

GAO Highlights

Highlights of [GAO-16-426](#), a report to the Chairman, Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

VA partners with university-affiliated hospitals, medical schools, and practice groups (affiliates) to provide educational opportunities in VAMCs. Under special contracting authority, VA can use SSACs to obtain physician services from affiliates that are not available in VAMCs.

GAO was asked to review VA's use of SSACs. This report, among other issues, examines (1) VHA's time frames for developing and awarding high-value, long-term SSACs; (2) VHA's use of short-term SSACs and how it oversees their development and use; and (3) how much experience the VA workforce that develops SSACs has and what, if any, specialized training VA provides. GAO reviewed VA and VHA policies and guidance. GAO visited five VAMCs and five network contracting offices based on geographic dispersion and use of SSACs. GAO also reviewed a nongeneralizable sample of 25 SSACs. GAO contacted supervisors from each of VHA's 21 network contracting offices to gather information on SSAC development and contracting officer experience.

What GAO Recommends

GAO is making eight recommendations, including that VA develop performance standards for the timely development of high-value, long-term SSACs, develop standards for the minimum amount of time necessary to develop and award short-term SSACs, and take steps to increase the retention and competence of the contracting workforce. VA concurred with GAO's recommendations and provided an action plan to address them.

View [GAO-16-426](#). For more information, contact Randall B. Williamson at (202) 512-7114 or williamsonr@gao.gov.

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VA HEALTH CARE

Improvements Needed for Management and Oversight of Sole-Source Affiliate Contract Development

What GAO Found

GAO found it took nearly 3 years on average to develop and award 11 selected high-value, long-term sole-source affiliate contracts (SSAC) from three of the five Department of Veterans Affairs (VA) medical centers (VAMC) GAO visited. The two remaining VAMCs GAO visited did not use high-value, long-term SSACs. High-value, long-term SSACs generally require the most oversight of all SSACs by the Veterans Health Administration (VHA), have total initial values of \$500,000 or more, and provide affiliate services for more than 1 year. Officials from all five VAMCs GAO visited said that the lengthy development time frames of these contracts can impact VAMCs in several ways—including creating potential gaps in patient care and the need to repeatedly establish short-term solutions. GAO found that 10 of these 11 selected high-value, long-term SSACs exceeded the informal estimates created by VHA as planning guides for the expected development time frames that high-value, long-term SSACs should take. According to VA officials, these informal estimates are not used to measure the performance of this process and VHA has not established standards for the timely development of high-value, long-term SSACs. Federal internal control standards recommend establishing and reviewing performance standards at all levels of an agency. Absent such standards, VHA cannot ensure that its high-value, long-term SSACs are being developed in a timely manner.

VHA uses short-term SSACs to overcome lengthy high-value, long-term SSAC development time frames, but lacks effective oversight for the development and use of short-term SSACs. Short-term SSACs have total initial values of less than \$500,000, provide affiliate services for up to 1 year, and are not reviewed by VHA Central Office. Instead they are developed and awarded independently by contracting officers within VHA's network contracting offices. Of the 12 short-term SSACs that GAO reviewed, 7 did not adhere to VA and VHA policy for the development of short-term SSACs—including 5 where (1) a solicitation was not issued to the affiliate (a required document detailing VA's performance requirements to enable a prospective contractor to prepare its proposal); (2) the affiliate did not provide VHA a formal proposal outlining the services to be provided and instead submitted a price quote; and (3) negotiations were not conducted between the contracting officer and affiliate to address potential pricing issues before awarding the final contract. The contracting officer responsible for these five contracts cited the lack of adequate time to develop and award the contracts and a lack of contract negotiating skills as the primary factors that impacted his ability to ensure that these short-term SSACs adhered to VA and VHA policy requirements. By not developing standards for short-term SSACs, VA has limited assurance that contracting officers have enough time to develop and award these contracts and also adhere to VA and VHA policy requirements.

GAO found a high level of inexperience among contracting officers responsible for developing SSACs in all 21 of VHA's network contracting offices. Specifically, about one-third of medical sharing contracting officers had 1 year or less experience developing medical sharing contracts, including SSACs, and more than half of medical sharing contracting officers had 2 years or less medical sharing contract experience. The high level of inexperience can be attributed in part to high turnover in recent years. About one-quarter of medical sharing contracting officers working within network contracting offices either left VA or were reassigned to other contracting teams. Inconsistent with federal internal control standards, VA does not have a plan to address the retention of its contracting workforce, nor has it taken adequate steps to expand training opportunities to enhance the level of competence.