



Department of Veterans Affairs Office of Inspector General

Healthcare Inspection

Veterans Integrated Service Network Oversight of Peer Review Processes

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Executive Summary

The purpose of this review was to determine the compliance of Veterans Integrated Service Network (VISN) oversight of peer review processes with Veterans Health Administration (VHA) policy. Peer Review is the process used to evaluate the quality of health care provided in individual cases. Beginning in 2004, VHA gave VISNs direct responsibility for peer review oversight as outlined in VHA Directive 2004-054, Peer Review for Quality Management, September 29, 2004.

VHA Directive 2004-054 stated that VISN Directors were responsible for establishing oversight processes for their health care facilities' peer review activities, conducting periodic inspections of all VISN facilities, and ensuring that there is an adequate review of the information provided on a quarterly basis.

In this review, we requested documentation pertaining to VISN compliance with the three requirements outlined above from all 21 VISNs. We found that no VISN had documented oversight processes for VISN peer review; that only 6 of 21 had conducted at least one site visit of at least one facility which evaluated peer review during calendar years 2005–2007; and that only 4 of 21 VISNs supplied us with quarterly reports of peer review results for all facilities for this 3-year period. We concluded that no VISN provided documentation of compliance with all three requirements reviewed, 4 (19 percent) complied with two, 5 (24 percent) complied with one, and 12 (57 percent) did not comply with any provisions of VHA Directive 2004-054 examined in this review.

We recommended that VHA establish a compliance program to ensure VISN oversight of peer review as required by VHA Directive 2008-004; define “periodic” in reference to the directive’s requirement for facility inspections; ensure that VISN Directors establish and document oversight processes for their health care facilities’ peer review activities; and require VISN Directors to ensure that facility policies contain requirements for reporting peer review results to VISNs that are consistent with VHA policy. VHA concurred with our findings and recommendations. The implementation plan is acceptable, and we will follow up until all actions are complete.



DEPARTMENT OF VETERANS AFFAIRS
Office of Inspector General
Washington, DC 20420

TO: Under Secretary for Health, Department of Veterans Affairs (10B5)

SUBJECT: Healthcare Inspection – Veterans Integrated Service Network Oversight of Peer Review Processes

Purpose

The Office of Inspector General (OIG), Office of Healthcare Inspections (OHI) conducted a national review to evaluate Veterans Integrated Service Network (VISN) oversight of facility peer review processes. The period covered by this review included calendar years (CY) 2005–2007.

Background

In 2000, the Institute of Medicine’s (IOM) landmark report, *To Err is Human*, suggested that medical errors cost our nation between \$17 and \$29 billion per year. Despite this IOM report, and numerous patient safety initiatives implemented in response to it, problems persist with at least one method of evaluating medical errors—peer review. Hospital peer review permits facilities to evaluate provider performance and adverse outcomes. Generally, this is an evaluation performed by providers in the same or similar specialty from the same geographic region. “When conducted systematically and credibly, peer review can result in both immediate and long-term improvements in patient care by revealing areas for improvement in individual providers’ practices.”¹

The peer review process in the Veterans Health Administration (VHA) begins with a facility policy that identifies the circumstances under which peer review will be conducted at an individual facility. Once a case is identified for peer review under these criteria, an initial review occurs within 45 days. Each peer reviewed event is given a level assignment, with Level 1 indicating that most experienced competent practitioners would have managed the case similarly; Level 2 that most practitioners might have managed the case differently; or Level 3 that most experienced competent practitioners would have managed the case differently. Then, the individual peer review is evaluated by a peer review committee. Completion of a final review by the peer review committee

¹ VHA Directive 2008-004, *Peer Review for Quality Management*, January 28, 2008, p. 1.

occurs within 120 days from the date the event was identified as meeting peer review criteria.

There are many problems intrinsic to the peer review process. For example, smaller facilities may not have multiple physicians in the same or similar specialty; even if they do, such individuals are likely to know each other personally. Physicians may be subjected to peer review as a retaliatory measure or may find themselves unable to separate personal from professional opinions. Therefore, it is important to establish effective oversight mechanisms for ensuring that peer review is conducted appropriately. Both public and private sector institutions have struggled with this process. For example, a health maintenance organization incurred a financial penalty of \$3 million in 2006 for failure to provide adequate oversight of quality assurance programs, including the peer review processes.

In VHA, oversight of the peer review process is, in part, the responsibility of the VISNs. In 1995, the Under Secretary for Health with Congressional approval reorganized VHA into 22 VISNs. VHA intended this reorganization to serve many purposes, among them to improve accountability and quality of care. Since that time, VHA consolidated VISNs 13 and 14 covering the upper and central Midwest into VISN 23, yielding a current total of 21 VISNs.

On January 9, 1997, the Under Secretary for Health directed each VISN to designate a Quality Management Officer (QMO) who is clinically active, but who dedicates the majority of his or her time to quality management activities. Three of the nine outlined responsibilities of the QMO included overseeing the VISNs' overall quality management program to assure coherency and consistency with network and system wide goals and strategic objectives, including VHA's strategic framework for quality; monitoring and evaluating quality of care across the network; and facilitating the network-wide reduction of variance in quality of care. Oversight of peer review is included within these responsibilities.

VHA implemented a national peer review directive in 2004 that outlined VISN responsibility for the oversight of peer review processes. VHA Directive 2004-054, *Peer Review for Quality Management*, September 29, 2004, required each VISN to establish oversight processes to ensure that the facilities within that VISN conduct peer review in accordance with the directive. This VHA directive also stated that VISN Directors were responsible for: (1) establishing oversight processes for their health care facilities' peer review activities in order to ensure policy development, implementation, and follow-up on any action items formalized at the completion of a specific protected peer review; (2) conducting periodic inspections of all VISN facilities to ensure that oversight, compliance, and follow-up procedures are implemented and functioning; and (3) ensuring that there is an adequate review of the information provided on a quarterly basis.

The OIG report entitled *Evaluation of Quality Management in Veterans Health Administration Facilities Fiscal Year 2006*, Report No. 06-00014-108, March 28, 2007, identified multiple areas of non-compliance in peer review activities. A recommendation was made that facility managers ensure compliance with the requirements for peer review, specifically, frequency of committee meetings, training of committee members, completing of reviews within required timeframes, and trending of data.

As a result of these findings, OHI determined the need for a review of VISN oversight of peer review processes. The VA Inspector General also cited the increased need for review of the VISN model of oversight and infrastructure as an important function of the OIG before the Subcommittee on Oversight and Investigations Committee of Veterans' Affairs on February 15, 2007.

On January 28, 2008, VHA issued a new peer review directive, VHA Directive 2008-004, *Peer Review for Quality Management*. This directive contained the same language as the previous directive regarding VISN oversight, with the exception that it specified adequate review of the information provided would include reviewing data for variance between facilities and initiating appropriate actions, including external reviews or site visits. The directive also indicates VISN Chief Medical Officers will be responsible for implementation of the directive, while each VISN QMO will be responsible for collection and analysis of data, as well as forwarding data to the Office of Quality and Performance for national roll-up and analysis. In addition, information to be forwarded to the VISN will include a quarterly summary of the peer review committee's analysis. Minimal data elements to be recorded include the number of peer reviews; the number of deaths peer reviewed; the assigned levels by the initial reviewer and peer review committee; and timeliness and level changes initiated by the peer review committee.

We evaluated the findings of this review in light of both the previous and recently enacted peer review directives.

Scope and Methodology

We electronically submitted a request to each VISN Director on October 1, 2007, for CY 2005–2007 documentation pertaining to peer review with a response required by November 29, 2007. Specifically, we requested the VISNs provide us with the following: (1) any and all documentation pertaining to site visits evaluating facility peer review processes in the VISN; (2) any and all VISN policies and procedures pertaining to the evaluation or management of peer review processes; and (3) any and all reports describing peer review compliance or procedures at the facilities in each VISN.

Materials received from the VISNs were analyzed and aggregated to identify findings in this report. We accepted only documentation of VISN oversight processes or procedures as well as facility reporting to the VISN. We cannot and did not assess whether

information was provided informally to VISN officials from facilities regarding issues or problems in the peer review process.

We conducted this review in accordance with the *Quality Standards for Inspections* published by the President's Council on Integrity and Efficiency.

Results

Issue 1: Oversight Processes

VHA Directive 2004-054 stated the VISN Director was responsible for establishing oversight processes for their health care facilities' peer review activities in order to ensure policy development, implementation, and follow-up on action items formalized at the completion of a specific protected peer review. VHA Directive 2008-004 contains the same language. We found that VHA did not comply with this provision.

We requested that VISNs provide us with names and contact information of any and all VISN employees responsible for oversight of peer review processes. A designated VISN QMO was listed for the 21 VISNs. Additionally, 17 VISNs listed two to four personnel who shared responsibility for the peer review program.

Of 21 VISNs, only one VISN supplied us with any VISN policy which they considered applicable to peer review. This VISN stated that the Readiness Program provided a mechanism to oversee peer review processes. VISN readiness programs are programs designed to assist VISNs in preparing for external reviews on a broad range of issues. Readiness program documents supplied to us stated the VISN looked for evidence that the facilities in the VISN had a peer review program in place with review of data through an interdisciplinary committee. However, we noted that this VISN adopted a more comprehensive approach to evaluating peer review through its readiness program in November 2007. We examined this VISN's Network Readiness Program policy, dated January 12, 2005. The policy was unsigned and did not make specific reference to peer review; rather, it only referred in a general way to quality management.

We found that no VISN had a documented oversight process for ensuring policy development, implementation and follow-up on action items formalized in the peer review process. Neither the former peer review Directive 2004-054 nor the revision references a mechanism for ensuring VISN compliance with this provision.

Issue 2: Periodic VISN Inspections

VHA Directive 2004-054 required the VISN to conduct periodic inspections of all VISN facilities to ensure that oversight, compliance, and follow-up procedures for evaluation of peer reviews are implemented and functioning. We note the same

language in VHA Directive 2008-004. Neither defines the meaning of “periodic.”

OHI received documentation that 6 of 21 (29 percent) VISNs conducted at least one inspection of at least one facility between 2005 and 2007. No inspections were done with the sole purpose of ensuring that oversight, compliance, and follow-up peer review procedures were implemented and functioning effectively. We found that such inspections occurred sporadically, at no regular time intervals, and were most commonly part of the VISN’s readiness program. Further, documentation of such inspections often did not indicate evaluation of peer review compliance and follow-up procedures.

Of interest, we note that 10 of 21 (48 percent) VISNs submitted VHA’s Systematic Ongoing Assessment and Review Strategy (SOARS) visits, OIG reports, and Joint Commission surveys as evidence of VISN oversight and peer review inspections. SOARS is a VA Central Office initiative based in the Office of the Deputy Under Secretary for Operations and Management. SOARS is a consultative program designed to identify programmatic weaknesses in VHA facilities. It was voluntary until July 2006. While SOARS evaluates peer review as part of its process, as does VA OIG’s own Combined Assessment Program process, neither encompasses an evaluation of peer review oversight processes at the VISN level, nor are they VISN initiatives. SOARS, OIG reports, and Joint Commission surveys do not constitute VISN-initiated peer review inspections. Further, we note that the SOARS Annual Report covering site visits conducted from January 1–December 31, 2006, did not specifically reference peer review processes.

We found that VISNs failed to substantially comply with the requirement to conduct periodic inspections of all facilities to ensure compliance with peer review directives.

Issue 3: VISN Review of Facility Information

VHA Directive 2004-054 also required VISN Directors to ensure that there is adequate VISN review of peer review data provided on a quarterly basis. We found that many VISNs failed to ensure this review.

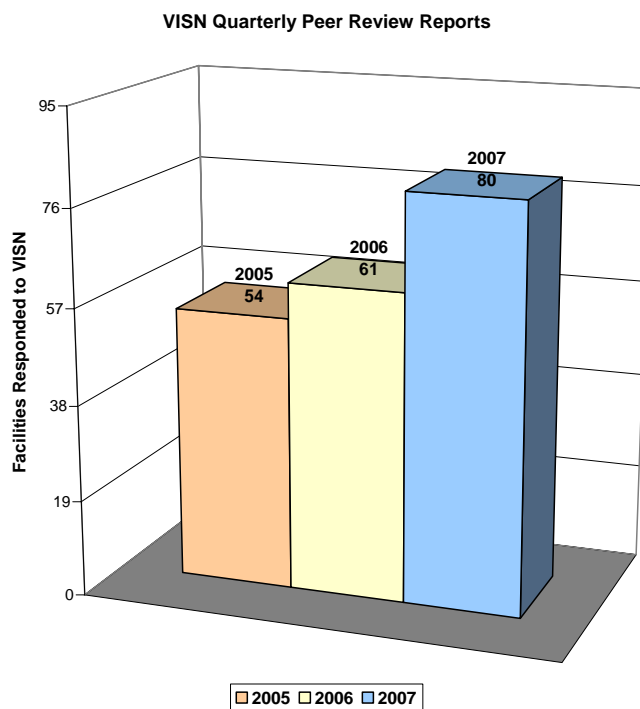
In 2006, VHA’s Office of the Medical Inspector (OMI) conducted an internet survey of peer review activities throughout VHA. Although this OMI report was not published, some VISNs supplied us with the results of this study as evidence of peer review oversight. In this survey, 139 facilities responded and self-reported a total of 18,036 initial peer reviews performed during 2006.

We requested that the VISNs forward to us any and all written reports from facilities documenting compliance with VHA Directive 2004-054. VISNs supplied us with documentation of only a total of 5,692 peer reviews contained within reports describing peer review compliance or procedures at the facilities for all VISNs for CY 2006. If 18,036 peer reviews were performed during 2006, documentation received from the

VISNs suggested that the VISNs obtained or supplied us with reports on less than 1/3 of those reviews. We do not believe this constitutes adequate review of peer review data in accordance with VHA Directive 2004-054. Further, peer review data supplied from the facilities often appeared inconsistent and contradictory. For example, the total number of Level 1, 2, and 3 assignments at a given facility did not correspond to the total number of peer reviews completed at that facility.

We were supplied with 53 facility policies to review as evidence of compliance with VHA Directive 2004-054. While we did not specifically ask for such policies, we reviewed them for VISN reporting requirements. Of those 53 policies, only 5 referenced any requirement to report peer review data to the VISN. One of these policies identified the reporting as an annual requirement rather than a quarterly requirement.

The VISNs provided us with at least one quarterly report for a total of 95 facilities out of 139 facilities reviewed in this report. In terms of quarterly reporting to the VISN, we were supplied with documents from 16 of 21 VISNs demonstrating that they had received at least 1 quarter of peer review data from at least one facility in their VISN during a 3-year period. Only four VISNs supplied us with documentation of quarterly reports from every facility in their VISN for 2005–2007. Many provided quarterly reports from some facilities but not all. Five VISNs did not have quarterly reports for any of their facilities. Overall, quarterly reporting from facilities appeared to increase from CY 2005 to 2007, as graphically represented below:

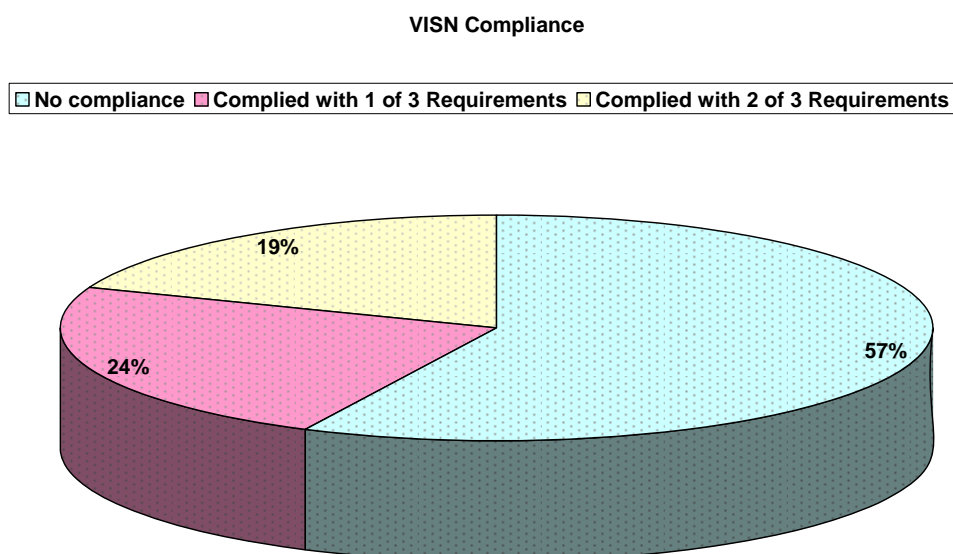


Actual data elements collected varied from facility to facility and from VISN to VISN. While the term “adequate” was not defined in the previous directive, we note that

Directive 2008-004 does identify specific data elements to be collected and analyzed. In the absence of quarterly reports, we did not find that VISNs had any documented method of ensuring adequate evaluation of peer review data on a quarterly basis. We found that 17 of 21 VISNs did not comply in whole or in part with this provision of VHA Directive 2004-054.

Conclusions

VISN Directors have specific responsibilities for oversight of peer review activities at their health care facilities. Data revealed that many of these facilities are neither visited nor reviewed by VISN staff for the purpose of peer review oversight. We concluded that no VISN provided documentation of compliance with all three requirements reviewed, 4 (19 percent) complied with two, 5 (24 percent) complied with one, and 12 (57 percent) did not comply with any provisions of VHA Directive 2004-054 examined in this review, as demonstrated graphically in the chart below:



We did note, however, a trend toward an increased number of facilities reporting quarterly data to the VISNs from CY 2005 to 2007.

VISN Directors are ultimately responsible for implementing and maintaining compliance with the standards for oversight of peer review activities. While VHA Directive 2008-004 addresses certain policy weaknesses apparent in VHA Directive 2004-054, such as clarification of data elements to be tracked and of the need for VISNs to analyze the data collected, the findings in this report indicate that compliance rather than lack of policy

may be of greater concern. In particular, the language in the new directive regarding the need for VISNs to establish oversight processes for peer review is identical to that in the preceding directive; yet, this report identified substantial noncompliance with that provision. We are concerned that any new policy initiative must have a method of ensuring compliance to substantially improve the peer review process.

Recommendations

Recommendation 1. The Under Secretary for Health should establish a compliance program to ensure VISN oversight of peer review as required by VHA Directive 2008-004.

Recommendation 2. The Under Secretary for Health should define “periodic” in reference to VHA Directive 2008-004’s requirement for facility inspections.

Recommendation 3. The Under Secretary for Health should ensure that VISN Directors establish and document oversight processes for their health care facilities’ peer review activities.

Recommendation 4. The Under Secretary for Health should require VISN Directors to ensure that facility policies contain requirements for reporting peer review results to VISNs that are consistent with VHA Directive 2008-004.

Comments

The Under Secretary for Health concurred with the findings and recommendations and submitted acceptable action plans. (See Appendix A, pages 9–13, for the full text of the Under Secretary’s comments.) We will follow up on the planned actions until they are completed.

(original signed by:)

JOHN D. DAIGH, JR., M.D.
Assistant Inspector General for
Healthcare Inspections

Under Secretary for Health Comments

**Department of
Veterans Affairs**

Memorandum

Date: April 2, 2008

From: Under Secretary for Health (10)

Subject: OIG Draft Report: **Healthcare Inspection-Veterans Integrated Service Network Oversight of Peer Review Processes** (WebCIMS 399596)

To: Assistant Inspector General for Healthcare Inspections (54)

1. Thank you for the opportunity to review and respond to this draft report. I concur with your findings and recommendations. VHA's plan for corrective action in response to each recommendation is attached.
2. I am convinced that both Veterans Integrated Service Network (VISN) and VA Central Office clinical managers could readily cite numerous examples of active VISN involvement in overseeing issues that are identified through the peer review processes at their respective medical facilities. At the same time, your report findings underline the fact that monitoring by the VISNs is frequently conducted informally, without the types of implementation verification that are required by VHA's recently revised Directive 2008-004, *Peer Review for Quality Management*.
3. In particular, the revised directive requires establishment of VISN oversight processes, as well as quarterly reporting of peer review activity data to the VISN Quality Management Officer (QMO) for VISN analysis and documented follow-up action. In addition, the VISN QMOs are required to report medical facility-specific peer review data to the Office of the Deputy Under Secretary for Health for Operations and Management for roll up and analysis by the Office of Quality and Performance on a quarterly basis for further analysis at the national level. The directive also requires VISNs to conduct annual inspections of all facilities to ensure that appropriate peer review procedures are implemented. Included as an attachment

is a sample data collection instrument, although the directive specifies that other available electronic reporting methods might also be used. VHA is already taking steps to ensure that the VISNs fully understand these oversight requirements, and actions are planned to provide needed guidance and monitoring tools to facilitate policy compliance. We are committed to establishing a solid oversight framework.

4. Even prior to issuance of this report, the Office of the Deputy Under Secretary for Health for Operations and Management (DUSHOM) and the Office of Quality and Performance (OQP) have worked cooperatively in renewing focused attention on improving peer review process management at all organizational levels, including VISN responsibility. VHA program managers have provided frequent updates and presentations to the VISN Chief Medical Officers (CMO) and Quality Management Officers (QMO) on the subject of VISN responsibility for peer review oversight, the most recent being during a December 2007 national conference call for VISN CMOs and a January 2008 national conference in Washington, D.C., of VISN CMO/QMOs.
5. On April 1-2, 2008, VHA sponsored a special Quality Enhancement Conference, also in Washington, D.C., that focused on a broad range of quality issues, including peer review. Our target audience for this conference included chiefs of staff, nurse executives, VISN CMOs, and QMOs and VACO staff from involved program offices. VISN peer review oversight issues were prominently addressed at the plenary conference sessions and in selected breakout sessions. In addition, VISN CMOs and QMOs continued to meet after the conference, when a work group began to standardize specific oversight tools that VISNs might utilize to document peer review processes required in the directive, including annual inspections of all VISN facilities and quarterly review of related information. Supplemental sample templates and review checklists will soon be finalized for systemwide distribution to provide guidance in the review process.
6. Following the Quality Enhancement Conference, the DUSHOM will issue a memorandum to all VISN Directors that reiterates expectations for compliance oversight as required by the peer review directive, including the suggested documentation mechanisms and recommended templates and checklists. Although these efforts will encourage some level of basic standardization among the VISNs,

there will be adequate flexibility to meet unique needs. The DUSHOM will additionally require all VISNs to submit their individual VISN peer review oversight processes to his office by the end of June 2008.

7. One last important point I want to make is that we have also prioritized the need for medical facilities to conduct peer review processes that reflect consistently high levels of quality and effectiveness. In this regard, VHA is in the process of working with the Office of Acquisition and Logistics to develop a national contract that will be designed to validate the integrity of our peer review process. Outcomes of the ensuing reviews will be utilized by the VISNs in support of their oversight responsibilities. Timeframes for activation of the contract have not yet been finalized, but it is expected that a Request for Proposal (RFP) will be posted within the next several months.
8. Your findings have been very helpful to us in prioritizing needed areas for improvement in our peer review program, and we appreciate the conscientious efforts of your reviewers. If additional assistance is required, please contact Margaret M. Seleski, Director, Management Review Service (10B5), at 565-7638.

(original signed by:)

Michael J. Kussman, MD, MS, MACP

Under Secretary for Health Comments to Office of Inspector General's Report

The following Under Secretary for Health's comments are submitted in response to the recommendations in the Office of Inspector General's report:

OIG Recommendations

Recommendation 1. The Under Secretary for Health should establish a compliance program to ensure VISN oversight of peer review as required by VHA Directive 2008-004.

Concur **Target Completion Date:** June 2008

The Office of the Deputy Under Secretary for Health for Operations and Management (DUSHOM), in coordination with the Office of Quality and Performance, has already highlighted discussion of VISN peer review oversight responsibilities on selected national conference calls and at a national conference of VISN Chief Medical Officers (CMO) and Quality Management Officers (QMO). As discussed in our response memo, during the recently convened VHA Quality Enhancement Conference (April 1-2, 2008), actions were taken by a designated work group to develop specific monitoring mechanisms that the VISNs might utilize to document peer review processes that are required by VHA Directive 2008-004. Once these oversight mechanisms, which will include suggested templates and checklists, are formalized, the DUSHOM will issue guidance to the VISNs to assist them in complying with requirements to establish VISN peer review oversight processes. VISNs, in turn, will then submit their individual oversight processes to the DUSHOM within a designated timeframe.

Recommendation 2. The Under Secretary for Health should define "periodic" in reference to VHA Directive 2008-004's requirement for facility inspections.

Concur **Target Completion Date:** Completed

The Directive has already been technically amended to require that facility inspections be conducted annually.

Recommendation 3. The Under Secretary for Health should ensure that VISN Directors establish and document oversight processes for their health care facilities' peer review activities.

Concur **Target Completion Date:** June 2008

Actions identified in response to Recommendation 1 also apply to this recommendation.

Recommendation 4. The Under Secretary for Health should require VISN Directors to ensure that facility policies contain requirements for reporting peer review results to VISNs that are consistent with VHA Directive 2008-004.

Concur **Target Completion Date:** June 2008

Requirements for facility peer review reporting to the VISNs will be detailed in guidance provided to the VISNs by the DUSHOM, as described above, and the requirements will be defined in compliance with VHA Directive 2008-004.

OIG Contact and Staff Acknowledgments

OIG Contact	Linda DeLong, Director Dallas Regional Office of Healthcare Inspections (214) 253-3331
Acknowledgments	Andrea Buck, M.D., J.D. Medical Consultant Jerome Herbers, M.D., Medical Consultant Shirley Carlile, Healthcare Inspector Karen Moore, Associate Director Wilma Reyes, Healthcare Inspector Marilyn Walls, Healthcare Inspector

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