

# VA Electronic Health Records: What Federally Mandated Health Integration Really Looks Like

Issue Brief No. 120

by Kyle Buckley

May 2013

*Nearly one-fourth of the U.S. population is potentially eligible for veteran benefits and services, including former members of the armed services, spouses, children and survivors. The delivery of medical care is one of the most important obligations of the U.S. Department of Veterans Affairs.<sup>1</sup> In 2012 VA hospitals treated more than 6.3 million unique patients.<sup>2</sup>*



Dallas Headquarters:  
12770 Coit Road, Suite 800  
Dallas, TX 75251-1339  
972.386.6272

[www.ncpa.org](http://www.ncpa.org)

Washington Office:  
601 Pennsylvania Avenue NW,  
Suite 900, South Building  
Washington, DC 20004  
202.220.3082



The VA runs 153 hospitals, 853 outpatient clinics and 57 benefits offices, making it perhaps the largest integrated health and information technology (IT) enterprise in the world. The 8,000-member IT staff supports more than 300,000 VA employees and 10 million veterans.<sup>3</sup> Their job is to develop, integrate and maintain technological infrastructure.

Though health information technology is increasingly important to the delivery of medical services, the VA has been unable to develop and implement integrated IT solutions. Specifically, efforts to integrate Department of Defense medical records for service members with VA electronic health records for new veterans have failed, hamstringing attempts to provide a continuum of care for veterans with service-connected conditions, as well as costing taxpayers more than \$1 billion.<sup>4</sup> In addition, the VA has not met its own benchmarks for cooperation with congressional investigations and congressional requests to improve integration and patient-centered care.<sup>5</sup> Due to such failures, many veterans have difficulty accessing benefits, the quality of medical care suffers and taxpayers are stuck with higher than necessary bills.<sup>6</sup>

The VA's inability to implement integrated IT solutions is not due to lack of resources. The VA has consistently received budget increases, with increasingly less oversight, and little to no enforcement of existing statutes, operating procedures or executive orders.<sup>7</sup> Responsibility for these failures rests primarily with the VA's Office of Information Technology.

**Technology Management and Organizational Problems.** Electronic health records (EHR) store data, help health care providers make decisions, and place and track resupply orders. They also allow physicians and nurse technicians to directly input treatment details. EHR systems are designed to reduce paperwork and improve the accuracy and availability of information, in order to save money and increase the quality of patient care.

In recent years, VA Secretary Eric Shinseki has vowed to use integrated electronic records and paperless IT solutions to make health care more efficient by 2015. However, there has been little progress in implementing EHRs in recent years. In fact, the VA currently maintains only 5.4 million electronic health records, a number that has not changed since 2007.<sup>8</sup>

More than 25 years ago, the VA developed and implemented the Veterans

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Health Information Systems and Technology Architecture (VistA).<sup>9</sup> At the time, it was one of the most advanced health information technology systems in the world. One of the VA's first personal health record programs was "MyHealthVet," which allowed patients to view their complete health record, including physician notes and treatment history. The VA followed this up by creating a Virtual Lifetime Electronic Record system designed to be accessible to different agencies, such as the Department of Defense, in order to increase veteran access to vital benefits documentation. Despite these programs, according to the 2010 National Survey of Veterans:

- More than a decade after release, only 3.2 percent of all veterans use MyHealthVet.<sup>10</sup>
- Only 1 percent of all veterans are able to access their Virtual Lifetime Electronic Record.<sup>11</sup>

### The True Cost of Health Information Technology.

Implementing successful EHR programs requires large hospital networks to adopt compatible software and make IT resources available internally. Because the VistA program is open source — available to the public — companies and hospitals have adopted it at one-tenth the cost of comparable services, such as Epic, a private EHR company currently used by two-thirds of the paperless hospitals in the United States.<sup>12</sup> In large networked hospitals with both basic and advanced electronic health records and in-house IT capabilities, minimum cost savings range from 2 percent to 3.5 percent, according to a study by David Dranove and colleagues.<sup>13</sup> Based

on the Dranove study it appears that due to its size and emphasis on IT solutions, the VA should experience savings of about \$2 billion annually. Yet inefficiency and implementation problems have led Congress to express interest in replacing the VA's electronic health systems at a cost of \$16 billion.<sup>14</sup>

The Office of Information Technology (OIT) has an annual operating budget of \$3.3 billion, but the VA maintains an additional \$60 billion in discretionary funds and an administrative structure seemingly designed to obscure the true cost of health IT. While the utility of these programs should eventually increase, currently they operate at enormous cost for an extremely small percentage of users. The figure illustrates:

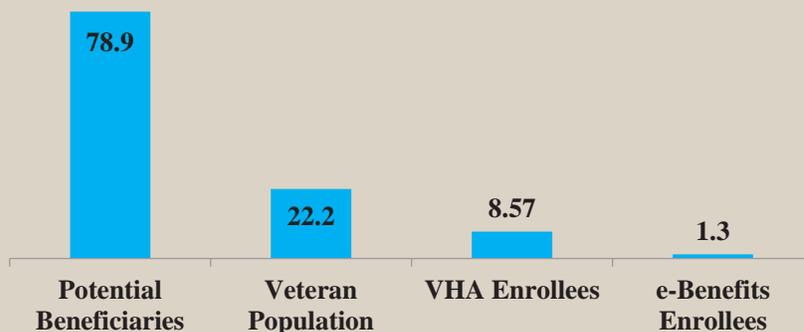
- Of the 79 million people eligible for some type of veteran benefits, 22 million of them are veterans eligible for health benefits.
- However, only 8.57 million (38.6 percent) veterans are enrolled in the Veterans Health Administration, and only about 8 percent (6.2 million) of all potentially eligible individuals used the VHA in 2012.
- Despite VA efforts, only 5.8 percent (1.3 million) of 22 million veterans participate in IT initiatives which are intrinsically important to the distribution of benefits and services.

**The VA Office of Information Technologies (OIT).** An examination of the IT resources available to implement EHR upgrades should explain such poor performance. The Clinger-Cohen Act of 1996 and VA

Programs Enhancement Act of 2001 emphasize the importance of decreasing medical costs, and identify human capital management as an essential element of health IT.<sup>15</sup> The burden of implementing the provisions of these two laws and VA Secretary Eric Shinseki's recent directives to accelerate and modernize services largely falls on the VA Office of Information Technology.<sup>16</sup>

The OIT's most critical position is the Human Capital Management Director, who is responsible for filling vacancies with competent employees. However, this position was vacant

**Potential Beneficiaries of the VA and Actual Veteran Enrollees in the VHA and e-Benefits Programs**  
(in millions)



Source: Author's calculations based on <http://www.ncpa.org/pdfs/bg166.pdf> and "Chief Information Officer FY 2011 Annual Report," Office of Information and technology." Available at [http://www.oit.va.gov/docs/OIT\\_CIO\\_Annual\\_Report\\_FY\\_2011\\_Final.pdf](http://www.oit.va.gov/docs/OIT_CIO_Annual_Report_FY_2011_Final.pdf).

from October 2010 until May 2012.<sup>17</sup> As a result, the office lacked direction and was ultimately understaffed by nearly 30 percent.<sup>18</sup> According to the Office of the Inspector General:

- More than 80 percent of the senior leaders in the Information Technology Resource Management office and 63 percent of the senior leadership within the Office of Product Development will be eligible for retirement within the next five years.
- The VA's Office of Recruitment Flexibilities and Salary, which is responsible for ensuring leadership and program continuity, was unaware the VA is losing so many experienced IT personnel.<sup>19</sup>

Overall, the OIT has shown little in the way of leadership or strategic continuity to ensure effective implementation of software solutions. When testifying before Congress about the VA's IT endeavors, Undersecretary for Benefits Allison Hickey failed to mention that the VA has not identified mission-critical occupations among the various necessary IT specialties, established or met baseline competency benchmarks set forth by law, or developed strategies to meet the goals set forth by Secretary Shinseki.

As recently as December 2012, the OIT had yet to establish IT specialist competency models for software programmers, architects or analysts. The table shows that only 19 percent of database administrators, 20 percent of systems administrators and 48 percent of chief information officers had even completed competency self-assessments.<sup>20</sup> This indicates that few mechanisms exist to ensure compliance with either internal or federal regulations.

**Conclusion.** The U.S. Department of Health and Human Services has recognized that the Veterans Health Information Systems and Technology Architecture (VistA) program has extensive benefits to hospitals looking to implement simple and effective IT solutions.<sup>21</sup> The lack of proper human capital management in the VA Office of Information Technology is likely the reason for IT failures reaching into the billions of dollars.<sup>22</sup> The VA

### Employees with Completed Self-Assessments by Competency Models (as of April 15, 2012)

Job Description	Employees Assigned	Completed Assessments	Percentage Completed
Chief Information Officer	211	101	48%
Information Security Officer	380	375	99%
Software Developer	602	373	62%
IT Project Manager	150	147	98%
Software Quality Assurance Specialist	101	89	88%
Database Administrator	146	28	19%
Network Administrator	401	88	22%
System Administrator	682	133	20%
<b>Total</b>	<b>2,673</b>	<b>1,334</b>	<b>50%</b>

Source: "Audit of OIT's Strategic Human Capital Management," VA Office of Inspector General. Available at <http://www.va.gov/oig/pubs/VAOIG-11-00324-20.pdf>.

stands as a stark reminder that health care savings are rarely found through bureaucratic efficiency, one of the assumptions underpinning Obamacare.

Eventually, nonelderly veterans, who are much more likely to use electronic health technologies, will validate current efforts for VA IT solutions. However, the VA needs to continue to improve existing services, decrease costs, increase ease of access, and rethink their outreach strategies. Success depends ultimately on the VA's ability to conform to legislated benchmarks and to enforce competency measures.

*Kyle Buckley is a graduate student fellow with the National Center for Policy Analysis and a veteran of the U.S. Army.*

### Endnotes

<sup>1</sup> "Facts About the Department of Veterans' Affairs," Department of Veterans Affairs. January 2009. Available at [http://www.va.gov/opa/publications/factsheets/fs\\_department\\_of\\_veterans\\_affairs.pdf](http://www.va.gov/opa/publications/factsheets/fs_department_of_veterans_affairs.pdf). Access verified April 9, 2013.

<sup>2</sup> "Unique patients" means that each individual patient is only counted once per year, regardless of the number of separate admissions. "2012 Veterans Affairs Performance and Accountability Report," U.S. Department of Veteran

Affairs, Available at <http://www.va.gov/budget/report/>. Access verified April 12, 2013.

<sup>3</sup> “CIO Strategic Priorities,” Office of Information Technology – Annual Report FY 2011. Available at [http://www.oit.va.gov/docs/OIT\\_CIO\\_Annual\\_Report\\_FY\\_2011\\_Final.pdf](http://www.oit.va.gov/docs/OIT_CIO_Annual_Report_FY_2011_Final.pdf). Access verified on February 14, 2013.

<sup>4</sup> “FY 2011 Annual Report,” VA/DoD Joint Executive Council. Available at [http://www.va.gov/op3/Office\\_of\\_VA\\_DoD\\_Collaboration.asp](http://www.va.gov/op3/Office_of_VA_DoD_Collaboration.asp); and “Electronic Health Records,” Government Accountability Office, GAO-13-413T, February 27, 2013. Available at <http://www.gao.gov/assets/660/652413.pdf>. Access verified April 9, 2013.

<sup>5</sup> “2012 Veterans Affairs Performance and Accountability Report,” U.S. Department of Veteran Affairs.

<sup>6</sup> This study focuses on the VA health system. A previous NCPA paper explored problems with the VA’s disability benefits system. See Pamela Villarreal and Kyle Buckley, “The Veterans Disability System: Problems and Solutions,” National Center for Policy Analysis, Background No. 166, December 2012. Available at <http://www.ncpa.org/pub/bg166>. Access verified April 9, 2013.

<sup>7</sup> The response time for congressional inquiries fails to meet federal standards, and the VA is particularly unresponsive to Government Accountability Office and Office of Inspector General suggestions. “2012 Veterans Affairs Performance and Accountability Report,” U.S. Department of Veteran Affairs, Available at <http://www.va.gov/budget/report/>. Access verified April 12, 2013.

<sup>8</sup> Author’s calculations based on phone interviews with InterSystems, the third party corporation which manages cache needs for VistA, the VA’s Electronic Health Program.

<sup>9</sup> “Leadership by Example: Coordinating government Roles in Improving Health Care Quality, 2002: Case Studies of VistA Implementation,” Institute of Medicine Report. Available at [http://www.jblearning.com/samples/0763739251/39251\\_ch09\\_223\\_284.pdf](http://www.jblearning.com/samples/0763739251/39251_ch09_223_284.pdf). Access verified March 5, 2013.

<sup>10</sup> “2010 National Survey of Veterans,” U.S. Department of Veterans Affairs. Available at <http://www.va.gov/SURVIVORS/docs/NVSSurveyFinalWeightedReport.pdf>. Access verified February 27, 2013.

<sup>11</sup> “2011 Veterans Affairs Performance and Accountability Report,” U.S. Department of Veteran Affairs. Available at <http://www.va.gov/budget/report/>. Access verified March 1, 2013.

<sup>12</sup> Author’s calculations based on “Total Cost of Ownership of Open Source Software,” London School of Economics and Political Science. Available at [http://eprints.lse.ac.uk/39826/1/Total\\_cost\\_of\\_ownership\\_of\\_open\\_source\\_software\\_%28LSERO%29.pdf](http://eprints.lse.ac.uk/39826/1/Total_cost_of_ownership_of_open_source_software_%28LSERO%29.pdf); and “Industry Evaluations and Awards.” Available at <http://www.epic.com/recognition-index.php>. Access verified March 5, 2013.

<sup>13</sup> David Dranove, Christopher Forman, Avi Goldfarb and Shane Greenstein, “The Trillion Dollar Conundrum,” National Bureau of Economic Research, Working Paper No. 18281, August 2012, Page 3. Available at <http://www.nber.org/papers/w18281>. Access verified March 15, 2013.

<sup>14</sup> “Witness Testimony of Roger Baker,” House Committee on Veterans’ Affairs. Available at <http://veterans.house.gov/prepared-statement/prepared-statement-hon-roger-w-baker-assistant-secretary-information-and>. Access verified April 23, 2013.

<sup>15</sup> “Department of Veterans Affairs Health Care Programs Enhancement Act of 2001,” (PL 107-135, Jan. 23, 2002). Available at <http://www.gpo.gov/fdsys/pkg/PLAW-107publ135/pdf/PLAW-107publ135.pdf>. Access verified April 9, 2013.

<sup>16</sup> “Clinger-Cohen Act of 1996” (PL 104–106, Feb. 10, 1996). Available at [https://www.theclinger.com/sites/default/files/files/Clinger%20Cohen%20\(1996\).pdf](https://www.theclinger.com/sites/default/files/files/Clinger%20Cohen%20(1996).pdf). Access verified April 9, 2013.

<sup>17</sup> “Audit of OIT’s Strategic Human Capital Management,” VA Office of Inspector General.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> “Strategic Plan Refresh FY 2011-2015,” Department of Veterans’ Affairs. Available at [http://www.va.gov/OP3/docs/StrategicPlanning/VA\\_2011-2015\\_Strategic\\_Plan\\_Refresh\\_vv.pdf](http://www.va.gov/OP3/docs/StrategicPlanning/VA_2011-2015_Strategic_Plan_Refresh_vv.pdf). Access verified February 19, 2013.

<sup>21</sup> “Open Source and Public Domain Software,” U.S. Department of Health and Human Services. Available at <http://www.hrsa.gov/healthit/toolbox/HealthITAdoptiontoolbox/OpenSource/implementresources.html>. Access verified March 5, 2013.

<sup>22</sup> Author’s calculations based on “Audit of OIT’s Strategic Human Capital Management,” and “VA and DOD Health Care,” Government Accountability Office. Available at <http://www.gao.gov/products/GAO-12-992>. Access verified March 15, 2013.

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