
September 1995

Health Care Delivery and Quality Issue Area Plan

Fiscal Years 1996-98



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.

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The Health Care Delivery and Quality 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 quality of care work includes the care provided directly by the federal government (VA, DOD, Indian Health Service, and Bureau of Prisons) and care financed under Medicare and Medicaid. Our work at VA also evaluates programs providing certain nonhealth benefits, such as disability compensation and pensions, to veterans and their dependents or survivors.

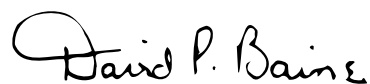
The principal issues in this issue area are

- improving the quality of the nation's health care;
- improving the efficiency and effectiveness of VA and DOD health care systems and VA benefit programs;
- restructuring the VA and DOD health care and VA benefits systems to better accomplish their missions; and
- improving the implementation of managed care in DOD.

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

Foreword

Because events may significantly affect even the best of plans, our planning process allows for updating the plan 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, looping initial "D".

David P. Baine
Director
Health Care Delivery and Quality Issues

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Table I: Key Issues

| Issue | Significance |
|---|---|
| Quality of care: How can the quality of the nation's health care be improved? | The federal government delivers health care to millions of people each year through the huge DOD and VA health care systems as well as through smaller programs such as the Indian Health Service and the Bureau of Prisons. Millions more are affected by the health care funded by Medicare and Medicaid. As Congress considers ways to curb rising health care costs and make further cuts to control the deficit, information about existing quality problems and ways Congress can safeguard quality of care will be crucial. |
| 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? | 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 \$16 billion in fiscal year 1994 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 May 1997, DOD expects to have implemented nationwide its new TRICARE program, offering managed health care to more than 5 million beneficiaries 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 |
|---|--|
| —Identify ways to improve quality of care provided by federal agencies or financed with federal funds. | <ul style="list-style-type: none">• Health care provider quality• Direct care processes |
| —Enhance the current body of knowledge and discussion on evaluation and delivery of quality care. | <ul style="list-style-type: none">• Measurement of health care quality, especially outcomes |
| —Identify the quality implications of anticipated or proposed legislative health care initiatives. | |
| —Identify more effective management controls to minimize fraud, waste, and abuse. | <ul style="list-style-type: none">• Changes in operating procedures• Quality assurance and improvement efforts |
| —Identify ways to save millions of dollars through legislative or administrative changes that improve overall operational efficiency. | <ul style="list-style-type: none">• Budgeting and spending activities |
| —Identify ways to improve services to veterans. | |
| —Evaluate management initiatives to determine how well they address underlying problems. | |
| —Identify options for restructuring service delivery systems. | <ul style="list-style-type: none">• Organizational relationships within VA and among VA, DOD, and other government programs |
| —Identify options for better targeting benefits to veterans and military personnel and their dependents. | <ul style="list-style-type: none">• Eligibility for health care and nonhealth benefits• Size and structure of military health services system |
| —Identify needed changes in military medicine requirements, organization, or structure in response to changing military force structure and demographics. | |
| —Identify lessons learned from DOD's managed care experience. | <ul style="list-style-type: none">• TRICARE policies• TRICARE implementation issues |
| —Identify needed changes in DOD's managed care strategies, designs, policies, and plans. | |
| —Identify ways to improve the implementation of managed care for beneficiaries and the government. | |

Table II: Planned Major Work

| Issue | Planned major job starts |
|--|--|
| Quality of care | <ul style="list-style-type: none"> —Examine quality implications of increased use of nonphysician providers. —Examine potential of telemedicine to improve delivery of quality care. —Assess appropriateness of physician workloads in VA, DOD, and the private sector. —Identify alternative useful quality assurance models for Medicare programs. |
| VA and DOD efficiency and effectiveness | <ul style="list-style-type: none"> —Evaluate VA’s internal processes for sharing information about innovations. —Assess VA’s efforts to improve its benefit claims processing functions. —Evaluate use of “best practices” in the VA and DOD health care systems. —Assess VA’s central office quality assurance and oversight of benefits programs. —Review VA and DOD budget submissions and controls over spending activities. —Assess DOD and VA third party collection programs. —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. —Assess status of improvements in VA’s construction program. |

(continued)

Table II: Planned Major Work

| Issue | Planned major job starts |
|--|--|
| VA and DOD restructuring | <ul style="list-style-type: none">—Evaluate implications of VA’s new Veterans Integrated Service Network.—Evaluate implementation/effect of VA’s increased emphasis on primary care.—Monitor effects of state health reforms on VA health care facilities.—Assess the need for separate VA and DOD disability compensation systems.—Assess the relationship between VA’s pension program and Social Security.—Evaluate VA’s health care eligibility reform proposals.—Evaluate adequacy of VA’s disability rating schedule to meet congressional intent.—Determine impact on the budget and individuals of reducing or ending compensation for low-rated disabilities.—Assess proposals for VA to be reimbursed for serving Medicare-eligible veterans.—Identify options for DOD’s serving Medicare-eligible retirees.—Compare analyses and recommendations of the Commission on Base Closure and Realignment’s Joint Cross-Service Working Group on Military Hospitals and the Services.—Assess the merit of consolidating the three military medical departments into a single department.—Assess the desirability of including military health care beneficiaries in the Federal Employees Health Benefits Program. |
| DOD managed care implementation | <ul style="list-style-type: none">—Examine TRICARE Prime’s enrollment system.—Examine cost-effectiveness of TRICARE.—Assess progress toward a more uniform military health care benefit package.—Examine the financing of TRICARE. |

Table III: GAO Contacts

| | | |
|---------------------|--|----------------|
| Director | David Baine | (202) 512-7101 |
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