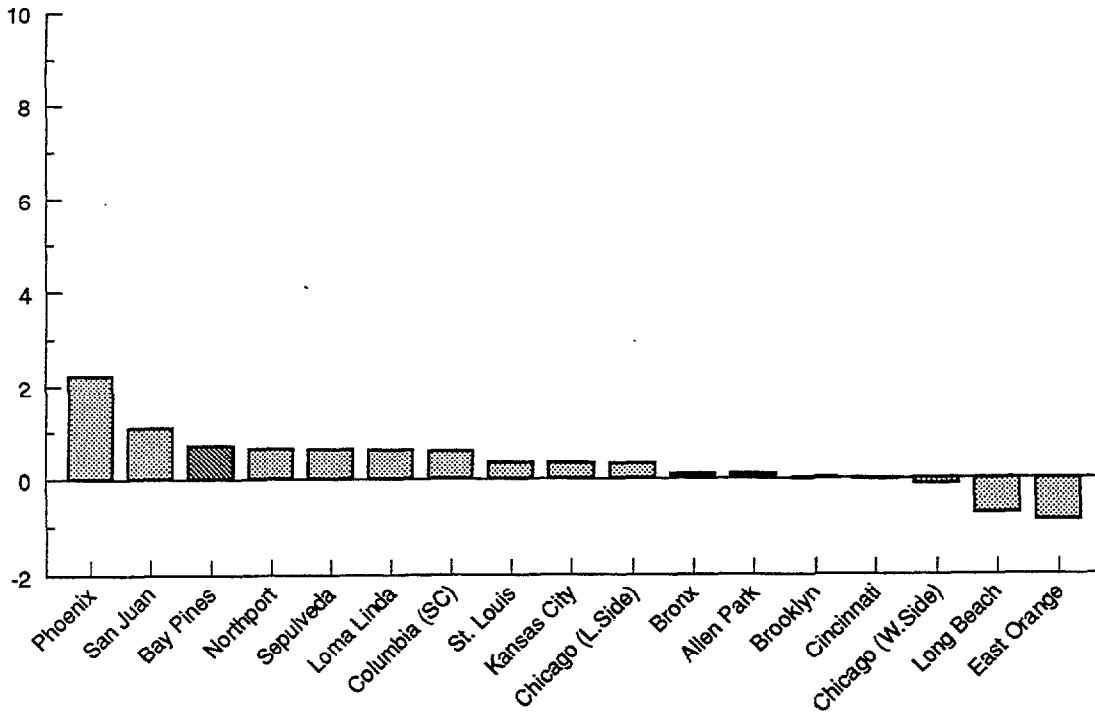


Figure 2.5: RPM Budget Changes for Bay Pines and Comparable Facilities

Percentage Change in Budget



RPM COST, WORKLOAD, STAFFING AND BUDGET DATA FOR
GAINESVILLE, MIAMI, TAMPA AND COMPARABLE FACILITIES,
FISCAL YEAR 1995

Figure 3.1: Facility Unadjusted Per Patient Cost Differences for Gainesville, Miami, Tampa, and Comparable Facilities

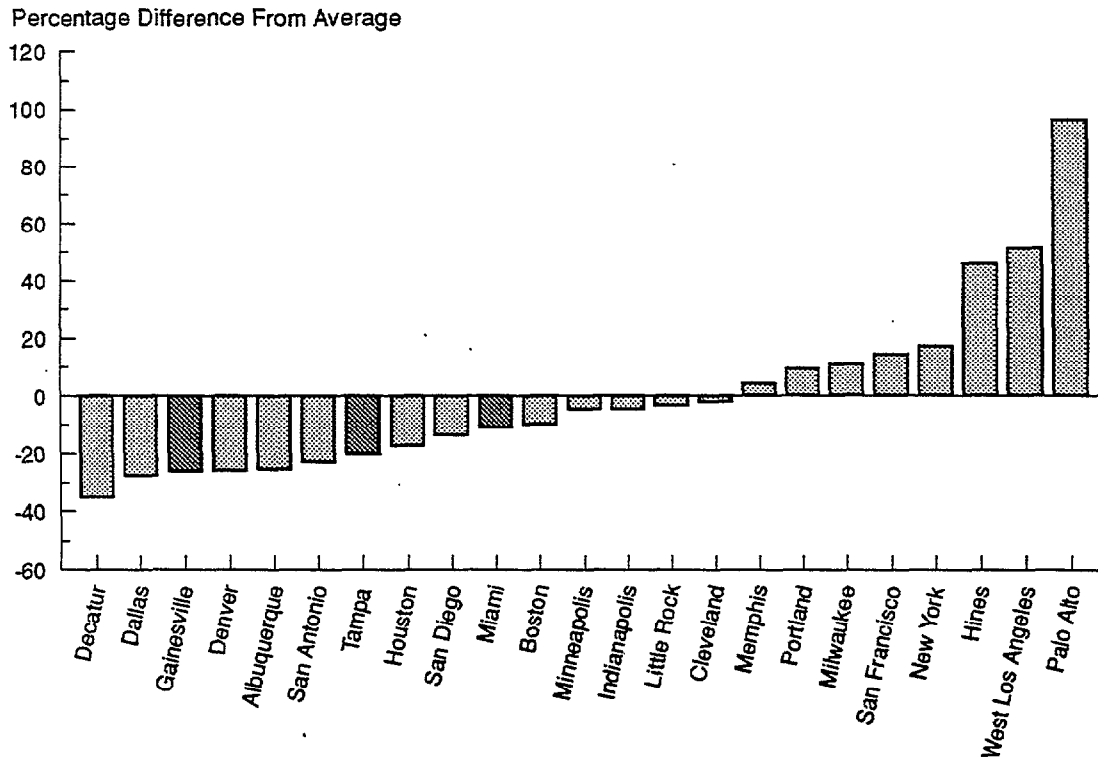


Figure 3.2: Facility Adjusted Costs Per Workload Unit for Gainesville, Miami, Tampa, and Comparable Facilities

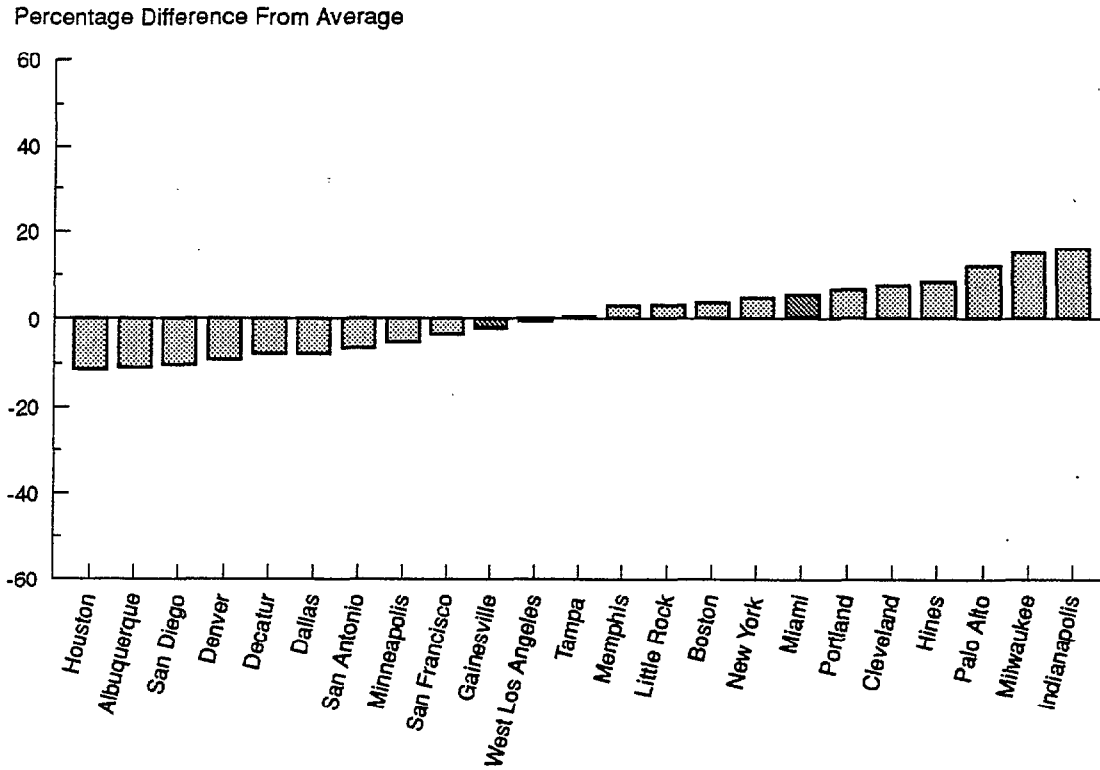


Figure 3.3: Variations in Full-Time Employees Per 1,000 Workload Units for Gainesville, Miami, Tampa, and Comparable Facilities

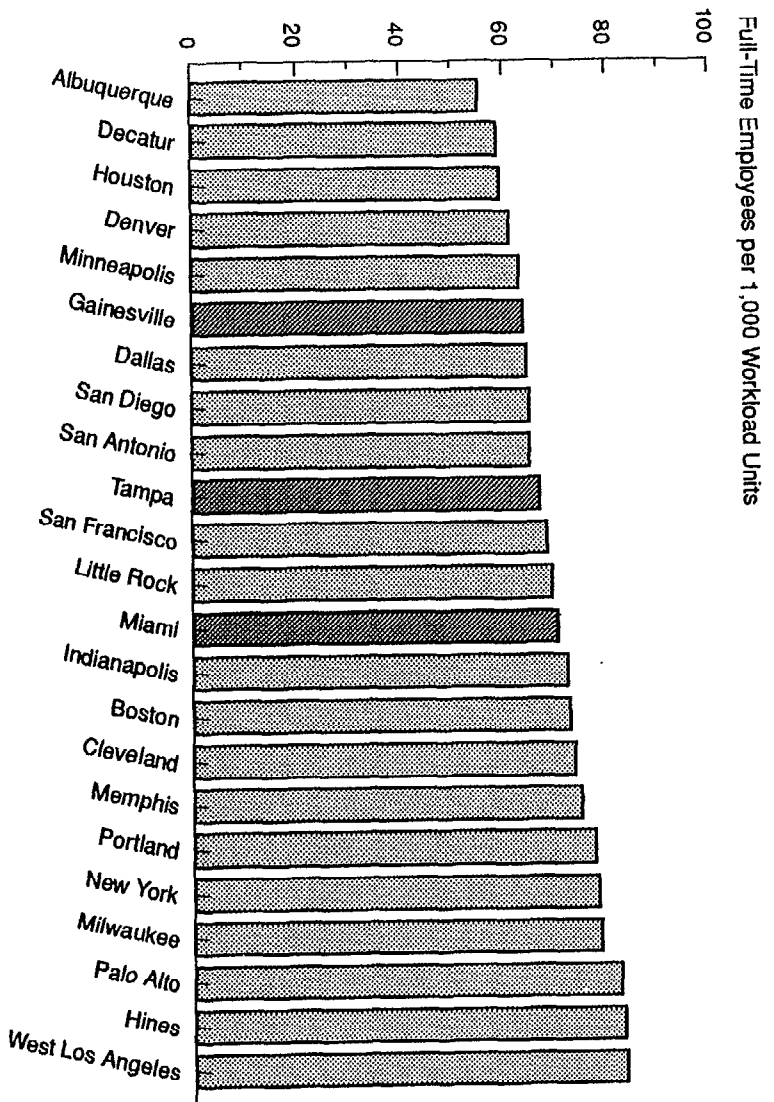


Figure 3.4: Variations in Forecasted Workload Changes for Gainesville, Miami, Tampa, and Comparable Facilities

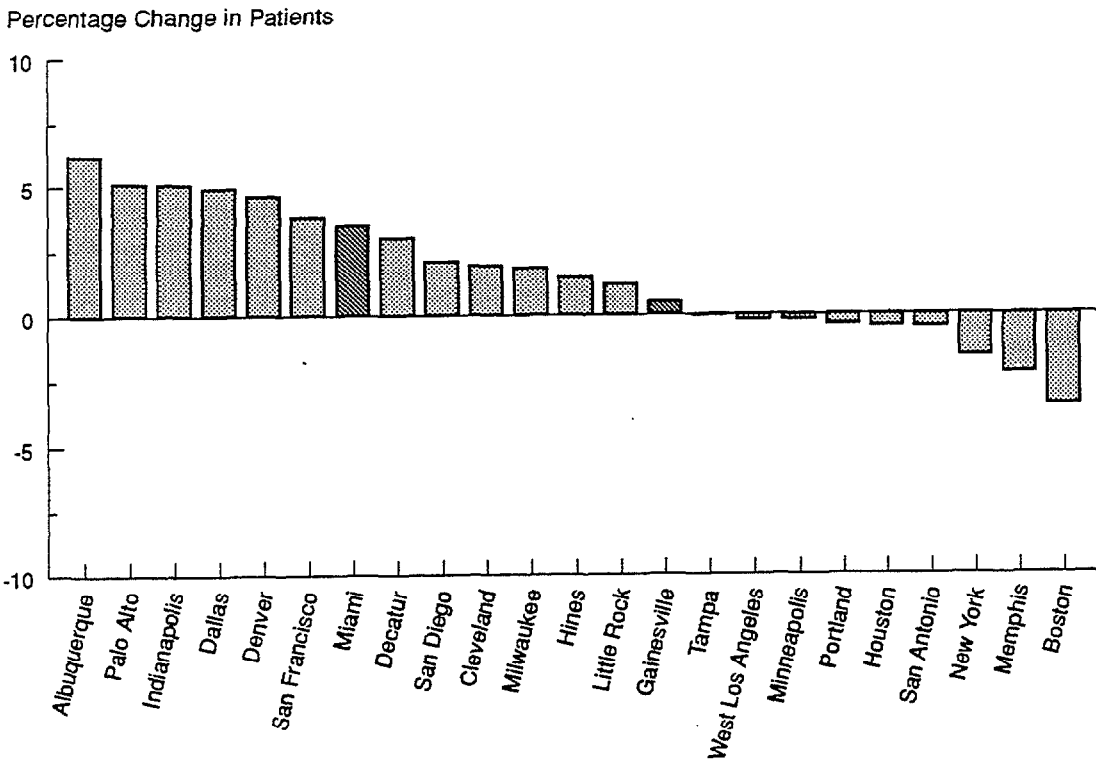
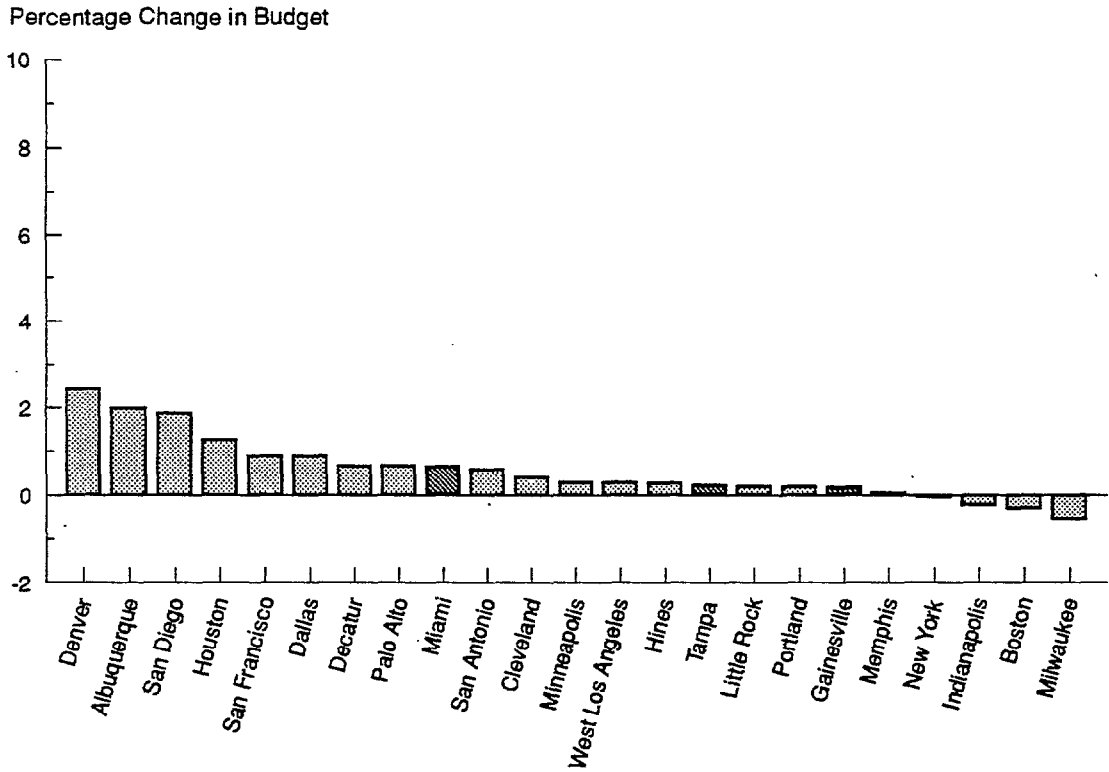


Figure 3.5: RPM Budget Changes for Gainesville, Miami, Tampa, and Comparable Facilities



RPM BUDGET CHANGES FOR
VA SOUTHERN REGION FACILITIES,
FISCAL YEAR 1995

State	Facility	RPM adjustments				FY 93 historical budget	Percentage RPM increase/decrease FY 1993-95
		Workload	Outlier	Negotiation	Total RPM		
Alabama	Birmingham	\$418,458	\$0	\$74,206	\$492,664	\$80,718,257	0.61
	Montgomery	247,367	(253,355)	0	(5,988)	28,150,603	-0.02
	Tuscaloosa	424,581	569,533	0	994,114	45,562,652	2.18
	Tuskegee	579,410	0	122,174	701,584	64,010,719	1.10
Arkansas	Fayetteville (AR)	259,552	341,919	0	601,471	27,353,492	2.20
	Little Rock	305,261	0	0	305,261	151,558,834	0.20
Florida	Bay Pines	817,576	0	0	817,576	113,482,296	0.72
	Miami	971,220	0	0	971,220	153,710,929	0.63
	Gainesville	189,161	0	0	189,161	101,670,059	0.19
	Lake City	456,531	569,106	20,709	1,046,346	45,528,489	2.30
	Tampa	241,799	0	68,835	310,634	132,419,607	0.23
Georgia	Atlanta	188,970	0	390,819	579,789	88,441,996	0.66
	Augusta	659,971	(1,063,310)	596,553	193,214	114,334,420	0.17
	Dublin	34,810	0	264,124	298,934	43,351,007	0.69
Louisiana	Alexandria	(92,244)	0	121,965	29,721	50,548,415	0.06
	New Orleans	(150,162)	0	0	(150,162)	98,338,481	-0.15
	Shreveport	(142,457)	0	0	(142,457)	59,514,824	-0.24
Mississippi	Biloxi	418,719	0	523,980	942,699	78,054,727	1.21
	Jackson	2,503	1,018,383	0	1,020,885	81,470,607	1.25
North Carolina	Durham	438,338	0	161,901	600,239	84,824,496	0.71
	Fayetteville (NC)	442,970	0	0	442,970	39,110,154	1.13
	Asheville	219,649	0	0	219,649	56,541,850	0.39
	Salisbury	655,205	0	0	655,205	66,824,340	0.98
Oklahoma	Muskogee	149,748	0	75,338	225,086	39,471,600	0.57
	Oklahoma City	147,608	0	159,238	306,846	82,917,279	0.37
Puerto Rico	San Juan	(533,007)	1,481,526	351,343	1,299,862	118,522,126	1.10
South Carolina	Charleston	411,874	0	114,144	526,018	59,803,480	0.88
	Columbia (SC)	285,709	0	135,698	421,407	71,096,332	0.59
Tennessee	Memphis	58,602	0	0	58,602	113,237,128	0.05
	Mountain Home	136,473	0	205,233	341,706	75,336,571	0.45
	Murfreesboro	212,791	813,813	0	1,026,604	65,105,000	1.58
	Nashville	260,637	0	495,954	756,591	83,952,218	0.90
Texas	Amarillo	54,959	0	164,966	219,925	40,288,870	0.55
	Big Spring	205,811	0	3,961	209,772	22,025,943	0.95
	Bonham	112,008	252,956	8,362	373,327	20,236,509	1.84
	Dallas	848,816	0	246,296	1,095,112	124,965,187	0.88
	Houston	24,349	2,036,667	0	2,061,016	162,933,404	1.26
	Kerrville	50,329	358,796	0	409,124	28,703,644	1.43
	Martin	62,159	0	212,482	274,641	15,592,981	1.76
	San Antonio	346,957	0	330,374	677,331	121,661,557	0.56
	Temple	219,214	0	151,345	370,559	79,293,993	0.47
	Waco	290,423	(530,950)	0	(240,527)	62,464,671	-0.39
	El Paso OPC	48,328	0	0	48,328	14,171,046	0.34
Region subtotal		\$10,980,975	\$5,595,083	\$5,000,000	\$21,576,058	\$3,207,300,793	

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