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Office of Audits and Evaluations

VETERANS HEALTH ADMINISTRATION

Loma Linda Healthcare System's Oversight of Community-Based Outpatient Clinic Contracts Needs Strengthening

Review | **23-00324-170** | **September 25, 2025**

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Executive Summary

The VA Office of Inspector General (OIG) conducted this review to assess contract oversight of staffing and appointment cancellation performance measures at five Loma Linda Healthcare System community-based outpatient clinics (CBOCs) in California.[1] The Veterans Health Administration (VHA) provides common outpatient services to veterans at CBOCs nationwide. For some veterans, access to care at a CBOC is more convenient than going to a VA medical facility. CBOCs can be operated by VA or contractors. As of June 2024, VHA had 87 contracts for 104 CBOC locations awarded to 18 contractors.

In October 2020, VA awarded a $123.7 million contract for medical care (physically on-site) and mental health care (either physically on-site or by telehealth) at five CBOC locations in the Loma Linda Healthcare System.[2] This contract's period of performance including option years is October 1, 2021, through September 30, 2026.[3] After several modifications, such as increasing cost-per-patient rates and adding costs for facility equipment, as of April 1, 2023, the contract's total value had increased to over $141 million. This amount then decreased to about $117 million when VA removed two CBOCs, reverting them to VA control, as it attempted to address overall issues with the contract on April 1, 2024. For more details about the Loma Linda Healthcare System and the CBOC contract, see appendix A.

Later in April 2024, the OIG published a healthcare inspection report finding that the contractor experienced challenges staffing the clinics. Overall, the report found that the healthcare system did not meet VHA expectations for timely processing of consults and scheduling of appointments for care in the community.[4] Additionally, the report found that the lack of a formal oversight structure for the contracted clinics—coupled with staff turnover in both VA and contractor leadership positions—created a vulnerability in the management of primary care services provided at Loma Linda's clinics. The report included three recommendations to the healthcare system director related to monitoring primary care staffing and panel sizes, timeliness

[1] The term "healthcare system" is used throughout this report to denote the Loma Linda Healthcare System. The OIG received numerous hotline complaints from November 2021 to November 2022 alleging staffing shortages and excessive patient appointment cancellations at five Loma Linda contracted clinics.

[2] VA contract 36C26221D0002, October 7, 2020. The five CBOC sites are Corona, Rancho Cucamonga, Murrieta, Palm Desert, and Victorville, all in California.

[3] Modification number P00001 for this contract changed the period of performance to begin on October 1, 2021. Originally, the effective date was April 1, 2021.

[4] A consult is a request for clinical service on behalf of a patient. VHA Directive 1232(5), *Consult process and Procedures*, August 24, 2016, amended December 5, 2022.

of community care consult processing, and oversight of all the system's clinics. As of June 9, 2025, the OIG considered all recommendations closed.[5]

The OIG Office of Audits and Evaluations conducted this review to assess Loma Linda's contract oversight of staffing and appointment cancellation performance measures at the five CBOCs. In carrying out its work, the OIG audit team reviewed the October 2020 CBOC contract, subsequent contract modifications, contract oversight documents, and data on contractually required staffing ratios and appointment cancellations for the period of October 1, 2021, through September 30, 2023.[6] The team also followed up on pertinent VA performance measures in February 2025. In addition, the team reviewed applicable sections of the Federal Acquisition Regulation, the VA Acquisition Regulation, the VA Acquisition Manual, VA directives, VA handbooks, and other federal guidance, and interviewed VA officials and the contractor's leaders. For more on the review's scope and methodology, see appendix B.

What the Review Found

The OIG found that VA leaders at the healthcare system did not ensure contractor compliance with performance standards for staffing and the number of appointments canceled by the clinics during the scope of this review; fiscal years (FYs) 2022 and 2023. The team reviewed additional contract requirements, contract modifications, and VHA's performance measures documentation, and conducted additional interviews and confirmed with the contracting officer's representative (COR) that the contractor's noncompliance with these contract performance standards had not been effectively resolved as of February 2025. Several factors affected contract oversight. First, Loma Linda officials did not effectively monitor contractor-staffed primary care Patient Aligned Care Teams (PACTs) to ensure they met staffing levels required by the contract performance plan. The contractor did not meet required staffing levels at any of the five contracted CBOCs for at least 22 of 24 months in FYs 2022 and 2023; two CBOCs were noncompliant 100 percent of the time, and the remaining three CBOCs were noncompliant over 90 percent of the time.[7] Second, the contractor did not consistently meet the required appointment cancellation performance standard at contracted CBOCs. This standard applies to appointments canceled by the clinics—not appointments canceled by patients. In FYs 2022 and 2023, all five CBOCs under

[5] VA OIG, *Increased Utilization of Primary Care in the Community by the VA Loma Linda Healthcare System in California*, Report No. 23-01602-147, April 23, 2024.

[6] The contract's base year was October 2021 through September 2022. The contract has four option years. If VA exercises all options, the contract's period of performance will end in September 2026.

[7] Staffing ratios and staffing levels are connected. When staffing ratios are not met, PACTs are incomplete, which affects staffing levels.

the contract were noncompliant with the appointment cancellation standard at least 79 percent of the time, and two CBOCs were noncompliant 100 percent of the time.[8]

The assistant director of the healthcare system has direct authority and responsibility for oversight of operations at all contracted CBOCs.[9] However, the OIG determined that the assistant director did not provide effective oversight of the COR and CBOC nurse coordinator to ensure compliance with contract requirements. Specifically, the assistant director did not coordinate effectively with his staff to ensure he received sufficient staffing level information during the contract start-up period and did not properly track the contractor's staffing levels in the time leading up to the start of the contract to ensure clinics were fully staffed before operating.[10] The OIG therefore found that healthcare system leaders missed opportunities during the start-up process and did not provide oversight that could have mitigated the noncompliance with contract requirements and ensured a more successful transition to the current contract.[11] Furthermore, healthcare system staff did not effectively monitor performance measures for staffing and the number of appointments canceled by the clinics.

The OIG also found that the assistant director did not effectively coordinate with the COR and the contracting officer to ensure that the contractor's contingency plan requirement was sufficiently enforced when staffing shortages occurred. The CBOC steering committee, which was intended to monitor CBOC contract performance, was also not effective in resolving staffing levels and appointment cancellation issues because members generally did not discuss corrective actions or follow up on corrective action plans during meetings. Additionally, the OIG found that VA's onboarding delays contributed to the contractor's noncompliance with the staffing performance measure. In February 2024, healthcare system leaders expedited onboarding actions for contractor staff by hiring additional credentialing staff; however, this effort did not occur until several years after CBOCs began operations, demonstrating a weakness in facility oversight.

Finally, the OIG found issues related to Loma Linda leaders placing VA staff at contracted CBOCs to mitigate staffing shortages and reduce the number of appointment cancellations.

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[8] During the project's scope period of review, FY 2022 and FY 2023, the contract included five CBOCs. On April 1, 2024, the contract was modified to include only three CBOCs. For more details regarding the review's scope and methodology, see appendix B.

[9] VA Position Description no. 12275-0, Health System Administrator/Assistant Medical Center Director, Office of the Director/Office of the Assistant Director, VA Loma Linda Healthcare System, Loma Linda, California. Throughout the report, the term "assistant director" refers to the assistant medical center director.

[10] The contract was awarded in October 2020. However, contract modification P0001, signed in October 2021, changed the start date of the period of performance from April 1 to October 1, 2021.

[11] The current CBOC contract, which was the focus of this OIG review, replaced a previous contract with a different contractor, active from September 2013 through September 2021. During the current contract's start-up period from April 1 through September 30, 2021, the healthcare system entered into a new, temporary contract with the previous contractor to continue providing primary care services while the current contractor completed start-up contract requirements.

Specifically, the contracting officer authorized this action with a unilateral agreement when a bilateral contract modification was required. Also, salary rates used in the unilateral agreement were based on staff position average rates and did not include other allocable costs such as fringe benefits. Therefore, the contracting officer's attempt to recover government funds associated with using VA personnel to cover shortages at the contracted clinics was insufficient.

What the OIG Recommended

The OIG made nine recommendations, in part to help VHA apply lessons learned from the issues it experienced with the Loma Linda CBOC contract. Because of the lack of sufficient contract oversight by Loma Linda leaders, the OIG recommended that the healthcare system director strengthen controls to ensure inclusion of staffing monitoring requirements, in coordination with the contracting officer, to meet staffing level goals during start-up periods in future CBOC contracts. Additionally, controls should be strengthened to ensure data used for monitoring contract performance standards are accurate and comply with the contract's Quality Assurance Surveillance Plan (QASP) required methodology. Furthermore, the OIG recommends the Loma Linda director review the medical staff-driven phase of the credentialing process to improve timeliness. The director should also strengthen controls to ensure contracted scheduling staff complete required training before being authorized access to VA's scheduling system. Finally, the director should review the facility's staffing augmentation agreement to ensure the full costs are recovered.[12]

The OIG also recommended that the director of contracting at Network Contracting Office 22 review the unilateral staff augmentation agreement with the contractor and establish a bilateral contract modification using full cost amounts with actual salary rates for VHA staff who work at the contracted CBOCs to sufficiently recover government funds.[13] Staffing contingency plan requirements for the Loma Linda CBOC contract should also be reviewed and enforced to minimize staffing shortages and maximize the use of temporary replacements. Finally, the OIG recommended strengthening controls to ensure the enforcement of contract start-up requirements.

VA Management Comments and OIG Response

The director of the Loma Linda Healthcare System and the interim director of the VA Desert Pacific Healthcare Network concurred with recommendations 1–5, requested the OIG close recommendations 1–3 based on documentation provided, and submitted action plans for

[12] Full costs include all direct and indirect costs, including salaries and fringe benefits, to any part of a good, resource, or service provided by the federal government. Office of Management and Budget (OMB) Circular A-25, *Memorandum for Heads of Executive Departments and Establishments*, July 8, 1993.

[13] A bilateral modification is a contract modification signed by the contractor and the contracting officer. Federal Acquisition Regulation (FAR) 43.103(a).

recommendations 4–5. Both directors noted that recommendations 6–9 were managed by the under secretary for health. The acting under secretary for health concurred in principle with recommendations 6–9 and submitted action plans. The acting under secretary also confirmed that VHA concurred with recommendations 1–5. Their full responses are in appendixes C, D, and E.

The action plans and supporting information that the director of the Loma Linda Healthcare System and the interim director of the VA Desert Pacific Healthcare Network provided in response to recommendations 1–2 did not show sufficient changes or improvements to how the healthcare system will address CBOC noncompliance with staffing ratios and also did not address how management will ensure the correct data are used to monitor contract performance standards. For recommendation 3, management did not provide documentation showing that the frequency of meetings was increased for the Credentialing and Privileging Committee or that average times in the medical staff-driven phase of the credentialing process had improved.

The comments and corrective action plans provided by the director of the Loma Linda Healthcare System and the interim director of the VA Desert Pacific Healthcare Network are responsive to the intent of recommendations 4–5. Furthermore, the acting under secretary for health's comments and corrective action plans are responsive to the intent of recommendations 6–9. Overall, the OIG will monitor the implementation of planned actions and will close the recommendations when sufficient evidence addressing the issues identified is provided.

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Contents

Abbreviations

CBOC	community-based outpatient clinic
COR	contracting officer's representative
FTE	Full-time equivalent
FY	fiscal year
NCO	network contracting office
OIG	Office of Inspector General
PACT	Patient Aligned Care Team
QASP	Quality Assurance Surveillance Plan
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network

Introduction

The Veterans Health Administration (VHA) provides outpatient services to veterans at community-based outpatient clinics (CBOCs) nationwide. For some veterans, accessing care at a CBOC is more convenient than going to a VA medical facility. CBOCs can be operated by VA or contractors. As of June 2024, VHA had 87 contracts worth over $2 billion for 104 CBOC locations awarded to 18 contractors. This review focused on contract oversight at five CBOCs in the Loma Linda Healthcare System, which is part of Veterans Integrated Service Network (VISN) 22 and provides healthcare services to veterans in San Bernardino and Riverside Counties in California.[14]

In October 2020, VA awarded a $123.7 million indefinite-delivery, indefinite-quantity, fixed-price contract for medical care (physically on-site) and mental health care (either physically on-site or by telehealth) at five CBOC locations in the Loma Linda Healthcare System.[15] This contract's period of performance including option years is October 1, 2021, through September 30, 2026.[16] After several modifications, such as increasing cost-per-patient rates and adding costs for facility equipment, as of April 1, 2023, the contract's total value increased to over $141 million. This amount then decreased to about $117 million when VA removed two CBOCs on April 1, 2024, reverting them to VA control, as it attempted to address overall issues with the contract. For more details about the Loma Linda Healthcare System and the CBOC contract, see appendix A.

The VA Office of Inspector General (OIG) became aware of potential problems with the Loma Linda CBOC contract when it received numerous hotline complaints from November 2021 to November 2022 alleging staffing shortages and excessive patient appointment cancellations at the five contracted clinics. In April 2024, the OIG published a healthcare inspection report finding that the contractor experienced challenges staffing the clinics. That inspection report found that the healthcare system did not meet VHA expectations for timely processing of

[14] The US is divided into 18 Veterans Integrated Service Networks, or VISNs, which are "regional systems of care working together to better meet local health care needs and provide greater access to care." Veterans Integrated Service Networks (web page), VHA, March 20, 2025, www.va.gov/HEALTH/visns.asp. The term "healthcare system" is used throughout this report to denote the Loma Linda Healthcare System.

[15] VA contract 36C26221D0002, October 7, 2020. The five CBOC sites are Corona, Rancho Cucamonga, Murrieta, Palm Desert, and Victorville, all in California. An indefinite-quantity contract provides for an indefinite quantity, within stated limits, of supplies or services during a fixed period; the government places orders for individual requirements, and quantity limits may be stated as number of units or as dollar values. Federal Acquisition Regulation (FAR) 16.504.

[16] Modification number P00001 for this contract changed the period of performance to begin on October 1, 2021. Originally, the effective date was April 1, 2021. During the contract start-up period from April 1 through September 30, 2021, the Loma Linda Healthcare System entered into a new contract with the previous contractor to continue providing primary care services while the current contractor completed start-up contract requirements.

consults and scheduling of appointments for care in the community.[17] Additionally, the report found that a lack of oversight of contracted clinics—coupled with VA and contractor leadership turnover—created a vulnerability in the management of primary care services at Loma Linda's clinics. The report included three recommendations to the healthcare system director related to monitoring primary care staffing and panel sizes, timeliness of community care consult processing, and oversight of all the system's clinics.[18] As of June 9, 2025, VA had completed corrective actions for all recommendations, and the OIG considers the report closed.[19]

The OIG Office of Audits and Evaluations conducted this review to assess Loma Linda's contract oversight of staffing and appointment cancellation performance measures at the five CBOCs. In carrying out its work, the OIG audit team reviewed the October 2020 CBOC contract, contract modifications, contract oversight documents, and data on contractually required staffing ratios and appointment cancellations for October 1, 2021, through September 30, 2023.[20]

Contract Oversight Responsibilities

The healthcare system assistant director is responsible for oversight of the activation and operations for all contracted CBOCs.[21] During the current contract's start-up period, the previous assistant director's CBOC management team included three staff: the CBOC nurse coordinator, the contracting officer's representative (COR), and an administrative specialist.[22] During this period, the CBOC nurse coordinator was responsible for direct supervision of the COR and the administrative specialist. After the start-up period, the CBOC nurse coordinator was replaced by the CBOC oversight nurse manager, who oversees clinical CBOC operations.

The contracting officer, who is based in Network Contracting Office 22, is responsible for ensuring compliance with the terms of the contract and safeguarding VA's interests in its

[17] A consult is a request for clinical service on behalf of a patient. VHA Directive 1232(5), *Consult process and Procedures*, August 24, 2016, amended December 5, 2022.

[18] Panel size is the total number of currently assigned patients. VHA Directive 1406(1), *Patient Centered Management Module (PCMM) for Primary Care*, June 20, 2017.

[19] VA OIG, *Increased Utilization of Primary Care in the Community by the VA Loma Linda Healthcare System in California*, Report No. 23-01602-147, April 23, 2024.

[20] The contract's base year was October 2021 through September 2022. The contract has four option years. If VA exercises all options, the contract's period of performance will end in September 2026.

[21] VA Position Description no. 12275-0, Health System Administrator/Assistant Medical Center Director, Office of the Director/Office of the Assistant Director, VA Loma Linda Healthcare System, Loma Linda, California. Throughout the report, the term "assistant director" refers to the healthcare system assistant director.

[22] Throughout the report, the title "previous assistant director" refers to the assistant director assigned during the transition period of the contract, *prior* to the execution of the contract. Alternatively, the title "assistant director" is used throughout the report to refer to the assistant director assigned *after* the clinics became operational.

contractual relationships.[23] For assistance with these tasks, the contracting officer delegates responsibilities to the COR. Delegated responsibilities include monitoring and reporting the contractor's performance according to measures specified in the Quality Assurance Surveillance Plan (QASP).[24]

Loma Linda established a CBOC steering committee in April 2022 to monitor contract performance, facilitate a relationship between healthcare system primary care staff and the contractor, and ensure the healthcare system accomplishes its operational goals in line with VA, VHA, and VISN priorities. The steering committee meets monthly, and its responsibilities include

- ensuring coordination of CBOC operations between the healthcare system and contractor staff to meet performance and quality measures for improved decision-making; and
- presenting the results of QASP measures and discussing contractor's performance.

The healthcare system assistant director serves as the committee chair, and the chief of staff serves as cochair. The committee reports monitoring results to the healthcare system's Organizational Excellence Council and executive leadership team.

Quality Assurance Surveillance Plan

VHA requires that consistent care be provided at every CBOC whether the facility is run by contractors or VHA staff.[25] The QASP is a component of CBOC contracts meant to ensure this consistent care occurs. It provides baselines for evaluating whether the contractor is meeting performance requirements and quality standards identified in the contract. The QASP describes systematic methods used to monitor performance and ensure the government receives the level and quality of services agreed to in the contract.

There are 21 performance measures listed in the QASP for the Loma Linda CBOC contract.[26] Based on results from the OIG's 2024 healthcare inspection and based on the hotline complaints from 2021 and 2022, the OIG team focused this review on performance measures related to staffing shortages and appointment cancellations. The remaining 19 performance measures cover topics such as providing preventive health care and measuring veteran satisfaction.

[23] VA's Regional Procurement Offices are subdivided into Network Contracting Offices (NCOs). Each NCO shares its identifying number with the VISN where it is located. NCOs provide local, regional, and national procurement support. FAR 1.602.

[24] FAR 1.604.

[25] VHA Directive 1229(1), *Planning and Operating Outpatient Sites of Care*, July 7, 2017, amended October 4, 2019.

[26] VA contract 36C26221D0002, modification P00005, June 1, 2022.

QASP Staffing Ratio Performance Standard

CBOCs are staffed by Patient Aligned Care Teams (PACTs). A PACT is a team of healthcare professionals who provide comprehensive primary care in partnership with the patient and manage and coordinate healthcare services consistent with agreed-upon goals of care.[27] Each PACT includes a primary care provider, a registered nurse care manager, a clinical associate, and an administrative associate.

The QASP in the Loma Linda CBOC contract requires the contractor to provide staffing at a ratio greater than or equal to three full-time equivalent core team members for each primary care provider.[28] In other words, all PACTs must have at least three full-time core team staff members for each primary care provider.[29] The contract's staffing performance standard requires 100 percent of the contractor's PACTs to meet this requirement. The COR for the Loma Linda contract determined that the five contracted CBOCs should have 27 PACTs based on patient enrollment.[30] To ensure compliance with these contract requirements, the COR must monitor the contractor's staffing monthly and provide quarterly evaluation reports to the contracting officer.

QASP Appointment Cancellation Performance Standard

The QASP sets a standard for the allowable number of appointments canceled by the clinic to ensure that veterans have access to the care they need. The Loma Linda CBOC contract requires that clinics cancel no more than 11 percent of appointments. Data for this metric rely on appointment schedulers entering appointment cancellations into the VistA Scheduling Graphical User Interface.[31] Once cancellations are entered, the healthcare system can obtain cancellation data from the VHA Support Service Center system.[32] Using this information, the COR must monitor cancellation rates monthly and provide quarterly reports to the contractor and contracting officer for review and, as necessary, corrective action.

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[27] VHA Directive 1406(1), *Patient Centered Management Module (PCMM) for Primary Care*, June 20, 2017.

[28] A full-time equivalent is "the hours worked by one employee on a full-time basis in a normal 80 hour pay period. The FTE [full-time equivalent] value usually ranges from 0.0 to 1.0. For example, a 1.0 FTE [full-time equivalent] would work 80 hours in a pay period, while a 0.5 FTE [full-time equivalent] would work 40 hours per pay period." VHA Directive 1406(1).

[29] Staffing ratios and staffing levels are connected. When staffing ratios are not met, PACTs are incomplete.

[30] VA contract 36C26221D0002, section 2.2.

[31] Veterans Health Information Systems and Technology Architecture (VistA) is an electronic health record (EHR) system that provides an integrated inpatient and outpatient electronic health record for VA patients as well as administrative tools to help VA deliver quality medical care to veterans.

[32] The VHA Support Service Center is one of seven functional areas under the VHA Office of Analytics and Performance Integration; it creates and maintains advanced and secure data platforms, measurement systems, and analytic solutions that help providers work with veterans and their families to make well-informed decisions.

Results and Recommendations

Finding: Loma Linda Healthcare System Leaders Did Not Provide Effective Contract Oversight of Staffing or Appointment Cancellations at Contracted Clinics

In fiscal years (FYs) 2022 and 2023, healthcare system officials did not ensure contractor compliance with performance standards for CBOC staffing or appointment cancellations. The OIG found that staffing shortages at Loma Linda's five contracted CBOCs contributed to excessive appointment cancellations; of the almost 64,000 appointment cancellations at those five clinics in FYs 2022 and 2023, 44,000 appointments (69 percent) were canceled by staff at the contracted CBOCs.[33] The COR also reported the contracted CBOCs did not consistently meet the staffing performance standard during FY 2024. The team reviewed contract requirements, contract modifications, VHA's performance measures documentation, and conducted additional interviews and confirmed with the COR that as of February 2025, two of the three remaining contracted CBOCs continued to be noncompliant with these staffing performance requirements.[34]

The healthcare system assistant director has direct authority and responsibility for oversight of operations at all contracted CBOCs and is responsible for improving access to and quality of care to veterans.[35] However, the assistant director did not provide effective oversight; specifically, he did not confirm that sufficient coordination with the contracting officer occurred to ensure the contractor was complying with contract requirements and meeting QASP performance standards. This lack of effective oversight delayed solutions that could have mitigated contracted staffing shortages and excessive appointment cancellations. Ultimately, a lack of effective oversight can reduce veterans' access to care.

The following determinations formed the basis for this finding and led to the OIG's recommendations:

- The CBOC contractor did not consistently meet the staffing ratio performance standard.

[33] The remaining roughly 20,000 appointments were canceled by patients. This report deals exclusively with the issue of the clinics canceling appointments.

[34] On April 1, 2024, VA issued a contract modification and removed the Murrieta and Palm Desert CBOCs from the scope of the current CBOC contract, reverting them to VA control, as it attempted to address overall issues with the contract.

[35] VA Position Description no. 12275-0, Health System Administrator/Assistant Medical Center Director, Office of the Director/Office of the Assistant Director, VA Loma Linda Healthcare System, Loma Linda, California.

- The CBOC contractor did not consistently meet the patient appointment cancellation performance standard.
- The healthcare system assistant director did not effectively coordinate contractor staffing levels with staff members during contract transition.
- The contracting officer did not consistently enforce contract requirements.
- Healthcare system staff with contract oversight responsibilities did not effectively monitor performance measures after CBOCs were operational.
- The healthcare system has not resolved the contractor's noncompliance with performance standards.

What the OIG Did

The OIG team evaluated the healthcare system's oversight of the CBOC contract by reviewing the contractor's performance against QASP standards for staffing and appointment cancellations. The team reviewed and analyzed the contract and all modifications, contract oversight documents, and VA's dashboard for contract quality measures for staffing levels and appointment cancellations from October 1, 2021, through September 30, 2023.[36] The team interviewed VA officials and the contractor's leaders and reviewed actions taken by the healthcare system to temporarily fill vacant CBOC positions with VHA staff; the team also assessed whether VHA incurred additional costs as a result of this staffing arrangement. Finally, the team reviewed applicable sections of the Federal Acquisition Regulation, the VA Acquisition Regulation, the VA Acquisition Manual, VA directives, VA handbooks, and other federal guidance. For more on the review's scope and methodology, see appendix B.

The CBOC Contractor Did Not Consistently Meet the Staffing Ratio Performance Standard

The OIG team found two of the five CBOCs, Palm Desert (also known as the Sy Kaplan VA Clinic) and Rancho Cucamonga, did not meet the staffing ratio performance standard for any month during FYs 2022 and 2023.[37] The remaining three CBOCs did not comply with this performance standard for at least 22 months during the same 24-month period.

For example, in May 2023, the COR determined, based on patient enrollment, that there should have been seven active PACTs at the Palm Desert CBOC. However, only one PACT was fully

[36] The contract's base year was October 2021 through September 2022. The contract has four option years. If VA exercises all options, the contract's period of performance will end in September 2026.

[37] On December 8, 2023, VA Loma Linda Healthcare System renamed the Palm Desert CBOC as the Sy Kaplan VA Clinic. However, the CBOC contract refers to this location as Palm Desert. Therefore, Palm Desert is used throughout the report.

staffed with the required three full-time equivalents. A fully staffed PACT includes a registered nurse care manager, clinical associate, and an administrative associate for each primary care provider.[38] Of the six understaffed PACTs, one had no staff assigned to the team, two had two full-time equivalents, and three had 2.5 full-time equivalents. The OIG team found that some staff members were assigned to multiple PACTs. Therefore, some PACT teams had a fractional number of full-time equivalents. Figure 1 shows by clinic the number of months in FYs 2022 and 2023 that the contractor did not consistently meet the staffing performance standard.

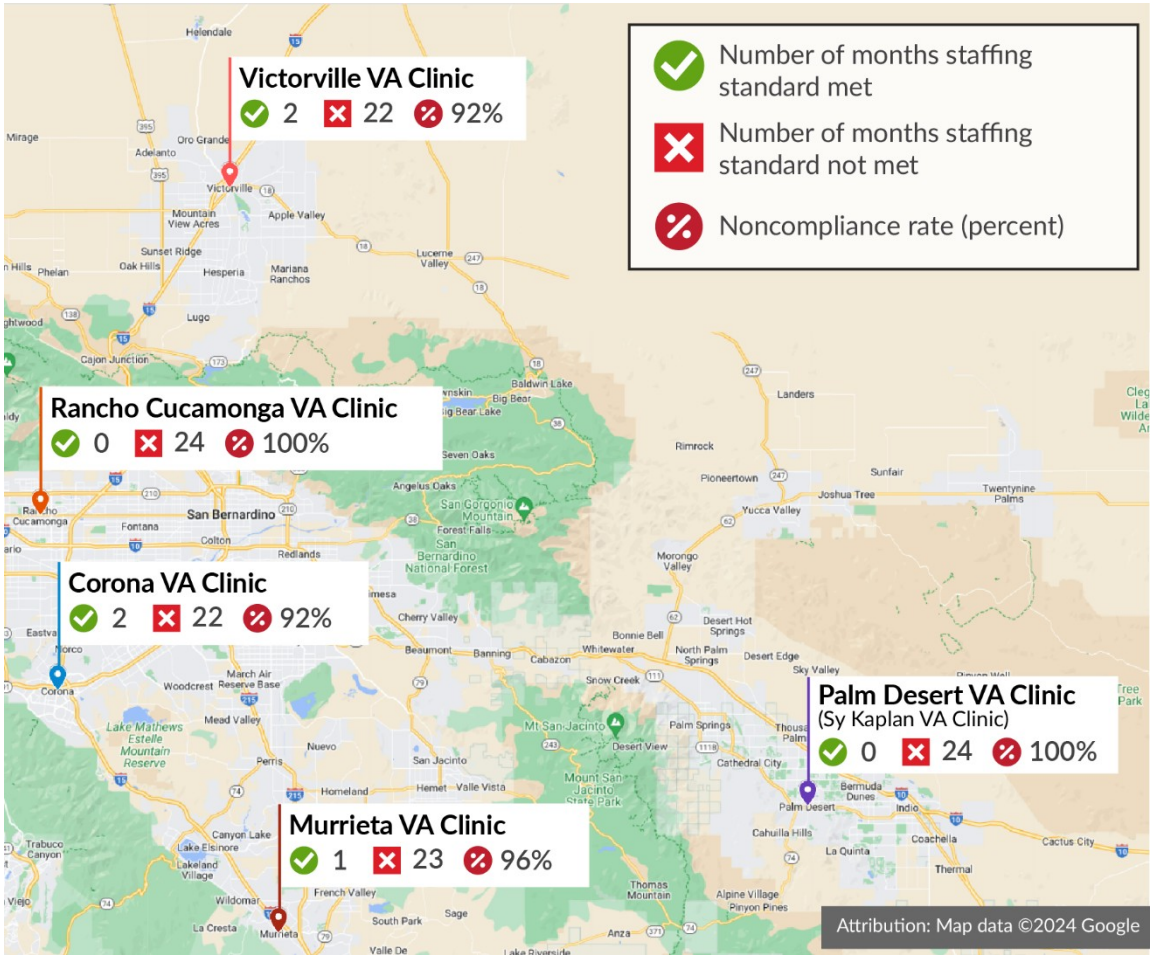

Figure 1. *Compliance with staffing performance standard during FYs 2022 and 2023.*

Source: VA OIG analysis of performance measures for staffing ratio using VA's VHA Support Service Center data.

[38] The contract states that the contractor shall provide core team staffing at a ratio greater than or equal to three full-time equivalent core team members (registered nurse care manager, clinical associate, and administrative associate) for each primary care physician full-time equivalent.

The CBOC Contractor Did Not Consistently Meet the Appointment Cancellation Performance Standard

CBOCs consistently canceled more appointments each month in FYs 2022 and 2023 than the contract allowed. The contract requirement, "Appointment Cancellations," states that clinics shall not unnecessarily cancel patient appointments, and the acceptable quality level for the contractor's rate of appointments canceled by clinics shall not exceed two points of the standard rate of 9 percent. Therefore, to meet this performance requirement, the monthly cancellation rate by the clinic should have been less than or equal to 11 percent. However, the average monthly cancellation rate during FYs 2022 and 2023 for the contracted CBOCs ranged from 14.2 percent to 27.4 percent.

Furthermore, all five CBOCs did not comply with the appointment cancellations standard for at least 19 months during FYs 2022 and 2023.[39] The OIG team found that two of the five CBOCs, Murrieta and Palm Desert, exceeded the allowed patient appointment cancellation standard every month in FYs 2022 and 2023. Figure 2 shows by clinic the number of months the contractor did not meet the appointment cancellation performance standard in FYs 2022 and 2023.

[39] During the scope of the review, the contract included five CBOCs. As of April 1, 2024, the contract was modified to include only three CBOCs.

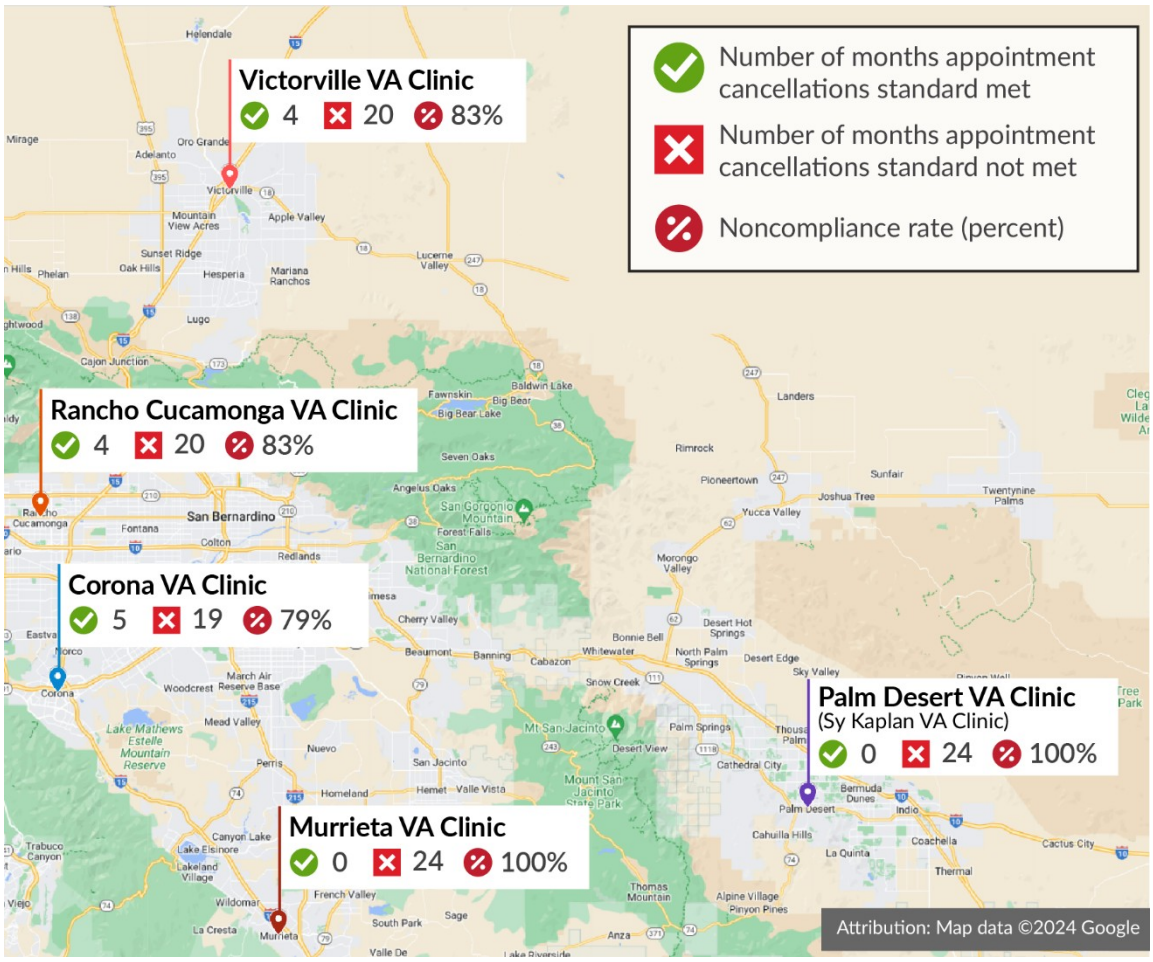

Figure 2. *Compliance with appointment cancellations performance standard by clinic during FYs 2022 and 2023.*

Source: VA OIG analysis of performance standard for appointment cancellations by clinic using VA's VHA Support Service Center data.

Contractor Staffing Levels Were Not Effectively Coordinated During Contract Transition

The OIG found that the assistant director did not coordinate effectively with his staff, specifically the CBOC nurse coordinator and the COR, to ensure he received sufficient staffing level information during the contract start-up period and did not take needed corrective actions before the CBOCs became operational. As a result, healthcare system leaders missed opportunities during the contract start-up to mitigate the noncompliance with contract requirements and ensure a more successful transition to the current contract.

The assistant director manages all administrative services and certain healthcare services in support of patient access, performance measures, and strategic facility planning, execution, and activation of all VA-staffed and contractor-operated CBOCs in the Loma Linda system. The

contract stipulated that the contractor had six months from the date of award (April 1, 2021) to meet start-up requirements, including hiring necessary personnel.[40]

The previous assistant director told the OIG that during the contract start-up period, he relied on the CBOC nurse coordinator to ensure clinical staff were hired and trained. The assistant director's staff used contractor-provided information to track the onboarding status of contracted staff and then briefed the assistant director during weekly monitoring meetings. The COR told the OIG that the information shared in those weekly briefings indicated staffing shortages. However, the previous assistant director did not implement effective action plans to mitigate contractor staffing shortages before the contracted CBOCs became operational. Forty-five days after the start-up period ended, on November 15, 2021—after the contracted clinics finally became operational—the contracting officer sent the contractor a letter of concern formally requesting corrective actions for the staffing shortages. The letter noted that only 63 percent of required full-time equivalent staff had been fully onboarded by VA. The letter also noted that, of the approximately 143 positions that were required to be filled, over 11 full-time equivalent staff positions were vacant. Over 38 individuals were being onboarded by VA at the time of the letter, but the contractor had not submitted the necessary information for VA to begin the credentialing process for 14 of these 38 individuals.

The previous assistant director acknowledged that contract transitions and the operation of contracted CBOCs are ultimately his responsibilities, and that his staff did not always communicate all CBOC information clearly because summary updates he received contained incorrect information stating that the contractor had met contract staffing requirements before CBOCs were operational. However, he acknowledged he did not always ask the right questions about the contract transition. The contract requires the contractor to meet all start-up requirements and have all PACT staffing set before patients are seen at all outpatient sites of care.[41] The previous assistant director told the OIG that he did not know about the contractor's staffing shortages until about two weeks after clinics began offering services. His lack of awareness of accurate contracted staffing levels demonstrates the need for stronger controls to track the number of staff required for PACTs during contract start-up. He attributed this contract requirement oversight gap to the contractor's confusion regarding when to count their staff. He said that the contractor appeared to have counted staff they *selected* for employment as well as staff who had been credentialed and were fully onboarded by VA instead of counting only the

[40] VA contract 36C26221D0002, section 36.2. The current CBOC contract, which was the focus of this OIG review, replaced a previous contract with a different contractor, active from September 2013 through September 2021. During the current contract's start-up period from April 1 through September 30, 2021, the healthcare system entered into a new, temporary contract with the previous contractor to continue providing primary care services while the current contractor completed start-up contract requirements.

[41] VA contract 36C26221D0002, sections 36.2, 36.10, and 36.12.

latter. The previous assistant director further stated that he had expected the contractor to comply with contract requirements and have all the required staff in place to serve veterans.

VHA Staff Temporarily Filled Vacant Contractor Positions

To mitigate contractor staffing shortages at the CBOCs, the VA facility director temporarily filled vacant contractor staff positions with VHA staff and recovered these staffing costs in subsequent months. The aim was to reduce the number of patient appointment cancellations caused by limited staffing.

The OIG found that VA paid its staff while they performed contractor tasks. In May 2022, the healthcare system implemented a process to withhold from the contractor all labor costs incurred by VA for VHA personnel who temporarily filled positions in the contracted CBOCs. In total, the OIG found that the COR, using the labor rates from the staffing augmentation agreement memo, deducted over $198,000 from the contractor's monthly invoices. However, the COR did not include in the recovery process costs for two primary care physicians who provided virtual services to CBOC patients because the doctors were assigned to the VISN 22 clinical resource hub.[42] The COR explained that the VISN has its own budget, apart from the healthcare system's budget, and VISN 22 did not request to recover costs for these doctors who provided services to the contracted CBOCs. The physician responsible for tracking and overseeing these efforts confirmed that two physicians provided services virtually for about seven months from June 2022 through January 2023.

The OIG team determined that staffing costs should be recovered for all VHA staff who were involved in the efforts to temporarily provide services to veterans for which the contractor was also compensated. Facility leaders agreed and said they would research and verify that the costs were included in the contractor's billing process before recovering outstanding staffing costs.

The Augmentation Agreement Was Implemented Incorrectly

The team also identified contracting discrepancies in the implementation of the agreement between the healthcare system and the contractor that allowed VHA staff to temporarily fill vacant contractor positions at the CBOCs—known as the augmentation agreement. The facility director relied on the contracting officer to coordinate the agreement. However, the contracting officer confirmed that he did not create a contract modification for the terms of the agreement, as required. Instead, the contracting officer, in coordination with the medical center director, gave the contractor a unilateral memorandum dated June 28, 2022, explaining the terms of the action plan as a result of the contractor's request for up to six months of temporary assistance to address

[42] The VISN clinical resource hubs are programs that provide support to increase access to VHA clinical services for veterans when local facilities have gaps in care or service capabilities.

staffing shortages at the Palm Desert and Murietta CBOCs.[43] The unilateral memorandum changed the type of adjustments made to the monthly invoice process. In addition to using agreed rates for patients billed, it also stipulated that multiple VHA staff positions with different rates could be used for the recovery of VHA personnel expenses. But the memorandum was not signed by contractor officials indicating they agreed with the updated terms, nor was it incorporated into the contract by reference or modification as required.[44]

The OIG team determined that the terms of this memorandum—which purported to modify the terms of the contract—should have been included in the contract as a modification. Since a unilateral modification is used to make administrative changes and this modification affected the substantive rights of the parties, it should have been a bilateral modification signed by both the contracting officer and the contractor and stored in the electronic contract file.[45] The CBOC contract includes a Federal Acquisition Regulation clause requiring that "changes in the terms and conditions of this contract may be made only by written agreement of the parties."[46] The unilateral memorandum did not meet this standard.

In addition, the unilateral augmentation memorandum included salary rates instead of full cost rates for the recovery of costs. The Office of Management and Budget defines "full cost" as including "all direct and indirect costs to any part of the Federal Government of providing a good, resource, or service … including salaries and fringe benefits."[47] The contract file did not include a fair and reasonable pricing analysis or justification for using staff salary rates instead of full cost rates. The contracting officer told the OIG that, because of the intricacies of adjusting per member, per month rates and the temporary staffing needs, his predecessors determined staff salary rates were the most efficient tool to capture contractor reimbursements for the healthcare system. He added that, in retrospect, there were several other tools that would work better if this type of arrangement is needed again. The contracting officer further noted that both the healthcare system and the contractor welcomed the use of the augmentation agreement. Although the contractor may have agreed with the terms of the action plan, the team determined that the contracting officer should have enforced the contract requirements, complied with the Federal Acquisition Regulation requirement to formally implement the plan with a contract modification

[43] The term "unilateral" refers to the actions taken by only one individual or party.

[44] FAR 43.103 describes the different types of contract modifications—bilateral and unilateral.

[45] The FAR states bilateral modifications are signed by both the contractor and the contracting officer and are used to "(1) make negotiated equitable adjustments resulting from the issuance of a change order; (2) definitize letter contracts; and (3) reflect other agreements of the parties modifying the terms of contracts." In contrast, the FAR states a unilateral modification is a contract modification signed only by the contracting officer. One example of a unilateral modification is to make administrative changes. "An administrative change means a unilateral contract change, in writing, that does not affect the substantive rights of the parties (e.g., a change in the paying office or the appropriation data)." FAR 43.101; FAR 43.103(a); FAR 43.103(b).

[46] VA contract 36C26221D0002, section C.2; FAR 52.212-4(c).

[47] Office of Management and Budget (OMB) Circular A-25, *Memorandum for Heads of Executive Departments and Establishments*, July 8, 1993.

signed by both parties, and used full cost rates to sufficiently recover government funds for the assistance extended to the contractor.

The OIG team coordinated with the VHA Office of Acquisitions to discuss the contracting process for using VA employees to temporarily fill vacant contractor positions. Officials from the VA/DoD Medical Sharing/Affiliate National Program Office and the VHA Regional Procurement Office West agreed with the OIG team's determination that a bilateral contract modification should have been used to implement the augmentation action plan at the healthcare system, that the contracting officer is required to determine fair and reasonable pricing when establishing the reimbursement rates in the action plan, and that full cost recovery is the standard.

Contract Requirements Were Not Consistently Enforced

The contracting officer did not always enforce contract requirements that could have helped mitigate the contractor's noncompliance with staffing and appointment cancellation performance standards. The contracting officer is responsible for the performance of all necessary actions for effective contracting and compliance with the terms of the contract.[48]

VA Did Not Issue the Contractor a Notice to Proceed

As previously noted, the contract required VA's approval that all start-up requirements were met before the clinics provided veteran services starting on October 1, 2021, including meeting staffing levels.[49] According to the contract, the contracting officer is responsible for issuing the contractor the written notice to proceed after approving the completion of the start-up requirements.[50] However, the contracting officer did not issue a notice to proceed before the CBOCs became operational. Had the contracting officer done so, as required in the contract, staffing shortages would have been identified and addressed in a more timely manner. As a result, the OIG team determined that the oversight element established in the contract to ensure start-up requirements were met was weakened from the beginning.

[48] FAR 1.602.

[49] VA contract 36C26221D0002, sections 36.1 and 36.12.

[50] Although a notice to proceed is typically used for construction contracts in accordance with the FAR, the CBOC contract states that VA will issue a written notice to proceed to the contractor upon approval of the contractor's completion of the start-up requirements, including staffing. Therefore, this term was used in this report. FAR 11.404(b); FAR 28.103-1(b); FAR 36.213-4(e).

A Contract Requirement to Track Gradual Staffing Buildup Throughout the Start-Up Period Could Have Helped Ensure That the Contractor Was Prepared

The contract required that all PACT staffing be complete, and that necessary personnel be hired, trained, and licensed prior to the contractor treating patients.[51] However, the contract did not include a requirement to ensure PACT staffing requirements were gradually met as the clinics' operational start date (planned for October 1, 2021) was approaching. A gradual buildup requirement can help the contracting officer hold the contractor accountable for staffing during start-up and enforce the contractor's corrective actions early before clinics are operational.

For example, the contract could have required the contractor to have at least 90 percent of staff hired and onboarded by VA on or before month five of six of the start-up period. If the contract had included this type of requirement to track and meet gradual staffing buildup goals throughout the start-up period, the COR could have monitored the start-up requirements more effectively and the contracting officer could have required timely corrective actions from the contractor before the start of CBOC operations. It would have also given the assistant director better awareness of staffing throughout the start-up period so that he could take necessary actions and avoid being surprised by the staffing shortages reported to him after clinics became operational.

For all CBOC contracts, VHA requires the use of performance work statements and the QASP template created by the Medical Sharing/Affiliate National Program Office.[52] However, these templates do not include start-up staffing performance measures. Although contracting officers are required to use these templates for CBOC contracts, they also have the flexibility to adjust contract requirements, in coordination with healthcare system staff, to meet the healthcare system's contracting needs.

The Contingency Plan Requirement Was Not Sufficiently Enforced

The contracting officer did not sufficiently enforce the contract requirement to implement the contractor's contingency plan for addressing staffing shortages.[53] The previous assistant director told the OIG that the contractor's contingency plan was the guarantee in the contractor's proposal that they would have the required staffing available and would ensure that care for veterans was not interrupted. The assistant director explained that the contingency plan included using qualified temporary healthcare workers to fill gaps in care or occupy vacant positions until a full-time provider could be found. In health care, this practice is often referred to as *locum tenens*, which is Latin for "to hold the place."

[51] VA contract 36C26221D0002, sections 36.1, 36.3, and 36.12.

[52] VHA Directive 1229(1).

[53] VA contract 36C26221D0002, section 2.2.

The OIG team found that the staffing contingency plan stated that if the contractor is unable to secure CBOC staff, it will staff the clinics using its experience in recruiting both short-term and long-term personnel, which includes using established and responsive *locum tenens* firms. Also, when a known long-term absence cannot be covered with existing CBOC staff, the contractor should rely on "floater/traveler" providers, which include *locum tenens* or per diem staff to support operational demand as needed.[54]

In addition to not meeting staffing requirements during the review period of FYs 2022 and 2023, the COR reported that the contractor did not consistently meet staffing requirements in FY 2024. As of February 2025, two of the three remaining contracted CBOCs were still not complying with staffing ratio performance requirements.[55] In other words, more than three years after the contract became operational on October 1, 2021, the contractor had yet to meet the staffing ratio performance measures for all contracted CBOCs. In the future, sufficient coordination should take place among the assistant director, contracting officer, the COR, and the contractor to ensure the continuous implementation of the contingency plan, specifically the sufficient use of *locum tenens* firms until the staffing ratio performance standard is met.

The contractor's deputy director for clinical operations confirmed to the OIG that the contractor had insufficient staffing when clinics started operations on October 1, 2021. However, she claimed that there were several key barriers that contributed to noncompliance. According to her, barriers included VA not assigning contractor staff timely to PACTs, which kept them from being counted, and patient scheduling errors, which contributed to cancellation rates. Furthermore, she added that VA had insufficient staff in the COR's office. The contractor's deputy director explained that one COR is not capable of handling five clinics and all associated contracted staff in a short time frame. The contractor's deputy director reported that during the start-up period, the COR did not fully understand the contractor's responsibility for onboarding new staff once they had been selected to be hired by the contractor. She added that confusion over contract requirements related to credentialing and privileging new hires delayed VA's onboarding process for contracted staff. The OIG team determined that information on the credentialing and privileging process is included in the contract, and the COR held a meeting at the beginning of the start-up period in April 2021 with the contractor and provided an onboarding checklist explaining this process.

Finally, the contractor's deputy director for clinical operations claimed that the prior contractor had offered retention bonuses to multiple staff who were scheduled to start working for the current contractor. The current contractor was counting on these individuals to be part of their staff pool to work at the clinics; however, many of these individuals who were expected to fill

[54] Per diem medical staffing means hiring per day and offers a fast, flexible, and cost-effective staffing solution for short-term specialized healthcare needs.

[55] On April 1, 2024, VA issued a contract modification and removed the Murrieta and Palm Desert CBOCs from the scope of the current CBOC contract.

positions in the current contract instead continued working for the previous contractor because of the incentive. She reported that this last-minute change further contributed to the staffing shortage during the start-up period.

The contractor's deputy director confirmed that the staffing strategy included the use of temporary replacements, or *locum tenens*, and stated she believed this contingency plan for staffing shortages was robust. She added that during the execution of the contract, the contractor implemented the contingency plan and used *locum tenens* to backfill vacancies. However, she added that their plan was not sufficient to overcome the multiple overwhelming contractor staffing challenges they faced.

The previous assistant director stated that, after the CBOCs became operational, he was informed by the facility director of the staffing shortages. The contracting officer then issued two letters of concern to the contractor requesting corrective action plans to resolve multiple issues, including staffing shortages and excessive appointment cancellations.[56] Corrective actions reported in the contractor's responses to the letters of concern included increased recruiting efforts and implementing a temporary model of "borderless staffing," in which all five clinics would act as one team in support of each other. However, the responses to the letters of concern did not include the increased use of temporary replacements, or *locum tenens*, as part of the contractor's corrective actions.

The previous assistant director told the OIG that the action plans included in the contractor's responses to the letters of concern were ineffective and the noncompliance with these performance standards persisted. The OIG team expected to find evidence that the healthcare system, in coordination with the contracting officer, followed up with additional letters of concern to require additional action plans from the contractor until these issues were resolved. However, the OIG did not find additional letters of concern.

System Staff with Contract Oversight Responsibilities Did Not Effectively Monitor the Staffing Ratio Performance Measure After CBOCs Were Operational

The COR did not always use accurate data to monitor the staffing ratio performance standard.[57] Although the COR is responsible for verifying contract compliance, in January 2023, the CBOC oversight nurse manager, who provides clinical oversight at all Loma Linda CBOCs, determined that they had not been properly calculating the contracted staffing ratios, and the staffing performance standard they had been monitoring and reporting were incorrect. Specifically, the

[56] The letters of concern are formal letters to the contractor communicating the requirements not met as stated in the contract. These letters were dated November 15, 2021, and February 7, 2022, and required an action plan to remedy noted instances of noncompliance.

[57] VA contract 36C26221D0002, section 35.1.2.

patient-centered management module coordinator did not always assign contracted PACT members to each unique PACT as full-time equivalents.[58] Instead, the coordinator assigned primary care physicians or other staff to multiple PACTs in less than full-time equivalent status while counting them as full-time equivalents for each PACT. In other words, some staff were counted as full-time equivalents in multiple PACTs. System staff reported that, as of December 20, 2022, 19 PACTs were fully staffed, but after correcting the staffing calculation error, they reported only four fully staffed PACTs. In February 2023, the number of fully staffed PACTs reported increased from four to seven.

The Healthcare System Has Not Resolved Noncompliance with Performance Standards

As of February 2025, despite establishing a steering committee in April 2022 to work with all stakeholders to continuously monitor the CBOC contract performance, the healthcare system had not resolved noncompliance with performance standards.[59] The assistant director, who serves as the committee chair, confirmed that the committee is used as part of the oversight of the CBOC contract. However, those attending the meetings did not generally discuss corrective actions or follow up on corrective action plans.

The OIG team reviewed all steering committee meeting records, data, and information presented in the meetings from April 2022 through March 2023 and found that the meetings mainly reviewed CBOCs' operations and results of individual performance measures, including the status of the contractor's staff onboarding. In its April 2024 OIG healthcare inspections report, the OIG recommended that the Loma Linda Healthcare System director assess the steering committee and ensure consistent oversight of performance measures.[60] Therefore, the review team is not making a recommendation relating to the steering committee.

The Staffing Ratio Performance Standard Was Affected by Onboarding Delays

When responding to the contracting officer's letters of concern, as early as November 2021, the contractor explained VA security and onboarding delays affected the contractor's ability to staff the clinics in a timely fashion. Healthcare system leaders and the contracting officer confirmed to the OIG that expediting the credentialing and onboarding process can be a key solution in

[58] VHA Directive 1406(1). The patient-centered management module coordinator ensures the integrity of the VA medical facility's patient-centered management module application, its functionality, utilization, and resulting data.

[59] The CBOC Steering Committee Charter lists the assistant director and chief of staff as committee chair and cochair, respectively.

[60] VA OIG, *Increased Utilization of Primary Care in the Community by the VA Loma Linda Healthcare System in California*.

mitigating staffing shortages.[61] However, the team found limited information on the actions implemented to expedite the credentialing and onboarding process. Healthcare system leaders did not fully staff the credentialing office until the associate director for resources approved the hiring of five additional credentialing staff on February 6, 2024—over two years after the contract was awarded. The delay of corrective action demonstrates weakness in oversight.

The overall credentialing process consists of three phases. The provider-driven phase pertains to the submission of a completed application by the provider to the credentialing office. The credentialing-driven phase pertains to the credentialing review conducted by VA facility credentialing staff. The medical staff review-driven phase pertains to the review and approval of the credentialing package by facility leaders.

There are five contracted staff positions in PACTs requiring credentialing reviews: physician, physician assistant, advance practice nurse, registered nurse, and licensed practical/vocational nurse. The team determined that in FYs 2022 and 2023, healthcare system average times for credentialing registered and licensed practical/vocational nurses were less than the VA national average in FY 2023. However, credentialing staff reported that the facility's overall credentialing and privileging review process for physicians, physician assistants, and advance practice nurses took an average of 233 days to complete, ranging from 287 days for an advance practice nurse (more than four times the national average) to 206 days for a physician and physician assistant. Table 1 shows the average time the credentialing review phases took in FYs 2022 and 2023 for advance practice nurses, physicians, and physician assistants.

[61] For more details regarding credentialing and onboarding, see appendix A.

Table 1. Average Days Taken to Credential Staff in FYs 2022 and 2023

Occupation	Provider average (days)	Credentialing average (days)	Medical staff average (days)	Total average days	National medical staff average (days)	National total average days
Advance practice nurse	22	26	239	**287**	30	**70**
Physician	15	27	164	**206**	32	**79**
Physician assistant	63	18	125	**206**	27	**65**
Average days	33.33	23.67	176.00	**233.00**	29.67	**71.33**

Source: VA OIG analysis of credentialing times using VetPro data.[62]

Notably, the averages in table 1 indicate that the medical staff review phase conducted by healthcare system leaders can take the longest to complete. The VHA credentialing and privileging director explained that, because the review board meets every 30 days when approvals take place, medical staff reviews can be delayed. However, the director also said that they expedited some reviews specifically for contracted staff when requested. The OIG team determined that, although the hiring of additional credentialing staff may shorten the credentialing-driven review phase, an additional assessment of the medical staff review phase is needed to further improve completion timeliness and help facility leaders expedite the overall credentialing process to mitigate contractor staffing shortages.

Appointment Cancellation Performance Standard Was Affected by Shortages of Contracted Staff

The team reviewed the "Cancellation Reasons" and "Cancellation Remarks" data fields for appointments canceled by the clinic from February through September 2023. The team found that information reflected in over 4,800 of almost 10,200 appointment cancellation data fields (47 percent) during this time frame was attributed to the lack of contracted staff availability. These results corroborated information provided by healthcare system staff that the primary reason for appointment cancellations was contracted staffing shortages.

Data for over 1,700 appointment cancellations by clinic (17 percent) did not indicate a specific reason why the appointments were canceled by the clinic. Data fields for these canceled appointments were either documented as "other," the information provided was unclear, or

[62] VetPro is VHA's mandatory credentialing software platform used to document the credentialing of VHA healthcare providers. This system facilitates a uniform, accurate, and complete credentials file. VHA Directive 1100.20 (1), *Credentialing of Health Care Providers*, September 15, 2021.

information was missing. Determining reasons for the appointment cancellations by clinic is key in finding solutions to address the appointment cancellation challenges during steering committee meetings.

The team also found that about 5 percent of clinic-initiated cancellations included a documented reason related to scheduling errors. Healthcare system staff informed the team that a lack of training among contracted staff contributed to these scheduling errors. The team reviewed Talent Management System training records of personnel tasked to schedule veterans' appointments and found that about 17 percent of contracted scheduling staff had not completed the required VA scheduling training. Schedulers are required to complete both the Medical Support Assistant Academy and a two-week training course before receiving the access keys to schedule veteran appointments.[63] The chief of health administration service is required to ensure that contracted scheduling staff complete mandatory training before accessing VA's scheduling system and making veteran appointments. Not doing so may contribute to excessive appointment cancellations, thereby increasing the likelihood of noncompliance for this performance standard.

Conclusion

Loma Linda Healthcare System leaders did not provide effective oversight for the contracted CBOCs' performance on staffing and appointment cancellation standards. For two years, the contractor inadequately staffed the contracted CBOCs and excessively canceled patient appointments. Healthcare system leaders responsible for contract oversight missed opportunities to mitigate this noncompliance. Better oversight of performance standards and better coordination with the COR and contracting officer would have ensured enforcement of contract requirements and timely implementation of action plans. Ultimately, ineffective oversight of clinics operated by a contractor can make it more difficult for veterans to obtain the medical care they deserve.

Recommendations 1–9

To improve the oversight of CBOC contracts, and to help VHA apply lessons learned from the issues it experienced with the Loma Linda CBOC contract, the OIG made the following recommendations to the Loma Linda Healthcare System director:

1. Strengthen controls in the Office of the Assistant Director to ensure inclusion of staffing monitoring contract requirements, in coordination with the contracting officer, to meet gradual staffing level goals during start-up periods in future community-based outpatient clinic contracts.

[63] VHA Directive 1230, *Outpatient Scheduling Management*, June 1, 2022; Loma Linda MCP 136-09, *Scheduling Policy*, July 21, 2021.

2. Strengthen controls to ensure data used for monitoring contract performance standards are accurate and comply with the methodology required in the contract's Quality Assurance Surveillance Plan.
3. Review the medical staff-driven phase of the credentialing process, to ensure action plans implemented to expedite the credentialing process are effective.
4. Strengthen controls to ensure contracted staff complete required scheduling training before granting them access to VA's scheduling system and authorizing them to make veteran appointments.
5. Review the healthcare system's staffing augmentation plan and coordinate with the contracting officer to ensure the full costs are recovered for all Veterans Health Administration staff who provided services for which the contractor was also compensated.

To improve the oversight and enforcement of CBOC contract requirements, the OIG made the following recommendations to the director of contracting, Network Contracting Office 22:

6. Review the unilateral memorandum related to staffing augmentation, establish a contract modification in compliance with the Federal Acquisition Regulation provisions regarding contract changes, and ensure relevant documentation is maintained in the contract file.
7. Recover government funds expended for Veterans Health Administration staff augmented at contracted community-based outpatient clinics using full cost amounts.
8. Review and enforce staffing contingency plan requirements for the Loma Linda Healthcare System contract, including maximizing the contractor's use of temporary replacements, or *locum tenens*, to minimize staffing shortages.
9. Strengthen oversight mechanisms to ensure the enforcement of staffing requirements during contract start-up in future community-based outpatient clinic contracts before the clinics become operational.

VA Management Comments

The director of the Loma Linda Healthcare System concurred with recommendations 1–5, requested closure of recommendations 1–3 based on evidence provided, and submitted action plans for recommendations 4–5. The interim director of the VA Desert Pacific Healthcare Network provided the same response. See below a summary of VA's proposed action plans and efforts to address each recommendation reported. The full text of the directors' responses can be found in appendixes C and D.

- **Recommendation 1.** Loma Linda Healthcare System will use their CBOC Steering Subcommittee, established in 2024, to monitor contract requirements and staffing goals.
- **Recommendation 2.** Loma Linda Healthcare System will use their CBOC Steering Subcommittee to ensure compliance with the methodology required in the contract's Quality Assurance Surveillance Plan.
- **Recommendation 3.** Loma Linda Healthcare System evaluated their credentialing program, determined the need for additional credentialing staff, and increased the meeting frequency of the Credentialing and Privileging Committee to review and approve credentials for new providers and align with average VHA national credentialing times.
- **Recommendation 4.** Loma Linda Healthcare System will implement a compliance process to ensure new contracted staff complete scheduling training before receiving scheduling keys that allow them to make appointments for veterans. Training completion dates will be reviewed by the Loma Linda Healthcare System PACT Steering Committee, and the Health Administration Services office will provide monthly reports to the CBOC Steering Subcommittee to ensure a 90 percent compliance rate. The target completion date is October 2025.
- **Recommendation 5.** The Loma Linda Healthcare System CBOC COR will coordinate with staff from VA Loma Linda Healthcare System and Network Contracting Office (NCO) 22 to review the staffing augmentation plan and ensure full costs are recovered for all VHA staff who provided services for which the contractor was also compensated. The target completion date is January 2026.

As noted in both directors' responses, recommendations 6–9 were managed by the under secretary for health. The acting under secretary concurred in principle with these recommendations and submitted action plans. The acting under secretary also noted that VHA concurred with recommendations 1–5. The full text of his response is in appendix E.

- **Recommendation 6.** NCO 22 plans to ensure compliance with applicable law, regulation, and policy by coordinating with the Office of General Counsel regarding the format for documenting the staffing augmentation actions in the contract file. The target completion date is December 2025.
- **Recommendation 7.** NCO 22 will assist VA Loma Linda Medical Center with recovering any remaining funds owed to the government, using full cost amounts for augmented staff. The target completion date is January 2026.
- **Recommendation 8.** NCO 22 staff will review the staffing contingency plan with VA Loma Linda Healthcare System stakeholders, determine sufficiency of

requirements, and coordinate deficiencies with the COR and contractor to establish a corrective action plan. The target completion date is January 2026.

- **Recommendation 9.** VHA's Acquisitions Medical Sharing Office will facilitate a review of the current CBOC contract templates with VHA's Office of Primary Care to determine ways to strengthen contract terms and conditions concerning CBOC start-up requirements. In coordination with VHA's Office of Primary Care, the Acquisition Medical Sharing Office will update the template and publish it for use by facilities and reinforce information on staffing requirements for CBOCs during Acquisition Medical Sharing CBOC classes. Finally, contracting officers will ensure appointed CORs provide accurate performance reporting on staffing during quarterly reporting periods. The target completion date is January 2026.

OIG Response

The comments and corrective action plans provided by the director of the Loma Linda Healthcare System and the interim director of the VA Desert Pacific Healthcare Network are responsive to the intent of recommendations 1–5. However, the OIG did not find the actions taken and the documentation provided sufficient to close recommendations 1–3.

As noted previously in this report, the healthcare system has not resolved noncompliance issues with the staffing performance standard despite establishing the CBOC steering committee in April 2022. As of February 2025, more than three years after the contract became operational, contracted CBOCs were still not complying with the staffing ratio performance requirements. The audit team reported that the CBOC steering committee was not effective in resolving staffing levels because members generally did not discuss corrective actions or follow up on corrective action plans during meetings. The team reviewed the PACT Steering Committee minutes provided in response to recommendations 1–2 and found a similar situation where only continuous noncompliance with contract staffing requirements was reported. Corrective actions were not established, and the issue was not further addressed. Also, the team did not find documentation showing how management will ensure they use the correct data or reports as required by the contract to monitor contract performance standards. Additionally, the team compared the CBOC Subcommittee Charter updated April 1, 2025, to the CBOC Steering Committee Charter dated April 26, 2022, and found no significant changes other than the chair and cochair no longer being listed. To close recommendations 1–2, the healthcare system needs to take corrective actions that go beyond what has been in place to improve how these issues will be addressed.

Regarding recommendation 3, the correction plan did not include documentation that the frequency of meetings was increased for the Credentialing and Privileging Committee. It also did not include documentation to support the claim that average times in the medical staff-driven

phase have improved as stated in the action plan. To close this recommendation, the corrective action needs to include this documentation.

The acting under secretary for health's comments and corrective action plans are responsive to the intent of recommendations 6–9. The OIG will monitor the implementation of planned actions and will close the recommendations when the acting under secretary provides evidence demonstrating sufficient progress in addressing the issues identified.

Appendix A: Background

Loma Linda Healthcare System

As of March 31, 2024, the Loma Linda Healthcare System consisted of the Jerry L. Pettis Memorial Veterans' Hospital, Loma Linda VA Clinic (The Ambulatory Care Center), North Loma Linda VA Clinic (The Women's Health Center), and seven community-based outpatient clinics (CBOCs), including two Veterans Health Administration (VHA)-operated CBOCs and five contracted CBOCs that were operated by the contractor, in San Bernardino and Riverside counties in California.[64] These five contracted CBOCs are the focus of the Office of Inspector General's (OIG) review. Figure A.1 provides a map of Loma Linda Healthcare System facilities, including CBOCs.

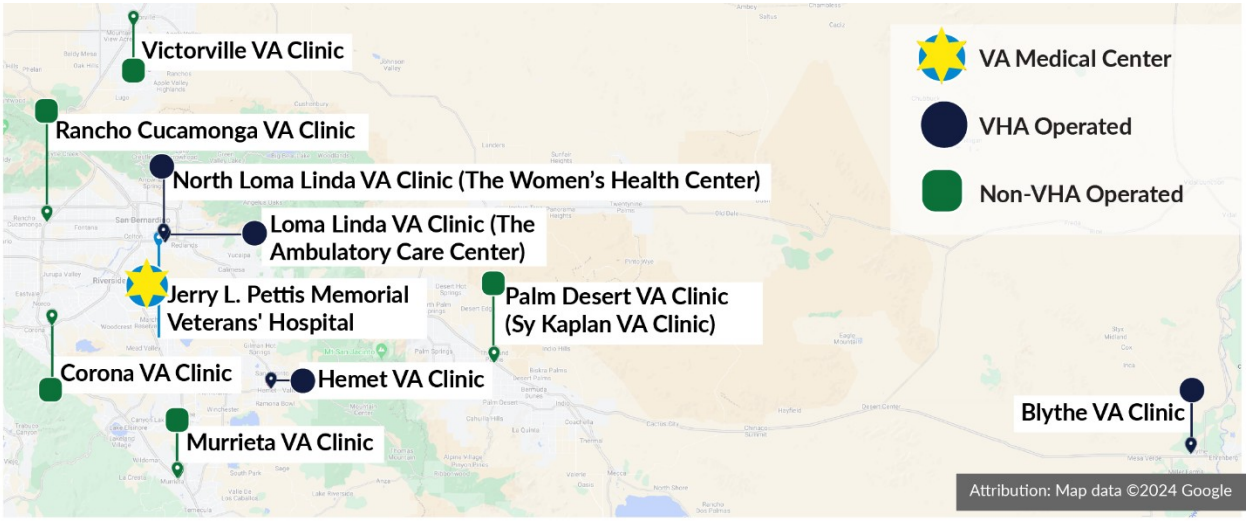

Figure A.1. *Map of VA Loma Linda Healthcare System, including CBOC locations.*

Source: VA OIG-created map.

During each year in fiscal years (FYs) 2022 and 2023, Loma Linda provided over 900,000 outpatient visits to over 75,000 unique patients, or about 1.8 million visits in these two years. Figure A.2 details Loma Linda's profile during FYs 2022 and 2023, including the number of patients, outpatient visits, hospital admissions, and total medical care full-time equivalents for each year.

[64] "Locations" (web page), VA Loma Linda Healthcare, accessed April 30, 2024, https://www.va.gov/loma-linda-health-care/locations/. As of April 1, 2024, there were four VA-staffed CBOCs and three contracted CBOCs.

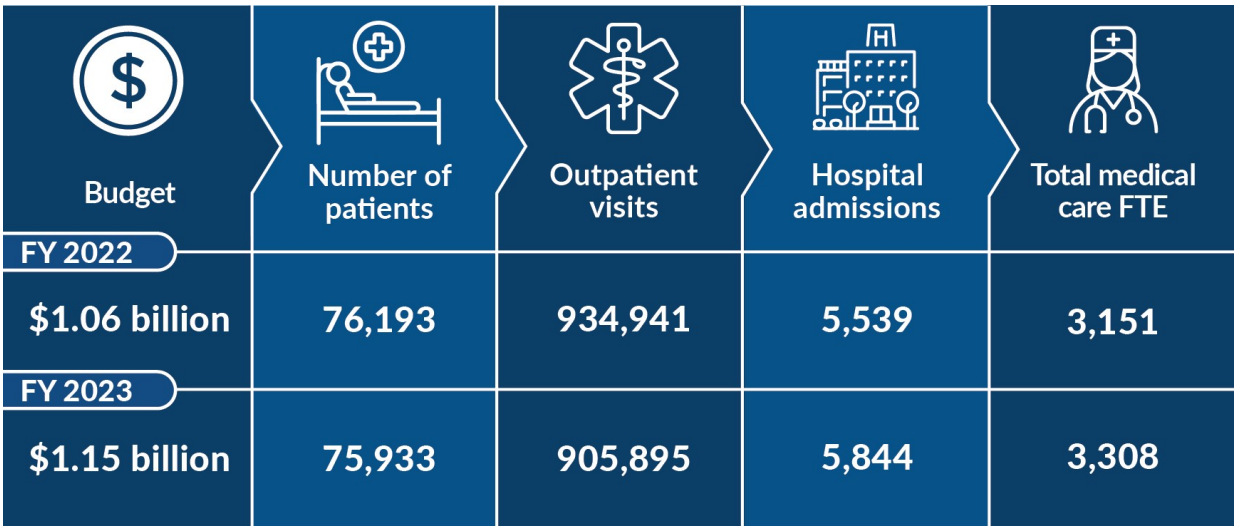

Figure A.2. *Profile of Loma Linda Healthcare System during FYs 2022 and 2023.*

Source: VHA Support Service Center Capital Assets trip pack report.

Note: The OIG did not assess VA's data for accuracy or completeness. Numbers in the table have been rounded. Additionally, "FTE" in the figure stands for full-time equivalent.

During FYs 2022 and 2023, the five contracted CBOCs provided more than 200,000 outpatient visits. Table A.1 shows the breakdown of outpatient appointments by facility.

Table A.1. Outpatient Visits of Loma Linda Healthcare System Contracted CBOCs During FYs 2022 and 2023

CBOC location	FY 2022	FY 2023
Murrieta, CA	25,452	29,663
Rancho Cucamonga, CA	24,463	24,158
Palm Desert, CA (Sy Kaplan VA Clinic)	21,164	20,323
Victorville, CA	16,692	18,914
Corona, CA	11,837	13,804
Total	**99,608**	**106,862**

Source: VHA Support Service Center Capital Assets trip pack report.

Note: The OIG did not assess VA's data for accuracy or completeness.

Healthcare system leaders include the facility director, assistant director, associate director for resources, associate director for operations, associate director for patient care services, and chief of staff. The assistant director oversees group practice management, system redesign, and CBOC management. Under the Office of the Assistant Director's organization structure, the CBOC management team includes the CBOC oversight nurse manager, contracting officer's representative (COR), and an administrative specialist. The CBOC oversight nurse manager, who oversees the clinical operation, reports to the nursing service.

Loma Linda CBOC Contracts

The five contracted CBOCs (Corona, Murrieta, Rancho Cucamonga, Victorville, and Palm Desert) were serviced by a previous contractor on a sole-source basis contract beginning in September 2013. The previous contractor is the healthcare system's medical school affiliate and provided primary care services at these CBOCs in support of its residency program. In August 2019, VA solicited competitive proposals, and the previous contractor did not compete for the CBOC contract.[65] In March 2020, VA awarded the contract to the contractor; however, due to a protest, the contract was re-awarded in October 2020.[66] The current CBOC contract was effective on April 1, 2021, and a contract modification allowed for a six-month start-up period for the contractor from April 1 through September 30, 2021, to comply with established start-up requirements before clinics began operating on October 1, 2021.[67] Figure A.3 shows the timeline of contract award, start-up period, and option years.

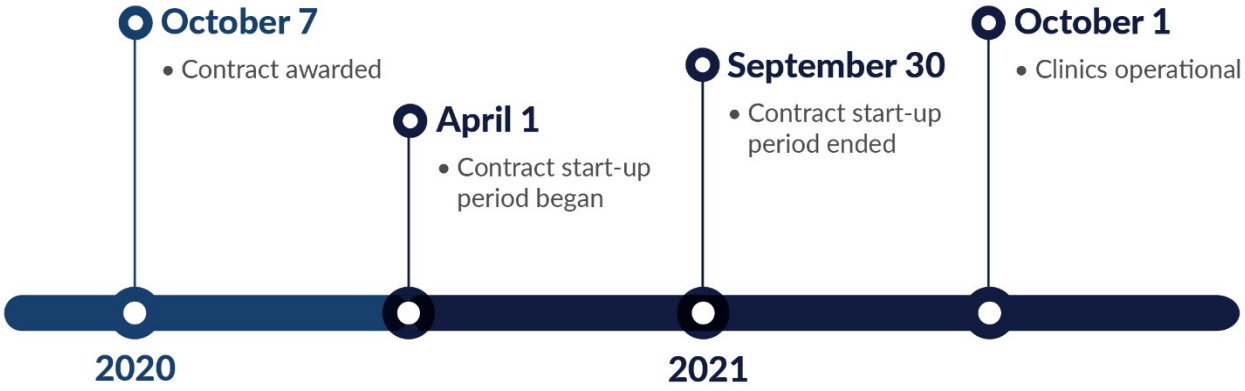

Figure A.3. *Timeline for Loma Linda Healthcare System contracted CBOCs.*

Source: VA OIG-created timeline.

During the start-up period, the healthcare system entered into a new contract with the previous contractor to continue providing primary care services while the current contractor completed

[65] Standard Form 1449, Solicitation Number 36C26219R0026, issued on August 2, 2019.

[66] A contractor that was not selected filed a protest with the Government Accountability Office (GAO); GAO dismissed the protest because VA planned to take corrective action to clarify the solicitation terms. VA then amended the solicitation, evaluated revised proposals received, selected the current contractor again, and signed the current contract on October 7, 2020. The contractor that filed the first protest filed a second protest and was denied by GAO. GAO Bid Protest Decision, File B-418606.2 and B-418606.3, January 21, 2021. A protest is "a written objection by an interested party to any of the following: (1) A solicitation or other request by an agency for offers for a contract for the procurement of property or services. (2) The cancellation of the solicitation or other request. (3) An award or proposed award of the contract. (4) A termination or cancellation of an award of the contract, if the written objection contains an allegation that the termination or cancellation is based in whole or in part on improprieties concerning the award of the contract." Federal Acquisition Regulation (FAR) 33.101(2)(1)(2)(3)(4).

[67] Modification number P00001 for this contract stated the period of performance shall be changed to commence on October 1, 2021.

start-up contract requirements.[68] On April 1, 2024, VA issued a contract modification and removed Murrieta and Palm Desert CBOCs from the scope of the current CBOC contract; therefore, there are four VA-staffed CBOCs and three contracted CBOCs.[69] However, the scope of this audit includes the review of facility oversight of the five original contracted CBOCs.

Credentialing and Onboarding Staff

The credentialing process must be completed before practitioners can be onboarded and begin providing care to veterans. It includes completion of primary source verifications, service chief or designee review, committee review, and appointment decision. The Credentialing and Privileging Office at the Loma Linda Medical Center receives staff credentialing requests and coordinates with the candidate to obtain the completed credentialing application. If the individual needs credentialing, the individual applies for credentialing in VetPro, VHA's mandatory credentialing software. As part of the verification process, information is reviewed for completion and accuracy, and when the review is complete, the results are sent forward to the service chief for review and recommendation to the committee review. The committee in turn reviews the information and provides a recommendation to the facility director for review and final approval. The CBOC contract requires the contractor to immediately begin the credentialing and privileging process for providers through VA.

The onboarding process is coordinated by the COR and initiated by the contractor. Throughout this process, the COR tracks progress to ensure all steps are completed. All new hires must complete the onboarding process. According to the COR, the onboarding process consists of the following steps:

1. The contractor provides the COR with the candidate's information, such as name, position, and clinic.
2. The candidate is then placed in the COR's tracking log and an electronic file is created to store all supporting documents.
3. The healthcare system then completes the background and credentialing process. As part of the background process, the candidate supplies his or her fingerprints.
4. Once the background and credentialing process is complete, the COR enters a "Just-in-Time" information technology request so that the candidate can gain access to the information technology systems required for his or her position.

[68] VA contract 36C26221D0013, Task Order 36C26221N0465, effective April 1, 2021.

[69] Contract modification P00010, April 1, 2024.

5. After all the preceding processes are completed, the candidate obtains his or her personal identity verification card, and the candidate is authorized to start the position.

Appendix B: Scope and Methodology

Scope

The VA Office of Inspector General (OIG) team conducted its work from November 2023 through June 5, 2025. The OIG team focused on whether Loma Linda Healthcare System leaders provided effective contract oversight of contracted community-based outpatient clinic (CBOC) staffing and performance standards. The OIG team evaluated the contractor's CBOC contract performance measures using the performance standards for staffing and appointment cancellations established in the contract Quality Assurance Surveillance Plan (QASP) and relevant VA standards.

Methodology

To accomplish the objective, the OIG team assessed applicable sections of the Federal Acquisition Regulation, the VA Acquisition Regulation, the VA Acquisition Manual, VA directives, VA handbooks, and other federal guidance. The OIG team reviewed contract oversight documents, such as contracting officer's representative (COR) reports, the contractor performance assessment reporting system ratings, and other applicable documentation to determine the level of oversight of contract performance.

The OIG team obtained a copy of VA Contract 36C26221D0002, signed October 7, 2020, and copies of the seven modifications that were in force during the period of performance under review (April 1, 2021, through September 30, 2023). The OIG team then reviewed the QASP to determine the performance standards that applied to contracted CBOC staffing and patient appointment cancellations performance measures. The team found two measures that directly monitored these two areas and three additional measures that were related to patient appointments. The team also reviewed Veterans Health Administration (VHA) Support Service Center reports to verify data relating to CBOC staffing and patient appointment cancellations.

The OIG team obtained data relating to contracted CBOC staffing and patient appointment cancellations from healthcare system staff. The team also interviewed leaders and staff from the healthcare system, Network Contracting Office 22, and the contractor. Individuals interviewed included the medical center director and assistant director, associate director for operations, CBOC oversight nurse manager, contracting officer, COR, and the contractor's deputy director and registered nurse quality manager.

The OIG team also evaluated the cost VA may have incurred because of the contractor's noncompliance with contract requirements.

Internal Controls

The OIG team assessed the internal controls of the system's contracted CBOCs that are significant to the review objective. This included an assessment of the five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring.[70] In addition, the team reviewed the principles of internal controls as associated with the objective. The team identified five components and 10 principles as significant to the objective.[71] The team identified the following internal control weaknesses during this review and proposed recommendations to address internal control deficiencies:

- Component: Risk Assessment
    - Principle 7: Management should identify, analyze, and respond to risks related to achieving the defined objectives.
    - Principle 9: Management should identify, analyze, and respond to significant changes that could impact the internal control system.
- Component: Control Activities
    - Principle 10: Management should design control activities to achieve objectives and respond to risk.
- Component: Information and Communication
    - Principle 13: Management should use quality information to achieve the entity's objective.
    - Principle 14: Management should internally communicate the necessary quality information to achieve the entity's objectives.
- Component: Monitoring
    - Principle 16: Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
    - Principle 17: Management should remediate identified internal control deficiencies on a timely basis.

Data Reliability

The OIG team used contract file information from the electronic contract management system and relied on data obtained from the VHA Support Service Center. To test for reliability of VHA

[70] Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

[71] Since the review was limited to the internal control components and underlying principles identified, it may not have disclosed all internal control deficiencies that may have existed at the time of the review.

Support Service Center data, the team checked data elements, such as missing data fields, alphabetic characters in a numeric field, and illogical data relationships, and compared merged data to original data. The team concluded that the data were reliable and appropriate to support the findings and recommendations.

Government Standards

The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix C: VA Management Comments, Director, Loma Linda Healthcare System (605)

Department of Veterans Affairs Memorandum

Date: August 5, 2025

From: Director, Department of Veterans Affairs (VA) Loma Linda Healthcare System (605)

Subj: VA Office of Inspector General (OIG) Draft Report— Loma Linda Healthcare System's Oversight of Community-Based Outpatient Clinic Contracts Needs Strengthening (VIEWS 13293828)

To: Director, VA Desert Pacific Healthcare Network (10N22)

1. We appreciate the opportunity to review and comment on the OIG draft report— Loma Linda Healthcare System's Oversight of Community-Based Outpatient Clinic Contracts Needs Strengthening. The VA Loma Linda Healthcare System concurs with recommendations 1-5 and will take corrective action. Recommendations 6-9 are managed by the Under Secretary for Health.

The OIG removed point of contact information prior to publication.

(Original signed by)

Karandeep Sraon, MBBS, MBA, FACHE

Appendix D: VA Management Comments, Interim Director, Desert Pacific Healthcare Network (10N22)

Department of Veterans Affairs Memorandum

Date: August 5, 2025

From: Interim Director, Department of Veterans Affairs (VA) Desert Pacific Healthcare Network (10N22)

Subj: VA Office of Inspector General (OIG) Draft Report— Loma Linda Healthcare System's Oversight of Community-Based Outpatient Clinic Contracts Needs Strengthening (VIEWS # 13293828)

To: Director, Office of Audits and Evaluations (52D01)

Chief Integrity and Compliance Officer (10OIC)

1. We appreciate the opportunity to work with the Office of Inspector General's Office of Audits and Evaluations as we continuously strive to improve the quality of health care for the Nation's Veterans. We are committed to ensuring Veterans receive quality care that utilizes the high reliability pillars, principles, and values. I concur with the findings and recommendations 1-5 of the OIG draft report titled "Loma Linda Healthcare System's Oversight of Community-Based Outpatient Clinic Contracts Needs Strengthening.". Recommendations 6-9 are managed by the Under Secretary for Health.

2. I have reviewed the documentation and concur with the response provided.

The OIG removed point of contact information prior to publication.

(Original signed by)

Stephanie Young, MHA, FACHE

Appendix E: VA Management Comments, Acting Under Secretary for Health

Department of Veterans Affairs Memorandum

Date: August 4, 2025

From: Acting Under Secretary for Health (10)

Subj: Office of Inspector General (OIG) Draft Report, Loma Linda Healthcare System's Oversight of Community-Based Outpatient Clinic Contracts Needs Strengthening. (VIEWS # 13293828)

To: Assistant Inspector General for Audits and Evaluations (52)

1. Thank you for the opportunity to review and comment on OIG's draft report on Loma Linda Healthcare System's Oversight of Community-Based Outpatient Clinic Contracts Needs Strengthening. The Veterans Health Administration (VHA) concurs with recommendations 1-5, made to the Director of the Loma Linda Healthcare System and concurs in principle with recommendations 6-9, made to the Under Secretary for Health and provides an action plan in the attachment.

2. VHA values the OIG's assistance in recognizing an opportunity to enhance our procedures through the creation, documentation, and execution of standard operating procedures.

The OIG removed point of contact information prior to publication.

(Original signed by)

Steven L. Lieberman, M.D., MBA, FACHE

Attachments

Attachment

VETERANS HEALTH ADMINISTRATION (VHA)

Action Plan

OIG Draft Report – Loma Linda Healthcare System's Oversight of Community-Based Outpatient Clinic Contracts Needs Strengthening

(OIG Project Number 2023-00324-AE-0012)

Recommendation 1: Strengthen controls in the Office of the Assistant Director to ensure inclusion of staffing monitoring contract requirements, in coordination with the contracting officer, to meet gradual staffing level goals during start-up periods in future community-based outpatient clinic contracts.

VHA Comments: Concur. Department of Veterans Affairs (VA) Loma Linda Healthcare System is committed to ensuring internal controls related to staffing monitoring requirements are strengthened, in coordination with the contracting officer. However, it is important to note that the incoming contractor secured staffing commitments several months prior to the transition. The unexpected issuance of retention incentives by the outgoing contractor shortly before the transition date impacted onboarding of those staff. Additionally, the VA Loma Linda Healthcare System does not expect to expand CBOCs through contracted care or similar arrangements in the future. Therefore, the specific scenario that caused the staffing disruptions is unlikely to happen again.

In December 2024, to ensure facility oversight of the contract implementation and staffing contract requirements, VA Loma Linda Healthcare System implemented the CBOC Steering Subcommittee, which is comprised of the Assistant Director, Contracting Officer Representative (COR), the CBOC Oversight Nurse Manager, an Administrative Specialist, and the contractor. The CBOC Steering Subcommittee meets monthly to monitor contract requirements, review staffing, quality data, action plans, and reports monthly to the Patient Aligned Care Team Steering Committee, who reports to the Medical Executive Council through the governance structure.

The CBOC Steering Subcommittee will continue to report contract monitoring monthly, to include staffing data for VA contracted CBOCs to the Patient Aligned Care Team Steering Committee, who reports to the Medical Executive Council through the governance structure.

VA Loma Linda Healthcare System requests closure of this recommendation prior to publication based on the evidence submitted.

Status: Completed Completion Date: June 2025

Recommendation 2: Strengthen controls to ensure data used for monitoring contract performance standards are accurate and comply with the methodology required in the contract's Quality Assurance Surveillance Plan.

VHA Comments: Concur. VA Loma Linda Healthcare System ensures the strengthening of controls for data used for monitoring contract performance standards are accurate and comply with the methodology in the contract's Quality Assurance Surveillance Plan (QASP).

Under VHA Contract CO3 36C26221D0002, Section 33, "Performance Standards and Surveillance," requires contracted Community Based Outpatient Clinic (CBOC) quality data to be retrieved from the VHA Service Support Center (VSSC) database. Since December 2024, VA Loma Linda Healthcare System CBOC Steering Subcommittee has consistently retrieved monthly data from this specified source and

reported information to the Patient Aligned Care Team Steering Committee, who reports to the Medical Executive Council through the governance structure.

The CBOC Steering Subcommittee will continue to meet monthly and use the VSSC required data to evaluate and monitor quality performance standards, staffing requirements, panel capacity, and Veterans' access to care. To demonstrate compliance, the CBOC Steering Subcommittee will continue to report required data for VA contracted CBOCs monthly to the Patient Aligned Care Team Steering Committee, who reports to the Medical Executive Council through the governance structure.

VA Loma Linda Healthcare System requests closure of this recommendation prior to publication based on the evidence submitted.

Status: Completed Completion Date: June 2025

Recommendation 3: Review the medical staff driven phase of the credentialing process, to ensure action plans implemented to expedite the credentialing process are effective.

VHA Comments: Concur. VA Loma Linda Healthcare System has evaluated the credentialing program efficiency and effectiveness with a special focus on the medical staff driven phase of credentialing. VA Loma Linda Healthcare System leadership conducted a staffing review and determined the need for one additional Credentialing and Privileging (C&P) staff member, specifically a Licensed Independent Practitioner (LIP) credentialing specialist, for every 250 facility LIP providers. This decision aligns with the VHA Memorandum on Credentialing and Privileging Modernization Efforts, titled "Re-alignment of Licensed Independent Providers (LIP) and Non-LIP Functions at Department of Veterans Affairs Medical Centers," dated September 20, 2020.

VA Loma Linda Healthcare System further assessed the medical staff driven phase of the credentialing process and took additional steps to improve the credentialing process timeline.

In December 2024, VA Loma Linda Healthcare System updated the organizational chart to reflect the upgraded staffing methodology of an additional five Credentialing staff. Immediate changes were made to hire four additional credentialing specialists.

Currently VA Loma Linda Healthcare System employs eight credentialing specialists, which aligns closely with VHA guidelines. From October 2024 through March 2025, VA Loma Linda Healthcare System also increased the frequency of the Credentialing and Privileging Committee, which reports to the Medical Executive Committee (MEC) for approving new provider credentials to decrease the credentialing time for new providers and align with the average VHA national credentialing times.

Since the implementation of actions to improve credentialing processes, the average time for the Medical Staff-driven phase for new contract providers is as follows:

- Fiscal year (FY) 2025 to date: 28 days (a decrease of 84.09% from FY 2022 and FY 2023 averages and below the national VHA average of 29 days).
- FY 2024: 19.75 days (a decrease of 88.78% from FY 2022 and FY 2023 averages and below the national VHA average of 31 days).

VA Loma Linda Healthcare System requests closure of this recommendation prior to publication based on the evidence submitted.

Status: Completed Completion Date: June 2025

Recommendation 4: Strengthen controls to ensure contracted staff complete required scheduling training before granting them access to VA's scheduling system and authorizing them to make veteran appointments.

VHA Comments: Concur. VA Loma Linda Healthcare System ensures the strengthening of controls for contracted staff to complete required scheduled training before granting them access to VA's scheduling system and authorizing them to make Veteran appointments. During the onboarding process the contract staff are required to complete scheduling training prior to being issued scheduling keys. Health Administration Services (HAS) monitors and validates the completion of scheduling training for all newly onboarded contract staff. HAS issues scheduling keys after scheduling training is verified as complete. Training completion dates are logged in the CBOC Steering Subcommittee's daily contract staffing roster. This staffing roster is reviewed at the VA Loma Linda Healthcare System Patient Aligned Care Team (PACT) Steering Committee Meeting, which reports to the Medical Executive Council through the governance structure.

To demonstrate compliance, HAS will report monthly to the CBOC Steering Subcommittee the newly onboarded contract staff who have completed scheduling training prior to being issued scheduling keys, with a goal of 90% compliance.

Status: In Progress Target Completion Date: October 2025

Recommendation 5: Review the healthcare system's staffing augmentation plan and coordinate with the contracting officer to ensure the full costs are recovered for all VHA staff who provided services for which the contractor was also compensated.

VHA Comments: Concur. The VA Loma Linda Healthcare System CBOC COR will meet with the VISN 22 Loma Linda Healthcare System staff and the National Contracting Office (NCO) 22 contracting staff to review the staffing augmentation plan and ensure the full costs are recovered for all VHA staff who provided services for which the contractor was also compensated.

Status: In Progress Target Completion Date: January 2026

Recommendation 6: Review the unilateral memorandum related to staffing augmentation, establish a contract modification in compliance with the Federal Acquisition Regulation provisions regarding contract changes, and ensure relevant documentation is maintained in the contract file.

VHA Comments: Concur in Principle. These unilateral staffing augmentation memorandums were effective from March 21, 2022, through September 28, 2022. NCO 22 will coordinate with the Office of General Counsel on the form and format for documenting the staffing augmentation actions in the contract file to ensure compliance with applicable law, regulation, and policy.

Status: In Progress Target Completion Date: December 2025

Recommendation 7: Recover government funds expended for Veterans Health Administration staff augmented at contracted CBOCs using full cost amounts.

VHA Comments: Concur in Principle. NCO 22 will assist VA Medical Center Loma Linda with the following steps to recover any remaining funds owed to the government, using full cost amounts:

1. Determine Augmented Staff and Time Provided: VA Medical Center Loma Linda will identify the number of augmented staff requested by the Contractor. VA Medical Center Loma Linda will determine the amount of time these staff members were provided by the government.

2. Calculate Full Cost: VA Medical Center Loma Linda will calculate the full cost of Government staff provided at the Contractor's request.
3. Calculate Recovered Funds: - VA Medical Center Loma Linda will calculate the amount of funds already recovered via invoice adjustments for staff requested by the Contractor and provided by the Government.
4. Coordinate for Fund Collection: If a balance of costs exists to be recovered, NCO 22 will coordinate with the Office of General Counsel on the process for collection of remaining costs. This will include working with the Office of Finance to implement collection procedures.
5. Documentation: All actions will be documented in the contract file.

Status: In Progress Target Completion Date: January 2026

Recommendation 8: Review and enforce staffing contingency plan requirements for the Loma Linda Healthcare System contract, including maximizing the contractor's use of temporary replacements, or locum tenens, to minimize staffing shortages.

VHA Comments: Concur in Principle. NCO 22 will take the following steps:

1. Review the Contractor's current staffing contingency plan with VA Loma Linda Healthcare System mission partners.
2. If the Contractor's current plan is sufficient, the CO will continue to meet quarterly with the Mission Partner and the Contractor in accordance with VHA policies for reporting on performance measures quarterly to ensure compliance with staffing requirements and other performance measures.
3. If the Contractor's current plan is not sufficient or falls short of requirements at any time during contract performance, the COR delegated by the CO will notify the CO of the deficiency, and the CO will take appropriate measures to communicate to the Contractor the deficiency and establish a corrective action plan.
4. All actions will be documented in the contract file.

Status: In Progress Target Completion Date: January 2026

Recommendation 9: Strengthen oversight mechanisms to ensure the enforcement of staffing requirements during contract start-up in future community-based outpatient clinic contracts before the clinics become operational.

VHA Comments: Concur in Principle. The VHA Acquisitions Medical Sharing Office (MSO) will facilitate a review of current CBOC templates with the VHA Office of Primary Care to determine what changes are needed to strengthen contract terms and conditions concerning CBOC start-up requirements.

The VHA Office of Primary Care will review the template and provide any necessary revisions to MSO. MSO will update the template and publish the updated template for field use. Information regarding the updated template will be disseminated to VHA staff via the MSO newsletter and through staff Healthcare team workload meetings. Additionally, information on staffing requirements for CBOCs will be reinforced during MSO CBOC classes.

Oversight mechanisms for staffing are already in place via the Performance Standards in CBOC contracts. Contracting Officers will ensure that appointed CORs provide accurate performance reporting on staffing during quarterly reporting periods.

Status: In Progress Target Completion Date: January 2026

For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended.

OIG Contact and Staff Acknowledgments

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Pursuant to Pub. L. No. 117-263 § 5274, codified at 5 U.S.C. § 405(g)(6), nongovernmental organizations, and business entities identified in this report have the opportunity to submit a written response for the purpose of clarifying or providing additional context to any specific reference to the organization or entity. Comments received consistent with the statute will be posted on the summary page for this report on the VA OIG website.