

# GAO Highlights

Highlights of [GAO-17-197](#), a report to congressional committees

## Why GAO Did This Study

The National Defense Authorization Act for Fiscal Year 2010 (NDAA 2010) authorized VA and DOD to establish a 5-year demonstration to integrate their medical facilities in North Chicago, Ill. The NDAA 2010 also required VA and DOD to submit a report of their evaluation of the demonstration and their recommendation as to whether it should continue operating as a fully integrated facility after 5 years. In July 2016, VA and DOD submitted a report to Congress recommending that the FHCC continue operating as an integrated facility.

The NDAA 2015 included a provision for GAO to assess VA and DOD's evaluation to Congress. In this report, GAO assesses VA and DOD's approach for evaluating the FHCC and making the determination to continue operating it as an integrated facility. To do this, GAO reviewed the report to Congress and relevant supporting documents, and interviewed officials about the evaluation. In analyzing the evaluation, GAO used as criteria its prior work on planning practices, evaluating physical infrastructure, and management consolidation initiatives, as well as the Office of Management and Budget's (OMB) capital programming guide.

## What GAO Recommends

GAO recommends that the Secretaries of VA and DOD collaborate to establish time frames and interim milestones for tracking the implementation of the jointly recommended improvements and to conduct a cost-effectiveness analysis for the FHCC. VA and DOD concurred with GAO's recommendations.

View [GAO-17-197](#). For more information, contact Debra A. Draper at (202) 512-7114 or [draperd@gao.gov](mailto:draperd@gao.gov).

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## FEDERAL HEALTH CARE CENTER

### VA and DOD Need to Develop Better Information to Monitor Operations and Improve Efficiency

## What GAO Found

The Department of Veterans Affairs (VA) and the Department of Defense's (DOD) evaluation to determine whether the Captain James A. Lovell Federal Health Care Center (FHCC) should continue operating as an integrated facility or revert to a "joint venture" included conducting both separate and joint reviews. As an integrated facility, the FHCC has a unified governance structure, workforce, and budget. As a joint venture, the departments would continue sharing medical facility space, but would manage their operations with separate governance structures, workforces, and budgets. VA and DOD's joint review team concluded that converting the FHCC to a joint venture was not advisable or achievable because the Navy hospital had been demolished and money to replace it was used to expand the VA facility. In addition, returning the civilian employees from VA's to DOD's personnel system would require complex negotiations that could result in job reclassifications and salary changes. As a result, officials recommended continuing the FHCC as an integrated facility with the implementation of specific recommended improvements with the caveat that no similar integration efforts be undertaken until they "get it right" at the FHCC.

In the report to Congress, VA and DOD outlined 17 recommended improvements for the FHCC but did not include time frames for implementing them. As GAO has previously reported, leading practices for planning call for results-oriented organizations to develop plans that provide tools to assure accountability, such as time frames and interim milestones that could be used to monitor progress, hold staff accountable for achieving desired results, and make mid-course corrections, if needed. Although officials routinely track each improvement through twice monthly meetings, and use a spreadsheet to monitor status and next steps, they have not specified time frames and interim milestones. Without this information, officials cannot ensure that they will implement the recommended improvements in a timely and efficient manner.

The letter that accompanied the report to Congress stated that the FHCC's costs were "very high" and not in keeping with the initial goal of delivering more cost-effective health care. VA and DOD officials told GAO that this statement was based on their contractor's evaluation of the facility, which found that the FHCC was not more cost-effective than a joint venture. Officials told GAO that their contractor's analyses used cost data that ended in fiscal year 2014, and since that time, the FHCC has made improvements they believe would positively impact cost savings. However, officials said that they did not have sufficient time for the contractor to update the analysis after receiving the contractor's report in September 2015, and that one additional year of data would not likely have changed their conclusions or recommendations. According to OMB's capital programming guide, at many key decision points, a cost-effectiveness analysis of operations would be useful to help make decisions. Without an updated cost-effectiveness analysis for the FHCC, officials will not have a baseline from which to measure and track the FHCC's future efficiency, including the effect of the recommended improvements, once implemented.