

VHA OPTIMIZING HEALTH CARE VALUE PROGRAM

1. REASON FOR ISSUE: This Veterans Health Administration (VHA) directive states policy for the deployment of the VHA Optimizing Health Care Value Program (OHVP).

2. SUMMARY OF CONTENT: This new VHA directive establishes the VHA OHVP with capability to perform third-party evaluation of VHA-wide clinical and business processes and initiatives to validate value and return on investment. This directive describes responsibilities for overseeing, designing and performing program evaluations and reporting on program evaluation results.

3. RELATED ISSUES: None.

4. RESPONSIBLE OFFICE: The Optimizing Health Care Value Program (17PS1) is responsible for the content of this directive. Questions may be addressed to VHA17PS1PESTAFF@va.gov.

5. RESCISSIONS: None.

6. RECERTIFICATION: This VHA directive is scheduled for recertification on or before the last working day of November 2026. This VHA directive will continue to serve as national VHA policy until it is recertified or rescinded.

**BY THE DIRECTION OF THE OFFICE OF
THE UNDER SECRETARY FOR HEALTH:**

/s/ Gerard R. Cox, MD, MHA
Assistant Under Secretary for Health
for Quality and Patient Safety

NOTE: All references herein to Department of Veterans Affairs (VA) and VHA documents incorporate by reference subsequent VA and VHA documents on the same or similar subject matter.

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VHA OPTIMIZING HEALTH CARE VALUE PROGRAM

1. PURPOSE

This Veterans Health Administration (VHA) directive establishes policy concerning the Optimizing Health Care Value Program (OHVP) and related responsibilities for performing third-party evaluation of VHA-wide clinical and business processes and initiatives. **AUTHORITY:** 38 U.S.C. §§ 7301(b), 7311.

2. BACKGROUND

a. **Office of Product Effectiveness.** The Office of Product Effectiveness (PE) was established in 2007 to objectively evaluate the end-to-end processes for developing, implementing and sustaining large, complex VHA health care innovations and modernizations to facilitate adoption and determine valuation. PE has successfully completed numerous evaluations over its tenure, including evaluating the validity of the Medical Appointment Scheduling System prior to VHA establishing a replacement electronic health record system.

b. **Evidence-Based Policymaking Act of 2018.** The Foundations for Evidence-Based Policymaking Act of 2018 (also known as the Evidence Act, P.L. 115-435) updated the 2010 Government Performance and Results Act and the 1996 Clinger-Cohen Act, which require Federal executive agencies to measure results for their major programs. Specifically, the Evidence Act requires departments and agencies to acquire the expertise to provide a coherent approach to measure performance and apply modern methods of program evaluation, to ensure their budgets and policies are supported by and facilitate the generation of evidence. The Evidence Act also enables VHA to maximize its investments as a high-reliability learning organization and to respond to Government Accountability Office requirements.

c. **Implementation of the Evidence Act in VHA.**

(1) In 2019, the Department of Veterans Affairs (VA) Office of Enterprise Integration (OEI) established the VA-wide Foundations for Evidence-based Policymaking Workgroup (FEBPWG) to support VA compliance with the Evidence Act, particularly Title I requirements (e.g., Learning Agenda, annual Evaluation Plans, Capacity Assessments). FEBPWG includes representatives from the Veterans Benefits Administration, National Cemetery Administration and VHA.

(2) In 2019, the Acting VHA Under Secretary for Health endorsed the formation of a VHA Evidence-based Policy Workgroup that includes representatives from the Chief Strategy Office, Finance, Office of Research and Development (ORD) and Quality and Patient Safety (QPS). The VHA Evidence-based Policy Workgroup has superintended efforts to meet the statutory requirements of the Evidence Act across VHA.

(3) In 2020, VHA implemented the Legislative Proposal Evidence Checklist to preview the level of evidence for new legislative requirements. VHA Finance requires ORD to complete evidence reviews using the Checklist.

(4) In 2020, PE's annual strategic plan and ongoing activities became aligned with VA, VHA and QPS strategies by providing evidence-based assessments of efforts to optimize people, processes, policies and technology.

(5) In 2021, the Secretary of VA, through OEI, established the Evidence-based Policy Council to guide and coordinate VA's response to legislative requirements from the Evidence Act and related Executive Branch policies.

(6) The Office of Management and Budget (OMB) is responsible for promulgating formal guidance and overseeing the implementation of the Evidence Act. OMB requires deliverables (e.g., Learning Agenda, annual Evaluation Plans, Capacity Assessments) that are made public from cabinet-level agencies, including VA, to fulfill Evidence Act requirements and serve as evidence for legislative and budget submissions across VA program offices. The January 27, 2021, White House Memorandum on Restoring Trust in Government Through Scientific Integrity and Evidence-Based Policymaking also placed greater emphasis on the Evidence Act by directing OMB to issue guidance to improve agencies' evidence-building plans and annual Evaluation Plans. **NOTE:** For additional information on this memorandum, see <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/memorandum-on-restoring-trust-in-government-through-scientific-integrity-and-evidence-based-policymaking/>.

(a) In the 2021 budget passback, OMB provided feedback that VHA's Learning Agenda and Evaluation Plans must include a definition of a significant evaluation (i.e., how evaluation topics are prioritized and selected) and ensure that planned evaluations are independent (i.e., through scientific peer-review and publication).

(b) Completing planned evaluations on schedule and according to OMB standards (e.g., objectively addressing high-priority, significant VHA needs) is required for successful budget requests. Moreover, there are increased demands from VHA and Veterans Integrated Services Networks (VISNs) for evidence and evaluation support. Continued compliance with Evidence Act requirements will improve the flow of information throughout the enterprise and facilitate evidence-based, well-justified budgets and strategic plans that support VHA high-reliability learning organization implementation.

d. **VHA's Organizational Improvement Effort 2020.** As a result of VHA's organizational realignment in 2020, PE was relocated to QPS, reporting to the VHA National Center for Patient Safety (NCPS). **NOTE:** For additional information on QPS programs, see <https://vaww.qps.med.va.gov/default.aspx>. This is an internal VA website that is not available to the public. For additional information on NCPS, see <http://www.patientsafety.va.gov/>.

e. **Transformation of the Optimizing Health Care Value Program.** In 2021, PE became OHVP to better align with the mission of QPS. The purpose of the OHVP is to provide the following:

(1) VHA-wide, whole system valuations to validate and optimize the return on investment (ROI) of major strategic initiatives and objectives as identified by VHA leadership.

(2) Strategic evaluation services that interpret and evaluate investment objectives of VHA health care innovations and modernizations, including selected independent, priority or significant evaluations identified by VHA leadership that are included in the Evidence Act Evaluation Plans and coordinated with other evaluations by the VHA Evidence-based Policy Workgroup. **NOTE:** *OHVP also conducts program evaluations outside the scope of the annual Evidence Act Evaluation Plan upon request from the Under Secretary for Health, Deputy Under Secretary for Health, Assistant Under Secretary for Health or Executive Director of a program office.*

(3) Support evidence-based measurement in compliance with the Evidence Act. **NOTE:** *OVHP does not evaluate effectiveness of internal controls or program compliance with VA/VHA policy, laws or regulations.*

3. DEFINITIONS

a. **High-Performing Integrated Delivery Network.** For purposes of this directive, VA's High-Performing Integrated Delivery Network (HPIDN) is an organization or group of health care providers which, through ownership or formal agreements, aligns local points of health care and manages them with one governing board. Its vision and mission are to improve the quality of care and patient satisfaction. VA's HPIDN provides quality, accessible, consistent and value-driven care for Veterans. Driven by data and evidence-based strategies, VA's HPIDN is adaptive to regional and national shifts in Veteran population health and demand, balances onsite and virtual connected care resources, allows for greater ease of use, empowers Veterans with excellent health care options and offers an unparalleled Veteran experience in an outcomes-based, value-driven network. **NOTE:** *For additional information on VA's HPIDN, see VHA's December 2020 Vision Plan at https://www.va.gov/HEALTHPOLICYPLANNING/Docs/VHA_Vision_Plan_December_2020_FINAL.pdf.*

b. **Learning Organization.** A learning organization is an organization that demonstrates the following qualities:

(1) Employees continually expand their capacity to create results, nurture new and expansive patterns of thinking, and collectively learn.

(2) Creating, acquiring and transferring knowledge and modifying its behavior to reflect new knowledge and insights.

(3) Systematically shares information from its own past successes and failures as part of its knowledge management practices.

(4) Analyzing and learning from the experiences of other organizations to inform its policies and practices.

4. POLICY

It is VHA policy that OHVP perform third-party, VHA-wide, Veteran-centric program evaluations of clinical and business processes and initiatives to validate value and optimize the ROI of VHA strategic initiatives.

5. RESPONSIBILITIES

a. **Under Secretary for Health.** The Under Secretary for Health is responsible for:

(1) Ensuring overall VHA compliance with this directive.

(2) Ensuring VHA-level approval and submission to VA Central Office of OMB-required VHA Evidence Act deliverables including Learning Agendas, Capacity Assessments and yearly Evaluation Plans; use of the Legislative Proposal Evidence Checklist for legislative proposal and budget submissions; and other requests by the Secretary of VA through the VA Evidence-based Policy Council, VA FEBPWG and VHA Evidence-based Policy Workgroup.

(3) Ensuring VHA evaluations follow VA's Evaluation Plan, OMB Memorandum for Heads of Executive Departments and Agencies (M-21-27) and include the following tenets: rigor, relevance (significance), transparency, equity, independence and ethical practice. **NOTE:** For additional information about this memorandum, see <https://www.whitehouse.gov/wp-content/uploads/2021/06/M-21-27.pdf>. This linked document is outside VA control and may not conform to Section 508 of the Rehabilitation Act of 1973.

(4) Aligning current resources required to implement and maintain OHVP, including resources and support for completing specific Evidence Act deliverables required by OMB.

(5) Considering results from high-priority OHVP activities and other evidence-generating activities conducted under Evidence Act Evaluation Plans to make sound decisions for VHA, including resource decisions.

b. **Assistant Under Secretary for Health for Quality and Patient Safety.** The Assistant Under Secretary for Health for QPS is responsible for:

(1) Supporting NCPS and OHVP with implementation and oversight of this directive.

(2) Collaborating with other Assistant Under Secretaries for Health to promote transparent and data-driven reviews.

(3) Collaborating with VISN Directors, OHVP and ORD in coordination with the VHA Evidence-based Policy Workgroup to identify significant priority areas for potential evaluation under required Evidence Act Evaluation Plans.

(4) Contributing to the required Evidence Act Capacity Assessment by identifying

gaps in evidence and evaluation capacity across VISNs and recommending to the Under Secretary for Health plans to provide additional support to help with fulfillment of evaluation and valuation goals.

c. **Assistant Under Secretary for Health for Operations.** The Assistant Under Secretary for Health for Operations is responsible for:

(1) Communicating the contents of this directive to each of the VISNs.

(2) Collaborating with VISN Directors, OHVP and ORD in coordination with the VHA Evidence-based Policy Workgroup to identify significant priority areas for potential evaluation under required Evidence Act Evaluation Plans.

(3) Assisting VISN Directors to resolve implementation and compliance challenges in all VA medical facilities within that VISN.

(4) Providing oversight of VISNs to ensure compliance with this directive and its effectiveness.

d. **Executive Director, VHA National Center for Patient Safety.** The Executive Director, VHA NCPS is responsible for:

(1) Ensuring OHVP resource and budget activities are incorporated into the NCPS strategic planning processes and VHA framework for quality management and patient safety.

(2) Providing operational oversight of resource management for OHVP to support the Director, VHA OHVP in implementation.

(3) Receiving and approving requests for program evaluations and developing management processes for assessing and prioritizing OHVP's projects, including those that may arise from the annual Evidence Act Evaluation Plan.

(4) Ensuring resources to OHVP in supporting key requirements for the Evidence Act as they relate to the mission and goals of QPS.

(5) Ensuring compliance with this directive through appropriate monitoring activities.

e. **Director, VHA Optimizing Health Care Value Program.** The Director, VHA OHVP is responsible for:

(1) Providing oversight and administration of OHVP.

(2) Working with the Assistant Under Secretary for Health for Operations, VISN Directors and ORD in coordination with the VHA Evidence-based Policy Workgroup to identify significant priority areas for potential evaluation under required Evidence Act Evaluation Plans.

(3) Upon request from the Under Secretary for Health, Deputy Under Secretary for Health, any Assistant Under Secretary for Health, or any Executive Director of a program office, performing selected program evaluations and related Evidence Act requirements. **NOTE:** *OHVP-specific evaluations include one or more of the following activities, using OHVP staff and resources. The activities included will depend on the specific request and program evaluation design. Additional information on OHVP evaluations is available at <https://vaww.qps.med.va.gov/default.aspx>. This is an internal VA website that is not available to the public.*

(a) Measurement and Evaluation. Measurement and evaluation are objective and unbiased qualitative and quantitative assessments of VHA programs, processes and products. This includes engaging stakeholders (e.g., VA medical facility or program office staff), gathering and analyzing program-specific data to understand the effectiveness and value of VHA-wide investments, and providing evidence to optimize VHA health care. Ultimately, measurement and evaluation seek to implement and continuously improve an integrated whole system, VHA-wide approach to assessments to understand the impacts and effectiveness of changes and optimize overall health care services, delivery and operations.

(b) Benefits Realization. Benefits realization is a process by which an objective baseline and post-health care modernization evaluation is performed using quantitative and qualitative data to determine if VHA has optimized the functional, clinical, operational and strategic benefits of its investment. Benefits realization validates the transformational initiative's ability to scale VHA wide. These assessments help stakeholders build a business case and measure the performance of the initiative through identifying points of failure, opportunities for improvement, and best and strong practices.

(c) Program Integration. Program integration is the process by which resources collaborate efficiently and effectively, information is shared across all programs, and expectations and issues are documented and addressed appropriately. Program integration also monitors and analyzes the progression of projects to ensure that all dependencies and potential risks are documents.

(d) Systems Impact and Analysis. Systems impact and analysis is the performance of major milestone reviews to identify system modernizations that are performing well and capture issues and risks that may impede full adoption and readiness of a technology product or supporting processes. Functions and workflows are examined for VA medical facility front-line staff through VHA Central Office senior leadership to ensure the continuity of systems.

(e) Stakeholder Impact and Experience. Stakeholder impact and experience is the collection of data from VISN and VA medical facility staff and end users to provide the voice of the stakeholder. Stakeholder impact and experience process incorporates proven qualitative data capture methods (e.g., interviews, site visits, web-based survey tools) to perform analyses and assessments of stakeholder experience and end user feedback on the effectiveness and efficiency of products and initiatives. The primary

goal is to gather information from VHA stakeholders and end-users, as this information is typically not readily available from other data sources.

(f) Investment Analysis and Value. Investment analysis and valuation is the process by which ROI is validated to document and evaluate the efficacy of an investment or to compare the results of several different investments. A high ROI indicates that the investment's gain (the functional, operational and financial benefits realized related to the delivery of high quality and safe patient care) is favorable compared to its cost. ROI can also indicate opportunities for optimization and potential positive outcomes. The efficiency of the overall health care innovation or modernization is evaluated by providing analysis and recommendations to achieve savings in time and resources.

(g) Learning Optimization. Learning optimization is a systematic approach of estimating the strengths and weaknesses of a program to support organizational change to improve performance, address VHA-wide systemic challenges and support decision-making on investments at all levels of VHA. Learning optimization contributes to investment decisions and supports VHA's goal of becoming a continuous learning organization.

(4) Collaborating with the VHA Evidence-based Policy Workgroup to support the VHA Evidence Act deliverables required by VA and OMB.

(5) Planning and authorizing funds to conduct rigorous program evaluations through the following activities using OHVP staff and resources:

(a) Establishing a charter for each project with the sponsoring VHA leaders, program office, VISN or VA medical facility that identifies the planned engagement, scope and key stakeholders.

(b) Developing a high-level project timeline and key milestones.

(c) Documenting the project's alignment with VHA strategic goals.

(6) Ensuring OHVP develops and utilizes proven measurable methodologies to validate:

(a) The operational and quality effectiveness of health care innovations and modernizations by supplying decision makers with well-researched information.

(b) The efficiency of the overall health care innovation or modernization by providing analysis and process recommendations to save time and resources.

(c) The scalability of major transformational initiatives.

(d) The optimization of the initiative to provide clinical, operational and financial strategic benefit realization related to quality and patient safety.

(e) The value provided to the Veteran and VHA, through an ROI analysis.

(7) Providing program evaluation reports to stakeholders such as VHA, program offices, VISN or VA medical facility leaders, including an analysis of qualitative and quantitative data into actionable information that supports reducing variation in VHA-wide processes and technology.

f. **Veterans Integrated Services Network Director.** The VISN Director is responsible for:

(1) Ensuring that all VA medical facilities within the VISN comply with this directive and informing leadership when barriers to compliance are identified.

(2) Supporting OHVP assessment activities by providing project-specific stakeholders and information when requested by OHVP staff.

(3) Working with the Assistant Under Secretary for Health for Operations, OHVP and ORD in coordination with the VHA Evidence-based Policy Workgroup to identify significant priority areas for potential evaluation under required Evidence Act Evaluation Plans.

g. **VA Medical Facility Director.** The VA medical facility Director is responsible for:

(1) Ensuring overall VA medical facility compliance with this directive and appropriate corrective action is taken if non-compliance is identified.

(2) Supporting OHVP assessment activities by providing project specific stakeholders and information when requested by OHVP staff.

6. TRAINING

There are no formal training requirements associated with this directive. Where applicable, program offices, VISNs and VA medical facilities should consider training opportunities in evaluation and related methods available through VHA (e.g., ORD).

7. RECORDS MANAGEMENT

All records regardless of format (e.g., paper, electronic, electronic systems) created by this directive must be managed as required by the National Archives and Records Administration (NARA) approved records schedules found in VHA Records Control Schedule 10-1. Questions regarding any aspect of records management should be addressed to the appropriate Records Officer.

8. REFERENCES

a. P.L. 115-435.

b. 38 U.S.C. §§ 7301(b), 7311.

c. VHA National Center for Patient Safety: <http://www.patientsafety.va.gov/>.

- d. VHA Office of Quality and Patient Safety:
<https://vaww.qps.med.va.gov/default.aspx>. **NOTE:** This is an internal VA website that is not available to the public.
- e. Memorandum for Heads of Executive Departments and Agencies M-21-27, June 30, 2021: <https://www.whitehouse.gov/wp-content/uploads/2021/06/M-21-27.pdf>.
- f. Memorandum on Restoring Trust in Government Through Scientific Integrity and Evidence-Based Policymaking, January 27, 2021: <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/memorandum-on-restoring-trust-in-government-through-scientific-integrity-and-evidence-based-policymaking/>.
- g. VHA Vision Plan, Updated Response to 38 U.S.C. 7330C(b): Strategy Regarding the Department of Veterans Affairs High-Quality Integrated Health Care System, December 2020:
https://www.va.gov/HEALTHPOLICYPLANNING/Docs/VHA_Vision_Plan_December_2020_FINAL.pdf.