



*(February 2, 2016)*

In order to further improve the lines of communication and to respond to the concerns between the National VA Council and you our members, I have established a National VA Council Briefing. This NVAC Briefing will bring you the latest news and developments within DVA and provide you with the current status of issues this Council is currently addressing. I believe that this NVAC Briefing will greatly enhance the way in which we communicate and the way in which we share new information, keeping you better informed.

**Alma L. Lee**  
National VA Council, President

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**In This Briefing: Audit of VHA's Non-VA Medical Care Obligations**  
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The Office of Inspector General (OIG) assessed whether the Veterans Health Administration (VHA) adequately managed non-VA medical care miscellaneous obligation cost estimates and related management and system controls. The Non VA Care (NVC) Program expenditures of about \$4.8 billion included \$1.9 billion in obligated funds that remained unspent as of the end of fiscal year (FY) 2013. Significant under-or over-obligation of these program funds could affect overall VHA operations. We found VHA medical facilities did not adequately manage the obligations used to purchase NVC. From October 1, 2013, through March 31, 2015, VHA medical facility officials determined that they had overestimated the funds needed to pay for these services by about \$543 million. The unnecessary obligation of these funds prevented VHA from using \$543 million of the \$1.9 billion (29 percent) obligated for NVC for any purpose during FY 2013. This occurred because VHA did not: Provide the facilities with adequate tools to reasonably estimate the costs of NVC services; Require medical facility staff to routinely adjust cost estimates for individual authorized services to better reflect actual costs; Ensure NVC staff adjusted the estimated amount of obligated funds in the Veterans Health Information Systems and Technology Architecture after payments are complete; Require facilities to analyze the accuracy of prior year

obligation balances.

Reducing the over obligation of NVC funds from about 29 to 10 percent would have freed up about \$358 million to acquire additional NVC services. We recommended the Under Secretary for Health improve cost estimation tools, update system software to ensure unused NVC funds can be periodically deobligated, require facilities to adjust cost estimates for individual authorized services, and monitor VA medical facility NVC obligation estimates. The Under Secretary for Health provided a responsive action plan to address our recommendations. We will follow up on VA's its implementation until all proposed actions are completed.