United States Government Accountability Office

GAO

Report to Congressional Requesters

November 2006

VA HEALTH CARE

Spending for Mental Health Strategic Plan Initiatives Was Substantially Less Than Planned

GAO-07-66

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GAO Accountability · Integrity · Reliability

Highlights

Highlights of GAO-07-66, a report to congressional requesters

Why GAO Did This Study

The Department of Veterans Affairs (VA) provides mental health services to veterans with conditions such as post-traumatic stress disorder (PTSD) and substance abuse disorders. To address gaps in services needed by veterans, VA approved a mental health strategic plan in 2004. VA planned to increase its fiscal year 2005 allocations for plan initiatives by $100 million above fiscal year 2004 levels and its fiscal year 2006 allocations for plan initiatives by $200 million above fiscal year 2004 levels.

GAO was asked to provide information on VA's allocation and use of funding for mental health strategic plan initiatives in fiscal years 2005 and 2006, and to examine the adequacy of how VA tracked spending and the extent of spending for plan initiatives.

GAO reviewed VA reports and documents on plan initiatives and conducted interviews with VA officials at headquarters, 4 of 21 health care networks, and seven medical centers. VA networks provide oversight of medical center operations and most medical center resources.

What GAO Recommends

GAO recommends that VA track the extent to which the resources allocated for strategic plan initiatives are spent for these initiatives. VA did not comment on the content of this report.

www.gao.gov/cgi-bin/getrpt?GAO-07-66.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Laurie E. Ekstrand at (202) 512-7101 or ekstrandl@gao.gov.

What GAO Found

In fiscal year 2005, VA headquarters allocated about $88 million of the $100 million above fiscal year 2004 levels that VA officials intended for mental health strategic plan initiatives. VA allocated about $53 million directly to medical centers and certain offices based on proposals submitted for funding and other approaches targeted to specific initiatives. VA solicited proposals from networks for initiatives to be carried out at medical centers through requests for proposals (RFP). In addition, VA headquarters officials said that VA allocated $35 million for plan initiatives through VA's general resource allocation system to its 21 health care networks on a retrospective basis, several months after resources had been provided to the networks though the general resource allocation system. VA did not notify network and medical center officials that these funds were to be used for plan initiatives. Network and medical center officials interviewed told GAO that they were not aware these allocations had been made. As a result, it is likely that some of these funds were not used for plan initiatives. VA did not allocate the approximately $12 million remaining of the $100 million for fiscal year 2005 because, according to VA officials, there was not enough time during the fiscal year to do so. Medical center officials said they used funds allocated for plan initiatives for new services and for enhancement of existing services. For example, two medical centers increased the number of mental health providers at community-based outpatient clinics. However, some medical center officials reported they did not use all funds allocated by the end of the fiscal year, due in part to the time it took to hire staff.

In fiscal year 2006, VA headquarters allocated about $158 million of the $200 million above fiscal year 2004 levels intended for mental health strategic plan initiatives directly to medical centers and certain offices. VA allocated about $92 million of these funds to support new initiatives, using RFPs and other targeted funding approaches. VA also allocated about $66 million to support recurring costs of continuing initiatives from the prior fiscal year. About $42 million of the $200 million for fiscal year 2006 was not allocated. Officials from seven medical centers GAO interviewed reported they had used funds for plan initiatives, such as the creation of a new case management program. Officials at some medical centers reported they did not anticipate problems using all of the funds allocated within the fiscal year; however, officials at other medical centers were less certain they would be able to do so.

VA tracking of spending for plan initiatives was inadequate. In fiscal year 2005, VA did not track such spending. In fiscal year 2006, VA tracked aspects of plan initiatives but not dollars spent. However, available information indicates that VA spending for plan initiatives was substantially less than planned. In fiscal year 2006, VA medical centers returned to headquarters about $46 million of about $158 million allocated for plan initiatives because they could not spend the funds that year. However, VA cannot determine to what extent the approximately $112 million remaining was spent on plan initiatives because it did not track specifically how these funds were spent.

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Abbreviations

CBOC	community-based outpatient clinic
CWT	Compensated Work Therapy
OEF	Operation Enduring Freedom
OIF	Operation Iraqi Freedom
OMHS	Office of Mental Health Services
PTSD	post-traumatic stress disorder
RFP	request for proposal
VA	Department of Veterans Affairs
VERA	Veterans Equitable Resource Allocation system

GAO
Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

November 21, 2006

The Honorable Lane Evans
Ranking Minority Member
Committee on Veterans' Affairs
House of Representatives

The Honorable Michael Michaud
Ranking Minority Member
Subcommittee on Health
Committee on Veterans' Affairs
House of Representatives

The Department of Veterans Affairs (VA) provides a range of inpatient and outpatient mental health services to veterans with conditions such as depression, post-traumatic stress disorder (PTSD), and substance abuse disorders. In November 2004, the Secretary of VA approved a mental health strategic plan that identified additional services that VA planned to add to the baseline of mental health services that it already offered to meet veterans' mental health needs.[1] This mental health strategic plan was based on previous VA efforts that identified gaps in the availability and adequacy of VA mental health services, including services for the treatment of substance abuse disorders. VA's mental health strategic plan was intended to help VA's leadership identify the actions and resources needed to begin eliminating the gaps between mental health services VA provided at the time of the plan's formulation and those additional services VA anticipated that would be required to meet future needs.

VA indicated at a 2005 congressional hearing[2] that it would provide $100 million above fiscal year 2004 levels for mental health strategic plan initiatives in fiscal year 2005 from available resources. In addition, in a 2005 executive decision memo, VA indicated its intent to increase its fiscal year 2006 funding levels to $200 million above fiscal year 2004 levels for

[1]The plan is known formally as A Comprehensive Veterans Health Administration Strategic Plan for Mental Health Services. In this report, we will refer to it as the mental health strategic plan.

[2]*Full Committee Hearing on the Continuum of Care for Post Traumatic Stress Disorder Before the House Comm. on Veterans' Affairs*, 109th Cong. (July 27, 2005).

mental health strategic plan initiatives. This $200 million in funds for fiscal year 2006 was to be composed of $100 million for a continuation of fiscal year 2005 initiatives plus an additional $100 million included in the President's budget request for fiscal year 2006, according to the executive decision memo. These additional funds represented only a portion of the overall funds available to support VA mental health services in those 2 fiscal years. VA's appropriation for fiscal year 2006, for example, included more than $31.5 billion for its medical programs,[3] of which VA expected to spend more than $2 billion on mental health services. VA headquarters allocates most of these resources to VA's 21 regional health care networks[4] through a general resource allocation system and the networks in turn allocate resources to their medical centers.

VA officials have stated that funds for mental health strategic plan initiatives are to be used to address priorities such as the expansion of PTSD services, postdeployment mental health services for veterans returning from combat in Iraq and Afghanistan and other geographic areas—Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF), respectively, and the expansion of programs for the treatment of substance abuse disorders. In recent years, VA's mental health services and budget have come under increased scrutiny due to the potential for increased demand for mental health services from veterans returning from combat in Iraq and Afghanistan. In particular, concerns have been expressed by members of Congress and others regarding the adequacy of resources that VA is devoting to provide mental health care for these veterans while also continuing to provide services for veterans who are currently receiving mental health care.

You requested that we provide information on VA's allocation and spending for mental health strategic plan initiatives in fiscal years 2005 and 2006, and the extent to which VA tracks the use of funding for plan initiatives. In this report, we provide information on (1) how much of the $100 million for mental health strategic plan initiatives in fiscal year 2005 was allocated and how those funds were used by selected medical centers,

[3]Total includes medical care collections, but does not include certain other amounts, such as appropriations for construction.

[4]VA headquarters delegates decision making regarding financing and service delivery for health care services to its 21 health care networks, including most budget and management responsibilities concerning medical center operations. Medical centers typically include one or more hospitals as well as other types of health care facilities such as outpatient clinics and nursing homes.

(2) how much of the $200 million for mental health strategic plan initiatives in fiscal year 2006 was allocated and how those funds were used by selected medical centers, and (3) the adequacy of how VA tracked funds spent for mental health strategic plan initiatives in fiscal years 2005 and 2006 and the extent to which allocated funds were spent for these initiatives.

To provide information on how much of the $100 million for fiscal year 2005 and $200 million for fiscal year 2006 for mental health strategic plan initiatives was allocated to networks, medical centers, and certain offices, we reviewed the plan itself as well as reports and other documents related to the development, implementation, and funding of the mental health strategic plan. We also conducted interviews with VA headquarters officials with responsibilities related to mental health services, budgeting, and the allocation of financial resources. We took steps to ensure that the data VA provided to us on the funding allocated in fiscal years 2005 and 2006 were sufficiently reliable for our purposes. We reviewed the data for internal consistency and compared the data to other VA information as well as information we obtained through interviews with VA officials. We did not independently verify the accuracy of the data. Nor did we independently determine the extent to which legislation regarding VA health care expressly requires spending or authorizes various types of mental health services but relied on VA's determination regarding these services. To describe how funds were used by selected medical centers, in May and June 2006, we conducted site visits to 2 of VA's 21 health care networks and three medical centers located in those networks, and we also conducted phone interviews with officials in 2 other networks and four medical centers located in those networks.[5] We selected these 4 networks because VA had identified them as having gaps in substance abuse and/or mental health services prior to the implementation of the mental health strategic plan, and because they received varying levels of funding—from relatively high to relatively low—in fiscal year 2005 for mental health strategic plan initiatives. We interviewed clinical and administrative officials at these networks and medical centers and at three

[5]Throughout this report, the phrase "how funds were used by medical centers" refers to information provided by medical center officials regarding the hiring of staff, purchase of certain equipment, and other purposes. These activities would be expected to result in obligations and expenditures of funds either immediately or in the future.

community-based outpatient clinics (CBOC)[6] associated with these medical centers and at five Vet Centers.[7] We conducted these interviews in May and June 2006. The findings from our site visits and phone interviews with network and medical center officials cannot be generalized to other medical centers or networks. For a list of VA health care networks and medical centers included in our review, see appendix I. For a list of selected VA mental health services discussed in this report, see appendix II. This work expands upon the preliminary findings that we reported in September 2006.[8]

To discuss how VA tracked funds spent for mental health strategic plan initiatives in fiscal years 2005 and 2006 and the extent to which these funds were spent for mental health strategic plan initiatives, we reviewed documents related to VA's tracking efforts and interviewed VA headquarters officials responsible for those efforts. We also requested from VA headquarters information on the amount of funds returned by medical centers to headquarters when medical centers were unable to spend all the funds in a fiscal year. In addition, we requested information from VA headquarters on the amount of funds medical centers spent on plan initiatives. To gain further insights and perspectives on veterans' mental health services generally, we reviewed our previous work on VA health care, including those related to mental health and strategic planning (see Related GAO Products at the end of this report), and interviewed officials from selected veterans' service organizations and professional and advocacy organizations. We focused on the allocation and use of funds related to mental health strategic plan initiatives, and did not evaluate the appropriateness of the mental health strategic plan, VA's efforts to implement the initiatives outlined in the plan, or VA's allocation and use of funding for mental health services generally. We performed our work from January 2006 through November 2006 in accordance with generally accepted government auditing standards.

[6]CBOCs provide medical services, which may include mental health services, on an outpatient basis in local communities. As of December 2005, VA operated over 700 freestanding CBOCs, in addition to other CBOCs that are located in VA medical centers.

[7]Vet Centers provide mental health services, including readjustment counseling and outreach services, to all veterans who served in any combat zone. There are 207 such centers that operate in all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

[8]See GAO, *VA Health Care: Preliminary Information on Resources Allocated for Mental Health Strategic Plan Initiatives*, GAO-06-1119T (Washington, D.C.: Sept. 28, 2006).

Results In Brief

VA headquarters allocated about $88 million of the $100 million VA officials said would be used for VA mental health strategic plan initiatives in fiscal year 2005 by using several approaches. VA allocated about $53 million directly to medical centers and certain offices based on proposals submitted for funding and other approaches targeted to specific initiatives. VA headquarters solicited submissions from networks through requests for proposals (RFP) for specific initiatives to be carried out at networks' medical centers. In addition, VA headquarters officials said that VA allocated $35 million for mental health strategic plan initiatives through VA's general resource allocation system to its 21 health care networks, which, in turn, could allocate these resources to individual medical centers. VA's decision that $35 million of the funds allocated through its general resource allocation system was for mental health strategic plan initiatives was a retroactive decision, made several months after these resources had been provided to networks through the general resource allocation system. Moreover, VA did not notify networks and medical centers that these funds were to be used for plan initiatives. Network and medical center officials we interviewed in 4 networks told us that they were unaware that any portion of their general allocation was to be used specifically for mental health strategic plan initiatives. The approximately $12 million remaining of the $100 million was not allocated because, according to headquarters officials, there was not enough time during the fiscal year to allocate the funds. Officials we interviewed from seven medical centers in four networks reported using resources allocated directly to their medical centers for plan initiatives for new mental health services and more of the services they were already providing. For example, one medical center used funding to develop a program to help veterans with mental health diagnoses develop job skills and find employment. Some medical center officials told us they had not been able to use all of the funds provided for plan initiatives during the fiscal year in part because of the length of time it took to hire new staff.

VA headquarters allocated about $158 million of the $200 million VA planned for its mental health strategic plan initiatives in fiscal year 2006 directly to medical centers and certain offices by using several approaches. VA allocated about $92 million of these funds to support new mental health strategic plan initiatives, using RFPs and other approaches targeted to specific initiatives. VA also allocated about $66 million to support the recurring costs of continuing mental health strategic plan initiatives that were funded in fiscal year 2005 through RFPs and other targeted approaches. About $42 million of the $200 million for fiscal year 2006 was not allocated. A portion of the approximately $42 million not allocated was a result of partial-year allocations made for projects that

were funded later in fiscal year 2006 and that are expected to receive 12-month allocations for fiscal year 2007, according to VA officials. Officials we interviewed at seven medical centers said they had used funds to implement plan initiatives. Such initiatives included a new mental health intensive case management program at one medical center. However, officials at some medical centers told us they were uncertain that they would be able to use all of the funds for plan initiatives by the end of the fiscal year.

VA tracking of spending for plan initiatives in fiscal years 2005 and 2006 was inadequate. In fiscal year 2005, VA headquarters did not track the spending of allocated funds for mental health strategic plan initiatives. In fiscal year 2006, VA began tracking information on mental health strategic plan initiatives by developing a quarterly reporting system that focused primarily on staffing but did not track dollars spent. In fiscal year 2006, VA compiled information on allocated funds returned to headquarters by medical centers that they could not spend in the fiscal year. However, VA does not have information on whether the funds medical centers retained were spent for plan initiatives. Available information indicates that spending of allocations for plan initiatives was substantially less than planned in both fiscal years 2005 and 2006. In fiscal year 2005, about $12 million of the planned $100 million for plan initiatives was not allocated for them and thus was not spent for them. Thirty-five million dollars was allocated through VA's general resource allocation system, but because VA headquarters did not specify that these funds were for plan initiatives, it is likely that portions of this money were not spent on them and VA officials said that they do not have information on these funds being spent for plan initiatives. VA officials also told us that they did not have information on the extent to which the approximately $53 million allocated directly to medical centers and certain offices was actually spent on plan initiatives. Officials at medical centers we interviewed told us that they used some of these funds on mental health activities other than the planned initiatives or carried over funds until the next fiscal year. In fiscal year 2006, available information indicates that the maximum amount of allocated funds that could have been spent for plan initiatives also fell substantially below what was planned. About $42 million of the $200 million that was planned for allocation to plan initiatives was never allocated for these initiatives, and thus, never spent for them. Also, about $46 million of the approximately $158 million that was allocated was returned by medical centers to headquarters because it had not been spent on plan initiatives by the end of the fiscal year. However, all of the approximately $112 million in allocations that medical centers and offices retained was not necessarily spent on plan initiatives as originally planned.

VA instructed medical centers in August 2006 to spend funds for other mental health activities if they could not spend the funds for the plan initiatives for which they were allocated by the end of the fiscal year. Moreover, VA did not track specifically how these funds were spent.

To help provide information on how funds are spent for VA's mental health strategic plan initiatives, we are recommending that VA track the extent to which the resources allocated for plan initiatives are spent for those initiatives.

VA did not provide agency comments on the contents of this report. We offered VA the opportunity to review but not retain copies of this report as part of a process to help safeguard the draft contents from unauthorized disclosure. However, VA chose not to review the draft report in this manner. VA had previously seen portions of this report that had been included in a statement for the record prepared for a hearing of the House Veterans' Affairs Committee, Subcommittee on Health, on September 28, 2006. We discussed the information in that statement with VA officials who have responsibilities related to mental health services, budgeting, and the allocation of financial resources, and they agreed that the data in the statement were accurate. Further, we briefed VA staff on the new material in this report on November 14, 2006.

Background

VA operates a national health care system that provides health care services to over 5 million patients annually. As part of that system, VA provides mental health services to veterans in inpatient and outpatient settings in a variety of VA health care facilities, including medical centers, CBOCs, and Vet Centers. Veterans receiving these services include homeless veterans, veterans with serious mental illness, and veterans returning from combat who are dealing with postdeployment readjustment issues. Mental health services are provided for a range of conditions such as depression, PTSD, and substance abuse disorders.

Organizational Structure and Funding of VA's Mental Health Services

VA's Under Secretary for Health heads VA health care programs and is responsible for oversight of operations in VA's 21 health care networks, which are structured to manage and allocate resources to more than 150 VA medical centers. Mental health services are provided on an inpatient and outpatient basis in medical centers and may also be provided on an outpatient basis in CBOCs, which are associated with medical centers. Within VA, the lead mental health expert is the Deputy Chief Patient Care Services Officer for Mental Health. This position does not have direct

authority for operations, but instead serves as an advisor to VA networks and medical centers on mental health services. In addition, the official in this position is responsible for oversight of the Office of Mental Health Services (OMHS) located at VA headquarters. OMHS includes various clinical experts who provide consultation on mental health services, including PTSD and substance abuse, to VA program officials in the networks and medical centers.

VA headquarters allocates most of its medical program services budget each year through a general resource allocation system to its 21 health care networks. This system, the Veterans Equitable Resource Allocation (VERA) system, uses a case-mix[9] formula to allocate funding to the networks, which in turn allocate funding to their medical centers. Although the VERA system is used to allocate funds, it does not designate funds for specific purposes or prescribe how those funds are to be used.[10] Medical centers also receive funding for specific purposes, such as prosthetics, from VA headquarters that is not allocated through the VERA system. In addition, VA medical center resources include collections from insurance reimbursements, copayments, and deductibles for the care of some veterans.[11]

VA's Mental Health Strategic Plan

In April 2002, President Bush established the President's New Freedom Commission on Mental Health and directed the Commission to identify policies that could be implemented by federal, state, and local governments to improve the delivery of mental health care across the country.[12] In July 2003, the Commission released its final report and recommendations for improving the American mental health care system. After release of the report, VA's Under Secretary for Health formed a work group of mental health and health care professionals charged with

[9]Case mix is a classification of patients into categories based on their health care needs and related costs.

[10]For a discussion of how VERA allocates resources to networks, see GAO, *VA Health Care: Allocation Changes Would Better Align Resources with Workload*, GAO-02-338 (Washington, D.C.: Feb. 28, 2002).

[11]For a discussion of resource allocations to medical centers, see GAO, *VA Health Care: Resource Allocations to Medical Centers in the Mid South Healthcare Network*, GAO-04-444 (Washington, D.C.: Apr. 21, 2004).

[12]For more information about the President's New Freedom Commission on Mental Health, see, for example, http://www.mentalhealthcommission.gov.

reviewing the Commission's recommendations to determine if those recommendations were relevant to VA's mental health program.

Following that effort, in July 2004, VA completed its mental health strategic plan for improving the delivery of mental health services within its health care system. This plan was formally approved by the Secretary of VA in November 2004. The mental health strategic plan contained recommended initiatives for improving VA mental health services by addressing a range of issues, including, for example, improving awareness about mental illness and improving access to mental health services. According to VA officials, the mental health strategic plan was designed to address gaps in mental health services provided to veterans across the country. Some of the service gaps identified by the VA were in treating veterans with serious mental illness,[13] female veterans, and veterans returning from combat in Iraq and Afghanistan. The implementation of the mental health strategic plan sought to ensure, for example, that mental health services are provided in community-based outpatient settings; that veterans have consistent access to mental health services across the country; and that acute inpatient mental health services are coordinated with other inpatient services provided to veterans.

Within VA, OMHS is responsible for coordinating with the networks and medical centers on the overall implementation of the mental health strategic plan. This includes formulating strategies for allocating funds committed for the plan's implementation. Such strategies include, for example, the use of RFPs solicited from networks for specific initiatives to be carried out at their individual medical centers. In addition to making these funding decisions, OMHS is also responsible for tracking the use of funds allocated for implementing the mental health strategic plan.

While VA initially attempted to develop an estimate of the cost to fully implement the mental health strategic plan, VA has since decided that a comprehensive cost estimate is inappropriate. According to VA, a full-implementation cost estimate is inappropriate because the plan is a "living

[13]For the purposes of the mental health strategic plan, VA defined veterans with serious mental illness to be "those who currently or at any time during the past year: 1) have a diagnosed mental, behavioral or emotional disorder of sufficient duration to meet the Diagnostic and Statistical Manual of Mental Disorders (Fourth Edition) criteria, that 2) results in a disability (i.e. functional impairment that substantially interferes with or limits one or more major life activities)." This definition included adults who would meet these criteria during the year without the benefit of treatment or support services.

document" that will continue to change over time as it is implemented, and thus, the costs will change as well. VA, working with an actuarial firm that used certain assumptions provided by VA, developed both a long-term and a shorter-term "unofficial" estimate of implementation costs for the initiatives included in the plan because VA wished to have a "rough estimate" of what might be entailed in providing all services that might be needed if capacity were not a constraint, according to VA officials. VA and the actuary it used concluded, however, that the methodology used to develop these estimates was problematic. For example, the estimates used incorrect projections for utilization of mental health services, in part, because VA's population and mental health services are different from those in the private sector. VA officials said that more current and accurate data are becoming available for use in projecting the number of OIF and OEF veterans who would be entering the system and need such services, and that such data and improvements in projecting demand were used in development of the President's budget request for fiscal years 2006 and 2007.

VA Allocated about $88 Million of the $100 Million Planned for Mental Health Strategic Plan Initiatives in Fiscal Year 2005, but Officials Reported That Not All Allocated Funds Were Used for Plan Initiatives

VA headquarters allocated about $88 million of the $100 million that VA officials said would be allocated for VA mental health strategic plan initiatives in fiscal year 2005 by using several approaches. About $53 million was allocated directly to medical centers and certain offices and $35 million was allocated through VA's general resource allocation system to its health care networks, according to VA officials. The approximately $12 million remaining of the $100 million was not allocated by any approach, headquarters officials said, because there was not enough time during the fiscal year to allocate the funds. Officials we interviewed at seven medical centers in four networks reported using allocated funds to provide new mental health services and to provide more of existing services. However, some medical center officials reported that they did not use all allocated funds for plan initiatives by the end of fiscal year, due in part to the length of time it took to hire new staff.

VA Allocated Approximately $53 Million Directly to Medical Centers and Certain Offices

VA headquarters allocated about $53 million directly to medical centers and certain offices based on proposals submitted for funding and other approaches targeted to specific initiatives related to the mental health strategic plan in fiscal year 2005. (See table 1.) VA headquarters developed RFPs and solicited submissions from networks for specific initiatives to be carried out at their individual medical centers through these RFPs. VA

allocated resources through this and other targeted approaches to support a range of mental health services, based, in part, on the priorities of VA leadership and legislation for programs related to PTSD, substance abuse, and other mental health areas,[14] according to VA headquarters officials. VA headquarters officials told us that the Secretary of VA had identified several areas of the mental health strategic plan that were to be priorities for implementation, including those related to substance abuse, PTSD, services for veterans of OIF/OEF, mental health in CBOCs, and homelessness. Nearly $20 million of the approximately $53 million allocated by using RFPs and other targeted approaches was for mental health services related to legislation that expressly required spending or authorized such services, according to VA officials. In addition, nearly $33 million was allocated for mental health services not directly related to such legislation.

Table 1: Summary of VA Information on Mental Health Strategic Plan Allocations to Medical Centers and Certain Offices by Type of Mental Health Service, Fiscal Year 2005

Type of mental health service	Amount allocated (dollars)
Allocations related to legislation that expressly required spending or authorized services	
Domiciliary expansion[a]	$5,999,971
Compensated work therapy/supported employment mentoring sites[b]	4,535,738
PTSD[b]	2,726,840
Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF)[b]	2,445,554
Substance abuse[b]	2,175,367
Psychosocial rehabilitation for veterans with serious mental illness[b]	1,786,414

[14]The Veterans Health Care, Capital Asset, and Business Improvement Act of 2003, Pub. L. No. 108-170, § 108, 117 Stat. 2042, 2046-47, required VA to allocate a minimum of $25 million in each of fiscal years 2004, 2005, and 2006 to carry out a program to expand and improve the provision of specialty mental health services for veterans, including PTSD and substance abuse services. Congress also required VA to ensure that after these allocations, total expenditures related to treatment of substance abuse and PTSD were not less than $25 million above the total expenditures on such programs in fiscal year 2003, adjusted for increases in the costs of delivering those services. The Homeless Veterans Comprehensive Assistance Act of 2001, Pub. L. No. 107-95, § 2043, 115 Stat. 903, 913, authorized VA to establish up to 10 new domiciliary programs for homeless veterans.

Type of mental health service	Amount allocated (dollars)
Subtotal	**$19,669,884**
Allocations not directly related to legislation that expressly required spending or authorized services[c]	
PTSD and OEF/OIF	12,899,611
Compensated work therapy enhancement and expansion	4,972,784
Grant and per diem liaisons	4,500,000
Mental health services in nursing homes	4,000,000[d]
Community-based outpatient clinic mental health	1,997,653
Substance abuse	2,998,911
Mental health intensive case management teams	999,824
Development of educational programs	600,000[e]
Subtotal	**$32,968,783**
Total	**$52,638,667**

Source: GAO summary of VA information.

Notes: A total of $48 million was allocated to medical centers to use for their mental health services. In addition, $4 million was allocated to VA's Office of Geriatrics and Extended Care and $600,000 was allocated to the Employee Education System. GAO did not independently determine the extent to which legislation regarding VA health care expressly requires spending or authorizes these services but relied on VA's determination regarding these services.

[a]Related to the Homeless Veterans Comprehensive Assistance Act of 2001, which authorized VA to establish up to 10 new domiciliary programs for homeless veterans, and authorized appropriations of $5 million in fiscal years 2003 and 2004 for any such domiciliaries. See Pub. L. No. 107-95, § 2043, 115 Stat. 903, 913.

[b]Related to the Veterans Health Care, Capital Asset, and Business Improvement Act of 2003, in which Congress required VA to allocate a minimum of $25 million in each of fiscal years 2004, 2005, and 2006 to carry out a program to expand and improve the provision of specialized mental health services for veterans, including PTSD and substance abuse services. Congress also required VA to ensure that after these allocations, total expenditures related to treatment of substance abuse and PTSD were not less than $25 million above the total expenditures on such programs in fiscal year 2003, adjusted for increases in the costs of delivering those services. See Pub. L. No 108-170 § 108, 117 Stat. 2042, 2046-47.

[c]For some mental health services, such as substance abuse, VA planned to allocate some funds that were related to legislation expressly requiring spending or authorizing those services as well as other funds that were not.

[d]This amount was allocated to VA's Office of Geriatrics and Extended Care.

[e]This amount was allocated to VA's Employee Education System.

Most of the approximately $53 million allocated—about $48 million—went to VA medical centers. PTSD services and OEF/OIF veterans' mental health care received combined allocations of about $18 million. In addition, combined allocations for Compensated Work Therapy (CWT) totaled nearly $10 million. Other initiatives receiving funding included substance abuse services, domiciliary expansion, and psychosocial

rehabilitation for veterans with serious mental illness. In addition, VA allocated $4 million that was initially planned for CWT programs to VA's Office of Geriatrics and Extended Care to support development of a new nursing home care model. This shift occurred toward the end of the fiscal year, when it appeared that not all mental health strategic plan funding would be allocated that year. VA officials noted that the nursing home model was aligned with initiatives in the mental health strategic plan related to the needs of veterans in long-term care settings. The remaining funds—$600,000—were allocated to VA's Employee Education System to develop educational programs.

VA headquarters officials issued five RFPs from October 2004 to January 2005 that described the specific types of services for which mental health strategic plan funding was available. The RFPs related to PTSD, veterans of OIF and OEF, substance abuse, and psychosocial rehabilitation services were issued in October 2004; the domiciliary RFP was issued in January 2005. All of the RFPs noted that funding would be provided to address unmet needs or gaps in services. Review panels headed by mental health experts within VA reviewed the proposals submitted by networks, ranked them, and provided their rankings to VA's leadership who made the allocation decisions.[15] VA then allocated funding directly to medical centers for the mental health strategic plan initiatives beginning in February 2005 and continuing throughout fiscal year 2005.

In addition to RFPs, VA also used other approaches targeted to specific initiatives based on identified needs. For example, VA headquarters officials used a targeted approach to allocate funding to medical centers to expand mental health services at CBOCs that had fewer mental health visits than a standard that VA identified for this purpose.[16] In addition, VA headquarters allocated funds to support the creation of CWT-supported employment mentor sites in each network. The medical centers selected at those sites were expected to provide training and support for existing and future CWT programs aimed at helping veterans with serious mental illness find and maintain employment. VA headquarters also used targeted

[15]According to the network and medical center staff we spoke with, even though the proposals were formally submitted by the networks, medical center staff had a significant amount of input into the proposals.

[16]VA's performance measure was that for each network, in at least 85 percent of all CBOCs with 1,500 or more patients, mental health visits would account for at least 10 percent of all visits. VA targeted funds to CBOCs that had no mental health providers or that needed additional providers to meet the performance measure of 10 percent.

funding approaches to allocate funds to medical centers to enhance existing CWT programs through the addition of new staff and to establish CWT programs at medical centers without such programs. VA headquarters used targeted approaches to allocate funding for new and expanded mental health intensive case management teams; grant and per diem liaisons for homeless veterans; and PTSD, OIF and OEF veterans', and substance abuse services.

VA headquarters officials said that allocations made for initiatives in fiscal year 2005 through RFPs and other approaches targeted to specific initiatives would be made for a total of 2 to 3 fiscal years. These officials said they anticipated that medical centers would hire permanent staff whose positions would need to be funded for more than 1 year. The expectation of VA leadership was that after funds allocated through these approaches were no longer available, medical centers would continue to support these programs using their general operating funds received through VA's general resource allocation system.

VA Allocated $35 Million through Its General Resource Allocation System to Its Health Care Networks on a Retrospective Basis

VA allocated $35 million for mental health strategic plan initiatives in fiscal year 2005 through its general resource allocation system[17] to its health care networks, according to VA headquarters officials. The decision to allocate these resources to VA's networks for mental health strategic plan initiatives was retrospective and VA did not notify networks and medical centers of this decision. Although VA headquarters made fiscal year 2005 general resource allocations to the networks in December 2004,[18] the decision that $35 million in funds allocated at that time was for mental health strategic plan initiatives was not finalized until April 2005, several months after the general allocation had been made. VA headquarters officials said that they made the decision to allocate $35 million from the general resource allocation system because these resources would be more rapidly allocated than if they had been allocated through RFPs. However, other VA headquarters officials told us that the decision was

[17]This allocation system is known as the Veterans Equitable Resource Allocation (VERA) system. In fiscal year 2005, VA headquarters used VERA to allocate about 85 percent of its medical care appropriations to its 21 health care networks, which in turn allocated resources to their medical centers. VERA allocates resources primarily on the basis of patient workload and case mix where workload is the number of veterans treated and case mix is a classification of patients into categories based on their health care needs and related costs. See GAO-02-338 and GAO-04-444.

[18]Fiscal year 2005 covered the period of October 1, 2004, through September 30, 2005.

also made, in part, because VA did not have sufficient unallocated funds remaining after the December 2004 general allocation to fund $100 million for the mental health strategic plan through RFPs and other targeted approaches.

VA headquarters officials, as well as network and medical center officials, indicated that there was no guidance to the networks and medical centers instructing them to use specific amounts from their general fiscal year allocation for mental health strategic plan initiatives. Network and medical center officials we spoke with in four networks were unaware that any specific portion of their general allocation was intended by headquarters officials to be used for mental health strategic plan initiatives. Several VA medical center officials noted, however, that some of the funds in their general allocation were used to support mental health programs generally, as part of their routine operations. However, because network and medical center officials we interviewed did not know that funds had been allocated for mental health strategic plan initiatives through VA's general resource allocation system, nor did VA headquarters notify networks and medical centers throughout VA of this retrospective allocation, it is likely that some of these funds were not used for plan initiatives.

VA Did Not Allocate about $12 Million Planned for Mental Health Strategic Plan Initiatives

VA did not allocate approximately $12 million remaining of the $100 million planned for mental health strategic plan initiatives in fiscal year 2005 because, according to VA headquarters officials, there was not enough time during the fiscal year to allocate the funds through the RFP process or other approaches targeted to specific initiatives. In addition, officials said that when resources were allocated later in the fiscal year through an RFP, rather than at the beginning of the year, the amount allocated was only a portion of the annualized cost. For example, if funds for a project with an annual cost of $4 million were allocated midway through the fiscal year, only half the annual cost was allocated at that time—$2 million. The expectation was that the full $4 million would be made available for the project over the 12 months in the next fiscal year. The approximately $12 million in unallocated funds in fiscal year 2005 was intended for mental health strategic plan initiatives based on an allocation plan developed by VA. (See table 2.) About $11 million of the resources not allocated was for services related to legislation that expressly required spending or authorized such services, according to VA officials. VA headquarters officials said that the funds not allocated for mental health strategic plan initiatives were allocated for other health care services.

Table 2: Summary of VA Information on Planned Funding for Mental Health Strategic Plan Initiatives Not Allocated by Type of Mental Health Service, Fiscal Year 2005

Type of mental health service	Planned amount not allocated (dollars)
Related to legislation that expressly required spending or authorized services	
Substance abuse[a]	$2,824,633
Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF)[a]	2,554,446
PTSD[a]	2,273,160
Psychosocial rehabilitation for veterans with serious mental illness[a]	2,213,586
Compensated work therapy/supported employment mentoring sites[a]	1,464,262
Subtotal	**$11,330,116**[b]
Not directly related to legislation that expressly required spending or authorized services[c]	
Compensated work therapy enhancement and expansion	1,027,216
Subtotal	**$1,031,217**[d]
Total	**$12,361,333**

Source: GAO summary of VA information.

Notes: GAO did not independently determine the extent to which legislation regarding VA health care expressly requires spending or authorizes these services but relied on VA's determination regarding these services.

[a]Related to the Veterans Health Care, Capital Asset, and Business Improvement Act of 2003, in which Congress required VA to allocate a minimum of $25 million in each of fiscal years 2004, 2005, and 2006 to carry out a program to expand and improve the provision of specialized mental health services for veterans, including PTSD and substance abuse services. Congress also required VA to ensure that after these allocations, total expenditures related to treatment of substance abuse and PTSD were not less than $25 million above the total expenditures on such programs in fiscal year 2003, adjusted for increases in the costs of delivering those services. See Pub. L. No 108-170 § 108, 117 Stat. 2042, 2046-47.

[b]Included in this subtotal is less than $100 that was not allocated for domiciliary expansion. The Homeless Veterans Comprehensive Assistance Act of 2001 authorized VA to establish up to 10 new domiciliary programs for homeless veterans. See Pub. L. No.107-95, § 2043, 115 Stat. 903, 913.

[c]For some mental health services, such as substance abuse, VA planned to allocate some funds that related to legislation expressly requiring spending or authorizing those services as well as other funds that were not.

[d]Included in this subtotal is approximately $4,000 that was not allocated for community-based outpatient clinic mental health, substance abuse, PTSD, and OIF/OEF services, as well as for mental health intensive case management teams.

Medical Center Officials Reported Using Allocated Funds for Mental Health Strategic Plan Initiatives, but Not Using All Funds Allocated for Plan Initiatives

Officials we interviewed from seven medical centers in four networks reported using the funds allocated to them for mental health strategic plan initiatives through RFPs and other targeted approaches, but some officials said that some of these funds were not used for plan initiatives in fiscal year 2005. Officials said they used funds allocated to provide new mental health services and to provide more of existing mental health services included in plan initiatives. For example, officials at medical centers in Bay Pines and the Tennessee Valley Healthcare System reported using funds to increase the number of mental health providers at CBOCs, some of which previously had no mental health providers available to see veterans. The Albuquerque medical center used funds to develop a CWT-supported employment program to help veterans with mental health diagnoses develop job skills and find employment. The Tennessee Valley Healthcare System also implemented a new 6-week PTSD day treatment program in which veterans live in the community but come to the medical center during the day for counseling, group therapy, and other services. The Tampa medical center funded new mental health staff to work with veterans being treated in its Polytrauma Rehabilitation Center. The Tuscaloosa medical center opened a new domiciliary for homeless veterans and the Phoenix medical center hired a new grant and per diem liaison for its homeless program. The medical centers in our review used the mental health strategic plan funds for recurring uses, such as hiring staff, and for nonrecurring uses. Nonrecurring uses included acquisition of furniture and equipment as well as building renovation.

Officials at four medical centers reported that they were not able to use all of their fiscal year 2005 funding by the end of the fiscal year as planned and cited several factors that contributed to this situation. The length of time it takes to recruit new staff in general and the special problems of hiring specialized staff such as psychiatrists were cited. Officials at two medical centers noted that they received funding for multiple new positions, but that it was difficult for the medical center to recruit and hire for so many positions in a relatively short period of time. In addition, in some cases the need to locate or renovate space for mental health programs contributed to delays in using funds. For example, officials at the Albuquerque medical center reported that although it received funding for staff for a new residential program, it took some time to renovate the space needed for that program, which limited the amount of funding for staff they were actually able to spend in fiscal year 2005.

Medical centers varied in how they treated fiscal year 2005 funds that were allocated by VA for mental health strategic plan initiatives but not used for those initiatives. Officials at three medical centers reported that they

carried over the funds for use in the next fiscal year.[19] For example, officials at the Phoenix medical center reported carrying over unused funding for a substance abuse residential rehabilitation program. Officials at two medical centers reported that they used these funds for other health care purposes. For example, officials at the Albuquerque medical center said that funding that was not used for staffing due to difficulties with hiring was made available to meet other needs in the medical center for that fiscal year. Officials at another medical center, the Tennessee Valley Health Care System, reported having unused fiscal year 2005 funding due to difficulties with hiring, and using this funding to support other mental health programs, in particular to hire mental health staff for its CBOCs. VA headquarters officials advised participants from networks and medical centers in a weekly conference call in August 2005 that if they were unable to hire staff for initiatives in fiscal year 2005, they should use the funds allocated only for mental health services.

VA Allocated about $158 Million of the $200 Million Planned for Mental Health Strategic Plan Initiatives in Fiscal Year 2006, but Some Officials Were Uncertain If All Funds Would Be Used for Plan Initiatives

VA headquarters allocated about $158 million of the $200 million to be used for VA mental health strategic plan initiatives in fiscal year 2006 directly to medical centers and certain offices by using several approaches. About $92 million of these funds was allocated to support new mental health strategic plan initiatives for fiscal year 2006. VA also allocated about $66 million to support the recurring costs of the continuing mental health strategic plan initiatives that were funded in fiscal year 2005. The remaining approximately $42 million was not allocated. Officials at some medical centers expected to use all the allocations they received during fiscal year 2006. However, officials at other medical centers were uncertain that they would use all their allocated funds for plan initiatives during the fiscal year.

[19]VA may carry over from one fiscal year to the next unobligated balances of funds made available without fiscal year limitation and other funds appropriated for multiple fiscal years.

VA Allocated about $158 Million Directly to Medical Centers and Certain Offices

VA headquarters allocated about $158 million directly to medical centers and certain offices through RFPs and other approaches targeted to specific initiatives related to the mental health strategic plan in fiscal year 2006. (See table 3.) About $92 million was for new mental health strategic plan activities, and about $66 million was to support the recurring costs of continuing mental health strategic plan initiatives that were first funded in fiscal year 2005. As in fiscal year 2005, the new resources went to support a range of mental health services in line with priorities of VA's leadership and legislation, according to VA officials. Funding for services for PTSD, OIF and OEF veterans, substance abuse, and CBOC mental health services accounted for nearly three-fifths of the funds allocated for new initiatives. VA did not allocate resources in fiscal year 2006 for mental health strategic plan initiatives through its general resource allocation system, according to VA officials.

Table 3: Summary of VA Information on Mental Health Strategic Plan Allocations to Medical Centers and Certain Offices by Type of Mental Health Service, Fiscal Year 2006

Type of mental health service	Amount allocated (dollars)
New fiscal year 2006 initiatives	
Allocations related to legislation that expressly required spending or authorized services	
Domiciliary expansion[a]	$7,437,593
Allocations not directly related to legislation that expressly required spending or authorized services	
PTSD and OEF/OIF	18,772,089
Substance abuse	16,887,550
Community-based outpatient clinic mental health	16,782,344
Psychosocial and recovery-oriented services	6,249,025
Telemental health programs to provide mental health services through videoconferencing	5,063,987
Web-based support tools for veterans with mental health concerns	5,000,000
Grant and per diem liaisons	4,700,000
Mental health intensive case management teams	3,749,029
Suicide prevention and residential rehabilitation treatment program infrastructure improvements	1,803,853
Inpatient mental health services at two VA facilities in Tennessee	1,629,657
Support for Gulf Coast mental health programs affected by Hurricane Katrina	1,610,643

Type of mental health service	Amount allocated (dollars)
Educational programs	1,391,208
Stand Down events for homeless veterans	467,665
Pilot program for incarcerated veterans with mental illness	233,334
Peer housing assistance pilot program for homeless veterans	168,980
Initiative for mentally ill chemically-addicted veterans	69,517
Subtotal—new fiscal year 2006 initiatives	**$92,016,474**
Initiatives initially funded in fiscal year 2005	65,675,513
Total	**$157,691,987**

Source: GAO summary of VA information.

Notes: GAO did not independently determine the extent to which legislation regarding VA health care expressly requires spending or authorizes these services but relied on VA's determination regarding these services.

[a]Related to the Homeless Veterans Comprehensive Assistance Act of 2001, which authorized VA to establish up to 10 new domiciliary programs for homeless veterans. See Pub. L. No. 107-95, § 2043, 115 Stat. 903, 913.

VA headquarters officials used RFPs and other approaches targeted to specific initiatives to determine which medical centers would receive funding for new mental health strategic plan initiatives in fiscal year 2006. In November 2005, for example, VA issued an RFP that covered six mental health areas: PTSD services, including residential services; health promotion and preventive care services for veterans returning from OEF and OIF; specialized substance abuse treatment programs; new mental health residential rehabilitation and treatment programs;[20] enhanced or new CBOC mental health services; and new telemental health programs to provide mental health services through videoconferencing. VA also used other approaches to target funds to medical centers for grant and per diem program liaisons, new or expanded mental health intensive case management teams, and expanded inpatient services at the Tennessee Valley Healthcare System medical center. Further, VA allocated funding for medical supplies, equipment, and office furniture for Gulf Coast mental health programs affected by Hurricane Katrina. As in fiscal year 2005, VA allocated funding to the Employee Education System to support educational programs. VA also allocated funding to support additional mental health initiatives such as the development of web-based support tools for veterans with mental health concerns, infrastructure

[20]These could include homeless domiciliary programs, psychosocial programs, substance abuse programs, PTSD programs, or other general programs.

improvements at residential rehabilitation treatment facilities, suicide prevention efforts, and Stand Down events to provide services such as counseling and health screenings for homeless veterans.

VA Did Not Allocate about $42 Million for Mental Health Strategic Plan Initiatives

VA did not allocate about $42 million of the $200 million planned for mental health strategic plan initiatives in fiscal year 2006 by any approach. The approximately $42 million in unallocated funds were intended for certain mental health strategic plan initiatives based on an allocation plan developed by VA. According to VA officials, VA was unable to allocate all the $200 million, in part, because of the delayed implementation of three new Centers of Excellence, focusing on veterans' mental health issues, including PTSD, for which VA planned allocations totaling $4.5 million.[21] VA officials also cited the unanticipated length of time required to refine the processes for implementation of initiatives related to the provision of mental health services in primary care settings. VA had solicited proposals related to primary care mental health services through a May 2006 RFP[22] and had anticipated allocating about $11 million for such services from funds reserved for emerging needs related to the mental health strategic plan. In addition, VA officials reported that a portion of the funds were unallocated for reasons related to the timing of allocations that were made for plan initiatives through RFPs and other funds targeted to medical centers. Specifically, some of these allocations were made well into the fiscal year. VA allocated only the amount of funds through these approaches for fiscal year 2006 that would fund the projects through the end of the fiscal year, and not the full 12-month costs, which VA expects to fund in fiscal year 2007. VA officials said they anticipated that the full 12-month allocation would be available for these projects in fiscal year 2007. Most of the unallocated funds had been planned for initiatives to provide services that VA identified as not directly in response to legislation

[21]In the Conference Report accompanying the Military Quality of Life and Veterans Affairs Appropriations Act of 2006, Pub. L. No. 109-114, the Conference Committee stated that VA should consider designating specialized medical treatment facilities for mental health and PTSD as Centers of Excellence, and directed VA to establish three specific centers. These centers are to be located at VA facilities in Canandaigua, New York; Waco, Texas; and San Diego, California. See H.R. Conf. Rep. No. 109-305, at 39 (2005).

[22]Through the RFP, funds were available for programs that promote effective treatment of common mental health conditions in primary care settings, in order to integrate care for veterans' physical and mental health and allow mental health specialists to focus on veterans with more severe illnesses. Funds were also available for related education and training.

that expressly required spending or authorized such services. (See table 4.)

Table 4: Summary of VA Information on Planned Funding for Mental Health Strategic Plan Initiatives Not Allocated by Type of Mental Health Service, Fiscal Year 2006

Type of Mental Health Service	Planned Amount Not Allocated (dollars)
Related to legislation that expressly required spending or authorized services	
Centers of Excellence[a]	$4,500,000
Domiciliary expansion[b]	8,804
Not directly related to legislation that expressly required spending or authorized services	
PTSD and OEF/OIF	10,690,920
Psychosocial and recovery-oriented services	5,652,638
Telemental health programs to provide mental health services through videoconferencing	3,936,013
Substance abuse	3,112,450
Mental health program review	1,000,000
Inpatient mental health services at two VA facilities in Tennessee	773,503
Mental health intensive case management teams	539,419
Community-based outpatient clinic mental health	194,266
Reserved for emerging needs	11,900,000
Total	**$42,308,013**

Source: GAO summary of VA information.

Notes: GAO did not independently determine the extent to which legislation regarding VA health care expressly requires spending or authorizes these services but relied on VA's determination regarding these services.

[a]In the Conference Report accompanying the Military Quality of Life and Veterans Affairs Appropriations Act of 2006, the Conference Committee stated that VA should consider designating specialized medical treatment facilities for mental health and PTSD as Centers of Excellence, and directed VA to establish three specific centers. See H.R. Conf. Rep. No. 109-305, at 39 (2005).

[b]Related to the Homeless Veterans Comprehensive Assistance Act of 2001, which authorized VA to establish up to 10 new domiciliary programs for homeless veterans. See Pub. L. No. 107-95, § 2043, 115 Stat. 903, 913.

Medical Center Officials Reported Using Allocated Funds for Mental Health Strategic Plan Initiatives, but Were Uncertain Whether All Funds Allocated Would Be Used for Plan Initiatives

Officials at seven medical centers we interviewed in May and June of 2006 reported using funds allocated to them through RFPs and other approaches to support new 2006 initiatives and to continue to support initiatives funded in fiscal year 2005. Officials at four of these medical centers told us that they were using these funds to support expanded mental health services. For example, officials at several medical centers, including Bay Pines, Decatur, and the Tennessee Valley Healthcare System, reported using fiscal year 2006 funding to expand mental health services in their CBOCs by adding clinical staff. As part of this expansion of services, the Tampa medical center used funding for a new mental health intensive case management program. Five medical centers had received funding for expanded mental health services, but had not yet used all of the allocated funds. The Albuquerque medical center, for example, had received funding for a new substance abuse program for geriatric patients and a new case management program for veterans with PTSD. As of May 2006, both programs were still being developed and positions had been advertised but had not yet been filled.

Officials at two medical centers reported that they did not anticipate problems using all of the funds they had received in fiscal year 2006. However, officials at four other medical centers were less certain they would be able to use all of the funds. Officials at two of these medical centers were not sure whether they would be able to hire all of their new staff by the end of the fiscal year. In addition, officials at the Bay Pines and Phoenix medical centers noted that they had not yet learned whether proposals they submitted in response to fiscal year 2006 RFPs would be funded; as a result, officials at those medical centers were uncertain whether they would be able to use all of their fiscal year 2006 funds for plan initiatives by the end of the fiscal year.

VA Tracking of Funds Spent for Mental Health Strategic Plan Initiatives Was Inadequate, but Available Information Indicates That Spending for These Initiatives Was Substantially Less Than Planned

VA tracking of spending for mental health strategic plan initiatives was inadequate for fiscal years 2005 and 2006. In fiscal year 2005, VA headquarters did not track spending on mental health strategic plan initiatives. In fiscal year 2006, VA began to track some information on medical centers' mental health strategic plan initiatives, but did not track the amount of allocated funds that was spent for them.[23] VA headquarters officials used this newly instituted tracking system to gather implementation information reported by networks and medical centers on a quarterly basis. The tracked information was primarily related to positions to be filled, the schedule for filling them, and when they were filled. Headquarters officials said that this tracking was intended, in part, to measure medical centers' progress in implementing plan initiatives. Officials told us that they believe that tracking of hiring provides information on how funds were spent because most costs of initiatives are personnel costs. However, the data on hiring did not include information on the individual salaries of staff, associated benefits, the portion of the fiscal year for which staff are employed, equipment, supplies, rent, or renovation of facilities. As a result the quarterly reports do not allow VA to determine how much was spent on plan initiatives. In fiscal year 2006, VA headquarters officials compiled information on the amount of funds returned to headquarters that medical centers could not spend during the fiscal year. However, VA does not have information on whether the funds medical centers retained were spent for plan initiatives.

Available information indicates that spending of allocations for mental health strategic plan initiatives was substantially less than planned in both fiscal years 2005 and 2006. In fiscal year 2005, approximately $12 million of the planned $100 million for plan initiatives was not allocated for plan initiatives and thus was not spent on them. Thirty-five million dollars was allocated through VA's general resource allocation system, but because VA headquarters did not specify that these funds were for mental health strategic plan initiatives, it is likely that portions of this money were not spent on them, and VA officials said they do not have information on these funds being spent for plan initiatives. In addition, VA officials told us that they did not have information on the extent to which the approximately

[23]Although VA headquarters' tracking system did not track spending for plan initiatives in fiscal year 2005, some network and medical center staff we spoke with reported on separate efforts to track medical centers' use of funds for mental health strategic plan initiatives. Some network staff told us that they developed their own tracking processes because they anticipated that they would eventually have to account for the use of funds allocated for mental health strategic plan initiatives.

$53 million in funds that were allocated directly to medical centers and certain offices was actually spent on plan initiatives. Officials at medical centers we interviewed told us that they used some of these funds on mental health activities other than the planned initiatives or carried over funds until the next fiscal year.

In fiscal year 2006, available information indicates that the maximum amount of allocated funds that could have been spent for plan initiatives in fiscal year 2006 also fell substantially below what was planned. About $42 million of the $200 million that was planned for allocation to mental health strategic plan initiatives was never allocated for them, and thus, never spent for plan initiatives. Additionally, about $46 million of the approximately $158 million that was allocated was returned by medical centers to headquarters because it had not been spent for plan initiatives before the end of the fiscal year.[24] However, all of the remaining approximately $112 million of funds allocated to and retained by medical centers and offices was not necessarily spent on plan initiatives as originally planned. VA officials provided written guidance to medical centers in August 2006 instructing them to spend funds for other mental health activities if they could not spend them for the planned initiatives before the end of the fiscal year. VA officials told us that because they had provided instructions to spend the funds on mental health activities that such activities would constitute spending on mental health strategic plan activities. VA's guidance, however, did not specify that funds be used for the plan initiatives or alternative initiatives. Moreover, VA did not track specifically how these funds were spent. As a consequence, VA cannot determine how much of the approximately $112 million that was allocated for plan initiatives and not returned to headquarters was spent on plan initiatives.

Conclusion

VA allocated additional resources for mental health strategic plan initiatives in fiscal years 2005 and 2006 to help address identified gaps in VA's mental health services for veterans. The allocations that were made resulted in some new and expanded mental health services for plan initiatives according to officials at selected medical centers. However, in fiscal year 2005, lack of adequate time for headquarters to allocate funds

[24]Officials told us that unspent fiscal year 2006 funds returned to headquarters were placed in a reserve fund for use in fiscal year 2007 and would be used for plan initiatives in that fiscal year. These officials said that the reserve fund is composed of appropriations that do not have to be obligated within a single fiscal year.

for plan initiatives to medical centers, late-in-the-year allocations that hampered medical center efforts to bring staff on board during the fiscal year, and a lack of guidance concerning allocations for plan initiatives made through VA's general resource allocation system resulted in spending on initiatives falling short of what was planned. In fiscal year 2006, a larger amount, approximately $158 million of the planned $200 million for plan initiatives, was allocated to medical centers and other offices than in fiscal year 2005. However, at the end of the fiscal year about $46 million was returned to VA headquarters that had not been spent on mental health strategic plan initiatives, and some funds that remained with medical centers and other offices may have been directed towards mental health activities other than plan initiatives.

Although available information shows that a substantial portion of the resources intended for plan initiatives in fiscal years 2005 and 2006 was not spent on these initiatives, VA does not know the amount of allocated funds actually spent on them. The extent of spending is unknown because VA did not track spending of these funds. Although some tracking of mental health strategic plan initiatives was started in fiscal year 2006, data were not collected that would allow an assessment of spending. Tracking the extent to which allocations for plan initiatives are spent for these initiatives is important as VA continues to allocate resources for future plan initiatives. This would help to ensure that the money is being spent as planned, and that VA is in fact addressing gaps that it has identified in mental health services for veterans.

Recommendation for Executive Action

To provide information for improved management and oversight of how funds VA allocates are spent to fill identified gaps in mental health services for veterans, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health to take the following action:

Track the extent to which the resources allocated for mental health strategic plan initiatives are spent for plan initiatives.

Agency Comments

VA did not provide agency comments on the contents of this report. We offered VA the opportunity to review and comment on the report, but not retain copies of the draft as part of a process to help safeguard the contents from unauthorized disclosure. VA in a written response (reproduced in app. III) said that it was unable to provide comments on the draft report because VA was not provided a copy of the report for appropriate staffing to include review and analysis. VA further stated that

while it respected our desire to maintain the integrity of GAO draft reports by preventing improper disclosure of draft contents, that this did not outweigh the need for VA staff to have a copy of the draft report for review and analysis. We have provided similar report review opportunities to other agencies for other reports, and have received agency comments in those circumstances.

We met with VA officials on November 14, 2006, and provided them with an oral briefing covering the contents of the draft report. Further, a portion of the contents of this report had previously been released as a statement for the record at a hearing held by the House Veterans' Affairs Committee, Subcommittee on Health, on September 28, 2006. We discussed the information in that statement with VA officials who have responsibilities related to mental health services, budgeting, and the allocation of financial resources, and they agreed that the data in the statement were accurate. As a result, VA is aware of the report's contents.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the date of this report. At that time, we will send copies to the Secretary of Veterans Affairs, appropriate congressional committees, and other interested parties. We will also make copies available to others upon request. In addition, the report will also be available at no charge on the GAO Web site at http://www.gao.gov. If you or your staff have any questions about this report, please contact me at (202) 512-7101 or ekstrandl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.

Laurie E. Ekstrand
Director, Health Care

Appendix I: Department of Veterans Affairs (VA) Health Care Networks, Medical Centers, and Other Facilities GAO Selected for Review

VA health care network	Site visits or phone interviews	Medical centers and other facilities
Network 7 (Atlanta, Ga.)—Southeast Network	Phone interviews	• Decatur, Ga., medical center • Tuscaloosa, Ala., medical center • Birmingham, Ala., Vet Center
Network 8 (Bay Pines, Fla.)—Sunshine Healthcare Network	Site visits	• Bay Pines, Fla., medical center • Tampa, Fla., medical center • Dunedin, Fla., community-based outpatient clinic (CBOC) • Lakeland, Fla., CBOC • St. Petersburg, Fla., Vet Center • Tampa, Fla., Vet Center
Network 9 (Nashville, Tenn.)—Mid South Healthcare Network	Site visits	• Tennessee Valley Healthcare System[a] (Nashville, Tenn., and Murfreesboro, Tenn., campuses) medical center • Clarksville, Tenn., CBOC • Chattanooga, Tenn., Vet Center
Network 18 (Phoenix, Ariz.)—Southwest Health Care Network	Phone interviews	• Albuquerque, N.M., medical center • Phoenix, Ariz., medical center • Albuquerque, N.M., Vet Center

Source: GAO.

[a]The Tennessee Valley Healthcare System is a medical center that has two locations.

Appendix II: Description of Selected Department of Veterans Affairs (VA) Mental Health Services

VA Mental Health Service	Description
Community-based outpatient clinics (CBOC)	CBOCs provide medical services, which can include mental health, on an outpatient basis in a community setting. CBOCs are affiliated with a VA medical center.
Compensated Work Therapy (CWT)	CWT is a therapeutic work-for-pay program that (1) uses remunerative work to maximize a veteran's level of functioning, (2) prepares veterans for successful reentry into the community, and (3) provides a structured daily activity to those veterans with severe and chronic disabling physical and/or mental conditions.
Domiciliary program	Domiciliary residential rehabilitation and treatment programs for homeless veterans, providing coordinated, integrated rehabilitative and restorative clinical care in a bed-based program, with the goal of helping eligible veterans achieve and maintain the highest level of functioning and independence possible.
Grant and Per Diem program	VA offers grants to non-VA organizations in the community to provide supportive housing programs and supportive service centers for homeless veterans. Once programs are established, VA provides per diem payments to help offset operational expenses of the program. Grant and per diem liaisons oversee services provided by these organizations.
Mental health intensive case management	Mental health intensive case management teams are designed to deliver high-quality services that: (1) provide intensive, flexible community support; (2) improve health status (reduce psychiatric symptoms and substance abuse); (3) reduce psychiatric inpatient hospital use and dependency; (4) improve community adjustment, functioning, and quality of life; (5) enhance satisfaction with services; and (6) reduce treatment costs.
Mentally ill chemically-addicted veterans initiative	The Mentally Ill Chemically Addicted program, intended to assist underserved veterans with serious and persistent mental illnesses, involves recovery- and rehabilitation-oriented services in Network 17 as well as training on the recovery model and psychosocial rehabilitation concepts and skills.
Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF)	Assessment, preventative, and early intervention mental health services for veterans returning from combat in Iraq, Afghanistan, and other areas. These services involve outreach and education efforts, as well as a range of psychosocial support services.
Peer housing assistance pilot program for homeless veterans	The Peer Housing Location Assistance Group pilot program is a recovery-oriented program that encourages and enables each veteran to take responsibility and initiative to choose and apply for as many housing opportunities as his or her eligibility characteristics, preferences, and motivation permit. The program aims to help participants manage the process and frustrations of finding and maintaining safe and secure housing through a combination of information, problem-solving, encouragement, professional assistance, and peer support.
Pilot program for incarcerated veterans with mental illness	A collaborative venture between the North Texas Health Care System and the Texas Correctional Office on Offenders with Medical and Mental Impairments that provides active outreach and case management services to veterans with diagnosed mental illness being released from the Texas prisons and involves work with the Texas diversion courts for mentally ill offenders to provide outreach and case management services for veterans convicted of minor offences who have been diagnosed with mental illness.

VA Mental Health Service	Description
Polytrauma Rehabilitation Centers	Polytrauma Rehabilitation Centers provide comprehensive interdisciplinary rehabilitation and coordinated complex medical, surgical, and mental health care, as well as long-term follow-up, to veterans of OIF and OEF who have sustained severe injuries and have complex rehabilitation needs.
Post-traumatic stress disorder (PTSD)	Specialized services for veterans returning from Iraq and Afghanistan, as well as veterans from past service eras, including the Vietnam War. As part of VA's overall coordination of postdeployment programs, PTSD services are focused on veterans who are survivors of traumatic events and require comprehensive treatment.
Psychosocial rehabilitation for veterans with serious mental illness	A comprehensive approach to restoring a veteran's full potential following the onset of serious mental illness. This approach involves assisting the veteran in all aspects of normal life to attain the highest level of functioning in the community; it includes such components as patient and family education; enhancement of residential, social, and work skills; cognitive behavioral therapy; motivational interviewing, integrated dual diagnosis treatment, and provision of intensive case management when needed.
Residential rehabilitation treatment program infrastructure improvements	Safety, security, privacy, access, and infrastructure improvements to domiciliary and residential rehabilitation treatment programs, including repairs, renovations, furnishings, appliances, equipments, household goods, and program supplies and materials. A special emphasis for a component of these funds was improving access to these mental health residential programs for women veterans.
Stand Downs	Stand Downs are typically 1 to 3 day events that provide services to homeless veterans such as food, clothing, health screenings, VA and Social Security benefits counseling, and referrals to a variety of other supportive services such as housing, employment, and substance abuse treatment. Stand Downs are collaborative events that are coordinated between local VA facilities, other government agencies, and community agencies that serve the homeless.
Substance abuse	Specialized services for veterans with substance abuse disorders such as alcoholism and drug addictions. These services, for example, are provided in residential rehabilitation treatment programs.
Suicide prevention initiative	Initiative designed to obtain causes of death for veterans who have died in recent years, to identify those who have died from suicide and related causes, to identify risk factors, and to evaluate regional and local variability in rates and risk factors. The goal is to obtain information that can guide evidence-based efforts at suicide prevention, nationally and at other levels.
Support for Gulf Coast mental health programs affected by Hurricane Katrina	Special needs funding for medical supplies, equipment, office furniture, and modular buildings for Gulf Coast VA mental health programs that sustained damage due to Hurricane Katrina.
Telemental health	Telemental health uses electronic communications and information technology to provide and support mental health care where geographic distance separates the clinicians and patients. These services are often used in rural areas where the availability of mental health providers is limited.
Web-based support tools for veterans with mental health concerns	Initiative to develop an interactive set of web-based tools to allow veterans who have behavioral or mental health concerns to track important aspects of their self-care and professional care.

Source: GAO summary of VA information.

Appendix III: Comments from the Department of Veterans Affairs

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

November 14, 2006

Ms. Laurie Ekstrand
Director
Health Care Team
U. S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Ekstrand,

This responds to your request that the Department of Veterans Affairs (VA) review and comment on your draft report on VA's spending implementing the Department's mental health strategic plan (GAO Engagement Code 290522.)

VA was not provided a copy of the report for appropriate staffing, to include review and analysis. This is an unusual departure from what has been the usual GAO practice. Under this constraint, VA is unable to provide comments on your draft report.

I do appreciate your providing an exit briefing and oral summary of the report's findings and recommendation to my staff today.

I respect your desire to maintain the integrity of GAO draft reports and that leaks outside official channels be controlled. Yet, that does not outweigh the need for VA staff to have a copy of GAO's draft report to fact-check, review and analyze in order that we might develop cogent comments (including possible technical corrections).

I hope that in the future GAO will appreciate that this is a critical step in the audit process and will provide the Department with a copy of draft reports when requesting VA's comments.

Sincerely yours,

R. James Nicholson

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Laurie E. Ekstrand, (202) 512-7101 or ekstrandl@gao.gov

Acknowledgments

In addition to the contact named above, Debra Draper, Assistant Director; James Musselwhite, Assistant Director; Jennie Apter; Robin Burke; and Steven Gregory made key contributions to this report.

Related GAO Products

VA Health Care: Preliminary Information on Resources Allocated for Mental Health Strategic Plan Initiatives. GAO-06-1119T. Washington, D.C.: September 28, 2006.

VA Health Care: Budget Formulation and Reporting on Budget Execution Need Improvement. GAO-06-958. Washington, D.C.: September 20, 2006.

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