

VA SURGICAL IMPLANTS

Purchase Requirements Were Not Always Followed at Selected Medical Centers and Oversight Needs Improvement

Why GAO Did This Study

VHA spending on surgical implants—such as stents and bone and skin grafts—has increased to about \$563 million in fiscal year 2012. Clinicians at VAMCs determine veterans' needs and request implant purchases either from a contract or from the open market (i.e., not from an existing contract). VHA requirements—which implement relevant federal regulations—include providing justifications for open-market purchases.

GAO was asked to evaluate implant purchasing by VHA. This report examines (1) factors that influence clinicians' decisions to use particular implants when multiple, similar items are available; (2) selected VAMCs' compliance with pertinent VHA requirements for documenting open-market purchases; and (3) VA's and VHA's oversight of VAMC compliance with implant purchasing requirements. GAO visited four VAMCs that serve large veteran populations and are dispersed geographically. GAO interviewed clinicians at the VAMCs, reviewed pertinent statutes, regulations, and policies and reviewed a sample of implant purchases from different vendors. These results cannot be generalized to all VAMCs but provide insights. GAO also interviewed VA and VHA officials and reviewed agency documents.

What GAO Recommends

GAO recommends that VA identify implants and establish a timeline to expand the volume that can be purchased from VA-negotiated contracts and improve compliance with and oversight of purchasing requirements. VA concurred with these recommendations.

View [GAO-14-146](#). For more information, contact Randall B. Williamson at (202) 512-7114 or williamsonr@gao.gov.

What GAO Found

Clinicians at the four Department of Veterans Affairs Medical Centers (VAMC) GAO visited said that patient need and their clinical expertise were the main factors influencing their decisions of which surgical implants to use. Also, clinicians in certain specialties said they typically used one of the implants available on VA-negotiated national committed-use contracts, which generally establish a fixed price for several models of nine types of surgical implants that the Veterans Health Administration (VHA) commits to using nationally. VHA recognizes the need for expanding items covered under these contracts to fully leverage its purchasing power but, as of October 2013, had not identified additional implants to include on such contracts or established timelines for doing so. GAO also found that the availability of implants on VA-negotiated federal supply schedule (FSS) contracts rarely influenced clinicians' decisions on which implant to use. Clinicians were often not aware of the availability of surgical implants on FSS contracts, which are negotiated by one of VA's contracting offices, but for which VHA clinicians have little or no input. Clinicians told GAO that in some cases they may avoid implants on FSS contracts due to their concerns about the quality of these items.

In regard to compliance with VHA's requirements for justifying open-market purchases of surgical implants, which VHA adopted to promote adherence to relevant federal regulations, GAO found the following:

- None of the four VAMCs fully complied with requirements for obtaining waivers for open-market purchases of surgical implants because they were focusing on other priorities or lacked awareness of the requirements, among other factors.
- None of the four VAMCs fully complied with additional requirements for documenting open-market purchases that are part of a new process VHA implemented in fiscal year 2013 for surgical implant purchases over \$3,000. VAMC and regional office officials attributed noncompliance mainly to insufficient VHA guidance and VA staff's inexperience in completing these requirements.
- Three of the four VAMCs did not comply with a VHA requirement pertaining to agreements with vendors that provided surgical implants to them on consignment. These agreements, which clinicians likely established to ensure timely access to implants, do not comply with a VHA requirement that consignment agreements must be authorized by a VHA contracting officer.

The Department of Veterans Affairs (VA) and VHA have begun conducting oversight of surgical implant purchases over \$3,000 to assess compliance with VHA's new requirements. However, VHA officials told GAO that VA and VHA have not ensured that corrective action has been taken to address identified noncompliance because of poor communication between VA and VHA and insufficient staffing to follow up on identified issues. Furthermore, VHA assesses each VAMC's performance on metrics established for surgical implant purchasing, but it does not have a policy governing how any identified deficiencies should be addressed nor the corrective actions to be taken by VAMCs and VHA's regional networks.