



Highlights of [GAO-05-429](#), a report to the Honorable Christopher S. Bond, U.S. Senate

Why GAO Did This Study

The Department of Veterans Affairs (VA) operates one of the nation's largest health care systems. In 1999, GAO reported on VA's aged, obsolete capital assets, noting that better management of these assets could significantly reduce VA's operating costs. GAO also noted that VA could reinvest the savings to enhance veterans' health care.

In response, VA initiated its Capital Asset Realignment for Enhanced Services (CARES) process to identify what health care services it should provide in which locations through fiscal year 2022. CARES resulted in decisions to realign inpatient services at some VA facilities and to leave services as currently aligned at others. VA did not complete inpatient alignment decisions across VA for long-term care and mental health services and for inpatient services at some facilities because VA lacked sufficient information on demand for such care and other factors.

GAO was asked to examine key challenges VA will face in completing and implementing CARES. This report discusses three key challenges: (1) developing information to complete inpatient alignment decisions, (2) improving management of excess property, and (3) determining priorities for purchasing care to improve access. GAO's analysis is based on its prior CARES work, review of CARES documents, and interviews with VA officials.

www.gao.gov/cgi-bin/getrpt?GAO-05-429.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cynthia A. Bascetta at (202) 512-7101 or bascettac@gao.gov.

VA HEALTH CARE

Key Challenges to Aligning Capital Assets and Enhancing Veterans' Care

What GAO Found

VA faces a key challenge in developing sufficient information to complete inpatient service alignment decisions. VA concluded that it did not have sufficient information to complete such decisions across VA for long-term care (including nursing home care) and mental health services (including acute psychiatric care). VA also concluded that it did not have sufficient information to complete alignment decisions for inpatient services at 12 facilities. VA faces this challenge for several reasons. For example, it is unclear whether VA has adequate information on the number of veterans who will seek nursing home care and inpatient mental health services from VA on a daily basis because it concluded that its models were inadequate to forecast demand and it has not finalized revised models. VA has taken steps to address the challenge of developing the information needed such as working to develop improved models of demand for these services.

Improving the management of VA's large inventory of excess property—including 8.5 million square feet of vacant space—poses another key challenge. This challenge results from disincentives associated with administrative complexity and costs of the disposal of federal property. Like all federal agencies, VA must comply with federal requirements governing property disposal that are intended, for example, to protect subsequent users of the property from environmental hazards. Some VA managers have retained excess property because the complexity and costs of complying with these requirements were disincentives to disposal. Congress has given VA authority to use disposal proceeds for construction and renovation of VA patient facilities and disposal activities, to the extent specified in appropriations acts. VA is taking steps to address this challenge, including hiring network-level capital asset managers to facilitate disposal.

VA faces another key challenge in determining priorities for the purchase of inpatient services to improve access to care. While VA determined that purchasing inpatient services from non-VA health care providers in 25 health care markets would be a reasonable option for providing care closer to where veterans live, VA's network managers have to balance the costs and benefits of purchasing care against competing priorities. VA has taken steps to facilitate managers' development of information they need to decide among priorities, including information on the cost effectiveness of proposed contracts and their impact on other health care priorities.

To improve its management of capital assets and enhance veterans' health care by reinvesting resources now spent on excess property, VA must overcome challenges in completing and implementing decisions reached through CARES. Furthermore, institutionalizing the CARES process into its ongoing strategic planning will be crucial to VA's effectiveness as a steward of national resources and a health care provider for the nation's veterans.

VA concurred with GAO's findings and conclusions.