

Highlights of [GAO-11-570](#), a report to congressional committees

Why GAO Did This Study

The National Defense Authorization Act (NDAA) for Fiscal Year 2010 authorized the Departments of Veterans Affairs (VA) and Defense (DOD) to establish a 5-year demonstration project to integrate VA and DOD medical care into a first-of-its-kind Federal Health Care Center (FHCC) in North Chicago, Illinois. Expectations for the FHCC are outlined in an Executive Agreement signed by VA and DOD in April 2010.

The NDAA for Fiscal Year 2010 also directed GAO to annually evaluate various aspects of the FHCC integration. This report examines (1) what progress VA and DOD have made implementing the Executive Agreement to establish and operate the FHCC and (2) what plan, if any, VA and DOD have to assess FHCC provision of care and operations. GAO reviewed FHCC documents and conducted visits to the site; interviewed VA, DOD, and FHCC officials; and reviewed related GAO work.

What GAO Recommends

GAO recommends that DOD seek a legislative change to designate the FHCC as a military treatment facility (MTF)—a DOD facility providing medical or dental care to eligible individuals, and that VA and DOD direct FHCC leadership to further evaluate its integration performance reporting tool. DOD did not agree with the recommendation regarding the MTF designation, but GAO continues to believe such designation is important. VA and DOD agreed with GAO's recommendation regarding the scorecard reporting tool.

View [GAO-11-570](#) or key components. For more information, contact Debra Draper at (202) 512-7114 or draperd@gao.gov.

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VA AND DOD HEALTH CARE

First Federal Health Care Center Established, but Implementation Concerns Need to Be Addressed

What GAO Found

FHCC officials have made progress implementing provisions of the Executive Agreement's 12 integration areas. For some areas, all provisions have been addressed, including establishing the facility's governance structure and patient priority system. Progress continues to be made in other areas, such as workforce management and personnel and quality assurance. However, as previously reported by GAO, there have been delays implementing the information technology provisions, which present challenges for operating the FHCC as a fully integrated facility. In addition, while some workarounds are in place, the lack of an MTF designation that other DOD medical facilities have presents challenges for efficient FHCC operations and results in uncertainty regarding access to preferred drug prices and provider authority to sign medical readiness forms for active duty Navy servicemembers.

Photograph of the Federal Health Care Center (FHCC) in North Chicago, Illinois



Entrance to the FHCC's ambulatory care center.

Source: GAO.

Although VA and DOD are assessing the provision of care and operations at the FHCC, their plan to report on performance lacks transparency and may not provide a meaningful and accurate measure of success. Specifically, VA and DOD, through FHCC staff, are using 15 integration benchmarks set forth in the Executive Agreement to assess the integration. From these benchmarks, FHCC staff identified 38 corresponding performance measures to assess the integration's success. While FHCC staff plan to report on these performance measures through a reporting tool they developed—a scorecard that calculates a monthly summary score—the tool lacks transparency and may not provide a meaningful indicator of performance. The scorecard does not account for data collection variation, there is no designated target score(s) to indicate successful integration performance, and the scorecard initially contained a calculation error, all of which raise concerns about its ability to provide transparent, meaningful, and accurate information.