

DEPARTMENT OF
VETERANS AFFAIRS

Memorandum

Date: APR 27 2018

From: Deputy Under Secretary for Health for Operations and Management (10N)

Subj: Identification of Efficiency Improvement Targets

To: Veterans Integrated Service Network (VISN) Directors (10N1-23)
Chief Medical Officers (10N1-23)
Facility Directors (00)

1. The United States Government Accountability Office (GAO) Report, "VA Health Care: Improvements Needed in Monitoring Clinical Productivity and Efficiency" (GAO 17-480), assessed the accuracy of the Department of Veterans Affairs' (VA) clinical productivity metrics and efficiency models as well as VA's efforts to monitor and improve clinical productivity and efficiency. As a result, GAO recommended the VA Secretary direct the Under Secretary for Health to monitor and improve clinical efficiency. To assist VA medical facilities monitor efficiency improvement, the Office of Productivity Efficiency and Staffing (OPES) developed the Efficiency Opportunity Grid (EOG). The EOG is available by accessing the following link: [Efficiency Opportunity Grid](#).
2. The purpose of this memorandum is to outline a comprehensive strategy to address efficiency and request all Network and Medical Center Directors identify specific areas for efficiency improvement for Fiscal Year (FY) 2018. These targets will be included in the Network Directors Performance Plan.
3. The efficiency improvement targets will be listed under the Business Acumen section within the performance plan. Each Medical Center Director must identify at minimum one (1) area that is to be targeted for efficiency improvement and submit this information to their respective VISN Director. The efficiency target should represent an area where opportunity to improve efficiency exists. Subsequently, each Network Director should be prepared to review the identified area(s) during the FY 2018 mid-year review.
4. The EOG is designed to assist VISNs and VA medical facilities better understand where opportunities exist to improve efficiency and optimize resource distribution. The EOG consists of 12 risk-adjusted models that assess resource use. The models target areas in health care that are commonly recognized as high volume or high expenditure, such as emergency department use or pharmacy costs. Improvement opportunities are translated into quantifiable units (e.g., admissions, dollars, bed days of care). The EOG is intended for use by VHA leadership for developing financial, planning, and improvement strategies to realize cost reductions. Sites may identify efficiency targets outside of the EOG; however, the specific target and necessary quantifiable performance tracking must be considered.

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5. For additional information, please contact Ms. Eileen Moran, Director, OPES, via email at Eileen.Moran@va.gov.



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