Department of Veterans Affairs
Office of Inspector General

Healthcare Inspection

Review of Patient Referrals to the Lower 48 States at the Alaska VA Healthcare System Anchorage, Alaska

Report No. 10-01509-241

September 9, 2010

VA Office of Inspector General
Washington, DC 20420

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Executive Summary

At the request of the Honorable Lisa Murkowski, United States Senator from Alaska, the VA Office of Inspector General Office of Healthcare Inspections conducted a review of fiscal year (FY) 2009 patient referrals and transfers from the Alaska VA Healthcare System (the system) in Anchorage, AK, to VA specialty care providers outside of Alaska (the Lower 48 States).

We reviewed pertinent laws and regulations related to VA health care benefits. We interviewed Veterans Integrated Service Network (VISN) and system leadership, and we reviewed Senate testimony related to referrals of Alaskan veterans to the Lower 48 States to receive specialty health care. We reviewed general counsel opinions related to the interpretation of pertinent laws that govern the provision of VA health care. We conducted medical record reviews, and analyzed all 2009 system transfers and referrals to the Lower 48 States. We also reviewed the locations of specialty physicians in Alaska and compared them to specialty referrals sent to the Lower 48 States in FY 2009.

In FY 2009, the system offered a wide range of services to its 26,946 enrollees, and it expanded services in 2010. It operates points of care in communities where 79 percent of Alaskan veterans reside. The system provided health care directly, and indirectly through Department of Defense joint venture agreements and community contracted and fee-based services, to 96 percent of the enrollees who used health care benefits during FY 2009.

During FY 2009, the system also referred 591 (4 percent) of its enrollees who sought medical care to the Lower 48 States for specialty care. These patients received 652 specialty care referrals, which required 936 specialty care encounters in the Lower 48 States. The most common encounters (57 percent) fell into five categories: orthopedic, neurosurgery, neurology, oncology, and cardiology specialty care services. Ninety-six percent of these encounters occurred in Seattle VAMC, Portland VAMC, or the University of Washington Medical Center.

We determined that the system complied with existing laws and regulations related to referring and transferring Alaskan enrollees to VA specialty care providers outside of Alaska. We found that the patient referrals and transfers to the Lower 48 States were a reasonable use of resources. Many specialty referrals were provided to veterans with complex health care needs who required specialty services that were either limited or not available locally to the patient. Our medical record reviews of patients referred outside of VISN 20 revealed that 75 percent were made at the patient's request. Additionally, many patients who resided in southeastern Alaska would have required similar air travel to either Anchorage or Seattle to receive required specialty care.

We made no recommendations.

Introduction

Purpose

At the request of the Honorable Lisa Murkowski, United States Senator from Alaska, the VA Office of Inspector General (OIG) Office of Healthcare Inspections conducted a review of patient referrals and transfers from the Alaska VA Healthcare System (the system) in Anchorage, AK, to VA specialty medical providers outside of Alaska (the Lower 48 States).

Background

Alaska Demographics

According to the 2000 U.S. Census,[1] Alaska has a population of 626,931 and a land area of 571,951 square miles, with a 1.1 density-persons per square mile—the lowest density ranking in the U.S.[2] Thirty-four percent of the population resides in rural areas.[3] Alaska has 18 boroughs (boroughs are similar to counties). In fiscal year (FY) 2009, 79 percent of the veterans in Alaska resided in Anchorage, Fairbanks-North Star, Kenai Peninsula, or Matanuska-Susitna, AK. During that time, VA estimates indicated that there were over 76,400 veterans residing in Alaska, 26,946 of those veterans were enrolled (enrollee) to receive VA benefits, and 15,170 enrollees used VA health care benefits (benefit users).

The Alaska Health Care Data Book (2007) analyzed available health care services and trends (2006 data) and found gaps in all provider types with the exception of emergency and family practice/general medicine (see Appendix A).[4] The availability of local community specialty providers, a geographically large area, and population distribution may pose challenges for Alaskans in need of specialty health services.

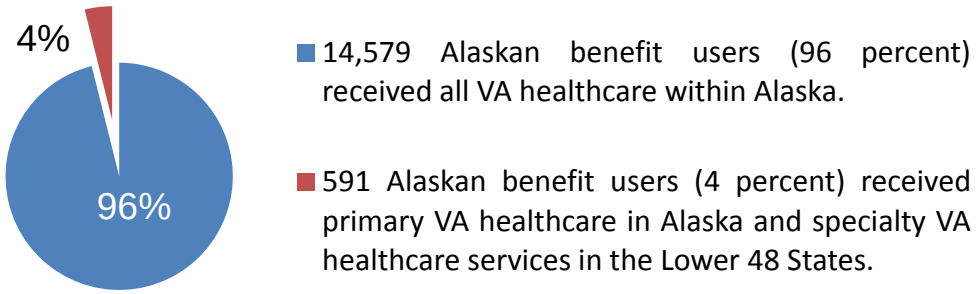
Alaska VA Healthcare System

The system is located in Anchorage, Alaska, and is part of Veterans Integrated Service Network (VISN) 20. The system does not directly provide inpatient care. It provides outpatient health care services to eligible Alaskan veterans. Inpatient care is provided through fee-basis and contract arrangements with community hospitals statewide and joint venture U.S. Department of Defense (DoD) facilities. The system refers enrolled veterans to community providers for outpatient fee-for-service and contracted care. In

[1] Census Data is located at: http://quickfacts.census.gov/qfd/states/02000.html, accessed June 22, 2010.
[2] Population Density Rankings by state: http://factfinder.census.gov/servlet/GCTTable?_bm=y&-ds_name=DEC_2000_SF1_U&-CONTEXT=gct&-mt_name=DEC_2000_SF1_U_GCTPH1_US9&-redoLog=false&-_caller=geoselect&-geo_id=&-format=US-9|US-9S&-_lang=en, accessed June 23, 2010.
[3] http://www.demographia.com/db-usa-staterural.htm, accessed June 22, 2010.
[4] http://www.hss.state.ak.us/dhcs/healthplanning/publications/healthcare/default.htm#download.

FY 2009, the system paid $41,841,533 for Alaskan fee-basis and contracted specialist care. The system also refers some patients to the Lower 48 States for inpatient and outpatient specialty care. It provided care to 15,170 unique patients in 2009, with 8,959 (59 percent) receiving some fee-based/contract care by community providers. In FY 2009, the system referred 591 patients (4 percent) to the Lower 48 States for specialty care services (see Figure 1).

Figure 1. Four Percent of FY 2009 Alaskan health care benefit users received specialty care referrals to the Lower 48 States.



The system provides outpatient primary care, preventive services and health screenings, and mental health services to Alaskan veterans at the main ambulatory care clinic in Anchorage and through VA Community Based Outpatient Clinics (CBOC) located in Fairbanks, Kenai, and Wasilla, AK. In May 2010, the system opened a new clinic in Anchorage, just outside of the entrance to Elmendorf Air Force Base. VA Readjustment Counseling Centers also offer counseling, psychosocial support, and outreach to veterans and their families. The system is one of nine nationally recognized VA/DoD joint ventures and offers care (access to 20 medical/surgical and 10 intensive care unit beds) through a joint venture with the 3rd Medical Group, Elmendorf Air Force Base Hospital in Anchorage, and an Inter-Service Sharing Agreement with Bassett Army Community Hospital at Fort Wainwright.

VA outreach clinics in Homer and Juneau, AK, provide additional services. The Homer outreach clinic is an extension of the Kenai CBOC. It serves veterans once a week at the South Peninsula Hospital under a contract agreement for space and ancillary services. The Juneau VA outreach clinic, located in the Juneau Federal Building, provides care once a month under an agreement with the Coast Guard. This clinic is currently under expansion construction and expects to offer daily, full-time primary care and mental health services by the end of October 2010.

The system employs specialists in general surgery, podiatry, orthopedics, urology, cardiology, ophthalmology, and other specialties. VA specialists in dermatology and neurology travel from the Lower 48 States and hold clinics at the Anchorage VA facility. The Anchorage facility also has a small dental clinic and an audiology clinic.

Audiologists travel to VA CBOCs and Coast Guard clinics in Southeast Alaska to provide veterans with audiology services.

The system offers a comprehensive continuum of care for homeless veterans through an outreach program and a 50-bed domiciliary for homeless veterans. Also offered are programs in Compensated Work Therapy and Veterans Industries, Compensated Work Therapy Transitional Residence, and the Department of Housing and Urban Development-VA Supportive Housing Program in Anchorage. This program expanded to Fairbanks, AK in December 2009. It also provides oversight for two Grant and Per Diem programs awarded to the Salvation Army Adult Rehabilitation Program in Anchorage and the Rescue Mission located in Fairbanks, AK.

In FY 2009, the system provided 142,246 outpatient visits and 60,000 referrals to community providers through fee-for-service and contracted care. Community health care providers cared for 8,959 unique patients (59 percent) under fee-based/contract care arrangements. VISN 20 reports that health care referred to community providers accounted for approximately 38 percent of the system's FY 2009 budget. The system also referred 591 unique patients (4 percent) to the Lower 48 States for specialty VA provided health care services in FY 2009. The system reported that 548 (93 percent) of those veterans were eligible to receive VA travel benefits. The average ticket cost was approximately $550 for benefit-eligible veterans.

Governing Authority

VA statutes pertaining to health care benefits are established by Congress and administered by the Secretary of Veterans Affairs. The statutes addressing VA's responsibilities to provide medical care and treatment to veterans and their dependents are codified primarily in Chapter 17 of the Title 38 United States Code (USC).

Section (§) 1710 sets forth eligibility criteria for hospital, nursing home, and domiciliary care and specifies when VA is required to provide care and when providing care is discretionary. Similarly, § 1712 establishes eligibility criteria for dental care. Regulations promulgated by VA to implement the statutes are found in Part 17, Title 38 of the Code of Federal Regulations (CFR).

VHA, which is the largest health care system in the Nation, provides health care to eligible veterans through hospitals, clinics, and rehabilitation facilities across the United States. When VA facilities are not capable of furnishing economical hospital care or medical services because of geographical inaccessibility or are not capable of furnishing the care or services required, the Secretary is authorized under § 1703 of Title 38, USC, to contract with non-Department facilities to provide the care. Although provisions in § 1703 authorized the Secretary to enter into contracts, the section primarily addresses when such contracts can be authorized, but not how. Similarly, § 1711 addresses providing emergency medical care, and § 1712 addresses providing dental care.

Sections 8111 and 8153 of Title 38, USC, provide specific authority relating to the Secretary's authority to enter into contract or other agreements to procure health care related services. Section 8111 authorizes the Secretary to enter into agreements and contracts (sharing agreements) with the Secretary of the Army, Secretary of the Air Force, and the Secretary of Navy for the mutual use and exchange of use of hospital and domiciliary facilities; and such supplies, equipment, material, or other resources as may be needed to operate the facilities. In Alaska, VHA has entered into sharing agreements with Elmendorf Air Force Base in Anchorage and Bassett Army Community Hospital in Fairbanks. Section 8153 authorizes the Secretary to secure health care resources which otherwise might not be feasibly available through contracts or other forms of agreement between VA and non-VA entities. This includes entities such as individual providers and practice groups, hospitals, clinics, and other health care entities.

There is no statutory provision that specifically allows for VA to obtain or pay for services on a fee-basis without a contract or other agreement in place, except for emergencies. The only mention of fee-basis in Chapter 17 is in §1703 (d) which requires the Secretary to conduct a program of recovery audits for fee-basis contracts and other medical contracts for the care of veterans under this section. However, VA has issued regulations that address fee-basis care provided at non-VA facilities.[5]

Sections 17.50 and 17.51 of the CFR authorize the use of DoD Public Health Service and other Federal facilities. Section 17.50 authorizes the use of these facilities when VA has an agreement in place. The Section prohibits the authorization of care for any military retiree whose eligibility is solely based on § 17.46 (b) which relates to domiciliary care. However, this prohibition does not apply for veterans who reside in Alaska or Hawaii. Section 17.51 provides for the use of DoD, Public Health Service, or other Federal facilities for emergency services; regardless of whether there is an existing agreement with VA.

Sections 17.52 through 17.56 delineate requirements for treatment at non-Government facilities when VA is not capable of furnishing the care because of geographic location, or the services are not available. Section 17.52 establishes the criteria for eligibility. Section 17.53 places limitations on the use of public or private hospitals. The regulations state that payment for care will only be authorized if care at a VA or other Federal facility is not feasibly available. Factors to be considered include the urgency of the medical condition, relative distance of the travel involved, or the nature of the treatment required which makes it necessary or economically advisable to use public or private facilities. Section 17.54 addresses the need for prior authorization. Section 17.55 addresses what VA will pay for care provided in non-VA facilities, and § 17.55 addresses payment for non-VA physicians and other health care professional services.

[5] Title 38 CFR § 17.63 addresses outpatient medical services, and 17.161addresses dental treatment.

Section17.52 expands eligibility for care provided in non-Government facilities for veterans in Alaska, Hawaii, Virgin Islands, and other territories of the United States when the hospital care or medical services will obviate the need for hospitalization. However, this authority is based on the condition that the annually determined hospital patient load and incidence of the furnishing of medical services to these veterans treated at the expense of VA in government and non-VA facilities in each state or territory shall be consistent with the patient load, incidence of the provision of medical services for veterans hospitalized, or treated by VA within the 48 contiguous states.

Similarly, § 17.55 authorizes payment in the amount determined by the Health Care Financing Administration (HCFA) PRICER program plus 50 percent of the difference between the amount billed by the hospital and the amount determined by the HCFA PRICER. This provision was for a limited time period, which appears to have expired. Section 17.56 provides that for services rendered in Alaska, VA will pay for services in accordance with a fee schedule that uses the Health Insurance Portability and Accountability Act of 1996 (HIPAA) mandated national standard coding sets. The regulation creates a VA Alaska Fee Schedule and delineates a formula for determining rates for each year commencing in FY 2003. Section 17.97 establishes authority to pay for prescriptions filled in Alaska and other U.S. territories and possessions where there are no VA pharmacies. As with §17.52, there is no statutory mandate for the provisions in these regulations relating to Alaska, Hawaii, or any U.S. territory.

In 1983, a VISN 20 general counsel advisory opinion discussed the meaning of "consistent" in § 17.52. This opinion determined that § 17.52 did not allow for unlimited contracted services, referring to the "shall be consistent …" language of that regulation. The general counsel interpreted this provision to mean that the amount of contract care furnished in Alaska and Hawaii could not be greater than the highest incidence of contract care by a state in the 48 contiguous states. At that time, South Dakota was the only state that furnished greater contract care than that furnished in Alaska.

Scope and Methodology

We reviewed pertinent laws and regulations related to VA health care benefits. We interviewed system leadership, and we reviewed Senate testimony related to referrals of Alaskan veterans to the Lower 48 States to receive specialty health care. We reviewed general counsel opinions related to the interpretation of pertinent laws that govern the provision of VA health care. In May 2010, the system provided us with FY 2009 data on patient referrals and transfers to the Lower 48 States.

We analyzed the specialty referral classifications for all 2009 system transfer and referrals to the Lower 48 States. We conducted medical record reviews. We also reviewed the locations of specialty physicians licensed to practice medicine in Alaska in FY 2009. We compared specialty physician locations with those specialty referral classifications that were sent to Lower 48 States in FY 2009.

While there are distinctions between transferring care and referring care, the term *referral* is used throughout this report except where distinctions are necessary for clarity. The term *unique* refers to an individual patient. The term *encounters* is the number of times a unique patient receives services for a specialty care referral. The term *complex needs* refers to patients who have multiple referrals and/or multiple encounters with specialty care providers.

We conducted the review in accordance with *Quality Standards for Inspections* published by the President's Council on Integrity and Efficiency.

Results

Veteran Population and VA Healthcare Service Points

Alaskan veterans generally reside in the most populated areas of Alaska. VA estimates that 79 percent of veterans in Alaska resided in Anchorage, Fairbanks-North Star, Kenai Peninsula, or Matanuska-Susitna, AK, during FY 2009.

Of the 591 Alaskan patients who received specialty care referrals to the Lower 48 States during FY 2009, 521 (88 percent) resided in Anchorage, Fairbanks-North Star, Kenai Peninsula, or Matanuska-Susitna. The 591 unique patients received 652 specialty care referrals that resulted in 936 specialty care encounters in the Lower 48 States. Table 1 displays the distribution of patients, referrals, and encounters by borough.

Table 1. FY 2009 Distribution of Patient Referrals and Encounters by Borough.

Borough	Patients Referred	Referrals	Encounters	Average Referrals per patient	Average Encounters per patient
Anchorage	328	359	487	1.1	1.5
Fairbanks- North Star	99	107	160	1.1	1.6
Kenai Peninsula	48	50	80	1.0	1.7
Matanuska-Susitna	46	47	70	1.0	1.5
Juneau	32	43	65	1.3	2.0
Ketchikan Gateway	7	8	13	1.1	1.9
Sitka	7	7	8	1.0	1.1
Valdez-Cordova	5	7	10	1.4	2.0
Other boroughs (<5 Patients/Borough)*	19	24	43	1.3	2.3
Total	**591**	**652**	**936**		

* Aleutians East/West, Bethel, Denali, Dillingham, Kodiak, Nome, Prince of Wales-Hyder, Skagway, Southeast Fairbanks, Wrangell, and Yukon-Koyukuk.

Figure 2 (on the next page) shows Alaskan veteran enrollees by borough and locations of VA and DoD health care facilities. Alaskan VA health care service points are located in areas with the largest concentration of veterans. Figure 3 displays the VA service points and the ratio of VA health care benefit users and fee-basis users to all enrollees. (See Appendix B for a map of Alaska non-VA Hospital Locations).

Figure 2. FY 2009 Alaska Enrolled Veterans by Boroughs and Locations of VA Service Sites and DoD Medical Treatment Facilities.

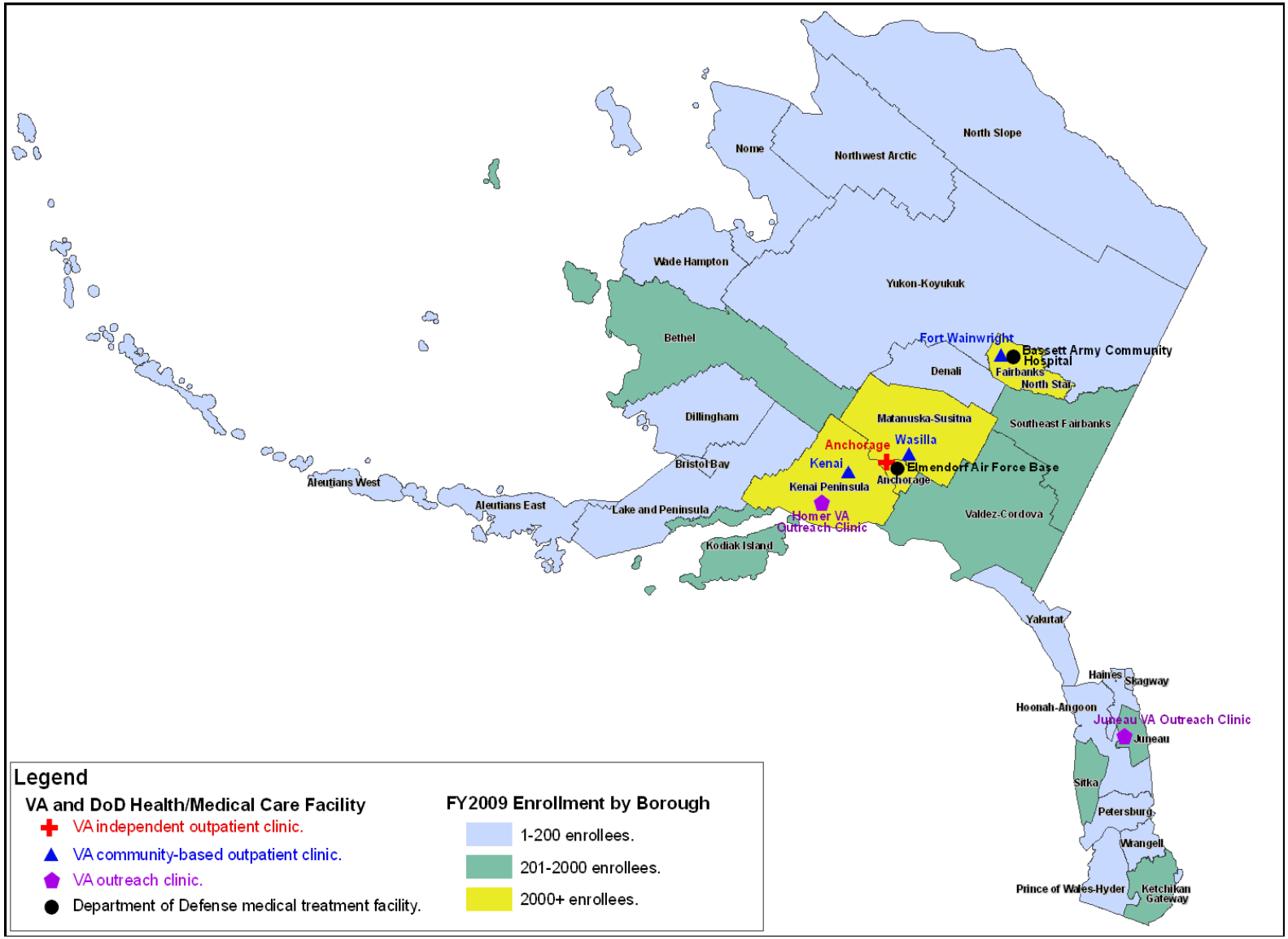
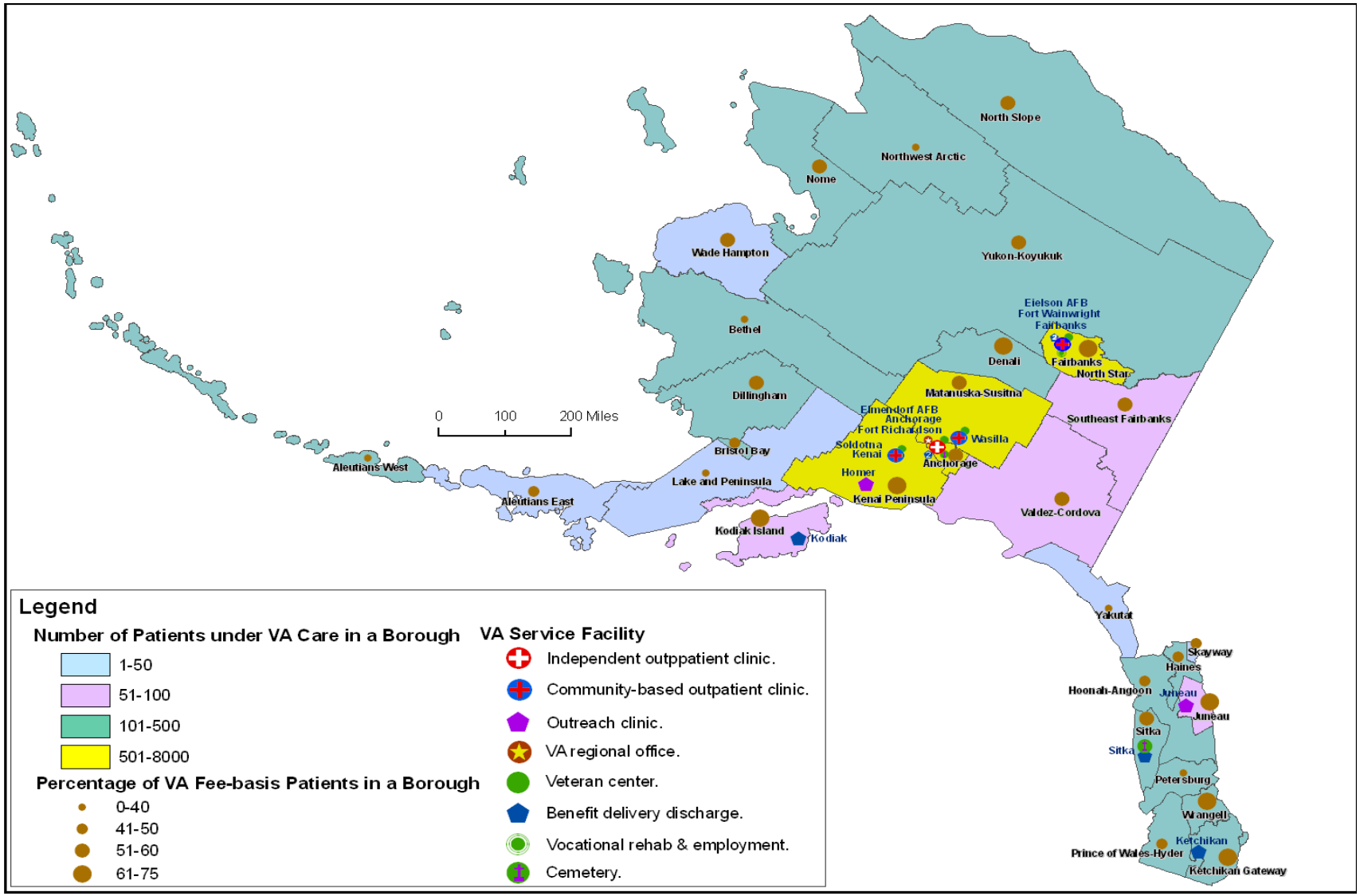


Figure 3. FY 2009 VA Service Points, and the Ratio of VA Health Care Benefit Users and Fee-Basis Users to all Enrollees.



Specialty Care Provided in Seattle, WA and Portland, OR

If a veteran requires specialty care, the system may refer the patient to a VA health care provider in the Lower 48 States. In FY 2009, the system referred 591 unique patients to the Lower 48 States for specialty referrals, which resulted in 936 encounters. Of these, there were 21 inpatient to inpatient transfer encounters, 196 outpatient to inpatient transfer encounters, and 719 outpatient to outpatient referral encounters.

Generally, the system referred Alaskan veterans in need of specialized care to the VA Puget Sound Health Care System (Seattle VA) in Seattle, WA, or to the Portland VA Medical Center in Portland, OR. In FY 2009, 96 percent of the system's specialty referral encounters occurred in Seattle, Portland, or the University of Washington Medical Center (UWMC) (see Table 2).

Table 2. FY 2009 Specialty Care Encounters in Seattle, UWMC, and Portland (892/936).

	Seattle	UWMC	Portland
Inpatient*	186	3	20
Outpatient	634	7	42
Total	**820 (88%)**	**10 (1%)**	**62 (7%)**

*Inpatient to Inpatient and Outpatient to Inpatient

The Seattle VA is a primary and tertiary (specialty) care medical center. It is the largest referral medical center in VISN 20. The Seattle VA cancer program is accredited by the Commission on Cancer and received the 2009 Commission on Cancer Outstanding Achievement Award. It offers a spinal cord injury program that is designed to meet the complex needs of spinal cord injury patients and their families. It also has an on-site Fisher House[6] that provides free lodging for veterans and their families during veterans' hospitalizations.

The Seattle VA is primarily affiliated with the UWMC, a teaching and research medical center. The UWMC provides a wide range of neurological disease services and is the primary referral center for patients with complex neurological conditions within the five-state area of Washington, Wyoming, Alaska, Montana, and Idaho.[7]

Complex Needs

Multiple Specialty Care Referrals

Patients referred to multiple specialty care types during FY 2009 may be generalized as having complex needs. We analyzed the incidence of patients referred to multiple specialty care services in the Lower 48 States. We found 52 (9 percent) of the

[6] More information on Fisher House can be found at: http://www.fisherhousevaps.org/default.asp.
[7] http://depts.washington.edu/neurosur/index.html, accessed on June 25, 2010.

591 unique patients were referred for at least two specialty types. The specialties that were most likely to be paired with another specialty service were orthopedics (18 times), neurosurgery (11 times), and otolaryngology (9). Orthopedics was most often paired with neurosurgery and prosthetics. Neurosurgery was most often paired with orthopedics and neurology. There were no otolaryngology trends.

Multiple Specialty Care Encounters

Patients who have multiple encounters for a single specialty referral may be generalized as having complex needs. Of the 936 encounters for specialty care referrals, 428 (46 percent) of the encounters were greater than one for that specialty in FY 2009. The most common specialty referrals that resulted in four or more encounters were orthopedics, neurosurgery, and oncology. One patient's neurology referral required 10 encounters. Another patient's oncology referral required nine encounters.

Inpatient and Outpatient Specialty Care Encounters

Inpatient Care

Patients who require hospitalization often require care that a tertiary care center has the resources to provide. There were 191 unique patients, with 217 specialty care encounters, who required hospitalization in the Lower 48 States. Twenty-one of these encounters were inpatient to inpatient transfers and 196 were outpatient to inpatient transfers.

Twenty patients required two inpatient encounters and one neurology patient required seven inpatient encounters. Of the patients who required more than one inpatient admission, five were referred to neurosurgery, four were referred to spinal cord injury, and four were referred to orthopedics (see Table 3).

Table 3. FY 2009 Most Frequent Alaska Inpatient Specialty Care Referral Encounters.

Specialty	Encounters (217)	Percent
Neurosurgery	33	15
Orthopedics	27	12
Spinal cord injury	26	12
Cardiology	18	8
Vascular	16	7
Neurology	15	7
Hematology/Oncology	15	7
General Surgery	9	4
Urology	7	3
Plastic Surgery	6	3

Inpatient to Inpatient. All but one of the 19 inpatients were transferred to the Seattle VA. Six (32 percent) patients required emergency air evacuation from Alaska. The most common inpatient specialty needs were hematology/oncology, cardiology, and orthopedics (see Table 4). Specialties with only one transfer were nephrology, neurology, neurosurgery, pulmonary, rehabilitation, rheumatology, and spinal cord injury.

Table 4. FY 2009 Most Frequent Alaska Inpatient to Inpatient Specialty Care Referral Encounters.

Specialty	Encounters (21)	Percent
Hematology/Oncology	4	19
Cardiology	3	14
Orthopedics	3	14
Gastroenterology	2	10
Vascular	2	10

Outpatient to Inpatient. There were 172 patients who represented 196 outpatient to inpatient specialty care encounters. VISN 20 provided the specialty care for 190 (97 percent) of these encounters with Seattle providing the overwhelming majority of care (88 percent). The most common specialty care encounters for this group were neurosurgery, spinal cord injury, and orthopedics (see Table 5).

Table 5. FY 2009 Most Frequent Alaska Outpatient to Inpatient Specialty Care Referral Encounters.

Specialty	Encounters (196)	Percent
Neurosurgery	32	16
Spinal cord injury	25	13
Orthopedics	24	12
Cardiology	15	8
Neurology	14	7
Vascular	14	7

Outpatient Care

There were 520 outpatient to outpatient specialty care patients who had 719 specialty care encounters. Figure 4 displays where these patients received their specialty care. Four patients were referred to the UWMC neurosurgery service and one to the UWMC oncology service. The most common specialty care referrals in this group were orthopedics, neurosurgery, and hematology/oncology (see Table 6). The system referred one patient to the Lower 48 States for mental health services.

Figure 4. FY 2009 Alaska Outpatient to Outpatient Specialty Care Referral Locations.

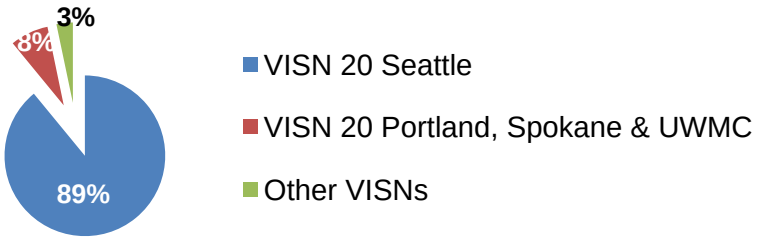


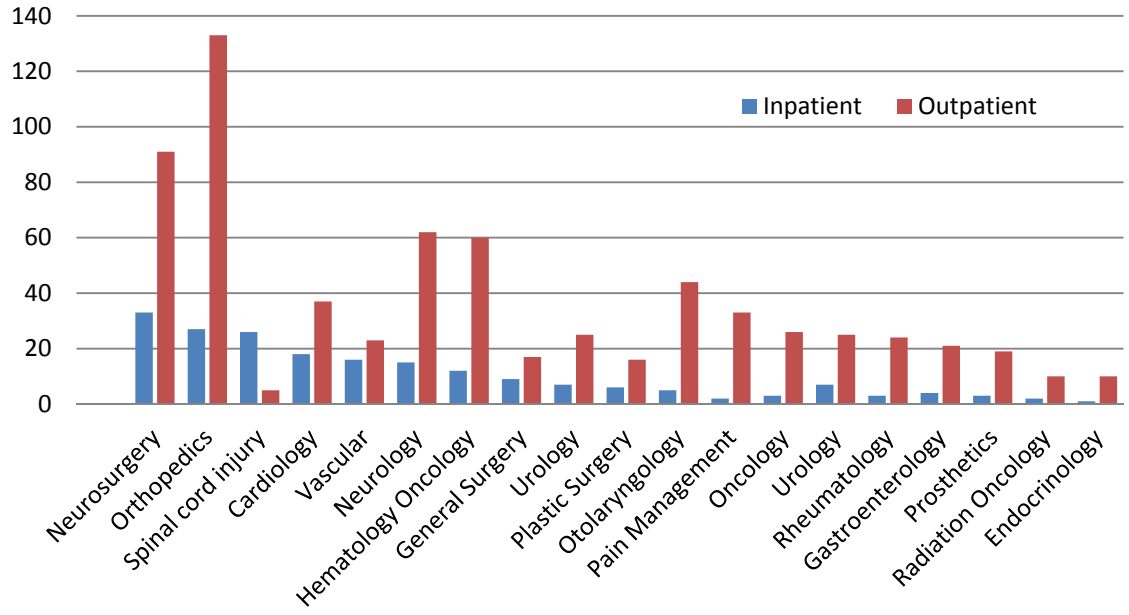
Table 6. FY 2009 Most Frequent Alaska Outpatient to Outpatient Specialty Care Referral Encounters.

Specialty	Encounters (719)	Percent
Orthopedics	133	19
Neurosurgery	91	13
Hematology/Oncology	86	12
Neurology	62	9
Otolaryngology	44	6
Cardiology	37	5
Pain Management	33	5

Comparison of Inpatient and Outpatient Specialty Care Encounters

Figure 5 shows a comparison of inpatient and outpatient specialty care encounters. Spinal cord injury was the only inpatient encounter larger than the outpatient encounters. There were no spinal cord injury specialists in Alaska.

Figure 5. FY 2009 Comparison of Alaska Inpatient and Outpatient Specialty Care Referral Encounters.



Specialty Care Outside of Alaska, Seattle, and Portland

In FY 2009, 20 (3.4 percent) of the 591 patients referred to the Lower 48 States each received one referral for care outside of the Seattle/Portland area. These patients accounted for 42 (4.5 percent) of the 936 encounters. Of these: 8 encounters were for inpatient care and 34 encounters were for outpatient care.

We reviewed the 20 patients' records to determine if there was resistance to being sent out of Alaska for care. We did not find documentation to indicate that patients were opposed to receiving their care outside of Alaska, Seattle, or Portland.

We categorized documented justifications for patient referrals outside of Seattle/Portland into two broad categories: medical necessity and medical need with an element of patient preference (see Table 7). We defined referrals as medically necessary if Seattle/Portland VA providers were not able to provide the required care. Five patient referrals met the criteria for medical necessity. For example, one patient required a second opinion for diagnosis and treatment of a rare cancer, and another patient required an emergency organ transplant.

We defined referrals as medical need with an element of patient preference if the patient requested specialized care outside the Seattle/Portland area for personal preference reasons. We found 15 (75 percent) of the 20 patient referrals met the criteria for medical need with an element of patient preference involved. For example, some patients requested referrals to a specific VA provider outside of Seattle/Portland to be closer to their families for emotional and/or rehabilitation support, some needed to accommodate travel plans in the Lower 48 States, and some requested a specific VA facility due to positive experiences they had in the past. One patient did not anticipate returning to Alaska and received care where the patient planned to relocate.

Table 7. FY 2009 Alaska Inpatient and Outpatient Referral Encounters Outside of VISN 20 - Comparisons of Medical Necessity and Medical Need with Patient Preference.

Encounter Type	Medical Necessity	Medical Need with Patient Preference	**Total**
Inpatient	3	5	**8**
Outpatient	12	22	**34**
Total	**15**	**27**	**42**

Travel to Receive Specialty Care

Most specialty services within Alaska are provided in the populated locations near Anchorage. Alaska veterans may have to travel long distances to obtain specialty care. Most of the larger cities have airports and the smaller towns usually have some form of air transport. Boroughs in the Southeastern Alaska region are approximately equidistant to Seattle and Anchorage (Table 8). Veterans in the Southeastern area represent 8.6 percent of those referred to the Lower 48 States for specialty care. Of the patients referred from the Southeastern region, the top referrals were orthopedics (17), neurology (10), and neurosurgery (9).

On June 23, 2010, Alaska Airlines offered at least one daily non-stop flight between Seattle and Juneau, Sitka, and Ketchikan (see Figure 6).

Table 8. Distances from Southeastern Alaskan Boroughs to Seattle and Anchorage.

Travel Distance (miles "as crow flies")[8]		
City/Borough	Anchorage	Seattle
Juneau	575	891
Ketchikan Gateway	774	668
Sitka	590	851

Figure 6. June 23, 2010, Alaska Airlines Flight Options for Southeastern Alaska Veterans.[9]

[8] Travel distance obtained from http://www.distance-calculator.co.uk/usa-distance-calculator.php#chosentown, accessed June 17, 2010.
[9] This map is from http://www.alaskaair.com/as/www2/Destinations/Route-Map.asp, accessed June 23, 2010.

Alaska Specialists and Referrals

To determine what types of specialty physicians practiced in Alaska and where they were located, we requested a list of physicians who held current, active licenses and self-reported board certification in FY 2009 from the Alaska State Medical Association (ASMA). The ASMA provided a searchable list with 1,397 physicians who held active licenses to practice in Alaska during FY 2009. The list provided the physicians' self-reported specialties. We extracted the number of community specialists by borough from this list.

It is important to note the Alaska specialty physician list provided information related to active, unrestricted licenses. There will be a disagreement between the number of physician specialists reported and the number that might actually provide direct patient care. Licensed specialists who perform non-direct care administrative duties or who choose not to practice cannot be determined from this list. Therefore, the number of specialty physicians we determined that might be available may be overstated.

The following maps (Figures 7–16) display the locations of referred patients (red dots) and the corresponding community-self-reported specialty physicians. These maps also show, by borough, the five most frequent inpatient and outpatient referral types to the Lower 48 States. Map areas are grey to display boroughs with no referrals to the Lower 48 States. Yellow areas display boroughs with at least one specialty referral and no corresponding community self-reported specialist. Map areas are green (1–5), blue (6–10), or brown (11 or more) to display the number of self-reported specialists in the community with at least one corresponding specialty referral.

Inpatient Specialty Care and Community Specialist Availability

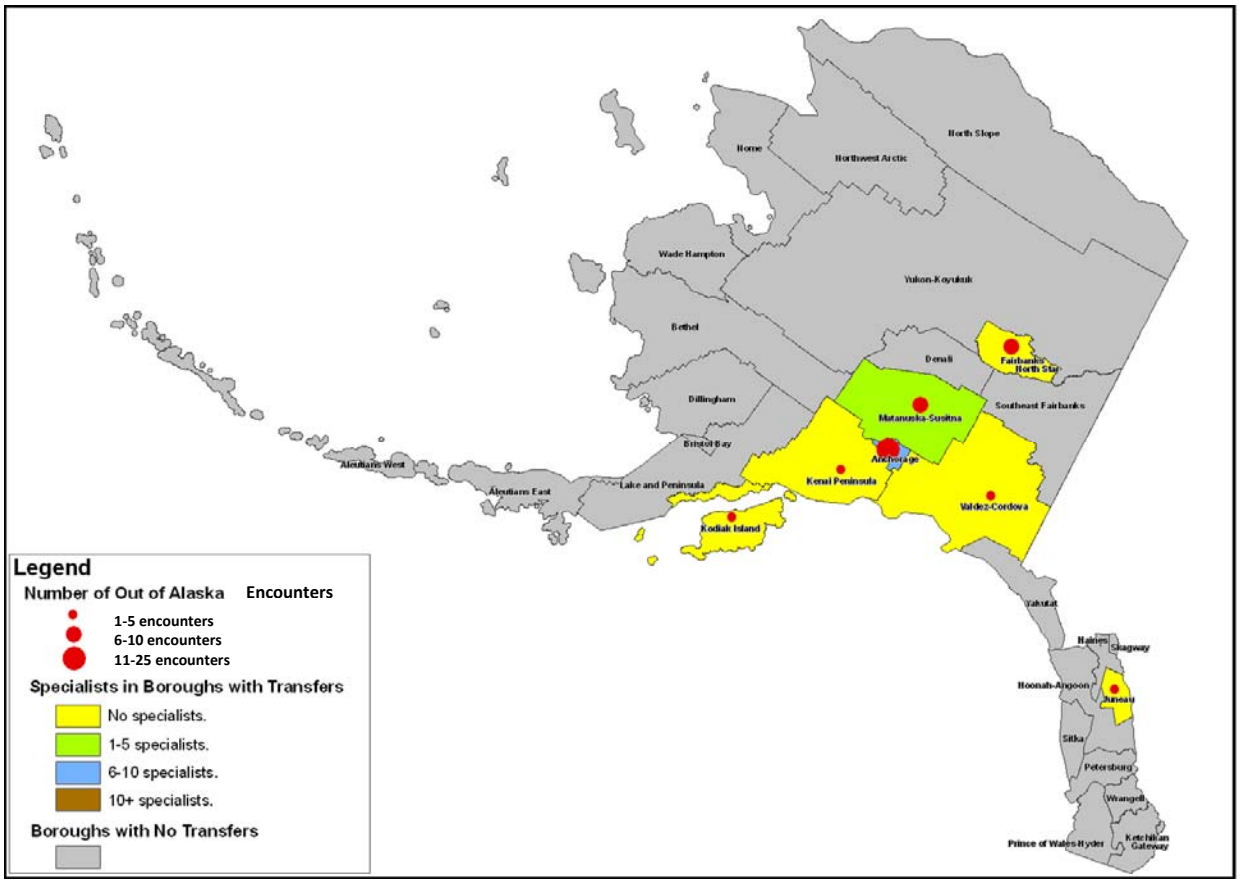
During FY 2009, the five most frequent inpatient specialty referral encounters in a Lower 48 State were neurosurgery, orthopedics, spinal cord injury, cardiology, and vascular services (see Table 9). Figures 7–11 illustrate where patients with at least one of the most frequent specialty referrals resided and if any reported specialty physicians were located in the corresponding patients' community for each of the specialties. We did not validate that all reported specialty physicians were actually practicing or available to treat veterans.

Table 9. FY 2009 Five Most Frequent Out-Of-Alaska Inpatient Specialty Referral Encounters.

Specialty	Encounter (217)	Percent
Neurosurgery	33	15
Orthopedics	27	12
Spinal cord injury	26	12
Cardiology	18	8
Vascular	16	7

Neurosurgery: There were 33 (15 percent) encounters for inpatient neurosurgical care in the Lower 48 States. Community neurosurgery specialists were not available locally to all patients (see Figure 7).

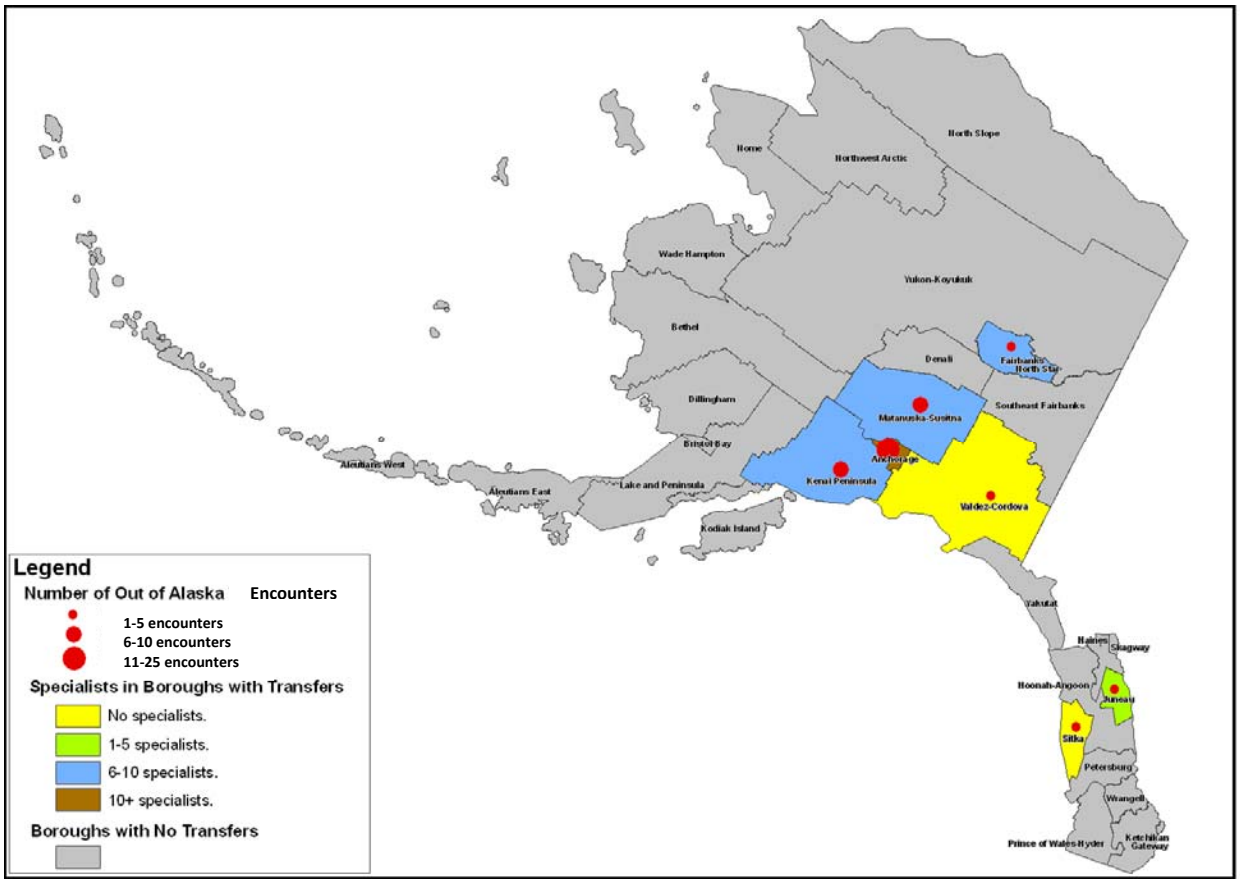
Figure 7. FY 2009 Inpatient Neurosurgery Referral Encounters to Out-of-Alaska VA Facilities and Corresponding Locations of Self-Reported Neurosurgery Specialists in Alaska.[10]



[10] Not all reported specialists may be available to treat veterans.

Orthopedics: There were 27 (12 percent) encounters for inpatient orthopedic care in the Lower 48 States. Community orthopedic specialists were not available locally to all patients (see Figure 8).

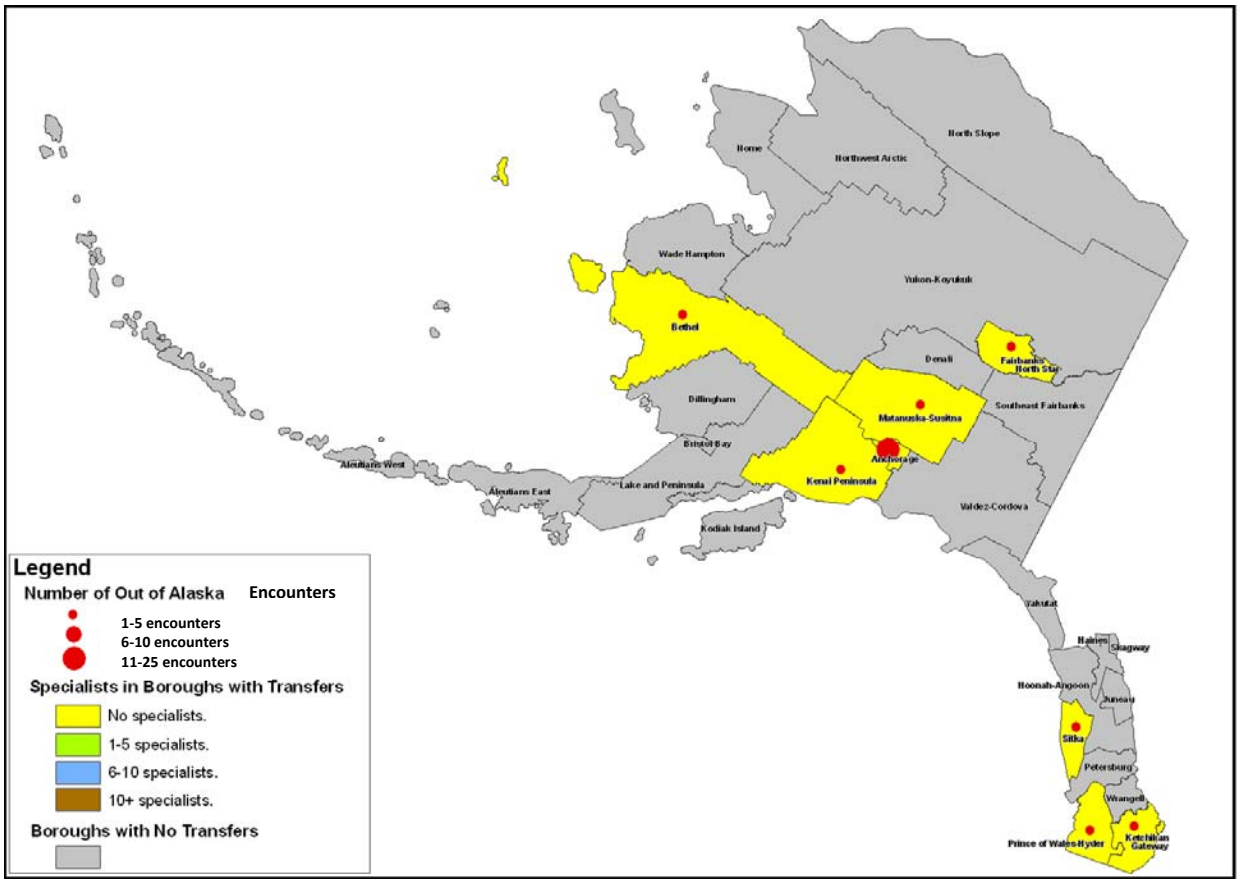
Figure 8. FY 2009 Inpatient Orthopedic Referral Encounters to Out-of-Alaska VA Facilities and Corresponding Locations of Self-Reported Orthopedic Specialists in Alaska.[11]



[11] Not all reported specialists may be available to treat veterans.

Spinal Cord Injury: There were 26 (12 percent) encounters for inpatient spinal cord injury care in the Lower 48 States. Community spinal cord injury specialists were not available locally to patients (see Figure 9).

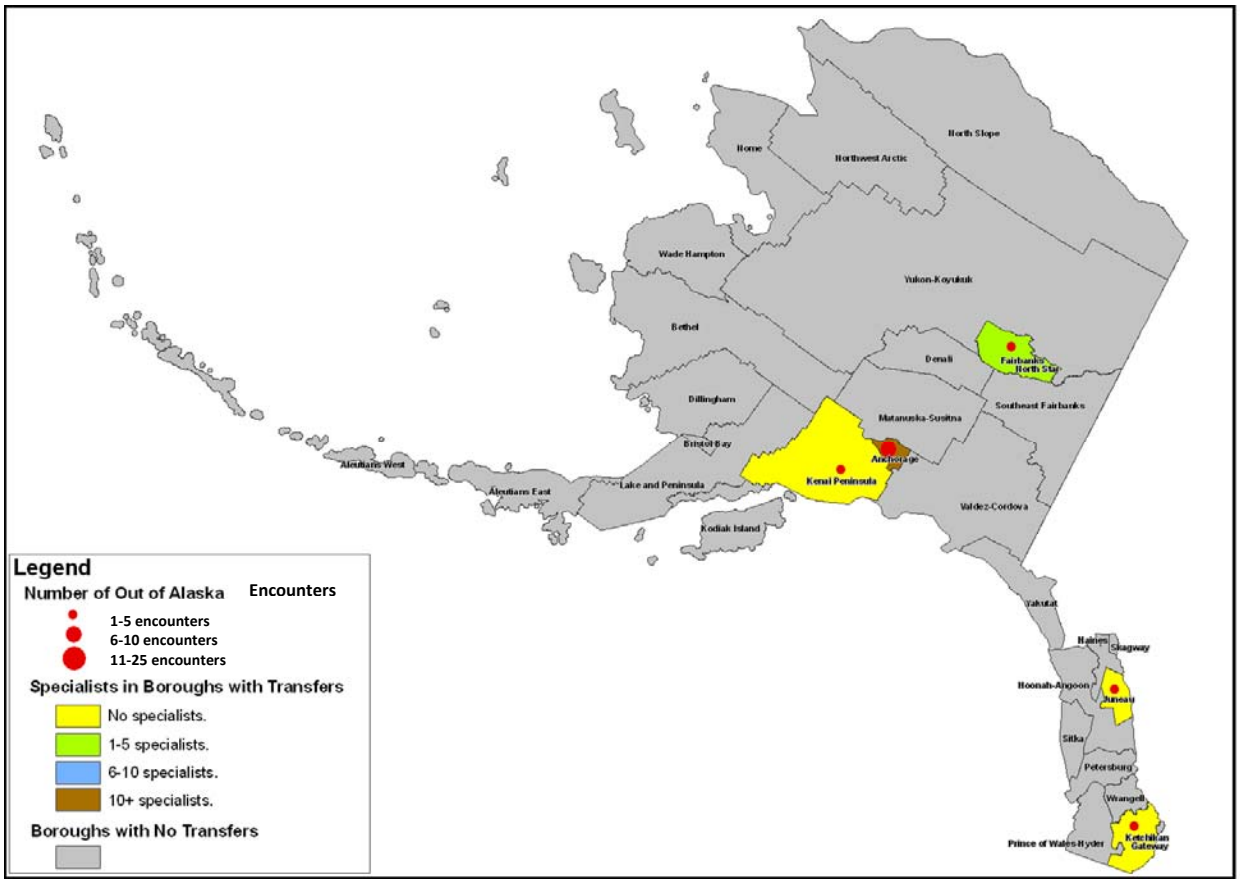
Figure 9. FY 2009 Inpatient Spinal Cord Injury Referral Encounters to Out-of-Alaska VA Facilities and Corresponding Locations of Self-Reported Spinal Cord Injury Specialists in Alaska.[12]



[12] Not all reported specialists may be available to treat veterans.

Cardiology: There were 18 (8 percent) encounters for inpatient cardiology care in the Lower 48 States. Community cardiology specialists were not available locally to all patients (see Figure 10).

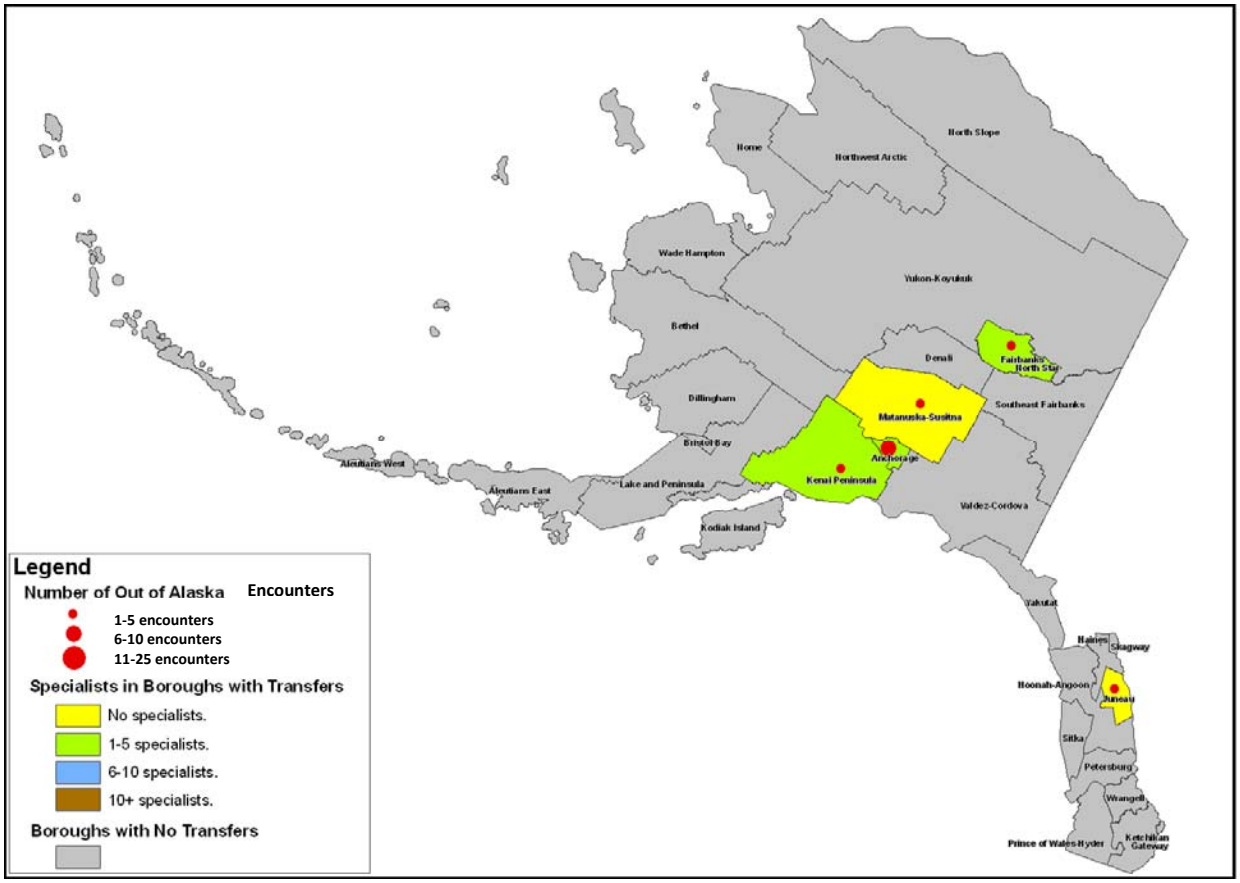
Figure 10. FY 2009 Inpatient Cardiology Referral Encounters to Out-of-Alaska VA Facilities and Corresponding Locations of Self-Reported Cardiology Specialists in Alaska.[13]



[13] Not all reported specialists may be available to treat veterans.

Vascular: There were 16 (7 percent) encounters for inpatient vascular care in the Lower 48 States. Community vascular specialists were not available locally to all patients (see Figure 11).

Figure 11. FY 2009 Inpatient Vascular Referral Encounters to Out-of-Alaska VA Facilities and Corresponding Locations of Self-Reported Vascular Specialists in Alaska.[14]



[14] Not all reported specialists may be available to treat veterans.

Outpatient Specialty Care and Community Specialist Availability

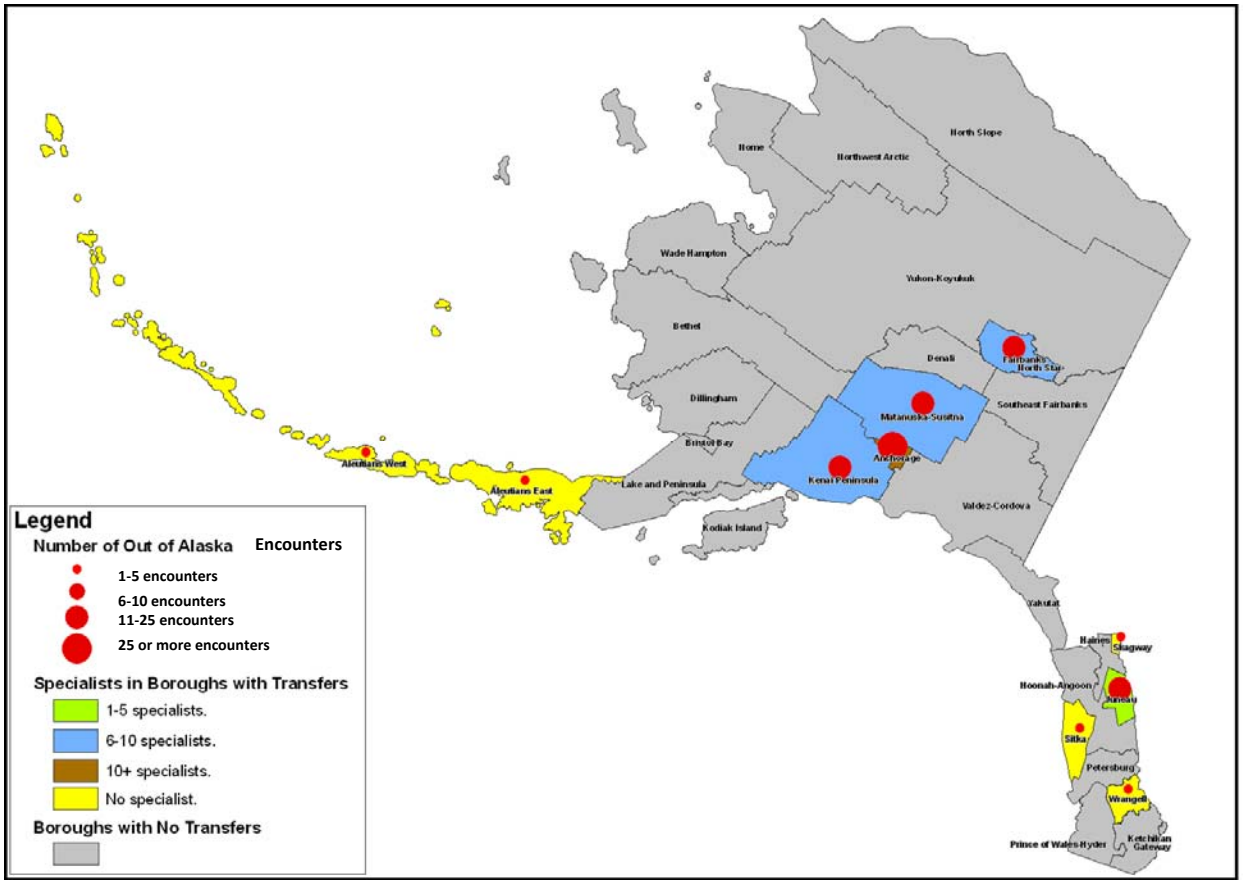
During FY 2009, the five most frequent outpatient specialty referrals to a Lower 48 State were orthopedics, neurosurgery, neurology, hematology/oncology, and otolaryngology (eye, ear, nose, and throat) services (see Table 10). Figures 12–16 illustrate where patients with at least one of the most frequent specialty referrals resided and if any specialty physician practices were located in the patients' community.

Table 10. FY 2009 Five Most Frequent Out-Of-Alaska Outpatient Referral Encounters.

Specialty	Encounters (719)	Percent
Orthopedics	133	19
Neurosurgery	91	13
Neurology	62	9
Hematology/Oncology	86	12
Otolaryngology	44	6

Orthopedics: There were 133 (19 percent) encounters for outpatient orthopedic care in the Lower 48 States. Community orthopedic specialists were not available locally to all patients (see Figure 12).

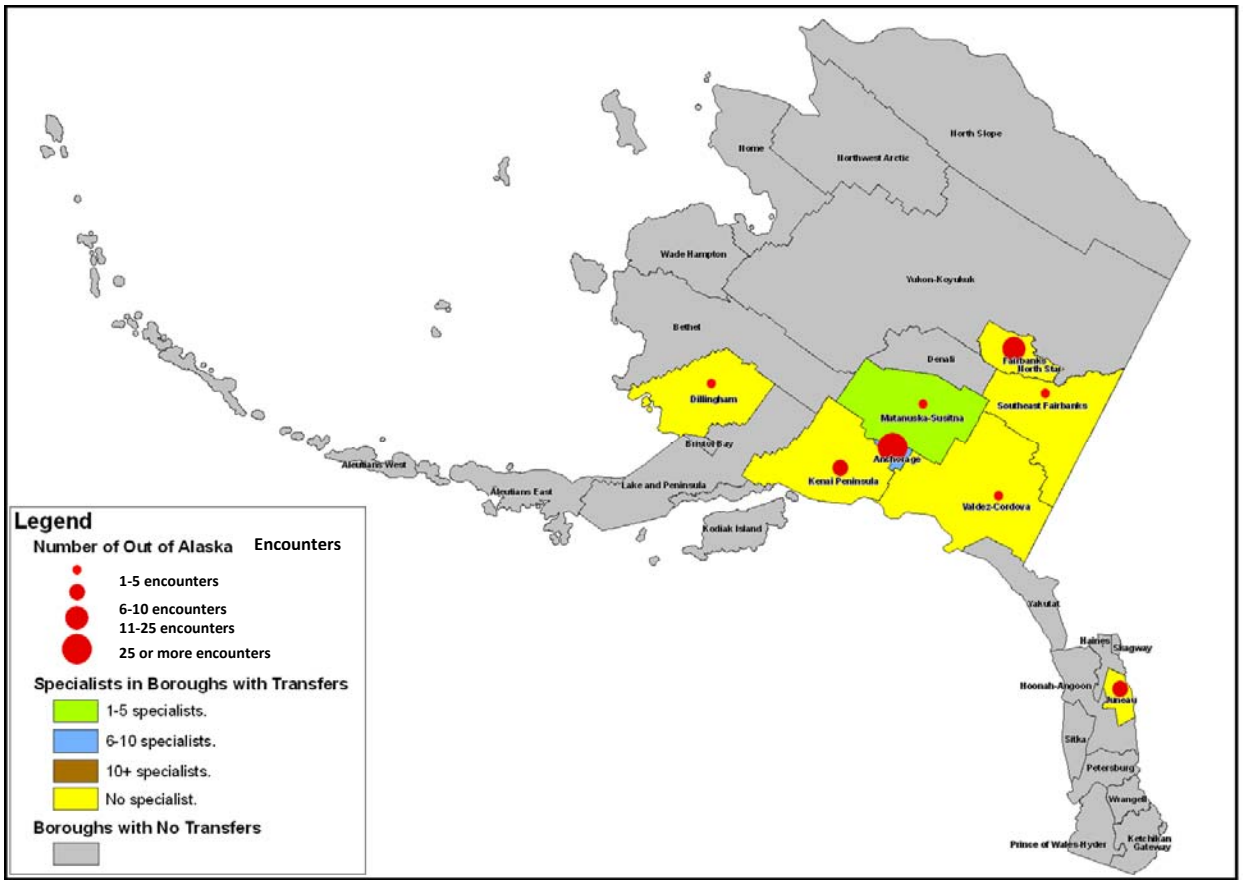
Figure 12. FY 2009 Outpatient Orthopedic Referral Encounters to Out-of-Alaska VA Facilities and Corresponding Locations of Community Orthopedic Specialists in Alaska.[15]



[15] Not all reported specialists may be available to treat veterans.

Neurosurgery: There were 91 (13 percent) encounters for outpatient neurosurgical care in the Lower 48 States. Community neurosurgery specialists were not available locally to all patients (see Figure 13).

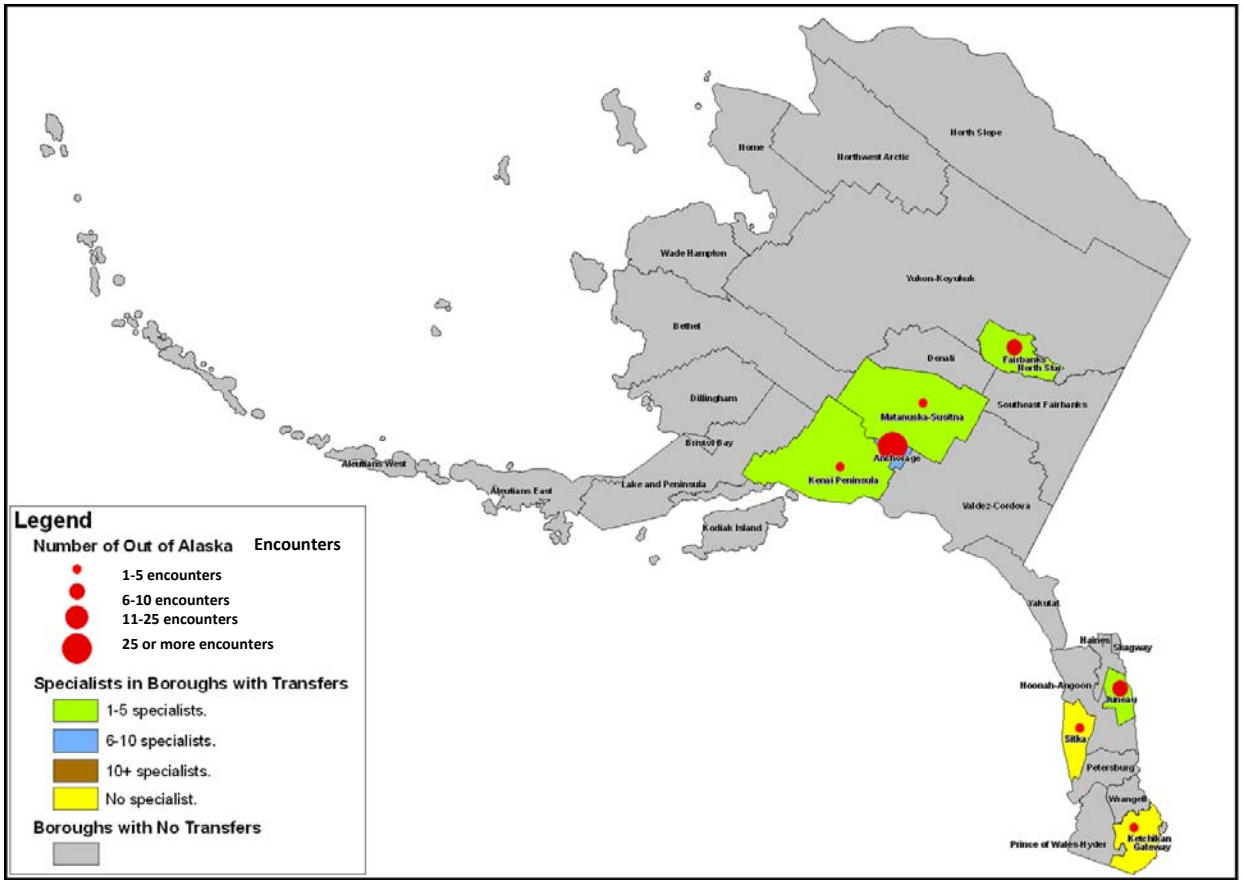
Figure 13. FY 2009 Outpatient Neurosurgery Referral Encounters to Out-of-Alaska VA Facilities and Corresponding Locations of Self-Reported Neurosurgery Specialists in Alaska.[16]



[16] Not all reported specialists may be available to treat veterans.

Neurology: There were 62 (9 percent) encounters for outpatient neurology care in the Lower 48 States. Community neurology specialists were not available locally to all patients (see Figure 14).

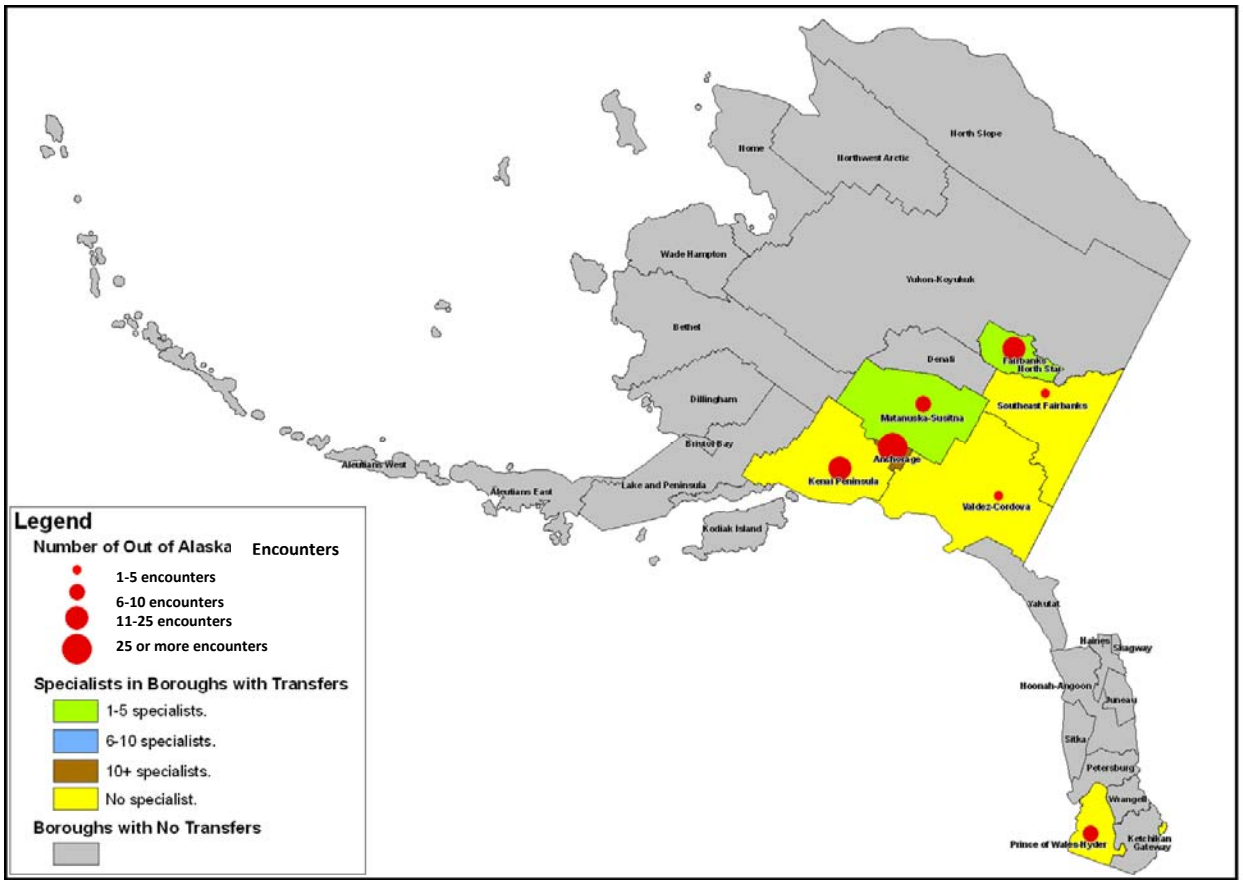
Figure 14. FY 2009 Outpatient Neurology Referral Encounters to Out-of-Alaska VA Facilities and Corresponding Locations of Self-Reported Neurology Specialists in Alaska.[17]



[17] Not all reported specialists may be available to treat veterans.

Hematology/Oncology: There were 86 (12 percent) encounters for outpatient hematology/oncology care in the Lower 48 States. Community hematology/oncology specialists were not available locally to all patients (see Figure 15).

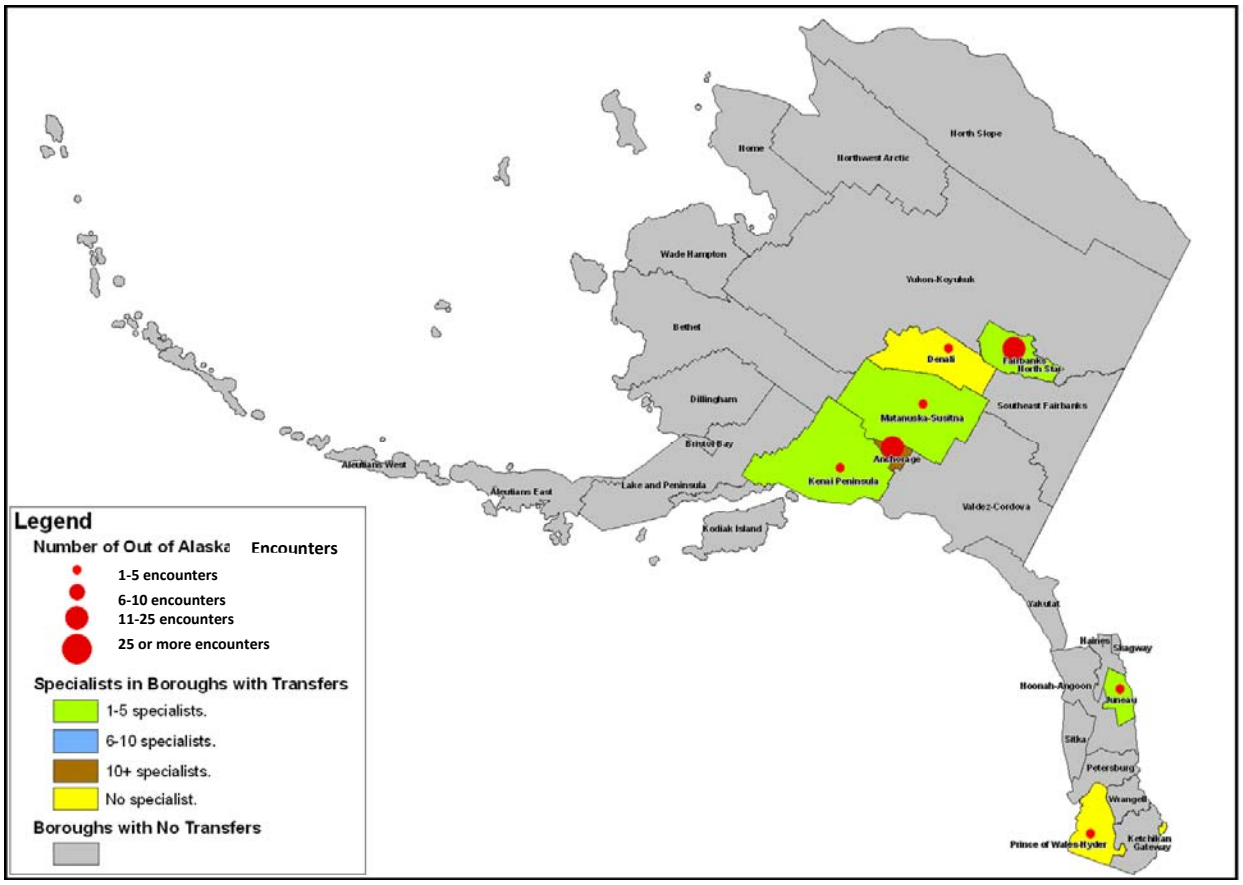
Figure 15. FY 2009 Outpatient Hematology/Oncology Referral Encounters to Out-of-Alaska VA Facilities and Corresponding Locations of Community Hematology/Oncology Specialists in Alaska.[18]



[18] Not all reported specialists may be available to treat veterans.

Otolaryngology: There were 44 (6 percent) encounters for outpatient otolaryngology care in the Lower 48 States. Community otolaryngology specialists were not available locally to all patients (see Figure 16).

Figure 16. FY 2009 Outpatient Otolaryngology Referral Encounters to Out-of-Alaska VA Facilities and Corresponding Locations of Self-Reported Otolaryngology Specialists in Alaska.[19]



[19] Not all reported specialists may be available to treat veterans.

Conclusions

It appears the system complied with existing laws and regulations related to providing health care to Alaskan health care benefit users. We noted that the law does not allow for unlimited contracted and/or fee-based services. Although factors related to Alaska's location and geography pose challenges to providing a full range of health care services, the system provided health care, either directly or through community contracted and fee-based services, to 96 percent of its health care benefit users in FY 2009.

The system appears to make good use of its resources. Points of care are situated in the boroughs where 79 percent of veterans in Alaska reside. The system offered a wide range of services to its 26,946 enrollees in FY 2009, and expanded services in 2010. It also paid for community provided health care services to 59 percent of the Alaska health care benefit users in FY 2009. The system paid $41,841,533 (approximately 38 percent of the FY 2009 budget) for fee-basis and contracted specialty care in Alaska.

In FY 2009, the system referred 591 (4 percent) patients to the Lower 48 States for specialty care. The most common encounters (57 percent) that were treated in the Lower 48 States fell into five categories: orthopedic, neurosurgery, neurology, oncology, and cardiology specialty care services. The Seattle VA, a large tertiary care medical center with well-known quality specialty care, has access to advanced resources for complex patient care. Seattle VA treated 89 percent of the patients referred to the Lower 48 States.

We find no basis to disagree with the system's use of available resources. Many referrals were to provide veterans with specialty services either not available or with limited availability in Alaska such as spinal cord injury, neurosurgery, and neurology. Fifty-one patients resided in Southeastern Alaska and most would have required air travel to either Anchorage or Seattle to receive specialty care. Transferring these patients to the Seattle VA appears to be a reasonable use of resources. Finally, our medical record reviews of patients referred outside of VISN 20 revealed 75 percent were at the patient's request.

It appears Alaska has a large number of orthopedic specialists that could possibly meet the needs of veterans transferred for orthopedic care; however, our review revealed orthopedic referrals were often combined with neurosurgery, oncology, and prosthetic referrals. Also, we cannot know the number of specialty care physicians who were actively treating patients. The same holds true for otolaryngology. While this specialty was among the most frequently referred outpatient encounters, 8 (31 percent) of the 26 patients referred had at least one other specialty referral.

Because we cannot know the number of active community specialists available at the time of the referral, we cannot determine if any of the 591 patients referred to the Lower 48 States could have been treated locally. Unique or challenging health care

needs, patient preferences, and resources available at the time of need cannot be determined in this retrospective review. What is apparent is that a challenging health care environment exists, yet the system was able to address 96 percent of the benefit users' health care needs within the state of Alaska in FY 2009.

We made no recommendations.

Comments

The VISN and system Directors' concurred with our findings and there are no recommendations (see Appendixes C–D, pages 31–32 for the full text of their comments).

(original signed by:)
JOHN D. DAIGH, JR., M.D.
Assistant Inspector General for
Healthcare Inspections

Appendix A

2006 Alaska Specialty Care Physician Gaps

Physician Specialty	Alaska Physicians ***	Alaska Patient Care Physicians	Alaska Patient Care Physician Rate*	US Patient Care Physician Rate*	Alaska Physicians Expected at US Rate	Alaska Physicians Gap**
Total Physicians	**1580**	**1347**	**2.05**	**2.38**	**1569**	**-222**
Primary Care	**732**	**709**	**1.08**	**1.14**	**753**	**-44**
Family Medicine	342	333	0.51	0.26	173	160
GP/GM	34	33	0.05	0.04	25	8
Internal Medicine	161	157	0.24	0.48	315	-158
Pediatrics	116	108	0.16	0.23	148	-40
Obstetrics & Gynecology	79	78	0.12	0.14	91	-13
Medical Specialties	**57**	**55**	**0.08**	**0.19**	**126**	**-71**
Surgical Specialties	**243**	**237**	**0.36**	**0.39**	**259**	**-22**
General Surgery	73	71	0.11	0.12	81	-10
Child & Adolescent Psych.	**4**	**3**	**0**	**0.02**	**14**	**-11**
Psychiatry	**74**	**66**	**0.1**	**0.13**	**83**	**-17**
Emergency Medicine	**75**	**72**	**0.11**	**0.09**	**60**	**12**
Other Specialties	**231**	**205**	**0.31**	**0.4**	**263**	**-58**
Neurology	**12**	**12**	**0.02**	**0.04**	**28**	**-16**
Anesthesiology	75	74	0.11	0.13	84	-10
Inactive	**117**					
Not Classified	**47**					

Source: American Medical Association (2006), *AMA Master File Database*, 2006, As reported in: *Alaska Physician Supply Task Force* (2006), Securing an Adequate Number of Physicians for Alaska's Needs, coordinated by Alaska HPSD DHSS, Appendix A–2, page 97.

*Rates are per 1,000 population. Alaska population equals 657,755.

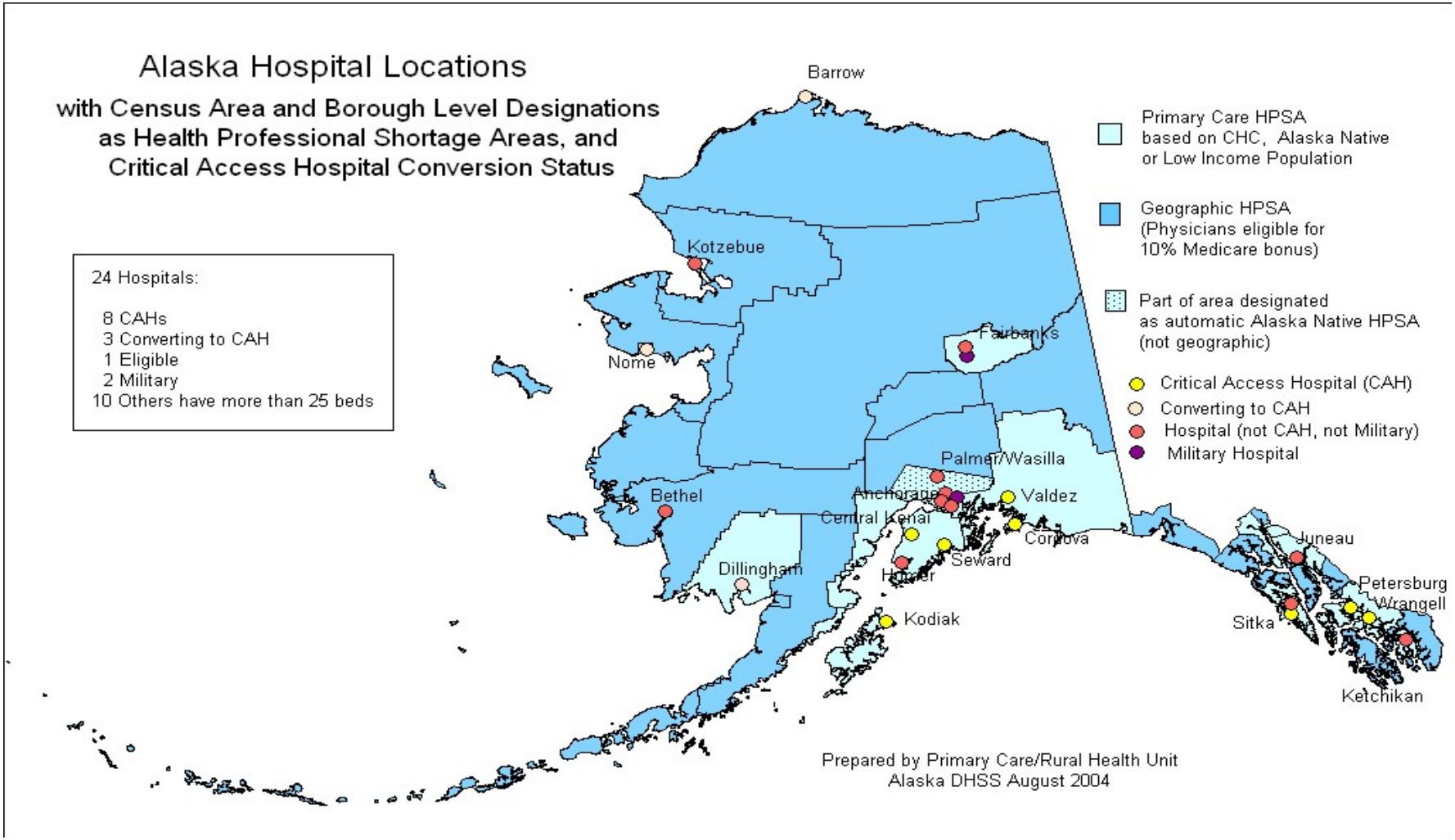
** Negative number implies potential need.

*** In 2004, there were an additional 69 licensed physicians who were engaged in non-patient care activities.

For further information: http://www.hss.state.ak.us/commissioner/Healthplanning/publications/assets/PSTF-06.pdf.

Appendix B

2010 Alaska Non-VA Hospital Locations



Map from: http://www.hss.state.ak.us/dhcs/healthplanning/planningGrant/assets/AK-HealthReform.pdf, accessed June 27, 2010.

Appendix C

VISN Director Comments

Department of Veterans Affairs **Memorandum**

Date: August 13, 2010

From: Director, Northwest Network (10N20)

Subject: **Healthcare Inspection – Review of Patient Referrals and Transfers to the Lower 48 States at the Alaska VA Healthcare System, Anchorage, Alaska**

To: Director, Denver Office of Healthcare Inspections (54DV)

Director, Management Review Service (10B5)

The VISN 20 Director concurs with the report.

(original signed by:)
Susan Pendergrass, DrPH

Appendix D

System Director Comments

Department of Veterans Affairs **Memorandum**

Date: August 13, 2010

From: Director, Alaska VA Healthcare System (463/00)

Subject: **Healthcare Inspection – Healthcare Inspection – Review of Patient Referrals and Transfers to the Lower 48 States at the Alaska VA Healthcare System, Anchorage, Alaska**

To: Director, Northwest Network (10N20)

I concur with the OIG report.

(original signed by:)
Alexander Spector
Director, Alaska VA Healthcare System

Appendix E

OIG Contact and Staff Acknowledgments

OIG Contact	Virginia L. Solana, Director Denver Office of Healthcare Inspections (303) 270-6500
Acknowledgments	Stephanie B. Hensel, Team Leader Lin Clegg Laura Dulcie Maureen Regan Clarissa B. Reynolds Barry Simon Yurong Tan Ann Ver Linden

Appendix F

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