

Why GAO Did This Study

Veterans diagnosed with end-stage renal disease—a condition of permanent kidney failure—represent one of the most resource-intensive patient populations at VA. These veterans are often prescribed dialysis, which is a life-saving and relatively expensive medical procedure that removes excess fluids and toxins from the bloodstream. VA began developing its Dialysis Pilot in 2009 with four goals: (1) improved quality of care, (2) increased veteran access, (3) additional medical research opportunities, and (4) cost savings. Through this pilot, VA will establish four VA-operated outpatient dialysis clinics in communities surrounding select VA medical centers by the end of fiscal year 2012 using start-up funding provided by VA Central Office. Pilot locations are expected to achieve cost savings and to repay their start-up funding. GAO examined VA's planning and early implementation efforts for the Dialysis Pilot, and how VA plans to evaluate the pilot.

GAO reviewed relevant VA documents, including those related to pilot location selection and cost estimation, and spoke with VA officials responsible for overseeing the Dialysis Pilot and representatives from all pilot locations.

What GAO Recommends

Among other actions, GAO recommends that VA improve its Dialysis Pilot by providing guidance for start-up fund repayment, as well as developing an evaluation plan that includes performance measures for the pilot locations. VA concurred with GAO's recommendations and provided an action plan to address them.

VA DIALYSIS PILOT

Increased Attention to Planning, Implementation, and Performance Measurement Needed to Help Achieve Goals

What GAO Found

GAO found a number of weaknesses in the Department of Veterans Affairs' (VA) execution of the planning and early implementation phases of the Dialysis Pilot. These weaknesses involved pilot location selection, cost estimation practices, and cost savings calculations that could collectively limit the achievement of the pilot's goals. Specifically, VA did not do the following:

- **Appropriately document its pilot location selection process.** VA did not maintain a clear and transparent pilot location selection process; it did not document how its criteria for pilot location selection were applied to all 153 VA medical centers (VAMC) or why substitutions in pilot locations were made. However, VA officials reported that several criteria, including dialysis patient prevalence and average treatment costs, were used to select the pilot locations in Durham and Fayetteville, North Carolina; Philadelphia, Pennsylvania; and Cleveland, Ohio.
- **Produce consistent and comparable cost estimates for pilot locations.** VA did not complete consistent and comparable cost estimates for the four pilot locations. Specifically, GAO found several cases where pilot locations did not complete reliable cost estimates because they made changes to formulas and assumptions of the Dialysis Pilot cost estimation model, which was developed by VA systems redesign engineers.
- **Provide clear and timely guidance on start-up fund repayment and cost savings calculations.** VA did not provide Veterans Integrated Service Network and VAMC officials with clear and timely written guidance or instructions on how to pay back start-up funds, or how to calculate cost savings generated by the pilot locations.

VA Central Office has not yet determined how it will achieve its goals for the Dialysis Pilot or created clear performance measures for the pilot locations. Previously, GAO found that leading public sector organizations take three steps to improve their performance and help their organizations become more effective: (1) define a clear mission and goals, (2) measure performance to gauge progress toward achieving goals, and (3) use performance information as a basis for decision making. While VA has defined a clear mission and goals for the Dialysis Pilot, it has only made limited progress in the remaining two steps. In March 2012, VA reported that it was in the early stages of establishing an agreement with a leading university research center to conduct an evaluation of the Dialysis Pilot; however, no target dates were provided for when this evaluation would begin or what aspects of the Dialysis Pilot it would evaluate. Because VA has not yet developed an evaluation plan or defined performance measures for pilot locations, it is not collecting consistent and reliable information on the performance of the pilot locations and thus may not have this information available when it is time to either make midcourse corrections to the Dialysis Pilot or decide whether and how to open additional VA-operated outpatient dialysis clinics. VA officials also told GAO they have developed a limited plan for expanding the Dialysis Pilot despite not having access to performance information on the existing four pilot locations.