



Department of Veterans Affairs Office of Inspector General

Audit of Veterans Health Administration Mental Health Initiative Funding

To Report Suspected Wrongdoing in VA Programs and Operations

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**Department of
Veterans Affairs**

Memorandum

Date: April 6, 2009

From: Assistant Inspector General for Auditing (52)

Subj: Audit of Veterans Health Administration Mental Health Initiative Funding
(Report No. 09-00091-103)

To: Under Secretary for Health (10)

1. In its report to the full House of Representatives regarding military construction, veterans' affairs, and related agency appropriations for Fiscal Year (FY) 2009, the House Committee on Appropriations directed the VA Office of Inspector General to audit the mental health initiative (MHI) funding. Our objective was to determine if the Veterans Health Administration (VHA) had an adequate process in place to ensure funds allocated for MHI were tracked and used accordingly.

2. VHA's Mental Health Strategic Plan identified a myriad of initiatives designed to help eliminate deficiencies and gaps in mental health services. In FY 2008, VHA allocated \$371 million to fund these initiatives. To determine if VHA adequately tracked the use of these funds, we visited six randomly selected medical facilities and reviewed allocation and tracking records related to MHI funding. VHA had not developed performance metrics to identify the intended outcome of each initiative so we did not determine if these outcomes met VHA's intent.

3. VHA staff adequately tracked funds allocated for the MHI in FY 2008. The Office of Mental Health Service (OMHS) distributed funds through the Office of Finance for specific programs to medical facilities using transfer disbursement authorities. In addition, OMHS provided award memorandums explaining the funded program, necessary resources, and the funding amounts. Medical facility fiscal staff at each location established their own multiple fund control points and used spreadsheets to track salary and purchase order costs for the MHI. The Office of Finance staff received reports on the amounts spent and compared with the amounts allocated. Medical facility mental health care staff reported on personnel actions associated with filling the MHI positions and if the positions were filled internally, when the old positions were backfilled. OMHS staff monitored these personnel reports to track the status of the MHI positions. In FY 2009, the Office of Finance established standardized account classification codes for the MHI funds that

could further enhance transparency and accountability over how MHI funding is spent in the future.

4. Funds allocated for MHI were used as intended. VHA allocated \$19.4 million for the MHI to the six medical facilities we reviewed. We confirmed that \$18.2 million (94 percent) of the \$19.4 million were used for the MHI. The remaining \$1.2 million consisted of numerous small dollar purchases; therefore, we reviewed those purchases only to the extent we were able to confirm the funds were used for mental health. We did not track the \$1.2 million to specific programs.

- **Personnel Costs:** In FY 2008, VHA spent about \$16.4 of the \$17.7 million allocated (a difference of \$1.3 million) to fill 225 positions at our six sampled medical facilities. Medical facilities did not spend the remaining \$1.3 million on personnel because of delays in the hiring process. According to facility personnel, the primary causes for these delays were difficulty recruiting because of facility location, noncompetitive salaries, lack of qualified applicants, or in some cases, delays resulting from the time needed to validate physician credentials or complete background checks. In March 2008, OMHS issued a memorandum acknowledging that facilities had unused funds from hiring delays. This memo identified selected opportunities where facilities could spend these unused funds and still meet the intent of the MHI. This included local advertising and related recruitment expenses, relocation expenses, staff training and education activities, and furniture for mental health areas. The facilities' use of the \$1.3 million was included in our review of other costs.
- **Other Costs:** In FY 2008, the six medical facilities we reviewed spent about \$3 million (\$1.7 million allocated and \$1.3 million in unused personnel funds) for other costs not related to personnel salaries. Facility records show that these funds were used for mental health activities such as purchasing equipment and furniture and paying travel costs to perform home based primary care. We conducted a more in-depth review of \$1.8 million of the \$3 million other expenditures and confirmed that they were used for the MHI.

5. We provided VHA our draft report for their review. The Under Secretary for Health agreed with the findings and noted that existing mental health performance measures address mental health services as a whole. Further, VHA is currently developing metrics for monitoring the implementation of the requirements listed in the Uniform Mental Health Services Handbook.

(original signed by:)

Belinda J. Finn

Attachment A—Background

Attachment B—Scope and Methodology

Attachment C—MHI Allocations by Medical Facility

Attachment D—Under Secretary for Health’s Comments

Attachment E—OIG Contact and Staff Acknowledgments

Attachment F—Report Distribution

Background

The President's New Freedom Commission identified six goals and made a total of 19 recommendations to address gaps in mental health services. In FY 2005, the Veterans Health Administration (VHA) developed a 5-year Mental Health Strategic Plan (MHSP) to address the goals identified by the Commission. The MHSP identified initiatives designed to improve veterans' access to mental health care and to develop new or better procedures for assessment of mental health needs, clinical models of care, and coordination of mental health care efforts. The initiatives did not identify the specific resources needed; rather, it described the duties or services that were needed. For example, the initiatives included:

- Developing a process for assessing mental health patients.
- Developing clinical models of care and guidelines to integrate mental health and physical health.
- Developing service agreements between primary care and mental health care.
- Providing enhanced mental health services in community based outpatient clinics that can cover basic mental health needs and ensure appropriate referrals to medical facilities for more specialized care.

In November 2006, the Government Accountability Office reported that VA did not adequately track spending for the initiatives.¹ They recommended that VA track the extent to which the resources allocated for planning for these initiatives is actually spent on them.

Mental Health Initiative Funding

In the FY 2008 budget submission to Congress, VHA requested \$27.2 billion for medical services which included \$360 million for the mental health initiative (MHI). Congress appropriated \$29.1 billion to VHA for medical services but did not specify an amount for the MHI. In FY 2008, VHA augmented the \$360 million it requested for the MHI with funds received as part of its overall funding for medical services and allocated \$371 million to medical facilities for the MHI. Attachment C shows FY 2008 allocations by medical facility.

Allocation Process

The Office of Mental Health Services (OMHS) refined their method of allocating the MHI funding over the years. In FYs 2005 and 2006, OMHS allocated MHI funds to

¹GAO, *VA Healthcare: Spending for Mental Health Strategic Plan Initiatives Was Substantially Less Than Planned*, GAO-07-66, (Washington D.C.: November 21, 2006).

medical facilities based on proposals that detailed the specific projects and how the facilities would spend those MHI funds. In FY 2007 and 2008, OMHS allocated funds to continue the initiatives started in prior fiscal years (primarily to pay the salaries of MHI staff already hired) and to implement some selected new nationwide initiatives, such as having a Suicide Prevention Coordinator at each facility.

In the FY 2008 VA Budget Submission, VHA requested funding to provide resources to continue the implementation of the MHI. VHA allocated these funds to programs that covered the specific initiatives identified in the MHSP. For example, the mental health primary care integration program covered the following initiatives.

1. Assign a staff person for development of educational programs.
2. Develop a joint education plan.
3. Develop a process for assessing mental health patients and collect, monitor, and access electronic mental health databases.
4. Develop clinical models of care and guidelines to integrate mental health and physical health.
5. Develop service agreements between primary and mental health care.
6. Implement current priorities and major projects.
7. Develop evidence-based guidelines for performance measures.

In September 2008, OMHS issued VHA Handbook 1160.01, *Uniform Mental Health Services in VA Medical Centers and Clinics*, which identified minimum clinical requirements for VHA mental health services. Each facility prepared an analysis comparing the services identified in the handbook to the services they provided at their facility. OMHS used these analyses to allocate funds in FY 2009 for new initiatives.

Scope and Methodology

We conducted our work from October 2008 to March 2009. We reviewed the MHI funding for FY 2008 and applicable laws, regulations, policies, procedures, and guidelines. We applied a probability proportional sample design to the total amount of the MHI funding allocated nationwide and randomly selected six medical facilities for review.

- New York Harbor Healthcare System (New York, NY)—Veterans Integrated Service Network (VISN) 3
- Miami VA Healthcare System (Miami, FL)—VISN 8
- Clement J. Zablocki VA Medical Center (Milwaukee, WI)—VISN 12
- G.V. (Sonny) Montgomery VA Medical Center (Jackson, MS)—VISN 16
- Alexandria VA Medical Center (Alexandria, LA)—VISN 16
- VA San Diego Healthcare System (San Diego, CA)—VISN 22

We interviewed OHMS and Office of Finance staff in VA Central Office to determine the process for funding the MHI and the mechanisms for tracking and ensuring accountability of the funds. VHA had not developed performance metrics to identify the intended outcome of each MHI, so we did not determine if the outcome of each MHI was as VHA intended. As part of our sample for the initiatives at the six medical facilities, we:

- Reviewed award memorandums sent by OMHS staff to medical facilities that identified how the funds were to be used.
- Reviewed the MHI tracking reports to determine how the funds were used.
- Interviewed VISN and medical facility staff to determine whether funds were used for the intended initiatives.
- Interviewed medical facility staff hired into the MHI funded positions to determine if the staff was performing MHI duties.
- Reviewed salary cost information (payroll reports and transfer disbursement authorities) and purchase orders to validate the MHI expenditures.

We assessed the reliability of automated data by comparing allocation and expenditure data from both the Office of Finance and the OMHS to transfer disbursement authorities, salary records, purchase orders, and obligation documents. We also assessed the reliability of staffing acquisition data maintained by the OMHS through interviews with medical facility staff. We concluded that the Office of Finance's allocation and expenditure data and OMHS's allocation and staffing data used to accomplish the audit objectives was sufficiently reliable. However, the OMHS expenditure data was not reliable and its data was not used to reach audit conclusions.

We conducted this audit in accordance with generally accepted government auditing standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusion based on our audit objectives.

Table 1. MHI Allocations by Medical Facility—FY 2008

VISN	Medical Facility	Allocation
1	Togus, ME	\$2,001,163
1	White River Junction, VT	\$2,099,884
1	Bedford, MA	\$2,183,463
1	VA Boston HCS, MA	\$3,839,034
1	Manchester, NH	\$1,219,598
1	Northampton, MA	\$1,138,392
1	Providence, RI	\$3,377,041
1	VA Connecticut HCS, CT	\$4,358,718
2	Western New York HCS, NY	\$10,121,751
3	Bronx, NY	\$1,727,426
3	New Jersey HCS, NJ	\$4,450,630
3	VA Hudson Valley HCS, NY	\$2,438,651
3	New York Harbor HCS, NY	\$2,587,314
3	Northport, NY	\$2,340,099
4	Wilmington, DE	\$1,669,014
4	Altoona, PA	\$1,007,356
4	Butler, PA	\$1,151,223
4	Clarksburg, WV	\$999,329
4	Coatesville, PA	\$1,002,461
4	Erie, PA	\$855,888
4	Lebanon, PA	\$2,243,761
4	Philadelphia, PA	\$3,499,982
4	Pittsburgh, PA	\$3,903,005
4	Wilkes-Barre, PA	\$1,762,022
5	Baltimore HCS, MD	\$5,318,631
5	Martinsburg, WV	\$3,477,553
5	Washington, DC	\$4,857,142
6	Beckley, WV	\$526,299
6	Durham, NC	\$2,550,126
6	Fayetteville, NC	\$1,344,178
6	Hampton, VA	\$2,072,277
6	Asheville, NC	\$1,269,134
6	Richmond, VA	\$3,893,014
6	Salem, VA	\$2,776,221

VISN	Medical Facility	Allocation
6	Salisbury, NC	\$2,966,597
7	Atlanta, GA	\$5,111,491
7	Augusta, GA	\$2,644,264
7	Birmingham, AL	\$2,441,580
7	Charleston, SC	\$1,716,702
7	Columbia, SC	\$3,129,513
7	Dublin, GA	\$1,564,483
7	Central Alabama Veterans HCS, AL	\$2,295,266
7	Tuscaloosa, AL	\$2,212,612
8	Bay Pines, FL	\$5,924,099
8	Miami, FL	\$3,946,667
8	West Palm Beach, FL	\$3,419,261
8	Gainesville, FL	\$7,505,834
8	San Juan, PR	\$3,574,536
8	Tampa, FL	\$8,440,384
8	Orlando, FL	\$2,017,901
9	Huntington, WV	\$1,216,800
9	Lexington, KY	\$1,602,438
9	Louisville, KY	\$2,892,603
9	Memphis, TN	\$2,190,641
9	Mountain Home, TN	\$4,218,579
9	Middle Tennessee HCS, TN	\$4,061,263
10	Chillicothe, OH	\$1,360,939
10	Cincinnati, OH	\$1,756,764
10	Cleveland, OH	\$1,874,513
10	Dayton, OH	\$2,125,183
10	Columbus, OH	\$1,528,959
11	Ann Arbor, MI	\$2,798,288
11	Battle Creek, MI	\$3,683,170
11	Danville, IL	\$1,085,380
11	Detroit, MI	\$3,160,497
11	Indianapolis, IN	\$2,717,384
11	Northern Indiana HCS, IN	\$2,006,298
11	Saginaw, MI	\$1,509,675
12	Jesse Brown VAMC (Chicago), IL	\$1,800,378
12	North Chicago, IL	\$1,265,088

VISN	Medical Facility	Allocation
12	Hines, IL	\$1,450,592
12	Iron Mountain, MI	\$1,488,323
12	Madison, WI	\$2,294,222
12	Tomah, WI	\$587,302
12	Milwaukee, WI	\$4,049,471
15	Kansas City, MO	\$8,004,482
15	St. Louis, MO	\$8,632,391
16	Alexandria, LA	\$2,017,549
16	Biloxi, MS	\$3,095,489
16	Fayetteville, AR	\$3,493,913
16	Houston, TX	\$5,099,336
16	Jackson, MS	\$2,350,483
16	Little Rock, AR	\$3,263,852
16	Muskogee, OK	\$2,460,313
16	New Orleans, LA	\$2,574,257
16	Oklahoma City, OK	\$2,578,068
16	Shreveport, LA	\$2,882,795
17	Dallas, TX	\$6,955,696
17	San Antonio, TX	\$4,189,598
17	Temple, TX	\$7,523,509
18	Albuquerque, NM	\$4,726,895
18	Amarillo, TX	\$1,335,752
18	Big Spring, TX	\$1,211,375
18	Phoenix, AZ	\$2,654,484
18	Northern Arizona HCS	\$1,882,508
18	Tucson, AZ	\$2,001,610
18	El Paso, TX	\$881,513
19	Fort Harrison, MT	\$1,252,430
19	Cheyenne, WY	\$1,520,157
19	Denver, CO	\$3,836,772
19	Grand Junction, CO	\$352,489
19	Salt Lake City, UT	\$2,515,414
19	Sheridan, WY	\$2,339,718
20	Anchorage, AK	\$782,566
20	Boise, ID	\$1,500,147
20	Portland, OR	\$3,119,452

VISN	Medical Facility	Allocation
20	Roseburg, OR	\$1,360,278
20	VA Puget Sound, WA	\$3,141,337
20	Spokane, WA	\$846,185
20	Walla Walla, WA	\$1,231,935
20	White City, OR	\$543,225
21	Honolulu, HI	\$2,502,808
21	Fresno, CA	\$1,687,146
21	N. California, CA	\$5,028,831
21	Palo Alto, CA	\$9,429,350
21	Reno, NV	\$1,336,631
21	San Francisco, CA	\$2,785,866
22	Las Vegas, NV	\$1,964,501
22	Long Beach, CA	\$2,892,338
22	Loma Linda, CA	\$3,413,124
22	San Diego, CA	\$4,239,784
22	West Los Angeles, CA	\$9,862,895
23	Fargo, ND	\$2,018,869
23	Sioux Falls, SD	\$1,331,935
23	Black Hills HCS, SD	\$1,086,499
23	Minneapolis, MN	\$6,738,690
23	VA Nebraska Western Iowa HCS, NE	\$5,544,336
23	St. Cloud, MN	\$1,263,440
	Total	\$370,982,736

Note: VISNs 13 and 14 were combined to form VISN 23.

Department of
Veterans Affairs

Memorandum

Date: March 26, 2009

From: Under Secretary for Health (10)

Subj: OIG Draft Report: **Audit of the Veterans Health Administration Mental Health Initiative Funding** (Project No. 2009-00091-R5-0006/WebCIMS 425238)

To: Assistant Inspector General for Auditing (52)

1. Thank you for the opportunity to respond to this draft report, which reflects positively on VHA's effective oversight and management of funds allocated in Fiscal Year 2008 for mental health initiative (MHI) funding. I agree with your findings, and am particularly pleased with the significant improvements we have made developing a viable process to ensure that funds allocated for the MHI are tracked and used appropriately.

2. I would, however, like to make a point about your statement that "VHA had not developed performance metrics to identify the intended outcome of each initiative so we did not determine if these outcomes met VHA's intent." While not specifically focusing on MHI funded programs, existing mental health performance measures address mental health services as a whole, and often incorporate related MHI program activities. Metrics for monitoring the implementation of the requirements listed in the Uniform Mental Health Services Handbook are currently being developed.

3. Your findings have been useful to us, and we will continue to strongly support full implementation of MHI projects. If additional information is required, please have a member of your staff contact Margaret M. Seleski, Director, Management Review Service, at 202-461-8470.

(original signed by:)

Michael J. Kussman, MD, MS, MACP

OIG Contact and Staff Acknowledgments

OIG Contact	Larry Reinkemeyer 816-997-6940
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Acknowledgments	Robin Frazier Tim Halpin Patricia Hudon Joe Janasz Lance Kramer Russ Lewis Henry Mendala Daniel Morris Lynn Scheffner Oscar Williams
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