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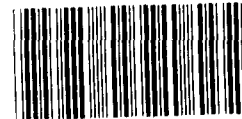
GAO

Report to the Chairman, Committee on  
Veterans' Affairs, House of  
Representatives

December 1987

# VA HEALTH CARE

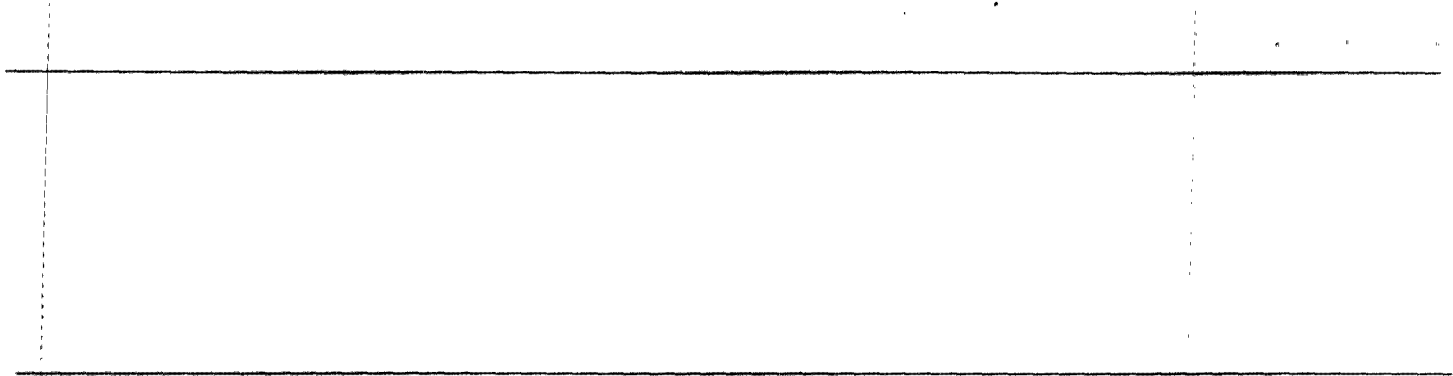
## Plans to Ensure Compatibility of Two Medical Management Systems



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GAO/HRD-88-45



Human Resources Division

B-207930

December 21, 1987

The Honorable G. V. Montgomery  
Chairman, Committee on Veterans' Affairs  
House of Representatives

Dear Mr. Chairman:

In fiscal year 1985, the Veterans Administration (VA) implemented a new resource allocation methodology (RAM) to allocate a portion of its \$10 billion medical care appropriation among its 160 medical centers. Since fiscal year 1983, VA has been developing a new medical information system called the decentralized medical management system (DMMS), which it expects to be operational in 1990. In August 1987, you requested that we determine if the developers of DMMS are adequately coordinating their efforts with RAM officials to ensure that the system produces data that can be used by RAM. In addition, we were requested to determine the extent to which VA has or plans to have management oversight to ensure that DMMS is compatible with RAM.

## Results in Brief

We believe that the coordination to date between DMMS and RAM officials has been adequate. VA has put mechanisms, such as an agency-wide Systems Integration Review Board, in place to help ensure DMMS-RAM compatibility, and officials responsible for ensuring compatibility are planning to use those mechanisms as the two systems are developed.

## Background

As noted in our report VA Health Care: Resource Allocation Methodology Should Improve VA's Financial Management (GAO/HRD-87-123BR, Aug. 31, 1987), RAM is intended to help VA achieve two goals: (1) to move toward allocating funds in accordance with the work performed and the cost to produce it and (2) to improve the efficiency and productivity with which medical care is delivered to veterans. RAM adjusts a portion of each medical center's budget based on the amount and complexity of the center's produced workload and the cost to produce it. Because VA's financial management system collects only aggregate workload and cost data, RAM calculations reflect the workload produced and the cost incurred in program areas as a whole, such as surgery, rather than the cost on a per-patient basis. To manage efficiently in accord with RAM's goals, however, medical center managers need per-patient clinical and cost data. DMMS is intended to provide these data. In addition, data generated by DMMS could provide more precision in the RAM calculations.

DMMS will take information from the Decentralized Hospital Computer Program, which has been implemented at all VA medical centers. VA's goal is to develop a totally integrated hospital medical center information system built around a local data base of patient and administrative information. DMMS is intended to provide the per-patient clinical and cost information needed by the medical centers while meeting agency-wide management needs by aggregating data to regional and headquarters levels.

VA decentralized the development of DMMS to enable local managers who knew their information needs to create competing models. Two DMMS pilot projects are under development in the field—one being managed at the VA medical center in Hines, Illinois (in conjunction with the VA medical center in Long Beach, California); the other, at the VA medical center in Brockton, Massachusetts. VA plans to adopt one project or a combination of both as DMMS in 1988.

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## Methodology

To determine if coordination between the developers of DMMS and the officials responsible for RAM has been adequate to help ensure that DMMS produces data useful to RAM, we interviewed (1) the developers of both DMMS pilot projects, (2) staff of the Great Lakes Region Information Systems Center responsible for overseeing the local development of DMMS, (3) the chairman of the committee charged with determining if there is enough evidence to make a selection between the competing DMMS pilot projects, (4) VA central office officials in the Medical Information Resources Management Office responsible for overseeing the pilot projects, and (5) officials in the Resource Management Office responsible for RAM. In addition, we reviewed VA documents regarding DMMS output and RAM data needs.

To determine the extent to which VA has or plans to have management oversight to ensure the compatibility of DMMS and RAM, we interviewed officials at two levels in VA. Within the Department of Medicine and Surgery, we interviewed officials in the Office of the Assistant Deputy Chief Medical Director for Programs and Operations. On an agency-wide level, we interviewed both the Associate Deputy Administrator for Management and his staff from the Office of Systems Planning, Policy, and Acquisition Control. We also reviewed VA's Information Systems Strategic Plan for fiscal years 1987-92.

We did not evaluate the conceptual or technical compatibility of DMMS to RAM, nor did we determine which pilot project VA should select as its DMMS.

## VA to Monitor DMMS- RAM Compatibility

DMMS is intended to provide accurate, timely, and patient-specific information for managers at the medical center level. VA expects that RAM will benefit from the increased precision of medical centers' clinical and cost data. However, according to the officials directly responsible for developing each DMMS model and those responsible for RAM, DMMS was not intended to provide data directly to RAM. Nonetheless, officials in the offices of the Associate Deputy Administrator for Management and Assistant Deputy Chief Medical Director for Programs and Operations said they intend that the selected DMMS model be compatible with RAM.

## Coordination

Officials responsible for DMMS and RAM told us that because DMMS is still under development, it is too soon to formally coordinate their efforts. DMMS will probably not be operating until 1990, and it is difficult to predict what data RAM will need in 3 years, DMMS officials stated.

The officials told us, however, that informal coordination networks exist between DMMS and RAM staff. For example, there are task forces and committees focusing on the operational aspects of each system with interlocking memberships of DMMS and RAM officials. Among these are the chief medical director's field advisory council, the integrated patient data base steering committee, and a committee to review the DMMS pilot projects. In addition, officials directly responsible for developing the DMMS models participated in a VA-wide conference on RAM in October 1987.

We believe that the informal coordination has been adequate. In addition, as noted in our August 1987 report, there have been numerous changes and refinements to RAM every year since implementation and more are expected.

## Compatibility

VA has mechanisms in place to help ensure that the data produced by DMMS will be usable by RAM. The Office of the Associate Deputy Administrator for Management has agency-wide responsibility for ensuring that VA information systems are compatible. The Associate Deputy Administrator also chairs the Systems Integration Review Board established in July 1987. The board, consisting of senior policy officials from the VA

departments and organizations responsible for central administrative policy and functions has agency-wide responsibility for ensuring the integration of systems that cut across operational lines. Specifically, the board is responsible for recommending to the Administrator system integration goals for VA automated systems, resolving integration issues in consonance with approved goals, reviewing progress of major automated system efforts, and resolving issues raised by special interest user groups.

Within the Department of Medicine and Surgery, the Assistant Deputy Chief Medical Director for Programs and Operations is responsible for ensuring that DMMS and RAM are conceptually and technically compatible. That responsibility is carried out by the Information Integration Service within the Medical Information Resources Management Office. The Information Integration Service is the focal point in the Department of Medicine and Surgery for nationwide information systems development and systems integration. Specifically, it is responsible for assuring that all the department's information activities and programs are integrated; that all local hospital systems are integrated; that there is a minimum of overlap and duplication in data reporting/data entry and in data element content of all departmental data bases; that decentralized and central systems are compatible; and that standardization of data definitions is maximized.

The Associate Deputy Administrator for Management and officials in the Office of the Assistant Deputy Chief Medical Director for Programs and Operations stated that they will ensure that DMMS produces the appropriate data in the necessary format for the Resource Management Office to use in its RAM calculations.

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## Conclusions

We believe that the coordination to date between DMMS and RAM officials has been adequate. However, particularly due to the decentralized development of DMMS, active central office oversight to ensure DMMS-RAM compatibility is essential. VA has the mechanisms to help ensure DMMS-RAM compatibility. The officials responsible for ensuring compatibility have stated that they plan to use those mechanisms as the two systems are developed.

As you requested, we did not obtain formal VA comments on this report. However, VA officials informally reviewed a draft of this report and gave us their comments, which we incorporated where appropriate. We are sending copies of this report to the Director of the Office of Management and Budget, the Administrator of Veterans Affairs, and appropriate congressional committees. We will also make copies available to others on request.

Sincerely yours,



David P. Baine  
Associate Director

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