



VA ACQUISITION MANAGEMENT

Additional Actions Needed in Serving Veterans with Sleep Apnea

Report to Congressional Requesters

September 2024
GAO-24-107010
United States Government Accountability Office

Accessible Version

GAO Highlights

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Highlights of [GAO-24-107010](#), a report to congressional requesters

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Why GAO Did This Study

Sleep apnea is a prevalent respiratory disability for which veterans receive benefits. VA spent approximately \$2 billion acquiring sleep apnea care devices and supplies over the last 8 years. GAO added VA's acquisition management to its High-Risk Series in 2019 due to numerous challenges to efficiently purchasing goods and services.

GAO was asked to review VA's initiative to centralize the distribution of PAP devices. This report assesses (1) the basis for VA's decision to centralize the distribution of PAP devices and supplies; (2) changes VA made to implement the initiative; (3) challenges experienced in implementing the initiative; and (4) how VA monitors the initiative's performance.

To conduct this work, GAO made a site visit to the Service and Distribution Center where orders for PAP devices and supplies are filled and shipped, reviewed contract files and other program documentation, analyzed ordering system data, and interviewed VA officials and sleep medicine clinicians.

What GAO Recommends

GAO is making one recommendation to VA, that it develop metrics and corresponding objectives to track performance of the centralized PAP distribution initiative.

What GAO Found

To help veterans suffering from sleep apnea—a common condition that occurs when a sleeping person's airway becomes blocked—the Department of Veterans Affairs (VA) provides positive airway pressure (PAP) devices as a treatment. Approximately 1.4 million veterans received PAP devices from 2016–2023.

VA began an initiative to centralize the contracting and distribution of PAP devices and supplies to help address issues experienced in its prior approach. Before the initiative, VA medical centers ordered PAP devices through a decentralized system, leading to inconsistent supply availability, prices, and care for veterans. VA set goals for the centralized PAP distribution initiative including increased efficiency, reduced costs, and improved care for veterans.

Distribution Lines at the Department of Veterans Affairs Service and Distribution Center



Source: GAO (photo). | GAO-24-107010

VA made several changes to implement the initiative, such as awarding national contracts, updating two IT systems, renovating a warehouse and increasing staff, and revising the ordering process for devices and supplies. While implementing these changes, VA addressed challenges such as the recall of certain PAP devices by a major manufacturer in June 2021.

According to VA officials leading the initiative, they have yet to develop metrics to monitor performance because they are still dealing with issues that arose from the recall. One area where GAO found performance issues was the call center that veterans can contact for reordering PAP supplies. GAO's analysis of call center wait times from November 2022 through November 2023 found that 37 percent of calls were answered. However, 63 percent were unanswered because the caller hung up before reaching a representative. DLC officials stated that over half of these terminated calls were addressed through subsequent callback and services were provided to the caller. For veterans needing assistance, this could delay reordering of needed PAP supplies. Without establishing objectives and metrics to monitor the performance of the initiative, VA cannot track whether it is addressing the issues that prompted these changes, or whether it is meeting the needs of veterans who use PAP devices and supplies to treat their sleep apnea.

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Abbreviations

APAP	automatic positive airway pressure
BiPAP	bilevel positive airway pressure
CPAP	continuous positive airway pressure
DLC	Denver Logistics Center
DOD	Department of Defense
FDA	Food and Drug Administration
IPT	integrated product team
MSPV	Medical-Surgical Prime Vendor
NAC	National Acquisition Center
OIG	Office of Inspector General
PAP	positive airway pressure
PSAS	Prosthetic and Sensory Aids Service
ROES	Remote Order Entry System
SDC	Service and Distribution Center
VA	Department of Veterans Affairs
VHA	Veterans Health Administration
VistA	Veterans Health Information Systems and Technology Architecture

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441 G St. N.W.
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September 26, 2024

The Honorable Jen Kiggans
Chairwoman
Subcommittee on Oversight and Investigations
Committee on Veterans' Affairs
House of Representatives

The Honorable Jack Bergman
House of Representatives

The Honorable Tim Walberg
House of Representatives

Sleep apnea is a prevalent service-connected respiratory disability, accounting for over 500,000 disability recipients, based on fiscal year 2023 compensation data.¹ Within the Department of Veterans Affairs (VA), the Veterans Health Administration (VHA) spent about \$2 billion on sleep apnea care devices and supplies for approximately 1.4 million veterans from fiscal years 2016 through 2023.² Positive airway pressure (PAP) devices—commonly referred to as continuous positive airway pressure, or CPAP devices—are used to treat sleep apnea and keep airways open during sleep.

In 2021, VA changed its approach for managing the acquisition and distribution of PAP devices and supplies used to treat sleep apnea. VA adopted a centralized approach that was intended to address challenges that officials had identified in contracting for and distributing this equipment, including inconsistent pricing and inefficient processes. We previously reported that VA has been challenged in its approach to acquiring goods and services, including medical supplies; in 2019, we added VA acquisition management to our High-Risk List.³

You asked us to review VA's initiative to centralize the distribution of PAP devices and supplies because of its significance and the change the initiative represents in VA's acquisition strategy. In this report, we examine: (1) the basis for VA's decision to centralize the distribution of PAP devices and supplies; (2) changes VA made to its acquisition approach, processes, facilities, and systems to implement the centralized PAP distribution initiative; (3) challenges VA experienced in implementing the initiative; and (4) how VA monitors performance of the initiative and its performance to date.

¹The Department of Veterans Affairs' (VA) Veterans Benefits Administration provides disability compensation to veterans with disabilities incurred or aggravated during military service. For more detail see, Department of Veterans Affairs, Veterans Benefits Administration, *Annual Benefits Report, Fiscal Year 2023*.

²Within VA, the Veterans Health Administration (VHA) provides health care to approximately 9 million veterans each year, offering a range of services at approximately 170 VA medical centers nationwide.

³GAO, *VA Acquisition Management: Action Needed to Ensure Success of New Oversight Framework*, [GAO-22-105195](#) (Washington, D.C.: Aug. 11, 2022); and *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

To examine the basis for VA's decision to implement the initiative, we reviewed documents, such as the acquisition plan and the initiative charter. We interviewed VA officials from organizations with roles in this initiative, including the Prosthetic and Sensory Aids Service (PSAS), the Denver Logistics Center (DLC), and the National Acquisition Center (NAC). We discussed with officials how decisions were made and how PAP devices and supplies were procured prior to the initiative.

We also analyzed data from the National Prosthetics Patient Database that capture annual spending on PAP devices and supplies and the number of veteran patients using such devices. We analyzed data from fiscal years 2016 through 2023. We selected the most recent available years of patient data starting with the year VA chartered its team to develop new contracting approaches for PAP devices and supplies, and adjusted the data for inflation. We assessed the reliability of the data by performing electronic testing; interviewing knowledgeable officials; and reviewing relevant documents, such as instructions to National Prosthetics Patient Database users. We determined that the data were sufficiently reliable for the purposes of this report.

To examine changes VA made to its acquisition approach, processes, facilities, and systems to implement the centralized PAP distribution initiative, we reviewed documents and contract files. We examined the acquisition plan, contract requirements, cost and pricing data, and items or services to be provided. We also conducted a site visit to the Service and Distribution Center (SDC), located in Hines, Illinois. SDC is the warehouse that performs the primary operations of the initiative such as fulfilling orders and distributing PAP devices and supplies to VA patients and medical centers.

To examine challenges that VA experienced in implementing the initiative, we analyzed Remote Order Entry System (ROES) data to describe warehouse operations, such as the number of orders placed and order delivery times.⁴ We analyzed data from June 2021—the date VA rolled out the initiative to its medical centers—through 2023. We also compared ROES data to data from the National Prosthetics Patient Database to identify if the initiative was able to meet VA's needs for PAP devices and supplies. We assessed the reliability of the data by performing electronic testing, interviewing knowledgeable officials, and reviewing relevant documents, such as instructions to users entering data. We determined that the data were sufficiently reliable to calculate spending on PAP devices and supplies through the centralized PAP distribution initiative, delivery order times, and ordering methods.

To obtain participants' perspectives about the initiative and implementation challenges, we analyzed results from a nongeneralizable survey that VA officials distributed to sleep medicine clinicians (e.g., sleep medicine physicians, nurses, respiratory therapists, and other sleep technicians) at its medical centers. We also distributed an anonymous nongeneralizable survey to veterans through our official social media channels on X (Twitter), Facebook, and LinkedIn to obtain illustrative examples of experiences from end users of the initiative. The survey was available online from November 9, 2023, through January 2, 2024. We received 16 completed responses.

We also interviewed sleep medicine clinicians from three VA medical centers to discuss any challenges they experienced. We included facilities that were in operation for at least a year prior to the start of the initiative so clinicians could speak to any differences between the current program and prior approaches to securing PAP

⁴ROES is an IT application developed by the Denver Logistics Center that is used to receive and process orders for medical equipment.

devices and supplies.⁵ Information obtained from these interviews cannot be generalized to other VA facilities but provides illustrative examples of experiences of staff at these selected locations.

To examine how VA monitors the initiative performance to date, we reviewed relevant documents such as the acquisition plan and stakeholder meeting minutes. We interviewed officials from PSAS and the DLC to discuss how progress is measured, how assessment results are used, and what information is shared with stakeholders. We compared VA's activities to key practices for managing and assessing the results of federal efforts.

We conducted this performance audit from August 2023 to September 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

According to VA Clinical Practice Guidelines, positive airway pressure is the primary and most effective treatment for obstructive sleep apnea.⁶ A PAP device delivers air through the nose or mouth to keep the airway open to allow for normal breathing while sleeping. There are several types of PAP devices that provide different types of air pressure: automatic (APAP), bilevel (BiPAP), and continuous (CPAP). We collectively refer to these as PAP devices in this report for simplicity. Untreated sleep apnea is associated with many health problems, such as high blood pressure, heart disease, or stroke.

PAP devices require a prescription. Use of a PAP device includes the use of masks and other consumable supplies such as filters and hoses that need to be replaced periodically. See figure 1 for an illustration of a person using a PAP device.

⁵We selected the following three medical centers: Fort Meade VA Medical Center (Fort Meade, South Dakota), Lebanon VA Medical Center (Lebanon, Pennsylvania), and Samuel S. Stratton Medical Center (Albany, New York). We selected facilities primarily to achieve variation in urban and rural locations and complexity level. VHA categorizes medical centers according to complexity level, which is determined based on the characteristics of the patient population, clinical services offered, educational and research missions, and administrative complexity.

⁶Department of Veterans Affairs (VA) and Department of Defense (DOD), *VA/DoD Clinical Practice Guideline for the Management of Chronic Insomnia Disorder and Obstructive Sleep Apnea, Version I* (2019).

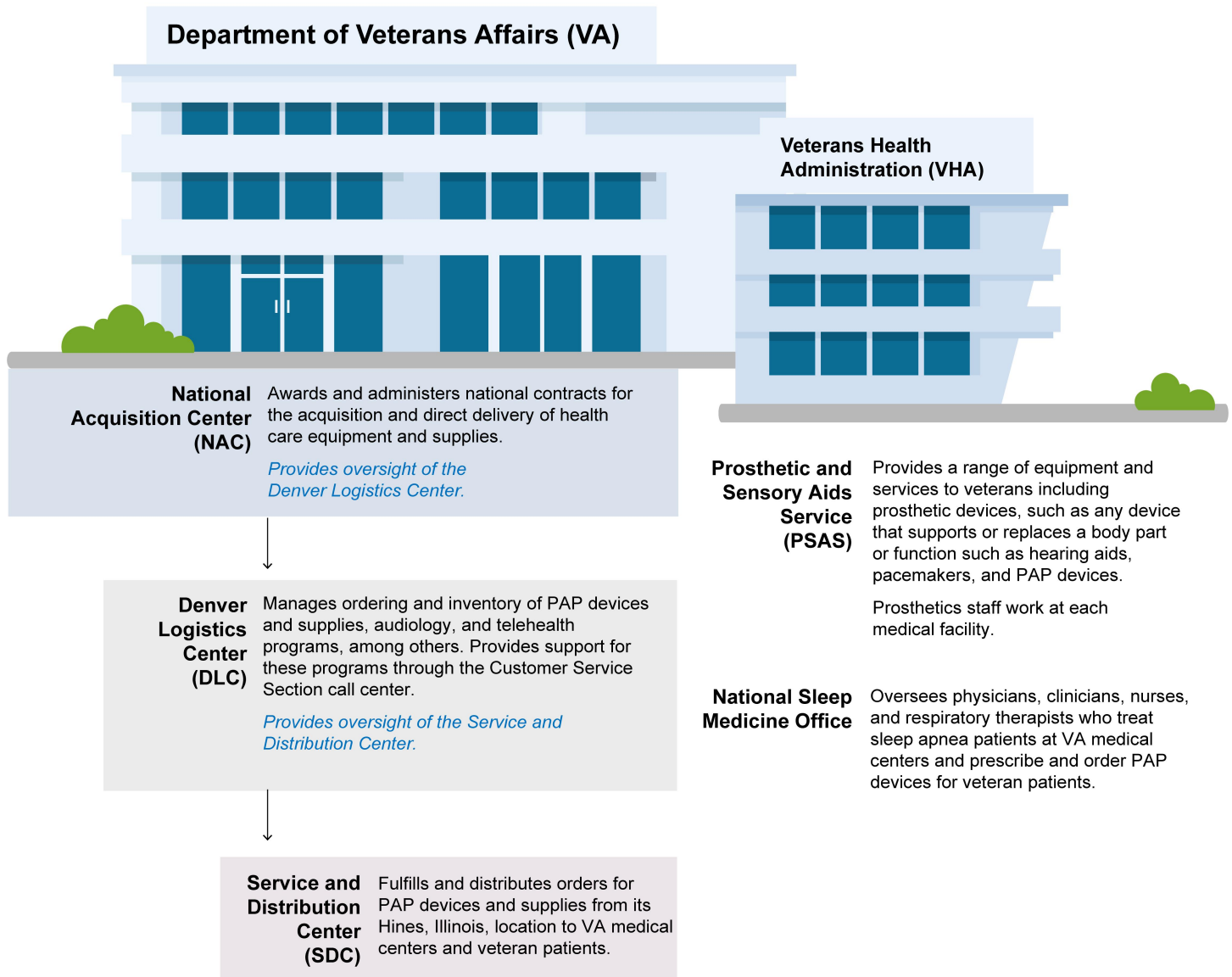
Figure 1: Depiction of a Patient Using a Positive Airway Pressure Device with Face Mask



Source: corbacserdar/stock.adobe.com (illustration). | GAO-24-107010

Several key entities within VA have roles in treating veterans with sleep apnea, in addition to the medical providers that diagnose the condition and prescribe PAP devices for their patients. See figure 2 below for the key entities and their roles in the centralized PAP distribution initiative that provides PAP devices and supplies to veterans.

Figure 2: Key VA Entities with Roles in the Centralized Positive Airway Pressure (PAP) Distribution Initiative



Source: GAO analysis of the Department of Veterans Affairs (VA) documents; Natalia/stock.adobe.com (buildings) and iierlok_xolms/stock.adobe.com (icons). | GAO-24-107010

Accessible Data for Figure 2: Key VA Entities with Roles in the Centralized Positive Airway Pressure (PAP) Distribution Initiative

	Entity	Role
Veterans Health Administration (VHA)—each VA medical facility has a PSAS program	Prosthetic and Sensory Aids Services	Provides a range of equipment and services to veterans including prosthetic devices, such as any device that supports or replaces a body part or function such as hearing aids, pacemakers, and PAP devices. Prosthetics staff work at each medical facility.
VHA	National Sleep Medicine Clinical Office	Oversees physicians, clinicians, nurses, and respiratory therapists who treat sleep apnea patients at VA medical centers and prescribe and order PAP devices for veteran patients.
Department of Veterans Affairs (VA)	National Acquisition Center (NAC)	Awards and administers national contracts for the acquisition and direct delivery of health care equipment and supplies. <i>Provides oversight of the Denver Logistics Center</i>
VA	Denver Logistics Center (DLC)	Manages ordering and inventory of PAP devices and supplies, audiology, and telehealth programs, among others. Provides support for these programs through the Customer Service Section call center. <i>Provides oversight of the Service and Distribution Center</i>
VA	Service and Distribution Center (SDC)	Fulfills and distributes orders for PAP devices and supplies from its Hines, Illinois, location to VA medical centers and veteran patients.

Source: GAO analysis of the Department of Veterans Affairs (VA) documents; Natalia/stock.adobe.com (buildings) and iierlok_xolms/stock.adobe.com (icons). | GAO-24-107010

The Executive Director of PSAS is responsible for ensuring PSAS prescribed items and equipment—including PAP devices and supplies—are procured or authorized according to existing authorities, establishing comprehensive VHA-wide procedures that define and ensure efficient operations, and setting PSAS performance metrics based on strategic direction and priorities, among other duties.⁷

In December 2023, the VA Office of Inspector General (OIG) found significant deficiencies in DLC inventory management operations and systems.⁸ Specifically, the VA OIG found that the DLC did not effectively manage VA-owned goods to maintain accurate inventories. For example, the audit team’s review of transaction register data from July 2021 through June 2022 found over 8,000 manual inventory adjustments, including some

⁷Department of Veterans Affairs, Veterans Health Administration, *Prosthetic and Sensory Aids Service*, Directive 1173 (Mar. 27, 2023).

⁸Department of Veterans Affairs, Office of Inspector General, *Significant Deficiencies Found in VA’s Denver Logistics Center Inventory Management Operations and Systems*, No. 22-02739-210 (Dec. 13, 2023).

adjustments for PAP devices and supplies. The OIG reported that DLC staff generally did not identify or document reasons for the adjustments.

In addition, the VA OIG determined that about 49,100 quantities of sleep apnea care products with a total value of about \$1.7 million were not recorded in the inventory management system, including some CPAP devices. Sleep apnea care products comprised the largest share of items whose physical count fell short of the quantity on record. The VA OIG also found that weak controls over access to the DLC's custom version of Veterans Health Information Systems and Technology Architecture (Vista) leave it vulnerable to unauthorized programming or data changes. This risks the integrity of supply inventory data.⁹

The VA OIG made 19 recommendations to the Office of Acquisitions, Logistics, and Construction—11 to improve the inventory management operations and oversight of the DLC and eight to address information system deficiencies in coordination with the Office of Information Technology. The Principal Executive Director and Chief Acquisition Officer at Office of Acquisitions, Logistics, and Construction concurred with and provided action plans to address all 19 OIG recommendations.

VA Pursued Centralized PAP Distribution to Address Identified Issues

VA identified issues—such as increasing costs, inefficiency, and lack of standardized patient care—in its acquisition approach to providing PAP devices and supplies to veterans. To assess options to develop a streamlined and more cost-effective approach for PAP acquisition, stakeholders formed an integrated product team (IPT) in December 2016. These stakeholders included: PSAS, sleep medicine doctors from the National Center for Patient Safety, and representatives from the DLC. According to the IPT's charter, officials noted significant differences in how VA sleep centers provide PAP devices and supplies to veterans, and variability across VHA regarding the PAP manufacturers used, supply availability, and acquisition processes used to purchase devices. Under the authority of the charter, the IPT set broad goals for the initiative related to improving clinical outcomes for veterans, increasing clinician satisfaction with the PAP ordering system, reducing equipment costs, and reducing requirements for local staff and clinical space.

Pricing, Products, and Processes Varied Across VA

Prior to the centralized PAP distribution initiative, VA's approach to providing PAP devices and supplies varied by region and medical center. These inconsistencies led to different contracting approaches across VA and variations in pricing, products, and processes.¹⁰

According to a PSAS official, VA paid different prices for the same products depending on which medical center procured the devices. The official cited anecdotal evidence such as complaints from one region that it was paying twice as much for the same product compared to another region. According to a VA document

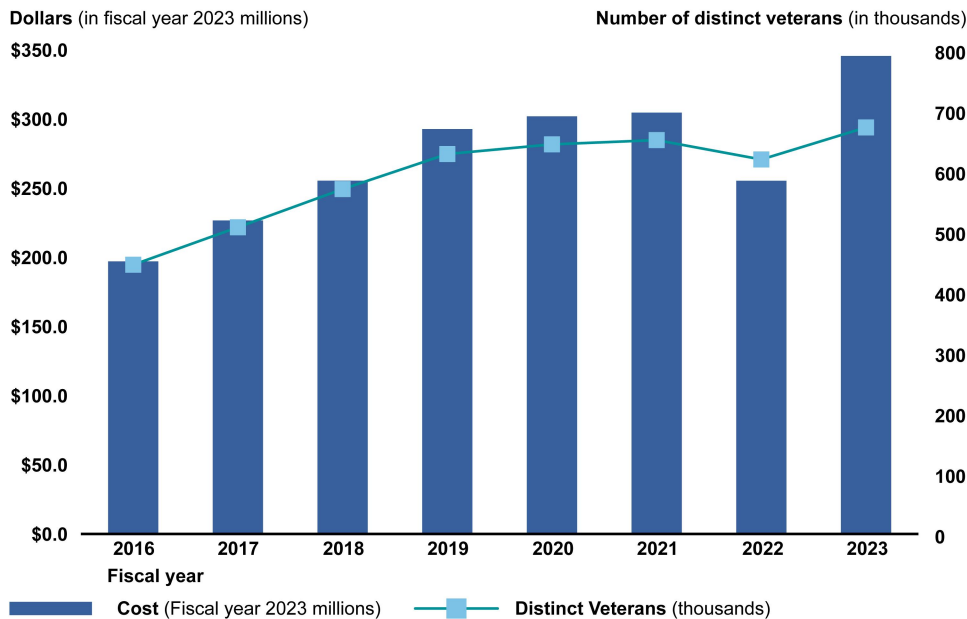
⁹The Veterans Health Information Systems and Technology Architecture is VA's electronic health record management system. An electronic health record is a collection of information about the health of an individual and the care provided to that individual, such as patient demographics, progress notes, problems, medications, vital signs, past medical history, immunizations, laboratory data, and radiology reports.

¹⁰For the purposes of this report, a contracting approach in government contracts refers to the method (or strategy) used to procure goods and services.

supporting the decision to establish national contracts, the IPT found inconsistent pricing throughout VA, and prices approximately 30 percent higher than commercial averages.¹¹ VA officials said that VA did not leverage its buying power before the centralized PAP distribution initiative.

Although VA was spending an average of about \$270 million each year on PAP devices and supplies, it did not have a consistent approach for purchasing these items. Our analysis of data from the National Prosthetics Patient Database for fiscal years 2016 through 2023 found that VA spending on PAP devices and supplies generally increased annually through 2020, as did the number of patients receiving devices and supplies, as shown in figure 3.

Figure 3: VA Spending on Positive Airway Pressure (PAP) Devices and Supplies and Number of Distinct Veterans, Fiscal Years 2016-2023



Source: GAO analysis of Department of Veterans Affairs (VA) data from the National Prosthetic Patient Database. | GAO-24-107010

Accessible Data for Figure 3: VA Spending on Positive Airway Pressure (PAP) Devices and Supplies and Number of Distinct Veterans, Fiscal Years 2016-2023

Fiscal Year	Cost (FY23 millions)	Distinct Veterans (thousands)
FY16	\$197.1	445
FY17	\$226.7	507
FY18	\$255.5	570
FY19	\$292.8	628
FY20	\$302.0	644

¹¹“National contracts” refers to the six indefinite-delivery, indefinite-quantity contracts that were awarded to facilitate the centralized distribution of PAP devices. 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. See Federal Acquisition Regulation 16.505.

Fiscal Year	Cost (FY23 millions)	Distinct Veterans (thousands)
FY21	\$304.7	651
FY22	\$255.4	619
FY23	\$345.7	672
total	\$1,956	4,735.29

Source: GAO analysis of Department of Veterans Affairs (VA) data from the National Prosthetics Patient Database. | GAO-24-107010

Note: “Distinct veterans” is a count of individual patients who received a Positive Airway Pressure (PAP) device or ordered related supplies.

Medical centers used different contracting approaches to purchase PAP devices and supplies, according to initiative planning documents. VA officials stated it is not possible to systematically identify individual contracts in place prior to the current national contracts. According to the acquisition plan for the current national contracts, prior to April 2017, medical centers typically used the legacy medical supply program to purchase PAP devices and supplies.¹² In December 2016, VA implemented its Medical-Surgical Prime Vendor-Next Generation program. While the prior iteration of this program included PAP devices and supplies, this version of the program excluded them.¹³ Subsequent iterations of this program also did not include PAP devices or supplies.¹⁴ As a result, after April 2017, medical centers relied on regional contracts to purchase these items.

VA awarded interim national contracts in 2019 to provide standardized pricing while contracting officials worked on awarding the current contracts.¹⁵ However, our analysis of sales reports for these contracts and National Prosthetics Patient Database data found that approximately 5 percent of total purchases during this time were made using these interim national contracts. See figure 4 for more information on the various PAP contracting approaches VA medical centers used over time.

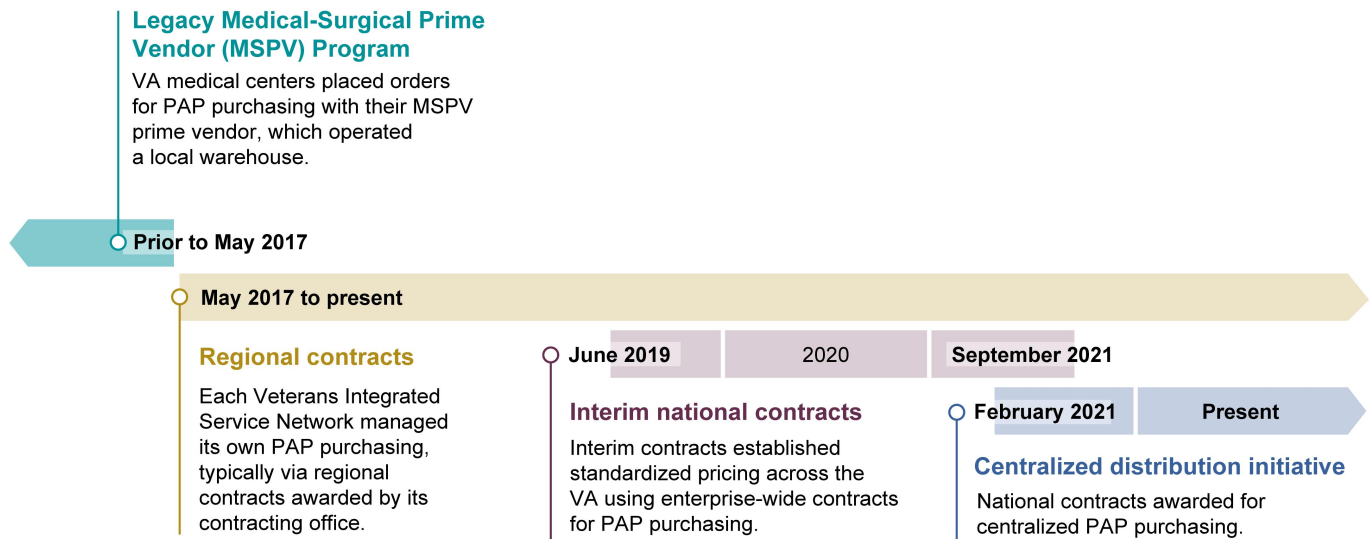
¹²VA established the Medical-Surgical Prime Vendor program as a tool for medical centers to efficiently obtain many of the medical supplies that they use daily, such as bandages and surgical sutures, using national contracts.

¹³PSAS officials said they were aware of this change to the Medical-Surgical Prime Vendor program but were not directly involved in any decision-making. We previously reported that because of this transition, the program did not meet medical centers’ needs. See GAO, *Veterans Affairs Contracting: Improvements in Buying Medical and Surgical Supplies Could Yield Cost Savings and Efficiency*, [GAO-18-34](#) (Washington, D.C.: Nov. 9, 2017).

¹⁴Since 2017, VA has pursued several different versions of this program, but we previously reported that the program had yet to fully achieve VA’s goals. In 2017, we reported that VHA’s implementation of the Medical-Surgical Prime Vendor-Next Generation program—from its initial work to identify a list of supply requirements in 2015, through its roll out of the formulary to medical centers in December 2016—was not executed in line with leading practices and did not meet medical centers’ needs. We found that the program office did not solicit clinician input for most items included in the initial formulary, which limited the items available to medical centers for purchase. For more details on the program, see [GAO-18-34](#). In 2020, we reported that subsequent iterations of the program would address some issues, but other issues would remain. See GAO, *VA Acquisition Management: Actions Needed to Improve Management of Medical-Surgical Prime Vendor Program and Inform Future Decisions*, [GAO-20-487](#) (Washington, D.C.: Sept. 30, 2020). As of August 2024, VA is in the process of implementing another iteration of this program. According to VA acquisition officials, this new iteration is intended to address some of the issues we previously identified.

¹⁵These interim contracts were indefinite-delivery, indefinite-quantity contracts with a period of performance of 1 base year and 1 option year. These were subsequently modified to extend their period of performance by 3 months.

Figure 4: VA Contracting Approaches Used to Purchase Positive Airway Pressure (PAP) Devices and Supplies



Source: GAO analysis of Department of Veterans Affairs (VA) documents. | GAO-24-107010

Accessible Data for Figure 4: VA Contracting Approaches Used to Purchase Positive Airway Pressure (PAP) Devices and Supplies

Contracting approach ^a	Contracting approach ^a	Contracting approach ^a	Contracting approach ^a
Legacy Medical-Surgical Prime Vendor (MSPV) Program	Local and regional contracts	Interim national contracts	Centralized Distribution Initiative
Prior to May 2017	May 2017 - present	June 2019 - Sept 2021	June 2021 - present
VA medical centers placed orders with their MSPV prime vendor, who operated a local warehouse.	Each Veterans Integrated Service Network managed their own PAP purchasing, typically via regional contracts awarded by their contracting office.	Interim contracts established standardized pricing across the VA using enterprise-wide contracts for PAP purchasing.	National contracts awarded for centralized PAP purchasing.

Source: GAO analysis of Department of Veterans Affairs (VA) documents. | GAO-24-107010

Note: VA medical centers supplemented these approaches for PAP devices and supplies using the Federal Supply Schedule program, which is managed by the General Services Administration. The General Services Administration delegates authority to use the Federal Supply Schedule to VA to support the health care acquisition needs of VA and other government agencies.

PSAS officials said there was no standardization in the products available to patients, which made it difficult for veterans to obtain consistent supplies when visiting a different VA facility. One official provided an example of veterans who travel to warmer climates during winter who were unable to get the same supplies they received at the VA facility near their home. In addition, different locations had different processes for ordering patient supplies. For example, some medical centers required a new prescription for every new set of supplies, while others allowed up to 3 years of supplies under the initial prescription.

PSAS officials also stated that new patients had to come into a facility multiple times: once for the prescription, another time to get the PAP device, and again when they needed supplies. Officials said this was inconvenient for veterans and created difficulties for staff who had to manage a large volume of people coming into the medical centers. Likewise, medical centers were each managing storage, distribution, and purchasing functions individually. According to the Executive Director of PSAS, some prosthetics staff were spending a substantial amount of time packaging and shipping PAP devices and supplies to patients.

VA Integrated Product Team Identified Goals for the Initiative

In response to the issues the IPT identified with VA's prior approach to purchasing and distributing PAP devices and supplies, the IPT set several goals for the centralized PAP distribution initiative. These goals centered around increasing efficiency, reducing costs, and improving care. According to the IPT charter, national contracts for PAP devices and supplies would improve sleep apnea care for veterans, their providers, and the VA health care system. The IPT set specific goals to:

- reduce local VHA staffing and clinical space requirements,
- reduce veterans' wait times for PAP supplies,
- reduce sleep apnea-related durable medical equipment costs,
- improve veterans' adherence to PAP treatment,
- improve clinical outcomes for veterans receiving PAP treatment,
- increase provider satisfaction with PAP ordering process, and
- increase the proportion of veterans using technologies such as wireless PAP monitoring.

VA Took Multiple Actions to Implement the Initiative

VA officials took multiple actions to implement the centralized PAP distribution initiative, starting with awarding new contracts. VA updated IT systems, renovated a warehouse, and added workers. VA also changed which staff were responsible for ordering devices, and increased patients' options for ordering supplies.

New Contracts Awarded to Centralize PAP Acquisition and Distribution

In February 2021, VA's NAC awarded national contracts that centralized the acquisition and facilitated the distribution of PAP devices and supplies. Although PSAS is the sponsor of the initiative, the DLC was responsible for key implementation activities.

NAC contracting officers awarded indefinite-delivery, indefinite-quantity contracts to six distributors of PAP devices and supplies via set-asides for service-disabled veteran-owned small businesses.¹⁶ Each contract contains line items that are specific to one manufacturer, and some of these contracts only offered accessories and supplies and did not offer PAP devices. According to the contracting officers, some contracts were for supplies that clinicians seldom ordered, so only three of the contracts are currently in use.

The DLC is responsible for delivery, registration, and activation of items procured under the national contracts, along with invoicing and payment procedures. The DLC bills the individual medical centers for items they prescribe, and orders for supplies placed for veterans under VA's care. In information shared within the VA sleep medicine community, the DLC communicated that the centralized PAP distribution initiative would provide logistic and ordering support services to simplify the process for clinicians and prosthetics staff. According to its charter, the IPT chose to work with the DLC given its experience providing acquisition and logistics support for other national VA programs such as audiology and telehealth equipment.

VA is now using the national contracts for most of its PAP purchases. Additionally, NAC contracting officers said that medical centers can also place calls on the blanket purchase agreements established under the Federal Supply Schedule that may include new items that are not available on the current national contracts.¹⁷ They said the current national contracts will expire in February 2026.

Functionality Added to IT Systems for Ordering and Inventory Management

To manage inventory, the DLC updated two internally developed IT applications to receive and process orders—ROES and a customized version of VistA.¹⁸ The Director of the DLC stated that ROES was initially developed in 1993 for audiology but expanded to support other programs, including prosthetics and home telehealth. He said that the ROES application in its current form was originally implemented in 2003, with further technology modernization and business functionality being added since that time.

DLC officials stated they added new data fields to ROES for ordering PAP devices and supplies and included features to account for device-specific supplies. For example, the Director of the DLC explained that if a PAP device uses certain types of tubing, the ordering module only provides the appropriate options, so clinicians cannot order incompatible supplies. ROES also allows clinicians to register a PAP device that a veteran received outside of VA so the patient can order supplies from VA. The DLC Director said that ROES' standard reporting features capture monthly sales and obligations by facility, which are used for billing medical centers monthly.

¹⁶According to VA market research, manufacturers of PAP devices select distributors through means of authorized agreements. Of those selected distributors, only certain companies are appointed to sell directly to VA. The Veterans First Contracting Program provides authority for VA contracting officers to preference service-disabled veteran-owned small businesses and veteran-owned small businesses when awarding contracts and subcontracts to ensure veteran-owned businesses have opportunities to compete for government contracts. (38 U.S.C. 8127(b), (c) and (d)).

¹⁷Blanket purchase agreements are a simplified method of filling anticipated repetitive needs for products and services by allowing agencies to establish charge accounts with qualified vendors. Blanket purchase agreements are not contracts. See Federal Acquisition Regulation 8.404.

¹⁸VA uses VistA to manage health care for its patients. VistA contains the department's electronic health record, which is a collection of information about individual patients' care, medications, and past medical history.

According to DLC officials, they made updates to VistA to interface with the new PAP-related ordering functions in ROES. VistA facilitates DLC orders to commercial vendors for warehouse inventory and updates inventory when receiving actions are performed. It also updates inventory records based on information received in clinician orders from ROES and veteran orders for supplies via the multiple request channels. The production systems used for processing orders and generating shipping labels also use VistA. DLC officials stated that the customized VistA function they employ is a supplies and operations function, and distinct from the wider set of VistA functions used at medical centers.¹⁹

Space Renovated and Staff Added for Warehouse Operations

Service and Distribution Center

According to the Service and Distribution Center warehouse manager, the warehouse is approximately 500,000 square feet and about 20 percent of this space is used for the Positive Airway Pressure centralized distribution initiative. This official said that the production space is approximately 25,000 square feet and the storage area is approximately 35,000 square feet.



Source: GAO (photo). | GAO-24-107010

According to DLC officials, the SDC in Hines, Illinois was chosen because it had available space that could be equipped to support distribution operations for the centralized PAP distribution initiative, and its central location could help minimize transportation costs. They said that SDC operations were modeled after existing DLC operations used for products such as hearing aid batteries, prosthetic items, telehealth equipment, and other prescribed and resupply items for patient use. For each of these programs, items are maintained in a DLC facility to fulfill orders entered by clinicians. The items are then shipped to VA medical centers or directly to patients.

SDC officials stated that it took about a year and a half to complete the warehouse changes to prepare for implementation. Total construction costs were about \$1.6 million. The DLC requested funding for construction-related changes to the warehouse through the Strategic Capital Investment Planning process.²⁰ The

¹⁹We previously reported that customization of VistA, such as changes to the modules by the various medical facilities, has resulted in approximately 130 versions of the system VA-wide. We also reported that VA is in the process of replacing VistA because it has been in operation for more than 30 years, is technically complex, costly to maintain, and does not fully support VA's need to electronically exchange health records with other organizations. GAO, *Electronic Health Records: Ongoing Stakeholder Involvement Needed in the Department of Veterans Affairs' Modernization Effort*, GAO-20-473 (Washington, D.C.: June 5, 2020); GAO, *Electronic Health Record Modernization: VA Needs to Address Change Management Challenges, User Satisfaction, and System Issues*, GAO-23-106685 (Washington, D.C.: Mar. 15, 2023).

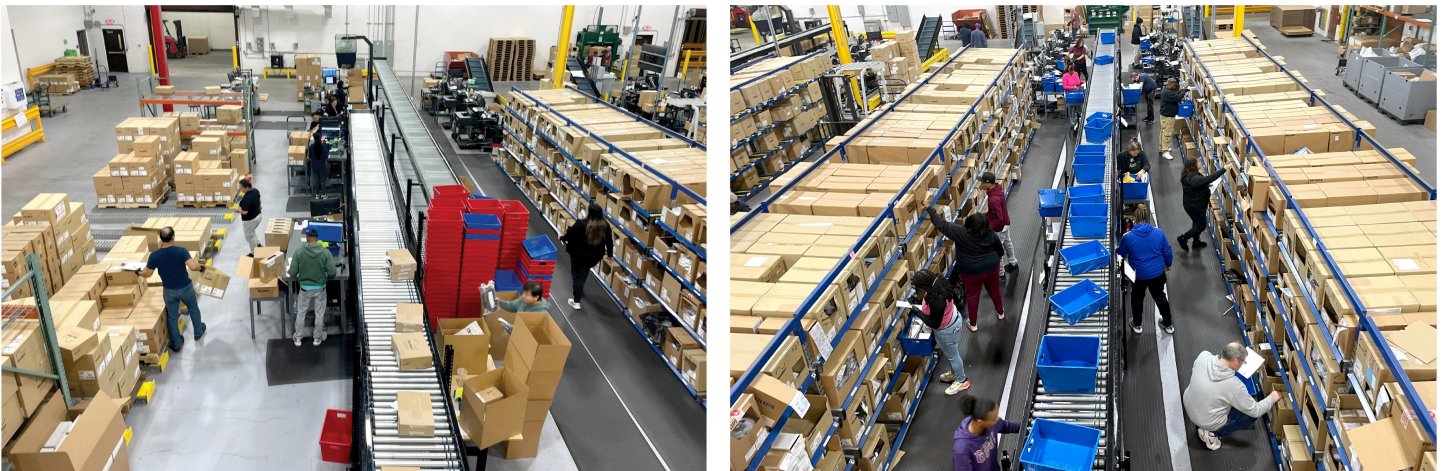
²⁰This process provides directions for integrated, comprehensive planning for VA capital programs, including major and minor construction, to improve the quality, access, and cost efficiency of the delivery of VA benefits and services through modern facilities, i.e., those that are newer and/or better conditioned, among other goals. See Department of Veterans Affairs, *Strategic Capital Investment Planning Process*, VA Handbook 0011 (Aug. 20, 2021).

warehouse equipment—such as forklifts, conveyors, racks, and an air compressor—cost about \$1.3 million. Ongoing operational costs for the warehouse with the new centralized PAP distribution operations for fiscal year 2023 were estimated at \$12.8 million, including salaries for 48 warehouse employees and costs for 99 contractor warehouse staff.²¹ A DLC official estimated that PAP-related shipping costs were about \$11.6 million for fiscal year 2023.

Warehouse operations are funded by a revolving supply fund. The funds are allocated by the Revolving Funds Board of Directors based on proposals submitted by the DLC. The revolving supply fund operations are funded through payments received from other VA entities in the form of fees on purchases made from the DLC.²² Fee rates for the cost of services, equipment, and supplies provided by the DLC are determined by the VA Secretary based on estimated or actual direct costs. The fee for fiscal year 2024 is 10 percent.²³

There are two distribution lines dedicated to packaging and processing orders for PAP devices and supplies. One line processes both PAP devices and supplies; the other line processes supplies only. Fulfilling an order begins with a printed order slip. For orders that include a device, warehouse workers use a text-based computer screen to register a PAP device to the patient and scan the serial number to verify each device is registered correctly. The order slip is used by workers to hand-pick supplies as needed from the stock arranged on racks. VA officials stated that all orders for devices and a sample of supply orders are given quality assurance checks before they are packed for shipping. Figure 5 shows the SDC distribution lines in operation.

Figure 5: Distribution Lines at the Department of Veterans Affairs Service and Distribution Center



Source: GAO (photos). | GAO-24-107010

²¹These staff numbers represent the SDC warehouse workforce in general; not all employees and contractor staff are assigned specifically to the centralized PAP distribution operations.

²²Revolving funds are established by Congress to carry out business operations funded by fees charged for goods or services provided. VA's revolving funds are operated under two authorities: Supply fund (38 U.S.C. § 8121) and Franchise fund (Pub. L. No. 103-356 and Pub. L. No. 104-204, as amended by Pub. L. No. 109-114).

²³Supply fund fees are included in the price of PAP devices and supplies that VA medical centers purchase for patients or facility stock. The fees collected make up the supply fund operating budget.

Ordering Processes Revised

VA revised ordering processes for PAP devices and supplies, which led to updated responsibilities and workflows for medical center staff. Officials from the National Sleep Medicine Office provided information to medical centers on recommended responsibilities and workflows under the centralized PAP distribution initiative. According to PSAS officials, under the initiative, prosthetics staff at individual medical centers generally handed off the ordering functions to clinical staff, such as respiratory therapists, who order devices for patients based on physician prescriptions. However, officials with the National Sleep Medicine Office stated that there continues to be variation across medical centers, with prosthetics staff, logistics staff, and clinical staff playing varying roles in providing PAP devices and supplies to patients. For instance, clinicians we met with at three medical centers told us that the staff responsible for ordering PAP devices and supplies can vary by location.²⁴

VA also revised ordering processes to add new options for shipment of PAP devices and supplies directly to veterans. Devices and initial supplies can now be shipped to patients from the SDC after a clinician prescribes them, and veterans may order supplies to be shipped to them for existing devices. PSAS officials stated that one of the benefits of the centralized PAP distribution initiative is that it reduced the time medical center staff spend packaging and shipping supplies to veterans. Clinicians we spoke with from one medical center said the new initiative better meets patients' needs. For example, it may help them avoid driving long distances to visit a medical center.

According to PSAS officials, the initiative is designed so that most supplies will be sent directly to the veteran. The IPT developed standardized supply guidelines to enable this process. Additionally, veterans are allowed to self-order supply refills for up to 5 years without a new prescription. However, according to DLC officials, 80 percent of orders were still being entered by clinicians as of May 2024. Table 1 provides more detail about ordering methods.

Table 1: Methods Used to Order Positive Airway Pressure (PAP) Devices and Supplies

Ordering method	Percent of total orders, June 2021-September 2023	Percent of total orders, October 2023-May 2024
Remote Order Entry System (clinicians only)	90	80
Patient options		
Mail-in cards	4	4
Phone	5	7
Email	1	2
Online (added in October 2023)		7

Source: GAO analysis of Remote Order Entry System data and May 2024 update provided by officials from the Denver Logistics Center. | GAO-24-107010

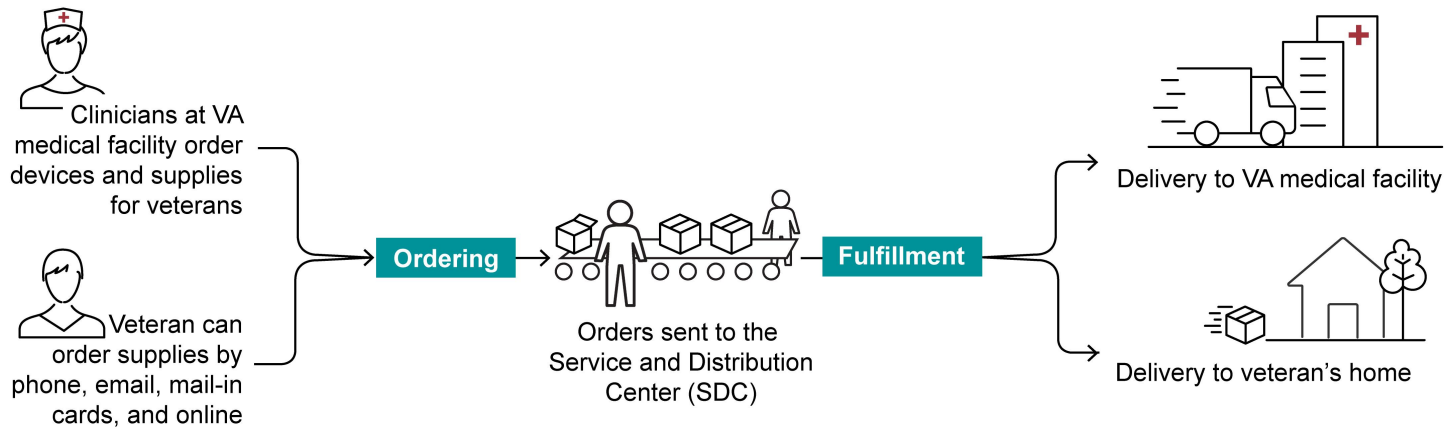
Note: Only clinicians can order PAP devices.

DLC officials noted that only clinicians can order PAP devices, which is part of providing sleep apnea care services to both new and existing patients. In contrast, individual patients request supplies based on their

²⁴The clinicians we interviewed include sleep medicine physicians, nurses, respiratory therapists, and other sleep technicians.

compliance with their provider’s recommended PAP device usage, which DLC officials stated is variable. Figure 6 below illustrates the ordering process.

Figure 6: Depiction of the Process to Order Positive Airway Pressure Devices and Supplies



Source: GAO analysis of Department of Veterans Affairs (VA) documents; I D-Vect ID/stock.adobe.com (icons); warmworld/stock.adobe.com (truck and boxes); and blankstock/stock.adobe.com (building). | GAO-24-107010

VA Addressed Implementation Challenges, but User Experiences Are Mixed

The start of the initiative to centralize the distribution of PAP devices and supplies was delayed after contract award. Additionally, once the initiative began, a PAP manufacturer’s recall affected VA’s ability to obtain devices. Despite early delays, warehouse delivery times have improved. Officials and clinicians report both positive changes and ongoing concerns related to the initiative.

Delays and Device Recall Contributed to Implementation Challenges

DLC officials reported that taking corrective action in response to several bid protests after contract award contributed to delays in implementing the initiative.²⁵ According to these officials, due to this issue and the time needed to resolve it, acquisition tasks were not completed until May 2021. They noted that some teams—such as the team working on the catalog of PAP devices—were not able to complete tasks until the bid protests were resolved. According to VA officials, the interim contracts, intended to be a temporary measure while the national contracts were being awarded, were extended 3 months longer than initially planned. As a result of these delays, phase one of the initiative started more than a year later than initially planned.

²⁵After VA initially made contract awards on July 23, 2020, and September 24, 2020, two vendors filed bid protests with us. In response, VA decided to take corrective action. See Veterans Medical Supply, Inc., B-418019.4, Oct. 21, 2020; Medical Place, Inc., B-418019.5, Oct. 21, 2020. One vendor challenged the corrective action in a subsequent protest, which we denied on January 29, 2021. Veterans Medical Supply, Inc., B-418019.6, Jan. 29, 2021. Several other bid protests followed, all of which were closed by May 17, 2021.

Additional challenges were posed by a national recall affecting many PAP devices. On June 14, 2021, the same day VA launched the first phase of the centralized PAP distribution initiative, a major manufacturer of PAP devices announced the voluntary recall of certain devices manufactured prior to April 26, 2021.²⁶ According to VA officials and clinicians, the recall led to nationwide shortages of PAP devices and delays in distributing devices to patients. According to PSAS officials, about 60 percent of their PAP device patients were impacted by the recall, and the other major manufacturer of PAP devices used by VA was not able to fully meet demand. VA officials said that in addition to fulfilling orders, they also had to determine what was necessary to replace the recalled devices that patients were already using, increasing demands on the warehouse.

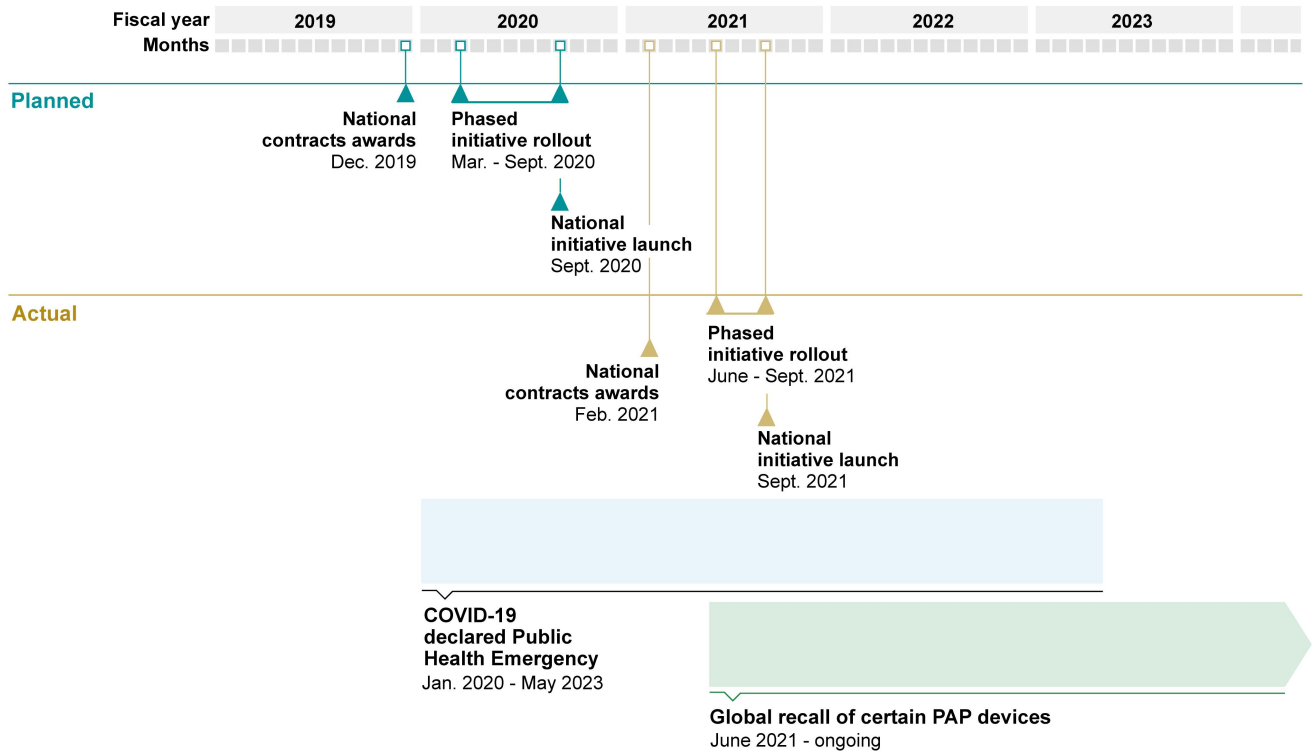
The shortages led VA to apply scarcity allocation guidelines that prioritized patients with the most urgent clinical need for a PAP device, according to PSAS officials. They said that, for a time, VA was not able to provide devices for some patients with less urgent needs.

Additionally, PSAS officials said COVID-19 pandemic precautions and subsequent issues with the availability of microchips needed for PAP devices exacerbated delays related to the recall.²⁷ In order to help address the effects of the recall, VA rolled out the initiative to all medical centers earlier than planned in September 2021, according to VA officials. Prior to the delays, they initially planned to roll out use of the national contracts in seven phases between March and September 2020. VA officials said this was intended to allow time to train clinicians in the new ordering process and adjust distribution systems, if necessary. Figure 7 below illustrates VA's original plan for the initiative compared to how VA ultimately implemented it.

²⁶We previously reported that a recall is an important remedial action that can mitigate the risk of serious health consequences associated with a defective or unsafe medical device. Generally, the firm that manufactured the device voluntarily initiates a recall after it discovers a problem based on its assessment of complaints or reports of safety issues it has received. The Food and Drug Administration (FDA), an agency within the Department of Health and Human Services, oversees implementation of the recall. The FDA classifies recalls based on health risks of using the recalled device—class I recalls present the highest risk (including death), followed by class II and class III. The FDA also determines whether a firm has effectively implemented a recall, and when a recall can be terminated. See GAO, *Medical Devices: FDA Should Enhance Its Oversight of Recalls*, [GAO-11-468](#) (Washington, D.C.: June 14, 2011). We have ongoing work in this area.

²⁷According to the U.S. Department of Commerce, the semiconductor shortage was due to difficulties in obtaining inputs for production, increased demand for microchips, and supply disruptions, including COVID-19-related shutdowns, and resulted in worldwide competition for microchips. The pandemic further exacerbated these trends by increasing the demand for products that required semiconductors of all types, including medical devices. U.S. Department of Commerce, *Results from Semiconductor Supply Chain Request for Information* (Jan. 25, 2022).

Figure 7: VA’s Original Plan to Centralize the Distribution of Positive Airway Pressure (PAP) Devices and Supplies Compared to Implementation



Source: GAO analysis of documents from the Department of Veterans Affairs, Centers for Disease Control and Prevention, and the Food and Drug Administration. | GAO-24-107010

Accessible Data for Figure 7: VA’s Original Plan to Centralize the Distribution of Positive Airway Pressure (PAP) Devices and Supplies Compared to Implementation

Category	Date column one	Date column two	Date column three
Planned	National contracts awards Dec 2019	Phased Initiative Rollout Mar – Sept. 2020	National Initiative Launch Sept 2020
Actual	National contracts awards Feb 2021	Phased Initiative Rollout June – Sept. 2021	National Initiative Launch Sept 2021
Other		COVID-19 Declared Public Health Emergency Jan. 2020 - May 2023	Global recall of certain PAP devices (ongoing) June 2021 - ongoing

Source: GAO analysis of documents from the Department of Veterans Affairs (VA), Centers for Disease Control and Prevention, and the Food and Drug Administration. | GAO-24-107010

In addition to the recall, VA’s limited information about overall demand and lack of experience with this new warehouse operation also presented implementation challenges. According to DLC officials, the SDC only had 1 to 2 months of data to estimate demand for PAP devices and supplies. They stated that there was limited information about overall demand because the prior decentralized approach for purchasing, along with pricing variation across facilities, provided poor visibility into the number of devices and supplies. As a result, demand for PAP devices and supplies was higher than warehouse officials anticipated.

In response to the higher demand, in December 2021, 6 months after initial implementation, DLC officials submitted a funding request to the Revolving Funds Board of Directors for 10 additional staff, which was approved. The request stated that orders exceeded the capacity of the SDC to fulfill timely product delivery.

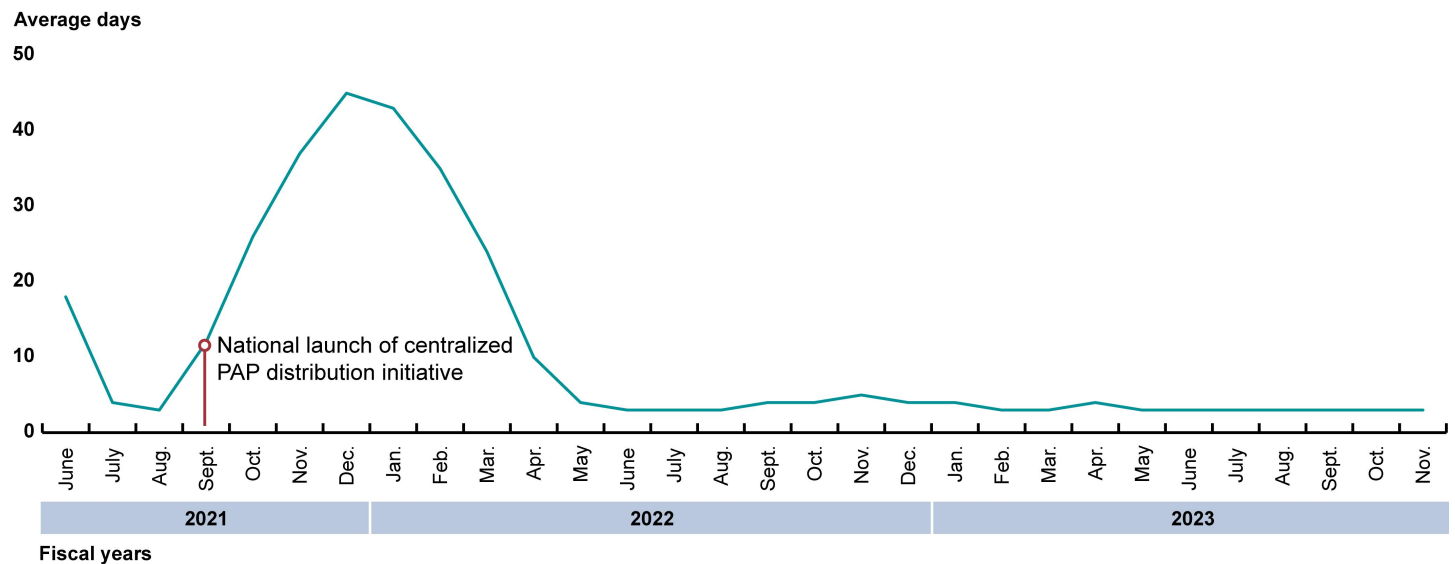
The request also stated that to meet demand, the SDC implemented mandatory overtime for existing staff, informally detailed other SDC staff to assist, and modified the warehouse support contract to add additional contractor personnel.

SDC officials also updated the warehouse distribution lines over time. According to the warehouse manager, it was difficult to efficiently fulfill orders with the single line that was operating at initial implementation. Therefore, a decision was made to add a second distribution line. This took a year to plan and implement. According to SDC officials, the current two-line configuration has been in place since April 2023.

Despite Early Delays, Order Processing Times Have Improved

Despite the previous shortages and delays, the DLC has made improvements in order processing times—the average number of days between receiving an order and when it is shipped. Our analysis of ROES data from June 2021 through November 2023 found that it took an average of 30 days to process an order in the period immediately following the national launch of the initiative. Processing time improved to an average of 3 days by November 2023. Figure 8 shows the monthly order processing data.

Figure 8: Service and Distribution Center Order Processing Time for Positive Airway Pressure (PAP) Devices and Supplies, June 2021-November 2023



Source: GAO analysis of Remote Order Entry System data. | GAO-24-107010

Accessible Data for Figure 8: Service and Distribution Center Order Processing Time for Positive Airway Pressure (PAP) Devices and Supplies, June 2021-November 2023

Month	Ship Time Avg Days Request Shipped - Request Received
Jun-21	18
Jul-21	4
Aug-21	3
Sep-21	12

Month	Ship Time Avg Days Request Shipped - Request Received
Oct-21	26
Nov-21	37
Dec-21	45
Jan-22	43
Feb-22	35
Mar-22	24
Apr-22	10
May-22	4
Jun-22	3
Jul-22	3
Aug-22	3
Sep-22	4
Oct-22	4
Nov-22	5
Dec-22	4
Jan-23	4
Feb-23	3
Mar-23	3
Apr-23	4
May-23	3
Jun-23	3
Jul-23	3
Aug-23	3
Sep-23	3
Oct-23	3
Nov-23	3

Source: GAO analysis of Remote Order Entry System data. | GAO-24-107010

PSAS officials stated that as of May 2024, more than 208,000 out of approximately 237,000 veterans affected by the manufacturer recall have had their recalled device replaced, a replacement has been ordered, or the veteran received payment for their recalled device from the manufacturer.²⁸ According to PSAS officials, as of September 2024, the Food and Drug Administration has yet to approve the manufacturer that issued the recall to begin selling PAP devices again.

Officials and Clinicians Had Mixed Views on Initiative Performance

Officials in VA's National Sleep Medicine Office identified benefits of centralizing PAP acquisition and distribution, but clinicians in the field noted some ongoing concerns with ordering and workflow.

²⁸According to PSAS officials, these counts may not include veterans that received their device outside of VHA (e.g., through TRICARE, Medicare, or other insurance).

According to officials from the National Sleep Medicine Office, the use of national contracts standardized pricing and technical requirements. This helped ensure that all veterans received the most up-to-date devices and supplies. The officials further noted that the initiative allowed VA to track the serial numbers of devices. This will allow VA to more easily respond to any future recalls. They also stated that centralization of stocking and shipping of devices and supplies has made medical center staff more available for direct patient care.

Some medical center clinicians also expressed overall satisfaction with the centralized PAP distribution initiative. Clinicians at one medical center said that the new initiative is a valuable option to have for patients, as it saves them driving long distances or coming into the facility. These clinicians said they have not noticed problems with the new initiative, other than the challenges posed by the device recall. Further, our analysis of VA's small, nongeneralizable survey of clinicians working in sleep medicine found that views of the initiative had generally improved over time.²⁹ When we compared responses from the first period during which the survey was administered to the most recent period, we found that clinicians' average responses to most questions had improved. See the text box for an example comment from VA's clinician survey.

"I love the new ROES [Remote Order Entry System] process. I think most of the bugs have been worked out and they are very responsive to emails in a timely manner." – Clinician who completed the Department of Veterans Affairs (VA) survey between December 2022 and May 2023

Source: VA survey of medical center clinicians. | GAO-24-107010

Clinicians we interviewed from two medical centers, however, identified some challenges with the centralized PAP distribution initiative. For instance, clinicians at one medical center said that ROES does not clearly indicate out-of-stock items or when those items would be available. Further, a technician from the same medical center said ROES lists outdated masks and that an updated product list in the system could help reduce errors in ordering. When we asked DLC officials about these issues, they stated that they provide email notifications to the sleep medicine community on out-of-stock items, and that sleep medicine clinical experts provide direction on what items should be added to the national contracts and included in ROES.

Additionally, clinicians from another medical center said it was difficult to track orders in the system, so a logistics staff member tracks them manually on a separate spreadsheet. These clinicians reported that submitting orders or adding items to an order in ROES was not user-friendly, making it easy for staff to accidentally cancel an order.

Workflows were affected as clinicians took on customer service and logistical activities—tasks that were previously performed by prosthetics staff. Clinicians we spoke with at one medical center reported staff having to take time away from clinical work for customer-service-type activities such as entering patient supply orders into ROES and fielding calls for patients who could not reach a representative at the Support Center. As of May 2024, ROES data show that clinicians are entering 80 percent of the orders. Clinicians also stated that, at the start of the initiative, each patient's information had to be entered into ROES before an order for a device or supplies could be placed. Our analysis of a VA-administered, nongeneralizable clinician survey found a similar theme of concerns about ROES-based ordering negatively affecting clinicians' workflows. For example, during the first period in which the survey was administered, respondents generally disagreed that the ROES-based

²⁹We analyzed VA's clinician survey responses collected from May 4, 2022, through April 19, 2022, and December 1, 2022, through May 3, 2023. The survey was nongeneralizable and received about 70 responses during each period. Survey respondents self-identified their occupations as: Nurse, Nurse Practitioner, Physician, Physician Assistant, Prosthetics Staff, Respiratory Therapist, Sleep Psychologist, Sleep Technologist, and other. We refer to these groups as clinicians.

ordering system took less time than the process before implementation of the initiative. See the text box for an example of responses to VA’s clinician survey.

“I think that this [new Remote Order Entry System] may be a good process eventually, but currently it has caused a huge increase in work for our facility. Patients are not able to get through to the DLC [Denver Logistics Center] on the phone to follow up on orders/shipped wrong items, so we have to step in and be the middleman causing additional work.” – Clinician who completed the Department of Veterans Affairs (VA) survey between April 2022 and May 2022

Source: VA survey of medical center clinicians. | GAO-24-107010

A National Sleep Medicine official explained that placing orders and helping patients get needed supplies is a normal part of a clinicians’ work. According to this official, these workflow changes were improvements over the varying approaches used prior to the centralized PAP distribution initiative; for instance, some locations had to hire full-time staff to transcribe patient phone messages for supply orders. DLC officials also stated that at the start of the initiative, it was established that the DLC could only fulfill resupply requests if the patient’s sleep apnea care record existed in ROES, serving as validation that the patient was eligible to receive PAP resupply.

According to Sleep Medicine officials, they are continuing to address the variation that exists in how field clinicians are adapting workflow processes under the initiative. These officials stated that this is an ongoing effort in coordination with PSAS and the national logistics office to assist medical centers when clinicians have questions. For example, a Sleep Medicine official described meeting with medical center staff to help them clarify roles and work distribution under the new initiative. This official also shared clinician training resources so the medical center could make PAP-related workflow processes more efficient. These resources included a chart of recommended workflows and information on how clinicians can place orders in ROES.

VA Does Not Use Objectives or Metrics to Ensure Initiative Goals Are Met

VA identified seven broad goals for the centralized PAP distribution initiative in the IPT charter; however, PSAS has yet to establish metrics and corresponding objectives to track initiative performance to ensure the goals are met. Metrics are measurable values that can be used to gauge progress on program goals. Objectives communicate the results an organization seeks to achieve. Table 2 below summarizes the IPT charter goals and our assessment of whether relevant metrics and objectives have been established.

Table 2: IPT Charter Goals and Whether Metrics and Objectives Have Been Established

Integrated Product Team (IPT) charter goals	Metrics established	Objectives established
Reduce local Veterans Health Administration staffing and clinical space requirements	no	no
Reduce veterans’ wait times for Positive Airway Pressure (PAP) supplies	no	no
Increase provider satisfaction with PAP ordering process	no	no
Reduce sleep apnea-related durable medical equipment costs	no	no
Improve veterans’ adherence to PAP treatment	no	no
Improve clinical outcomes for veterans receiving PAP treatment	no	no

Integrated Product Team (IPT) charter goals	Metrics established	Objectives established
Increase proportion of veterans using technologies such as wireless PAP monitoring	no	no

Source: GAO analysis of Department of Veterans Affairs documents and interviews with VA officials. | GAO-24-107010

VA officials identified two sources of data that they currently use to assess performance of the centralized PAP distribution initiative; however, these metrics only address some of the initiative’s goals and are not robust. For example, the PSAS Executive Director identified VA’s internal clinician survey feedback as a measure of how the initiative is doing. However, VA’s survey had a low response rate, and VA did not define acceptable outcomes.

The Director of the DLC’s Service and Distribution Center manually tracks various warehouse metrics in an Excel spreadsheet, including quality assurance error rate, how many orders are processed versus orders received, and fill rate, among other data points. Likewise, the DLC Director said the SDC does not formally report the inventory information to PSAS.

The PSAS Executive Director stated that the initiative has yet to develop a set of metrics because it is still addressing the remaining effects of the device recall. Additionally, PSAS officials expressed that they were unsure they could develop metrics to address all the goals outlined in the charter. For instance, they stated it would be difficult to track patient outcomes. Regarding the goal of reducing costs, they cited market research conducted as part of the national contract award stating that the national PAP contracts would achieve cost savings compared to prices VA had previously been paying. Although this information supported VA’s decision to centralize the purchasing and distribution of PAP devices and supplies, it does not enable PSAS and the other stakeholders to track the current performance of the initiative.

Veterans’ Voices

“I used to call local VA and ordered supplies within minutes. Today I tried to order supplies online for the first time. I called the number provided and was on hold for one hour and ten minutes. So, the process has gone from taking minutes to taking over an hour.”

– Patient who has been receiving positive airway pressure devices or supplies from VA for more than 3 years but less than 10

Source: GAO social media survey of self-identified Department of Veteran Affairs’ (VA) patients (Nov. 2023-Jan. 2024). | GAO-24-107010

One specific area of the initiative where we found performance issues was VA’s call center—which provides customer support for veterans reordering PAP device supplies—where hold times are long and can lead to veterans not receiving timely support. The DLC’s existing call center supports the centralized PAP distribution initiative and other programs.³⁰ Our analysis of DLC call center data for the period from November 2022 through November 2023 found that on average, 63 percent of the time the caller terminated the call before it was answered. DLC officials stated that over half of the terminated calls were addressed through subsequent callback and services were provided to the caller.

Clinicians we met with at two medical centers said that patients have called to reorder supplies but hang up without speaking to a call center representative after spending a long time on hold. The long hold times match our anecdotal experience with the call center. We conducted a small nongeneralizable test in April 2024 where

³⁰According to the Director of the DLC, the initiative represents about 30 to 40 percent of call volume.

we made two calls a day for 5 days.³¹ We found that on average, it took 35 minutes for a representative to answer the call, with hold times ranging from 11 minutes to 82 minutes.

DLC officials acknowledged excessive wait times and a critical staffing shortage at the call center. According to DLC officials, compared to July 2022, when some wait times were more than 1 hour, wait times have been reduced to an average of 10 to 15 minutes as of June 2024. They said that since fall 2023, the call center has hired full-time employees, launched online ordering mechanisms, and resolved backlog issues with its phone system. Officials also said that the DLC will continue to monitor and analyze the call center's volume of calls and wait time trends and may decide to further increase call center staff if necessary.

VA's Customer Experience Directive states that VA is committed to providing the best customer service experience in its delivery of care, benefits, and memorial services to veterans, service members, their families, caregivers, and survivors.³² However, VA has not established objectives and corresponding metrics to track call center performance and assess if it is meeting its customer service goal. If veterans cannot reach the call center representatives, veterans may not be receiving the sleep apnea supplies they need in a timely manner and stakeholders such as PSAS may not be aware of delays if they lack current data.

Our prior work has identified key practices that organizations should take to achieve results.³³ These practices include developing a set of metrics—measurable values that can be used to gauge progress on program goals, using appropriate, reliable data sources. They also include corresponding objectives for these metrics—specific target levels of performance for each area. Key practices also state that this information should routinely be shared within program offices and with any relevant stakeholders. For the initiative to be successful, the different organizations that are collectively responsible for ensuring it meets its goals need reliable information to assess performance and a shared definition of success. Without this information, VA, and the sponsor of the initiative—the Executive Director of PSAS who, per the VA PSAS directive, is responsible for setting performance metrics for its programs—do not have a complete picture of whether the initiative is meeting its goals and relevant organizations cannot track performance. This could lead to missed opportunities for improvement, and delayed action to address issues that affect initiative performance, such as whether PAP device-related costs have been reduced or if veterans are receiving their sleep apnea supplies in a timely manner.

Conclusions

VA spent \$2 billion providing PAP devices and supplies to over a million veterans from fiscal years 2016 through 2023, both outside of and within the centralized PAP acquisition and distribution initiative. VA intended for the initiative to standardize how VA acquires PAP devices and supplies and ultimately improve overall health care outcomes for veterans with sleep apnea. Although the initiative has streamlined the overall process, VA has received mixed feedback from officials, clinicians, and customers related to customer service issues. Those issues could prevent veterans from receiving timely sleep apnea supplies when needed.

³¹We hung up once a representative answered the phone to avoid consuming call center resources.

³²Department of Veterans Affairs, *VA Customer Experience*, Directive 0010 (Washington, D.C.: Dec. 7, 2020).

³³GAO, *Evidence-based Policymaking: Practices to Help Manage and Assess the Results of Federal Efforts*, [GAO-23-105460](#) (Washington, D.C.: July 12, 2023).

Additionally, the initiative lacks formal metrics that could measure its performance and provide insight into whether it is meeting VA's goals, and help officials identify steps they need to take to better serve veterans.

Recommendations for Executive Action

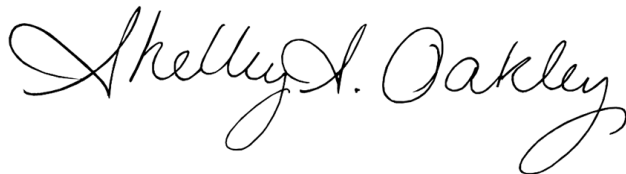
The Secretary of Veterans Affairs should ensure that the Prosthetic and Sensory Aids Service, in coordination with the National Acquisition Center and the National Sleep Medicine Office, develops a set of metrics and corresponding objectives to track initiative performance with appropriate, reliable data sources, and routinely shares this information with other relevant stakeholders. (Recommendation 1)

Agency Comments and Our Evaluation

We provided a draft of this report to VA for review and comment. In its comments, reproduced in appendix I, VA concurred with our recommendation. VA also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Veterans Affairs, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4841 or OakleyS@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs are on the last page of this report. GAO staff who made contributions to this report are listed in appendix II.



Shelby S. Oakley
Director, Contracting and National Security

Appendix I: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON

September 11, 2024

Ms. Shelby S. Oakley
Director
Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Oakley:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report: ***VA Acquisition Management: Additional Actions Needed in Serving Veterans with Sleep Apnea*** (GAO-24-107010).

The enclosure contains general and technical comments and the actions to be taken to address the draft report recommendation. VA appreciates the opportunity to comment on your draft report.

Sincerely,

A handwritten signature in black ink that reads "Margaret B. Kabat".

Margaret B. Kabat, LCSW-C, CCM
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Response to
the Government Accountability Office (GAO) Draft Report
**VA Acquisition Management: Additional Actions Needed in
Serving Veterans with Sleep Apnea**
(GAO-24-107010)

Recommendation 1: The Secretary of Veterans Affairs should ensure that Prosthetics and Sensory Aid Services, in coordination with the National Acquisition Center and the National Sleep Medicine Office, develops a set of metrics and corresponding objectives to track performance of the centralized PAP distribution initiative with appropriate, reliable data sources, and routinely shares this information with other relevant stakeholders.

VA Response: Concur. In acknowledgement of the absence of defined measures to track performance of the centralized positive airway pressure (PAP) distribution initiative, Prosthetics and Sensory Aid Services (PSAS) and the National Sleep Medicine Office, in conjunction with the National Acquisition Center's Denver Logistics Center (DLC), will identify specific success measures for tracking through applicable metrics and objectives. The process for doing this will involve defining the measures, establishing what sources and data gathering methods will provide meaningful information for metrics, and defining target objectives that will validate success of the initiative. As it has done through operational implementation of the centralized distribution program, the DLC will partner with PSAS and Sleep Medicine to provide tracking and reporting data from DLC records in support of the metrics and objectives determined. These data will be combined with PSAS data from other sources to form a comprehensive set of metrics and objectives. A vehicle(s) for sharing the metrics will also be established so that stakeholders and leadership have visibility into the success of the program.

Although a definitive list of measures will require further planning, initial notional discussion includes the following:

Metric	Objectives	Data Source	Information Distribution
Timeliness of order processing	1. Orders will be processed and shipped within 5 days	Service & Distribution Center (SDC) data	PAP Program SharePoint Weekly emails
Inventory status	1. DLC stock outages will not exceed 10 outages per year (provided Federal Supply Schedule Blanket Purchase Agreements awards and shipments from commercial vendors are timely) 2. Manufacturer/distributor backorders will be communicated to Veterans	SDC data	Weekly emails; PAP Program SharePoint

Enclosure

Department of Veterans Affairs (VA) Response to
the Government Accountability Office (GAO) Draft Report
**VA Acquisition Management: Additional Actions Needed in
Serving Veterans with Sleep Apnea**
(GAO-24-107010)

	Health Administration clinicians 3. Fill rates will be a minimum of 90%		
Call Center responsiveness	1. Call center hold time will not exceed 15 minutes 2. Call backs will occur within 24 hours	DLC data	PAP Program SharePoint
Cost analysis	1. PAP contract costs will be at least 10% lower than Federal Supply Schedule contracts costs	Periodic monitoring of high-volume items	Weekly emails
Clinical Satisfaction on Remote Order Entry System use	1. Clinician satisfaction will increase (Goal TBD)	PAP Survey	PAP Program SharePoint
Veteran reorder – ease of use	1. Veteran satisfaction will increase (Goal TBD) 2. Veterans will express satisfaction reorder process they selected (Call Center, Reorder card or VA.gov orders)	Veteran Survey through call center, reorder cards and VA.gov	Weekly emails
Contract Utilization	1. Contract utilization will increase to 80% (DLC/SDC procurement activity, not including facility activity)	Periodic monitoring of DLC procurement records for high-volume items	PAP Program SharePoint

Target Completion Date: January 2025

Accessible Text for Appendix I: Comments from the Department of Veterans Affairs

September 11, 2024

Ms. Shelby S. Oakley
Director
Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Oakley:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report: VA Acquisition Management: Additional Actions Needed in Serving Veterans with Sleep Apnea (GAO-24-107010).

The enclosure contains general and technical comments and the actions to be taken to address the draft report recommendation. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Margaret B. Kabat, LCSW-C, CCM
Chief of Staff

Enclosure

Recommendation 1: The Secretary of Veterans Affairs should ensure that Prosthetics and Sensory Aid Services, in coordination with the National Acquisition Center and the National Sleep Medicine Office, develops a set of metrics and corresponding objectives to track performance of the centralized PAP distribution initiative with appropriate, reliable data sources, and routinely shares this information with other relevant stakeholders.

VA Response: Concur. In acknowledgement of the absence of defined measures to track performance of the centralized positive airway pressure (PAP) distribution initiative, Prosthetics and Sensory Aid Services (PSAS) and the National Sleep Medicine Office, in conjunction with the National Acquisition Center's Denver Logistics Center (DLC), will identify specific success measures for tracking through applicable metrics and objectives. The process for doing this will involve defining the measures, establishing what sources and data gathering methods will provide meaningful information for metrics, and defining target objectives that will validate success of the initiative. As it has done through operational implementation of the centralized distribution program, the DLC will partner with PSAS and Sleep Medicine to provide tracking and reporting data from DLC records in support of the metrics and objectives determined. These data will be combined with PSAS data from other sources to form a comprehensive set of metrics and objectives. A vehicle(s) for sharing the metrics will also be established so that stakeholders and leadership have visibility into the success of the program.

Although a definitive list of measures will require further planning, initial notional discussion includes the following:

Metric	Objectives	Data Source	Information Distribution
Timeliness of order processing	Orders will be processed and shipped within 5 days	Service & Distribution Center (SDC) data	PAP Program SharePoint Weekly emails
Inventory status	<ol style="list-style-type: none"> DLC stock outages will not exceed 10 outages per year (provided Federal Supply Schedule Blanket Purchase Agreements awards and shipments from commercial vendors are timely) Manufacturer/distributor backorders will be communicated to VeteransHealth Administration clinicians Fill rates will be a minimum of 90% 	SDC data	Weekly emails; PAP Program SharePoint
Call Center responsiveness	<ol style="list-style-type: none"> Call center hold time will not exceed 15 minutes Call backs will occur within 24 hours 	DLC data	PAP Program SharePoint
Cost analysis	PAP contract costs will be at least 10% lower than Federal Supply Schedule contracts costs	Periodic monitoring of high-volume items	Weekly emails
Clinical Satisfaction on Remote Order Entry System use	Clinician satisfaction will increase (Goal TBD)	PAP Survey	PAP Program SharePoint
Veteran reorder - ease of use	<ol style="list-style-type: none"> Veteran satisfaction will increase (Goal TBD) Veterans will express satisfaction reorder process they selected (Call Center, Reorder card or VA.gov orders) 	Veteran Survey through call center, reorder cards and VA.gov	Weekly emails
Contract Utilization	Contract utilization will increase to 80% (DLC/SOC procurement activity, not including facility activity)	Periodic monitoring of DLC procurement records for high-volume items	PAP Program SharePoint

Target Completion Date: January 2025

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Shelby S. Oakley, (202) 512-4841 or OakleyS@gao.gov.

Staff Acknowledgments

In addition to the individual named above, Teague Lyons, Assistant Director; LeAnna Parkey, Analyst-in-Charge; Matthew T. Crosby; Lori Fields; Steven Flint; Jean McSween; Brittany Morey; Mark J. Oppel; Celia C. Sawyerr; and Megha Uberoi made key contributions to this report.

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