

GAO Highlights

Highlights of [GAO-13-536](#), a report to congressional requesters

Why GAO Did This Study

VHA administers VA's health care system and strives to provide high-quality, safe care to veterans. Concerns continue about the quality of care VHA delivers, but many physicians and dentists, referred to as providers, receive performance-based pay and awards. In fiscal year 2011, about 80 percent of VHA's nearly 22,500 providers received approximately \$150 million in performance pay, and about 20 percent received more than \$10 million in performance awards. GAO was asked to review VHA's performance pay and award systems. This report examines (1) whether VA's performance pay and award policies ensure appropriate administration of this compensation and (2) VHA's oversight of medical centers' compliance with policy requirements. GAO reviewed documents and interviewed VA and VHA officials about the administration of performance pay and awards and VHA's oversight of the related policy requirements; analyzed data from a random sample of about 25 providers selected primarily from primary care, surgery, psychiatry, and dentistry at each of four medical centers GAO visited that had at least one provider who was the subject of an action related to clinical performance.

What GAO Recommends

GAO recommended that VA clarify the performance pay policy, by specifying the purpose and documentation requirements and that VHA review performance pay goals for consistency with the purpose, and improve oversight to ensure compliance. VA generally agreed with GAO's conclusions and recommendations.

View [GAO-13-536](#). For more information, contact Debra A. Draper at (202) 512-7114 or draperd@gao.gov.

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VA HEALTH CARE

Actions Needed to Improve Administration of the Provider Performance Pay and Award Systems

What GAO Found

The Department of Veterans Affairs' (VA) performance pay policy has gaps in information needed to appropriately administer this type of pay. The performance pay policy gives VA's 152 medical centers and 21 networks discretion in setting the goals providers must achieve to receive this pay, but does not specify an overarching purpose the goals are to support. VA officials responsible for writing the policy told us that the purpose of performance pay is to improve health care outcomes and quality, but this is not specified in the policy. Moreover, the Veterans Health Administration (VHA) has not reviewed the goals set by medical centers and networks and therefore does not have reasonable assurance that the goals make a clear link between performance pay and providers' performance. Among the four medical centers GAO visited, performance pay goals covered a range of areas, including clinical, research, teaching, patient satisfaction, and administration. At these medical centers, all providers GAO reviewed who were eligible for performance pay received it, including all five providers who had an action taken against them related to clinical performance in the same year the pay was given. The related provider performance issues included failing to read mammograms and other complex images competently, practicing without a current license, and leaving residents unsupervised during surgery. Moreover, VA's policy is unclear about how to document certain decisions related to performance pay. For example, the policy does not provide clear guidance on what to document regarding whether a provider's performance-related action should result in the reduction or denial of the provider's performance pay. In contrast to the performance pay policy, VA's performance award policy clearly states the purpose of these awards—specifically, that they are to recognize sustained performance of providers beyond normal job requirements as reflected in the provider's most recent performance rating. VA policy also lists the measures, such as clinical competence, that providers' supervisors are to use to determine these providers' performance rating.

VHA's oversight is inadequate to ensure that medical centers comply with performance pay and award requirements. VHA's annual consultative reviews, initiated in 2011, help medical centers comply with human resources requirements, including performance award requirements. Recently, these reviews began to also include performance pay requirements, but do not yet include a standard list of performance pay elements to review, which would be needed to ensure consistency of reviews across medical centers. Further, reviewers do not have the authority to require medical centers to resolve compliance problems they identify, and VHA has not formally assigned specific organizational responsibility to ensure medical centers resolve identified problems. As a result, VHA is unable to ensure that reviews consistently identify problems, and that these problems are corrected and do not recur. GAO found that two of the four medical centers visited did not always correct problems identified through these reviews. For example, a May 2011 review of one of these two medical centers found that the medical center did not conduct a formal evaluation of its performance award program, as required. A review of the same medical center about a year later found the identical problem.