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VA HEALTH CARE

Preliminary Information on Resources Allocated for Mental Health Strategic Plan Initiatives

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Highlights

Highlights of GAO-06-1119T, a statement for the record for the Subcommittee on Health, Committee on Veterans' Affairs, House of Representatives

VA HEALTH CARE

Preliminary Information on Resources Allocated for Mental Health Strategic Plan Initiatives

Why GAO Did This Study

The Department of Veterans Affairs (VA) provides mental health services to veterans with conditions such as post-traumatic stress disorder (PTSD) and substance abuse disorders. To address gaps in services needed by veterans, VA approved a mental health strategic plan in 2004. VA planned to increase its fiscal year 2005 allocations for plan initiatives by $100 million above fiscal year 2004 levels. VA also planned to increase its fiscal year 2006 allocations for plan initiatives by $200 million above fiscal year 2004 levels—composed of $100 million for continuation of fiscal year 2005 initiatives and an additional $100 million identified in the President's fiscal year 2006 budget request.

GAO was asked to provide preliminary information on VA's allocation and use of funding for mental health strategic plan initiatives in fiscal years 2005 and 2006. A report on this work will be issued later in the fall of 2006.

GAO reviewed VA reports and documents on mental health strategic plan initiatives and conducted interviews with VA officials from headquarters, 4 of 21 health care networks, and 7 medical centers. VA delegates decision making to its health care networks for most budget and management responsibilities regarding medical center operations, and medical centers receive most of their resources from the networks.

www.gao.gov/cgi-bin/getrpt?GAO-06-1119T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Laurie E. Ekstrand at (202) 512-7101 or ekstrandl@gao.gov.

What GAO Found

In fiscal year 2005, VA headquarters allocated $88 million of the $100 million VA officials intended for mental health strategic plan initiatives. VA allocated about $53 million directly to medical centers and certain offices based on proposals submitted for funding and other approaches targeted to specific initiatives. VA solicited submissions from networks for specific initiatives to be carried out at their individual medical centers through requests for proposals (RFPs). In addition, VA headquarters officials said that VA allocated $35 million for this purpose through VA's general resource allocation system to its 21 health care networks on a retrospective basis. VA made this decision several months after resources had been provided to the networks through the general allocation system. Moreover, VA did not notify network and medical center officials that these funds were to be used for plan initiatives. Health care network and medical center officials interviewed told GAO that they were not aware these allocations had been made. As a result, it is likely that some of these funds were not used for plan initiatives. Moreover, VA did not allocate the approximately $12 million remaining of the $100 million for fiscal year 2005 because, according to VA officials, there was not enough time during the fiscal year to do so. Medical center officials said they used the funds allocated directly to their medical centers for plan initiatives that included new mental health services and more of the services they already provided. For example, two medical centers used funds allocated to them through RFPs or other targeted approaches to increase the number of mental health providers at community based outpatient clinics. One of those medical centers also started a new 6-week PTSD day treatment program. However, some medical center officials reported that they did not use all funds allocated for plan initiatives by the end of fiscal year 2005, due in part to the length of time it took to hire new staff.

In fiscal year 2006, as of September 20, 2006, VA headquarters had allocated $158 million of the $200 million planned for mental health strategic plan initiatives. VA allocated about $92 million of these funds directly to medical centers and certain offices to support new initiatives, using RFPs and other targeted funding approaches. VA also allocated about $66 million to support recurring costs of the continuing initiatives from the prior fiscal year. As of September 20, 2006, about $42 million of the $200 million for fiscal year 2006 had not been allocated. Officials from seven medical centers we interviewed reported that they had used funds for plan initiatives, such as the creation of a new intensive mental health case management program. Officials at some medical centers reported that they did not anticipate problems using all of the funds allocated to them through RFPs and other targeted approaches in fiscal year 2006. However, officials at other medical centers were less certain that they would use all of these funds for plan initiatives by the end of fiscal year 2006.

GAO discussed the information in this statement with VA officials who agreed that the data are accurate, and provided updated data which are incorporated as appropriate.

Mr. Chairman and Members of the Subcommittee:

We are pleased to have the opportunity to provide preliminary information from our work on the Department of Veterans Affairs (VA) resource allocation for mental health strategic plan initiatives for fiscal years 2005 and 2006 and how those funds were used by selected medical centers in those 2 fiscal years. VA provides a range of inpatient and outpatient mental health services to veterans with conditions such as depression, post-traumatic stress disorder (PTSD), and substance abuse disorders. In November 2004, the Secretary of VA approved a mental health strategic plan that identified additional services that VA planned to add to the baseline of mental health services that it already offered to meet veterans' mental health needs.[1] This mental health strategic plan was intended to help VA's leadership identify the actions and resources needed to begin eliminating the gaps between mental health services VA provided at the time of the plan's formulation and those additional services VA anticipated it would need in the future.

VA indicated at a 2005 congressional hearing[2] that it would provide $100 million above fiscal year 2004 levels for mental health strategic plan initiatives in fiscal year 2005 from available resources. In addition, in a 2005 executive decision memo VA indicated its intent to increase its fiscal year 2006 funding levels to $200 million above fiscal year 2004 levels for mental health strategic plan initiatives. This $200 million in funds for fiscal year 2006 was to be composed of $100 million for a continuation of fiscal year 2005 initiatives plus an additional $100 million included in the President's budget request for fiscal year 2006, according to the executive decision memo. However, these additional funds represented only a portion of the overall funds available to support VA mental health services in those 2 fiscal years. VA's appropriation for fiscal year 2006, for example, included more than $31.5 billion for its medical programs,[3] of which VA expected to spend more than $2 billion on mental health services. VA headquarters allocates most of these resources to VA's 21 regional health

[1]The plan is known formally as A Comprehensive Veterans Health Administration Strategic Plan for Mental Health Services. In this statement, we will refer to it as the mental health strategic plan.

[2]*Full Committee Hearing on the Continuum of Care for Post Traumatic Stress Disorder Before the House Comm. on Veterans' Affairs*, 109th Cong. (July 27, 2005).

[3]Total includes medical care collections, but does not include certain other amounts, such as appropriations for construction.

care networks[4] through a general resource allocation system and the networks in turn allocate resources to their medical centers.

VA officials have stated that funds for mental health strategic plan initiatives are to be used to address priorities such as the expansion of PTSD services, postdeployment mental health services for veterans returning from combat in Iraq and Afghanistan and other areas—Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF), respectively, and expansion of programs for the treatment of substance abuse disorders. Concerns have been expressed by members of Congress and others regarding the adequacy of resources that VA is devoting to provide mental health care for OIF and OEF veterans while also continuing to provide services for veterans who are currently receiving mental health care.

In this statement we are providing preliminary information on VA's spending for mental health strategic plan initiatives in fiscal years 2005 and 2006. We are currently examining the allocation and use of these additional funds targeted to mental health strategic plan initiatives. Therefore, we focus on the increase from fiscal year 2004 targeted on these initiatives—$100 million in fiscal year 2005 and $200 million in fiscal year 2006. In this statement we provide (1) information on how much of the $100 million for mental health strategic plan initiatives in fiscal year 2005 was allocated and how those funds were used by selected medical centers, and (2) information on how much of the $200 million for mental health strategic plan initiatives in fiscal year 2006 was allocated and how those funds were used by selected medical centers. A more detailed report concerning these issues and how VA tracked the use of the funds allocated will be issued later in the fall of 2006.

To provide information on how much of the $100 million for fiscal year 2005 and $200 million for fiscal year 2006 for mental health strategic plan initiatives was allocated to networks, medical centers, and certain offices, we reviewed the plan itself as well as reports and other documents related to the development, implementation, and funding of the mental health strategic plan. We also conducted interviews with VA headquarters

[4]VA headquarters delegates decision making regarding financing and service delivery for health care services to its 21 health care networks, including most budget and management responsibilities concerning medical center operations. Medical centers typically include one or more hospitals as well as other types of health care facilities such as outpatient clinics and nursing homes.

officials with responsibilities related to mental health services, budgeting, and the allocation of financial resources. We used a September 20, 2006, cut off date for reviewing VA's allocation of the $200 million for implementing the mental health strategic plan in fiscal year 2006. We took steps to ensure that the data VA provided to us on the funding allocated in fiscal years 2005 and 2006 were sufficiently reliable for our purposes. We reviewed the data for internal consistency and compared the data to other VA information as well as information we obtained through interviews with VA officials. We did not independently verify the accuracy of the data. To describe how funds were used by selected medical centers, in May and June 2006, we conducted site visits to 2 of VA's 21 health care networks and 3 medical centers located in those networks, and we also conducted phone interviews with officials in 2 other networks and 4 medical centers located in those networks.[5] We selected these 4 networks because VA had identified them as having gaps in substance abuse and/or mental health services prior to the implementation of the mental health strategic plan, and because they received varying levels of funding—from relatively high to relatively low—in fiscal year 2005 for mental health strategic plan initiatives. We interviewed clinical and administrative officials at these networks and medical centers, and at 3 community based outpatient clinics (CBOC)[6] associated with these medical centers and 5 Vet Centers.[7] The findings from our site visits and phone interviews with network and medical center officials cannot be generalized to other medical centers or networks. We discussed the information in this statement with VA officials who have responsibilities related to mental health services, budgeting, and the allocation of financial resources. These officials agreed that the data are accurate and they also provided updated data which we incorporated as appropriate. We performed our work from January 2006 through September 2006 in accordance with generally accepted government auditing standards.

[5]Throughout this report, the phrase "how funds were used by medical centers" refers to information provided by medical center officials regarding the hiring of staff, purchase of certain equipment, and other purposes. These activities would be expected to result in obligations and expenditures of funds either immediately or in the future.

[6]CBOCs provide medical services, which may include mental health services, on an outpatient basis in local communities. VA has about 800 CBOCs nationwide.

[7]Vet Centers provide mental health services, including readjustment counseling and outreach services, to all veterans who served in any combat zone. There are 207 such centers that operate in all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

In summary, VA headquarters allocated $88 million of the $100 million VA officials said would be used for mental health strategic plan initiatives in fiscal year 2005 by using several approaches. VA allocated about $53 million directly to medical centers and certain offices based on proposals submitted for funding and other approaches targeted to specific initiatives. VA solicited submissions from networks for specific initiatives to be carried out at their individual medical centers through requests for proposals (RFPs). In addition, VA headquarters officials said that they allocated $35 million for mental health strategic plan initiatives through VA's general resource allocation system to its 21 health care networks, which, in turn, could allocate these resources to individual medical centers. VA's decision that $35 million of the funds allocated through its general resource allocation system was for plan initiatives was a retroactive decision. VA made this decision several months after resources had been provided to the networks through the general allocation system. Moreover, VA did not notify networks and medical centers that these funds were to be used for plan initiatives. Network and medical center officials we interviewed in 4 networks told us that they were unaware that any portion of their general allocation was to be specifically used for mental health strategic plan initiatives. The approximately $12 million remaining of the $100 million was not allocated by any approach because, according to headquarters officials, there was not enough time during the fiscal year to allocate the funds. Officials we interviewed at 7 medical centers in 4 networks reported using resources allocated directly to their medical centers for plan initiatives that included new mental health services and more of the services they were already providing. Some medical center officials told us that they had not been able to spend all of the funds provided for mental health strategic plan initiatives during the fiscal year in part because of the length of time it takes to hire new staff.

As of September 20, 2006, VA headquarters had allocated $158 million of the $200 million VA planned for mental health strategic plan initiatives in fiscal year 2006 by using several approaches. VA allocated about $92 million of these funds directly to medical centers and certain offices to support new mental health strategic plan initiatives, using RFPs and other approaches targeted to specific initiatives. VA also allocated about $66 million to support the recurring costs of continuing mental health strategic plan initiatives that were funded in fiscal year 2005 through RFPs and other targeted approaches. About $42 million of the $200 million for fiscal year 2006 had not been allocated as of September 20. According to VA officials, a portion of the $42 million not allocated is a result of partial-year allocations made for projects that were funded later in the fiscal year and that are expected to receive 12-month allocations for fiscal year 2007.

Officials we interviewed at 7 medical centers said they had used funds to implement plan initiatives such as a new mental health intensive case management program. However, officials at some medical centers told us that they were uncertain that they would be able to use all the funds for plan initiatives by the end of the fiscal year.

Background

VA provides health care services to more than 5 million patients annually. This care includes mental health services to veterans in inpatient and outpatient settings in a variety of VA health care facilities including medical centers, CBOCs, and Vet Centers. Mental health services are provided for a range of conditions such as depression, PTSD, and substance abuse disorders. Resources for these and other health care services are allocated by VA headquarters through a general resource allocation system—the Veterans Equitable Resource Allocation (VERA) system—to its 21 health care networks. Although the VERA system is used to allocate funds, it does not designate funds for specific purposes or prescribe how those funds are to be used.

In November 2004, the Secretary of VA approved the mental health strategic plan. This mental health strategic plan contained recommended initiatives for improving VA mental health services by addressing a range of issues, including, for example, improving awareness about mental illness and filling gaps in access to mental health services. Some of the service gaps identified were in treating veterans with serious mental illness,[8] female veterans, and veterans returning from combat in Iraq and Afghanistan. Within VA, the Office of Mental Health Services (OMHS) is responsible for coordinating with the networks and medical centers on the overall implementation of the mental health strategic plan. This includes formulating strategies for allocating funds to medical centers and certain offices for plan initiatives. Such strategies include, for example, the use of RFPs to decide how the mental health strategic plan funds are to be allocated to medical centers.

[8]For the purposes of the mental health strategic plan, VA defined veterans with serious mental illness to be "those who currently or at any time during the past year: (1) have a diagnosed mental, behavioral or emotional disorder of sufficient duration to meet the Diagnostic and Statistical Manual of Mental Disorders (Fourth Edition) criteria, that (2) results in a disability (i.e. functional impairment that substantially interferes with or limits one or more major life activities)." This definition included adults who would meet these criteria during the year without the benefit of treatment or support services.

VA Allocated $88 of the $100 Million Planned for Mental Health Strategic Plan Initiatives in Fiscal Year 2005, but Officials Reported That Not All Allocated Funds Were Used for Plan Initiatives

VA headquarters allocated $88 million of the $100 million that VA officials said would be used for mental health strategic plan initiatives in fiscal year 2005 by using several approaches. About $53 million was allocated directly to medical centers and certain offices and $35 million was allocated through its general resource allocation system to its health care networks, according to VA officials. The remaining $12 million of the $100 million was not allocated by any approach, headquarters officials said, because there was not enough time during the fiscal year to allocate the funds. Officials we interviewed at 7 medical centers in 4 networks reported using allocated funds to provide new mental health services and to provide more of existing services. However, some medical center officials reported that they did not use all allocated funds for plan initiatives by the end of the fiscal year, due in part to the length of time it took to hire new staff.

VA Allocated Approximately $53 Million Directly to Medical Centers and Certain Offices

VA headquarters allocated about $53 million directly to medical centers and certain offices based on proposals submitted for funding and other approaches targeted to specific initiatives related to the mental health strategic plan in fiscal year 2005. VA headquarters developed and solicited submissions from networks for specific initiatives to be carried out at their individual medical centers through requests for proposals (RFPs). VA made resources available through these RFPs and other targeted approaches to medical centers for plan initiatives to support a range of specific mental health services based, in part, on the priorities of VA leadership and legislation for programs related to PTSD, substance abuse, and other mental health areas, according to VA headquarters officials. Nearly $20 million of the $53 million allocated by using RFPs and other targeted approaches was for mental health services related to legislation, according to VA officials.[9]

[9]The Veterans Health Care, Capital Asset, and Business Improvement Act of 2003, Pub. L. No. 108-170, §108, 117 Stat. 2042, 2046-47, required VA to allocate a minimum of $25 million in each of fiscal years 2004, 2005, and 2006 to carry out a program to expand and improve the provision of specialty mental health services for veterans, including PTSD and substance abuse services. Congress also required VA to ensure that after these allocations, total expenditures related to treatment of substance abuse and PTSD were not less than $25 million above the total expenditures on such programs in fiscal year 2003, adjusted for increases in the costs of delivering those services. The Homeless Veterans Comprehensive Assistance Act of 2001, Pub. L. No. 107-95, §2043, 115 Stat. 903, 913, authorized VA to establish up to 10 new domiciliary programs for homeless veterans.

Most of the approximately $53 million allocated—about $48 million—went to VA medical centers. PTSD services and OEF/OIF veterans' mental health care received an allocation of about $18 million, with Compensated Work Therapy (CWT) receiving the second highest total—nearly $10 million. Other initiatives receiving funding included substance abuse services, mental health services in nursing homes, domiciliary expansion, and psychosocial rehabilitation for veterans with serious mental illness.

VA headquarters issued five RFPs from October 2004 to January 2005 that described the specific types of services for which mental health strategic plan funding was available. Review panels headed by mental health experts within VA reviewed the proposals, ranked them, and provided their rankings to VA's leadership. Once funding decisions were made, VA allocated funding directly to the medical centers for the mental health strategic plan initiatives. VA also used other funding approaches targeted to specific initiatives. For example, headquarters officials allocated funding to medical centers to expand mental health services at CBOCs that had fewer mental health visits than a standard VA identified for this purpose. VA also used other targeted funding approaches to determine which medical centers would receive some of the funds for PTSD, OIF and OEF veterans', and substance abuse services. In addition, VA targeted funds to mental health initiatives in Polytrauma Centers—centers within certain VA medical centers that provide specialized treatment for veterans of OIF and OEF who have complex rehabilitation needs.

VA headquarters officials said that allocations made for initiatives in fiscal year 2005 through RFPs and other approaches targeted to specific initiatives would be made for a total of 2 to 3 fiscal years. These officials said they anticipated that medical centers would hire permanent staff whose positions would need to be funded for more than 1 year. The expectation of VA leadership was that after funds allocated through these approaches were no longer available, medical centers would continue to support these programs using their general operating funds received through VA's general resource allocation system.

VA Allocated $35 Million through Its General Resource Allocation System to Its Health Care Networks on a Retrospective Basis

VA allocated $35 million for mental health strategic plan initiatives in fiscal year 2005 through its general resources allocation system to its health care networks, according to VA headquarters officials. The decision to allocate these resources to VA's networks for mental health strategic plan initiatives was retrospective and VA did not notify networks and medical centers of this decision. Although VA headquarters made fiscal year 2005 general resource allocations to the networks in December 2004, the

decision that $35 million of the funds allocated at that time were for mental health strategic plan initiatives was not finalized until April 2005, several months after the general allocation had been made. VA headquarters officials said that they made the decision to allocate $35 million from the general resource allocation system because these resources would be more rapidly allocated than if they had been allocated through RFPs. However, other VA headquarters officials told us that the decision was also made, in part, because VA did not have sufficient unallocated funds remaining after the December 2004 general allocation to fund $100 million for mental health strategic plan initiatives through RFPs and other targeted approaches.

VA headquarters officials, as well as network and medical center officials, indicated that there was no guidance to the networks and medical centers instructing them to use specific amounts from their general fiscal year allocation for mental health strategic plan initiatives. Network and medical center officials we spoke with were unaware that any specific portion of their general allocation was to be used for mental health strategic plan initiatives. Several VA medical center officials noted, however, that some of the funds in their general allocation were used to support their mental health programs generally, as part of their routine operations. However, because network and medical center officials we interviewed did not know that funds had been allocated for mental health strategic plan initiatives through VA's general resource allocation system, nor did VA headquarters notify networks and medical centers throughout VA of this retroactive allocation, it is likely that some of these funds were not used for plan initiatives.

VA Did Not Allocate About $12 Million Planned for Mental Health Strategic Plan Initiatives

VA did not allocate the approximately $12 million remaining of the $100 million planned for mental health strategic plan initiatives in fiscal year 2005 because, according to VA headquarters officials, there was not enough time during the fiscal year to allocate the funds through the RFP process or other approaches targeted to specific initiatives. Officials said that when resources were allocated later in the fiscal year through an RFP rather than at the beginning, the amount allocated was only a portion of the annualized cost. The full annualized cost could be supported in the next fiscal year. For example, if a project with an annual cost of $4 million was allocated mid way through the fiscal year, only half the annual cost was allocated at that time—$2 million. The expectation was that the full $4 million would be available for the project over 12 months in the next fiscal year. The $12 million that VA did not allocate for fiscal year 2005 was intended for certain mental health strategic plan initiatives based on an

allocation plan developed by VA for the $65 million it planned to allocate through RFPs and other approaches. VA headquarters officials said that funds not allocated for mental health strategic plan initiatives were allocated for other health care purposes.

Medical Center Officials Reported Using Allocations for Mental Health Strategic Plan Initiatives, but Not Using All Funds Allocated for Plan Initiatives

Officials we interviewed from seven medical centers in four networks reported using funds allocated to them for mental health strategic plan initiatives through RFPs and other targeted approaches, but they said that some of these funds were not used for plan initiatives in fiscal year 2005. Officials said they used funds allocated to provide new mental health services and to provide more of existing services included in plan initiatives. For example, two medical centers used funds to increase the number of mental health providers available at CBOCs. One of those medical centers also implemented a new 6-week PTSD day treatment program in which veterans live in the community but come to the medical center daily for counseling, group therapy, and other services.

Officials at some medical centers reported that they were not able to use all of their fiscal year 2005 funding for plan initiatives by the end of the year as planned and cited several reasons that contributed to this situation. The length of time it takes to recruit new staff in general and the special problems of hiring specialized staff, such as psychiatrists, were cited. In some cases the need to locate or renovate space for programs contributed to delays in using mental health strategic plan funds, according to medical center officials.

Medical centers varied in how they treated fiscal year 2005 funds that were allocated by VA for mental health strategic plan initiatives but not used for those initiatives. Some reported that they carried over the funds for use in the next fiscal year.[10] Officials at some medical centers reported that they used these funds for other health care purposes. For example, officials at one medical center said they used funds that they did not spend on mental health strategic plan initiatives to support other mental health programs. VA headquarters officials advised participants from networks and medical centers in a weekly conference call in August 2005 that if they were unable

[10]VA may carry over from one fiscal year to the next unobligated balances of funds made available without fiscal year limitation and other funds appropriated for multiple fiscal years.

to hire staff for initiatives in fiscal year 2005, they should use the funds allocated only for mental health services.

As of September 20, 2006, VA Had Allocated $158 Million of the $200 Million Planned for Mental Health Strategic Plan Initiatives in Fiscal Year 2006, but Some Officials Were Uncertain If All Funds Would Be Used for Plan Initiatives

As of September 20, 2006, VA headquarters had allocated $158 million of the $200 million to be used for VA mental health strategic plan initiatives in fiscal year 2006 by using several approaches. About $92 million of these funds was allocated directly to medical centers and certain offices to support new mental health strategic plan initiatives for fiscal year 2006. VA also allocated about $66 million to support the recurring costs of the continuing mental health initiatives that were funded in fiscal year 2005. The remaining $42 million had not been allocated as of September 20. Officials at some medical centers expected to spend all of the allocations they received during fiscal year 2006. However, officials at some medical centers were uncertain that they would spend all their allocations for plan initiatives during the fiscal year.

VA Allocated about $158 Million Directly to Medical Centers and Certain Offices

VA headquarters had allocated about $158 million directly to medical centers and certain offices by September 20, 2006, through RFPs and other approaches targeted to specific initiatives related to the mental health strategic plan in fiscal year 2006. About $92 million was for new mental health strategic plan activities, and about $66 million was to support the recurring costs of continuing mental health strategic plan initiatives that were first funded in fiscal year 2005. As in fiscal year 2005, the new resources went to support a range of mental health services in line with priorities of VA's leadership and legislation, according to VA officials. Funding for services for PTSD, OIF and OEF veterans, substance abuse, and CBOC mental health services accounted for nearly three-fifths of the funds allocated for new initiatives. As of September 18, 2006, VA had not allocated resources for mental health strategic plan initiatives through its general resource allocation system and VA headquarters officials said VA was not planning to do so.

VA Did Not Allocate about $42 Million for Mental Health Strategic Plan Initiatives

As of September 20, 2006, VA did not allocate about $42 million of the $200 million planned for mental health strategic plan initiatives in fiscal year 2006 by any approach. VA officials said that a portion of these unallocated funds are related to the timing of allocations that were made for plan initiatives through RFPs and other funds targeted to medical centers. Specifically, some of the allocations through RFPs were made well into the fiscal year. VA allocated only the amount of funds through these approaches for fiscal year 2006 that would fund the projects through the end of the fiscal year, and not the full 12-month cost which VA expects to fund in fiscal year 2007. Because some of these allocations were made in the later part of fiscal year 2006, these allocations were smaller than they would be on a 12-month basis and accounted for part of the $42 million not allocated. VA officials said they anticipated that these funds would be available in fiscal year 2007.

Medical Center Officials Reported Using Allocations for Mental Health Strategic Plan Initiatives, but Were Uncertain Whether All Funds Allocated Would Be Used for Plan Initiatives

Officials from seven medical centers we interviewed in May and June of 2006 reported using funds allocated to them through RFPs and other approaches to support new 2006 mental health initiatives and to continue to support the initiatives first funded in fiscal year 2005. For example, one medical center used funding for a new mental health intensive case management program. Officials at some medical centers reported that they did not anticipate problems using all of the funds they had received in fiscal year 2006. However, others were less certain they would be able to use all of the funds. Officials at several medical centers were not sure they would be able to hire all of the new staff related to mental health strategic plan initiatives by the end of the fiscal year. In May 2006, officials at two medical centers that we interviewed said that they did not know whether they would receive additional funds through RFPs to spend in fiscal year 2006, and as a result they were uncertain whether they would be able to use all of their fiscal year 2006 funds for plan initiatives by the end of the fiscal year.

Concluding Observations

Our preliminary findings show that VA allocated additional resources for mental health strategic plan initiatives in fiscal years 2005 and 2006 to help address identified gaps in VA's mental health services for veterans. VA intended to allocate $100 million for plan initiatives in fiscal year 2005. The allocations that were made resulted in some new and expanded mental health services to address gaps, according to officials at selected medical centers. However, approximately $12 million of the $100 million was not allocated by any method and $35 million was allocated through VA's general resource allocation system on a retrospective basis and without

notifying networks and medical centers that resources for plan initiatives had been allocated in the general allocation that networks received several months earlier. Finally, some portion of the approximately $53 million that was allocated directly to medical centers was not used for plan initiatives in part because the timing of the allocation of the funds did not leave time to hire needed staff by the end of the fiscal year. As a result, it is likely that a substantial portion of the
$100 million intended for mental health strategic plan funds in fiscal year 2005 was not used for plan initiatives. A larger amount of the planned mental health strategic plan funds was allocated in fiscal year 2006, although as of September 20, 2006, about a fifth of the $200 million planned for these initiatives was not allocated. However, it is unclear whether medical centers will be able to spend all of the fiscal year 2006 mental health strategic plan funds for plan initiatives by the end of the year, in part because of how late in the year the funds were allocated.

GAO Contact and Staff Acknowledgments

For further information about this statement, please contact Laurie E. Ekstrand at (202) 512-7101 or ekstrandl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. James Musselwhite, Assistant Director, and Robin Burke made key contributions to this statement.

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