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VA HEALTH CARE

**Improvements Made in
Physician Privileging
Policies, but Medical
Facility Compliance Has
Not Been Assessed**

Statement of Randall B. Williamson
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Highlights of [GAO-08-271T](#), a testimony before the Committee on Veterans' Affairs, U.S. Senate

Why GAO Did This Study

In a report issued in May 2006, GAO examined compliance with the Department of Veterans Affairs' (VA) physician credentialing and privileging requirements at seven VA medical facilities GAO visited. VA's credentialing process is used to determine whether a physician's professional credentials, such as licensure, are valid and meet VA's requirements for employment. VA's privileging process is used to determine which health care services or clinical privileges, such as surgical procedures, a VA physician is qualified to provide to veterans without supervision. Although GAO cannot generalize from its findings, GAO found that the seven facilities were complying with credentialing requirements. However, the facilities were not complying with aspects of certain privileging requirements. To better ensure that VA physicians are qualified to deliver care safely to veterans, GAO made three recommendations to improve VA's privileging of physicians. GAO was asked to testify today on (1) how VA credentials and privileges physicians working in its medical facilities and (2) the extent to which VA has implemented the three recommendations made in GAO's May 2006 report that address VA's privileging requirements. To update its issued work, GAO reviewed VA's policies, procedures, and correspondence related to physician privileging and interviewed VA central office officials to determine if the recommendations made in GAO's May 2006 report were implemented.

To view the full product, including the scope and methodology, click on [GAO-08-271T](#). For more information, contact Randall B. Williamson at (202) 512-7114 or williamsonr@gao.gov.

VA HEALTH CARE

Improvements Made in Physician Privileging Policies, but Medical Facility Compliance Has Not Been Assessed

What GAO Found

VA has specific requirements that medical facility officials must follow to credential and privilege physicians. VA requires its medical facility officials to credential and privilege facility physicians periodically so that they can continue to work at VA. Facility officials verify the information used in the credentialing process and query certain databases that contain information on disciplinary actions that have been taken against a physician's state medical license and have information about a physician's professional competence. Each physician also must complete a written request for clinical privileges that is reviewed by the physician's supervisor who considers whether the physician has the appropriate professional credentials, training, and work experience. In addition, every 2 years, the supervisor is to consider information on a physician's performance, such as a physician's surgical complication rate, when deciding whether to renew a physician's clinical privileges.

In a May 2006, GAO examined compliance with VA's physician credentialing and privileging requirements at seven VA medical facilities it visited and made three recommendations designed to improve aspects of privileging and oversight of the process. The three recommendations were to

- provide guidance to medical facilities on how to collect individual physician performance information in accordance with VA's credentialing and privileging policy to use in medical facilities' privileging process,
- enforce the requirement that medical facilities submit information on paid VA medical malpractice claims to VA within 60 days after being notified that the claim is paid, and
- instruct medical facilities to establish internal controls to ensure the accuracy of their privileging information.

VA reports that it has implemented all three recommendations by establishing policy and guidance for its medical facilities. However, GAO does not know the extent of compliance with these requirements at VA medical facilities.

Mr. Chairman and Members of the Committee:

I am pleased to be here today as you discuss physician hiring practices at medical facilities operated by the Department of Veterans Affairs (VA). VA has over 36,000 physicians working at more than 1,300 facilities in its health care system. To help ensure the quality of the health care these physicians deliver and the safety of veterans, VA is responsible for determining that its physicians have the appropriate professional credentials and clinical experience to provide health care to VA's patients. To do this, VA requires physicians to undergo credentialing and privileging. VA's credentialing process is used to determine whether a physician's professional credentials, such as licensure, education, and training, are valid and meet VA's requirements for employment. VA's privileging process is used to determine which health care services or clinical privileges, such as surgical procedures or administering anesthesia, a VA physician is qualified to provide to veterans without supervision. VA physicians must be credentialed and privileged when they apply to work in VA—which is known as initial appointment—and at least once every 2 years thereafter when they must reapply for a position on the facility's medical staff. These subsequent reviews are known as the process of reappointment.

In a report we issued in May 2006, we examined compliance with select credentialing and privileging requirements at seven VA medical facilities we visited and made three recommendations designed to improve aspects of privileging and oversight of the process. Although we cannot generalize from our findings, we found that these facilities were complying with credentialing requirements. However, they were not complying with aspects of certain privileging requirements.¹ For example, VA medical facilities were not submitting information on paid medical malpractice claims within the 60-day required time frame to VA's office that reviews the claims information and makes a determination about whether physicians involved in the claims delivered substandard care to veterans. VA generally agreed with our findings, conclusions, and recommendations.

¹GAO, *VA Health Care: Selected Credentialing Requirements at Seven Medical Facilities Met, but an Aspect of Privileging Process Needs Improvement*, [GAO-06-648](#) (Washington, D.C.: May 25, 2006), and *VA Health Care: Patient Safety Could be Enhanced by Improvements in Employment Screening and Physician Privileging Practices*, [GAO-06-760T](#) (Washington, D.C.: June 15, 2006).

Today, I will discuss the progress VA has made in implementing our May 2006 recommendations to address noncompliance with VA's privileging requirements. Specifically, I will discuss (1) how VA credentials and privileges physicians working in its medical facilities and (2) the extent to which VA has implemented the three recommendations made in our May 2006 report that address VA's privileging requirements.

To perform our 2006 review, we selected four of VA's credentialing requirements for review because they are requirements that—unlike others—address information about physicians that can change or be updated with new information periodically. As a result, VA requires that this information be verified by medical facility officials when a physician initially applies for employment at VA and at least every 2 years thereafter. Under the four requirements we reviewed, VA medical facility officials must

1. verify that all state medical licenses held by physicians are valid;
2. query the Federation of State Medical Boards (FSMB) database to determine whether physicians had disciplinary action taken against any of their licenses, including expired licenses;
3. verify information provided by physicians on their involvement in medical malpractice claims at a VA or non-VA facility; and
4. query the National Practitioner Data Bank (NPDB) to determine whether a physician was reported to this data bank because of involvement in VA or non-VA paid medical malpractice claims, display of professional incompetence, or engagement in professional misconduct.

Of the privileging requirements in VA's credentialing and privileging policy, we selected four requirements that VA identifies as general privileging requirements. In addition, we selected another privileging requirement about the use of individual performance information because of its importance in the renewal of clinical privileges. The five VA privileging requirements we selected were as follows:

1. verify that all state medical licenses held by physicians are valid;
2. verify physicians' training and experience;
3. assess physicians' clinical competence and health status;

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4. consider any information provided by a physician related to medical malpractice allegations or paid claims, loss of medical staff membership, loss or reduction of clinical privileges at a VA or non-VA facility, or any challenges to a physician's state medical license; and
 5. use information on a physician's performance when making decisions about whether to renew the physician's clinical privileges.

Two of the five privileging requirements—verify all state medical licenses and consider medical malpractice information—are also VA credentialing requirements we reviewed.

To update our work, we reviewed VA's policies, procedures, and correspondence related to physician privileging and interviewed VA central office officials to determine if the recommendations we made in our May 2006 report were implemented. We updated our issued work in July 2007 and November 2007, and we performed all of our work in accordance with generally accepted government auditing standards.

In summary, VA has specific requirements that medical facility officials must follow to credential and privilege physicians. VA requires its medical facility officials to credential and privilege facility physicians periodically so that they can continue to work at VA. We reported in May 2006 that the seven VA medical facilities we visited complied with the four credentialing requirements we reviewed and all but one of the five privileging requirements we reviewed. However, during our review, we found that medical facility officials did not have all of the information they needed on physicians involved in paid VA medical malpractice claims, because the facilities had not submitted such information in a timely manner to VA's office that reviews the claims information and makes a determination about whether physicians involved in the claims delivered substandard care to veterans. We also found during our review that VA did not require its medical facilities to establish internal controls to help ensure the accuracy of their privileging information. Without internal controls VA medical facility officials did not know if they properly renewed clinical privileges, thereby allowing physicians to practice with expired clinical privileges. Since our 2006 review, VA reports that it has implemented all three of our recommendations to improve VA's physician privileging process. However, since our work in 2006 we have not visited or examined records at facilities to determine the extent of compliance.

Background

VA operates the largest integrated health care system in the United States, providing care to nearly 5 million veterans per year. The VA health care system consists of hospitals, ambulatory clinics, nursing homes, residential rehabilitation treatment programs, and readjustment counseling centers. VA delegates decision making regarding financing, health care service delivery, and medical facility operations to its 21 networks.

Physicians who work at VA medical facilities are required to hold at least one current and unrestricted state medical license. Current and unrestricted licenses are those in good standing in the states that issued them, and licensed physicians may hold licenses from more than one state. State medical licenses are issued by state licensing boards, which generally establish state licensing requirements governing their licensed practitioners.² To keep licenses current, physicians must renew their licenses before they expire and meet renewal requirements established by state licensing boards, such as continuing education. Renewal procedures and requirements vary by state. When state licensing boards discover violations of licensing practices, such as the abuse of prescription drugs or the provision of substandard care that results in adverse health effects, they may place restrictions on licenses or revoke them. Restrictions issued by a state licensing board can limit or prohibit a physician from practicing in that particular state. Generally, state licensing boards maintain a database that contains information on any restrictions or revocations of physicians' licenses.

VA's Credentialing and Privileging Processes

Credentialing Process

When physicians apply for initial appointment, they initiate the credentialing process by completing VA's application, which includes entering into VetPro—a Web-based credentialing system VA implemented in March 2001—information used by VA medical facility officials in the credentialing process. Among the credentialing information that VA requires physicians enter into VetPro is information on all the state

²State licenses are issued by offices in states, territories, or the District of Columbia, collectively referred to as state licensing boards.

medical licenses they have ever held, including any licenses they have held that have expired. For their reappointments, physicians must update this credentialing information in VetPro.

Once physicians enter their credentialing information into VetPro, a facility's medical staff specialist—an employee who is responsible for obtaining and verifying the information used in the credentialing and privileging processes—performs a data check on the information to be sure that all required information has been entered. In general, the medical staff specialist at each VA medical facility manages the accuracy of VetPro's credentialing data. The medical staff specialist verifies, with the original source of the information, the accuracy of the credentialing information entered by the physicians. This type of check is known as primary source verification. For example, the medical staff specialist contacts state licensing boards in order to verify that physicians' state medical licenses are valid and unrestricted.

At initial appointment only, VA requires medical staff specialists to query FSMB, which contains information from state licensing boards. This query enables officials to determine all the state medical licenses a physician has ever held, including those not disclosed by a physician to VA, and whether a physician has had any disciplinary actions taken against these licenses. VA does not require this query at reappointment because VA headquarters regularly receives reports from FSMB on any VA physician whose name appears on FSMB's list, indicating that disciplinary action has been taken against the physician's state medical license. When VA headquarters receives a report from FSMB, it notifies the appropriate VA medical facility.

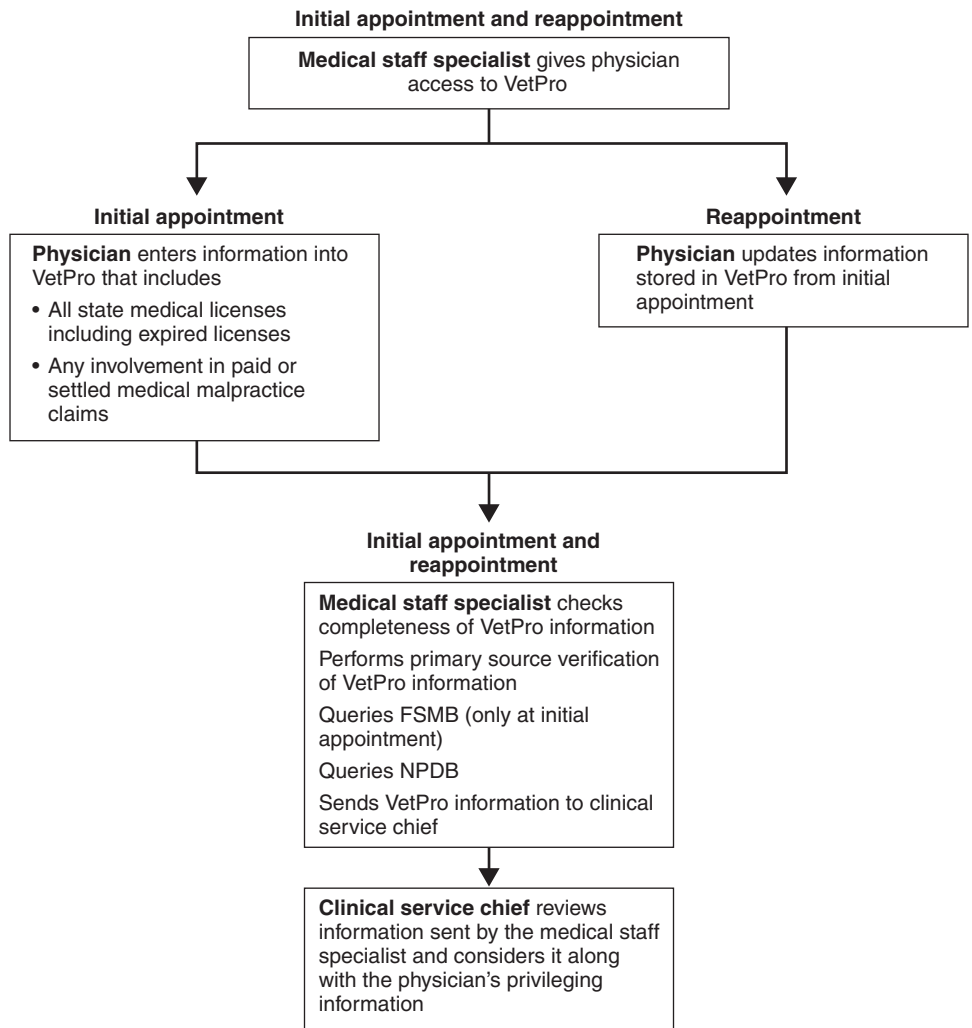
VA's credentialing process requires VA medical staff specialists to verify medical malpractice claims at initial appointment and at reappointment. These claims may be verified by contacting a court of jurisdiction or the insurance company involved in the medical malpractice claims, or by obtaining a statement of claims status from the attorney representing the physician in the medical malpractice claim. In addition, VA requires medical staff specialists to query NPDB, which contains reports by state licensing boards, hospitals, and other health care entities on unprofessional behavior on the part of physicians or adverse actions taken against them. This query enables officials to determine whether physicians fully disclosed to VA any involvement they might have had in paid medical

malpractice claims.³ Once a physician's credentialing information has been verified, the medical staff specialist sends the information to the physician's supervisor, who is known as a clinical service chief.⁴ The clinical service chief reviews this information along with the physician's privileging information. Figure 1 illustrates VA's credentialing process.

³NPDB includes information on medical malpractice claims that are paid, but does not include information on ongoing claims.

⁴Clinical services may include surgery, medicine, and radiology.

Figure 1: Steps Taken in VA's Physician Credentialing Process



Source: GAO analysis of VA credentialing policy.

Privileging Process

Physicians, in addition to entering credentialing information into VetPro, must complete a written request for clinical privileges. The facility medical staff specialist provides a physician's clinical service chief with the physician's requested clinical privileges and information needed to complete the privileging process, including information that indicates that the credentialing information entered by the physician into VetPro has been verified with the appropriate sources. For reappointment,

documentation is required by another physician stating that the physician is able to perform both physically and mentally the clinical privileges requested. In addition, the medical staff specialist provides the clinical service chief with information on medical malpractice allegations or paid claims, loss of medical staff membership, loss or reduction of clinical privileges, or any challenges to the physician's state medical licenses.

The requested clinical privileges are reviewed by a clinical service chief, who recommends whether a physician should be appointed or reappointed to the facility's medical staff and which clinical privileges should be granted. When deciding to recommend clinical privileges, a clinical service chief considers whether the physician has the appropriate professional credentials, training, and work experience to perform the privileges requested. For reappointment only, a clinical service chief is to consider observations of the physician's delivery of health care to veterans, and VA's policy requires that information on a physician's performance, such as a physician's surgical complication rate, be used when deciding whether to renew a physician's clinical privileges. Based on the clinical service chief's observations and the physician's performance information, the clinical service chief recommends that clinical privileges previously granted by the facility remain the same, be reduced, or be revoked, and whether newly requested privileges should be added.⁵

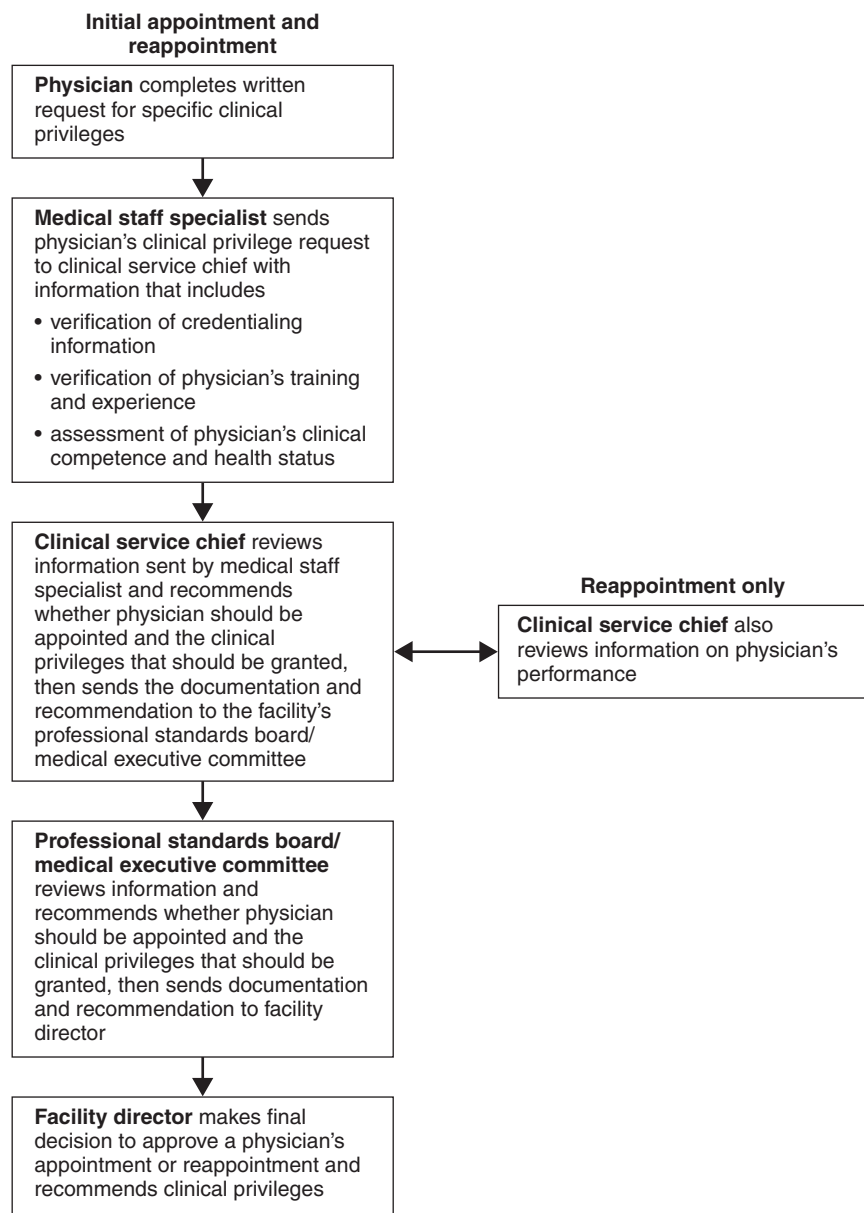
Clinical service chiefs forward their recommendations and the reasons for the recommendations to the next level of a medical facility's privileging review process, which may be a professional standards board or a medical executive committee.⁶ A medical facility professional standards board or the medical executive committee reviews the recommendations of the clinical service chief and recommends to the facility director whether the physician should be appointed to the facility's medical staff and which clinical privileges should be granted to the physician. The 2-year time period for renewal of clinical privileges and reappointment to the medical staff begins on the date that the privileges are approved by the medical

⁵Reduction of privileges may include restricting or prohibiting a physician from performing certain procedures or prescribing certain medicines. Revocation of privileges refers to the permanent loss of all clinical privileges at that facility.

⁶At some VA medical facilities, the professional standards board and the medical executive committee represent the medical staff, have the same members, and perform the same functions so are considered to be one committee. If the committees are separate, the professional standards board generally consists of three to five physician peers and the medical executive committee generally consists of all facility clinical service chiefs.

facility's director. The list of approved clinical privileges with the date of approval is maintained at VA medical facilities and the initial appointment or reappointment date is entered into VetPro. Figure 2 illustrates VA's privileging process.

Figure 2: Steps Taken in VA's Physician Privileging Process



Source: GAO analysis of VA privileging policy.

According to VA's policy and a VA memorandum, information concerning individual physician performance that is used as part of the privileging process to either reduce, revoke, or support⁷ granting clinical privileges must be collected separately from a medical facility's quality assurance program.⁸ VA's policy is based on a federal law that restricts the disclosure of documents produced in the course of VA's quality assurance program.⁹ In general, documents created in connection with such a program are confidential and may not be disclosed except in limited circumstances.¹⁰ Individuals who willfully disclose documents that they know are protected quality assurance documents are subject to fines up to \$20,000. Although the law states that it is not intended to limit the use of documents within VA, VA's policy expressly prohibits the use of such documents in connection with the privileging process. VA's use of separate information sources for quality assurance and privileging decisions is intended to maintain the confidential status of documents produced in connection with quality assurance programs. According to VA, the confidentiality of individual performance information helps ensure provider participation, including physicians, in a medical facility's quality assurance program by encouraging providers to openly discuss opportunities for improvement in provider practice without fear of punitive action.

VA has another requirement that is related to the renewal of physicians' clinical privileges. Medical facility officials are required to submit to VA's Office of Medical-Legal Affairs information on paid VA malpractice claims. This information must be submitted within 60 days after the medical facility is notified about a paid malpractice claim. The Office of Medical-Legal Affairs is responsible for convening a panel of clinicians to determine whether a VA facility physician involved in the claim delivered

⁷Support granting clinical privileges means that the clinical privileges previously held by the physician will be maintained and newly requested clinical privileges will be added.

⁸VA requires its medical facilities to have a quality assurance program. In general, the VA quality assurance program consists of specified systematic health care reviews carried out by or for VA for the purpose of improving the quality of medical care or the utilization of health care resources in VA facilities. See 38 C.F.R. § 17.500 (2005). These programs collect data on various clinical process and outcome measures involving physicians and other types of practitioners. The measures may include a surgeon's complication rate or a physician's prescribing of medications. Medical facility officials use these measures to look for undesirable patterns and trends in performance.

⁹38 U.S.C. § 5705 (2000).

¹⁰See Department of Veterans Affairs, *VHA Handbook*, 1100.19 (Washington, D.C.: Mar. 6, 2001).

substandard care. The Office of Medical-Legal Affairs notifies the medical facility director of the results of its review. If it is determined that the physician delivered substandard care to veterans, the medical facility must report the physician to NPDB within 30 days of being notified of the decision. VA medical facility officials also would use this determination to decide whether to grant clinical privileges to the physician involved in the VA medical malpractice claim.

VA Has Addressed All GAO Physician Privileging Recommendations, but Extent of Medical Facility Compliance Is Unknown

In our 2006 report, we found that the physician files at the seven facilities we visited demonstrated compliance with four VA credentialing and four privileging requirements we reviewed.¹¹ However, we found that there were problems complying with a fifth privileging requirement—to use information on a physician’s performance in making privileging decisions. We also found during our review that three of the seven medical facilities we visited did not submit to VA’s Office of Medical-Legal Affairs information on paid VA medical malpractice claims within 60 days after being notified that a claim was paid, as required by VA policy. Further, VA had not required its medical facilities to establish internal controls to help ensure that privileging information managed by medical staff specialists is accurate. Internal controls are important because at one facility we visited we found 106 physicians whose privileging process had not been completed by facility officials for at least 2 years because of inaccurate information. As a result, these physicians were practicing at the facility with expired clinical privileges. None of the VA medical facilities we visited for our 2006 report had internal controls in place that would prevent a similar situation from occurring. To better ensure that VA physicians are qualified to deliver care safely to veterans, we recommended that VA

- provide guidance to medical facilities on how to collect individual physician performance information in accordance with VA’s credentialing and privileging policy to use in medical facilities’ privileging process,
- enforce the requirement that medical facilities submit information on paid VA medical malpractice claims to VA’s Office of Medical-Legal Affairs within 60 days after being notified that the claim is paid, and

¹¹Findings for the credentialing and privileging requirements cannot be generalized to the facility being reviewed because of the sample size.

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- instruct medical facilities to establish internal controls to ensure the accuracy of their privileging information.

VA states that it has implemented all three recommendations we made in our May 2006 report to address compliance with VA's physician privileging requirements by establishing policy and guidance for its medical facilities. However, we do not know the extent of compliance with these requirements at VA medical facilities.

VA implemented our recommendation that VA provide guidance to VA medical facilities on how to appropriately collect information on individual physician performance and use that information in VA's privileging process. Physician performance information is to be used to assist VA medical facility clinical service chiefs in determining the appropriate clinical privileges that should be granted based on a physician's clinical competence. VA implemented our recommendation by issuing a policy on October 2, 2007, that elaborated on the sources of physician performance information and the types of information that could be collected outside of VA medical facilities' quality assurance programs. In addition, in July 2007, VA officials told us that they were in the process of implementing online training programs on physician performance information to help implement our recommendation. The training will be mandatory for all VA medical facility clinical service chiefs and medical staff leaders responsible for the assessment and oversight of the privileging process and must be completed by January 31, 2008.

VA also implemented our recommendation that it enforce its requirement that VA medical facilities report information on any paid VA malpractice claims involving their physicians to VA's Office of Medical-Legal Affairs within 60 days after being notified of a paid claim. In June 2006, VA's Office of Medical-Legal Affairs began notifying network and VA medical facility directors of delinquencies in reporting this information by the medical facilities. If a medical facility's delinquency in reporting extends longer than 90 days, VA requires the Office of Medical-Legal Affairs to inform not only network and VA medical facility directors but also VA's central office of the delinquency. Because VA's Office of Medical-Legal Affairs reviews information on paid malpractice claims involving VA physicians to determine whether the physicians delivered substandard care, when VA medical facilities do not submit relevant malpractice claim information to this office, medical facility clinical service chiefs may make privileging decisions without complete information about substandard care provided by physicians.

Further, VA implemented our recommendation that it instruct VA medical facilities to establish internal controls to ensure the accuracy of their privileging information. Internal controls help ensure that VA medical facility officials have accurate clinical privileging information and that physicians are not practicing at the facility with expired clinical privileges. To address our recommendation, VA first asked network directors to report on how they tracked the privileging status of VA physicians. In response to a VA memorandum sent on May 16, 2006, network directors provided a report indicating that their medical facilities had one or more mechanisms in place to identify physicians who were currently privileged at their facilities and to track whether their privileges have expired. In addition, VA instructed its network directors to monitor the internal controls at their facilities that ensure that VA medical facilities have accurate clinical privileging information and that physicians are not practicing with expired clinical privileges.

Mr. Chairman, this concludes my prepared remarks. I will be pleased to answer any questions you or other members of the committee may have.

Contacts and Acknowledgments

For further information regarding this testimony, please contact Randall B. Williamson at (202) 512-7114 or williamsonr@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this testimony. Marcia Mann, Assistant Director; Mary Ann Curran; Christina Enders; Krister Friday; Lori Fritz; Rebecca Hendrickson; and Jason Vassilicos also contributed to this statement.

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