United States Government Accountability Office

Report to Congressional Requesters

March 2023

VA HEALTH CARE

Improved Data, Planning, and Communication Needed for Infrastructure Modernization and Realignment

GAO-23-106001

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GAO Highlights

Highlights of GAO-23-106001, a report to congressional requesters

Why GAO Did This Study

VA administers one of the largest health care systems in the nation. The system, which includes 172 medical centers and more than 1,100 outpatient clinics, serves more than 9.5 million enrolled veterans and eligible family members.

Upgrading VA's aging facilities is a massive endeavor. VA estimates that addressing its health care system infrastructure needs could cost up to $76 billion, as of fiscal year 2021.

GAO was asked to review VA's plans and recommendations to address its infrastructure needs. This report (1) describes the Asset and Infrastructure Review Commission and VA's recommendations, (2) examines the data VA used to inform its recommendations and plans VA has to improve such data, and (3) examines the extent of VA's planning for modernizing and realigning its infrastructure and communicating with stakeholders.

GAO analyzed VA's recommendations for modernizing and realigning its infrastructure, and reviewed supporting data and documentation. These data included actual and projected data on demographics and demand for health care. GAO also reviewed documentation describing VA's process to assess its capacity in 96 designated geographic areas, or markets, to provide quality, accessible, and timely health care.

View GAO-23-106001. For more information, contact Sharon M. Silas at (202) 512-7114 or silass@gao.gov.

What GAO Found

In response to the VA Mission Act of 2018 (MISSION Act), the Department of Veterans Affairs (VA) conducted a system-wide assessment of its capacity to provide health care services to veterans and develop recommendations for modernizing and realigning the department's infrastructure. The MISSION Act also specified that a presidentially appointed and Senate-confirmed commission—the Asset and Infrastructure Review Commission—would review VA's recommendations. The Commission was to then provide its own recommendations to the President by January 2023, according to the act.

However, in June 2022 a bipartisan group of senators announced their opposition to holding confirmation hearings for Commission nominees. These Senators voiced concerns that VA's 1,433 recommendations published in March 2022 would not expand and strengthen VA's infrastructure. Accordingly, no confirmation hearings have occurred as of March 2023.

The Secretary of VA stated that, independent of the Commission's existence, the department has an obligation to veterans to modernize and realign its infrastructure. VA therefore has taken steps to refine its recommendations and plans to conduct recurring system-wide assessments every 4 years as also required by the MISSION Act.

GAO's review determined that 540 of VA's recommendations pertained to facility changes. These changes included closing, replacing, updating, and establishing medical centers, outpatient clinics (e.g., community-based outpatient clinics and other outpatient services sites), and other facilities.

Department of Veterans Affairs' (VA) Recommended Facility Changes, by Facility Type

	Type of recommended infrastructure change				
Facility type	**Closure**	**Replacement**	**Update**	**Establish new**	**Total**
VA medical center	16	23	80	13	**132**
Outpatient clinic[a]	139	112	2	112	**365**
Stand-alone community living center	1	0	1	28	**30**
Stand-alone residential rehabilitation treatment program	1	1	0	11	**13**
Total	**157**	**136**	**83**	**164**	**540**

Source: GAO analysis of VA documentation. | GAO-23-106001

[a]Outpatient clinic includes health care centers, community-based outpatient clinics and other types.

GAO noted differences in how commonly VA recommended changes for facilities by rurality. Specifically, VA recommended closures for facilities in rural areas more commonly than for those in urban areas (60 compared to 35 percent). For facilities in urban areas, VA recommended replacements (38 compared to 31 percent) and updates (27 compared to 9 percent) more commonly compared to facilities in rural areas. According to VA officials, the department recommended changes to its facilities based on a variety of factors including the quality of care, the ability to recruit and retain health care providers, the condition of VA facilities, and the number of veterans served.

To obtain market-level perspectives, GAO interviewed officials from a non-generalizable selection of four markets. GAO selected the four based on factors such as variation by geographic region and by types of changes recommended (e.g., closures, replacements). GAO also interviewed VA officials responsible for developing the recommendations and for planning to modernize and realign its infrastructure.

What GAO Recommends

GAO is making three recommendations to VA:

- Develop specific actions to address data gaps identified by GAO and others and time frames for completing such actions,
- Develop a documented, formal plan that identifies the leadership team's structure and implementation strategy, and
- Finalize communication approach to increase transparency with internal and external stakeholders.

VA concurred with the recommendations, and identified steps it would take to implement them

GAO's review also determined that VA made 893 recommendations to change inpatient, outpatient, and other services available in VA facilities. These recommended service changes included establishing new or expanding existing services, among others.

Department of Veterans Affairs' (VA) Recommended Changes to Health Care Services

	VA health care services					
Type of service change	**Inpatient[a]**	**Emergency department or urgent care**	**Outpatient**	**Community living center**	**Residential rehabilitation treatment program**	**Total**
Establish new or expand existing services	15	7	135	46	35	238
Modernize existing services	41	20	16	36	25	138
Relocate existing services	79	37	303	40	39	498
Total	**135**	**64**	**454**	**122**	**99**	**874**

Source: GAO analysis of VA documentation. | GAO-23-106001

Note: In addition to the types of services included above, VA also made seven recommendations to modernize or relocate inpatient blind rehabilitation services and 12 recommendations to modernize or relocate inpatient spinal cord injury/disorders services.

[a]Inpatient includes inpatient medical and surgical and inpatient mental health care services.

According to VA officials, the department reviewed specific data to help ensure that the recommendations reflected four key considerations—1) meeting veterans' evolving needs; 2) adapting to health care delivery innovations; 3) addressing VA's education, research, and support missions; and 4) accounting for COVID-19 trends. In reviewing the department's data supporting these considerations, GAO identified gaps in the comprehensiveness of the data used. For example, in determining veteran access to community care, VA reviewed data estimating whether non-VA providers had the capacity to serve veterans. However, VA lacked data on appointment wait times, the total number of appointments, and their associated costs. According to VA officials, VA intends to address data gaps as part of its ongoing planning for the next set of quadrennial market assessments expected in 3 years. However, VA's plans currently do not include specific actions and time frames to determine the data it will use for its upcoming market assessments. By addressing these data gaps and identifying time frames for completing these actions, VA can provide greater assurance that these market assessment account for its key considerations.

VA established a leadership team to, among other things, conduct implementation planning and strategic prioritization of recommendations, and prepare for the next set of market assessments. However, the department does not have a documented, formal plan describing the team's structure and implementation strategy. Having such a plan would help ensure that VA has effective and efficient processes for using its recommendations and future market assessments to address the department's infrastructure needs.

GAO determined that VA restricted the sharing of information when developing its recommendations. Department officials acknowledged that they will need to be more transparent in sharing information with internal and external stakeholders moving forward. VA has taken steps, such as developing draft documents, consistent with such an approach. Finalizing this approach, to help ensure communication with critical stakeholders such as the Congress and veterans' service organizations, is essential to the success of VA's overall modernization and realignment effort including the use of VA's recommendations.

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Abbreviations

MISSION Act	VA MISSION Act of 2018
VA	Department of Veterans Affairs

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

March 20, 2023

The Honorable Jon Tester
Chairman
Committee on Veterans' Affairs
United States Senate

The Honorable Mark Takano
Ranking Member
Committee on Veterans' Affairs
House of Representatives

The Department of Veterans Affairs (VA) administers one of the largest health care systems in the nation. This system, which offers services to more than 9.5 million enrolled veterans and eligible family members, has pressing infrastructure demands. For example, the median age is 60 years for VA's 172 medical centers, more than 1,100 outpatient clinics, and other medical facilities; thus, much of this infrastructure requires either costly renovation or replacement to meet modern health care design standards.[1]

The department also must realign its infrastructure with changes in the health care needs of veterans. These needs are driven by factors such as demographic shifts in the veteran population as well as the recent health care expansion for specific categories of toxic-exposed veterans and other eligible veterans under the Honoring our PACT Act of 2022.[2] As of fiscal year 2021, VA estimated that fulfilling all of its priority infrastructure projects could cost up to $76 billion.

Recognizing these demands, the VA MISSION Act of 2018 (MISSION Act) required VA to conduct a system-wide assessment of its capacity to provide health care services to veterans and develop recommendations for modernizing and realigning the department's infrastructure.[3] The MISSION Act also required similar assessments every four years—referred to in this report as quadrennial market assessments—to inform

[1]The number of medical centers and outpatient facilities is current as of November 2022.

[2]Pub. L. No. 117-168, tit. I, § 103, 136 Stat. 1759, 1762 (2022).

[3]VA MISSION Act of 2018, Pub. L. No. 115-182, tit. II, § 203, 132 Stat. 1393, 1446 (2018).

the department's budget, among other purposes. The Act also specified that a presidentially appointed and Senate-confirmed nine-member commission—the Asset and Infrastructure Review Commission—would review VA's recommendations and provide its conclusions and recommendations to the President for approval by January 31, 2023.[4] Further, the Act stated that if the President did not approve the final Commission recommendations by March 30, 2023, the process used pursuant to the Act was to be terminated.

In response to these and other requirements, VA examined its capacity in 96 markets to provide quality, accessible, and timely health care to veterans by the department's own providers and non-VA community providers, known as community care.[5] These market assessments, conducted between December 2018 and January 2022, included assessing VA and non-VA health care resources available (i.e., supply) to meet the current and future health care needs of veterans (i.e., demand). The department then identified any gaps between supply and demand, and proposed recommendations to address those gaps. In March 2022, VA subsequently published a total of 1,433 recommendations to modernize and realign the department's infrastructure, including its facilities and services.[6]

Following publication of VA's recommendations, stakeholders including members of Congress, VA staff, and veterans, raised concerns about some of the recommended facility closures and other changes to VA's

[4]Specifically, the Commission was to review and analyze VA's market assessment recommendations, including holding public hearings in affected regions with veteran and local elected officials as witnesses, and issue its findings, conclusions, and any recommendations. See MISSION Act, Pub. L. No. 115-182, tit. II, §§ 202(c)(1)(A), 203(c), 132 Stat. at 1443, 1448-49.

[5]For the purposes of these assessments, a "market" is a designated geographic area made up of a set of contiguous counties that have a sufficient population and geographic size to benefit from the coordination and planning of health care services and to support a full health care delivery system. Markets generally contain at least one medical center, or in some markets multiple medical centers, and associated clinics. The Veterans Community Care Program—established by the MISSION Act and implemented on June 6, 2019—is the most recent iteration of VA's long-standing practice of allowing veterans to receive care from community providers when they face certain challenges accessing care at VA medical facilities. See Pub. L. No. 115-182, tit. I, § 101, 132 Stat. 1393, 1395-1404 (2018), codified at 38 U.S.C. § 1703, and implementing regulations at 38 C.F.R. §§ 17.4000 - 17.4040.

[6]VA, *VA Recommendations to the Asset and Infrastructure Review Commission* (Washington, D.C.: March 2022).

infrastructure based on the market assessments (hereafter referred to in this report as the March 2022 market assessments).[7] VA has taken steps to review the recommendations and has made plans to implement them, as appropriate, according to department officials. VA officials indicated that the recommendations considered for implementation would include, for example, those that most readily increased the accessibility and quality of care for veterans.

You asked us to describe VA's recommendations to modernize and realign its infrastructure in its March 2022 market assessments and its plans to address its future infrastructure needs. In this report, we

1. describe the Asset and Infrastructure Review Commission and VA's recommendations to modernize and realign its infrastructure;
2. examine the data that VA used to inform its recommendations and any plans that VA has to improve such data; and
3. examine the extent of VA's planning for modernizing and realigning its infrastructure and for communicating with stakeholders to address the department's infrastructure needs.

For all three of our objectives, we reviewed VA's March 2022 report to the Asset and Infrastructure Review Commission. In that March 2022 report, VA published its recommendations for modernizing and realigning its infrastructure, its rationale for each of the recommendations, and its methodology for the March 2022 market assessments. We also interviewed and obtained written responses from officials in the Office of Enterprise Integration and the Veterans Health Administration's Chief Strategy Office—the office responsible for conducting the March 2022 market assessments and preparing for the quadrennial market assessments.

To obtain market-level perspectives, we selected a non-generalizable sample of four markets. We selected these markets for variation in factors including geographic location and types of proposed changes under VA's recommendations. The four markets were the Georgia market, Michigan-Erie market, Montana market, and Veterans Integrated Service Network 1 West market, which included western Massachusetts and Connecticut.

[7]We previously reported on VA's challenges with managing its medical facilities, including collaborating with relevant stakeholders. See GAO, *VA Real Property: Enhanced Communication and Performance Measurement Could Improve Capital Asset Management*, GAO-22-103962 (Washington, D.C.: Oct. 29, 2021).

We interviewed officials at a total of eight VA medical centers within these four markets about the process for the March 2022 market assessments and the recommendations. The perspectives offered by officials from our selected markets cannot be used to make inferences about all markets.

To describe the Asset and Infrastructure Review Commission, we reviewed relevant portions of the MISSION Act and publically available documents, such as press releases.

To examine the data VA used to inform its recommendations and any plans VA has to improve such data, we reviewed the data VA used in developing recommendations to account for VA's four key considerations: meeting the evolving needs of veterans; adapting to innovations in health care delivery; fulfilling VA's other health-related statutory missions; and accounting for COVID-19 pandemic related-trends.[8] These data included actual and projected data on veteran demographics and demand for health care. We assessed the steps VA officials said the department was planning to take to improve data quality in the context of our prior work on effective asset management.[9]

To examine the extent of VA's planning for modernizing and realigning its infrastructure and for communicating with stakeholders to address the department's infrastructure needs, we reviewed VA documentation related to its March 2022 market assessment process and future planning efforts, such as slide decks used for internal meetings, draft documents with policies and guidance for facility use in future market assessments, and lessons learned. We reviewed this documentation also in the context of our prior work on effective asset management as well as federal

[8]In addition to providing health care services to veterans, VA is also statutorily required to carry out other health-related missions. These missions include educating medical professionals, conducting research, and serving as a support to the U.S. health system in emergencies.

[9]GAO, *Federal Real Property Asset Management: Agencies Could Benefit from Additional Information on Leading Practices,* GAO-19-57 (Washington, D.C.: Nov. 5, 2018).

internal control standards for control environment.[10] For a more detailed description of our scope and methodology see appendix I.

We conducted this performance audit from April 2022 to March 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

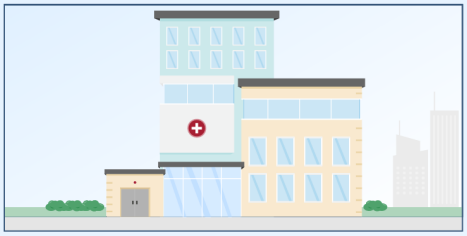
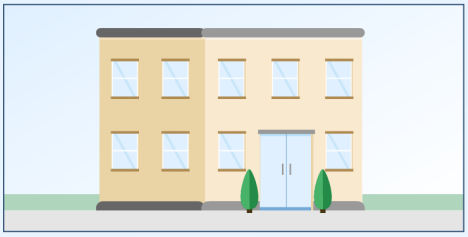
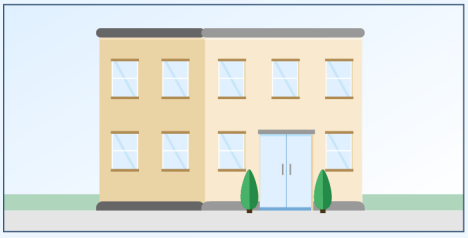
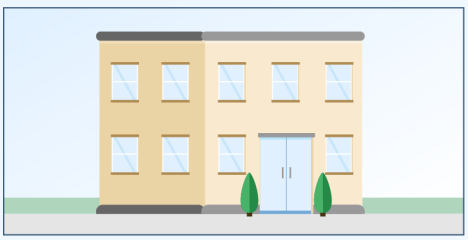
VA's Health Care System

VA provides health care services to veterans across all 50 states and the District of Columbia and U.S. territories. VA organizes its health care system into 18 regional networks, known as Veterans Integrated Service Networks. Each regional network is responsible for coordination and oversight of all administrative and clinical activities of its health care facilities within its geographic region. For planning purposes, VA further divides its networks into markets—usually along county lines—that consider factors such as veteran travel and referral patterns, geographic dispersion of veteran enrollees in VA health care, and the locations of medical facilities within the market.[11] Each market may have differing numbers and types of VA health care facilities, such as medical centers, outpatient clinics, and other facilities. (See fig. 1.)

[10]GAO-19-57. Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. In this review, we relied specifically on internal control Principle 3, which states, "Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives." GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014).

[11]VA first designated its markets during an earlier assessment of its health care capital-asset priorities that began in 1999. VA has periodically reviewed and reconsidered the market geographic boundaries over time, according to VA officials. Originally, VA included 96 markets as part of the market assessments, but merged two of the markets during the process, resulting in 95 markets. Two markets covering regions outside the United States and its territories were not reviewed as part of the market assessments.

Figure 1: Types of Department of Veterans Affairs' (VA) Health Care Facilities

Veterans Affairs (VA) facility	
	**VA medical center** VA medical centers provide a combination of inpatient (e.g., surgery, critical care, and other advanced care requiring an overnight stay); outpatient (e.g., health and wellness visits, diagnostic tests, and minor surgeries like mole removal); residential (e.g, substance use disorder treatments); and institutional extended care (e.g., nursing home care).[a] VA medical centers have different complexity levels, determined on the basis of the characteristics of the patient population, clinical services offered, educational and research missions, and administrative complexity.
	**Health care center** Health care centers provide outpatient care only, which includes primary care, mental health care, specialty, and ambulatory surgery services or invasive procedures.
	**Outpatient clinic** Outpatient clinics generally provide both primary care and mental health care services and may also provide specialty care. There are several types of outpatient clinics, which may offer an array of health care services. For example, community-based outpatient clinics offer primary care and mental health care services, and may also offer support services such as pharmacy services.
	**Stand-alone community living center** Stand-alone community living centers are VA nursing homes that are not co-located within VA medical centers. Eligible veterans receive care in an institutional setting—either on a short- or long-term basis—that can include services such as help with activities of daily living (e.g., bathing and getting dressed), medical care, and, in some facilities, mental health care and end of life care for terminal illnesses.
	**Stand-alone residential rehabilitation treatment program** Stand-alone residential rehabilitation treatment programs are residential facilities that are not co-located within VA medical centers. Veterans can receive intensive treatment and rehabilitation services, where VA provides supported housing with beds for treatment of conditions such as post-traumatic stress and substance use disorders.

Source: GAO analysis of VA documentation. | GAO-23-106001

[a]VA medical centers must offer at least two types of care.

To meet the needs of the veterans it serves, VA is also authorized to pay for eligible veterans to receive medical care from providers in the community. As required by the MISSION Act, VA implemented the Veterans Community Care Program in June 2019, consolidating many of VA's existing community care programs into one permanent program.[12] To implement the Veterans Community Care program, VA issued regulations and defined certain eligibility criteria for the new program.[13] For example, veterans may be eligible to receive care under the program when services are not available at a VA facility or when veterans face wait times or drive times to VA facilities that exceed the department's standards.[14]

VA purchases community care under this program through regional contracts with two third-party administrators, who are responsible for recruiting and building networks of licensed health care community providers and for paying community provider claims.[15] VA also has the option to use direct agreements with community providers for care not included in those network contracts. The department also may refer veterans to other federal health care facilities with whom VA has an agreement, such as Department of Defense medical treatment facilities.

VA's March 2022 Market Assessments

In response to the MISSION Act and other requirements, the Veterans Health Administration's Chief Strategy Office conducted market assessments of 96 markets between December 2018 and January 2022. Figure 2 provides an overview of the VA's approach for conducting its March 2022 market assessments. (See app. II for additional information on each step of VA's approach to the March 2022 market assessments.)

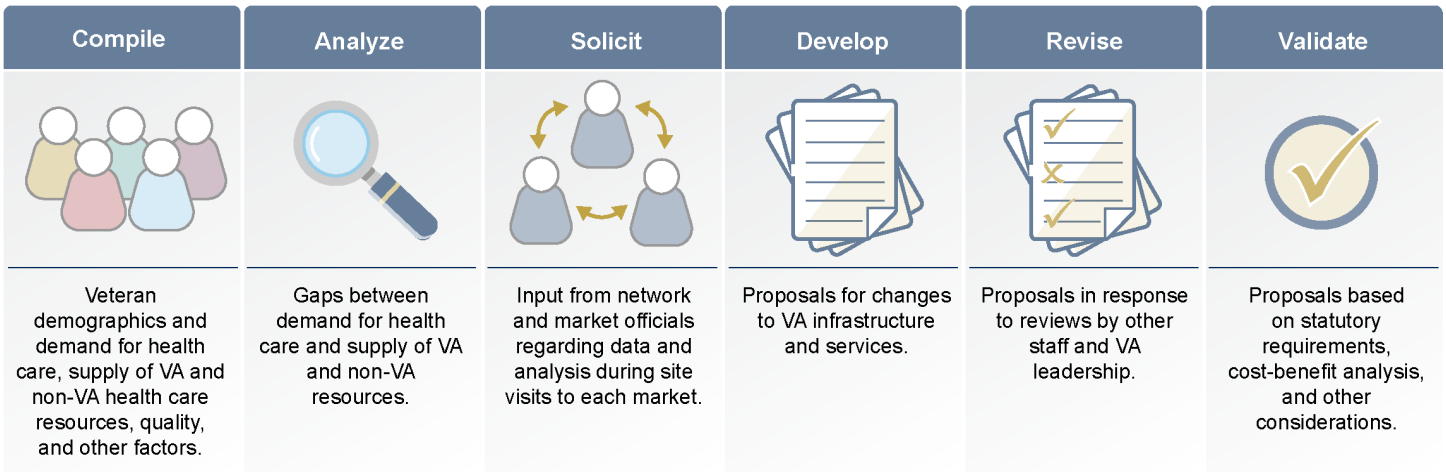
[12]Pub. L. No. 115-182, tit. I, § 101, 132 Stat. at 1395 (codified, as amended, at 38 U.S.C. § 1703).

[13]See 38 C.F.R. §§ 17.4000 - 17.4040 (2021).

[14]See 38 C.F.R. § 17.4010 (2021) (veteran's eligibility). VA's designated access standards include when the veteran's average drive time to a VA provider is more than 30 minutes for primary care or more than 60 minutes for specialty care, or the next available appointment with a VA provider is not within 20 days for primary care or 28 days for specialty care of the date of request of care unless a later date has been agreed upon. 38 C.F.R. § 17.4040 (2021) (designated access standards). See also VA, Veterans Health Administration: *Office of Community Care Field Guidebook* (May 21, 2020); Veterans Health Administration: *Referral Coordination Initiative Implementation Guidebook* (Jan. 10, 2020); and *Fact Sheet: Veteran Community Care Eligibility* (Aug. 30, 2019).

[15]VA's third-party administrators that develop and administer community care networks include Optum Public Sector Solutions and TriWest Healthcare Alliance.

Figure 2: Overview of the Department of Veterans Affairs (VA) Approach to Its March 2022 Market Assessments



Source: GAO analysis of VA documentation. | GAO-23-106001

As a result of its March 2022 market assessments, VA validated over 1,400 proposals as recommendations related to VA's facilities and health care services, such as outpatient and urgent care services. After VA published its recommendations in March 2022, the department took steps to review and made plans to implement the recommendations, as appropriate.

Prior GAO Report Identified Shortcomings of Market Assessment Data and Process

In February 2022, we reported on VA's approach to conducting its March 2022 market assessments.[16] Specifically, we identified gaps in the data VA used to determine both the supply of and demand for community care. We also found that the department's approach to the market assessments did not include steps to assess the quality of VA data. As a result, VA did not communicate relevant information on the quality of VA data used in market assessments to external stakeholders, such as the Asset and Infrastructure Review Commission.

We made two recommendations to VA, to be implemented as soon as possible but no later than January 31, 2023, or before the Commission was to submit its report to Congress:

- review the data on community care to identify any gaps and take steps to address data completeness; and

[16]GAO, *VA Health Care: Incomplete Information Hinders Usefulness of Market Assessment for Facility Realignment*, GAO-22-104604 (Washington, D.C.: Feb. 2, 2022).

- communicate to the Commission information about the completeness and reliability of VA data used to inform the assessments and about how VA considered any data limitations in developing proposals for the modernization and realignment of VA facilities.

When our report was published in February 2022, VA agreed with these recommendations. In December 2022, officials told us the department was taking steps to improve the completeness of community care data, but did not plan to report on the completeness and reliability of the data used for its March 2022 market assessments. VA officials said at that time that because the Asset and Infrastructure Review Commission was not established, there was no longer a need for the department to implement this recommendation.

Congress Did Not Establish Commission; VA Recommended Changes to Its Facilities and Services

Commission Intended to Review VA's Recommended Changes Not Established

The Asset and Infrastructure Review Commission was to review and analyze VA's market assessment recommendations and provide its conclusions and recommendations to the President by January 31, 2023.[17] The MISSION Act specified that the Commission was to hold public hearings in the regions affected by VA's recommendations and include veterans and local elected officials as witnesses.

The nine members of the Commission were to be selected by the President, in consultation with Congressional leaders, and nominated by May 31, 2021, in accordance with the requirements of the MISSION Act. For example, at least three committee members were to represent congressionally chartered, membership-based veterans service organizations and at least one member was to have federal government experience with capital asset management and be familiar with related

[17]See, generally, VA Asset and Infrastructure Review Act of 2018, Pub. L. No. 115-182, Tit. II, subtit. A, 132 Stat. 1393, 1443 (2018).

trades, such as construction and leasing. The President nominated eight individuals in March 2022 and a ninth in June 2022 for consideration by the Senate. Their collective experiences included serving as health care providers, former leaders at VA or the Department of Defense, and former members of a federal commission on health care for veterans, among other things. Eight of the nominees were veterans, and one nominee was active in the Army Reserve.

However, due to congressional concerns with VA's recommendations, the Commission was not established. In June 2022, a bipartisan group of Senators announced their opposition to holding confirmation hearings for the nine nominees submitted by the President. These senators, half of whom serve on the Senate Veterans Affairs Committee, said the department's recommendations were not reflective of their goal of expanding and strengthening VA's infrastructure, and would put veterans in both rural and urban areas at a disadvantage. As of March 2023, the Senate had not taken action to confirm any of the nominees.

The Secretary of VA stated that independent of the Commission's existence, the department has an obligation to veterans as well as to staff to modernize and realign its infrastructure. The department added that its recommendations aimed to make investments that would strengthen its ability to deliver timely, world-class health care to veterans, and that it would continue to offer VA health care services in every market.

VA Recommended Slightly More New Facilities than Closures, but Facility Changes Varied by Type and Location

We found that the department's recommendations would slightly increase the overall number of VA health care facilities. Overall, VA recommended 540 facility changes in its March 2022 market assessments. These recommendations included closing 157 of the 1,257 facilities the department reviewed and establishing 164 new facilities, resulting in a net increase of 7 facilities. Other recommended facility changes included replacing 136 existing facilities and updating an additional 83, such as by modernizing patient rooms or by constructing a new patient care building on a VA medical center campus. Table 1 provides a summary of all of VA's recommended facility changes by facility type.

Table 1: Department of Veterans Affairs' (VA) Recommended Facility Changes in Its March 2022 Market Assessments, by Facility Type

	Type of recommended facility change				
Type of VA facility	**Closure**	**Replacement**	**Update**	**Establish new**	**Total**
VA medical center	16	23	80	13	132
Health care center	0	1	1	3	5
Outpatient clinic[a]	139	111	1	109	360
Stand-alone community living center	1	0	1	28	30
Stand-alone residential rehabilitation treatment program	1	1	0	11	13
Total	**157**	**136**	**83**	**164**	**540**

Source: GAO analysis of VA documentation. | GAO-23-106001

[a]VA's outpatient clinics generally provide both primary care and mental health services and range from small, mainly telehealth clinics with one technician and a nurse to large clinics with several specialty care services and providers. Specifically, VA's outpatient clinics include multi-specialty community-based outpatient clinics, community-based outpatient clinics, other outpatient services sites, mobile units, and satellite ambulatory surgical centers.

Facility changes varied by type of facility, with more updates for medical centers. VA's recommended facility changes varied by type of facility. For VA medical centers, VA most commonly recommended updating the 171 facilities it reviewed, such as by building a new clinic or converting space to meet modern design standards.[18] For example, VA recommended that one of its medical centers construct a new operating room to increase the complexity of the surgical services available to veterans.

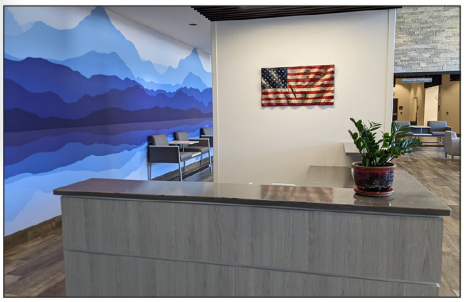
For outpatient clinics, VA recommended closing 139 of the 1,058 outpatient clinics it reviewed and establishing 109 new clinics, resulting in a net decrease of 30 outpatient clinics. However, according to our review of the recommendations, not all recommendations to close outpatient clinics would lead to reductions in VA-provided health services in an area. For example, the Georgia market has a growing demand for services and VA recommended closing several outpatient clinics, but also recommended opening a new VA medical center in the area that would provide outpatient services. See app. III for more information on VA's recommended facility changes in our four selected markets, including the Georgia market.

[18]According to VA data, the department opened a new VA medical center in September 2022 increasing the total number of such facilities to 172.

VA also recommended replacing 111 outpatient clinics. For example, one of VA's recommended facility changes was to replace a community-based outpatient clinic in Missoula, Montana, with a new community-based outpatient clinic. While this replacement clinic was included in VA's recommendations developed during the March 2022 market assessments, the clinic had previously been identified by local VA officials as part of capital asset planning efforts and the replacement was implemented in January 2022. (See fig. 3.)

Figure 3: Example of Facility Change Recommended by the Department of Veterans Affairs (VA) in Missoula, Montana

Missoula, Montana
Original Community-Based Outpatient Clinic



Missoula, Montana
Replacement Community-Based Outpatient Clinic

Source: GAO. | GAO-23-106001

In addition, VA recommended establishing 28 new stand-alone community living centers and 11 stand-alone residential rehabilitation treatment program facilities. Such new establishments would lead to a substantial increase in the number of these types of facilities compared to the 12 that VA reviewed for its March 2022 market assessments. In its March 2022 report, VA said that it recommended investing in these types of facilities to enhance VA's unique strengths to care for veterans with complex needs. Further, residential rehabilitation treatment programs were not always readily available in the community.

Recommended closures were more common in rural areas. In general, recommended closures were more common for VA facilities located in rural areas (58 of 97) compared with facilities located in urban areas (95 of 274).[19]

VA officials told us that, among other factors, VA considered quality of care, ability to recruit and retain health care providers, facility conditions, and the number of veterans served at facilities when determining how to best provide health care services to veterans in each market. According to these officials, VA's recommendations would result in better access to VA-provided care among enrolled veterans living in rural areas, such as by increasing the number of rural enrollees living within 60 minutes of specialty care by about 265,000.[20] Officials also noted that VA considered other ways that rural veterans access care when it made recommendations, such as telehealth and non-VA providers that are contracted to provide services to eligible veterans.

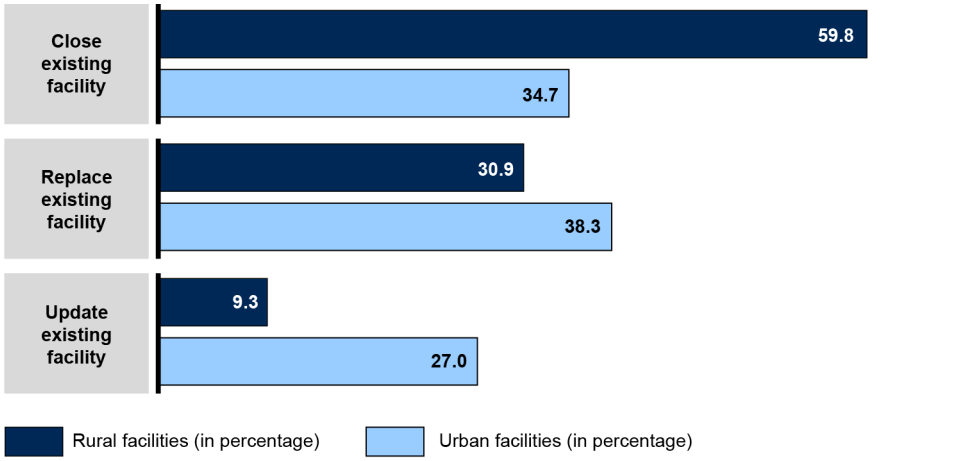
Figure 4 further breaks down VA's recommended facility changes for those located in rural compared to urban areas. See app. IV for additional information on the geographic locations of VA's recommended facility changes.

[19]We matched VA's recommended infrastructure changes for existing facilities with rurality information from the Veterans Health Administration Site Tracking system. VA defines rurality using census track-based definitions of Rural Urban Commuting Area codes developed by the Department of Agriculture Economic Research Service and the Health Resources and Services Administration Office of Rural Health Policy, classifying its facilities as (1) urban, (2) rural, (3) highly rural, or (4) insular island. As a result, we use the term "rural" to refer to facilities VA classifies as rural, highly rural, or insular island.

The Veterans Health Administration Site Tracking system did not include rurality information for new facilities VA proposed to establish or for changes VA made between developing and releasing its recommendations (e.g., three facilities it deactivated from January 2020 to September 2021). As a result, our analysis of facilities located in rural compared to urban areas included only 371 of the 540 recommended facility changes in VA's March 2022 market assessments.

[20]VA also estimated that its recommendations would increase the number of rural enrollees living within 30 minutes of VA-provided primary care and outpatient mental health care by almost 68,000 and 90,000, respectively.

Figure 4: Department of Veterans Affairs' (VA) Recommended Facility Changes to Existing Facilities in Its March 2022 Market Assessments, by Rurality



Source: GAO analysis of VA documentation. | GAO-23-106001

Note: Rural facilities include those VA classified as rural, highly rural, or insular island using census tract-based definitions of Rural Urban Commuting Area codes developed by the Department of Agriculture Economic Research Service and the Health Resources and Services Administration Office of Rural Health Policy. VA also recommended establishing 164 new facilities, but the locations were not specified and rurality was not defined for these facilities.

VA Most Commonly Recommended Moving Services among VA Facilities, but Recommendations to Move Services Varied by Service Type and Location

In addition to VA's recommended facility changes, we identified 893 recommended changes to inpatient, outpatient, and other services provided in the department's facilities. We found that most of these recommendations were to relocate services from existing VA facilities to other VA facilities, such as an existing facility in the same market or a replacement facility, therefore keeping the service within the department's health care system. See table 2 for more information on VA's recommended changes to the services.

Table 2: Department of Veterans Affairs' (VA) Recommended Changes to Health Care Services in Its March 2022 Market Assessments

Type of service change	Inpatient medical and surgical	Inpatient mental health	Emergency department or urgent care	Outpatient	Community living center[a]	Residential rehabilitation treatment program[b]	Total
Establish new or expand existing services	**8**	**7**	**7**	**135**	**46**	**35**	**238**
At new facility	1	3	4	123	39	21	**191**
At current facility	0	1	2	4	6	14	**27**
With strategic collaboration	7	3	1	8	1	0	**20**
Modernize existing services	**26**	**15**	**20**	**16**	**36**	**25**	**138**
By converting emergency department to urgent care	N/A	N/A	12	N/A	N/A	N/A	**12**
Relocate existing services	**51**	**28**	**37**	**303**	**40**	**39**	**498**
To community providers	12	3	15	18	1	1	**50**
To other VA facilities	14	21	16	252	38	38	**379**
To strategic collaboration[c]	24	4	5	11	1	0	**45**
To more than one of the above	1	0	2	21	0	0	**24**
Total	**85**	**50**	**64**	**454**	**122**	**99**	**874**

Legend: N/A – Not applicable

Source: GAO analysis of VA documentation. | GAO-23-106001

Notes: In addition to the types of services included above, VA also made seven recommendations to modernize or relocate inpatient blind rehabilitation services and 12 recommendations to modernize or relocate inpatient spinal cord injury/disorders services. For emergency department or urgent care, and outpatient services, there were several instances where VA recommended more than one type of service change for these services at a facility (e.g. recommending to relocate outpatient surgical services to other VA facilities and also recommending to expand primary care and outpatient specialty services).

[a]Community living center services refer to short- and long-term nursing home care.

[b]Residential rehabilitation treatment programs refer to residential rehabilitative and clinical care for mental illness, substance use disorders, or other medical conditions or psychosocial needs such as homelessness and unemployment.

[c]Strategic collaborations are agreements between VA and another organization, such as an academic affiliate or a federal partner, such as the Department of Defense, which enhances VA's ability to provide services to veterans.

The extent to which VA recommended that a service remain in its health care system varied by the type of service. The majority of recommendations for community living center and residential rehabilitation treatment program services, for instance, were to bolster the availability of services in VA facilities, including establishing services at new or existing facilities.

Among VA's recommendations for inpatient medical and surgical services, more than a third (31 of 85 recommended changes) were to establish or relocate these services to a strategic collaboration.[21] A strategic collaboration is an agreement between VA and another organization, such as an academic affiliate or a federal partner, such as the Department of Defense, which enhances VA's ability to provide services to veterans. For example, several strategic collaborations recommendations were that VA medical centers should establish agreements to share space or services with other organizations to provide inpatient medical and surgical services.

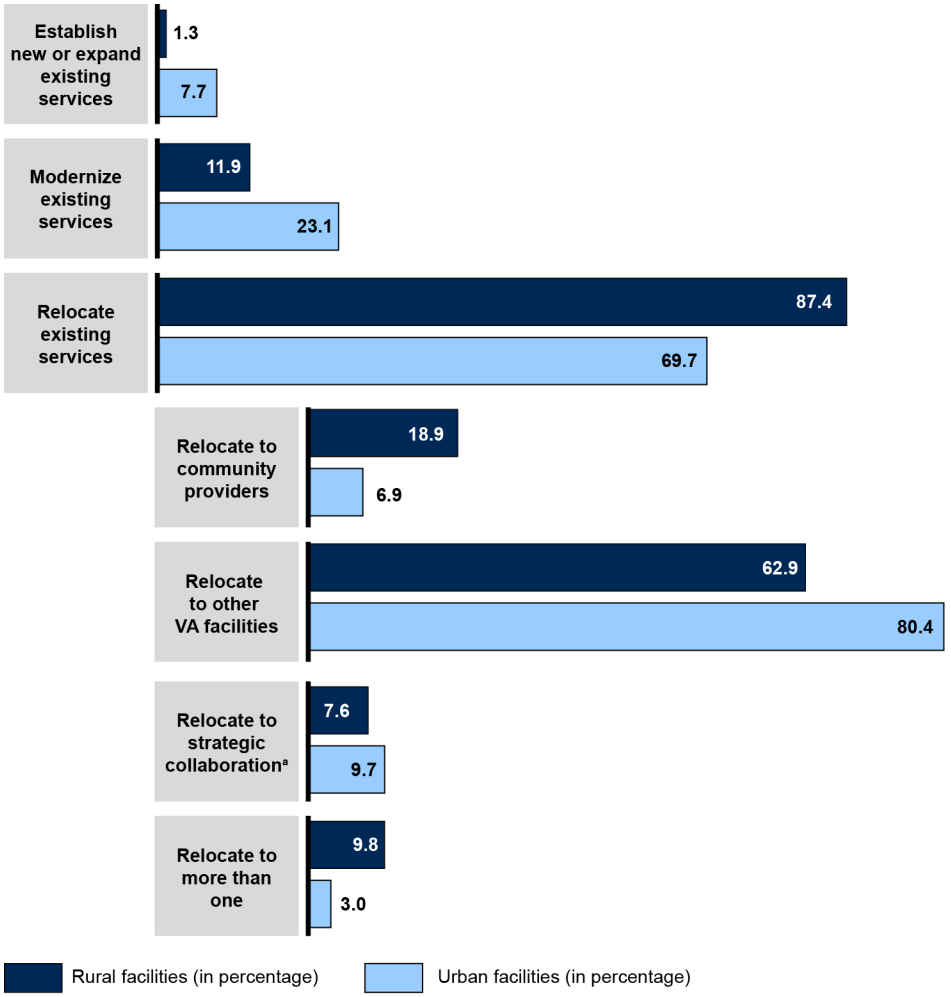
In general, VA's recommendations to relocate services were more common for facilities located in rural areas compared with facilities located in urban areas (87 percent of recommended service changes compared to 70 percent). Additionally, recommendations for facilities located in rural areas included a smaller proportion of services being relocated to other VA facilities (63 percent or 83 of 132 relocated services) compared to facilities located in urban areas (80 percent or 291 of 362 relocated services). Figure 5 further breaks down recommended changes for services in facilities located in rural areas compared to those in urban areas. VA officials told us that in recommending service changes

[21]According to VA, the department is seeking to implement innovative strategic collaborations with entities such as the Department of Defense, academic affiliates, other federal health care organizations, and quality community providers, some of which may require legislative authority. The Honoring our PACT Act of 2022 recently authorized VA to enter into leases with academic affiliates and other covered entities for the purpose of providing health-care resources to veterans. Pub. L. No. 117-168, tit. VII, § 704, 136 Stat. 1759, 1799 (2022).

We identified 53 recommendations VA made to establish strategic collaborations. We analyzed the type of strategic collaboration VA proposed and found that the most commonly cited mechanism was a sharing agreement (19), followed by use of partner space (12), a joint facility (4), a clinical services partnership (2), and to establish a facility with a partner (1). We were not able to identify the mechanism for 15 of VA's recommendations. We also analyzed the organization with which VA recommended establishing a strategic collaboration and found that the most common was with a community provider (20), followed by an academic affiliate (13) or federal partner (13). We were not able to identify the organization for seven of VA's recommendations.

for rural areas, the department considered a variety of factors, including veteran demand for services and patient safety risks associated with surgeons who perform fewer surgeries.

Figure 5: Department of Veterans Affairs' (VA) Recommended Service Changes, by Rurality



Source: GAO analysis of VA documentation. | GAO-23-106001

Notes: Rural facilities include those VA classified as rural, highly rural, or insular island using census tract-based definitions of Rural Urban Commuting Area codes developed by the Department of Agriculture Economic Research Service and the Health Resources and Services Administration Office of Rural Health Policy. VA also recommended establishing 164 new facilities, but the locations were not specified and rurality was not defined for these facilities. Percentages may add to greater than 100 because of several instances where VA recommended more than one type of change for services included under emergency department, urgent care, or outpatient services at a facility (e.g. relocating outpatient surgical services to other VA facilities while also expanding primary care and outpatient specialty services).

[a]Strategic collaborations are agreements between VA and another organization, such as an academic affiliate or a federal partner, such as the Department of Defense, which enhances VA's ability to provide services to veterans.

VA Intends to Address Gaps, but Plans Lack Specific Detail

VA conducted its March 2022 market assessments using a variety of data and analyses to inform its recommendations, including data required by two sections of the MISSION Act: section 106(a) and section 203(b). Section 106(a) of the MISSION Act required VA to conduct quadrennial market assessments, and section 203(b) required VA to conduct market assessments to inform recommendations to modernize and realign the department's infrastructure. In its March 2022 report to the Asset and Infrastructure Review Commission, VA stated that it conducted its March 2022 market assessments to meet the requirements specified in those two sections of the MISSION Act. Each of these MISSION Act sections required VA to conduct market assessments that were to include certain data and analyses, such as assessing veteran demand for and VA's capacity to deliver health care by market and assessing the extent to which real property aligns with the department's mission. See app. V for additional information about VA's documentation of these requirements.

According to VA officials, the department reviewed specific data to help ensure that the recommendations reflected four "key considerations" identified by the department in its report to the Commission. These key considerations, such as meeting the evolving needs of veterans, are important for VA to incorporate into its recommendations to help ensure the department has considered critical factors that can affect how VA provides health care. According to VA, the department must take into account these key considerations when it makes recommendations to modernize and realign its infrastructure. (See table 3 for an overview of VA's key considerations.)

Table 3: Key Considerations Identified by Department of Veterans Affairs (VA) for Modernizing and Realigning Its Health Care Infrastructure

Key consideration	Description
Meeting the evolving needs of veterans	• Changes to where veterans live • Increases in veteran diversity, including more women veterans • Veteran-specific health needs, such as Agent Orange Exposure, that are related to military service
Adapting to innovations in health care delivery	• Shifting care from inpatient settings to outpatient clinics • Shifting in-person visits to virtual telemedicine visits
Fulfilling VA's second, third, and fourth statutory missions	• Strengthening VA's ability to execute its other health-related statutory missions, including the education of medical professionals, conducting cutting-edge research, and serving as a support to the U.S. health system in emergencies
Accounting for COVID-19 pandemic-related trends in health care delivery	• Considering VA's role during the COVID-19 pandemic response and how the pandemic might change health care delivery

Source: GAO summary of VA information, *VA Recommendations to the Asset and Infrastructure Review Commission. Volume I: Introduction, Approach and Methodology, and Outcomes*, (Washington, D.C., March 2022). | GAO-23-106001.

However, we found gaps in the data VA used to account for all four of its key considerations, as detailed below.

Meeting the evolving needs of veterans. To help ensure that its recommendations accounted for the key consideration of meeting the evolving needs of veterans, VA officials told us that the department reviewed several types of data while conducting its March 2022 market assessments. These data included data on demographics, such as age, gender, and rurality, and the types of health services that VA commonly authorized veterans to receive through community care, according to VA officials.

While VA included some data on community care in the March 2022 market assessments, the department lacked important data elements on access to and demand for community care that could inform whether providers will be able to meet the evolving needs of veterans.[22] For example, in determining veteran access to community care services, VA reviewed data estimating whether non-VA providers had capacity to serve

[22]Community care, or care provided outside of VA facilities by contracted providers, is an important source of health care services for veterans. Community care can be used to provide services in several scenarios, such as when a veteran needs a service not available at a VA facility or VA cannot furnish care within the statutory designated access standards.

veterans, but lacked data on, for example, the amount of time veterans have to wait for an appointment.[23] Further, in estimating veterans' demand for community care services, VA reviewed data on the number of authorizations for community care by type of service, but did not compile other data, such as the total number of appointments or their associated costs. VA officials told us that reliable data on the number of appointments was not available at the time of the market assessment, but would be available in 2023.

These findings are similar to our prior work, where we found that data on the supply of and demand for community care that VA compiled for its market assessments had gaps, such as missing data elements related to whether veterans would have timely access to community care.[24] Without these details about community care, the department lacked information on the extent to which community providers would be able to serve the evolving needs of veterans that could have informed its recommendations.

Adapting to innovations in health care delivery. For its key consideration about innovations in care delivery—which focuses on the demand for health care shifting from the inpatient to the outpatient setting and the increasing use of telemedicine—VA included data on the projected demand for inpatient and outpatient care and the historical use of telemedicine. However, VA did not include other contextual information about the use of telemedicine, such as the number of exam rooms with telemedicine equipment, which might support or hinder a market's ability to provide telemedicine.

Fulfilling VA's education, research, and emergency preparedness missions. Related to VA's key consideration to execute its other health-related statutory missions, we found that VA's market assessment documentation included certain details about its education and research programs. For example, for each VA medical center, market assessment documentation included data on the number of medical education training positions by program type and specialty and the square footage of facilities devoted to research. Along with these data, the documents included high-level contextual information from interviews with medical center staff. For one of our selected markets, for instance, medical center

[23]Wait times refer to the length of time that passes between when a veteran is referred to a community care provider by VA and when the veteran's appointment occurs.

[24]GAO-22-104604.

staff reported that the facility's education and research activities were restricted by space constraints.

Despite including these details about education and research programs, VA's market assessment documentation lacked other details that could inform the department's decision-making. For example, VA did not include other information such as the types of laboratories that needed to be improved or replaced, that could have informed possible improvements in situations where the department's academic or research programs were limited by its facilities. In addition, VA's education and research programs are often dependent upon collaborations with academic institutions. However, the department did not include other data related to those collaborations in the market assessments, such as the number of dually appointed staff and the types of research projects most dependent upon academic affiliate staffing or facilities.

Accounting for COVID-19 pandemic-related trends. VA officials told us that while the department had finalized the market assessment data before the COVID-19 pandemic began, VA reviewed additional information to determine how COVID-19 affected the department's capacity to provide care to veterans and support emergency response as part of its emergency preparedness mission. VA examined, for example, the availability of inpatient beds at VA facilities and other hospitals from March 2020 through April 2021. VA also surveyed its medical centers in 2021 about COVID-19-related changes, such as increases to inpatient capacity or telehealth services. The department also collected information from network directors as it finalized its recommendations. However, because it determined that data from the time of the pandemic was skewed and should not be used for planning, VA mostly included data from prior to the pandemic in its March 2022 market assessments.

This analysis builds upon our prior work, where we reported that VA's methodology for conducting its market assessments had several limitations related to quality information that would hinder the usefulness of the market assessments and related recommendations.[25] As part of that work, we made two recommendations to VA, to improve the completeness of community care data and externally communicate information on any limitations of information used in its March 2022 market assessments no later than January 31, 2023.

[25]GAO-22-104604.

While VA does not have plans to fully implement our recommendations, VA officials told us that they have plans to take steps to improve data for the next quadrennial market assessments expected to be completed by Spring 2026. These efforts are partially in response to the data limitations that we, the VA Office of Inspector General, and others identified with the March 2022 market assessments.[26] Officials said that the offices that create VA data, such as the Office of Community Care, plan to work in close collaboration with VA's Chief Data Officer and others to ensure that data completeness and reliability are evaluated and documented. VA also plans to develop and implement requirements to improve data quality and to evaluate certain data to ensure they are fit to use for the next quadrennial market assessment.

However, the plans VA officials described to us lack details on the specific actions the department will take to help ensure the gaps we found in this review and our prior work will be addressed. For example, officials have not specified how they will obtain data from community providers across its markets to assess how long veterans would wait for an appointment. Furthermore, while VA acknowledged several other challenges related to community care data, including lacking accurate data on the cost of community care, the department's planned actions to improve data lack the specificity to offer assurance that VA will address such challenges. In addition, as of November 2022, these plans have not been finalized and VA has not specified a time frame for completing these efforts. This is particularly relevant given that VA took more than 4 years to conduct its March 2022 market assessments and the next quadrennial market assessments are expected in 3 years (Spring 2026).

VA's steps to improve data lack specificity because the department is working to develop a strategic framework and protocol for conducting future quadrennial market assessments, indicating that VA has not yet determined the data requirements. Officials confirmed they are looking into whether to add or remove data for the next quadrennial market assessments by discussing this with department staff and considering recommendations from us and other stakeholders, among other steps.

[26]In its Asset and Infrastructure Review Commission report, VA stated that VA's Office of Inspector General audited the accuracy of some data used to measure VA's capacity to provide specialty health care to veterans. As part of this work, VA's Office of Inspector General reviewed specialty care data at 10 VA medical facilities and identified errors that resulted in VA overestimating its workload.

According to our prior work on asset management, using quality information that is relevant, complete, and accurate, when making decisions about property, buildings, and parking facilities, and other assets can help agencies ensure that they get the most value from such assets.[27] VA's four key considerations are an indication of how the department determines the value of its medical facilities and related assets, and VA noted that the department must take into account these key considerations when it makes recommendations to modernize and realign its infrastructure. However, without identifying specific actions and time frames to address data gaps related to each of VA's key considerations, the department's next quadrennial market assessments will likely not fully account for the evolving needs of veterans, innovations in health care delivery, fulfilling VA's other health-related statutory missions, and COVID-19 pandemic-related trends.

VA Has Not Documented a Formal Plan for Modernizing and Realigning Its Infrastructure and Has Not Finalized Its Approach for Improving Stakeholder Communication

VA established a leadership team to, among other things, (1) conduct implementation planning and strategic prioritization of market assessments recommendations, and (2) prepare for the next set of market assessments. However, the department does not have a documented, formal plan describing the team's structure and implementation strategy. Regarding communication with its stakeholders, GAO determined that VA restricted the sharing of information when developing its recommendations. Department officials acknowledged that they will need to be more transparent in sharing information with internal and external stakeholders moving forward.

VA Created a Leadership Team to Modernize and Realign Its Infrastructure

VA officials noted that regardless of the status of the Asset and Infrastructure Review Commission, the department will move forward with an effort to modernize and realign VA's infrastructure. According to VA officials, in March 2022 the department established a leadership team, known as the Veteran Facility Transformation and Healthcare Enhancement team, to continue and expand on the work started during

[27]GAO, *Federal Real Property Asset Management: Agencies Could Benefit from Additional Information on Leading Practices,* GAO-19-57. (Washington, D.C.: November 5, 2018).

the March 2022 market assessments. This team comprises of VA officials from various offices. For example, its co-chairs include the Senior Advisor to the Under Secretary for Health, the Veterans Health Administration Chief Strategy Officer, and the Executive Director of the Office of Construction and Facilities Management.

According to VA officials, this leadership team is planning for the implementation of the recommendations developed for the March 2022 market assessments, as appropriate.[28] The team will also support VA's future infrastructure planning, in part by planning for the quadrennial market assessments and working to align their efforts with VA's Strategic Capital Investment Planning process. According to VA officials, between March and June 2022, the leadership team developed eight workgroups charged with tasks, such as implementation planning and strategic prioritization of the recommendations. Each workgroup has a purpose statement related to addressing VA's future infrastructure needs. (See table 4.)

Table 4: Department of Veterans Affairs (VA) Leadership Team Workgroups

Workgroups	Purpose statement
Clinical Restructuring	Review clinical facilities directives
Implementation Planning	Develop repeatable processes to develop capital projects that align with VA's health care strategy
Strategic Prioritization	Design a framework to incorporate strategy and criteria for leadership to prioritize VA Market Assessment Recommendations and additional capital-related items
Market Assessment 1:1	Refine March 2022 recommendations to reflect the most current available data, including related to the COVID-19 pandemic
Partnership Development	Assess current partnerships within VA and create a model to assess partnerships
Rural Health Strategy	Identify and pilot solutions to help increase health care options available to Veterans in rural markets and improve access
Facility Infrastructure Communications Plan	Support local facilities in communicating the continuous investment to modernize VA's medical facilities' infrastructure
Quadrennial Market Assessment Planning	Develop processes and tools to conduct quadrennial market assessments and training materials for planning teams

Source: GAO analysis of VA information. | GAO-23-106001

[28]For example, officials stated that the department reviewed recommendations to determine those that readily increased accessibility and quality of care for veterans and those that aligned with new authorities under the Honoring our PACT Act of 2022. Department officials further noted that the recommendations would be subject to further due diligence as well as consideration under Strategic Capital Investment Planning process.

VA officials noted that the efforts of the leadership team and its workgroups are linked to one of VA's strategic goals. Specifically, officials said the work of the leadership team is aligned with the strategic goal to deliver timely, accessible and high-quality benefits, care and services to meet the unique needs of veterans.[29]

Although VA officials have identified aspects of the market assessment process to be integrated into VA's current capital planning process, VA does not have a documented, formal plan for its efforts to modernize and realign its infrastructure through the leadership team. Specifically, VA does not have a plan that describes the structure of the leadership team and an implementation strategy for the recommendations from the March 2022 market assessments, as well as for future market assessments to address VA's infrastructure needs, among other things. VA did not create such a plan because, according to VA officials, these efforts were originally intended to be short term.

However, VA is proceeding with its efforts for infrastructure modernization and realignment, which according to department officials will include additional infrastructure expansion in response to the enactment of the Honoring our PACT Act of 2022. The leadership team and its workgroups have many concurrent and inter-related tasks across different offices. It is important for these groups to effectively plan and implement their objectives through a formal plan. Our prior work on capital asset management indicates that establishing such a plan can help agencies utilize their assets to support their missions and strategic objectives and help agencies identify potential implementation obstacles and strategies to overcome those obstacles.[30]

With such a plan, VA could help ensure the department has an efficient and effective process for evaluating future infrastructure needs, such as those to address anticipated growth in veteran demand as a result of the Honoring our PACT Act of 2022 to help ensure accessible and high-quality health care for veterans. Such a plan would help VA understand how recommendations from the March 2022 market assessments specifically relate to the department's other capital planning processes, such as its annual Strategic Capital Investment Planning. Additionally, a formal plan could help VA ensure that its efforts to modernize and realign its infrastructure can be replicated in a consistent way, including in the

[29]Department of Veterans Affairs, *Fiscal Years 2022-28 Strategic Plan* (Apr. 18, 2022).

[30]GAO-19-57.

quadrennial market assessment process, which may allow for comparisons in market conditions over time. With such information, VA could better assess the effectiveness of its established processes on meeting infrastructure needs and ultimately improve health care delivery for veterans, as called for in VA's strategic goal.

VA Is Developing Plans Intended to Improve Its Communication with Stakeholders, but It Has Not Finalized Its Approach

According to VA officials and documentation we reviewed, VA restricted the sharing of information when developing its recommendations during the March 2022 market assessments. This approach led to internal and external communication gaps, including with medical center staff and veterans.

- **Internal communication gaps.** According to officials from seven of eight VA facilities and a review of VA documentation, VA did not consistently share important information with facilities' staff about potential infrastructure and service changes when developing the March 2022 market assessments. Officials from all eight facilities in our selected markets indicated that if there had been more transparency about the potential market assessment recommendations, they could have explained their concerns more clearly about the feasibility of potential changes to their facilities and services. VA officials from six of eight facilities in our selected markets indicated this may have resulted in different final recommendations.
- **External communication gaps.** We also found that during the March 2022 market assessments, VA did not communicate with external stakeholders, such as community providers (e.g. local hospitals), regarding its recommendations to form partnerships. VA officials from six of eight facilities indicated that if VA had communicated more information about potential recommendations with external stakeholders during the market assessment process, these concerns may have been able to be mitigated. In addition, VA did not communicate with other stakeholders during the March 2022 market assessment process, such as members of the Congress and locally elected government officials, about potential recommendations affecting facilities in their jurisdictions.

Department officials acknowledged the lack of transparency when developing the recommendations. To address these gaps found in the March 2022 market assessments, VA drafted a lessons learned document and has draft plans to increase stakeholder engagement and communication.

- **Collected lessons learned from the March 2022 market assessments.** VA officials conducted interviews with over 110 stakeholders in 31 different groups from May to August 2022 to identify lessons learned from the March 2022 market assessments. Participants in these interviews included officials such as regional network leadership and planners, officials from the Offices of Construction and Facilities Management, Rural Health, Women's Health, Spinal Cord Injuries and Disorders Programs, and others. Feedback from one interview session included, for example, that VA needs a strong communication plan to help ensure transparency and develop buy-in on recommendations from veteran leaders, veterans, and the community. According to our review of VA documentation, the results of the interviews will be used to inform future quadrennial market assessments.
- **Plans to increase stakeholder engagement and communication.** According to VA officials, stakeholder engagement in future market assessments will be field driven, that is, by the regional network leadership and VA medical leadership, rather than by the market assessment teams. Specifically, VA officials noted that for its next market assessment, it will seek more engagement from veterans, Congress, veteran service organizations, employees, unions, regional network leaders, and leaders in the community. VA officials stated that they no longer plan to restrict most details about preliminary market assessment recommendations to regional network leadership until the end of the assessment process, as they did in past market assessments and will share information more widely.

To support its field-driven approach, VA developed a draft communications plan to engage internal stakeholders, such as VA staff, and external stakeholders, such as tribal leaders, veteran service organizations, and congressional staff about the future of the recommendations from the March 2022 markets assessments. VA also developed a draft communications tool with guidance and policies to help local medical center staff form external partnerships with stakeholders such as academic affiliates.

However, whether these steps will improve communication with internal and external stakeholders remains unclear, and VA has not specified how and when communication should occur for future market assessments. As of November 2022, VA has not finalized its communications approach, distributed its lessons learned, or developed other documents describing how the department will engage with stakeholders during the quadrennial market assessments.

Our prior work on capital asset management states that promoting a culture of information sharing and enterprise-wide decision-making, including communicating information across traditional agency boundaries, can ensure that agencies make effective decisions about their assets.[31] Federal internal control standards also indicate that effective documentation can provide a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge to external parties.[32] Because VA's market assessment process will occur on a quadrennial basis, it is important for VA to document its approach for communicating with stakeholders to ensure its process can be replicated in future years, as appropriate.

We have previously identified communication gaps on capital asset management at VA, particularly between central VA and medical centers, which have caused delays or other negative consequences.[33] VA's efforts to modernize and realign its infrastructure involve a large number of internal and external stakeholders as outlined above and the department has had previous communication challenges. Finalizing and documenting communications plans for the March 2022 as well as future market assessments, including specifying how and when communication should occur, could help VA ensure that it improves the transparency with internal and external stakeholders, which is essential to the success of VA's overall modernization and realignment effort, including the use of VA's recommendations.

Conclusions

Independent of the Asset and Infrastructure Review Commission's existence, VA's aging infrastructure still needs significant investment to ensure the provision of high-quality, accessible health care to veterans long into the future. The recommendations from VA's March 2022 market assessments as well as the department's planned future quadrennial market assessments, will be critical in informing this investment. As such, stakeholders—including veterans, staff, and Congress—must be confident in how VA will conduct its market assessments, including the data used to account for VA's four key considerations for modernizing and realigning its infrastructure, as well as how VA determines to move

[31]GAO-19-57.

[32]GAO-14-704G.

[33]GAO-22-103962.

forward with the facility and service changes proposed under the recommendations from the March 2022 market assessments.

As VA prepares for future quadrennial market assessments, the department's steps for improving data quality lack specificity to ensure the gaps we and others have found in the data used in the March 2022 market assessments will be addressed. A continued lack of complete data that account for the evolving needs of veterans and VA's other key considerations, in particular, may further erode the confidence of stakeholders in any future recommendations for modernization and realignment of VA's infrastructure based on the quadrennial market assessments.

Finalizing its approach for communicating with stakeholders and developing a formal plan for other activities overseen by VA's leadership team are important to help ensure the efficiency and effectiveness of the department's efforts to modernize and realign its infrastructure. Without these actions, VA may miss opportunities to address critical infrastructure needs and ultimately improve health care delivery for veterans.

Recommendations

We are making the following three recommendations:

The Secretary of Veterans Affairs should develop specific actions that address the data gaps identified by GAO and others and identify time frames for completing such actions to help ensure that future market assessments fully account for the department's key considerations. (Recommendation 1)

The Secretary of Veterans Affairs should direct VA's leadership team to develop a formal, documented plan that identifies its structure and an implementation strategy for its efforts to modernize and realign the department's infrastructure to help ensure the efficiency and effectiveness of these efforts. (Recommendation 2)

The Secretary of Veterans Affairs should direct its leadership team to finalize its communication approach, such as by developing, documenting, and disseminating how it will increase communication and transparency with internal and external stakeholders, including specifying how and when communication should occur. (Recommendation 3)

Agency Comments

We provided a draft of this report to VA for review and comment. In its written comments, reproduced in appendix VI, VA concurred with our recommendations and identified steps to implement them. Concerning

our first recommendation, VA will develop a plan with specific actions and time frames for addressing the data gaps we identified. VA officials noted that the plan will be informed by the lessons learned that the department identified in sessions with key stakeholders.

With respect to our second recommendation, VA stated that its leadership team will develop a health care infrastructure strategy that supports the department's clinical strategy and an implementation plan that focuses on planning and construction resources on priority investments. In addition, the leadership team will work with a governance board VA is establishing to manage the department's infrastructure portfolio.

For our third recommendation, VA stated that the leadership team is developing a robust communications plan and approach, which the department anticipates completing in the fall of 2023. VA noted that it is committed to working collaboratively with internal and external stakeholders throughout the next cycle of market assessments.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Veterans Affairs, and other interested parties. In addition, the report is available at no charge on GAO's website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact Sharon M. Silas at (202) 512-7114 or silass@gao.gov. Contact points for our Office of Congressional Relations and Office of Public Affairs can be found on the last page of this report. Other major contributors to this report are listed in appendix VII.

Sharon M. Silas
Director, Health Care

Appendix I: Objectives, Scope, and Methodology

This report

(1) describes the Asset and Infrastructure Review Commission and VA's recommendations to modernize and realign its infrastructure;

(2) examines the data that VA used to inform its recommendations and any plans that VA has to improve such data; and

(3) examines the extent of VA's planning for modernizing and realigning its infrastructure and for communicating with stakeholders to address the department's infrastructure needs.

To address these objectives, we reviewed VA's March 2022 report to the Asset and Infrastructure Review Commission.[1] In that March 2022 report, VA published its recommendations for modernizing and realigning its infrastructure, its rationale for each of the recommendations, and its methodology for the March 2022 market assessments. We also interviewed and obtained written responses on VA's approach from officials involved in the March 2022 market assessments and future planning efforts, including officials in the Veterans Health Administration's Chief Strategy Office and Office of Enterprise Integration. In addition, we solicited feedback from veteran service organizations—Veterans of Foreign Wars, Disabled American Veterans, Vietnam Veterans of America, Paralyzed Veterans of America, and Iraq and Afghanistan Veterans of America—regarding VA's consultation with such organizations during the market assessments. We selected veteran service organizations that were consulted by VA during the March 2022 market assessments and those that we interviewed during our prior work on VA's March 2022 market assessments.[2] We also included Iraq and Afghanistan Veterans of America to ensure generational diversity.

To obtain market-level perspectives, we interviewed officials from a non-generalizable selection of four markets, such as regional network officials and officials from VA medical centers, including leadership, infrastructure staff, health care providers, planners, and staff knowledgeable about academic affiliations and partnerships. We selected our four markets for variation by geographic region, rurality, type of recommended change to

[1]VA's report to Asset and Infrastructure Review Commission report and supporting documentation can be found at https://www.va.gov/aircommissionreport/. Accessed January 3, 2023.

[2]GAO-22-104604.

VA medical center, such as closure or replacement, and type of recommended collaboration with academic or other partners, such as agreements to share space with a partner. These four markets included a total of eight VA medical centers. See table 5 for the selected markets along with their geographic regions, rurality, and number of medical centers.

Table 5: Selected Department of Veterans Affairs (VA) Health Care Markets

Market	Region	Percentage of veterans residing in rural areas	Number of medical centers
Georgia market	South	27.9	6
Michigan-Erie market	Midwest	53.5	2
Montana market	West	72.6	1
Veterans Integrated Service Network 1 – West market	Northeast	17.2	2

Source: GAO analysis of VA information. | GAO-23-106001

To describe the Asset and Infrastructure Review Commission, we reviewed relevant portions of the MISSION Act and publically available documents, such as press releases.

To describe VA's recommendations to modernize and realign its infrastructure, we analyzed VA's recommendations in its March 2022 market assessments to identify two types of proposed changes:

- Facility changes that included closing, replacing, or updating existing facilities and establishing new facilities.
- Service changes that included establishing new or expanding existing services, modernizing existing services, and relocating existing services.

We further analyzed facility changes by VA medical centers, outpatient clinics, and other types of VA facilities.[3] We analyzed service changes by

[3]For purposes of this analysis, "outpatient clinics" included multi-specialty community-based outpatient clinics, community-based outpatient clinics, other outpatient services sites, mobile units, and satellite ambulatory surgical centers.

inpatient, outpatient, and other health care services.[4] We analyzed both facility and service changes by rurality.[5]

To examine the data VA used to inform its recommendations and any plans VA has to improve such data, we reviewed the data VA used in developing recommendations that accounted for VA's four key considerations. These key considerations included: meeting the evolving needs of veterans, adapting to innovations in health care delivery, fulfilling VA's other health-related statutory missions, and accounting for COVID-19 pandemic related-trends. These data included actual and projected data on veteran demographics and demand for health care. We assessed the steps VA officials said the department was planning to take to improve data quality, including by addressing data gaps, in the context of our prior work on effective asset management.[6]

To examine the extent of VA's planning for modernizing and realigning its infrastructure to address the department's infrastructure needs, we reviewed available VA documentation and testimonial evidence from department officials describing the structure and responsibilities of the leadership team and workgroups established to continue and expand the work started during the March 2022 market assessments, including VA's recommendations. Based on our review, we determined the extent to which VA had developed a documented, formal plan for the leadership

[4]For some facilities, VA recommended changes for more than one type of service at a facility and, as a result, recommended service changes outnumber facility changes.

[5]For purposes of this analysis, "rural" includes facilities VA classified as rural, highly rural, or insular island, as specified in VA's Veterans Health Administration Site Tracking system. VA uses census tract-based definitions of Rural Urban Commuting Area codes developed by the Department of Agriculture Economic Research Service and the Health Resources and Services Administration Office of Rural Health Policy to classify the rurality of its facilities. The system did not contain classifications for new facilities VA proposed to establish or for changes VA made between developing and releasing its recommendations (e.g., for three facilities it deactivated from January 2020 through September 2021).

[6]GAO-19-57. Specifically, using quality data, which states that using quality information when making decisions about assets can help agencies ensure that they get the most value from their assets.

and workgroups consistent with our prior work on effective asset management.[7]

To examine the extent of VA's planning for communicating with stakeholders in addressing the department's infrastructure needs, we reviewed available VA documentation—including draft policies and guidance for facility use in future market assessments, and lessons learned—and testimonial evidence from department officials describing VA's planned approach for communication with stakeholders. Based on our review, we determined the extent to which VA developed and documented its approach consistent with our prior work on effective asset management and federal internal control standards for control environment.[8]

[7]GAO-19-57. Specifically, establishing formal policies and plans, which states that organizations should have a clearly defined governance regime that includes a strategic asset management plan that ties the organization's mission and strategic objectives, defines the asset management scope, and defines the roles and responsibilities for each part of the organization.

[8]GAO-19-57. Specifically, our prior work found that promoting a culture of information sharing and enterprise-wide decision making, including communicating information across traditional agency boundaries, can ensure that agencies make effective decisions about their assets. GAO-14-704G. Specifically, Principle 3, which states, "Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives."

Appendix II: Department of Veterans Affairs (VA) Approach to Its March 2022 Market Assessments

VA took several steps when conducting its March 2022 market assessments including compiling data, analyzing that data, soliciting input from the field, developing and revising proposals for recommendations, and validating its proposals.

Compilation of data. VA compiled a standardized data set for each market that included, among other things, veteran and non-veteran demographics, the current and future veteran demand for VA health care services, and the supply of VA, community care, and other non-VA health care resources available to meet the current and future veteran demand. Compiled from more than 60 sources, these data reflected the most current data at the time, as well as 10-year projections for certain data.[1] Regional network directors signed certifications indicating their agreement that these compiled data could be used for further market assessment analysis for markets in their regions.

Analysis of data. VA analyzed the data evaluating market demographics; current and future demand for health care; current and future supply of VA and other health care resources; and other aspects of health care, including quality and satisfaction. For example, VA compared projections of demand and supply to identify potential gaps between supply and demand.

Solicitation of input from field. VA supplemented its data compilation by conducting site visits to VA medical centers and other health care facilities in each of its 96 markets. These site visits aimed to provide additional information about local health care environments in each market. For the site visits that occurred prior to the start of the COVID-19 pandemic in March 2020, VA conducted in-person tours of VA medical centers and some associated outpatient clinics that were particularly critical to the functioning of the market. VA conducted virtual tours for the site visits that occurred after the pandemic started for about one third of the markets, according to VA officials. The site visits also included more than 1,800 interviews with VA medical center and network officials.

[1]Most of the data sources for which VA compiled data were VA enterprise databases maintained centrally for use in the management of VA's health care system. The databases include system-wide data on historical actual workload for VA health care services, physician productivity, the physical condition of VA health care buildings, and other administrative data.

Develop and revise proposals to change VA facilities and services. VA developed proposals to change its infrastructure and services in response to the analysis of data it compiled and other information the department collected during site visits to each market. VA developed its proposals in consideration of system-wide principles and other guidance established by VA.[2] The process of developing proposals was iterative—that is, VA continually reviewed and revised draft proposals throughout the market assessment process. For example, according to VA officials, various combinations of VA leadership and staff reviewed draft proposals in a series of meetings between May 2019 and March 2021. These individuals included senior officials within the Veterans Health Administration's Chief Strategy Office, regional network directors, the Assistant Under Secretary for Health for Clinical Services, Assistant Deputy Under Secretary for Health for Community Care, and the Under Secretary of Health.

Validate proposals. VA validated its proposal by applying five analyses to the more than 1,700 draft proposals that cleared the department's prior reviews to help validate its proposals. Specifically, VA conducted analyses on the following elements:

- veteran feedback on VA health care;
- VA's emergency response to the COVID-19 pandemic;
- consistency of VA's management of 10 health care services and outpatient facilities;
- the financial costs and non-financial benefits of each market's group of proposals; and

[2]For more information on the principles and guidance, see VA, *VA Recommendations to the Asset and Infrastructure Review Commission, Volume I: Introduction, Approach and Methodology, and Outcomes*, March 2022. See https://www.va.gov/AIRCOMMISSIONREPORT/docs/VA-Report-to-AIR-Commission-Volume-I.pdf. Accessed January 24, 2023.

- consistency with criteria developed for determining the Secretary's recommendations on modernization and realignment to the Asset and Infrastructure Review Commission.[3]

The Secretary reviewed VA's validated proposals for final approval as recommendations from the market assessments and released them publicly in March 2022.

[3]According to VA, service lines help organize health care delivery around broad categories of care to develop consistent care standards and enhance quality of care. Examples of VA health care service lines include inpatient surgery and rehabilitation services for blind patients. The MISSION Act required VA to develop criteria and publish for the Secretary to use in making recommendations for the modernization and realignment of VA facilities to the Asset and Infrastructure Review Commission. Pub. L. No. 115-182, tit. II, § 203(a), 132 Stat. at 1446. VA published these criteria in May 2021. See 86 Fed. Reg. 28932 (May 28, 2021).

Appendix III: Summary of Department of Veterans Affairs (VA) Recommendations from Its March 2022 Market Assessments for Selected Markets

This appendix provides an overview of recommendations from VA's March 2022 market assessments in selected markets. To obtain market-level perspectives, we selected four markets for variation by geographic region, rurality, and types of recommendations. These markets were the Georgia market, Michigan-Erie market, the Montana market, and the Veterans Integrated Service Network 1 West market. For each of these selected markets, we identified the recommendations and other selected information. (See fig. 6-13.)

Figure 6: Overview of the Department of Veterans Affairs (VA) Recommendations from Its March 2022 Market Assessments in the Georgia Market

Market 7: Georgia Market

Market Challenges

Modernization: One medical center is not suited for modern health care delivery; one medical center has significant infrastructure issues and lacks space to expand; one center has outdated building structures and is not suited for modern health care delivery.

Realignment: The Georgia market faces increasing market enrollment, particularly around the metropolitan areas of Atlanta, Augusta, and Macon/Warner Robins. Demand for inpatient medical and surgical services, inpatient mental health care, long-term care, spinal cord injuries and disorders (SCI/D), blind rehabilitation, and outpatient care is increasing.

Veteran Characteristics	Fiscal year (FY) 2019
Number of veterans enrolled	259,014
Percentage of veterans living in rural areas	 27.9%
Percentage of veterans living within 30-minute drive of a VA primary care site	 77.9%

Projected Market Changes by FY 2029	Percentage change
Enrollment	▲ +9.3%
Demand	
Inpatient: Medical and Surgical	▲ +4.3%
Inpatient: Mental Health	▲ +5.7%
Long-term Care:	▲ +62.1%

Summary of Recommendations

Modernization: One medical center would be closed and replaced in the same vicinity. One would close and combine with an expanded adjacent medical center. One medical center would be built to replace a multi-specialty clinic and one medical center would close and be replaced in a location closer to projected veteran enrollee growth.

Realignment: One multi-specialty clinic would be closed and services relocated to new medical center. One new multi-specialty clinic would be built in place of a closed medical center. Two outpatient service sites would close and relocate services to a new medical center.

Facility Type	Number of VA Facilities		
	Current	*Recommended*	*Net Change*
Medical Center	6	6	0
Multi-Specialty Community-Based Outpatient Clinic	9	9	0
Community-Based Outpatient Clinic	14	11	-3
Other Outpatient Service Site	5	1	-4

Summary of Recommended Infrastructure Changes

Medical Centers:
- Build 2 new
- Close and replace 1
- Update 3
- Close and consolidate 1
- Close 1

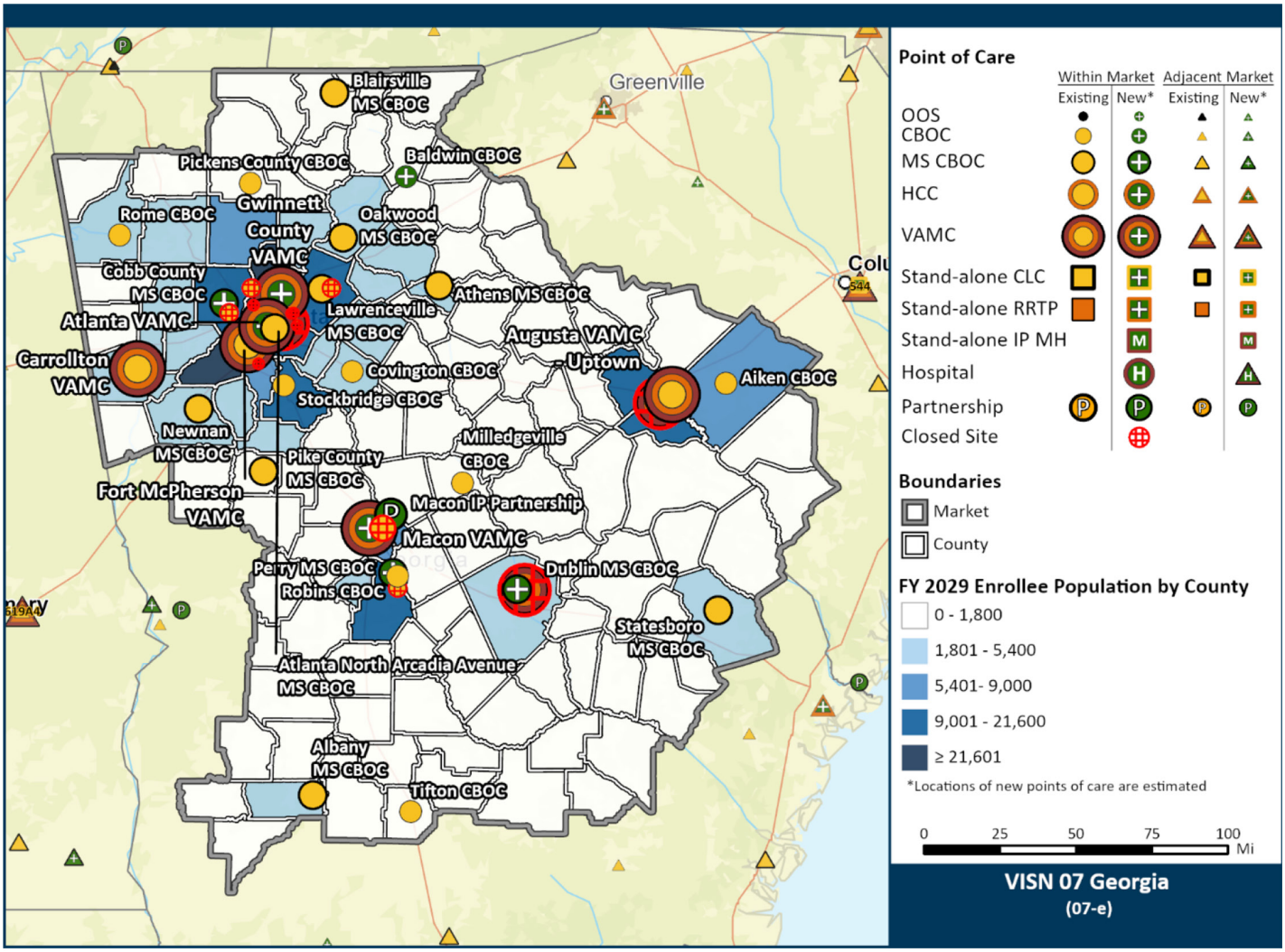
Multi-Specialty Community-Based Outpatient Clinics:
- Establish 1 new clinic
- Close 1 clinic

Community-Based Outpatient Clinics:
- Establish 1 new clinic
- Close and relocate 1 clinic
- Close 4 clinics

Other Outpatient Service Sites:
- Close 4 sites

Source: GAO analysis of VA documentation. | GAO-23-106001

Figure 7: Map of the Department of Veterans Affairs (VA) Recommendations from Its March 2022 Market Assessments in the Georgia Market



Source: VA documentation. | GAO-23-106001

Figure 8: Overview of the Department of Veterans Affairs (VA) Recommendations from Its March 2022 Market Assessments in the Michigan Erie Market

Market 10: Michigan Erie Market

Market Challenges

Modernization: One of the medical centers does not meet current design standards for modern health care and historic buildings make it costly to maintain.

Realignment: The veteran population in the Michigan Erie market is shifting from rural to urban areas, resulting in high veteran population growth in the Grand Rapids and Lansing, Michigan areas. There is a need to redistribute services into communities with more concentrated veteran populations, relocate inpatient and outpatient services out of outdated infrastructure to more modern facilities, and meet the existing and projected veteran demand.

Veteran Characteristics	Fiscal year (FY) 2019
Number of veterans enrolled	109,567
Percentage of veterans living in rural areas	 53.5%
Percentage of veterans living within 30-minute drive of a VA primary care site	 62.7%

Projected Market Changes by FY 2029	Percentage change
Enrollment	▼ -3.0%
Demand	
Inpatient: Medical and Surgical	▲ +5.4%
Inpatient: Mental Health	0%
Long-term Care:	▲ +57.6%

Summary of Recommendations

Modernization: The older current medical center would close and a replacement center would be built closer to where veterans live.

Realignment: One new multi-specialty community-based outpatient clinic would be established closer to a higher population of enrollees; one multi-specialty community-based outpatient clinic would be relocated and expanded to a health care center, one community-based clinic would be relocated and expanded to a multi-specialty clinic, and one community-based clinic would be established in an area outside of the current 30-minute drive time.

Facility Type	Number of VA Facilities		
	Current	*Recommended*	*Net Change*
Medical Center	2	2	0
Health Care Center	0	1	+1
Multi-Specialty Community-Based Outpatient Clinic	3	5	+2
Community-Based Outpatient Clinic	7	7	0
Other Outpatient Service Site	3	2	-1
Residential Rehabilitation Treatment Program	0	1	+1

Summary of Recommended Infrastructure Changes

Medical Centers:
- Close 1 medical center
- Build 1 new medical center

Health Care Centers:
- Relocate and expand 1 multi-specialty community-based outpatient clinic making it a health care center

Multi-Specialty Community-Based Outpatient Clinics:
- Establish 2 new clinics
- Update services at 1 community- based clinic making it a multi-specialty clinic
- Close 1 clinic

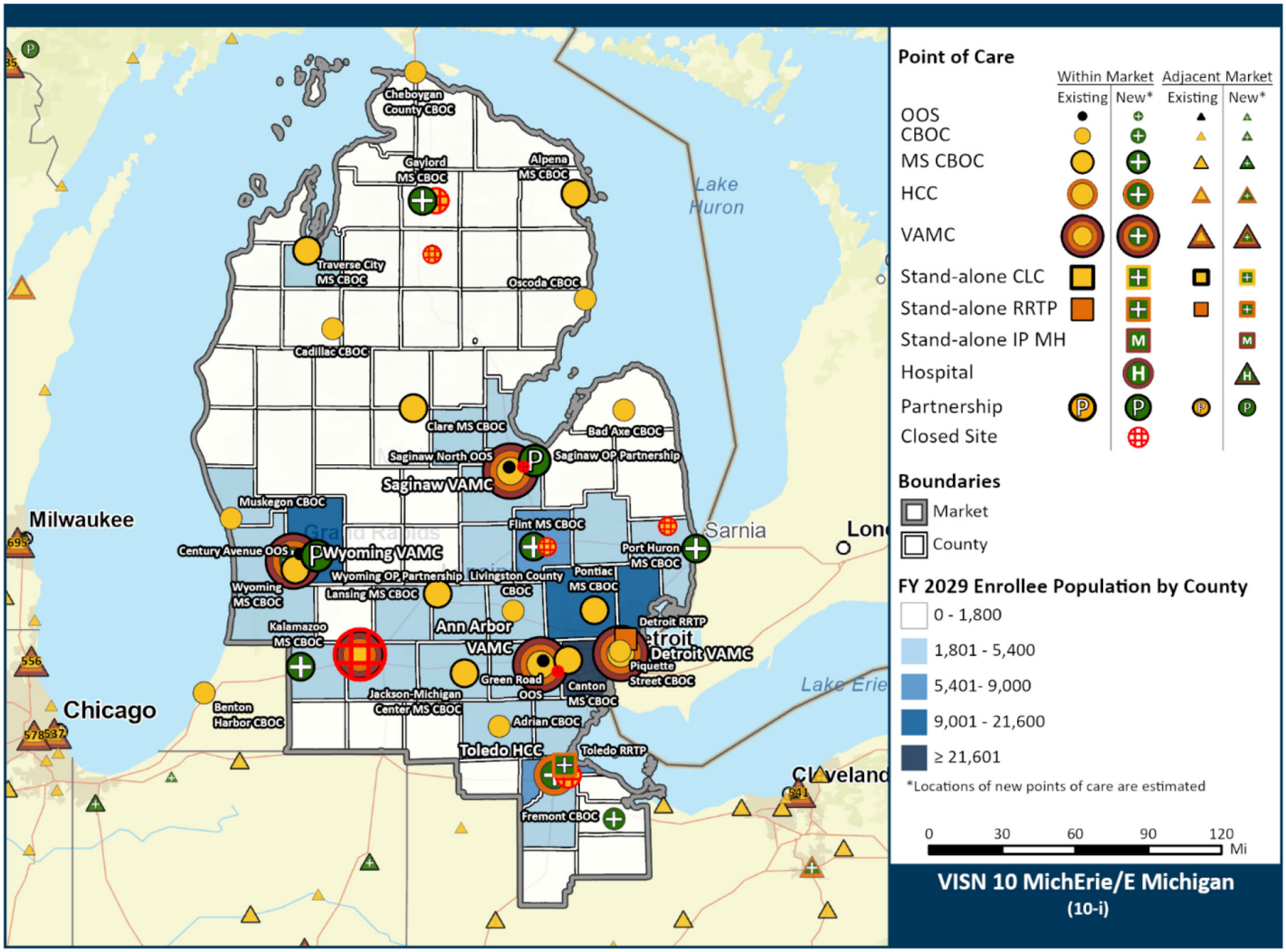
Other Outpatient Service Sites:
- Close 1 site

Community-Based Outpatient Clinics:
- Establish 1 new clinic
- Close 1 clinic

Residential Rehabilitation Treatment Program:
- Establish 1 new

Source: GAO analysis of VA documentation. | GAO-23-106001

Figure 9: Map of the Department of Veterans Affairs (VA) Recommendations from Its March 2022 Market Assessments in the Michigan Erie Market



Source: VA documentation. | GAO-23-106001

Figure 10: Overview of the Department of Veterans Affairs (VA) Recommendations from Its March 2022 Market Assessments in the Montana Market

Market 19: Montana Market

Market Challenges

Modernization: There is one medical center which was renovated in 2016, however buildings from the 1890s and 1930s do not meet current design standards.

Realignment: The Montana market is one of the largest VA markets geographically and is highly rural, with the veteran population dispersed across the market. With flat market enrollment, demand for inpatient acute services, long-term care, and outpatient care is increasing.

Veteran Characteristics	Fiscal year (FY) 2019
Number of veterans enrolled	46,673
Percentage of veterans living in rural areas	 72.6%
Percentage of veterans living within 30-minute drive of a VA primary care site	 60.9%

Projected Market Changes by FY 2029	Percentage change
Enrollment	▼ -2.6%
Demand	
Inpatient: Medical and Surgical	▲ +9.3%
Inpatient: Mental Health	▲ +21.9%
Long-term Care:	▲ +40.2%

Summary of Recommendations

Modernization: The residential rehabilitation treatment program located in the medical center would be expanded and the emergency department would be converted to an urgent care center; outpatient surgery at the health care center would be relocated to community providers

Realignment: One community-based outpatient clinic would be established; one multi-specialty community-based outpatient clinic would be relocated and expanded; three outpatient services sites that do not have sustainable demand would be closed and relocated to community providers; the recommendations would also close community living center services and relocate them to community providers.

Facility Type	Number of VA Facilities		
	Current	*Recommended*	*Net Change*
Medical Center	1	1	0
Health Care Center	1	0	-1
Multi-Specialty Community-Based Outpatient Clinic	2	3	+1
Community-Based Outpatient Clinic	4	5	+1
Other Outpatient Service Site	9	6	-3
Community Living Center	1	0	-1

Summary of Recommended Infrastructure Changes

Medical Centers:
- Update 1

Health Care Centers:
- Update services at 1, making it a multi-specialty community-based outpatient clinic

Multi-Specialty Community-Based Outpatient Clinics:
- Relocate 1 clinic
- Establish 1 clinic

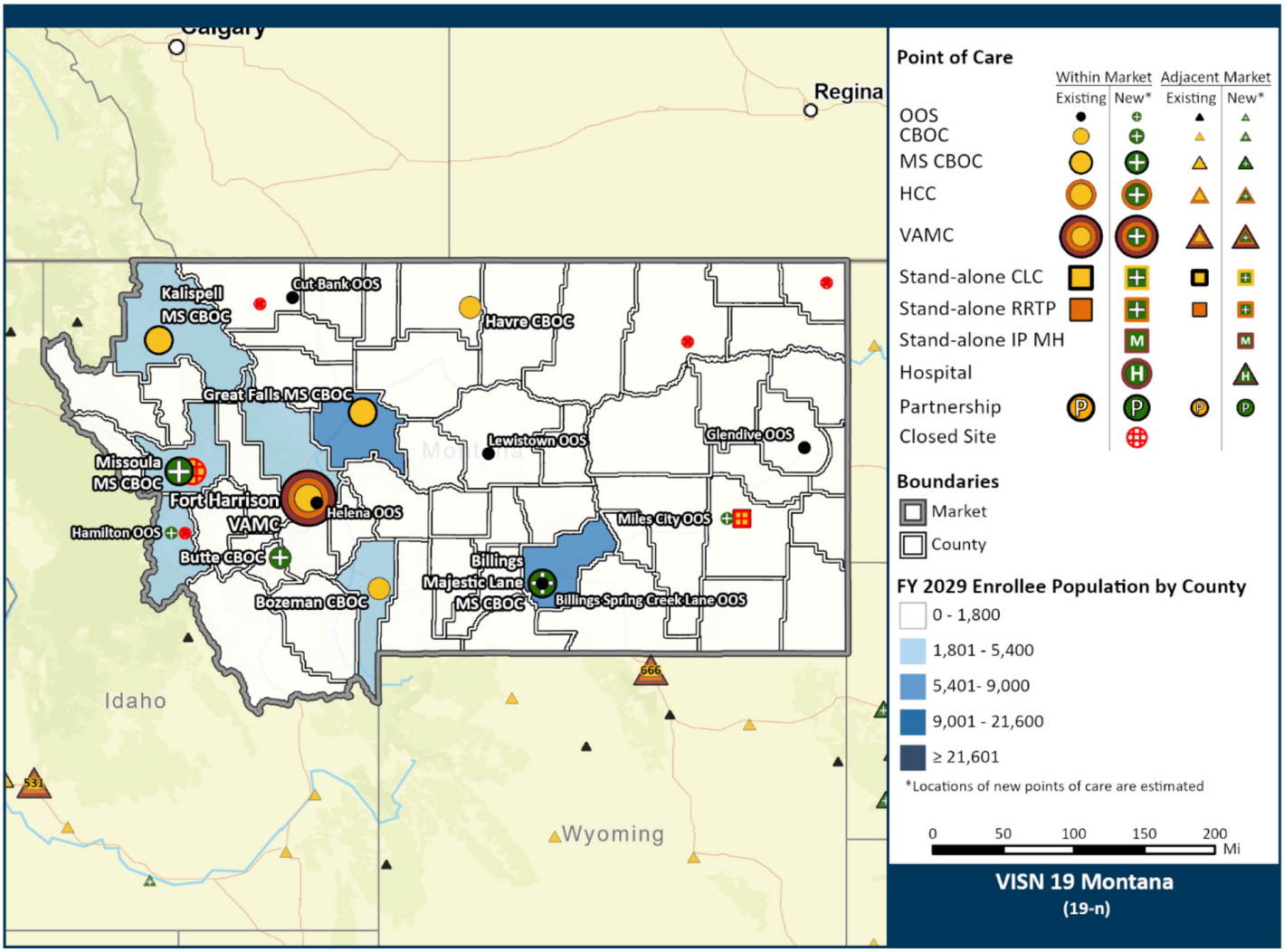
Community-Based Outpatient Clinics:
- Establish 1 new clinic

Community Living Center:
- Close 1 stand-alone center

Other Outpatient Service Sites:
- Close 3 sites

Source: GAO analysis of VA documentation. | GAO-23-106001

Figure 11: Map of the Department of Veterans Affairs (VA) Recommendations from Its March 2022 Market Assessments in the Montana Market



Source: VA documentation. | GAO-23-106001

Figure 12: Overview of the Department of Veterans Affairs (VA) Recommendations from Its March 2022 Market Assessments in the New England West Market

Market 1: New England West Market

Market Challenges

Modernization: Both current medical centers do not meet modern health care design standards and would require significant investments to correct deficiencies. One medical center is nearly 100 years old and has extensive challenges with architecture, maintenance, and engineering.

Realignment: One of the current medical centers has only about half of the number of enrollees within a 60 minute driving distance compared to a nearby multi-specialty community-based outpatient clinic. Several outpatient clinics are no longer well-located in relation to the enrolled population.

Summary of Recommendations

Modernization: The older of the two current medical centers would be closed, and the other would build a new inpatient acute care space.

Realignment: Three outpatient clinics would be relocated. Two clinics would be relocated to sites that would increase the enrollee population within driving distance. The third relocated clinic would be closer to two interstates, making it easier for veterans to access care.

Veteran Characteristics	Fiscal year (FY) 2019
Number of veterans enrolled	90,881
Percentage of veterans living in rural areas	 17.2%
Percentage of veterans living within 30-minute drive of a VA primary care site	 91.9%

Projected Market Changes by FY 2029	Percentage change
Enrollment	▼ -17.0%
Demand	
Inpatient: Medical and Surgical	▼ -8.8%
Inpatient: Mental Health	▼ -12.9%
Long-term Care:	▲ +22.2%

Facility Type	Number of VA Facilities		
	Current	*Recommended*	*Net Change*
Medical Center	2	2	0
Multi-Specialty Community-Based Outpatient Clinic	3	2	-1
Community-Based Outpatient Clinic	10	10	0
Other Outpatient Service Site	2	2	0

Summary of Recommended Infrastructure Changes

Medical Centers:
- Close 1 medical center
- Update 1 medical center
- Update services at 1 multi-specialty clinic, making it a medical center

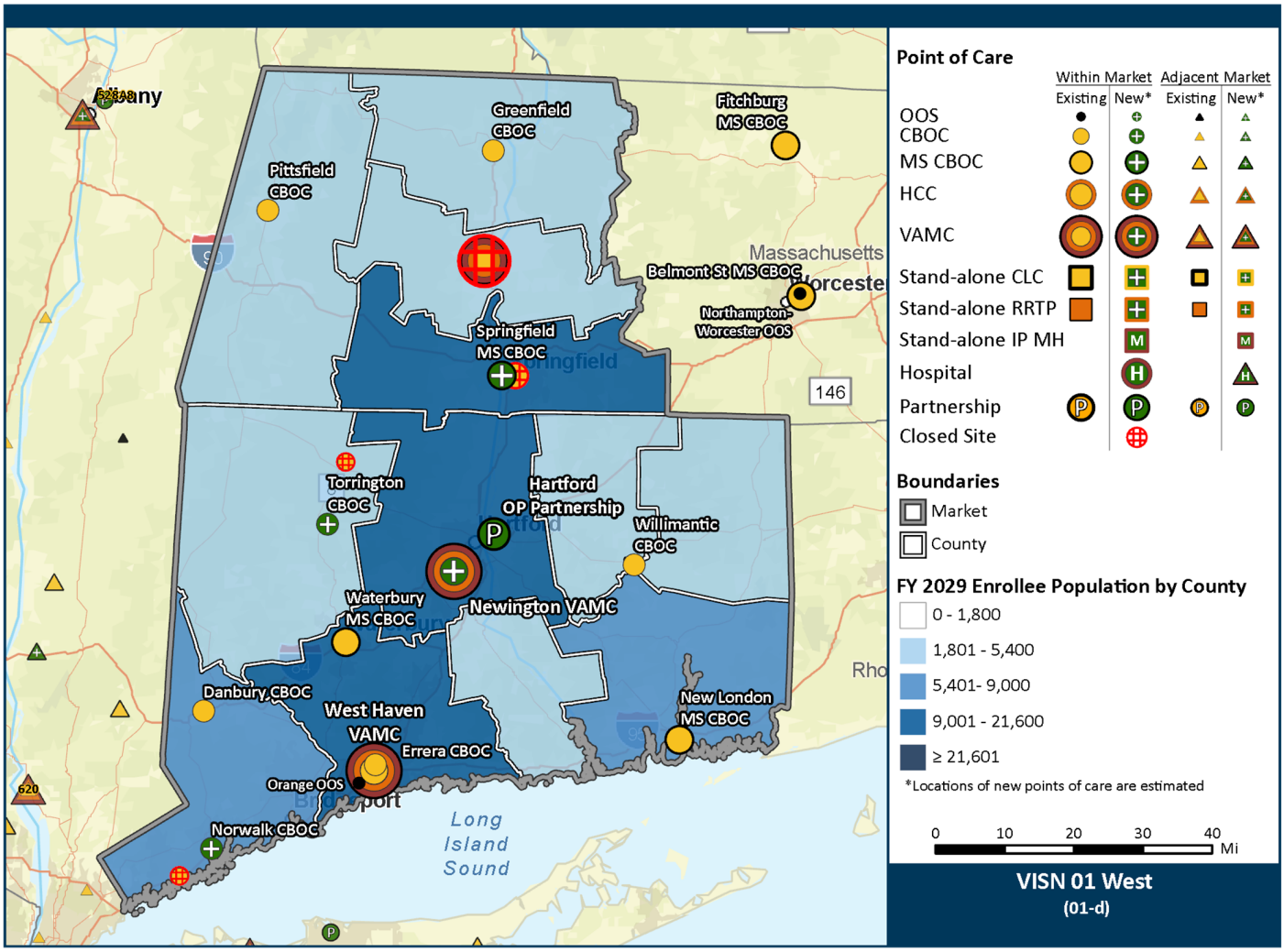
Multi-Specialty Community-Based Outpatient Clinics:
- Close and relocate 1 clinic
- Update services at one clinic, making it a medical center

Community-Based Outpatient Clinics:
- Close and relocate 2 clinics

Other Outpatient Service Sites:
- None

Source: GAO analysis of VA documentation. | GAO-23-106001

Figure 13: Map of the Department of Veterans Affairs (VA) Recommendations from Its March 2022 Market Assessments in the New England West Market

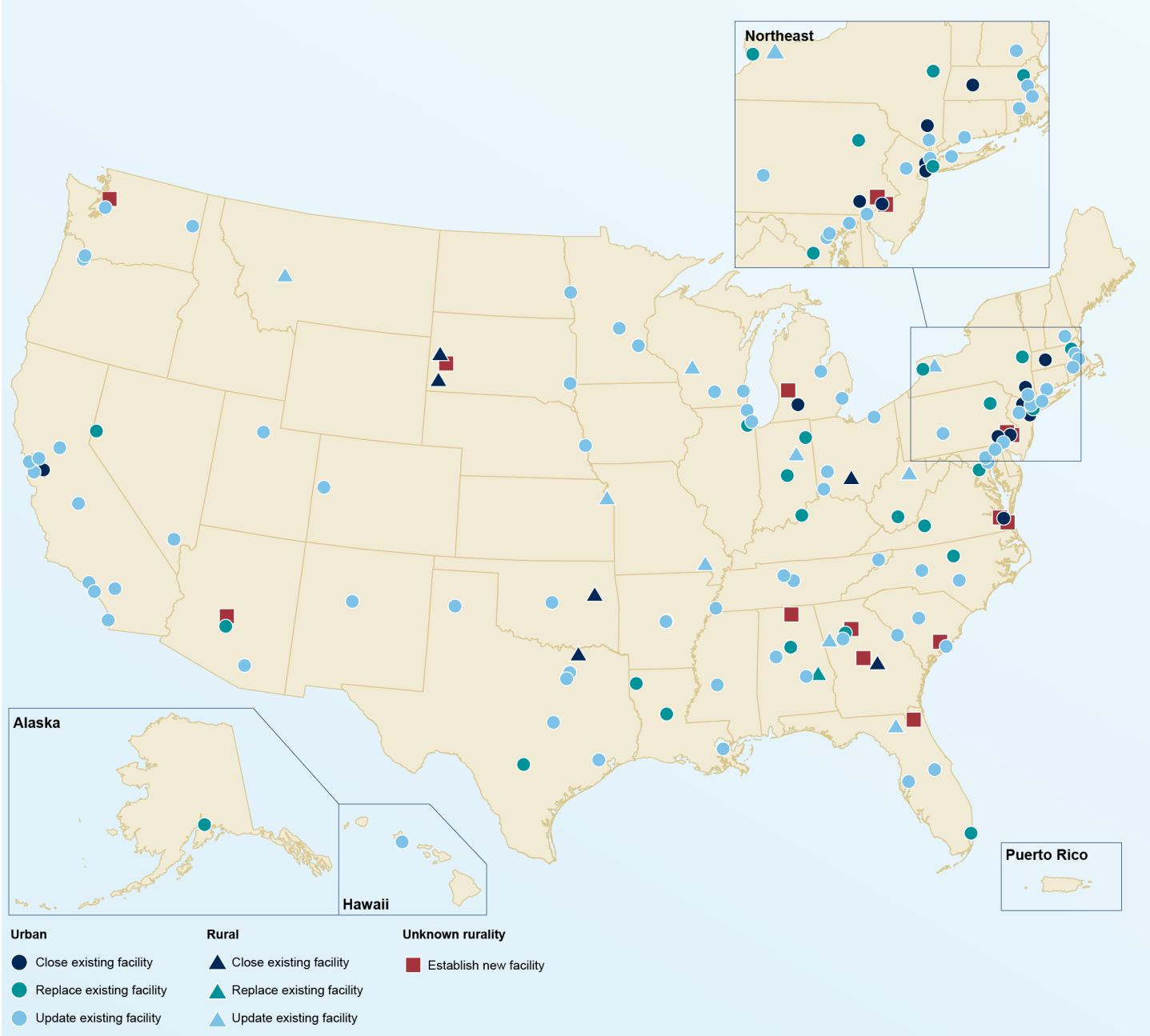


Source: VA documentation. | GAO-23-106001

Appendix IV: Geographic Analysis of VA's Recommended Facility Changes

We analyzed the geographic distribution of facility changes, such as closures or replacements, VA recommended for its medical centers and outpatient clinics as part of its March 2022 market assessments. As shown in figure 14, VA recommended a larger number of changes to its medical centers in the east and southeast than in the western U.S.

Figure 14: Geographic Distribution of Department of Veterans Affairs' (VA) Recommended Changes for VA Medical Centers in Its March 2022 Market Assessments



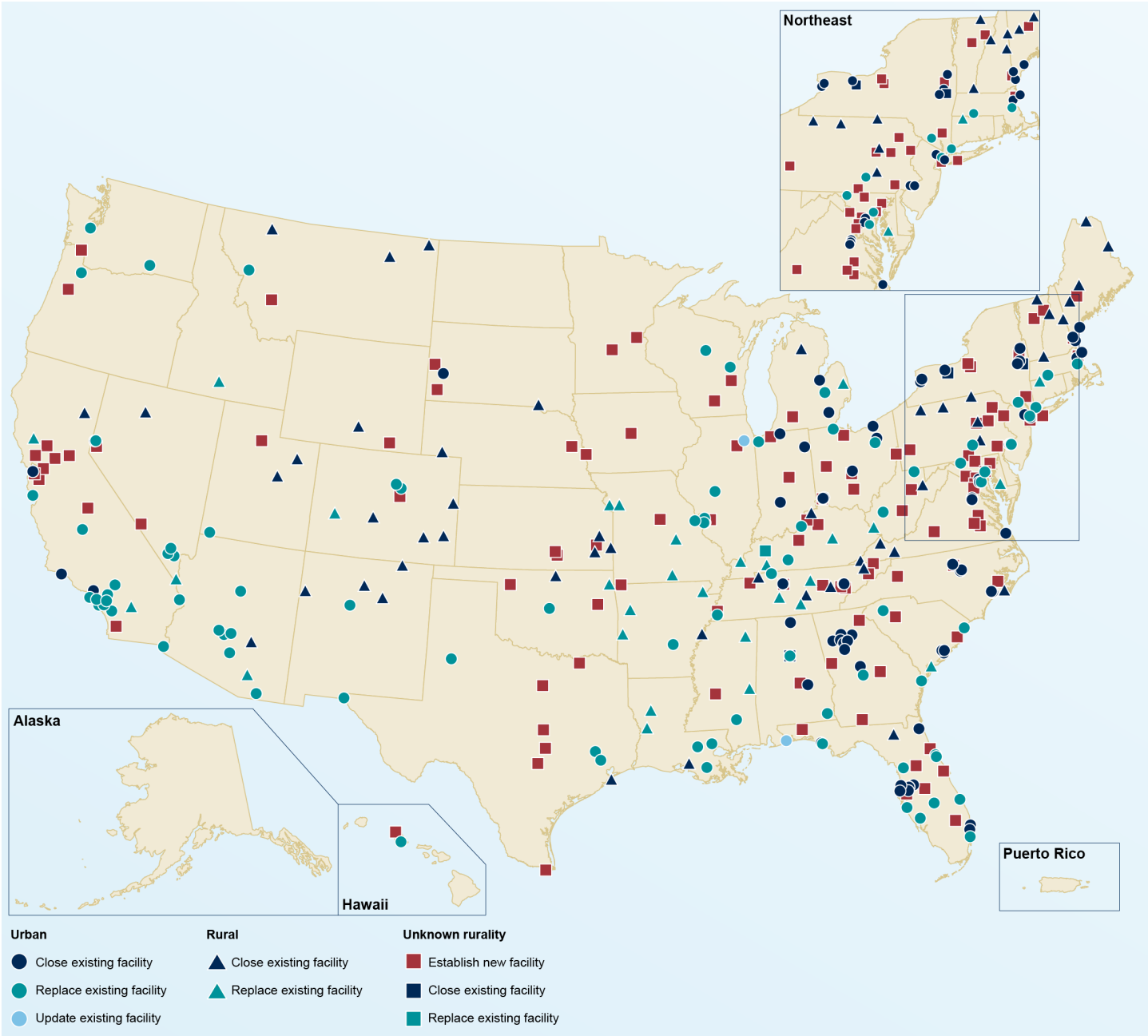
Source: GAO analysis of VA documentation. | GAO-23-106001

Notes: Rural facilities include those VA classified as rural, highly rural, or insular island using census tract-based definitions of Rural Urban Commuting Area codes developed by the Department of

Agriculture Economic Research Service and the Health Resources and Services Administration Office of Rural Health Policy. Information on VA's rurality classifications were not available for new medical centers.

Similar to it medical centers, VA recommended more changes for its outpatient clinics in the east and southeast when compared to the western U.S. (See fig. 15.)

Figure 15: Geographic Distribution of Department of Veterans Affairs' (VA) Recommended Changes for Outpatient Clinics in Its March 2022 Market Assessments



Source: GAO analysis of VA documentation. | GAO-23-106001

Notes: VA's outpatient clinics generally provide both primary care and mental health services and range from small, mainly telehealth clinics with one technician and a nurse to large clinics with

several specialty care services and providers. Specifically, VA's outpatient clinics include health care centers, multi-specialty community-based outpatient clinics, community-based outpatient clinics, other outpatient services sites, mobile units, and satellite ambulatory surgical centers.

Rural facilities include those VA classified as rural, highly rural, or insular island using census tract-based definitions of Rural Urban Commuting Area codes developed by the Department of Agriculture Economic Research Service and the Health Resources and Services Administration Office of Rural Health Policy. Information on VA's rurality classifications were not available for new clinics, one closure, and one replacement.

Appendix V: VA's Documentation of Statutory Requirements for Its 2022 Market Assessments

In its report to the Asset and Infrastructure Review Commission, VA stated that it conducted its March 2022 market assessments to meet the requirements of two sections of the VA MISSION Act of 2018 (MISSION Act):

- Section 106(a), which required VA to conduct quadrennial market assessments, and
- Section 203(b), which required VA to conduct market assessments to inform recommendations to modernize and realign the department's infrastructure.

The market assessments in section 203(b) are a one-time requirement and the market assessments in section 106(a) are a recurring requirement that VA will have to conduct every four years. Each of these sections specified certain data and analyses that VA was to include in the markets assessments (see table 6).

Table 6: Statutory Requirements VA Was to Include in March 2022 Market Assessments, by VA MISSION Act of 2018 (MISSION Act) Section

Section 106(a)	Section 203(b)
• An assessment of Veteran demand for health care by geographic market areas • An inventory of VA's own health care delivery capacity • An assessment of the health care capacity to be provided by community care providers, their location, and the categories of service provided • An assessment of the capacity of other Federal health care delivery systems to provide care to veterans • An assessment of the health care capacity of non-contracted providers where there is insufficient network supply • An assessment of the capacity of academic affiliates and other collaborations to provide health care to veterans • An assessment of the effects on health care capacity of access and quality standards established by the MISSION Act • The number of veterans' health care appointments, both at VA facilities and with non-VA providers	• The degree to which any health care delivery or other site for providing services to veterans reflect the metrics of VA regarding market area health system planning • The provision of effective and efficient access to high-quality health care and services for veterans • The extent to which the real property that no longer meets the needs of the federal government could be reconfigured, repurposed, consolidated, realigned, exchanged, outleased, replaced, sold, or disposed • The need of VA to acquire infrastructure or facilities that will be used for the provision of health care and services to veterans • The extent to which the operating and maintenance costs are reduced through consolidating, colocating, and reconfiguring space, and through realizing other operational efficiencies • The extent and timing of potential costs and savings, including the number of years such costs or savings will be incurred, beginning with the date of completion of the proposed recommendation • The extent to which the real property aligns with the mission of VA • The extent to which any action would impact other missions of VA (including education, research, or emergency preparedness) • Local stakeholder inputs and any factors identified through public field hearings • The capacity and commercial market assessments described under paragraph (3) of Section 203(b) • The extent to which VA has appropriately staffed the medical facility, including determinations whether there has been insufficient resource allocation or deliberate understaffing • Any other such factors the Secretary of VA determines appropriate

Sources: GAO summary of VA MISSION Act of 2018. | GAO-23-106001.

Note: VA MISSION Act of 2018, Pub. L. No. 115-182, tit. I, §§ 106 and 203, 132 Stat. 1393, 1413-1414, 1446-47 (2018).

Section 203(b) methodology and analysis results were clearly documented. Our review found that VA's report to Asset and Infrastructure Review Commission documented the department's methodology to include the section 203(b) requirements in its market assessments and it documented the results of the methodology. Specifically, VA's report to the Commission provided the following information:

- **Details of VA's methodology to analyze recommendations for consistency with section 203(b) requirements.** The report described how VA organized the section 203(b) requirements into six factors, identified key measures for each factor, and planned to analyze whether the recommendations for each market were consistent with the key measures.[1]
- **Results of the section 203(b) analysis for each market.** The report included a summary and detailed results of the analyses for each section 203(b) factor.[2]

Section 106(a) requirements were documented mainly in report appendices. Our review found that VA's report to the Asset and Infrastructure Review Commission stated that the department's methodology for the market assessments addressed the section 106(a) requirements. According to VA officials, VA documented the section 106(a) requirements in the report's appendixes, including the data discovery and findings books that the department compiled for each market. VA documented the section 106(a) requirements in the following sources:

- **Data discovery and findings books.** According to VA officials, VA primarily documented the data and analyses required by section 106(a) in the extensive data discovery and findings books it compiled for each market, which were published as appendixes to its report to the Asset and Infrastructure Review Commission.
- **Rationale for market assessment recommendations.** In our four selected markets, we found that VA often included data on the demand for services at VA facilities, such as the number of unique patients served, and on access to care or quality at VA facilities, such

[1]The six factors under which VA organized the section 203(b) requirements were Access, Demand, Quality, Mission, Cost Effectiveness, and Sustainability. The description of VA methodology to analyze recommendations for consistency with section 203(b) factors were contained in Appendix E of Volume I of VA's Report to the Asset and Infrastructure Review Commission. See https://www.va.gov/AIRCOMMISSIONREPORT/docs/Section-203-Criteria-Methodology.pdf. Accessed on December 15, 2022.

[2]The summary of the section 203(b) analyses for each market are located in Volume II: Market Recommendations, which are available at https://www.va.gov/AIRCOMMISSIONREPORT/Volume_II.asp (accessed December 15, 2022). The details of the section 203(b) analysis for each market are available in the Volume II appendixes, which are available at https://www.va.gov/AIRCOMMISSIONREPORT/Appendices.asp (accessed December 15, 2022).

as the number of enrolled patients within drive time standards, in its rationale for its recommendations from the market assessments.

Appendix VI: Comments from the Department of Veterans Affairs

DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON

February 23, 2023

Ms. Sharon M. Silas
Director
Health Care
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Silas:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report: ***VA HEALTH CARE: Improved Data, Planning, and Communication Needed for Infrastructure Modernization and Realignment*** (GAO-23-106001).

The enclosure contains general and technical comments, and the action plan to address the draft report recommendations. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Tanya J. Bradsher
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
VA Health Care: Improved Data, Planning, and Communication Needed for Infrastructure Modernization and Realignment
(GAO-23-106001)

Recommendation 1: The Secretary of Veterans Affairs should develop specific actions that address the data gaps identified by GAO and others and identify time frames for completing such actions to help ensure that future market assessments fully account for the department's key considerations.

VA Response: Concur. The Department of Veterans Affairs (VA) will develop a plan to address the data gaps identified by GAO and others. The plan will outline specific actions and timeframes and will be informed by the lessons learned that were identified through the working sessions that VA has conducted with key VA stakeholders.

Target Completion Date: September 2023

Recommendation 2: The Secretary of Veterans Affairs should direct VA's leadership team to develop a formal, documented plan that identifies its structure and an implementation strategy for its efforts to modernize and realign the department's infrastructure to help ensure the efficiency and effectiveness of these efforts.

VA Response: Concur. VA is establishing an enterprise Infrastructure Governance Board led by executive stakeholders and governed by an integrated board of directors from administrations with key facilities-related offices throughout VA to serve as the accountable stewardship body responsible for life-cycle management of VA's infrastructure portfolio (in accordance with 38 U.S.C. § 312(a)). The board will serve as the working body for VA facility-related policy development, program analysis and advocacy, issue resolution and VA Central Office and Administration coordination and collaboration. This formalized entity will provide a mechanism for continuous improvement and provide facilities leaders an avenue to assess and proactively respond to anticipated changes in the health care environment.

The existing Veteran Facility Transformation and Healthcare Enhancement (VFTHE) integrated project team (IPT) will develop a health care infrastructure strategy that best supports the Veterans Health Administration's (VHA) clinical strategy and an implementation plan that focuses VHA's planning and construction resources on market requirements identified as priority investments within VHA's infrastructure strategy. The team will collaborate with the enterprise Infrastructure Governance Board to formulate comprehensive enterprise-wide priorities that align infrastructure to health system strategy.

Target Completion Date: August 2023

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
VA Health Care: Improved Data, Planning, and Communication Needed for Infrastructure Modernization and Realignment
(GAO-23-106001)

Recommendation 3: The Secretary of Veterans Affairs should direct its leadership team to finalize its communication approach, such as by developing, documenting, and disseminating how it will increase communication and transparency with internal and external stakeholders, including specifying how and when communication should occur.

VA Response: Concur. VA is planning the next cycle of market assessments, including developing a robust communications plan and approach. As part of this planning cycle, the VFTHE IPT will be responsible for finalizing and executing communications, in coordination with VA's Office of Public and Intergovernmental Affairs, regarding modernization and realignment of VA facilities. VA is committed to working collaboratively with internal and external stakeholders such as Congress, Veterans Service Organizations, Veterans and others throughout the next cycle of market assessments.

Target Completion Date: September 2023

Appendix VII: GAO Contact and Staff Acknowledgements

GAO Contact

Sharon M. Silas, (202) 512-7114 or silass@gao.gov

Staff Acknowledgements

In addition to the contacts named above, Rebecca Rust Williamson (Assistant Director), Aaron Holling (Analyst-in-Charge), Sara Brinegar, Jennifer Lucado, and E. Jane Whipple made key contributions to this report. Also contributing were Jennie F. Apter, Jacquelyn Hamilton, Roxanna Sun, and Ravi Sharma.

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